

**Auditors' Report  
and  
Audited Financial Statements  
Of  
United Commercial Bank Limited  
For the year ended 31 December 2019**

# Independent Auditors' Report

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

## **Opinion**

We have audited the consolidated financial statements of **United Commercial Bank Limited**, and its subsidiaries ("the Group") as well as the Separate Financial Statements of United Commercial Bank Limited ("the Bank"), which comprise the Consolidated and the Separate Balance Sheet as at 31 December 2019 and the Consolidated and Separate Profit & Loss Accounts, consolidated and separate Statements of Changes in Equity and Consolidated and Separate Cash Flow Statements for the year then ended, and notes to the Consolidated and Separate Financial Statements, including a summary of significant accounting policies.

In our opinion, the accompanying consolidated Financial Statements of the Group and Separate Financial Statements of the Bank give a true and fair view of the Consolidated Balance Sheet of the Group and the Separate Balance Sheet of the Bank as at 31 December 2019, and of its Consolidated and Separate Profit and Loss Accounts and its Consolidated and Separate Cash Flows for the year then ended in accordance with International Financial Reporting Standards (IFRSs), as explained in note # 02.

## **Basis for opinion**

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

## **Key Audit Matters**

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

**1. Measurement of provision for loans and advances;**

See notes no 2.10.22, 7.11, 12.1, 12.5, 12.6, 12.7, 12.8, 12.9, 12.10, 12.11, 12.12, 12.14 and 35 to the financial statements.

<b>Key Audit Matter</b>	<b>How the matter was addressed in our audit</b>
<p>The process for estimating the provision for loans and advances portfolio associated with credit risk is significant and complex. For the individual analysis, these provisions consider: -</p> <ul style="list-style-type: none"> <li>▪ Estimates of future business performance of the borrower;</li> <li>▪ Market value of collateral provided by borrower for credit transactions;</li> <li>▪ Ability to reprocess the collateral;</li> <li>▪ Recovery rate; and</li> </ul> <p>For the collective analysis, these provisions are manually processed that deals with voluminous databases extracted from IT system of the Bank, assumptions and calculations for the provision estimates of complex design and implementation and following instructions of Bangladesh Bank (Central Bank of Bangladesh) from time to time.</p> <p>Due to high level judgment involved and using some manual process in estimating provision for loan &amp; advances, we considered this to be a key matter.</p> <p>At year end the Group and Bank reported total gross loans and advances of BDT 325,4834.78 million (2018: BDT 296,577.50 million) and BDT 322,728.14 Million (2018: BDT 294,671.94 million) respectively and provision for loans and advances of BDT 10,435.45 million (2018: BDT 9,308.94 million) and BDT 10,435.45 million (2018: BDT 9,308.94 million) respectively.</p>	<p>We tested the design and operating effectiveness of key controls focusing on the following:</p> <ul style="list-style-type: none"> <li>• Tested the credit appraisal, loan disbursement procedures, monitoring and provisioning process;</li> <li>• Identification of loss events, including early warning and default warning indicators;</li> <li>• Reviewed quarterly Classification of Loans (CL); Our substantive procedures in relation to the provision for loans and advances portfolio comprised the following:</li> <li>• Reviewed the adequacy of the companies general and specific provisions;</li> <li>• Assessed the methodologies on which the provision amounts based, recalculated the provisions and tested the completeness and accuracy of the underlying information;</li> <li>• Finally assessed the appropriateness and presentation of disclosures against relevant accounting standards and Bangladesh Bank guidelines.</li> </ul>



## 2. Valuation of Treasury bill, Treasury bond and unquoted share;

See notes no 2.10.7, 6.3 and 6.3(b) to the financial statements

Key Audit Matter	How the matter was addressed in our audit
<p>The classification and measurement of T-Bill, T-Bond and unquoted shares require judgment and complex estimates. In the absence of a quoted price in an active market, the fair value of T-Bills, T Bonds and unquoted shares is determined using complex valuation techniques which may take into consideration direct or indirect unobservable market data and complex pricing models which require an elevated level of judgment.</p>	<p>We assessed the processes and controls put in place by the Group and the Bank to identify, classify and measurement of treasury bill &amp; treasury bond.</p> <p>We obtained an understanding, evaluated the design and tested the operating effectiveness of the key controls over the financial instrument valuation processes, including controls over market data inputs into valuation models, model governance, and valuation adjustments.</p> <p>We tested a sample of the valuation models and the inputs used in those models, using a variety of techniques, including comparing inputs to available market data.</p> <p>Finally assessed the appropriateness and presentation of disclosures against relevant accounting standards and Bangladesh Bank guidelines.</p>

## 3. Measurement of deferred tax assets

See notes no 2.10.29 ii, and 9.4 to the financial statements.

Key Audit Matter	How the matter was addressed in our audit
<p>The Group and the Bank reports net deferred tax assets to totaling BDT 2,295.98 million (BDT 1,672.95 million as at 31 December 2018) and BDT 2,295.98 million as at 31 December 2019 (BDT 1,672.95 million as at 31 December 2018) respectively.</p> <p>Significant judgment is required in relation to deferred tax assets as their recoverability is dependent on forecasts of future profitability over a number of years.</p>	<p>We obtained an understanding, evaluated the design and tested the operational effectiveness of the Group's key controls over the recognition and measurement of DTAs and the assumptions used in estimating the Group's future taxable income.</p> <p>We also assessed the completeness and accuracy of the data used for the estimations of future taxable income.</p> <p>We involved tax specialists to assess key assumptions, controls, recognition and measurement of DTA's.</p> <p>Finally assessed the appropriateness and presentation of disclosures against IAS 12 Income Tax.</p>



#### 4. Implementation of IFRS 16 Leases

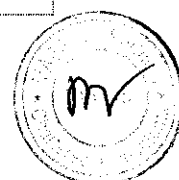
See notes no 2.10.11.2, 8, 9, 12, 33 and 34 to the financial statements.

<b>Key Audit Matter</b>	<b>How the matter was addressed in our audit</b>
<p>IFRS 16 modifies the accounting treatment of operating leases at inception, with the recognition of a right of use (ROU) on the leased asset and of a liability for the lease payments over the lease contract term. With respect to operating leases of premises used by the Bank, at inception of the lease, the lessor receives a right of using the premises, in exchange of a lease debt, using an implicit discount rate.</p> <p>Our key audit matter was focused on all leasing arrangements within the scope of IFRS 16 are identified and appropriately included in the calculation of the transitional impact and specific assumptions applied to determine the discount rates for lease are inappropriate.</p>	<p>In responding to the identified key audit matter, we completed the following audit procedures:</p> <p>Assessed the design and implementation of key controls pertaining to the determination of the IFRS 16 Leases impact on the financial statements of the Bank;</p> <p>Assessed the appropriateness of the discount rates applied in determining lease liabilities;</p> <p>Verified the accuracy of the underlying lease data by agreeing to original contract and checked the accuracy of the IFRS 16 calculations through recalculation of the expected IFRS 16 adjustment and;</p> <p>Assessed whether the disclosures within the financial statements are appropriate in light of the requirements of IFRS.</p>

#### 5. Legal and regulatory matters

See notes no 2.1 to the financial statements

<b>Key Audit Matter</b>	<b>How the matter was addressed in our audit</b>
<p>We focused on this area because the Bank and its subsidiaries (the "Group") operates in a legal and regulatory environment that is exposed to significant litigation and similar risks arising from disputes and regulatory proceedings. Such matters are subject to many uncertainties and the outcome may be difficult to predict.</p> <p>These uncertainties inherently affect the amount and timing of potential outflows with respect to the provisions which have been established and other contingent liabilities.</p> <p>Overall, the legal provision represents the Group's best estimate for existing legal matters that have a probable and estimable impact on the Group's financial position.</p>	<p>We obtained an understanding, evaluated the design and tested the operational effectiveness of the Group's key controls over the legal provision and contingencies process. We enquired to those charged with governance to obtain their view on the status of all significant litigation and regulatory matters. We enquired of the Group's internal legal counsel for all significant litigation and regulatory matters and inspected internal notes and reports. We also received formal confirmations from external counsel. We assessed the methodologies on which the provision amounts are based, recalculated the provisions, and tested the completeness and accuracy of the underlying information. We also assessed the Group's provisions and contingent liabilities disclosure.</p>



## 6. IT systems and controls

See notes no 2.10.54.6 to the financial statements

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

## 7. Carrying value of investments in subsidiaries by the Bank

See notes no 1.4, 1.4.2, 1.4.2, 1.4.3, and 9 to the financial statements

<b>Key Audit Matter</b>	<b>How the matter was addressed in our audit</b>
<p>The Bank has invested in equity shares of its subsidiary namely UCB Capital Management Limited, UCB Investment Limited and UCB Asset Management Limited. As at 31 December 2019 the carrying value of this investment is BDT 2304.09 million.</p> <p>The Bank is required to conduct impairment test of investment in subsidiary when indication exist. The impairment testing is considered to be a key audit matter due to complexity and judgments required in determining assumptions used to estimate recoverable amount which is higher of fair value less cost of sales and value in use.</p> <p>Management has not conducted impairment assessment of its subsidiaries namely UCB Capital Management Limited, UCB Investment Limited and UCB Asset Management Limited in accordance with IAS 36 as there is no impairment indication for investment in subsidiaries.</p>	<p>We have reviewed Management's analysis of impairment assessment and recoverable value calculation of subsidiaries in accordance with IAS 36.</p> <p>In particular, our discussions with the Management were focused on the continued appropriateness of the value in use model, the key assumptions used in the model, the reasonably possible alternative assumptions, particularly where they had the most impact on the value in use calculation.</p>

**Other matter**

*The Consolidated Financial Statements of the group and also Separate Financial Statements of the Bank as at and for the year ended 31 December 2018 were audited by another auditor who expressed an unmodified opinion on those statements on 30 April 2019.*

**Other Information**

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

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

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

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

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

Management is responsible for the preparation and fair presentation of the Consolidated Financial Statements of the Group and also Separate Financial Statements of the Bank in accordance with IFRSs as explained in note # 02, and for such internal control as management determines is necessary to enable the preparation of Consolidated and Separate Financial statements that are free from material misstatement, whether due to fraud or error. The Bank Company Act, 1991 and the Bangladesh Bank Regulations require the Management to ensure effective internal audit, internal control and risk management functions of the Bank. The Management is also required to make a self-assessment on the effectiveness of anti-fraud internal controls and report to Bangladesh Bank on instances of fraud and forgeries.

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

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



***Auditor's Responsibilities for the Audit of the Consolidated and Separate Financial Statements***

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

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

- Identify and assess the risks of material misstatement of the Consolidated and Separate Financial Statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's and the Bank's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated and separate financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group and the Bank to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the Consolidated and Separate Financial Statements, including the disclosures, and whether the Consolidated and Separate Financial Statements represent the underlying transactions and events in a manner that achieves fair presentation.





- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the Consolidated Financial Statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

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

### ***Report on other Legal and Regulatory Requirements***

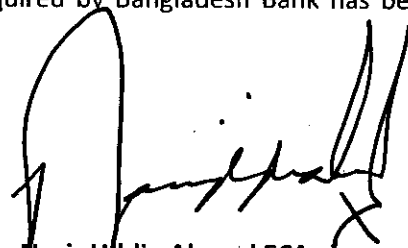
In accordance with the Companies Act, 1994, the Securities and Exchange Rules 1987, the Bank Company Act, 1991 as amended up to date and the rules and regulations issued by Bangladesh Bank, we also report that:

- I. We have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purpose of our audit and made due verification thereof;
- II. to the extent noted during the course of our audit work performed on the basis stated under the Auditor's Responsibility section in forming the above opinion on the consolidated financial statements of the Group and the separate financial statements of the Bank and considering the reports of the Management to Bangladesh Bank on anti-fraud internal controls and instances of fraud and forgeries as stated under the Management's Responsibility for the financial statements and internal control:
  - a. internal audit, internal control and risk management arrangements of the Group as disclosed in the financial statements appeared to be materially adequate;
  - b. nothing has come to our attention regarding material instances of forgery or irregularity or administrative error and exception or anything detrimental committed by employees of the Group and its related entities;
- III. financial statements for the year ended 31 December 2019 of three subsidiaries namely, UCB Capital Management Limited, UCB Investment Limited and UCB Asset Management

Limited have been audited by us and have been properly reflected in the consolidated financial statements;

- IV. in our opinion, proper books of accounts as required by law have been kept by the Group and the Bank so far as it appeared from our examination of those books;
- V. the records and statements submitted by the branches have been properly maintained and consolidated in the financial statements;
- VI. the Consolidated Balance Sheet and Consolidated Profit and Loss account together with the annexed notes dealt with by the report are in agreement with the books of account and returns;
- VII. the expenditures incurred were for the purpose of the Bank's business for the year;
- VIII. the consolidated financial statements of the Group and the Separate Financial Statements of the Bank have been drawn up in conformity with prevailing rules, regulations and accounting standards as well as related guidance issued by Bangladesh Bank;
- IX. adequate provisions have been made for advance and other assets which are in our opinion, doubtful of recovery;
- X. the information and explanations required by us have been received and found satisfactory;
- XI. we have reviewed over 80% of the risk weighted assets of the Bank and spent over 7760 person hours; and
- XII. Capital to Risk-weighted Asset Ratio (CRAR) as required by Bangladesh Bank has been maintained adequately during the year.

Dhaka, 28 June 2020



Nasir Uddin Ahmed FCA

Senior Partner

MABS & J Partners, Chartered Accountants


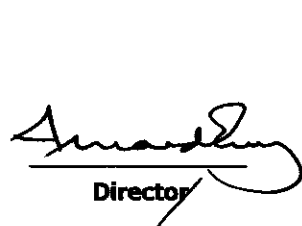
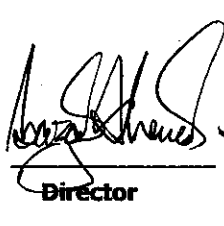
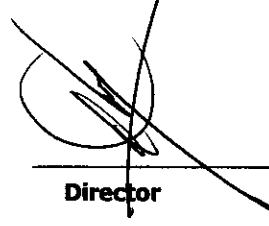
**UNITED COMMERCIAL BANK LIMITED**  
**Consolidated Balance Sheet**  
**As at 31 December 2019**

		Amount in BDT	
	Notes	31 Dec. 2019	31 Dec. 2018
<b><u>PROPERTIES &amp; ASSETS</u></b>			
<b>Cash</b>	<b>3(a)</b>	<b>26,403,568,309</b>	<b>22,790,805,977</b>
Cash in hand (Including foreign currencies)		6,352,613,006	5,210,062,815
Balance with Bangladesh Bank & its agent bank(s) (Including foreign currencies)		20,050,955,303	17,580,743,162
<b>Balance with other banks &amp; financial institutions</b>	<b>4(a)</b>	<b>12,766,950,360</b>	<b>16,808,653,551</b>
In Bangladesh		11,090,666,245	15,878,993,805
Outside Bangladesh		1,676,284,115	929,659,746
<b>Money at Call on short notice</b>	<b>5</b>	<b>1,700,000,000</b>	<b>150,000,000</b>
<b>Investments</b>	<b>6(a)</b>	<b>59,191,436,026</b>	<b>52,157,763,306</b>
Government		48,419,211,843	41,715,205,114
Others		10,772,224,183	10,442,558,192
<b>Loans and Advances</b>	<b>7(a)</b>	<b>325,483,775,615</b>	<b>296,577,495,501</b>
Loans, Cash Credits, Overdrafts etc		306,814,012,807	277,089,605,629
Bills purchased and discounted		18,669,762,808	19,487,889,872
<b>Fixed assets including premises, furniture &amp; fixture</b>	<b>8(a)</b>	<b>14,540,215,590</b>	<b>9,084,103,674</b>
<b>Other assets</b>	<b>9(a)</b>	<b>9,427,818,614</b>	<b>7,065,645,263</b>
<b>Non-banking assets</b>		-	-
<b>Total Assets</b>		<b>449,513,764,514</b>	<b>404,634,467,272</b>
<b><u>LIABILITIES AND CAPITAL</u></b>			
<b>Liabilities:</b>			
<b>Borrowings from other banks, financial institutions and agents</b>	<b>10(a)</b>	<b>42,125,056,136</b>	<b>45,243,659,182</b>
<b>Deposits and other accounts</b>	<b>11(a)</b>	<b>330,570,700,647</b>	<b>297,016,343,921</b>
Current accounts & other accounts		57,934,554,760	48,838,638,845
Bills Payable		9,414,290,455	7,520,067,273
Savings Bank Deposits		56,655,943,326	52,032,663,276
Fixed Deposits		206,565,912,106	188,624,974,527
Bearer Certificates of Deposits		-	-
Other Deposits		-	-
<b>Other Liabilities</b>	<b>12(a)</b>	<b>43,454,355,762</b>	<b>31,979,338,263</b>
<b>Total Liabilities</b>		<b>416,150,112,545</b>	<b>374,239,341,366</b>
<b>Capital / Shareholders' Equity</b>			
Paid up Capital	<b>13</b>	11,595,437,190	10,541,306,540
Share Premium	<b>13.3</b>	1,454,976,750	1,454,976,750
Statutory Reserve	<b>14</b>	12,435,385,300	11,448,968,038
General Reserve	<b>15</b>	26,577,961	26,577,961
Other Reserve	<b>16</b>	2,758,359,011	2,647,631,817
Retained Earnings	<b>17(a)</b>	5,092,915,557	4,275,664,612
<b>Total Shareholders' Equity</b>		<b>33,363,651,769</b>	<b>30,395,125,718</b>
Non controlling interest		200	188
<b>Total Shareholders' Equity with non-controlling interest</b>		<b>33,363,651,969</b>	<b>30,395,125,906</b>
<b>Total Liabilities and Shareholders Equity</b>		<b>449,513,764,514</b>	<b>404,634,467,272</b>



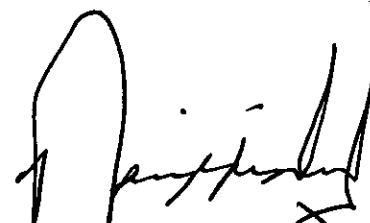
	Notes	Amount in BDT	
		31 Dec. 2019	31 Dec. 2018
<b>Off Balance Sheet Items</b>			
<b>Contingent Liabilities :</b>			
	<b>18</b>	<b>183,938,872,954</b>	<b>182,066,614,059</b>
Acceptances & Endorsements	18.1	70,853,038,511	69,188,473,619
Letters of Guarantee	18.2	57,393,933,584	65,251,091,309
Irrevocable Letters of Credit	18.3	39,892,932,238	34,639,116,428
Bills for Collection	18.4	15,798,968,621	12,987,932,703
Other Contingent Liabilities		-	-
<b>Other Commitments:</b>		<b>19,010,212</b>	<b>-</b>
Documentary credit and short term trade related transactions		-	-
Forward assets purchased and forward deposits placed		19,010,212	-
Undrawn note issuance and revolving underwriting facilities		-	-
Undrawn formal standby facilities, credit lines and other commitments		-	-
<b>Total Off-Balance sheet items including contingent liabi</b>		<b>183,957,883,166</b>	<b>182,066,614,059</b>

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

 <b>Managing Director</b>	 <b>Director</b>	 <b>Director</b>	 <b>Director</b>
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As per our report of same date.

Dhaka, 28 June 2020

  
**Nasir Uddin Ahmed, FCA**  
**Senior Partner**  
**MABS & J Partners**  
**Chartered Accountants**

**UNITED COMMERCIAL BANK LIMITED**  
**Consolidated Profit and Loss Account**  
**For the year ended 31 December 2019**

	Notes	Amount in BDT	
		31 Dec. 2019	31 Dec. 2018
Interest Income	20(a)	31,336,849,217	25,535,510,449
Interest paid on deposits and borrowings etc	21(a)	20,269,076,814	16,058,876,540
<b>Net Interest Income</b>		<b>11,067,772,403</b>	<b>9,476,633,909</b>
Investment income	22(a)	4,898,010,675	4,426,444,175
Commission, exchange and brokerage	23(a)	5,109,884,966	4,618,603,224
Other Operating Income	24(a)	139,141,937	139,417,656
<b>Total Operating Income (A)</b>		<b>21,214,809,981</b>	<b>18,661,098,964</b>
<b>OPERATING EXPENSES</b>			
Salary and allowances	25(a)	7,264,631,507	6,579,674,154
Rent, taxes, insurance, electricity etc.	26(a)	1,009,676,445	1,229,731,749
Legal expenses	27(a)	67,371,098	63,279,505
Postage, stamps, telecommunications etc.	28(a)	192,266,207	143,219,321
Stationery, printing, advertisements etc.	29(a)	1,235,008,182	1,131,846,170
Chief Executive's salary and fees	30	13,744,000	9,912,000
Directors' fees	31(a)	5,051,797	5,403,306
Auditors' fees	32(a)	1,253,500	1,230,500
Depreciation and repair of banks assets	33(a)	1,447,349,699	803,749,247
Other expenses	34(a)	1,380,674,158	1,044,739,752
<b>Total Operating Expenses (B)</b>		<b>12,617,026,593</b>	<b>11,012,785,704</b>
<b>Profit/(Loss) before provision (C) = (A-B)</b>		<b>8,597,783,388</b>	<b>7,648,313,260</b>
Provision for Loans & Advances	35(a)	2,674,166,693	3,158,044,874
Provision for diminution in value of investments	36(a)	686,404,118	(272,108,562)
Other provisions	37(a)	70,228,941	(379,317,151)
<b>Total Provision (D)</b>		<b>3,430,799,752</b>	<b>2,506,619,161</b>
<b>Total Profit/(Loss) before Income taxes (C - D)</b>		<b>5,166,983,636</b>	<b>5,141,694,099</b>
<b>Provision for Taxation</b>	38(a)	<b>2,309,184,768</b>	<b>2,639,380,361</b>
Current Tax		2,931,205,175	2,460,094,126
Deferred Tax		(622,020,407)	179,286,235
<b>Net Profit after Taxation</b>		<b>2,857,798,868</b>	<b>2,502,313,738</b>
<b>Appropriations</b>			
Statutory Reserve		986,417,262	981,551,855
<b>Retained Surplus</b>		<b>1,871,381,606</b>	<b>1,520,761,883</b>
<b>Attributable to:</b>			
Equity holders' of the Bank		1,871,381,594	1,520,761,848
Non controlling interest		12	35
		<b>1,871,381,606</b>	<b>1,520,761,883</b>
<b>Earnings Per Share (EPS)</b>	39(a)	<b>2.46</b>	<b>2.16</b>

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

  
**Managing Director**

  
**Director**

  
**Director**

  
**Director**

As per our report of same date.

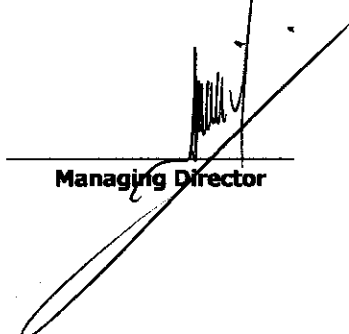
  
**Dhaka, 28 June 2020**

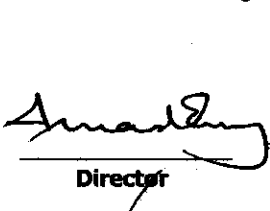
  
**Nasir Uddin Ahmed, FCA**  
**Senior Partner**  
**MABS & J Partners**  
**Chartered Accountants**

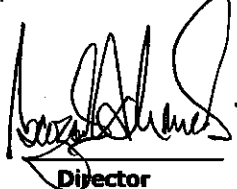
**UNITED COMMERCIAL BANK LIMITED**  
**Consolidated Cash Flow Statement**  
**For the year ended 31 December 2019**

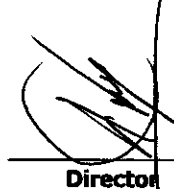
	Notes	Amount in BDT	
		31 Dec. 2019	31 Dec. 2018
<b>A. Cash flows from operating activities</b>			
Interest Receipts in cash		35,528,362,568	28,992,693,082
Interest Payments		(17,671,383,149)	(13,432,685,929)
Dividend Receipts		283,361,345	335,447,914
Fees & Commission Receipts in cash		3,327,809,150	2,949,858,080
Recoveries of loans Previously written off		169,291,686	267,641,572
Cash Payments to employees		(7,278,375,507)	(6,589,586,154)
Cash Payments to suppliers		(2,997,262,357)	(2,504,797,240)
Income taxes paid		(2,428,417,333)	(2,442,930,993)
Receipt from other operating activities	40(a)	325,091,628	546,109,399
Payment for other operating activities	41(a)	(1,582,374,199)	(1,349,424,896)
<b>Operating profit before changes in operating assets and liabilities.</b>		<b>7,676,103,832</b>	<b>6,772,324,835</b>
<b>Increase/Decrease in operating assets and liabilities:</b>			
Statutory Deposits		(6,596,317,246)	(2,734,254,380)
Purchase/Sales of trading Securities		(1,134,220,200)	(621,427,364)
Loans and advances to Customers		(28,907,047,135)	(35,525,982,523)
Other assets	42(a)	(1,589,623,408)	1,275,395,762
Deposit from banks		(3,002,733,534)	4,978,773,803
Deposit from customers		36,557,990,260	14,032,542,145
Other Liabilities		16,786,069	750,948,333
		<b>(4,655,165,194)</b>	<b>(17,844,004,224)</b>
<b>Net Cash from operating activities (A)</b>		<b>3,020,938,638</b>	<b>(11,071,679,389)</b>
<b>B. Cash flows from investing activities</b>			
Proceeds from Sale of Securities		804,554,210	(974,674,173)
Purchase/Sale of property, plant & equipment		(1,423,278,116)	(1,299,263,198)
<b>Net Cash from investing activities (B)</b>		<b>(618,723,906)</b>	<b>(2,273,937,371)</b>
<b>C. Cash flows from financing activities</b>			
Receipts from borrowings		(3,118,603,046)	11,047,265,048
Sub-Ordinated Bond		-	(3,500,000,000)
Dividends paid		50,000,000	(1,054,130,654)
Cash received from Issuing of Right Shares		-	-
<b>Net cash from financing activities (C)</b>		<b>(3,068,603,046)</b>	<b>6,493,134,394</b>
<b>D. Net Increase/(Decrease) in cash (A+B+C)</b>		<b>(666,388,314)</b>	<b>(6,852,482,366)</b>
Effects of the changes of exchange rate on cash and cash equivalents*		1,787,447,455	1,668,745,145
<b>E. Cash and Cash equivalents at beginning of the year</b>		<b>39,749,459,528</b>	<b>44,933,196,749</b>
<b>F. Cash and cash equivalents at the end of the year</b>		<b>40,870,518,669</b>	<b>39,749,459,528</b>
<b>Consolidated Cash and cash Equivalents at end of the year</b>			
Cash in hand (including foreign currencies)	3 (a)	6,352,613,006	5,210,062,815
Balance with Bangladesh bank and its agent bank	3 (a)	20,050,955,303	17,580,743,162
Balance with other banks & financial institution	4 (a)	12,766,950,360	16,808,653,551
Money at call on short notice	5	1,700,000,000	150,000,000
		<b>40,870,518,669</b>	<b>39,749,459,528</b>

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

  
**Managing Director**

  
**Director**

  
**Director**

  
**Director**



UNITED COMMERCIAL BANK LIMITED  
Consolidated Statement of Changes in Equity  
For the year ended 31 December 2019

Amount in BDT

Particulars	Paid up Capital	Share Premium	Statutory Reserve	General Reserve	Assets Revaluation Reserve	Investment Revaluation Reserve	Non-Controlling Interest	Foreign Currency translation gain/(loss)	Retained Earnings	Total
Balance as at 01 January 2019	10,541,306,540	1,454,976,750	11,448,968,038	26,577,961	2,534,101,559	90,800,364	188	22,729,894	4,275,664,613	30,395,125,907
Changes in accounting policy	-	-	-	-	-	-	-	-	-	-
<b>Restated Balance</b>	<b>10,541,306,540</b>	<b>1,454,976,750</b>	<b>11,448,968,038</b>	<b>26,577,961</b>	<b>2,534,101,559</b>	<b>90,800,364</b>	<b>188</b>	<b>22,729,894</b>	<b>4,275,664,613</b>	<b>30,395,125,907</b>
Surplus/deficit on accounts of revaluation of properties	-	-	-	-	-	-	-	-	-	-
Surplus/deficit on accounts of revaluation of investments	-	-	-	-	-	107,773,483	-	-	-	107,773,483
Currency translation difference (OBU)	-	-	-	-	-	-	-	2,953,711	-	2,953,711
Net Profit for the year	-	-	-	-	-	-	-	-	2,857,798,868	2,857,798,868
Transferred to statutory reserve	-	-	986,417,262	-	-	-	-	-	(986,417,262)	-
Dividend (Bonus Share Issued)	1,054,130,650	-	-	-	-	-	-	-	(1,054,130,650)	-
Non Controlling Interest	-	-	-	-	-	-	12	-	(12)	-
<b>Balance as at 31 December 2019</b>	<b>11,595,437,190</b>	<b>1,454,976,750</b>	<b>12,435,385,300</b>	<b>26,577,961</b>	<b>2,534,101,559</b>	<b>198,573,847</b>	<b>200</b>	<b>25,683,605</b>	<b>5,092,915,557</b>	<b>33,363,651,969</b>

Particulars	Paid up Capital	Share Premium	Statutory Reserve	General Reserve	Assets Revaluation Reserve	Investment Revaluation Reserve	Non-Controlling Interest	Foreign Currency translation gain/(loss)	Retained Earnings	Total
Balance as at 01 January 2018	10,541,306,540	1,454,976,750	10,467,416,183	26,577,961	2,534,101,559	76,878,998	153	19,591,419	1,750,915,952	26,871,765,515
Adjustment for Deferred Tax Asset	-	-	-	-	-	-	-	-	2,058,117,466	2,058,117,466
<b>Restated Balance</b>	<b>10,541,306,540</b>	<b>1,454,976,750</b>	<b>10,467,416,183</b>	<b>26,577,961</b>	<b>2,534,101,559</b>	<b>76,878,998</b>	<b>153</b>	<b>19,591,419</b>	<b>3,809,033,418</b>	<b>28,929,882,981</b>
Surplus/deficit on accounts of revaluation of properties	-	-	-	-	-	-	-	-	-	-
Surplus/deficit on accounts of revaluation of investments	-	-	-	-	-	13,921,366	-	-	-	13,921,366
Currency translation difference (OBU)	-	-	-	-	-	-	-	3,138,475	-	3,138,475
Net Profit for the year	-	-	-	-	-	-	-	-	2,502,313,738	2,502,313,738
Transferred to statutory reserve	-	-	981,551,855	-	-	-	-	-	(981,551,855)	-
Dividend (Bonus Share Issued)	-	-	-	-	-	-	-	-	-	-
Dividend (Cash) for 2017	-	-	-	-	-	-	-	-	(1,054,130,654)	(1,054,130,654)
Transfer to Retained Earnings	-	-	-	-	-	-	-	-	-	-
Non Controlling Interest	-	-	-	-	-	-	35	-	(35)	-
<b>Balance as at 31 December 2018</b>	<b>10,541,306,540</b>	<b>1,454,976,750</b>	<b>11,448,968,038</b>	<b>26,577,961</b>	<b>2,534,101,559</b>	<b>90,800,364</b>	<b>188</b>	<b>22,729,894</b>	<b>4,275,664,612</b>	<b>30,395,125,906</b>

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

Managing Director

Director

Director

Director



**UNITED COMMERCIAL BANK LIMITED**  
**Balance Sheet**  
**As at 31 December 2019**

	Notes	Amount in BDT	
		31 Dec. 2019	31 Dec. 2018
<b>PROPERTIES &amp; ASSETS</b>			
<b>Cash</b>	<b>3</b>	<b>26,403,416,203</b>	<b>22,790,705,537</b>
Cash in hand (Including foreign currencies)		6,352,460,900	5,209,962,375
Balance with Bangladesh Bank & its agent bank(s) (Including foreign currencies)		20,050,955,303	17,580,743,162
<b>Balance with other banks &amp; financial institutions</b>	<b>4</b>	<b>12,123,383,064</b>	<b>16,256,142,471</b>
In Bangladesh		10,447,098,949	15,326,482,725
Outside Bangladesh		1,676,284,115	929,659,746
<b>Money at Call on short notice</b>	<b>5</b>	<b>1,700,000,000</b>	<b>150,000,000</b>
<b>Investments</b>	<b>6</b>	<b>57,800,965,607</b>	<b>50,830,837,698</b>
Government		48,419,211,843	41,715,205,114
Others		9,381,753,764	9,115,632,584
<b>Loans and Advances</b>	<b>7</b>	<b>322,728,141,789</b>	<b>294,671,938,315</b>
Loans, Cash Credits, Overdrafts etc		304,058,378,981	275,184,048,443
Bills purchased and discounted		18,669,762,808	19,487,889,872
<b>Fixed assets including premises, furniture &amp; fixture</b>	<b>8</b>	<b>14,454,640,156</b>	<b>9,056,114,228</b>
<b>Other assets</b>	<b>9</b>	<b>11,549,574,728</b>	<b>8,993,360,544</b>
<b>Non-banking assets</b>		-	-
<b>Total Assets</b>		<b>446,760,121,547</b>	<b>402,749,098,793</b>
<b>LIABILITIES AND CAPITAL</b>			
<b>Liabilities:</b>			
<b>Borrowings from other banks, financial institutions and agents</b>	<b>10</b>	<b>40,911,325,756</b>	<b>44,694,259,182</b>
<b>Deposits and other accounts</b>	<b>11</b>	<b>330,786,667,354</b>	<b>297,172,820,632</b>
Current accounts & other accounts		58,150,521,467	48,995,115,556
Bills Payable		9,414,290,455	7,520,067,273
Savings Bank Deposits		56,655,943,326	52,032,663,276
Fixed Deposits		206,565,912,106	188,624,974,527
Bearer Certificates of Deposits		-	-
Other Deposits		-	-
<b>Other Liabilities</b>	<b>12</b>	<b>42,279,108,627</b>	<b>30,981,767,088</b>
<b>Total Liabilities</b>		<b>413,977,101,737</b>	<b>372,848,846,902</b>
<b>Capital / Shareholders' Equity</b>			
Paid up Capital	<b>13</b>	11,595,437,190	10,541,306,540
Share Premium	<b>13.3</b>	1,454,976,750	1,454,976,750
Statutory Reserve	<b>14</b>	12,435,385,300	11,448,968,038
General Reserve	<b>15</b>	26,577,961	26,577,961
Other Reserve	<b>16</b>	2,758,359,011	2,647,631,817
Retained Earnings	<b>17</b>	4,512,283,598	3,780,790,785
<b>Total Shareholders' Equity</b>		<b>32,783,019,810</b>	<b>29,900,251,891</b>
<b>Total Liabilities and Shareholders Equity</b>		<b>446,760,121,547</b>	<b>402,749,098,793</b>



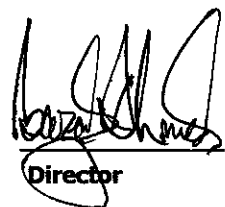


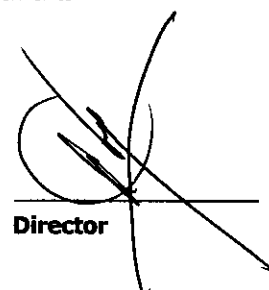
		Amount in BDT	
	Notes	31 Dec. 2019	31 Dec. 2018
<b><u>Off Balance Sheet Items</u></b>			
<b>Contingent Liabilities :</b>			
	<b>18</b>	<b>183,938,872,954</b>	<b>182,066,614,059</b>
Acceptances & Endorsements	18.1	70,853,038,511	69,188,473,619
Letters of Guarantee	18.2	57,393,933,584	65,251,091,309
Irrevocable Letters of Credit	18.3	39,892,932,238	34,639,116,428
Bills for Collection	18.4	15,798,968,621	12,987,932,703
Other Contingent Liabilities		-	-
<b>Other Commitments:</b>		<b>19,010,212</b>	<b>-</b>
Documentary credit and short term trade related transactions		-	-
Forward assets purchased and forward deposits placed		19,010,212	-
Undrawn note issuance and revolving underwriting facilities		-	-
Undrawn formal standby facilities, credit lines and other commitments		-	-
<b>Total Off-Balance sheet Items Including Contingent Liabilities</b>		<b>183,957,883,166</b>	<b>182,066,614,059</b>

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

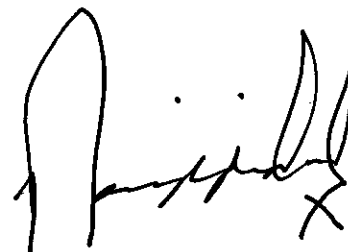
  
Managing Director

  
Director

  
Director

  
Director

As per our report of same date.



Nasir Uddin Ahmed, FCA  
Senior Partner  
MABS & J Partners  
Chartered Accountants

Dhaka, 28 June 2020

**UNITED COMMERCIAL BANK LIMITED**  
**Profit and Loss Account**  
**For the year ended 31 December 2019**

	Notes	Amount in BDT	
		31 Dec 2019	31 Dec 2018
Interest Income	20	30,948,745,064	25,266,932,644
Interest paid on deposits and borrowings etc	21	20,150,935,922	16,024,496,884
<b>Net Interest Income</b>		<b>10,797,809,142</b>	<b>9,242,435,760</b>
Investment income	22	4,853,217,348	4,430,705,298
Commission, exchange and brokerage	23	4,920,063,091	4,480,617,157
Other Operating Income	24	137,801,845	138,757,108
<b>Total Operating Income (A)</b>		<b>20,708,891,426</b>	<b>18,292,515,323</b>
<b>OPERATING EXPENSES</b>			
Salary and allowances	25	7,129,069,808	6,491,607,508
Rent, taxes, insurance, electricity etc.	26	997,997,217	1,226,148,243
Legal expenses	27	67,210,548	63,146,961
Postage, stamps, telecommunications etc.	28	189,263,635	141,984,025
Stationery, printing, advertisements etc.	29	1,227,388,405	1,127,862,324
Chief Executive's salary and fees	30	13,744,000	9,912,000
Directors' fees	31	3,462,118	5,403,306
Auditors' fees	32	1,150,000	1,150,000
Depreciation and repair of banks assets	33	1,437,606,054	799,956,580
Other expenses	34	1,363,315,172	1,035,097,565
<b>Total Operating Expenses (B)</b>		<b>12,430,206,957</b>	<b>10,902,268,512</b>
<b>Profit/(Loss) before provision (C) = (A-B)</b>		<b>8,278,684,469</b>	<b>7,390,246,811</b>
Provision for Loans & Advances	35	2,626,557,644	3,154,643,935
Provision for diminution in value of investments	36	673,470,630	(292,839,246)
Other provisions	37	46,569,883	(379,317,151)
<b>Total Provision (D)</b>		<b>3,346,598,157</b>	<b>2,482,487,538</b>
<b>Total Profit/(Loss) before Income taxes (C - D)</b>		<b>4,932,086,312</b>	<b>4,907,759,273</b>
<b>Provision for Taxation</b>	38	<b>2,160,045,587</b>	<b>2,538,811,839</b>
Current Tax		2,783,077,663	2,360,094,126
Deferred Tax		(623,032,076)	178,717,713
<b>Net Profit after Taxation</b>		<b>2,772,040,725</b>	<b>2,368,947,434</b>
<b>Appropriations</b>			
Statutory Reserve		986,417,262	981,551,855
Retained Surplus		1,785,623,463	1,387,395,579
		<b>2,772,040,725</b>	<b>2,368,947,434</b>
<b>Earnings Per Share (EPS)</b>	39	<b>2.39</b>	<b>2.04</b>

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

  
**Managing Director**

  
**Director**

  
**Director**

  
**Director**

As per our report of same date.

Dhaka, 28 June 2020

  
**Nasir Uddin Ahmed, FCA**  
**Senior Partner**  
**MABS & J Partners**  
**Chartered Accountants**

**UNITED COMMERCIAL BANK LIMITED**  
**Cash Flow Statement**  
**For the year ended 31 December 2019**

	Notes	Amount in BDT	
		31 Dec 2019	31 Dec 2018
<b>A. Cash flows from operating activities</b>			
Interest receipts		35,123,536,839	28,724,115,277
Interest payments		(17,536,520,681)	(13,398,306,273)
Dividend receipt		260,050,966	303,129,439
Fees & Commission receipt		3,137,987,275	2,811,872,013
Recoveries from previously written off advances		169,291,686	267,641,572
Payments to employees		(7,142,813,808)	(6,501,519,508)
Payments to suppliers		(2,973,555,452)	(2,495,994,592)
Payment for Advance Income Tax		(2,319,841,585)	(2,361,320,271)
Receipt from other operating activities	40	302,268,590	582,028,450
Payment for other activities	41	(1,563,368,034)	(1,339,569,667)
<b>Operating profit before changes in operating assets and liabilities.</b>		<b>7,457,035,796</b>	<b>6,592,076,440</b>
<b>Increase/Decrease in operating assets and liabilities:</b>			
Statutory Deposit		(6,596,317,246)	(2,734,254,380)
Purchase/Sale of trading securities		(1,070,675,389)	(702,283,204)
Loans and advances to customers		(28,056,203,474)	(35,199,857,538)
Other Assets	42	(1,797,490,296)	(15,273,423)
Deposit from Banks		(3,002,733,534)	4,978,773,803
Deposit from customers		36,616,580,256	13,998,560,997
Other liabilities	43	29,540,864	2,603,200,829
		<b>(3,877,298,819)</b>	<b>(17,071,132,916)</b>
<b>Net Cash from operating activities (A)</b>		<b>3,579,736,977</b>	<b>(10,479,056,476)</b>
<b>B. Cash flows from investing activities</b>			
Purchase/Sale of Securities		804,554,210	(982,553,810)
Purchase of Property, Plant & Equipments		(1,358,853,957)	(1,277,197,337)
<b>Net Cash from investing activities (B)</b>		<b>(554,299,747)</b>	<b>(2,259,751,147)</b>
<b>C. Cash flows from financing activities</b>			
Receipt from borrowing		(3,782,933,426)	10,847,865,048
Sub-Ordinated Bond		-	(3,500,000,000)
Cash received from issuing of Right shares		-	-
Cash dividend payment		-	(1,054,130,654)
<b>Net cash from financing activities (C)</b>		<b>(3,782,933,426)</b>	<b>6,293,734,394</b>
<b>Net Increase/(Decrease) in cash (A+B+C)</b>		<b>(757,496,196)</b>	<b>(6,445,073,229)</b>
Effects of the changes of exchange rate on cash and cash equivalents*		1,787,447,455	1,668,745,145
Cash and Cash equivalents at beginning of the year		39,196,848,008	43,973,176,092
<b>Cash and cash equivalents at the end of the year</b>		<b>40,226,799,267</b>	<b>39,196,848,008</b>
<b>Cash and cash Equivalents at end of the year</b>			
Cash in hand (including foreign currencies)	3.1	6,352,460,900	5,209,962,375
Balance with Bangladesh bank and its agent bank	3.2	20,050,955,303	17,580,743,162
Balance with other banks & financial institution	4	12,123,383,064	16,256,142,471
Money at call on short notice	5	1,700,000,000	150,000,000
		<b>40,226,799,267</b>	<b>39,196,848,008</b>

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

Managing Director

Director

Director

Director



UNITED COMMERCIAL BANK LIMITED  
Statement of Changes in Equity  
For the year ended 31 December 2019

Particulars	Amount in BDT								
	Paid up Capital	Share Premium	Statutory Reserve	General Reserve	Assets Revaluation Reserve	Investment Revaluation Reserve	Foreign Currency translation gain/(loss)	Retained Surplus	Total
Balance as at 01 January 2019	10,541,306,540	1,454,976,750	11,448,968,038	26,577,961	2,534,101,559	90,800,364	22,729,894	3,780,790,785	29,900,251,891
Changes in Accounting policy	-	-	-	-	-	-	-	-	-
<b>Restated Balance</b>	<b>10,541,306,540</b>	<b>1,454,976,750</b>	<b>11,448,968,038</b>	<b>26,577,961</b>	<b>2,534,101,559</b>	<b>90,800,364</b>	<b>22,729,894</b>	<b>3,780,790,785</b>	<b>29,900,251,891</b>
Surplus/deficit on accounts of revaluation of properties	-	-	-	-	-	-	-	-	-
Surplus/deficit on accounts of revaluation of investments	-	-	-	-	-	107,773,483	-	-	107,773,483
Currency translation difference (OBU)	-	-	-	-	-	-	2,953,711	-	2,953,711
Net Profit for the period	-	-	-	-	-	-	-	2,772,040,725	2,772,040,725
Transferred to statutory reserve	-	-	986,417,262	-	-	-	-	(986,417,262)	-
Dividend (Bonus Share Issued)	1,054,130,650	-	-	-	-	-	-	(1,054,130,650)	-
<b>Balance as at 31 December 2019</b>	<b>11,595,437,190</b>	<b>1,454,976,750</b>	<b>12,435,385,300</b>	<b>26,577,961</b>	<b>2,534,101,559</b>	<b>198,573,847</b>	<b>25,683,605</b>	<b>4,512,283,598</b>	<b>32,783,019,810</b>

For the year ended 31 December 2018

Particulars	Amount in BDT								
	Paid up Capital	Share Premium	Statutory Reserve	General Reserve	Assets Revaluation Reserve	Investment Revaluation Reserve	Foreign Currency translation gain/(loss)	Retained Surplus	Total
Balance as at 01 January 2018	10,541,306,540	1,454,976,750	10,467,416,183	26,577,961	2,534,101,559	76,878,998	19,591,419	1,389,408,394	26,510,257,804
Adjustment for Deferred Tax Asset	-	-	-	-	-	-	-	2,058,117,466	2,058,117,466
<b>Restated Balance</b>	<b>10,541,306,540</b>	<b>1,454,976,750</b>	<b>10,467,416,183</b>	<b>26,577,961</b>	<b>2,534,101,559</b>	<b>76,878,998</b>	<b>19,591,419</b>	<b>3,447,525,860</b>	<b>28,568,375,270</b>
Surplus/deficit on accounts of revaluation of properties	-	-	-	-	-	-	-	-	-
Surplus/deficit on accounts of revaluation of investments	-	-	-	-	-	13,921,366	-	-	13,921,366
Currency translation difference (OBU)	-	-	-	-	-	-	3,138,475	-	3,138,475
Net Profit for the period	-	-	-	-	-	-	-	2,368,947,434	2,368,947,434
Transferred to statutory reserve	-	-	981,551,855	-	-	-	-	(981,551,855)	-
Dividend (Bonus Share Issued)	-	-	-	-	-	-	-	(1,054,130,654)	(1,054,130,654)
Dividend (Cash) for 2017	-	-	-	-	-	-	-	-	-
Transfer to Retained Earnings	-	-	-	-	-	-	-	-	-
Issue of share capital	-	-	-	-	-	-	-	-	-
<b>Balance as at 31 December 2018</b>	<b>10,541,306,540</b>	<b>1,454,976,750</b>	<b>11,448,968,038</b>	<b>26,577,961</b>	<b>2,534,101,559</b>	<b>90,800,364</b>	<b>22,729,894</b>	<b>3,780,790,785</b>	<b>29,900,251,891</b>

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

Managing Director

Director

Director

Director



# United Commercial Bank Limited

## Notes to the Financial Statements

As at and for the year ended 31 December 2019

### 1. The Bank & its activities

#### 1.1 Status of the Bank

United Commercial Bank Limited ('UCBL' or the 'Bank') was incorporated in Bangladesh as a public limited company with limited liability on 26 June 1983 under the Companies Act 1913 to carry on banking business in Bangladesh. It obtained permission from Bangladesh Bank on 13 November 1983 to commence its business. The Bank has 195 branches and 123 agent banking outlets as on 31 December 2019. All the branches of the Bank run on Commercial Conventional basis. The Bank offers services for all commercial banking needs of the customers, which includes deposit banking, loans & advances, export import financing, inland and international remittance facility etc. The Bank is listed with Dhaka Stock Exchange Limited and Chittagong Stock Exchange Limited as a publicly traded Company.

The principal place of business and the registered office of the bank is located at Plot – CWS- (A)- 1, Gulshan Avenue, Dhaka – 1212.

#### 1.2 Off-shore Banking Unit

Off-shore Bank is a Bank located outside the country of residence of depositors, typically in the low tax jurisdiction (or tax haven) that provides financial and legal advantages. Off-shore Banking Unit (the Unit), a separate business unit of United Commercial Bank Limited, governed under the Rules and guidelines of Bangladesh Bank. The Bank obtained the Off-shore Banking Unit permission vide letter no. BRPD (P-3) 744 (117)/2010-2577 dated 9th June 2010. The Bank commenced the operation of its Off-shore Banking Unit from November 10, 2010. At present there is one unit of off-shore banking operating in Dhaka under the Rules and guidelines of Bangladesh Bank.

#### 1.3 Mobile Financial Services; UCash

With the view to bringing the unbanked people into the banking facilities, UCB started Mobile Banking Services under the title of UCash in 2013. The Bank obtained the license from Bangladesh Bank for mobile banking business vide letter no. DCMPS/PSD/37(T)/2012-217 dated 19 April 2012.

#### 1.4 Subsidiary Company

A subsidiary is an entity in which the bank has control as per shareholding and voting right are concerned. Control exists when the bank has substantial shareholding (more than 50 percent) in the company or the power, directly or indirectly, to govern the financial and operating policies of an enterprise as on the date of the reporting. Separate (solo) Financial Statements and Consolidated Financial Statements are prepared for subsidiary investment as per International Accounting Standard (IAS) - 27; 'Separate Financial Statements' and IFRS-10; Consolidated Financial Statements. Interest of the minority is shown as the minority interest which includes share capital of the minority portion as well as profit earned that goes to the non-controlling interest. However, intergroup transactions, balances and the resulting unrealized profits/(loss) are eliminated on consolidation.

##### 1.4.1 UCB Capital Management Limited

UCB Capital Management Limited is a subsidiary company of United Commercial Bank Limited. The activities of the company include brokerage service, margin loan etc. The company is carrying out its activities under the license from both Dhaka Stock Exchange Ltd. and Chittagong Stock Exchange Ltd.

UCBL holds 51,34,999 nos. of shares of UCB Capital Management Limited with face value of Tk. 100 each which equivalent to 99.99998% of the total shares of the company.



#### **1.4.2 UCB Investment Limited**

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

UCBL holds 24,990,000 nos. of shares of UCB Investment Limited with face value of Tk. 10 each which equivalent to 99.96% of total shares of the company.

#### **1.4.3 UCB Asset Management Limited**

UCB Investment Limited was incorporated in Bangladesh as a private limited company with limited liability as on 5 February of 2019 under Companies Act 1994. The principal objective of the company is to carry out various merchant banking activities in Bangladesh i.e. portfolio management, share transfer agent, fund management to issue in the capital and security market, underwrite, manage and distribute the issue of stock shares, bonds and other securities.

UCBL holds 4,999,999 nos. of shares of UCB Investment Limited with face value of Tk. 10 each which equivalent to 99.99% of total shares of the company.

#### **1.5 Separate and consolidated financial statements**

The separate financial statements of the bank as at and for the year ended 31 December 2019 comprise those of Domestic Banking (Main Operations) and Offshore Banking Unit (OBU), and the consolidated financial statements of the group as at and for the year ended 31 December 2019 comprise those of 'the Bank' (parent company) and its subsidiaries.

### **2. Summary of significant accounting policies and basis of preparation of the financial statements**

#### **Basis of preparation**

##### **2.1 Statement of Compliance**

The Financial Reporting Act 2015 (FRA) was enacted in 2015. Under the FRA, the Financial Reporting Council (FRC) is to be formed and it is to issue financial reporting standards for public interest entities such as banks. However, the FRC has been formed but yet to issue any financial reporting standards. Consequently, as per the provisions of the FRA (section -69), the consolidated and separate financial statements of the Group and the Bank respectively have been prepared in accordance with International Financial Reporting Standards (IFRSs) as adopted by The Institute of Chartered Accountants of Bangladesh (ICAB) and in addition to this the Bank complied with the requirements of following laws and regulations from various Government bodies:

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



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

**i. Investment in shares and securities**

**IFRS:** As per requirements of IFRS 9, classification and measurement of investment in shares and securities will depend on how these are managed (the entity's business model) along with their contractual cash flow characteristics. Based on these factors it would generally fall either under 'at fair value through profit or loss account' or under 'at fair value through other comprehensive income' where any change in the fair value (as measured in accordance with IFRS 13) at the year-end is taken to profit and loss account or other comprehensive income respectively.

**Bangladesh Bank:** As per Banking Regulation and Policy Department (BRPD) circular no. 14 dated 25 June 2003, investments in quoted shares and unquoted shares are revalued at the year end at market price and as per book value of last audited balance sheet respectively. Provision should be made for any loss arising from diminution in value of investment; otherwise investments are recognised at cost.

**ii. Revaluation gain/loss on Government securities**

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

**Bangladesh Bank:** HFT securities are revalued on the basis of mark to market and at the year end, any gains on revaluation of securities which have not matured as at the balance sheet date are recognised in other reserves as a part of equity and any losses on revaluation of securities which have not matured as at the balance sheet date are charged in the profit and loss account. Interest on HFT securities including amortisation of discount are recognised in the profit and loss account. HTM securities which have not matured as at the balance sheet date are amortised at the year end and gains or losses on amortisation are recognised in other reserve as a part of equity.

**iii. Provision on loans and advances**

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

**Bangladesh Bank:** As per BRPD circular No.15 (27 September 2017), BRPD circular No.16 (18 November 2014), BRPD circular No.14 (23 September 2012), BRPD circular No. 19 (27 December 2012), BRPD circular No. 05 (29 May 2013) and BRPD circular No.1 (20 February 2018) a general provision at 0.25% to 5% under different categories of unclassified loans (good/standard loans) has to be maintained regardless of objective evidence of impairment. Also specific provision for sub-standard loans, doubtful loans and bad losses have to be provided at 5%, 20%, 50% and 100% respectively for loans and advances depending on time past due. Again as per BRPD circular no. 10 dated 18 September 2007 and BRPD circular no. 14 dated 23 September 2012, a general provision at 1% is required to be provided for all off-balance sheet exposures. Such provision policies are not specifically in line with those prescribed by IFRS 9.



#### **iv. Recognition of interest in suspense**

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

**Bangladesh Bank:** As per BRPD circular no. 14 dated 23 September 2012, once a loan is classified, interest on such loans are not allowed to be recognised as income, rather the corresponding amount needs to be credited to an interest in suspense account, which is presented as liability in the balance sheet.

#### **v. Other comprehensive income**

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

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

#### **vi. Financial instruments – presentation and disclosure**

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

#### **vii. Repo and Reverse Repo transactions**

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

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

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

#### **viii. Financial guarantees**

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

**Bangladesh Bank:** As per BRPD 14, dated 25 June 2003 financial guarantees such as letter of credit and letter of guarantee will be treated as off-balance sheet items. No liability is recognised for the guarantee except the





cash margin. As per BRPD Circular No.01 dated 03 January 2018 and BRPD Circular No.14 dated 23 September 2012, the Bank is required to maintain provision at 1% against gross off-balance sheet exposures (which includes undrawn loan commitments).

**ix. Cash and cash equivalent**

**IFRS:** Cash and cash equivalent items should be reported as cash item as per IAS 7.

**Bangladesh Bank:** Some cash and cash equivalent items such as 'Money at Call and on Short Notice', Treasury Bills, Bangladesh Bank Bills and Prize Bond are not shown as cash and cash equivalent. Money at call and on short notice presented on the face of the balance sheet, and Treasury Bills, Prize Bonds are shown in investments.

**x. Non-banking asset**

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

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

**xi. Cash flow statement**

**IFRS:** Cash flow statement can be prepared either in direct method or in indirect method. The presentation is selected to present these cash flows in a manner that is most appropriate for the business or industry. The method selected is applied consistently.

**Bangladesh Bank:** As per BRPD circular no. 14 dated 25 June 2003, cash flows is the mixture of direct and indirect method.

**xii. Balance with Bangladesh Bank: (CRR)**

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

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

**xiii. Presentation of intangible asset**

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

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

**xiv. Off-balance sheet items**

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

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

**xv. Disclosure of appropriation of profit**

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

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

**xvi. Loans and advance net of provision**

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

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



## xvii. Provision on undrawn loan commitments

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

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

### 2.1.1 Going Concern

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

### 2.2 Basis of measurement

The financial statements have been prepared on the historical cost basis except for the following material items:

- Government Treasury Bills and Bonds designated as 'Held for Trading (HFT)' at present value using 'mark to market' concept with gain credited to revaluation reserve but loss charged to Profit and Loss Account.
- Government Treasury Bills and Bonds designated as 'Held to Maturity (HTM)' at present value using amortization concept.
- Land is recognized at cost at the time of acquisition and subsequently measured at fair value as per IAS-16 *Property Plant & Equipment* and BSEC notification SEC/CMRRCD/2009-193/150/Admin dated 18 August 2013.

### 2.3 Basis of consolidation

The consolidated financial statements include the financial statements of United Commercial Bank Limited and its subsidiaries 'UCB Capital Management Limited, 'UCB Investment Ltd' and 'UCB Asset Management Limited'. The Separate (solo) financial statements and consolidated financial statements have been prepared in accordance with Bangladesh Accounting Standard IAS -27: *Separate Financial Statements* and IFRS-10; *Consolidated financial statements*. The consolidated financial statements are prepared to a common financial year Ended 31 December 2019.

. Basis of consolidation are as follows:

- The consolidated financial statements incorporate the financial statements of the bank and the financial statements of the subsidiary companies from the date that control commences until the date that control ceases. The financial statements of such subsidiary companies are incorporated on a line by line basis and the investments held by the parent (bank) are eliminated against the corresponding share capital of group entities (subsidiaries) in the consolidated financial statements.
- Subsidiaries (investees) are entities controlled by the parent (investor). Control exists when the investor has the power over the investee that gives right to direct relevant activities, exposure, or rights, to variable returns from its involvement with the investee, and the ability to use its power over the investee to affect the amount of the investor's returns.
- All financial assets and financial liabilities are offset and the net amount reported in the consolidated financial statements only when there is legally enforceable right to offset the recognized amounts and there is an intention to settle on a net basis or to realize the asset and settle the liability simultaneously. Items are not offset in the consolidated financial statements unless required or permitted by accounting standards and regulators.
- Intra-group balances and transactions, and any unrealized income and expenses arising from intra-group transactions are eliminated in preparing the consolidated financial statements. Unrealized losses



are eliminated in the same way as unrealized gains, but only to the extent that there is no evidence of impairment.

- Non-controlling interests are presented in the consolidated statement of financial position within equity, separately from the equity of the owners of the parent. Total comprehensive income is attributed to the owners of the parent and to the non-controlling interests even if this results in the non-controlling interests having a deficit balance.
- Loss of control: Upon the loss of control of a subsidiary the group derecognizes the assets (including any goodwill) and liabilities of the subsidiary at carrying amount, any non-controlling interests and the other components of equity related to the subsidiary. Any surplus or deficit arising on the loss of control is recognized in profit and loss account. If the group retains any interest in the former/previous/ex subsidiary, such interest is measured at fair value at the date that the control is lost.

#### **2.4 Use of estimates and judgments**

The preparation of the financial statements requires the management to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates. Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimate is revised and in any future periods affected.

Key estimates include the following:

- Loan loss provision
- Revaluation of land
- Current tax, Deferred tax assets/liabilities
- Gratuity & Superannuation fund

#### **2.5 Consistency**

In accordance with IFRS framework for the presentation of financial statements together with IAS-1 and IAS-8, United Commercial Bank Limited discloses its information consistently from one period to the next. Where selecting and applying a new accounting policies, changes in accounting policies, correction of errors, the amount involved are accounted for and disclosed retrospectively in accordance with the requirement of IAS-8. However, for changes in the accounting estimates the related amount is recognized prospectively in the current period and in the next period or periods.

#### **2.6 Foreign Currency Transactions and Translations**

##### **Functional and presentation currency**

The consolidated financial statements of the Group and the financial statements of the Bank are presented in Bangladesh Taka (BDT) which is the functional currency of the Group and the Bank except OBU where functional currency is US Dollar (USD). All financial information presented in Taka has been rounded off to the nearest integer, except when otherwise indicated.

##### **Foreign currency transactions**

Transactions/Day End Balances in foreign currencies are converted into respective functional currencies at the rate of exchange ruling at the date of transactions as per IAS 21, 'The Effects of Changes in Foreign Exchange Rates'. Effects of Exchange rate differences (rates at which transactions were initially recorded and the rate prevailing on the reporting date/date of settlements) applied on the monetary assets or liabilities of the bank are recorded in the Profit and Loss Account.

##### **Foreign currency translations**

Assets and liabilities of OBU have been presented into Taka (which is functional currency of the Bank) using year end standard mid rate of exchange of the Bank and incomes and expenses are translated using monthly average of standard mid rate of exchange. The foreign currency translation difference is a net result of exchange difference of year end standard mid rate and monthly average of standard mid rate arising from translation of functional currency to presentation currency.



## 2.7 Cash flow statement

Cash flow statement has been prepared in accordance with International Accounting Standard (IAS) 7 "Statement of Cash Flows" and under the guideline of Bangladesh Bank BRPD Circular no.14 dated 25 June 2003. The Statement shows the structure of changes in cash and cash equivalents during the financial year.

## 2.8 Statement of changes in equity

The statement of changes in equity reflects information about the increase or decrease in net assets or wealth. The statement also shows item-wise movement along with the description of changes from the end of last year to the end of current year.

## 2.9 Statement of liquidity

The liquidity statement of assets and liabilities as on the reporting date has been prepared on residual maturity term as per following basis:

Particulars	Basis of Use
Cash, Balance with other banks and financial institutions, money at call and short notice etc.	Stated maturity/observed behavioral trend
Investments	Residual maturity term
Loans and advances	Repayment/maturity schedule and behavioral trend (non-maturity products)
Fixed assets	Useful life
Other assets	Realization/amortization basis
Borrowings from other banks and financial institutions	Maturity/repayment term
Deposits and other accounts	Maturity and behavioral trend (non-maturity products)
Other long term liability	Maturity term
Provision and other liability	Settlement/adjustment schedule basis

## 2.10 Significant accounting policies

The accounting policies set out below have been applied consistently to all periods presented in these financial statements, and have been applied consistently by group entities except otherwise instructed by the Central Bank as prime regulator. Certain comparative amounts in the financial statements have been reclassified and rearranged to conform to the current year's presentation.

### Accounting policies of subsidiaries

The financial statements of subsidiaries have been prepared using uniform accounting policies of the Bank (Parent) for transactions and other events in similar nature. The financial statements of subsidiaries have been prepared using the calendar year ended 31 December which is also same for the Bank.

## A. ASSETS AND THE BASIS OF THEIR VALUATION

### 2.10.1 Cash and cash equivalents

Cash and cash equivalents include notes and coins on hand, unrestricted balance held with Bangladesh Bank and highly liquid financial assets which are subject to insignificant risk of changes in their fair value, and are used by the Bank management for its short-term commitments.

### 2.10.2 Investments

All investment securities are initially recognized at cost, including acquisition charges associated with the investment. Premiums are amortized and discounts are accredited. Accounting treatment for government treasury securities (HFT and HTM) is made as per Bangladesh Bank Circular Ref. BRPD Circular no. 5 dated 26 May 2008 and subsequent clarification DOS circular letter no. 5 dated 28 January 2009.



### 2.10.3 Held to Maturity (HTM)

Investments which have "fixed or determinable payments" and are intended to be held to maturity are classified as "Held to Maturity". Initially these investments are recorded at cost. Subsequently at each year end, these investments are measured at amortized cost. Any increase or decrease in the value of such investment is recognized in shareholders' equity and profit and loss account respectively.

### 2.10.4 Held for Trading (HFT)

Investments classified in this category are acquired principally for the purpose of selling or repurchasing in short trading or if designated as such by the management. After initial recognition at cost, investments are revalued at Mark to Market (MTM) on weekly basis and any increase on such valuation is recognized as revaluation gain under the shareholders' equity and any loss is recognized in the profit and loss account.

### 2.10.5 REPO and Reverse REPO:

Securities purchased under re-sale agreements are treated as collateralized lending and recorded at the consideration paid and interest accrued thereon. The difference between purchase price and re-sale price is treated as interest received and accrued evenly over the life of Repo agreement.

Since 1 September 2010 transactions of REPO and Reverse REPO are recorded based on DOS Circular no. 06, dated 15 July 2010 of Bangladesh Bank. Securities under repo will be excluded from the investment portfolio and hence will not be eligible for SLR purpose. Securities acquired under reverse repo will be eligible for SLR purpose initially at its clean price (in case of coupon bearing security) or at its market value (in case of non-coupon bearing security).

### 2.10.6 Investment in listed/quoted securities

These securities are bought and held primarily for the purpose of selling them in future or holding for dividend income. These are reported at cost. Unrealized gains are not recognized in the profit and loss account. But provision for diminution in value of investment is recognized in the profit and loss account.

### 2.10.7 Investment in unquoted securities

Investment in unlisted securities is reported at cost under cost method. Adjustment is given for any shortage of Net Assets Value (NAV) over cost in the Profit & Loss Account, but there is no unrealized gain booking.

Investment class	Initial recognition	Measurement after initial recognition	Recording of changes
Govt. T-bills/bonds - Held for Trading (HFT)	Cost	Fair value [Weekly revalued at FMV through MTM valuation process]	Loss to Profit and Loss Account, gain to Revaluation Reserve through Profit & Loss Account.
Govt. T-bills/bonds - Held to Maturity (HTM)	Cost	Amortized cost at each year end.	Increase or decrease in value to equity and Profit & Loss Account respectively.
Debenture/Bond	Face value	N/A	N/A
Shares (Quoted) *	Cost	Lower of Cost or Market Value (overall portfolio)	Loss (gain net off) to Profit and Loss Account but no unrealized gain booking.
Shares (Unquoted)*	Cost	Lower of Cost or Net Asset Value (NAV)	Loss to Profit & Loss Account but no unrealized gain booking.
Prize bond	Cost	Cost	N/A

### 2.10.8 Investment in subsidiaries

Investment in subsidiaries are accounted for under the cost method of accounting in the Bank's financial statements in accordance with IAS 27 "Separate Financial Statements" and IFRS 3 "Business Combination". Impairment of investment in subsidiaries is made as per the provision of IAS 36 "Impairment of Assets".



## 2.10.9 Loans, Advances and provisions

- Loans and advances are stated at gross amount.
- Loans and advances are broadly classified under the heads of Continuous, Demand, Long Term and Short term Agriculture and Micro Credit. Continuous and Demand Loans are accounted under Capitalized method where interest accrues monthly and applied to loan account quarterly. Term loans are accounted under amortized method where repayments consists of no. of EMIs
- Interest on unclassified loans & advances and SMA loans are credited to Interest Income. Interest on Sub- standard and Doubtful Loans and advances are not credited to interest income, it is kept in suspense account as per Bangladesh Bank instructions and such interest is not accounted for as income until realized from borrowers. Interest accrual is kept stopped for all Bad & Loss Advances.
- Commission and discounts on bills purchased and discounted are recognized at the time of realization.
- General provisions on unclassified loans and off balance sheet items, specific provisions for classified loans and interest suspense thereon are shown under other liabilities. Provision against classified loans and advances is made on the basis of quarter end review by the management and instructions contained in BRPD Circular no.14 dated 23 September 2012, BRPD Circular no.19 dated 27 December 2012, BRPD Circular no.16 dated 18 November 2014, BRPD Circular no. 12 dated 20 August 2017, BRPD Circular no. 15 dated 27 September 2017 and BRPD Circular no. 01 dated 20 February 2018, BRPD circular no. 07 dated 21 June 2018 and BRPD circular no. 13 dated 18 October 2018.

Particulars	Rates
<b>General Provision on</b>	
Unclassified general loans and advances	1%
Unclassified small and medium enterprise	0.25%
Unclassified loans to BHS/MBs/SDs against shares etc.	2%
Unclassified loans consumer financing –Housing finance	1%
Unclassified loans consumer financing –Loans for professionals	2%
Unclassified loans consumer financing –Credit card	2%
Unclassified consumer financing others	5%
Unclassified short-term Agricultural and Micro-Credits	1%
Special Mention Account	0.25%-5%
Off-balance sheet exposures	1%
<b>Specific Provisions on</b>	
Substandard loans and advances other than short term agri credit and micro credit	20%
Doubtful loans and advances other than short term agri credit and micro credit	50%
Bad/Loss loans and advances	100%
Substandard short term agri credit and micro credit	5%
Doubtful short term agri credit and micro credit	5%

- Loans and advances are written off to the extent that (i) there is no realistic prospect of recovery and (ii) against which legal cases are pending for more than 05 (five) years as per guidelines of Bangladesh Bank. However, the write off will not reduce the claim against the borrower. Detailed memorandum records for all such write off accounts are maintained carefully and followed up.

As per BRPD circular no. 14 September 2012 and BRPD Circular No.05 dated 29 May 2013 a general provision at 1% to 5% under different categories of unclassified loans (good/standard loans) have to be maintained. However, such general provision cannot satisfy the conditions of provision as per IAS 37. At the year end the company has recognized an accumulated general provision of Tk. 4,005.39 million in the balance sheet under liabilities as per Bangladesh Bank's requirement.



## 2.10.10 Property, Plant and Equipment and depreciation

### Recognition

The cost of an item of fixed assets is recognized as an asset if it is probable that future economic benefits associated with the item will flow to the entity, and the cost of the item can be measured reliably.

### Initial Measurement

Items of property, plant and equipment that qualify for recognition as an asset is measured initially at its cost. The cost of an item of PPE comprises:

- Its purchase price, including import duties and non-refundable purchase taxes, after deducting trade discounts and rebates.
- Any costs directly attributable to bring the asset to the location and condition necessary for it to be capable of operating in the manner intended by management.
- The initial estimate of the costs of dismantling and removing the item and restoring the site on which it is located.

### Subsequent Measurement

Subsequently, the Bank has the option to measure an entire class of property, plant and equipment either using cost model or revaluation model.

Fixed assets except land are stated at cost less accumulated depreciation. Land is recognized at cost at the time of acquisition and subsequently measured at revalued amounts which are the fair value at the time of revaluation done by independent professional valuer and any surplus on revaluation is shown as equity component until the asset is disposed.

### Subsequent expenditure

The bank recognizes any subsequent expenditure in the carrying amount of an item of property, plant and equipment as a part of the cost only when it is probable that future economic benefits embodied with the item will flow to the bank due to the subsequent expenditure. However, expenditures incurred after the assets have been put into operation, such as, repairs and maintenance is recognized as revenue expenditure in the period in which it is incurred.

### Depreciation

Depreciation is charged at the rates stated below on all fixed assets on the basis of estimated useful lives as determined in the fixed asset policy of the Bank. In all cases depreciation is calculated on the straight line method. Charging depreciation commences from the month of acquisition (for full month) and ceases at the month when the assets are disposed. No depreciation has been charged on land. Rate and method of charging depreciation/ amortization of fixed assets are mentioned below:

Name of the assets	Rate of depreciation	Method of charging depreciation/ amortization
Land	NIL	Not applicable
Building	2.50%	Straight Line Method
Furniture & Fixtures	10%	Straight Line Method
Office Equipment	20%	Straight Line Method
Computer Equipment's	20%	Straight Line Method
Computer Software	25%	Straight Line Method
Vehicle	20%	Straight Line Method

### Changes in useful life and method of depreciation of the property, plant and equipment

Both changes in useful life of the property, plant and equipment and method of depreciation, i.e. consumption pattern of the assets shall be accounted for as a change in an accounting estimate in accordance with IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors.



### **Capital work in progress**

Property, plant and equipment under construction is recognized and reported under Fixed Assets as per IAS 16 'Property, Plant & Equipment' as Capital work in progress until the construction work is completed and the asset is ready for the intended use. This asset is stated at cost and depreciation of the asset will be charged from the date of its intended use.

### **De-recognition of fixed assets**

The carrying amount of an item of fixed assets is derecognized on disposal or when no future economic benefits are expected from its use. The gain or loss arising from de recognition of an item of fixed assets is recorded in profit or loss when the item is de-recognized.

### **Revaluation of Property, Plant and Equipment**

An item of Property, Plant and Equipment is revalued when fair value of the asset differs materially from its carrying amount. Such revaluation is normally carried out by professionally qualified valuers. Last revaluation of Bank's land property and Building were carried as at 27 December 2012 by Padma Techno Consult & Survey Ltd. Accordingly, revaluation surplus is included in fixed assets and assets revaluation reserve is recognized under shareholder's equity as per guidelines of IAS-16; Property, Plant and Equipment. Such revaluation reserve will be disposed off upon retirement/de-recognition of the assets.

## **2.10.11 Accounting under lease operations:**

### **2.10.11.1 Assets obtained under Lease Agreements**

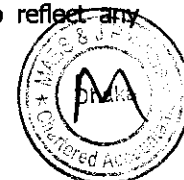
International Financial Reporting Standard (IFRS) 16: Leases come into force on 1 January 2019, as adopted by institute of Chartered Accountants of Bangladesh (ICAB). As per IFRS 16 a lease is a contract (or part of a contract) that conveys the right to use an asset for a period of time in exchange for consideration. A contract contains a lease if fulfilment depends on an identified asset and it conveys the right to control the use of that identified asset throughout the period of use. Each lease component should be identified and accounted for separately.

### **2.10.11.2 Assets given on operating and finance lease arrangements**

The objective of IFRS 16 is to report information that faithfully represents lease transactions and provides a basis for users of financial statements to assess the amount, timing and uncertainty of cash flows arising from leases. UCBL applied IFRS 16 using modified retrospective approach where the bank measured the lease liability at the present value of the remaining lease payments, discounted it using the bank's incremental borrowing rate at the date of initial application, and recognised a right-of-use asset at the date of the initial application on a lease by lease basis.

IFRS 16 introduces a single lessee accounting model and requires a lessee to recognise assets and liabilities for all leases with a term of more than 12 months, unless the underlying asset is of low value. A lessee is required to recognise a right-of-use asset representing its right to use the underlying leased asset and a lease liability representing its obligation to make lease payments. Right-of-use assets are depreciated on a straight-line basis over the lease term. The right-of-use assets are presented under property, plant and equipment.

At the commencement date of the lease, the bank recognises lease liabilities measured at the present value of lease payments to be made over the lease term using incremental borrowing rate at the date of initial application. Lease liability is measured by increasing the carrying amount to reflect interest on the lease liability, reducing the carrying amount to reflect the lease payments, and re-measuring the carrying amount to reflect any reassessment or lease modifications.





Bank recognizes interest expense on the lease liability and depreciation of the right-of-use asset. Variable lease payments not included in the lease liability are recognised in the period the obligation is incurred.

A recognition and measurement exemption for short term leases and leases of low value assets is available as a policy choice. However, this exemption is only available to the lessee.

An entity has the right to control the use of an identified asset if it has the right to obtain substantially all of the economic benefits from the use of the asset and the right to direct the use of the asset, i.e. to decide how and for what purpose it is used, otherwise, recorded as operating lease. The Bank has elected not to recognise right-of-use assets and lease liabilities for leases of low value assets and short-term leases. The Bank recognises lease payments associated with these leases as an expense.

#### **2.10.12 Intangible asset**

An intangible asset is to be recognized only if it is probable that future economic benefits attributable to the assets will flow to the bank and the cost of the asset can be measured reliably. Recognition & measurement of Intangible Assets are guided by International Accounting Standard (IAS)-38; '*Intangible Asset*'. Intangible assets are derecognised on disposal or when no future economic benefits are expected from their use. Gain or loss arising from derecognition of an intangible asset is measured as the difference between the net disposal proceed and the carrying amount of that intangibly asset are recognised in profit and loss account. Due to following BRPD circular no. 14 dated 25 June 2003 Intangible assets are not disclosed in a separate line rather reported under Fixed Assets. However, separate line item alongwith the rate of amortization is identifiable in the detail schedule of Fixed Asset.

#### **2.10.13 Impairment of assets**

The carrying amounts of bank's assets are reviewed when as required to determine whether there is any indication of impairment. Any impairment loss is recognized in the profit and loss account if the carrying amount of an asset exceeds its recoverable amount [IAS 36 *Impairment of Assets*]. No such impairment loss has been arisen and recognized during the year ended 31 December 2019.

#### **2.10.14 Other Assets**

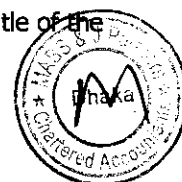
Other assets include mainly advance office rent, payment of advance income tax for which assessment of tax has not yet been finalized, investment in subsidiaries, fees and other unrealized income receivable, advance for operating and capital expenditure, stocks of stationery & stamps etc. As per BRPD Circular No. 14 dated 25 June 2003, Income & Non-income-generating other assets item(s) have been shown separately in the relevant notes to the financial statements.

#### **2.10.15 Receivables**

Receivables are recognized when there is a contractual right to receive cash or another financial asset from another entity or person.

#### **2.10.16 Non-banking assets**

Bangladesh Bank vide BRPD circular no. 14 dated 25 June 2003 required that Non-banking assets should be shown separately in the books of accounts. Non-banking assets are acquired on account of the failure of a borrower to repay the loan in time after receiving the decree from the court regarding the right and title of the mortgaged property.



## Recognition of non-banking assets

Although there is no indication of non-banking assets found in any International Financial Reporting Standards (IFRS), non-banking assets are to be recorded in the books of accounts when all formalities regarding confirmation of ownership have been completed. It means that asset to be recognized during controlling over economic benefits flowing from the asset to the bank is established and its associated cost/value is reliably measured. Therefore, considering practical grounds, non-banking assets are recorded in the books of accounts of UCBL when all of the following conditions have been met:

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

## Measurement of the non-banking assets:

Non-banking Asset is measured at the estimated Forced Sale Value (FSV) as determined by the independent professional valuing firm.

## B. LIABILITIES AND PROVISIONS

### 2.10.17 Borrowings from other banks, financial institutions and agents

Borrowings from other banks, financial institutions and agents include interest bearing borrowings, bonds etc. which are stated in the financial statements at principal amount of the outstanding balance. Interest payables on such borrowings are reported under other liabilities.

### 2.10.18 Debt securities (Subordinated Bond):

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

Name of the Subordinated Bond	Issued Amount	Outstanding Amount	Issue Date	Tenure	Interest Rate	Range of Interest Rate	Redemption of Principal
	(BDT in Million)	As on 31 Dec 2019 (BDT in Million)					
UCB 1 <sup>st</sup> Subordinated Bond	2,000.00	800.00	16-May-13	7 Years	Base Rate plus 3.0%	11.50%-16.00%	30%, 30% & 40% in last 3 years
UCB 2 <sup>nd</sup> Subordinated Bond	5,000.00	3,000.00	29-Jul-15	7 Years	Base Rate plus 2.5%	10.00%-13.50%	20% in each of last 5 years
UCB 3 <sup>rd</sup> Subordinated Bond (1 <sup>st</sup> Tranche)	3,500.00	3,500.00	28-Dec-17	7 Years	Base Rate plus 2.5%	7.00%-10.50%	20% in each of last 5 years
UCB 3 <sup>rd</sup> Subordinated Bond (2 <sup>nd</sup> Tranche)	3,500.00	3,500.00	16-May-18	7 Years	Base Rate plus 2.5%	7.00%-10.50%	20% in each of last 5 years
UCB 4 <sup>th</sup> Subordinated Bond (1 <sup>st</sup> Tranche)	500	500	24-Dec-18	7 Years	Base Rate plus 2.0%	7.00%-10.50%	20% in each of last 5 years
UCB 4 <sup>th</sup> Subordinated Bond (2 <sup>nd</sup> Tranche)	2,500.00	2,500.00	26-Dec-18	7 Years	Base Rate plus 2.0%	7.00%-10.50%	20% in each of last 5 years
UCB 4 <sup>th</sup> Subordinated Bond (3 <sup>rd</sup> Tranche)	100.00	100.00	14-Aug-19	7 Years	Base Rate plus 2.0%	7.00%-10.50%	20% in each of last 5 years
UCB 4 <sup>th</sup> Subordinated Bond (4 <sup>th</sup> Tranche)	1,000.00	1,000.00	05-Nov-19	7 Years	Base Rate plus 2.0%	7.00%-10.50%	20% in each of last 5 years
UCB 4 <sup>th</sup> Subordinated Bond (2 <sup>nd</sup> Tranche)	500	500.00	05-Dec-19	7 Years	Base Rate plus 2.0%	7.00%-10.50%	20% in each of last 5 years

### 2.10.19 Deposits and other accounts

Deposits and other accounts include current deposits redeemable at call, short term deposits, savings deposits and fixed deposits which are initially measured at the consideration received. These items are subsequently measured and accounted for at the gross value of the outstanding balance in accordance with the contractual agreements with the counter parties.



#### **2.10.20 Other liabilities**

Other liabilities comprise items such as provision for loans and advances/ investments, provision for taxes, interest payable on borrowing, interest suspense and accrued expenses etc. Individual item-wise liabilities are recognized as per the guidelines of Bangladesh Bank and International Financial Reporting Standards (IFRS).

#### **2.10.21 Dividend payments**

Interim dividend is recognized when it is paid to the shareholders. Final dividend is recognized when it is approved by the shareholders in AGM. The proposed dividend for the year 2019, therefore, has not been recognized as a liability in the balance sheet in accordance with IAS 10 '*Events after the Reporting Period*'. Dividend payable to the Bank's shareholders is recognized as a liability and deducted from the shareholders' equity in the period in which the shareholders' right to receive the payment is established.

#### **2.10.22 Provision for loans and advances**

Provision for classified loans and advances is made on the basis of quarter end review by the management and instructions contained in BRPD Circular no.14 dated 23 September 2012, BRPD Circular no.19 dated 27 December 2012, BRPD Circular no.16 dated 18 November 2014, BRPD Circular No. 08 dated 2 August 2015, BRPD Circular no. 12 dated 20 August 2017 and BRPD Circular no. 15 dated 27 September 2017. Details are stated in Note 12.

#### **2.10.23 Provision for investment in capital market**

For recognition of loss suffered from investment in capital market, provision is to be provided on unrealized loss (gain net off) according to DOS Circular No. 04 dated 24 November 2011 on portfolio basis.

#### **2.10.24 Provision for off-balance sheet exposures**

In compliance with Bangladesh Bank guidelines, contingent liabilities have been disclosed under off-balance sheet items. As per BRPD circular no. 07 dated 21 June 2018 and BRPD circular no. 13 dated 18 October 2018, the Bank has been maintaining provision @ 1% against off-balance sheet exposures.

#### **2.10.25 Provision for other assets**

Provision for other assets is made as per the guidelines mentioned in the BRPD Circular No. 14 dated 25 June 2001 i.e. 100% provision is required on other assets which are outstanding for one year or more.

#### **2.10.26 Provision for Nostro accounts**

Provision for unsettled transactions on nostro accounts is made in accordance with the guideline of Foreign Exchange Policy Department of Bangladesh Bank, FEPD Circular no. FEPD (FEMO) / 01/2005-677 dated 13 September 2005. On the reporting date, UCBL has no unsettled transactions outstanding for more than 3 months and no provision has been made in this regard.

#### **2.10.27 Provision for liabilities and accrued expenses**

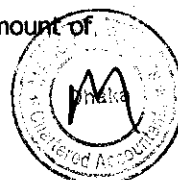
In compliance with IAS 37, provisions for other liabilities and accrued expenses are recognized in the financial statements when the Bank has a legal or constructive obligation as a result of past event, it is probable that an outflow of economic benefit will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation.

#### **2.10.28 Retirement Benefit Schemes**

The retirement benefits accrued for the employees of the Bank as on reporting date has been accounted for in accordance with the provision of International Accounting Standard-19, '*Employees Benefits*'. Various types retirement benefit schemes of the bank are as follows:

##### **Provident fund**

Provident fund benefits are given to the employees of the Bank in accordance with the registered provident fund rules. The Commissioner of Income Tax, Dhaka (North) has approved the provident fund as a recognized provident fund within the meaning of section 2 (52) read with the provision of part – B of the First Schedule of Income Tax Ordinance 1984. The recognition took effect from November 30, 1988. The Fund is operated by a Board of Trustee consisting 03 (three) members of the Bank. All confirmed employees of the Bank are contributing 10% of their basic salary as subscription to the fund. The bank also contributes equal amount of



the employees' contribution. Interest earned from the investments is credited to the members' account on half yearly basis.

#### **Gratuity fund**

Gratuity benefits are given to the employees of the bank in accordance with the approved gratuity fund rules. National Board of Revenue has approved the gratuity fund as a recognized gratuity fund on December 27, 1995. The fund is operated by a Board of Trustee consisting 3 (Three) members of the bank. Employees are entitled to gratuity benefit after completion of minimum 5 (five) years of service in the bank. The Gratuity is calculated on the basis of last basic pay and is payable at the rate of one month's basic pay for every completed year of service. Gratuity fund is a "Defined Benefit Plan" and contribution to Gratuity Fund is measured through the result of actuarial valuation of the fund.

The Bank's net obligation in respect of gratuity is calculated by estimating the amount of future benefit that employees have earned in the current and prior periods, discounting that amount and deducting the fair value of any plan assets. The calculation of defined benefit obligations is performed annually by a qualified actuary using the projected unit credit method.

Net interest expense, current service cost and other expenses related to defined benefit plans are recognised as salaries and allowances in profit or loss. When the benefits of a plan are changed or when a plan is curtailed, the resulting change in benefit that relates to past service or the gain or loss on curtailment is recognised immediately in profit or loss.

#### **Welfare fund**

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

#### **Workers' Profit Participation Fund (WPPF)**

Consistent with the industry practice and in accordance with The Bank Company Act, 1991, no provision has been made for WPPF.

#### **2.10.29 Taxation**

Income tax represented the sum of the current Tax and deferred tax payable for the year under reporting.

##### **i) Current Tax**

Current tax is the amount of income taxes payable (recoverable) in respect of the taxable profit (tax loss) for a period. Provision for current income tax has been made as per prescribed rate in the Income Tax Ordinance 1984 on the accounting profit made by the bank after considering some of the add-backs to income and disallowances of expenditure as per income tax laws with IAS-12 "Income Taxes". Tax Assets under the group head of other assets are recognized for payment of advance income tax, tax deducted at source and tax paid at the time of IT Return for the year/years for which assessment has not yet been finalized. On the other hand, the tax provision (as estimated as per IAS-12; Income Taxes, provision of latest Finance Act, related SROs/guidelines etc.) are recognized as tax liability under the group head of other liability for the year/years for which assessment has not yet been finalized.

##### **ii) Deferred Tax**

Deferred tax liabilities are the amount of income taxes payable in future periods in respect of taxable temporary differences. Deferred tax assets are the amount of income tax recoverable in future periods in respect of deductible temporary differences. Deferred tax assets and liabilities are recognized for the future tax consequences of timing differences arising between the carrying values of assets, liabilities, income and expenditure and their respective tax bases. Deferred tax assets & liabilities are measured using tax rate & tax laws enacted or at the balance sheet date. Tax impact on the account of changes in deferred tax assets and liabilities has also been recognized in the profit and loss account as per IAS-12 "Income taxes".



## **C. Capital / Shareholders' equity**

### **2.10.30 Capital**

#### **(a) Authorized capital**

Authorized capital is the maximum amount of share capital that the bank is authorized by its Memorandum and Article of Association to issue to shareholders.

#### **(b) Paid-up capital**

Paid-up Capital represents total amount of shareholders' capital that has been paid in full by the ordinary shareholders. Holders of ordinary share are entitled to receive dividends as declared from time to time and are entitled to vote at shareholders' meetings. In the event of a winding-up of the company, ordinary shareholders rank after all other shareholders and creditors and are fully entitled to any residual proceeds of liquidation.

### **2.10.31 Statutory reserve**

Statutory reserve has been maintained @ 20% of profit before tax in accordance with provisions of section 24 of the Bank Company Act, 1991 (amendment up to 2019).

### **2.10.32 Asset revaluation reserve**

When an asset's carrying amount is increased as a result of revaluation, the increased amount is credited directly to equity under the heading of assets revaluation reserve as per IAS 16 '*Property, Plant and Equipment*'. The Bank also follows the assets revaluation guidelines issued by BSEC on 18 August 2013.

### **2.10.33 Reserve for Amortization/ revaluation of securities**

When a Financial Asset categorized under HTM or HFT and subsequent value of the asset is increased as a result of amortization of assets or mark to market revaluation, the net increased amount (for HTM increase or decrease of book value and for HFT loss to P&L but gain to revaluation reserve through P&L) is credited directly to equity under the heading of reserve for amortization/ revaluation of securities as per Bangladesh Bank DOS circular no. 06, dated 15 July 2010.

### **2.10.34 Retained Earnings**

The surplus amount after appropriation of yearly profit is kept in Retained Earnings.

### **2.10.35 Share premium**

The Share premium represents the excess amount received by the bank from its shareholders over the nominal/par value of its share. The amount of share premium can be utilized as per the provision of Section 57 of the Companies Act 1994.

### **2.10.36 Contingent asset and contingent liability**

A contingent asset is a possible asset that arises from past events and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events and on the other hand a contingent liability is a possible obligation that arises from past events and whose existence will also be confirmed only with the occurrence or non-occurrence of one or more uncertain future events. Contingent asset and liability is not recognized rather disclosed in the financial statements.

Bank also undertakes forward rate agreements and transaction of similar financial instruments and derivatives. Such activities are undertaken in line with Bangladesh Bank guidelines and an appropriate provision has been made against such contingent items.

### **2.10.37 Accounting of Derivative Financial Instruments**

#### **Derivatives**

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity. Derivative is a financial instrument meeting all of the following three features:



1. whose value changes in response to the change in price of an underlying security, commodity, currency, index or other financial instruments;
2. where the initial net investment is zero or is small in relation to the value of underlying security or index;
3. that is settled at a future date.

Derivatives are classified as held for trading (unless they are hedging instruments) and accordingly, measured at fair value. Any changes in fair value is recorded in profit and loss account.

### **Cross Currency swaps**

At UCB, we perform only plain vanilla cross currency swaps. In this simple form, the principal amount of the deal is exchanged between the counterparties in the First Leg of the Deal. During the 2<sup>nd</sup> Leg the principals are again transacted but only at an exchange rate that is different from the 1<sup>st</sup> leg. The Buy rate of SWAP is different from the Sell rate as forward points are either added or subtracted from the 1<sup>st</sup> leg rate.

### **Embedded derivatives**

Certain contracts that are not themselves derivatives (and may not be financial instruments) include derivative contracts that are 'embedded' within. An embedded derivative is a component of a hybrid (combined) instrument that also includes a non-derivative host contract. Embedded derivative causes some or all of the cash flows of the host contract to be modified. Besides, embedded derivative cannot be transferred to a third party independently of the instrument. The basic rule for accounting for an embedded derivative is that it should be separated from its host contract and accounted for as a derivative, i.e., measured at fair value and any changes in fair value recognized in profit and loss account. Separation of embedded derivative from the host contract is made only when the following conditions are met:

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

1. The embedded derivative would meet the definition of a derivative if separated from the host contract.
2. The hybrid (combined) instrument is not measured at fair value with changes in fair value recognized in profit and loss.

## **D. REVENUE RECOGNITION**

### **2.10.38 Interest income**

Interest on unclassified (Standard and SMA) loans and advances is accounted for as income on accrual basis, interest on classified loans and advances (SS and DF only) is credited to interest suspense account with actual receipt of interest there from credited to income as and when received as per instruction contained in BRPD 14 dated 23 September 2012, BRPD 19 dated 27 December 2012 and BRPD 16 dated 18 November 2014 of Bangladesh Bank.

### **2.10.39 Fees and commission income**

Fess and commission income arises on services provided by the Bank and recognized as and when received basis. Commission charged to customers on letters of credit, letters of guarantee and acceptance are credited to income at the time of effecting the transactions.

### **2.10.40 Interest income from investments**

Interest income on investments in Government and other securities, debentures and bonds is accounted for on accrual basis.

### **2.10.41 Income from exchange**

Exchange income includes all gain and losses from foreign currency day to day transactions, conversions and revaluation of Non-Monetary items.

### **2.10.42 Dividend income**

Dividend income from investments is recognized at the time when it is declared, ascertained and right to receive the payment is established.



#### **2.10.43 Interest paid on borrowings and deposits**

- a. Interest expenses are recognized on accrual basis taking into account of daily balance outstanding at the rate applicable for respective deposits and interest on savings and SND accounts is credited to depositors account on half yearly basis. No interest is applicable on the balance lying in current deposit account. Interest on FDR accrued but not due to clients A/c was credited to 'Other Liability A/c - Interest Payable'.
- b. Other expenses are also recognized and recorded on accrual basis.

#### **2.10.44 Management and other expenses**

Expenses incurred by the Bank are recognized on actual and accrual basis.

### **E. Others**

#### **2.10.45 Materiality and aggregation**

Each material class of similar items has been presented separately in the financial statements. Items of dissimilar nature have also been presented separately unless they are immaterial in accordance with IAS 1 'Presentation of Financial Statements'.

#### **2.10.46 Offsetting**

Financial assets and financial liabilities are offset and the net amount is presented in the balance sheet when there is a legally enforceable right to offset the recognized amounts and there is an intention to settle on a net basis, or realize the asset and settle the liability simultaneously.

#### **2.10.47 Earnings Per Share (EPS)**

The company calculates earnings per share (EPS) in accordance with IAS 33 "*Earnings Per Share*" which has been shown on the face of Profit and Loss Account. Earnings per share (EPS) has been calculated by dividing the net profit after tax by the total number of ordinary shares outstanding at the end of the year. Details are shown in note 39 to the financial statements.

##### **Basic Earnings Per Share**

Basic earnings per share shall be calculated by dividing profit or loss attributable to ordinary equity holders of the parent entity (the numerator) by the weighted average number of ordinary shares outstanding (the denominator) during the period.

##### **Weighted average number of ordinary shares outstanding during the year**

This represents the number of ordinary shares outstanding at the beginning of the year plus the number of ordinary shares issued during the year multiplied by a time weighted factor. The time weighting factor is the number of days the specific shares are outstanding as a proportion of the total number of days in the year. The total number of shares issued in 2019 has been multiplied by a time weighting factor which is the number of days the specific shares were outstanding as a proportion of total number of days in the period.

##### **Diluted Earnings Per Share**

Diluted EPS is determined by adjusting the profit or loss attributable to ordinary shareholders and the average number of ordinary shares outstanding for the effects of all dilutive potential ordinary shares. However, diluted earnings per share calculated during the financial year 2019.

#### **2.10.48 Related Party Transactions**

Parties are considered to be related if one party has the ability, directly or indirectly, to control the other party or exercise significant influence over the other party in making financial and operating decisions. Parties are also considered to be related if they are subject to common control or common significant influence. Related party transaction is a transfer of resources, services, or obligations among related parties, regardless of whether a price is charged as per IAS 24 '*Related Party Disclosures*', Bangladesh Bank & BSEC guidelines. Details of the related party transactions have been disclosed in notes 47.1 to 47.8.



#### **2.10.49 Reconciliation of books and account**

Books of account in regard to inter-bank (in Bangladesh and outside Bangladesh) as well as inter-branches are reconciled at regular intervals to keep the un reconciled balances within non-material level.

#### **2.10.50 Events after the reporting period**

Where necessary, all the material events after the balance sheet date have been considered and appropriate adjustment/ disclosures have been made in the financial statements as per IAS 10 '*Events after the Reporting Period*'.

Bangladesh is being forced to undergo lockdowns to tackle the Covid-19 pandemic. These lockdowns are having a hamstringing effect on workers and businesses across the country. The economy has almost come to a standstill and paralyzing effects are being observed in almost all sectors. The decline in national and global demand for manufactured goods, particularly in the garment sector, risks creating unemployment and deepen poverty. The urban poor will be hardest hit while the number of additional poor will be higher in rural areas. The national shutdown will impact private consumption. The major Risk the Bank will face is Credit Risk. The Non-Performing Loan (NPL) of the Bank may rise in a new level due to this pandemic. Already most of the businesses have suspended their business operation due to lockdown. Export oriented industries are losing their confirmed orders as the foreign counter part's businesses also stopped. In this situation, the credit worthiness of the existing borrower will be deteriorated which also hamper loan repayment. Government has to update the different law and rules relating to strengthening the economic activities. Some policies of banks also needed to be reformed. The impact of Covid-19 can be minimized if all the stakeholder of the Bank can work together.

The Board of Directors of the Bank in its 444<sup>th</sup> meeting held on 24.12.2019 decided establish a fully owned subsidiary company in the name of UCB Digital Financial Services Limited to provide Mobile Financial Services having authorized capital of BDT 500 crore and initial paid up capital of BDT 100 crore with the option of enhancement of capital from time to time in line with the business requirement. Bank has already obtained the name clearance letter from Register of Joint Stock Companies and Firms (RJSC & F). Bank also deposited the initial paid up capital amount BDT 100 Crore of the proposed subsidiary and the formation process is going on.

Another material event after the balance sheet date is: the Board of Directors recommended Stock dividend @ 5% and Cash dividend @5% for the year 2019 in its meeting no. 450 held on 28 June 2020.

#### **2.10.51 Credit rating**

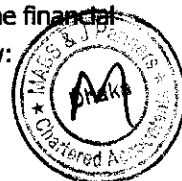
ECRL has rated the Bank based on December 31, 2018 with "AA"(pronounced as Double A) in the Long Term and ST-2 for the Short Term. The date of rating was May 07, 2019.

<b>Year</b>	<b>Long Term Rating</b>	<b>Short Term Rating</b>
2018	AA	ST-2
2017	AA	St-2

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

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

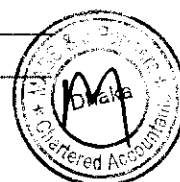
The Financial Reporting Act 2015 (FRA) was enacted in 2015. Under the FRA, the Financial Reporting Council (FRC) is to be formed and it is to issue financial reporting standards for public interest entities such as banks. The FRC has been formed but yet to issue any financial reporting standards as per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





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

<b>Name of the IFRS</b>	<b>IFRS no.</b>	<b>Status</b>
First time adoption of Bangladesh Financial Reporting Standards	1	N/A
Share Based Payment	2	N/A
Business Combinations	3	N/A
Insurance Contract	4	N/A
Non-current Assets Held for Sale and Discontinued Operations	5	N/A
Exploration for and Evaluation of Mineral Resources	6	N/A
Financial Instruments: Disclosure	7	Applied *
Operating Segments	8	Applied
Financial Instruments	9	Applied *
Consolidated Financial Statements	10	Applied
Joint Arrangement	11	N/A
Disclosure of Interest in other entities	12	N/A



Fair Value Measurement	13	Applied
Regulatory deferral accounts	14	N/A
Revenue from contractors with customers	15	Applied
Leases	16	Applied

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

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

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

N/A= Not Applicable

#### **New accounting standards not yet adopted:**

The Bank has consistently applied the accounting policies as set out in Note 2 to all periods presented in these financial statements. The various amendments to standards, including any consequential amendments to other standards, with the date of initial application of 1 January 2019 have been considered. However, these amendments have no material impact on the financial statements of the Bank.

In December 2017, ICAB has decided to adopt IFRS replacing Bangladesh Financial Reporting Standards (BFRS) effective for annual periods beginning on or after 1 January 2019. However, since currently issued BFRS have been adopted from IFRS without any major modification, such changes would not have any material impact on financial statements.

A number of standards and amendments to standards are effective for annual periods beginning after 1 January 2019 and earlier application is permitted. However, the Bank did not apply earlier the following new standard in preparing these financial statements.

#### **IFRS 17 Insurance Contracts**

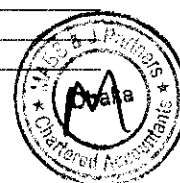
IFRS 17 was issued in May 2017 and to be applied to annual reporting periods beginning on or after 1 January 2021. IFRS 17 establishes the principles for the recognition, measurement, presentation and disclosure of insurance contracts within the scope of the standard. The objective of IFRS 17 is to ensure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

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

#### **2.10.53 Operating segments:**

Business segments report consists of products and services whose risks and returns are different from those of other business segments. The Bank has ten reportable segments, as described below, which are the Bank's strategic business units. The strategic business units offer different products and services, and are managed separately based on the Bank's management and internal reporting structure. Each of the strategic business units of the Bank are periodically reviewed by the Management Committee. The following summary describes the operations in each of the Bank's reportable segments:

<b>Segments' Name</b>	<b>Description</b>
Corporate Banking	This unit focuses on large corporate groups including structured/syndicated finance with a variety of advances & deposit products and other transactions.
SME Banking	Includes loans, deposits and other transactions and balances with SME customers.
Consumer Banking	Includes loans, deposits and other transactions and balances with retail customers.



Treasury	Treasury unit undertakes the Bank's funding and maintenance of SLR, Asset-liability management through money market operation, Fx. Market dealings, investing in derivatives including forwards, futures and swaps.
Investment Banking	Includes the Bank's trading, investment in equities and other capital market activities.
Offshore Banking	This unit aims to provide all kinds of commercial banking services to its customers in freely convertible currencies. Presently the Bank has one unit in Dhaka.
Card and Alternate Delivery Channel	This includes offering a variety of debit card and credit card to the customers according to their needs.
Mobile Financial Services	Mobile Financial Services came up with the aim to cover a large number of people under banking channel through mobile network facilitating convenient cash in/out, bill payment, POS purchase etc.
Agent Banking	UCB Agent Banking aims to promote full-fledged banking services to geographically dispersed and financially excluded areas. It's looking forward to offer cashless transaction to all class of people in near future.

#### **2.10.54 Risk Management**

In banking organization, risk is the possible outcome of an action or event which could bring up an adverse impact. Such outcome could either result in a direct loss of earnings/capital or may result in imposition of constraints on banks' ability to meet their business objectives. Risk is the outcome of losses due to sudden downturn in economy or falling interest rates. Banks have to rely on their capital as a buffer to absorb such losses. The types and degree of risks of an organization may be exposed depending upon a number of factors such as its size, complexity in business activities, volume etc. Initially Bangladesh Bank have issued guidelines on six core risk areas and accordingly scheduled banks operating in Bangladesh has implemented the guidelines for better risk management practice. Implementation of core risk management guidelines by United Commercial Bank Limited and its status are discussed below.

##### **2.10.54.1 Credit Risk Management**

Credit risk is most simply defined as the potential risk where a bank borrower or counterparty will fail to meet its obligations in accordance with agreed terms. The goal of credit risk management is to maximize a bank's risk-adjusted rate of return by maintaining credit risk exposure within acceptable parameters. Banks need to manage the credit risk inherent in the entire portfolio as well as the risk in individual credits or transactions. Banks should also consider the relationships between credit risk and other risks. The effective management of credit risk is a critical component of a comprehensive approach to risk management and essential to the long term success of any banking organization.

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

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

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

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

##### **2.10.54.2 Foreign Exchange Risk Management**

Foreign exchange risk is the risk that changes an investment's value due to changes in currency exchange rates. This risk usually affects businesses that export and/or import but also affect investors making international investments. Financial risk management is the practice of creating economic value in a firm by using financial instruments to manage exposure to risk. The most common cause of foreign exchange (FX) risk arises from making overseas payments for imports that are priced in a foreign currency and receiving foreign currency as payment against exports. Exposure to foreign exchange risk can also arise from foreign currency borrowing and deposits, overseas subsidiaries, assets located overseas.



UCB has developed a Foreign Exchange Risk Management policy in line with the Bangladesh Bank foreign exchange guidelines to minimize different types of risks associated with foreign exchange transactions. In this guideline treasury functions are clearly demarcated between treasury front office, mid office and back office. The front office is involved only in dealing activities and the back office is responsible for all related support and monitoring functions on the other hand, mid Office will be responsible to monitor market risk, liquidity risk and operational risks at treasury. Treasury Front Office' 'Treasury Mid Office and 'Treasury Back Office' have separate and independent reporting lines to ensure segregation of duties and accountabilities.

The Bank has also developed different strategies to handle the foreign exchange risk by setting different types of limits and risk parameters to measure and monitor foreign exchange risk exposure of the Bank. Treasury department is vested with the responsibility to measure and minimize the foreign exchange risk associated with bank. To assess the degree of the risk associates with foreign exchange position bank computes VaR (Value at Risk) on its foreign exchange position at 97.50% confidence level on daily basis. To deal smoothly the dealers have various limits with triggers such as counterparty limit, stop loss limit, intraday limit, per deal limit etc.

Dealing room is equipped with Reuter's information and dealing system, a voice recorder for recording deals taking place over the telephone, television with financial news channels. Before entering into any deal with a counter party, a dealer ensures that they have knowledge about the counter party's dealing style, product mix and assess whether the customer is dealing in an appropriate manner.

#### 2.10.54.3 Asset Liability Management Risk

ALM is an integral part of the financial management process of any bank. It is concerned with strategic balance sheet management involving risks caused by changes in the interest rates, exchange rates and the liquidity position of the bank.

The Asset Liability Management Committee (ALCO) of UCB headed by the Managing Director of the Bank meets at least once in every month to look after the financial market activities, manage liquidity risk, interest rate risk and FX or currency risk. Asset Liability Management (ALM) desk of the Treasury is primarily responsible for management of liquidity risk on a daily basis by appropriate coordination of funding activities.

Asset liability Committee (ALCO) reviews the country's overall economic position, market outlook (local and global) and Bank's liquidity position. A quarterly projection of fund flows is reviewed in ALCO meeting regularly. ALCO also examines key ratios such as Maximum Cumulative Outflow, Advance Deposit Ratio, Capital Adequacy Ratio, Liquidity Coverage Ratio (LCR), Net Stable Funding Ratio (NSFR), Leverage ratio etc. ALCO also monitors concentration of deposits of large institutional depositors which is volatile in nature.

In addition to the above ratios ALCO also analyses following statements to measure and monitor liquidity risk, interest rate risk and FX or currency risk:

Risks	Statement
Liquidity Risk	<ul style="list-style-type: none"> <li>• Structural liquidity profile</li> <li>• Dynamic liquidity profile</li> <li>• Key Management Ratios</li> <li>• Cash flow projection</li> </ul>
Interest Rate Risk	<ul style="list-style-type: none"> <li>• Traditional Gap Analysis (up to 1 Year)</li> <li>• Traditional Gap Analysis (Total A-L)</li> <li>• Duration Gap Analysis</li> <li>• Balance Sheet VaR</li> <li>• Stress Testing</li> </ul>
Currency Risk	<ul style="list-style-type: none"> <li>• Currency wise Exposure</li> <li>• Value at Risk (VaR)</li> </ul>

#### 2.10.54.4(i) Internal Control and Compliance Risk:

Internal Control is a process, effected by a bank's board of directors, management, and other personnel, designed to provide reasonable assurance regarding the achievement of objectives relating to operations, reporting and compliance. An organization deploy many layers of defense. In order to ensure, there are enough controls to manage the adverse risk of any major setback. The first layer of defense is the operational

management. The second layer of defense is the control function such as internal control, risk management and compliance. The third layer of defense is the internal and external audit function.

A system of strong internal controls can help ensure that the goals and objectives of a banking organization will be met, that the bank will achieve long –term profitability target, and maintain reliable financial and managerial reporting. Such a system is designed to provide reasonable assurance regarding the achievement of objectives in the following categories:

- Effectiveness and efficiency of operations,
- Reliability of financial reporting and
- Compliance with applicable laws, regulations, and internal policies.

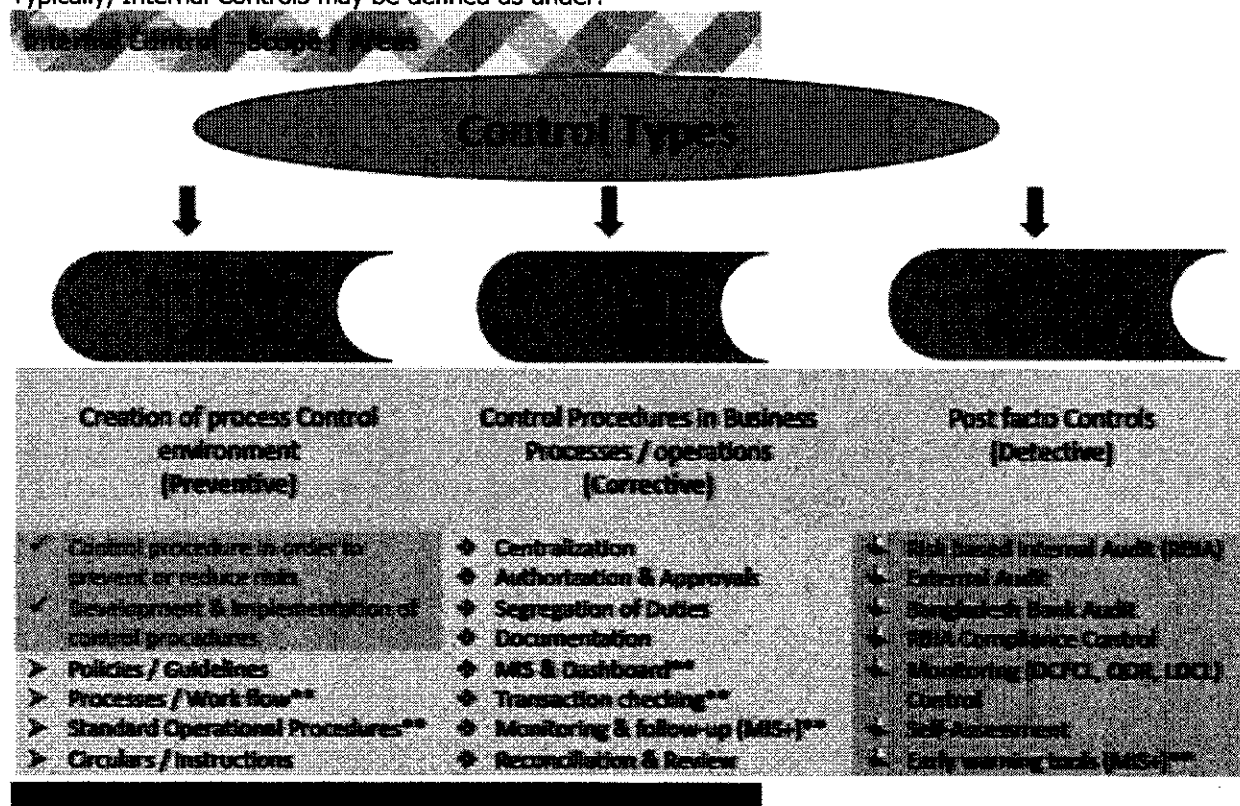
UCBL develops and maintains a robust internal control framework comprising the following internal control features:

- Management oversight and the control culture
- Risk recognition and assessment

Control activities and segregation of duties

- Information and communication
- Monitoring activities and correcting deficiencies

Typically, Internal Controls may be defined as under:



ICCD under guidance of Board & Senior Management has been working on the issue in light of Bangladesh Bank guidelines. Audit function is now totally independent with reporting line of 'Head of Audit' to Audit Committee of Board along with administrative reporting line to 'Head of ICCD'. Competent authority of the bank has taken various steps to strengthen internal audit as well as compliance activities for ensuring a standard compliance culture within the organization towards mitigating Internal Control & Compliance Risks.



The key issues that have been established for effective internal control of UCBL are as follows:

- i. ICCD of UCB is working in light of guideline on Internal Control & Compliance Guideline of UCB.
- ii. ICCD arranges awareness Building workshop regarding compliance culture in different zone.
- iii. The internal Audit department of the Bank checks for compliance with policies and procedures and the effectiveness of internal control systems on an ongoing basis.
- iv. Compliance inspection team of ICCD carried out compliance inspection regarding authenticity/accuracy of RBIA compliance and miss reporting
- v. In assessing the internal control system UCB continued to review of different control tools ie QOR, LDCL , DCFCL, Internal audit checklist and Risk rating.
- vi. ICCD prepare Health Report of UCB on Annual basis.
- vii. Self-Assessment of Anti-Fraud Internal Controls is carried out on semi-annual basis as per DOS circular letter #10 dated 9 may 2017of BB.

Effective and efficient internal control of UCBL secure the interest of depositors and stakeholders through establish the following internal control functions:

- Compliance
- Information Security
- Internal Audit
- Risk Management

It helps to reinforce the 3 (three) types of control ie. Preventive - creation of process control environment, Corrective - Control Procedures in business processes/operation and Detective - Post facto controls.

#### **2.10.54.4(ii) Fraud and Forgeries Risk**

Fraud is deliberate deception to secure unfair or unlawful gain. UCB has been relentlessly striving for effective anti-fraud control mechanism to be in place and are working properly so that attempts to make fraud and forgeries can be identified at the initiation, escalated to the appropriate level of management and necessary corrective measures are undertaken accordingly. Moreover, as a part of practicing compliant culture, the Bank reported all instances of fraud and forgeries detected to the central bank on timely manner.

#### **2.10.54.5 Money Laundering Risk:**

Financial institutions across the globe are working hard to fight financial crime driven by demands to protect assets and maintain regulatory compliance. The areas of specific focus are those of Anti-Money Laundering (AML) and Anti-Terrorist Financing (ATF). Money laundering is the process of providing legitimate appearance to the illegally gained revenue. And terrorist financing process involves collecting the funds intended for use in supporting the terrorist organization from a variety of sources and using the funds as needed to further the terrorist organization's goals. Both Money Laundering and Terrorist Financing have the tradition of eroding the financial institutions and weakening the financial sectors' role in the economic growth.

Regulators expect functions in the Bank to be standardized on a global level and across business lines. The businesses themselves need consistency and efficiency. One of the best ways to satisfy these expectations is to centralize functions. This is an important first step in sharing and harmonizing skills throughout the organization.

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



AML & ATF Division has arranged a number of training programs on prevention of money laundering and terrorist financing for the Executives/Officers of the Bank through-out 2019 to develop their professional skill and ensure better compliance. A total number of 962 employees were covered in these training programs.

In line with international initiatives and standards, the Regulator has issued guidelines for preventing Trade Based Money Laundering (TBML). UCB is working on preparing their own guidelines and confirming compliance of the guidelines within the prescribed deadlines.

Yearly Message of the Managing Director on Bank's measures for Prevention of Money Laundering & Terrorist Financing has been sent to all employees of the Bank on July 10, 2019 for meticulous compliance by all the concerned.

We have reported 43 (Forty-three) Suspicious Transaction Reports (STRs) and 15 (Fifteen) Suspicious Activity Reports (SARs) to BFIU in 2019.

#### **2.10.54.6 Information Communication Technology Risk**

In the recent years, banking industry has been reshaped significantly in terms of its operational processes, service delivery channels, market strategies including targeting, segmenting, positioning / penetrating and with the wide varieties of product & services catered for individual customer needs mostly. Among all other pivotal factors, 'Information and Communication Technology' (ICT) has been regarded as the core to bring such momentous transformation into successful reality. Consequently, the importance of information security for the banks has gained much importance, and it is of the critical essence for us to ensure that the ICT risks are being properly identified measured and adequate mitigation strategies are in place.

ICT Risk management is a systematic approach for the identification, assessment and management of information security related risks in Bank. It encompasses not only the negative impacts of operations and service delivery which can bring destruction or reduction of the value of the Bank, but also the risk associated with opportunities losses to explore the technological benefits with adverse business impact.

UCB regarded 'Effective Risk Management Process' as a vital constituent of a thriving IT security program. Therefore, we developed our ICT risk management process in a way to aid the bank in achieving the new-fangled business changes, potential investment in information technology system, mitigating existing and imminent ICT threats.

The ICT Policy of the Bank has recently been revised and restructured to comply with the recent technology, risk management trends and Bangladesh Bank latest ICT guideline. The Business Continuity Plan, Disaster Recovery Plan and Information Security Management Policy have been republished after the revision. Moreover, UCB has developed ICT Risks Management Policy and approved by board, which covered all areas of IT risks according to Bangladesh Bank risks grading guideline.

UCB has the following footprints on reducing ICT risks including fraud prevention which will eventually ensure our sustainable banking operation in the foreseeable future:

- Vulnerability Assessment and Penetration Testing (VA/PT) Solution Introduced.
- Optimization of SWIFT System has been successfully completed.
- Internet Banking Solution with two factor authenticator (2FA) mechanisms and OTP.
- Anti-Money Laundering (AML) Solution Implemented.
- National Identity Card (NID) Verification System Introduced for avoiding duplicated NID use in Customer Account Opening.
- Two Factor Authentication (2FA), SMS, E-mail alerts for Credit card transactions.
- Anti-Skimming devices have installed in all UCB ATM for protecting Card Counterfeit.
- EMV standard solution (Chip Based) have been implemented that can reduce optimum level of card fraudulent activities (Skimming, Duplicate card, etc).
- Dual control mechanism: Bank has introduced maker checker roles in FCUBS & card management software which results internal user cannot process any CBS and credit card related tasks by one person.
- Real Time Automated Fraud Management Solution: IT has the capability to monitor fraudulent transaction based on defined rules. This solution can identify and manage risks properly.
- Call Centre Solution has been implemented as a result: Customers who are calling UCB call center for any emergency help (card activation, deactivation, lost, transactions details etc) will be served accordingly which helps to reduce risk and improve customer services.



- Human Resource Management Information System (HRMIS) Solution has been implemented. So to maintain and control HR related issues faster and accurately (Employee screening, recruitment, promotions, benefits, retirement, etc) which also reduce the employee risks.
- Optimization of CORE Banking Software and Database.
- ICT Risks Management Policy, Process up gradation as per the latest Bangladesh Bank ICT guideline. It can reduce Regularity & Compliance related risks.
- Improvement in ICT Awareness Risk: ITD has continuously conducting ICT awareness related training for employee which are aligned with Learning and Development Center.

#### **2.10.55 Internal Audit**

The Bank has established an independent internal audit function for conducting risk based internal audit on various business and operation areas of the Bank on continuous basis.

#### **2.10.56 General**

##### **Functional and presentation currency**

The financial statements are presented in Bangladeshi Taka, which is the Bank's functional currency. Financial information's has been rounded to the nearest Taka.

##### **Comparative information**

Comparative information in respect of the previous year has been presented from the audited financial statements for the year ended 31 December 2018. Figures of previous year have been rearranged whenever necessary to confirm the current year/period presentation.

##### **Reporting period**

These financial statements cover the period from 1 January 2019 to 31 December 2019.

##### **Approval of financial statements**

The financial statements have been approved by the Board of Directors of the bank in its meeting held on June 28, 2020.





		Amount in BDT	
		31 Dec. 2019	31 Dec. 2018
<b>3 Cash</b>		<b>26,403,416,203</b>	<b>22,790,705,537</b>
<b>3.1 Cash in hand</b>			
Local currency	4,958,623,788	4,141,551,671	
Cash in ATM	1,348,686,500	987,276,500	
Foreign currency	45,150,612	81,134,204	
	<b>6,352,460,900</b>	<b>5,209,962,375</b>	
<b>3.2 Balance with Bangladesh Bank and its agent Bank(s)</b>			
Local currency	19,308,855,609	17,477,680,438	
Foreign currency	742,099,694	103,062,724	
	<b>20,050,955,303</b>	<b>17,580,743,162</b>	
<b>Total Cash in hand including balance with Bangladesh Bank &amp; its agent Bank's</b>		<b>26,403,416,203</b>	<b>22,790,705,537</b>
<b>3.2.1 Balance with Bangladesh Bank</b>			
Local currency	19,308,849,603	17,477,672,089	
Foreign currency	742,099,694	103,062,724	
	<b>20,050,949,297</b>	<b>17,580,734,813</b>	
* The above balance represents amount as per Bank Book. The differences due to reconciling items with Bangladesh Bank are subsequently adjusted.			
<b>3.2.2 Balance with Sonali Bank ( as agent of Bangladesh Bank )</b>			
Local currency	6,006	8,349	
Foreign currency	-	-	
	<b>6,006</b>	<b>8,349</b>	
<b>3.3 Cash Reserve Requirement (CRR) and Statutory Liquidity Ratio (SLR)</b>			
Cash Reserve Requirement (CRR) and Statutory Liquidity Ratio (SLR) have been calculated and maintained in accordance with section 33 of Bank Companies Act, 1991 (amendment upto 2019) and of instructions contained in DOS Circular No. 01 dated 19 January 2014, DOS Circular No. 23 dated 07 October 2018 and MPD circular No. 01 dated 03 April 2018 issued by Bangladesh Bank.			
The Cash Reserve Requirement (CRR) of the Bank calculated @ 5.50% on by weekly average basis of total time and demand liabilities and maintained provision 5% on daily basis with Bangladesh Bank in current account and 13% Statutory Liquidity Ratio (SLR) on the same liabilities has also been maintained in the form of cash in hand, balance with Sonali Bank (agent Bank), treasury bills, bonds, Bangladesh Bank bills, prize bond & excess of CRR. In year end position of CRR & SLR maintained by UCB clearly reflects that, both the reserve are excess over the requirement. Details are as follows :			
<b>3.3.1 Cash Reserve Requirement (CRR) (5.50% of average Demand &amp; Time Liabilities)</b>			
Required reserve	18,797,535,851	16,953,922,109	
Actual reserve held (note - 3.2.1)	19,308,849,603	17,477,672,089	
Surplus/(Deficit)	<b>511,313,752</b>	<b>523,749,980</b>	
<b>3.3.2 Statutory Liquidity Ratio (SLR) (13% of average Demand &amp; Time Liabilities)</b>			
Required reserve	44,430,539,284	40,072,906,803	
Actual reserve held (note-3.3.3)	55,282,992,501	47,448,925,818	
Surplus/Deficit	<b>10,852,453,217</b>	<b>7,376,019,015</b>	
<b>3.3.3 Held for Statutory Liquidity Ratio</b>			
Cash in hand (note- 3.1)	6,352,460,900	5,209,962,375	
Balance with Sonali Bank (agent Bank) (note-3.2.2)	6,006	8,349	
Govt. Securities (Treasury Bills) (note:6.1)	5,140,318,891	983,579,726	
Govt. Treasury Bond (HTM) (note : 6.1)	41,256,456,652	39,229,209,308	
Govt. Treasury Bond (HFT) (note : 6.1)	2,013,998,000	-	
Reverse Repo with other Bank (note : 6.1)	-	1,496,272,880	
Bangladesh Bank Bills (note : 6.1)	-	-	
Stock of Prize Bond (note : 6.1)	8,438,300	6,143,200	
Excess Reserve of CRR (note : 3.3.1)	511,313,752	523,749,980	
	<b>55,282,992,501</b>	<b>47,448,925,818</b>	
<b>3(a) Consolidated Cash</b>			
United Commercial Bank Ltd.	26,403,416,203	22,790,705,537	
UCB Capital Management Ltd.	152,106	100,440	
UCB Investment Ltd.	-	-	
UCB Asset Management Limited	-	-	
	<b>26,403,568,309</b>	<b>22,790,805,977</b>	
		Amount in BDT	
		31 Dec. 2019	31 Dec. 2018
<b>4 Balance with other banks and financial institutions</b>			
In Bangladesh (note - 4.1)	10,447,098,949	15,326,482,725	
Outside Bangladesh (Annexure-A)	1,676,284,115	929,659,746	
	<b>12,123,383,064</b>	<b>16,256,142,471</b>	
<b>4.1 In Bangladesh</b>			
<b>A. Current account</b>			
Janata Bank Limited.	44,225,464	93,847,134	
Agrani Bank Limited.	10,004,183	108,030	
Rupali Bank Limited.	29,562	41,596	
Sonali Bank Limited.	1,064,655,693	773,238,975	
Standard Chartered Bank	9,862,147	24,896,990	
	<b>1,128,777,049</b>	<b>892,132,725</b>	



		Amount in BDT	
		31 Dec. 2019	31 Dec. 2018
<b>B. Fixed Deposits</b>			
Industrial and Infrastructure Development Finance Company Limited		450,000,000	550,000,000
Peoples Leasing and Financial Services Limited		4,800,000	250,000,000
National Finance Limited		4,000,000	50,000,000
Dhaka Bank Limited		-	1,550,000,000
Uttara Finance & Investment Limited		550,000,000	550,000,000
Reliance Finance		650,000,000	650,000,000
Jamuna Bank Limited		-	1,390,000,000
Modhumoti Bank Limited		509,400,000	209,750,000
IPDC Finance Limited		-	240,000,000
Investment Corporation of Bangladesh		1,950,000,000	1,950,000,000
Lanka Bangla Finance Limited		400,000,000	400,000,000
Meridian Finance & Investment Limited		250,000,000	250,000,000
NRB Bank Limited		-	335,600,000
Mutual Trust Bank Limited		500,000,000	1,500,000,000
Shahjalal Islami Bank Limited		-	500,000,000
International Leasing and Financial Services Limited		600,000,000	620,000,000
Phoenix Finance and Investment Limited		500,000,000	500,000,000
Social Islami Bank Limited		-	500,000,000
National Credit and Commerce Bank Limited		-	1,300,000,000
Islami Bank Bangladesh Limited		-	839,000,000
National Housing Finance and Investment Limited		-	100,000,000
Bay Leasing and Investment Limited		100,000,000	200,000,000
NRB Bank Limited		84,900,000	-
Agrani Bank Limited		339,600,000	-
Midland Bank Limited		11,121,900	-
Exim Bank Limited		990,000,000	-
The City Bank Ltd.		424,500,000	-
Premier Bank Limited		1,000,000,000	-
Standard Bank Limited		-	-
<b>Total (A+B)</b>		<b>9,318,321,900</b>	<b>14,434,350,000</b>
		<b>10,447,098,949</b>	<b>15,326,482,725</b>
<b>4.2 Maturity grouping of balance with other banks &amp; financial institutions</b>			
On demand		7,683,661,164	1,642,132,725
Upto three months		4,439,721,900	14,614,009,746
More than three months but less than six months		-	-
More than six months but less than one year		-	-
		<b>12,123,383,064</b>	<b>16,256,142,471</b>
<b>4(a) Consolidated Balance with other banks &amp; financial institutions</b>			
<b>In Bangladesh</b>			
United Commercial Bank Ltd. (note-4.1)		10,447,098,949	15,326,482,725
UCB Capital management Ltd.		789,471,452	692,884,914
UCB Investment Ltd.		20,075,787	16,102,877
UCB Asset Management Limited		49,986,764	-
		<b>11,306,632,952</b>	<b>16,035,470,516</b>
Less: Inter Company balance eliminated		215,966,707	156,476,711
		<b>11,090,666,245</b>	<b>15,878,993,805</b>
<b>Outside Bangladesh</b>			
United Commercial Bank Ltd.		1,676,284,115	929,659,746
UCB Capital Management Ltd.		-	-
UCB Investment Ltd.		-	-
UCB Asset Management Limited		-	-
		<b>1,676,284,115</b>	<b>929,659,746</b>
		<b>12,766,950,360</b>	<b>16,808,653,551</b>
<b>5 Money at call on short notice</b>			
Jamuna Bank Limited		80,000,000	50,000,000
NRB Commercial Bank Limited		150,000,000	-
Midland Bank Limited		150,000,000	-
NRB Bank Limited		270,000,000	-
Modhumoti Bank Limited		250,000,000	-
Industrial Promotion & Development		60,000,000	-
IDLC Finance Limited		290,000,000	-
Industrial & Infrastructure Development		110,000,000	-
Lanka Bangla Finance Limited		150,000,000	100,000,000
Delta Brac Housing Finance Corporate		190,000,000	-
		<b>1,700,000,000</b>	<b>150,000,000</b>
		<b>1,700,000,000</b>	<b>150,000,000</b>
		<b>14,468,910,720</b>	<b>16,958,653,551</b>
		<b>15,915,969,669</b>	<b>18,787,146,276</b>
<b>6 Investments</b>			
Government Securities (note-6.a)		48,419,211,843	41,715,205,114
Other Investments (note-6.b)		9,381,753,764	9,115,632,584
		<b>57,800,965,607</b>	<b>50,830,837,698</b>
<b>a) Government Securities</b>			
<b>Treasury Bills</b>			
28 days Treasury bills		-	-
91 days Treasury bills		-	-
182 days Treasury bills		-	-
364 days Treasury bills		-	-
<b>Total Treasury Bills</b>		<b>5,140,318,891</b>	<b>983,579,726</b>
		<b>5,140,318,891</b>	<b>983,579,726</b>
<b>Government Bonds</b>			
Prize Bonds		8,438,300	6,143,200
Reverse Repo with other Bank		-	1,496,272,880
Bangladesh Bank Bills		-	-
Government Bonds		43,270,454,652	39,229,209,308
<b>Total Government Bonds</b>		<b>43,278,892,952</b>	<b>40,731,625,388</b>
<b>Total Government Securities</b>		<b>48,419,211,843</b>	<b>41,715,205,114</b>



		Amount in BDT	
		31 Dec. 2019	31 Dec. 2018
b) Other Investments			
Shares in listed companies (note- 6.3)		4,593,232,211	4,017,742,382
Shares in non-listed companies (note- 6.3)		288,521,553	597,890,202
Bond in non-listed companies (note- 6.3)		1,000,000,000	1,000,000,000
Sub-ordinated Bond		3,500,000,000	3,500,000,000
Total other investments		<u>9,381,753,764</u>	<u>9,115,632,584</u>
Total Investments (a+b)		<u>57,800,965,607</u>	<u>50,830,837,698</u>
6.1 Government Securities are Classified as per Bangladesh Bank Circular			
Treasury Bond - HTM		41,256,456,652	39,229,209,308
Treasury Bond - HFT		2,013,998,000	-
Treasury Bills - HTM		5,140,318,891	983,579,726
Reverse Repo with Other Bank		-	1,496,272,880
Bangladesh Bank Bills - HTM		-	-
Bangladesh Bank Bills - HFT		-	-
Other Securities ( Prize Bond )		-	-
		<u>8,438,300</u>	<u>6,143,200</u>
		<u>48,419,211,943</u>	<u>41,715,285,114</u>
6.2 Maturity grouping of investments			
On demand		8,438,300	6,143,200
Up to three months		1,127,955,904	1,797,185,137
More than three months but less than one year		12,865,456,598	7,666,173,330
More than one year but less than five years		12,769,113,671	13,599,247,898
Over five years		31,030,001,134	27,762,088,133
		<u>57,800,965,607</u>	<u>50,830,837,698</u>
6.3 Other Investments			

Name of the Company	Market Price On 31.12.2019	Cost Price On 31.12.2019	Cost Price On 31.12.2018
A) Shares in listed companies			
Square Pharmaceuticals Ltd.	178,018,980	173,603,901	172,784,406
Grameenphone Ltd.	152,903,000	114,442,758	124,613,694
Brac Bank Ltd.	342,711,002	288,273,126	357,901,402
Unile Bangladesh Limited	124,042,809	98,456,621	102,676,122
BSRM Steels Limited	19,404,000	57,790,980	57,790,980
Envoy Textiles Limited	26,531,050	43,058,682	40,694,867
Matin Spinning Mills Ltd.	121,056,728	158,543,377	157,390,917
Meghna Life Insurance Co. Ltd.	24,040,500	48,736,185	22,901,343
National Housing Fin. and Inv. Ltd.	179,776,406	44,648,491	44,648,491
Powergrid Company of Bangladesh Ltd.	57,221,800	87,963,678	80,919,818
Titus Gas Transmission & dist. Co. Ltd.	28,315,184	65,321,150	65,321,150
Unique Hotel & Resorts Limited	25,242,500	79,999,980	79,999,980
ACI Limited	94,099,764	178,752,378	178,752,378
Bata Shoe Ltd.	35,501,100	59,685,354	151,116,795
Square Textile Limited	43,669,049	95,713,543	95,713,543
Shasha Denims Limited	72,868,804	147,310,426	102,518,000
The ACME Laboratories Limited	476,980,676	501,420,638	492,715,507
Eastern Bank Ltd.	88,387,065	108,652,693	90,726,532
Prime Bank Limited	178,632,818	200,711,324	51,009,775
The City Bank Limited	112,398,561	210,918,662	206,580,362

		Amount in BDT	
		31 Dec. 2019	31 Dec. 2018
Name of the Company	Market Price On 31.12.2019	Cost Price On 31.12.2019	Cost Price On 31.12.2018
Fortune Shoes Limited	-	-	8,638,378
Kattali Textile Limited	-	-	100,640
United Power Generation & Distribution Company Limited	380,413,448	453,931,281	401,666,547
SK Trims & Industries Limited	-	-	55,001
Navana CNG Limited	19,608,000	36,811,784	32,008,952
VFS Thread Dyeing Limited	-	-	44,783
M.L. Dyeing Limited	-	-	45,303
Confidence Cement Limited	65,453,514	82,564,121	28,894,650
The IBN SINA Pharmaceuticals Industry Limited	35,791,054	44,262,106	49,546,266
Khulna Power Company Limited	26,478,900	64,856,932	165,387,921
Singer Bangladesh Limited	-	-	63,890,748
Meghna Petroleum	20,759,848	26,988,034	-
Silva Pharmaceuticals Limited	-	-	91,930
Paramount Textile Limited	249,024,309	267,997,160	5,831
Indo Bangla Pharmaceuticals Limited	-	-	10,700
IFAD Autos Limited	30,445,800	74,589,084	41,953,125
BBS Cables Limited	18,147,326	27,249,840	23,731,264
Active Fine Chemicals Limited	19,110,000	39,313,011	21,195,790
Jamuna Bank Limited	-	-	32,980,354
Jamuna Oil Company Limited	11,799,978	14,663,919	5,112,128
SS Steel Limited	11,565	11,835	134,920
Bangladesh Export Import Company Ltd.	-	-	-
Genex Infosys Limited	202,874	26,180	-
BD Submarine Cable	30,811,424	51,404,513	-
Esquire Knit Composite	8,013,145	10,985,737	-
IDLC Finance Ltd.	25,180,202	33,845,003	-
Runner Automobiles	202,419,000	145,800,000	-
New Line Clothing Limited	63,374	40,011	-
RAK Ceramics (Bangladesh) Limited	-	-	-
MUL Bangladesh Limited	-	-	-
Silco	243,097	72,940	-
Copper Tech	116,983	47,410	-
Salvo Chemical	-	-	-
Sea Pearl	161,731	37,300	-
Ring Shine Textile Limited	1,711,232	1,510,600	-
AND Tel	189,680	569,040	-
Olmex Electrode Limited	-	-	-
Nahee Aluminium Composite	-	-	-



#### 6.4 Cost and market value of investment as on 31 December 2019

**6.5 (a) Disclosure regarding outstanding Reverse Repo on 31 December 2018.**

**6.5 (b) Disclosure regarding overall transaction of Repo and Reverse Repo**

#### 6(a) Consolidated Investments

2.157/63.306

MA  
Dhaka

		Amount in BDT	
		31 Dec. 2019	31 Dec. 2018
<b>7 Loans and Advances</b>		<b>322,728,141,789</b>	<b>294,671,938,315</b>
<b>7.1 Maturity grouping of Loans &amp; Advances</b> (including bills purchased and discounted)			
On demand		3,627,765,395	3,549,205,395
Not more than three months		92,286,196,116	102,959,938,210
More than three months but less than one year		105,156,828,040	78,152,207,482
More than one year but less than five years		77,240,893,535	68,129,991,338
More than five years		44,416,458,703	41,880,595,890
		<b>322,728,141,789</b>	<b>294,671,938,315</b>
<b>7.2 Loans &amp; Advances</b>			
<b>i) Loans, Cash credit &amp; overdraft etc</b>			
<b>a) Within Bangladesh</b>			
Loan		228,351,671,802	197,149,167,273
Cash credits		29,092,206,836	33,104,056,326
Overdrafts		46,614,500,343	44,930,824,844
		<b>304,058,378,981</b>	<b>275,184,048,443</b>
<b>b) Outside Bangladesh</b>			
		<b>304,058,378,981</b>	<b>275,184,048,443</b>
<b>ii) Bills Purchased &amp; Discounted (note : 7.13)</b>			
<b>a) Payable Inside Bangladesh</b>			
Inland Bills Purchased		3,272,179,788	3,342,621,797
<b>b) Payable outside Bangladesh</b>			
Foreign bills purchased & discounted		15,397,583,020	16,145,268,075
		<b>18,669,762,808</b>	<b>19,487,889,872</b>
		<b>322,728,141,789</b>	<b>294,671,938,315</b>
<b>7.3 Net Loans &amp; Advances</b>			
Gross Loans & Advances (note- 7.2)		322,728,141,789	294,671,938,315
Less : Non Performing Loans & Advances (note- 7.10 b)		17,098,936,674	20,021,627,136
Interest suspense (note- 12.17)		8,468,148,993	6,376,030,371
Provision for Loans & Advances (note- 7.11)		10,435,448,117	9,308,937,358
		<b>36,002,533,784</b>	<b>35,706,594,865</b>
		<b>286,725,608,005</b>	<b>258,965,343,450</b>
		Amount in BDT	
		31 Dec. 2019	31 Dec. 2018
<b>7.4 Loans &amp; Advances according to significant concentration</b>			
a) Advances to the companies or firms in which the Directors of the Bank are interested			
b) Advances to Chief Executive and other senior executives		78,441,009	652,596,078
c) Advances to customers group			
Commercial Lending		48,558,322,306	51,195,469,672
Import Finance		19,466,681,279	15,695,173,298
Export Finance		4,631,296,548	5,812,320,430
House Building Loan		19,768,303,822	19,233,553,662
Transport Loan		3,564,692,940	4,013,274,712
Retail Loan		17,029,567,718	16,328,343,950
Staff Loan		3,889,309,697	3,711,661,324
Industrial Loan		164,049,917,702	139,865,414,170
Agricultural Loan		4,407,618,373	3,899,700,000
Others		37,283,990,395	34,264,431,019
<b>Total Loans &amp; Advances</b>		<b>322,728,141,789</b>	<b>294,671,938,315</b>
<b>7.5 Industry wise Loans and Advances</b>			
RMG & Accessories		44,946,878,810	43,403,722,531
Textile Industries		22,651,862,132	15,126,828,767
Agriculture		4,407,618,373	3,899,751,000
Food Products & Processing		13,848,972,264	13,882,289,125
Jute Industries		209,098,027	196,306,169
Leather & Leather Products		1,043,189,051	902,650,756
Paper & Paper Products Industries		6,842,640,921	6,071,275,801
Wood & Wooden Products		2,521,294,272	2,446,696,026
Chemical & Chemical Products		2,579,632,146	2,979,128,627
Cement Industries		9,440,207,979	7,213,851,587
Brick Field, Auto Bricks, Tiles		813,484,258	717,901,493
Engineering, Basic Metal & Products		21,091,695,454	15,265,832,056
Ship Re-cycling		2,818,279,850	836,194,916
Ship Manufacturing		3,275,858,455	3,856,025,665
Educational Institute, Hotel, Restaurant		1,045,664,490	1,463,315,147
Telecommunication		2,070,507,245	2,725,557,999
Transport & Communication		3,564,692,940	4,013,274,713
Diagnostic/Medical/Clinic		3,326,665,585	2,814,715,293
Housing Industry		19,768,303,822	19,233,553,663
Construction ( Other than Housing )		29,923,380,651	24,835,032,989
Electronics Media		374,198,540	389,766,747
Power & Energy		9,914,198,952	7,546,218,561
Commercial Trade Financing		72,656,300,132	72,702,963,401
Others		43,593,517,440	42,149,085,285
		<b>322,728,141,789</b>	<b>294,671,938,315</b>



## 7.6 Geographical Location wise Loans & Advances

### Urban branches

Dhaka  
Chattogram  
Sylhet  
Rajshahi  
Rangpur  
Khulna  
Barisal

### Rural branches

Dhaka  
Chattogram  
Sylhet  
Rajshahi  
Rangpur  
Khulna  
Barisal

Amount in BDT	
31 Dec. 2019	31 Dec. 2018
223,937,542,546	210,484,641,820
72,896,024,692	59,075,946,795
1,632,078,910	1,821,392,247
6,597,053,716	5,941,934,349
876,482,428	850,981,758
6,116,407,791	5,909,771,948
316,019,741	318,222,870
<b>312,371,609,824</b>	<b>284,402,891,787</b>
7,125,062,555	7,304,733,075
2,640,866,952	2,432,593,197
294,854,002	309,513,317
244,516,790	216,513,117
45,836,822	5,693,824
5,394,844	-
<b>10,356,531,965</b>	<b>10,269,046,530</b>
<b>322,728,141,789</b>	<b>294,671,938,317</b>

## 7.7 Sector - wise Loans and Advances

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

Amount in BDT	
31 Dec. 2019	31 Dec. 2018
208,715,558	219,671,304
-	-
-	-
322,519,426,231	294,452,267,011
<b>322,728,141,789</b>	<b>294,671,938,315</b>

## 7.8 Details of large Loans and Advances

Number of clients which sanctioned amount of loans exceeding 10% of total capital of the Bank with outstanding and classified amount.

Total Capital of the Bank (Taka in Crore)	4,624	4,295
Outstanding Advances (note : 7.8.1)	18,126	17,771
Number of customers	40	37
Classified amount	-	-
Measures taken for recovery	-	-

### 7.8.1 Detail of information on Advances more than 10% of Bank's total Capital as on 31 December 2019.

Name of the Borrower	Outstanding as on 31 Dec. 2019			(Figure in crore)
	Funded	Non-Funded	Total	31 Dec. 2018
Four H group	538.68	662.82	1,201.50	962.46
Smart Group	102.12	88.37	190.49	233.64
Kabir Group	406.98	224.76	631.74	423.25
Abul Khair group	483.80	502.46	986.26	711.87
Unique Group	157.54	55.96	213.50	216.22
Spectra Group	104.40	197.04	301.44	504.51
Micro Fibre Group	-	621.79	621.79	732.30
Baraka Patenga Power Ltd.	340.86	472.69	813.55	798.00
Summit Group	26.50	84.93	111.43	461.15
Max Group	198.89	83.86	282.75	302.38
Max Power Ltd	94.36	19.43	113.79	178.41
Torna Group	163.77	651.15	814.92	653.26
Bashundhara Group	420.05	366.22	786.27	731.33
China Railway Major Bridge Engineering Group Co Ltd.	-	3.11	3.11	1,216.45
Syno Hydro Corporation Ltd.	-	870.78	870.78	870.78
BSRM	137.94	212.78	350.72	307.66
Pran Group	484.47	67.06	551.53	771.27
LIZ GROUP	127.30	217.95	345.25	465.12
DIRD GROUP	374.50	130.34	504.84	423.17
Palmai Group	19.38	89.06	108.44	84.10
Thermax Group	84.62	187.30	271.92	283.26
Mondol Group	177.31	550.13	727.44	799.75
Anwar Group	172.72	200.92	373.64	383.19
Metro	133.84	357.77	491.61	498.38
GPH Ispat Group	403.93	294.13	698.06	677.46
New Asia	175.75	224.77	400.52	357.27
N.R. Group	309.13	289.12	598.25	673.05
Habib Group	366.57	94.47	461.04	431.98
City Group	366.37	59.07	425.44	387.25
Meghna Group	26.34	48.31	74.65	43.94
Wahid Group	204.30	190.09	394.39	321.82
M.M Knitwear	59.67	170.20	229.87	266.48
Mir Akhter Hossain	253.08	100.79	353.87	339.23
BSM Group	487.91	94.42	582.33	548.85
Energypac	122.52	339.90	462.42	82.43
Mosafa-Hakim Group	221.94	176.58	398.52	350.59
BBS Group	190.81	43.30	234.11	278.47
Orlon Group	138.64	352.75	491.39	-
Confidence Group	96.09	185.18	281.27	-
Omara Group	302.22	68.79	371.01	-
<b>Total</b>	<b>8,475.30</b>	<b>9,650.55</b>	<b>18,125.85</b>	<b>17,770.73</b>



		Amount in BDT	
		31 Dec. 2019	31 Dec. 2018
<b>7.9 Disclosure of Particulars of Advances</b>			
i)	Loans considered good in respect of which the banking company is fully & partly secured.	253,548,052,811	212,429,000,331
ii)	Loans considered good against which the banking company holds no security than the debtors personal guarantee.	37,401,896,956	42,727,431,056
iii)	Loans considered good secured by the personal undertakings of one or more parties in addition to the personal guarantee of the debtor.	31,778,192,022	39,515,506,928
iv)	Loans adversely classified, provision not maintained there against.	-	-
		<b>322,728,141,789</b>	<b>294,671,938,315</b>
v)	Loans due by directors or officers of the banking company or any of them either separately or jointly with any other person	4,233,588,990	3,711,661,324
vi)	Loans due by companies or firms in which the directors of the banking company have interests as directors, partners, or managing agents or in case of private companies, as members	-	-
vii)	Maximum total amount of advances including temporary advances made at any time during the year to directors or managers or officers of the banking company or any of them either severally or jointly with any other person	4,852,570,000	1,564,592,000
viii)	Maximum total amount of advances, including temporary advances granted during the year to the companies or firms in which the Directors of the Bank are interested as directors, partners or managing agents or in the case of private companies as members	-	-
ix)	Due from banking companies	-	-
x)	Amount of classified loans on which interest has not been charged:	10,858,340,112	18,237,357,864
a)	(Decrease)/ Increase in provision	1,126,510,759	1,891,481,835
b)	Amount realized against loan previously written off	(169,291,686)	267,641,572
c)	Amount of provision kept against loan classified as Bad /Loss on the balance sheet date	3,236,775,851	4,780,896,584
d)	Interest credited to the interest suspense account.	5,666,704,492	5,015,424,654
xi)	Cumulative amount of the written off loan	13,531,817,751	11,248,297,513
xii)	Amount written off during the year	2,114,228,552	1,839,941,804
xiii)	Amount of written off loan for which law suit filed	15,299,660,502	13,185,431,950

#### 7.10 Classification of Loans & Advances

a)	<b>Unclassified</b>		
	Standard (SMA)	4,346,095,079	10,284,217,619
	Standard (Small & Medium Ent.)	109,072,137,614	88,498,284,486
	Standard (Consumer Finance- Credit Card)	2,027,090,026	1,634,835,635
	Standard (Consumer Finance-House Finance)	3,513,370,104	5,148,173,319
	Standard (Consumer Finance - Loan Professional)	287,594,365	135,707,044
	Standard (Consumer Finance- Others)	5,680,626,313	4,791,093,049
	Standard (Aqri Loan)	1,404,692,738	1,597,749,686
	Standard (Staff Loan)	4,233,588,990	3,711,661,324
	Standard (Others.)	175,064,009,886	158,848,589,017
		<b>305,629,205,115</b>	<b>274,650,311,179</b>
b)	<b>Classified</b>		
	Sub - Standard	592,588,234	1,023,970,417
	Doubtful	260,304,314	760,298,855
	Bad & Loss	10,858,340,112	18,237,357,864
	SMA 2% (Specific Provision)	5,387,704,014	-
		<b>17,098,936,674</b>	<b>20,021,627,136</b>
<b>Total</b>		<b>322,728,141,789</b>	<b>294,671,938,315</b>



Amount in BDT	
31 Dec. 2019	31 Dec. 2018

7.11 Particulars of required provision for Loans & Advances

Particulars	Base for Provision	Rate of Provision	Provision required	
<b>General Provision (a)</b>				
Special Mention Account	4,632,011,813	0.25% - 5%	46,204,638	72,581,208
Small & Medium Enterprise	109,072,137,614	0.25%	272,680,367	224,533,500
Consumer Fin. - Credit Card	2,027,090,026	2%	40,541,801	32,696,713
Consumer Fin-House Finance	3,513,370,104	1%	35,133,701	51,481,733
Consumer Fin - Loan Prof.	287,594,365	2%	5,751,887	2,714,141
Consumer Fin-Others	5,680,626,313	5%	284,031,316	239,554,652
Short Term Agri & Micro Credit	1,404,692,738	1%	14,046,927	15,977,497
Loan to BHS/MBs/SDs against share	219,971,275	2%	4,399,426	837,875
Standard loans & advances	174,844,038,609	1%	3,302,602,791	3,727,019,765
	<u>301,681,532,856</u>		<u>4,005,392,853</u>	<u>4,367,397,084</u>
<b>Specific Provision (b)</b>				
Sub - Standard	283,326,686	20% & 5%	56,088,884	61,969,714
Doubtful	97,073,125	50% & 5%	42,337,642	96,838,722
Bad & Loss	3,233,800,099	100%	3,236,775,851	4,780,896,584
SMA 2% (Specific Provision)	4,417,816,118		1,630,152,887	-
as per Bangladesh Bank Directives	-		1,464,700,000	-
	<u>8,032,016,028</u>		<u>6,430,055,264</u>	<u>4,939,705,020</u>
<b>Required provision for Loans &amp; Advances (A+B)</b>			<b>10,435,448,117</b>	<b>9,307,102,104</b>
Total provision held for Loans & Advances			<u>10,435,448,117</u>	<u>9,308,937,358</u>
<b>Excess/(Short) Provision</b>			-	<b>1,835,254</b>

7.12 Suit filed by different branches against defaulted borrowers during the year  
( Branch wise details )

Khatungong branch	63,554,418	857,736,029
Tetgaon branch	-	25,883,749
Agrabad branch	213,816,437	111,878,055
Amborkhana branch	72,209,712	7,815,539
Azadi Bazar	492,870	-
Feni branch	47,560,844	254,744,612
Jessore branch	-	2,110,974
Khulna branch	-	43,574,131
Nayabazar branch	365,958,680	655,066,649
Naogaon branch	-	22,116,640
Serajgonj branch	9,323,187	16,690,000
Anowara branch	25,347,016	10,371,032
Chandpur branch	-	71,493,850
Comilla branch	47,833,739	285,263,755
Dampara branch	-	281,340,885
Dilkusha Branch	6,082,374	-
Faridpur branch	-	147,546,535
Islampur branch	-	84,998,018
Pabna branch	35,758,384	8,033,594
Rajshahi branch	-	347,407,731
Sylhet branch	-	499,522
Bashundhara branch	-	3,844,934
Bangshal branch	-	3,651,163
Banasree branch	-	9,373,017
Bhatlary branch	33,626,101	21,092,383
Brahmanbaria branch	12,992,458	4,814,447
Bartsal branch	19,000,000	-
Chinispur branch	-	15,029,653
Chowdhuryhat Branch	614,620	-
Chuadanga Branch	24,658,096	-
Chowkbazar Branch	6,541,256	-
Dinajpur branch	-	27,698,899
Gazipur Chowrasta branch	-	116,596,424
Hathazari branch	-	108,254,623
Elephant Road Branch	31,538,808	-
Kamrangichar branch	27,745,283	4,171,987
Kanaiapur branch	19,061,910	41,512,101
Kanchan branch	11,429,351	3,788,530
Lohagara branch	-	4,595,987
Maizdi Court branch	-	3,675,746
Mawna branch	-	14,186,626
Mirpur Road branch	885,953	157,209,928
Moulvi Bazar -Dhaka branch	291,942,745	322,877,044





		Amount in BDT	
		31 Dec. 2019	31 Dec. 2018
Moulavibazar-Sylhet Branch		65,849,378	-
Munshigonj branch		30,604,029	-
Mymensingh branch		436,361	-
Savar branch		-	5,980,219
Shantinagar branch		31,025,617	103,809,562
Station Road branch		78,006,270	44,133,016
Barolekha branch		-	1,834,804
Chashara branch		231,624,323	22,457,185
Lakshimpur branch		-	36,770,744
Noapara bazar branch (Jessore)		-	7,861,132
Darussalam Branch		16,820,916	-
Jhawtala Branch		19,510,886	-
O.R Nizam Road branch		10,332,684	-
Jubilee Road branch		58,709,193	-
Principal branch		793,108	-
Mirpur branch		1,679,699	-
Dhonia Branch		3,284,025	-
Madhabdi branch		5,167,775	-
Mohammadpur branch		52,184,253	-
Modunaghat branch		3,253,873	-
Uttarkhan branch		40,666,692	-
Kadamtali branch		82,383,530	-
Kailigoni Branch		4,346,976	-
Kamafuly Branch		427,264	-
Kathgor Branch		530,763	-
Kushtia Branch		41,655,000	-
Nabiganj Branch		2,153,755	-
Nikunjo Branch		416,758	-
Port Branch		36,046,750	-
Rajbari Branch		12,843,646	-
Tongi Branch		40,090,380	-
Tongi Station Road		29,448,863	-
Ullahpara Branch		5,403,970	-
Zindabazar Branch		4,606,346	-
Uttara Branch		123,471,302	-
Bogra Branch		339,475,267	-
Anderidilla branch		68,966,108	-
		<b>2,810,190,002</b>	<b>4,319,791,454</b>
<b>7.13 Bills purchased and discounted</b>			
a) Payable in Bangladesh		3,272,179,788	3,342,621,797
b) Payable outside Bangladesh		15,397,583,020	16,145,268,075
		<b>18,669,762,808</b>	<b>19,487,889,872</b>
<b>7.13.1 Maturity grouping of bills purchased and discounted</b>			
Payable within one month		1,222,200,000	1,463,337,927
Over one month but less than three months		3,751,517,236	2,486,748,313
Over three months but less than six months		7,644,163,806	6,350,111,994
Six months or more		6,051,881,766	9,187,691,638
		<b>18,669,762,808</b>	<b>19,487,889,872</b>
<b>7(a) Consolidated Loans and Advances</b>			
<b>Loans, Cash Credits, Overdrafts etc</b>			
United Commercial Bank Ltd.		304,058,378,981	275,184,048,443
UCB Capital Management Ltd.		2,935,259,429	1,905,557,186
UCB Investment Ltd.		-	-
UCB Asset Management Limited		-	-
Less: Inter Company balance eliminated		<b>306,993,638,410</b>	<b>277,089,605,629</b>
		179,625,603	-
		<b>306,814,012,807</b>	<b>277,089,605,629</b>
<b>Bills Purchased and discounted</b>			
United Commercial Bank Ltd.		18,669,762,808	19,487,889,872
UCB Capital Management Ltd.		-	-
UCB Investment Ltd.		-	-
UCB Asset Management Limited		-	-
Less: Inter Company balance eliminated		<b>18,669,762,808</b>	<b>19,487,889,872</b>
		<b>18,669,762,808</b>	<b>19,487,889,872</b>
		<b>325,483,775,615</b>	<b>296,577,495,501</b>
<b>8. Fixed assets including premises, furniture &amp; fixture.</b>			
Land		4,395,054,283	4,395,054,283
Building		2,559,698,620	2,131,705,476
Furniture and fixtures		1,930,456,117	1,641,947,205
Office equipments		1,856,554,676	1,384,685,527
Computer & equipments		1,272,130,152	996,595,151
Vehicles		496,004,413	460,816,440
Capital Expenditure Work in Progress		540,859,003	819,944,739
		<b>13,050,757,264</b>	<b>11,830,748,821</b>
<b>Intangible assets</b>			
Computer software		955,389,025	897,497,153
Lease Asset		-	-
Right of Use assets (ROU) as per IFRS 16		5,133,695,408	-
		<b>19,139,841,697</b>	<b>12,728,245,974</b>
Less: Accumulated depreciation & amortization		4,685,201,541	3,672,131,746
<b>Written down value at the end of the year</b>		<b>14,454,640,156</b>	<b>9,056,114,228</b>
<b>Fixed Assets Schedule:</b>			
A schedule of Fixed assets is given in Annexure - B			



		Amount in BDT	
		31 Dec. 2019	31 Dec. 2018
<b>8(a) Consolidated Fixed Assets including premises ,furniture &amp; fixture</b>			
United Commercial Bank Ltd.	14,454,640,156	9,056,114,228	
UCB Capital Management Ltd.	85,575,434	27,989,446	
UCB Investment Ltd.	-	-	
UCB Asset Management Limited	-	-	
	<b>14,540,215,590</b>	<b>9,084,103,674</b>	
Less: Inter Company balance eliminated	-	-	
	<b>14,540,215,590</b>	<b>9,084,103,674</b>	
<b>9. Other assets</b>			
Investment in share of subsidiary companies.	817,592,757	767,592,757	
Investment against Right share of subsidiary companies*	1,486,500,000	1,486,500,000	
Receivable from Subsidiary Company	767,021	767,021	
Stock of Stationery & Stamps	43,651,077	42,223,835	
Account with Stock Broker	379,638,012	481,365,696	
Advance Payment	2,018,425,992	790,299,986	
Advance Deposit	8,266,730	8,249,730	
Suspense Account (note - 9.1)	1,871,646,026	1,155,463,440	
Advance Income Tax Paid (note - 9.2)	1,164,968,259	1,346,549,251	
Interest Receivable	1,367,725,344	1,171,858,272	
Income Receivable	88,567,498	65,827,776	
Head Office General Account (note - 9.3)	-	665,685	
FC Placement as Security Deposit	-	-	
Deferred Tax Asset (note - 9.4)	2,295,986,456	1,672,954,379	
Others (note - 9.5)	5,839,556	3,042,716	
	<b>11,549,574,728</b>	<b>8,993,360,544</b>	
*This amount represents subscription money of BDT 1,486,500,000 (1,48,65,000 right share @Tk. 100) with UCB Capital Management Limited. This amount will be adjusted appropriately as soon as we receive verdict from the Hon'ble High Court and subsequent consent from BSEC.			
<b>9.1 Suspense accounts</b>			
Advance against expenses	514,379,797	278,981,306	
Advance against others	100,000	43,628	
Advance against Foreign Remittance Settlement	25,509,818	8,526,396	
Claims on Sanchaypatra	760,037,689	435,254,482	
Interest on sanchaypatra	283,832,559	227,988,579	
Excise duty	5,119,050	10,914,610	
Protested bill	79,607,607	92,964,663	
Sundry receivable ATM	123,529,203	63,590,036	
Cash in Transit	26,400,000	2,170,000	
Card suspense	44,572,653	12,301,509	
Upay suspense	2,761,150	22,404,731	
Cash in Excess/(Short) ATM	5,796,500	323,500	
	<b>1,871,646,026</b>	<b>1,155,463,440</b>	
<b>9.2 Advance income tax</b>			
Opening balance	1,346,549,251	1,351,430,049	
Add: Advance Tax paid during the year	2,319,841,585	2,361,322,577	
Less: Advance Tax adjustment with tax Provision	(2,501,422,577)	(2,366,203,375)	
Balance at the end of the year	<b>1,164,968,259</b>	<b>1,346,549,251</b>	
<b>9.2.1 Advance income tax paid</b>			
A) Assessment year wise break up is as follows:			
Tax refundable Up to the year 2009	119,691,400	119,691,400	
2011-2012	1,311,692,098	1,166,692,098	
2012-2013	2,300,895,593	2,300,895,593	
2013-2014	1,801,862,346	1,801,862,346	
2014-2015	2,343,175,995	2,343,175,995	
2015-2016	2,645,092,879	2,590,092,879	
2016-2017	3,091,606,166	3,011,606,166	
2017-2018	2,324,701,311	2,204,701,311	
2018-2019	2,380,903,375	2,280,903,375	
2019-2020	2,001,422,577	1,109,422,577	
2020-2021	927,841,585	-	
	<b>21,248,885,325</b>	<b>18,929,043,740</b>	
Less: Advance Tax Adjusted with tax provision up to the year 2018	(20,083,917,066)	(17,582,494,489)	
	<b>1,164,968,259</b>	<b>1,346,549,251</b>	



### 9.3 Head Office General Account

This is made up as follows :

	31 Dec. 2019	31 Dec. 2018
Due from branches	137,692,602,980	113,404,680,500
Due to branches	137,692,711,466	113,404,014,815
	<u>(109,486)</u>	<u>665,685</u>

### 9.4 Deferred Tax Asset

Deferred tax assets and liabilities have been recognised and measured in accordance with the provisions of IAS 12: Income Taxes. Deferred tax assets and liabilities for financial statements are attributable to the following:

Particulars	Accounting Base	Tax Base	Deductible/(Taxable) Temporary Difference	Applicable Rate	Deferred Tax Asset/(Liability)
<b>Balance as at 31 December, 2018</b>					
Deferred Tax Asset (a)					1,852,501,883
Deferred Tax Liability (b)					(179,547,504)
<b>Net Deferred Tax Asset as at 31 December, 2018 (a+b)</b>					<b>1,672,954,379</b>
Provision Opening(Specific)	5,020,938,000	-	5,020,938,000	37.50%	1,882,851,750
Provision During the Year(Specific)	1,449,870,692	1,530,803,672	(80,932,980)	37.50%	(30,349,868)
<b>Deferred tax asset (a)</b>					<b>1,852,501,883</b>
Property, Plant and Equipment's <b>Deferred tax liabilities (b)</b>	3,841,115,206	3,362,321,862	(478,793,344)	37.50%	(179,547,504)
					<b>(179,547,504)</b>
<b>Balance as at 31 December, 2019</b>					
Deferred Tax Asset (a)					2,497,761,415
Deferred Tax Liability (b)					(201,774,959)
<b>Net Deferred Tax Asset as at 31 December, 2019 (a+b)</b>					<b>2,295,986,456</b>
Provision Opening(Specific)	4,940,005,020	-	4,940,005,020	37.50%	1,852,501,883
Provision During the Year(Specific)	3,161,450,009	2,114,228,552	1,047,221,457	37.50%	392,708,046
Provision During the Year(Dilution of Investment)	673,470,630	-	673,470,630	37.50%	252,551,486
<b>Deferred tax asset (a)</b>					<b>2,497,761,415</b>
Property, Plant and Equipment's <b>Deferred tax liabilities (b)</b>	4,795,179,865	4,257,113,307	(538,066,558)	37.50%	(201,774,959)
					<b>(201,774,959)</b>
<b>9.5 Others</b>					
UCB International school project				3,042,606	3,042,606
Receivable from Others				100	100
MFS fraction digit				-	10
Input VAT & Clearing Adjustment Account				2,796,850	-
				<b>5,839,556</b>	<b>3,042,716</b>
<b>9.6 Non-income generating other assets</b>					
Stock of Stationery & Stamps				43,651,077	42,223,835
Account with Stock Broker				379,638,012	481,365,696
Advance Payment				2,018,425,992	790,299,986
Advance Deposit				8,266,730	8,249,730
Advance Income Tax Paid				1,164,968,259	1,346,549,251
Suspense Account				1,871,646,026	1,155,463,440
Head Office General Account				-	665,685
Deferred Tax Asset				2,295,986,456	1,672,954,379
Others				5,839,556	3,042,716
				<b>7,788,422,108</b>	<b>5,500,814,718</b>
<b>9(a) Consolidated Other assets</b>					
United Commercial Bank Ltd.				11,549,574,728	8,993,360,544
UCB Capital Management Ltd.				143,371,986	277,927,718
UCB Investment Ltd.				35,538,821	45,023,922
UCB Asset Management Ltd.				-	-
				<b>11,728,485,535</b>	<b>9,316,312,184</b>
Less: Inter Company balance eliminated				<b>2,300,666,921</b>	<b>2,250,666,921</b>
Investment in shares of subsidiary companies				813,399,900	763,399,900
Receivables from Subsidiary Company				1,487,267,021	1,487,267,021
				<b>9,427,818,614</b>	<b>7,065,645,263</b>



		Amount in BDT	
		31 Dec. 2019	31 Dec. 2018
<b>10 Borrowings from other banks, financial institutions &amp; agent.</b>			
In Bangladesh (note - 10.1)		37,466,824,439	39,533,582,870
Out Side Bangladesh (note - 10.2)		3,444,501,317	5,160,676,312
		<b>40,911,325,756</b>	<b>44,694,259,182</b>
<b>10.1 In Bangladesh</b>			
UCBL Subordinated Bond (note - 10.1.1)		15,400,000,000	15,400,000,000
Bangladesh Bank IPFF Fund		4,752,167,240	4,014,121,262
EDF Borrowings from Bangladesh Bank		16,850,130,114	19,844,737,794
Borrowing from Bangladesh Bank Refinancing scheme		464,527,085	274,723,814
Southeast Bank Limited		-	-
		<b>37,466,824,439</b>	<b>39,533,582,870</b>
<b>10.1.1 UCBL Subordinated Bond</b>			
UCBL 1st Subordinated Bond		800,000,000	1,400,000,000
UCBL 2nd Subordinated Bond		3,000,000,000	4,000,000,000
UCBL 3rd Subordinated Bond (1st Tranche)		3,500,000,000	3,500,000,000
UCBL 3rd Subordinated Bond (2nd Tranche)		3,500,000,000	3,500,000,000
UCBL 4th Subordinated Bond (1st Tranche)		500,000,000	500,000,000
UCBL 4th Subordinated Bond (2nd Tranche)		2,500,000,000	2,500,000,000
UCBL 4th Subordinated Bond (3rd Tranche)		100,000,000	-
UCBL 4th Subordinated Bond (4th Tranche)		1,000,000,000	-
UCBL 4th Subordinated Bond (5th Tranche)		500,000,000	-
		<b>15,400,000,000</b>	<b>15,400,000,000</b>
<b>10.2 Out Side Bangladesh</b>			
International Finance Corporation		141,499,859	419,499,916
PROPARCO		444,714,282	599,285,713
Emirates NBD Bank PJSC-UAE		424,500,000	292,660,400
Emirates Islamic Bank		-	860,324,024
First Gulf Bank		304,519,320	857,694,367
Habib Bank UK		-	839,000,000
Commercial Bank of Qatar		-	419,500,000
National Bank of Ras Al-Khaimah, UAE		685,967,856	536,625,524
DBS Bank Limited		1,443,300,000	-
ICICI Bank Ltd, India		-	336,086,368
		<b>3,444,501,317</b>	<b>5,160,676,312</b>
Secured		-	-
Unsecured		40,911,325,756	44,694,259,182
		<b>40,911,325,756</b>	<b>44,694,259,182</b>
<b>10.3 Maturity Grouping of Borrowings from other banks, financial institutions &amp; agent.</b>			
Payable on demand		-	1,131,660,399
Payable within one month		3,801,268,281	4,096,805,886
Over one month but within six months		16,862,000,000	19,358,162,192
Over six month but within one year		1,730,023,867	1,011,245,000
Over one year but within five years		13,645,349,077	12,399,571,977
Over five years but within ten years		4,872,684,531	6,696,813,728
		<b>40,911,325,756</b>	<b>44,694,259,182</b>
<b>10(a) Consolidated Borrowings from other banks, financial institutions &amp; agent.</b>			
United Commercial Bank Ltd.		40,911,325,756	44,694,259,182
UCB Capital Management Ltd.		1,392,588,962	549,400,000
UCB Investment Ltd.		767,021	-
UCB Asset Management Ltd.		-	-
		<b>42,304,681,739</b>	<b>45,243,659,182</b>
Less: Inter Company balance eliminated		179,625,603	-
		<b>42,125,056,136</b>	<b>45,243,659,182</b>
<b>11 Deposits and other accounts</b>			
Inter Bank deposits		2,025,202,070	5,027,935,604
Other deposits		328,761,465,284	292,144,885,028
		<b>330,786,667,354</b>	<b>297,172,820,632</b>
<b>a. Current accounts &amp; other accounts</b>			
Current deposits		32,832,178,817	27,686,282,356
Foreign currency deposits		2,968,993,502	3,849,712,228
Sundry deposits (note - 11.1)		22,349,349,148	17,459,120,972
		<b>58,150,521,467</b>	<b>48,995,115,556</b>
<b>b. Bills Payable</b>			
Pay order		9,406,083,310	7,511,696,355
Demand draft payable		8,203,645	8,367,418
Others Payable		3,500	3,500
		<b>9,414,290,455</b>	<b>7,520,067,273</b>



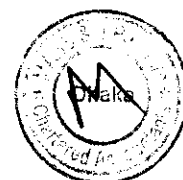
		Amount in BDT	
		31 Dec. 2019	31 Dec. 2018
<b>c. Savings Bank deposits</b>			
Savings Bank deposits	56,655,943,326	52,032,663,276	
	<b>56,655,943,326</b>	<b>52,032,663,276</b>	
<b>d. Fixed deposits</b>			
Fixed deposits	143,296,855,887	113,712,587,040	
Special notice deposits	33,291,964,033	42,614,926,217	
Scheme Deposits	29,977,092,186	32,297,461,270	
	<b>206,565,912,106</b>	<b>188,624,974,527</b>	
<b>Total Deposits and other accounts (a+b+c+d)</b>	<b>330,786,667,354</b>	<b>297,172,820,632</b>	
<b>11.1 Sundry deposits</b>			
Sundry creditors	399,277,407	214,910,481	
Security deposits	7,928,800	7,093,300	
Debit & Credit card	23,721,630	7,070,130	
Others	6,544,170	63,444,802	
FC held against deemed export LC	1,893,976,679	914,667,606	
FC held against BTB LC	13,689,987,826	11,128,965,570	
<b>Margin</b>			
Letter of guarantees	1,797,164,630	1,403,493,758	
Letter of credit	4,323,342,902	3,505,317,061	
SME Time Loan	14,534,641	6,458,136	
Export Proceed	192,870,463	207,700,128	
	<b>22,349,349,148</b>	<b>17,459,120,972</b>	
<b>11.2 Maturity analysis of deposits &amp; other accounts</b>			
<b>Inter- Bank Deposits</b>			
Payable on demand	20,129,031	17,978,879	
Payable within one month	5,073,039	9,956,725	
Over one month but within six months	-	5,000,000,000	
Over six month but within one year	-	-	
Over one year but within five years	2,000,000,000	-	
Over five years but within ten years	-	-	
	<b>2,025,202,070</b>	<b>5,027,935,604</b>	
<b>Other Deposits</b>			
Payable on demand	2,245,670,969	5,077,137,200	
Payable within one month	36,865,796,914	31,971,149,198	
Over one month but within six months	103,214,903,581	75,893,377,879	
Over six month but within one year	38,094,012,250	32,467,210,672	
Over one year but within five years	63,257,071,160	72,358,684,856	
Over five years but within ten years	85,084,010,410	74,377,325,223	
	<b>328,761,465,284</b>	<b>292,144,885,028</b>	
	<b>330,786,667,354</b>	<b>297,172,820,632</b>	
<b>11.3 Sector-wise deposits</b>			
Government	979,008,170	927,619,982	
Semi-Government	6,993,928,711	5,514,325,770	
Public	26,650,317,324	36,486,384,746	
Private	293,194,419,647	250,394,777,906	
Foreign Currency Deposits	2,968,993,502	3,849,712,228	
	<b>330,786,667,354</b>	<b>297,172,820,632</b>	
<b>11(a) Consolidated Deposits and other accounts</b>			
<b>Current accounts &amp; other accounts</b>			
United Commercial Bank Ltd.	58,150,521,467	48,995,115,556	
UCB Capital Management Ltd.	-	-	
UCB Investment Ltd.	-	-	
UCB Asset Management Ltd.	-	-	
	<b>58,150,521,467</b>	<b>48,995,115,556</b>	
Less: Inter company balance eliminated	215,966,707	156,476,711	
	<b>57,934,554,760</b>	<b>48,838,638,845</b>	
<b>Bills Payable</b>			
United Commercial Bank Ltd.	9,414,290,455	7,520,067,273	
UCB Capital Management Ltd.	-	-	
UCB Investment Ltd.	-	-	
	<b>9,414,290,455</b>	<b>7,520,067,273</b>	



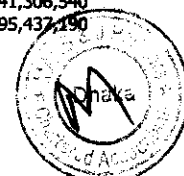
		Amount in BDT	
		31 Dec. 2019	31 Dec. 2018
<b>Savings Bank deposits</b>			
United Commercial Bank Ltd.		56,655,943,326	52,032,663,276
UCB Capital Management Ltd.		-	-
UCB Investment Ltd.		-	-
		<b>56,655,943,326</b>	<b>52,032,663,276</b>
<b>Fixed deposits</b>			
United Commercial Bank Ltd.		206,565,912,106	188,624,974,527
UCB Capital Management Ltd.		-	-
UCB Investment Ltd.		-	-
		<b>206,565,912,106</b>	<b>188,624,974,527</b>
Less: Inter company balance eliminated		<b>206,565,912,106</b>	<b>188,624,974,527</b>
		<b>330,570,700,647</b>	<b>297,016,343,921</b>
<b>12 Other Liabilities</b>			
Provision for classified loans & advances	(note - 12.1)	6,430,055,264	4,940,005,021
Provision for diminution in value of investment	(note - 12.2)	673,470,630	-
Provision for classified fixed assets	(note - 12.3)	3,972,000	3,972,000
Provision for classified other assets	(note - 12.4)	105,000,000	104,964,661
Provision for standard loans & advance	(note - 12.5)	3,302,602,791	3,727,755,019
Provision for special mention account	(note - 12.6)	46,204,637	75,968,997
Provision for small & medium enterprise (SME)	(note - 12.7)	272,680,367	221,345,711
Provision for consumer finance (Credit Card)	(note - 12.8)	40,541,801	32,796,713
Provision for consumer finance ( House Finance)	(note - 12.9)	35,133,701	51,581,733
Provision for consumer finance (L.p)	(note - 12.10)	5,751,887	2,814,141
Provision for consumer finance (Others)	(note - 12.11)	284,031,315	239,654,652
Provision for short term agri micro finance	(note - 12.12)	14,046,927	16,077,497
Provision for off-balance sheet exposure	(note - 12.13)	1,617,214,824	1,570,407,545
Provision for BHS/MBs/SDs/against share	(note - 12.14)	4,399,426	937,875
Provision for current tax	(note - 12.15)	5,211,832,053	4,930,176,967
Provision for UCB foundation	(note - 12.16)	75,000,000	63,165,000
Interest suspense account	(note - 12.17)	8,468,148,994	6,376,030,371
Head office general account		108,486	-
Dividend payable		-	41,400
Sundry liabilities		2,332,904,735	2,735,984,809
Interest payable		8,502,502,217	5,888,086,976
Lease Liabilities as per IFRS 16		4,853,506,572	-
		<b>42,779,108,627</b>	<b>30,981,767,088</b>
<b>12.1 Provision for classified loans &amp; advances</b>			
Opening balance		4,940,005,021	5,020,938,000
Add: Write off transfer from interest suspense account		442,828,786	309,138,133
Less: Adjustment due to written off		(2,114,228,552)	(1,839,941,804)
Provision made during the year		3,161,450,009	1,449,870,692
		<b>6,430,055,264</b>	<b>4,940,005,021</b>
<b>12.2 Provision for diminution in value of investment</b>			
Opening balance		-	292,839,246
Provision made/(reversed) during the year		673,470,630	(292,839,246)
		<b>673,470,630</b>	<b>-</b>
<b>12.3 Provision for classified fixed assets</b>			
Opening balance		3,972,000	3,972,000
Provision made during the year		-	-
		<b>3,972,000</b>	<b>3,972,000</b>
<b>12.4 Provision for classified other assets</b>			
Opening balance		104,964,661	74,851,344
Provision made during the year		35,339	30,113,317
Transferred the surplus to other provision heads		-	-
		<b>105,000,000</b>	<b>104,964,661</b>
<b>12.5 Provision for standard loans &amp; advance</b>			
Opening balance		3,727,755,019	1,728,779,435
Provision made during the year		(427,213,421)	1,833,118,593
Transferred from surplus of other provision heads		-	165,856,991
Adjustment during the year		2,061,193	-
		<b>3,302,602,791</b>	<b>3,727,755,019</b>
<b>12.6 Provision for special mention account</b>			
Opening balance		75,968,997	228,343,000
Provision made during the year		(29,764,360)	-
Transferred the surplus to other provision heads		-	(152,374,003)
		<b>46,204,637</b>	<b>75,968,997</b>



		Amount in BDT	
		31 Dec. 2019	31 Dec. 2018
<b>12.7 Provision for small &amp; medium enterprise(SME)</b>			
Opening balance		221,345,711	188,031,745
Provision made during the year		51,334,656	33,313,966
		<b>272,680,367</b>	<b>221,345,711</b>
<b>12.8 Provision for consumer finance (Credit Card)</b>			
Opening balance		32,796,713	24,137,467
Provision made during the year		7,745,088	8,659,246
		<b>40,541,801</b>	<b>32,796,713</b>
<b>12.9 Provision for consumer finance (House Finance)</b>			
Opening balance		51,581,733	47,629,780
Provision made during the year		(16,448,032)	3,951,953
		<b>35,133,701</b>	<b>51,581,733</b>
<b>12.10 Provision for consumer finance (Loan Professionals)</b>			
Opening balance		2,814,141	1,036,394
Provision made during the year		2,937,746	1,777,747
		<b>5,751,887</b>	<b>2,814,141</b>
<b>12.11 Provision for consumer finance (Others)</b>			
Opening balance		239,654,652	148,150,541
Provision made during the year		44,376,663	91,504,111
		<b>284,031,315</b>	<b>239,654,652</b>
<b>12.12 Provision for short term agri micro finance</b>			
Opening balance		16,077,497	29,560,485
Provision made during the year		(2,030,570)	-
Transferred the surplus to other provision heads		-	(13,482,988)
		<b>14,046,927</b>	<b>16,077,497</b>
<b>12.13 Provision for off-balance sheet exposure</b>			
Opening balance		1,570,407,545	1,979,838,013
Provision made/(reversed) during the year		46,534,544	(409,430,468)
Adjustment during the year		272,735	-
		<b>1,617,214,824</b>	<b>1,570,407,545</b>
Provision against Off-Balance Sheet Exposure made as per BRPD Circular No. 14 dated 23 September 2012, BRPD Circular No. 07 dated 21 June 2018 and BRPD Circular No. 13 dated 18 October 2018. Required provision against off-balance sheet exposure as on 31 December 2019 is Tk. 183,957,883,166 against which available provision is Tk. 1,617,214,824.			
<b>12.14 Provision for BH/MBs/SDs/against share</b>			
Opening balance		937,875	848,676
Addition during the year		3,461,551	89,199
		<b>4,399,426</b>	<b>937,875</b>
<b>12.15 Provision for current tax</b>			
Opening balance		4,930,176,967	4,936,286,216
Add: Addition during the year		2,783,077,663	2,360,094,126
Less: Adjustment with advance Tax		(2,501,422,577)	(2,366,203,375)
		<b>5,211,832,053</b>	<b>4,930,176,967</b>
<b>12.15.1 Provision for Current Tax</b>			
Assessment year wise breakup is as follows:			
2011-2012		1,238,047,578	1,238,047,578
2012-2013		2,183,460,319	2,183,460,319
2013-2014		2,152,935,623	2,152,935,623
2014-2015		2,562,437,098	2,562,437,098
2015-2016		3,161,945,018	3,161,945,018
2016-2017		3,265,000,000	3,265,000,000
2017-2018		2,561,251,694	2,561,251,694
2018-2019		3,027,500,000	3,027,500,000
2019-2020		2,360,094,126	2,360,094,126
2020-2021		2,783,077,663	-
		<b>25,295,749,119</b>	<b>22,512,671,456</b>
Less: Adjustment of Current Tax Provision with advance Tax up to the year 2018.		(20,083,917,066)	(17,582,494,489)
		<b>5,211,832,053</b>	<b>4,930,176,967</b>
<b>12.16 Provision for UCB foundation</b>			
Opening balance		63,165,000	60,851,461
Addition during the year		75,000,000	63,165,000
Less: Fund transfer to UCB Foundation		(63,165,000)	(60,851,461)
		<b>75,000,000</b>	<b>63,165,000</b>



		Amount in BDT		
		31 Dec. 2019	31 Dec. 2018	
<b>12.17 Interest suspense account</b>				
Opening balance		6,376,030,371	4,542,106,658	
Add: Amount transferred to interest suspense account during the year		5,666,704,492	5,015,424,655	
Less: Amount recovered from interest suspense account during the year		(2,877,588,192)	(2,853,586,641)	
Less: Interest waiver/remission allowed		(254,168,892)	(18,776,168)	
Less: Amount written off during the year		(442,828,786)	(309,138,133)	
		<b>8,468,148,993</b>	<b>6,376,030,371</b>	
<b>12(a) Consolidated Other Liabilities</b>				
United Commercial Bank Ltd.		42,279,108,627	30,981,767,088	
UCB Capital Management Ltd.		1,136,760,501	975,424,520	
UCB Investment Ltd.		39,230,655	22,913,676	
UCB Asset Management Ltd.		23,000	-	
		<b>43,455,122,783</b>	<b>31,980,105,284</b>	
Less: Inter company balance eliminated		767,021	767,021	
		<b>43,454,355,762</b>	<b>31,979,338,263</b>	
<b>13 Share Capital</b>				
Opening balance		10,541,306,540	10,541,306,540	
Add: Bonus shares issue		1,054,130,650	-	
		<b>11,595,437,190</b>	<b>10,541,306,540</b>	
<b>13.1 Authorized Capital</b>				
1,500,000,000 ordinary shares of Tk. 10.00 each		<b>15,000,000,000</b>	<b>15,000,000,000</b>	
<b>13.2 Issued subscribed and paid up Capital</b>				
105,41,30,654 ordinary shares @ Taka 10.00 each		10,541,306,540	10,541,306,540	
105,413,065 ordinary shares @ Taka 10.00 each issued as bonus share		1,054,130,650	-	
		<b>11,595,437,190</b>	<b>10,541,306,540</b>	
<b>Shareholding position:</b>				
		<b>2019</b>	<b>2018</b>	
<b>Particulars</b>	<b>No. of Shares</b>	<b>Amount in BDT</b>	<b>No. of Shares</b>	<b>Amount in BDT</b>
Sponsors/Directors	425,317,192	4,253,171,920	365,545,869	3,655,458,690
Institution( Financial & Others)	234,497,882	2,344,978,820	216,928,739	2,169,287,390
General Public	490,323,829	4,903,238,290	463,106,213	4,631,062,130
Govt. of Peoples Republic of BD	9,404,816	94,048,160	8,549,833	85,498,330
<b>Total</b>	<b>1,159,543,719</b>	<b>11,595,437,190</b>	<b>1,054,130,654</b>	<b>10,541,306,540</b>
<b>13.3 Share Premium</b>				
29,09,95,350 ordinary shares of Taka 5 each per share		<b>1,454,976,750</b>	<b>1,454,976,750</b>	
Rights share (1:1; 1 share for each share held) has been issued in the year 2011 @ Tk. 15 each including share premium of Tk. 5 each.				
<b>13.4 Classification of Shareholders by holding as at 31 December 2019</b>				
<b>Shareholding Range</b>	<b>Number of Shareholders</b>	<b>Number of Shares</b>	<b>Value of Shares in BDT</b>	<b>Total Holdings %</b>
Upto 500 Shares	24,398	3,917,424	39,174,240	0.34%
501 to 5000 Shares	22,476	39,453,381	394,533,810	3.40%
5001 to 10,000 Shares	3,185	22,654,991	226,549,910	1.95%
10,001 to 20,000 Shares	1,807	25,105,154	251,051,540	2.17%
20,001 to 30,000 Shares	589	14,292,668	142,926,680	1.23%
30,001 to 40,000 Shares	235	8,234,707	82,347,070	0.71%
40,001 to 50,000 Shares	125	5,613,768	56,137,680	0.48%
50,001 to 100,000 Shares	314	21,536,308	215,363,080	1.86%
100,001 to 10,00,000 Shares	330	89,411,632	894,116,320	7.71%
10,00,001 & above	124	929,323,686	9,293,236,860	80.15%
<b>Total</b>	<b>53,583</b>	<b>1,159,543,719</b>	<b>11,595,437,190</b>	<b>100.00%</b>
<b>13.5 History of Paid Up Capital</b>				
<b>Year</b>	<b>Number of Shares Issued</b>	<b>Amount in BDT</b>	<b>Cumulative Paid up Capital</b>	
1983	355,000	35,500,000	35,500,000	
1984	85,000	8,500,000	44,000,000	
1986	360,000	36,000,000	80,000,000	
1988	400,000	40,000,000	120,000,000	
1991	171,428	17,142,800	137,142,800	
1994	397,963	39,796,300	176,939,100	
1995	176,939	17,693,900	194,633,000	
1996	291,949	29,194,900	223,827,900	
1997	63,296	6,329,600	230,157,500	
2007	690,473	69,047,300	299,204,800	
2010	26,107,487	2,610,748,700	2,909,953,500	
2011	436,493,025	4,364,930,250	7,274,883,750	
2012	109,123,256	1,091,232,560	8,366,116,310	
2013	-	-	8,366,116,310	
2014	-	-	8,366,116,310	
2015	167,322,326	1,673,223,260	10,039,339,570	
2016	50,196,697	501,966,970	10,541,306,540	
2017	-	-	10,541,306,540	
2018	-	-	10,541,306,540	
2019	105,413,065	1,054,130,650	11,595,437,190	





		Amount in BDT	
		31 Dec. 2019	31 Dec. 2018
<b>13.6 Capital to Risk Weighted Asset Ratio (CRAR)</b>			
The calculation of CRAR has been done as per Guidelines on Risk Based Capital Adequacy - Revised regulatory Capital Framework for Banks in line with BASEL-III vide BRPD circular no.18 dated December 21, 2014. Required Capital with Capital Conservation Buffer of the bank at the close of business on 31 December 2019 was Taka 39,358,528,037 as against available Tier-1 Capital of Taka 27,254,268,504 and Tier-2 Capital of Taka 18,981,879,530 making a Total Regulatory Capital of Taka 46,236,148,034 thereby an excess of capital of Taka 6,877,619,997 at that date.			
Details are shown below :			
<b>Tier-I Capital :</b>			
<b>Common Equity Tier-1 capital (CET1):</b>			
Paid-up Capital (note: 13.2)	11,595,437,190	10,541,306,540	
Share Premium (note: 13.3)	1,454,976,750	1,454,976,750	
Statutory Reserve (note: 14)	12,435,385,300	11,448,968,038	
General Reserve (note : 15)	26,577,961	26,577,961	
Retained Earnings (note : 17)	4,512,283,598	3,780,790,785	
	<b>30,024,660,799</b>	<b>27,252,620,074</b>	
<b>Less: Regulatory Adjustments:</b>			
Goodwill and all other Intangible Assets	312,986,115	365,632,506	
Deferred Tax Assets (DTA)	2,295,986,456	1,672,954,379	
Reciprocal crossholdings and excess investment above limit	120,383,050	155,101,900	
Others	41,036,674	46,629,746	
	<b>2,770,392,295</b>	<b>2,240,318,531</b>	
<b>Total Common Equity Tier-1 Capital</b>	<b>27,254,268,504</b>	<b>25,012,301,543</b>	
Additional Tier-1 Capital (AT-1)	-	-	
<b>Total Tier-1 Capital</b>	<b>27,254,268,504</b>	<b>25,012,301,543</b>	
<b>Tier-II Capital:</b>			
General Provision	5,622,607,676	5,939,339,883	
Revaluation Reserve (note: a)	-	1,618,953,640	
Subordinated Bond	14,000,000,000	12,680,000,000	
	<b>19,622,607,676</b>	<b>20,238,293,523</b>	
<b>Less: Regulatory Adjustments:</b>			
Revaluation Reserve	-	1,295,162,912	
Reciprocal crossholdings in the T-2 Capital of BNBFI's & Insurance Entities	169,218,680	195,000,000	
Any investment exceeding the approved limit under section 26(2) of Bank Company Act, 1991 (50% of Investment)	-	100,815,000	
Others	471,509,466	709,007,927	
<b>Total Admissible Tier-2 Capital</b>	<b>18,981,879,530</b>	<b>17,938,307,684</b>	
<b>Total Regulatory Capital</b>	<b>46,236,148,034</b>	<b>42,950,609,227</b>	
<b>Risk Weighted Assets (note-13.8)</b>	<b>314,868,224,293</b>	<b>332,831,856,087</b>	
<b>Minimum Capital Requirement with Capital Conservation Buffer (12.5% of Risk Weighted Assets)</b>	<b>39,358,528,037</b>	<b>39,523,782,910</b>	
<b>Capital Surplus/(Shortfall)</b>	<b>6,877,619,997</b>	<b>3,426,826,317</b>	

<b>13.7</b>	<b>Composition of Capital</b>	<b>Required</b>	<b>Held</b>	<b>Required</b>	<b>Held</b>
	Common Equity Tier -I	4.50%	8.66%	4.50%	7.51%
	Tier-I Capital	6.00%	8.66%	6.00%	7.51%
	Tier-II Capital		6.03%		5.39%
	Tier-I Capital with Buffer	8.50%	8.66%	7.88%	7.51%
	<b>Total CRAR</b>	<b>12.50%</b>	<b>14.68%</b>	<b>11.88%</b>	<b>12.90%</b>

<b>13.8</b>	<b>Computation of Risk weighted assets</b>		
	On- Balance Sheet	220,316,692,533	230,574,061,626
	Off-Balance sheet	55,573,132,977	64,628,529,708
	Credit Risk (A)	<b>275,889,825,510</b>	<b>295,202,591,334</b>
	Market Risk (B)	8,118,341,094	9,383,100,482
	Operational risk (C)	30,860,057,689	28,246,164,271
	<b>Total: Risk Weighted assets ( A+B+C )</b>	<b>314,868,224,293</b>	<b>332,831,856,087</b>



		Amount in BDT	
		31 Dec. 2019	31 Dec. 2018
<b>14 Statutory Reserve</b>			
As per section 24(1) of the Bank company Act, 1991 (amendment upto 2018), an amount equivalent to 20% of the profit before taxes for the year has been transferred to the statutory reserve fund as under:			
Opening Balance		11,448,968,038	10,467,416,183
Add : Transferred during the year		986,417,262	981,551,855
		<b>12,435,385,300</b>	<b>11,448,968,038</b>
<b>15 General Reserve</b>			
Opening Balance		26,577,961	26,577,961
Add: Transferred during for the year		-	-
		<b>26,577,961</b>	<b>26,577,961</b>
<b>16 Other Reserve</b>			
Asset Revaluation Reserve (notes: 16.1)		2,534,101,559	2,534,101,559
Foreign currency translation gain/(loss)		25,683,605	22,729,894
Revaluation Reserve on HTM Securities (notes: 16.2.1)		198,489,847	90,800,364
Revaluation Reserve on HFT Securities (notes: 16.2.2)		84,000	-
		<b>2,758,359,011</b>	<b>2,647,631,817</b>
<b>16.1 Asset Revaluation Reserve</b>			
In terms of International Accounting Standard (IAS) 16, 'Property, Plant & Equipment' and Instruction contained in BRPD Circular No. 10 dated 25 November 2002 issued by Bangladesh Bank, all the immovable properties of the Bank were revalued as at 27.12.2012 by Padma Techno Consult & Survey Ltd. an independent professionally qualified valuation firm of the country based on market survey. Accordingly, revaluation surplus of Tk. 2,534,101,559/- for land & building has been Included as asset revaluation reserve at reporting date as follows:			
Opening Balance		2,534,101,559	2,534,101,559
Reserve made for the year		-	-
		<b>2,534,101,559</b>	<b>2,534,101,559</b>
<b>16.2 Revaluation Reserve</b>			
HTM Securities (notes 16.2.1)		198,489,847	90,800,364
HFT Securities (notes 16.2.2)		84,000	-
		<b>198,573,847</b>	<b>90,800,364</b>
As per the DOS Circular Letter # 05 dated 26 May 2008, HFT securities are revalued on weekly basis and HTM securities are amortized on yearly basis.			
<b>16.2.1 Revaluation Reserve on HTM Securities</b>			
Opening Balance		90,800,364	74,130,335
Net Revaluation gain/adjustment during the year		107,689,483	16,670,029
		<b>198,489,847</b>	<b>90,800,364</b>
<b>16.2.2 Revaluation Reserve on HFT Securities</b>			
Opening Balance		-	2,748,663
Net Revaluation gain/adjustment during the year		84,000	(2,748,663)
		<b>84,000</b>	<b>-</b>
<b>17 Retained Earnings</b>			
Opening Balance		3,780,790,785	1,389,408,394
Add: Transferred during for the year		1,785,623,463	1,387,395,579
Add: Adjustment for Deferred Tax Asset		-	2,058,117,466
Less. Issuance of Stock Dividend		(1,054,130,650)	-
Less. Issuance of Cash Dividend		-	(1,054,130,654)
		<b>4,512,283,598</b>	<b>3,780,790,785</b>



**17(a) Consolidated Retained Earnings**

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

Less: Non controlling Interest

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

Paid up Capital  
Retained earnings

**Non controlling interest****18 Contingent liabilities & commitment**

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

**18.1 Acceptances & endorsements**

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

**18.2 Letters of guarantee**

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

**18.3 Irrecoverable letters of credit**

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

**18.4 Bills for collection**

Bills for collection  
Foreign Bills for collection

**Amount in BDT**

	31 Dec. 2019	31 Dec. 2018
	4,512,283,598	3,780,790,785
	514,301,974	447,829,206
	66,366,321	47,044,709
	(36,236)	-
	<b>5,092,915,657</b>	<b>4,275,664,700</b>
	100	88
	<b>5,092,915,557</b>	<b>4,275,664,612</b>
	813,500,000	763,500,000
	580,632,059	494,873,915
	1,394,132,059	1,258,373,915
	<b>200</b>	<b>188</b>
	70,853,038,511	69,188,473,619
	57,393,933,584	65,251,091,309
	39,892,932,238	34,639,116,428
	15,798,968,621	12,987,932,703
	19,010,212	-
	<b>183,957,883,166</b>	<b>182,066,614,059</b>
	52,418,618,072	49,417,838,186
	18,434,420,439	19,770,635,433
	<b>70,853,038,511</b>	<b>69,188,473,619</b>
	48,461,692,476	59,442,843,234
	8,932,241,108	5,808,248,075
	<b>57,393,933,584</b>	<b>65,251,091,309</b>
	369,519,179	577,295,396
	24,870,627,481	21,126,627,865
	12,119,008,679	11,838,704,913
	2,513,636,310	1,090,445,450
	20,140,589	6,042,804
	<b>39,892,932,238</b>	<b>34,639,116,428</b>
	10,073,683,919	9,357,443,172
	5,725,284,702	3,630,489,531
	<b>15,798,968,621</b>	<b>12,987,932,703</b>



		Amount in BDT	
		31 Dec. 2019	31 Dec. 2018
<b>19 Income Statement</b>			
<b>Income</b>			
Interest, discount and similar income (note - 19.1)	35,407,971,409	28,951,237,161	
Dividend income	260,050,966	303,129,439	
Fees, commission and brokerage	3,137,987,275	2,811,872,013	
Gain <u>less</u> losses arising from dealing in securities	-	-	
Gain <u>less</u> losses arising from investment securities	133,920,037	443,241,342	
Gain <u>less</u> losses arising from dealing in foreign currencies	1,782,075,816	1,668,745,144	
Income from non-banking asset	-	-	
Other operating income	137,821,845	138,787,108	
	<b>40,859,827,348</b>	<b>34,317,012,207</b>	
<b>Expenses</b>			
Interest paid on deposits and borrowings etc	20,150,935,922	16,024,496,884	
Administrative expenses (note - 19.2)	9,972,868,348	9,301,986,202	
Other operating expenses	1,363,315,172	1,035,097,565	
Depreciation on banks assets	1,094,023,437	565,184,745	
	<b>32,581,142,879</b>	<b>26,926,765,396</b>	
	<b>8,278,684,469</b>	<b>7,390,246,811</b>	
<b>19.1 Interest, discount and similar income</b>			
Interest Income	30,948,745,064	25,266,932,644	
Interest income from investments	4,459,226,345	3,684,304,517	
	<b>35,407,971,409</b>	<b>28,951,237,161</b>	
<b>19.2 Administrative expenses</b>			
Salary and allowances	7,129,069,808	6,491,607,508	
Rent, taxes, insurance, electricity etc.	997,997,217	1,226,148,243	
Legal expenses	67,210,548	63,146,961	
Postage, stamps, telecommunications etc.	189,263,635	141,984,025	
Stationery, printing, advertisements etc.	1,227,388,405	1,127,862,324	
Chief Executive's salary and fees	13,744,000	9,912,000	
Directors' fees	3,462,118	5,403,306	
Auditors' fees	1,150,000	1,150,000	
Repair of banks assets	343,582,617	234,771,835	
	<b>9,972,868,348</b>	<b>9,301,986,202</b>	
<b>20 Interest Income</b>			
Interest on loans and advances	29,695,944,276	23,690,265,232	
Interest on balances with other banks & Fin Ins.	1,081,921,052	1,417,602,305	
Interest on money at call on short notice	94,921,389	117,132,472	
Interest on balance with foreign Bank	75,958,347	41,932,635	
	<b>30,948,745,064</b>	<b>25,266,932,644</b>	
<b>20(a) Consolidated Interest Income</b>			
United Commercial Bank Ltd.	30,948,745,064	25,266,932,644	
UCB Capital Management Ltd.	404,825,729	268,577,805	
UCB Investment Ltd.	-	-	
UCB Asset Management Ltd.	-	-	
	<b>31,353,570,793</b>	<b>25,535,510,449</b>	
Less: Inter Company balance eliminated	16,721,576	-	
	<b>31,336,849,217</b>	<b>25,535,510,449</b>	



		Amount in BDT	
		31 Dec. 2019	31 Dec. 2018
<b>21 Interests Paid on deposits and borrowings etc.</b>			
Interest paid on deposits (note - 21.1)		17,451,515,971	13,542,329,435
Interest paid on borrowings (note - 21.2)		2,699,419,951	2,482,167,449
		<b>20,150,935,922</b>	<b>16,024,496,884</b>
<b>21.1 Interest paid on deposits</b>			
Savings Deposit		1,727,945,251	1,608,476,240
Special Notice Deposit		1,426,822,792	1,917,299,686
Fixed Term Deposit		11,414,423,006	6,584,373,642
Scheme Term Deposit		2,882,324,922	3,432,179,867
		<b>17,451,515,971</b>	<b>13,542,329,435</b>
<b>21.2 Interest paid on borrowings</b>			
Borrowing from Bangladesh Bank		210,855,367	125,148,200
Borrowing from other Bank & financial institution		12,743,969	282,033,437
Interest Paid on Subordinated Bond		1,475,218,799	1,212,577,776
F.C borrowings		298,550,545	253,714,686
Interest Exp. On Other Bank repo borrowings		843,458	51,008
Interest on money at call on short notice		17,289,306	13,366,167
Interest on EDF borrowings from Bangladesh Bank		683,918,507	595,276,175
Re-issued/Buy Bonds		-	-
		<b>2,699,419,951</b>	<b>2,482,167,449</b>
<b>21(a) Consolidated Interests Paid on deposits and borrowings etc.</b>			
United Commercial Bank Ltd.		20,150,935,922	16,024,496,884
UCB Capital Management Ltd.		134,862,468	34,379,656
UCB Investment Ltd.		-	-
UCB Asset Management Ltd.		-	-
		<b>20,285,798,390</b>	<b>16,058,876,540</b>
Less: Inter Company balance eliminated		16,721,576	-
		<b>20,269,076,814</b>	<b>16,058,876,540</b>
<b>22 Investment income</b>			
Interest income from Investments (note - 22.1)		4,459,226,345	3,684,304,517
Non interest income from investments (note - 22.2)		393,991,003	746,400,781
		<b>4,853,217,348</b>	<b>4,430,705,298</b>
<b>22.1 Interest income from investments</b>			
Government treasury bill/bond		3,696,362,090	3,110,757,549
Bangladesh Bank Bill		-	78,364,683
Sub-ordinated Bond		331,580,249	207,369,750
Reverse Repo with Other Bank		48,051,543	44,002,201
Gain/(Loss) on revaluation on govt. securities (note - 22.2.1)		383,232,463	243,810,334
		<b>4,459,226,345</b>	<b>3,684,304,517</b>
<b>22.2 Non interest income from investments</b>			
Dividend on shares		260,050,966	303,129,439
Gain/(Loss) on sale of share (note - 22.2.2)		133,920,037	443,241,342
Prize money on prize bond		20,000	30,000
		<b>393,991,003</b>	<b>746,400,781</b>
		<b>4,853,217,348</b>	<b>4,430,705,298</b>
<b>22.2.1 Gain/(Loss) on revaluation on govt. securities</b>			
Gain on revaluation on govt. securities		392,511,654	254,005,970
Less : Loss on revaluation on govt. securities		(9,279,191)	(10,195,636)
		<b>383,232,463</b>	<b>243,810,334</b>
<b>22.2.2 Gain/(Loss) on sale of shares</b>			
Gain on sale of shares		181,825,892	515,623,782
Less : Loss on sale of shares		(47,905,855)	(72,382,440)
		<b>133,920,037</b>	<b>443,241,342</b>



		Amount in BDT	
		31 Dec. 2019	31 Dec. 2018
<b>22(a) Consolidated Investment Income</b>			
United Commercial Bank Ltd.	4,853,217,348	4,430,705,298	
UCB Capital Management Ltd.	8,375,264	40,645,551	
UCB Investment Ltd.	36,418,063	(44,906,674)	
UCB Asset Management Ltd.	-	-	
	<b>4,898,010,675</b>	<b>4,426,444,175</b>	
<b>23 Commission, Fees, Exchange &amp; Brokerage</b>			
Commission (note - 23.1)	1,758,800,815	1,626,993,030	
Fees (note - 23.2)	1,379,186,460	1,184,878,983	
Exchange earning (note - 23.3)	1,782,075,816	1,668,745,144	
	<b>4,920,063,091</b>	<b>4,480,617,157</b>	
<b>23.1 Commission</b>			
Remittance Inland	21,233,562	23,505,812	
Remittance Foreign	31,622,980	7,778,540	
Commission on Letters of guarantee	471,561,492	387,962,411	
Commission on Letters of credit	342,882,595	384,297,677	
Letters of credit (back to back)	262,198,974	221,932,358	
Irrevocable Reimbursement Undertaking	-	6,489,292	
Commission on BSP / PSP	1,366,673	5,141,519	
Commission on acceptance	413,298,700	427,801,308	
Exchange comm. & rebate	165,351,303	136,401,771	
Clearance	2,196,490	2,229,397	
Commission (Card)	18,558,108	6,132,698	
MFS Commission	22,236,064	14,016,520	
Others	6,293,874	3,303,727	
	<b>1,758,800,815</b>	<b>1,626,993,030</b>	
<b>23.2 Fees</b>			
Bills for collection	56,518,241	56,900,418	
Account maintenance fees	136,455,425	153,657,143	
Appraisal/processing fees	37,897,592	46,099,351	
Online transaction fees	85,392,525	86,278,174	
BACH/BEFTN charges	2,500	3,050	
Cash incentive charges	11,943,910	9,683,350	
Standing instruction charges	52,600	44,600	
FC Endorsement charges	797,846	595,037	
LC, BC, & BG (Others) Fees & Charges	396,714,151	362,143,526	
Debit card	123,524,620	80,614,818	
Credit card	372,845,772	302,604,515	
Arrangement Fees	49,413,334	31,619,130	
ABS fees & charges	1,588,374	182,716	
SMS Banking charges	92,874,900	35,472,300	
Misc. fees	13,164,670	18,980,855	
	<b>1,379,186,460</b>	<b>1,184,878,983</b>	
<b>23.3 Exchange</b>			
Exchange earning (general)	1,625,192,202	1,602,698,866	
Revaluation gain/(Loss) on foreign currency	23,413,092	50,938,964	
FX Deal Discount Income	133,470,522	15,107,314	
	1,782,075,816	1,668,745,144	
Less : Exchange loss (general)	-	-	
Less : Exchange loss (dealing room)	-	-	
	<b>1,782,075,816</b>	<b>1,668,745,144</b>	



		Amount in BDT	
		31 Dec. 2019	31 Dec. 2018
<b>23(a) Consolidated Commission, Fees, Exchange &amp; Brokerage</b>			
United Commercial Bank Ltd.	4,920,063,091	4,480,617,157	
UCB Capital Management Ltd.	189,821,875	137,986,067	
UCB Investment Ltd.	-	-	
UCB Asset Management Ltd.	-	-	
	<b>5,109,884,966</b>	<b>4,618,603,224</b>	
<b>24 Other Operating Income</b>			
Locker	14,726,750	13,467,570	
Premises rent	977,505	488,595	
Miscellaneous earning	56,964,869	67,367,114	
Swift charges	65,132,721	52,433,829	
Recoveries from Operational Loss	-	5,000,000	
	<b>137,801,845</b>	<b>138,757,108</b>	
<b>24(a) Consolidated Other Operating Income</b>			
United Commercial Bank Ltd.	137,801,845	138,757,108	
UCB Capital Management Ltd.	1,340,092	660,548	
UCB Investment Ltd.	-	-	
UCB Asset Management Ltd.	-	-	
	<b>139,141,937</b>	<b>139,417,656</b>	
<b>25 Salaries and allowances</b>			
Basic salary	2,734,583,224	2,493,199,239	
Allowances	2,434,256,823	2,195,051,752	
Bonus	1,208,649,199	1,080,481,239	
Provident fund	270,618,014	245,498,478	
Gratuity	424,800,000	424,800,000	
Welfare fund	56,162,548	52,576,800	
	<b>7,129,069,808</b>	<b>6,491,607,508</b>	
<b>25(a) Consolidated Salary and allowances</b>			
United Commercial Bank Ltd.	7,129,069,808	6,491,607,508	
UCB Capital Management Ltd.	135,561,699	88,066,646	
UCB Investment Ltd.	-	-	
UCB Asset Management Ltd.	-	-	
	<b>7,264,631,507</b>	<b>6,579,674,154</b>	
<b>26 Rent, taxes, insurance, electricity etc.</b>			
Rent premises	919,605,603	711,889,287	
Reversal of rent expense due to depreciation and interest expense as per IFRS 16	(558,906,195)	-	
	360,699,408	711,889,287	
Rent, rates & taxes	37,751,918	45,304,865	
Other rental charges	133,811,821	34,816,263	
Insurance charge	232,849,859	238,771,833	
Electricity, Water & Gas	232,884,211	195,365,995	
	<b>997,997,217</b>	<b>1,226,148,243</b>	

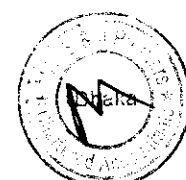


		Amount in BDT	
		31 Dec. 2018	31 Dec. 2018
<b>26(a) Consolidated Rent, taxes, insurance, electricity etc.</b>			
United Commercial Bank Ltd.	997,997,217	1,226,148,243	
UCB Capital Management Ltd.	11,679,228	3,583,506	
UCB Investment Ltd.	-	-	
UCB Asset Management Ltd.	-	-	
	<b>1,009,676,445</b>	<b>1,229,731,749</b>	
<b>27 Legal expenses</b>			
Professional fees	60,181,464	60,227,636	
Other legal charges	6,572,460	2,342,393	
Stamp, power of attorney & notary public	456,624	576,932	
	<b>67,210,548</b>	<b>63,146,961</b>	
<b>27(a) Consolidated Legal expenses</b>			
United Commercial Bank Ltd.	67,210,548	63,146,961	
UCB Capital Management Ltd.	160,550	132,544	
UCB Investment Ltd.	-	-	
UCB Asset Management Ltd.	-	-	
	<b>67,371,098</b>	<b>63,279,505</b>	
<b>28 Postage, stamps, telecommunications etc.</b>			
Postage	35,337,291	27,834,540	
Telecommunication charges	35,327,759	38,570,562	
Reuter	3,213,557	3,668,239	
Internet	1,874,250	519,806	
Online connectivity charge	113,510,778	71,390,878	
	<b>189,263,635</b>	<b>141,984,025</b>	
<b>28(a) Consolidated Postage, stamps, telecommunications etc.</b>			
United Commercial Bank Ltd.	189,263,635	141,984,025	
UCB Capital Management Ltd.	3,002,572	1,235,296	
UCB Investment Ltd.	-	-	
UCB Asset Management Ltd.	-	-	
	<b>192,266,207</b>	<b>143,219,321</b>	
<b>29 Stationery, printing &amp; advertisements etc.</b>			
Security Stationery	22,950,879	20,033,670	
Petty Stationery	38,938,136	32,715,788	
Office Stationery	170,485,011	85,347,507	
	<b>232,374,026</b>	<b>138,096,965</b>	
<b>Advertisement</b>			
News paper	44,525,930	49,730,809	
Magazine	2,655,650	2,576,932	
Sponsorship	466,893,457	254,894,531	
Point of sales material (POSM)	331,660	1,374,880	
Business Development	338,354	1,672,593	
Branding expenses	238,326,236	284,643,456	
Promotional Material	90,336,769	177,128,903	
Misc. advertisement	24,645,359	22,646,004	
Hoardings & neon sign	755,645	-	
Television	126,205,319	194,539,731	
Radio	-	557,520	
	<b>995,014,379</b>	<b>989,765,359</b>	
	<b>1,227,388,405</b>	<b>1,127,862,324</b>	





		Amount in BDT	
		31 Dec. 2019	31 Dec. 2018
<b>29(a) Consolidated Stationery, printing &amp; advertisement etc.</b>			
United Commercial Bank Ltd.	1,227,388,405	1,127,862,324	
UCB Capital Management Ltd.	7,619,777	3,983,846	
UCB Investment Ltd.	-	-	
UCB Asset Management Ltd.	-	-	
	<b>1,235,008,182</b>	<b>1,131,846,170</b>	
<b>30 Chief Executive's salary and fees</b>			
Basic salary	10,944,000	7,652,000	
Festival Bonus	1,800,000	1,260,000	
Incentive Bonus	1,000,000	1,000,000	
House rent allowance	-	-	
Provident fund	-	-	
	<b>13,744,000</b>	<b>9,912,000</b>	
<b>31.00 Directors fees</b>			
Meeting fees	2,310,800	2,999,200	
Other meeting fee ( travelling expenses)	1,151,318	2,404,106	
	<b>3,462,118</b>	<b>5,403,306</b>	
<b>Note :</b> Board Meeting attendance fees, traveling and living expenses are being allowed to the Directors as per clause no.100,101& 102 of Articles of Association of the Bank and subsequent Board approval.			
<b>31(a) Consolidated Directors fees</b>			
United Commercial Bank Ltd.	3,462,118	5,403,306	
UCB Capital Management Ltd.	1,589,679	-	
UCB Investment Ltd.	-	-	
UCB Asset Management Ltd.	-	-	
	<b>5,051,797</b>	<b>5,403,306</b>	
<b>32 Auditors fees</b>			
	<b>1,150,000</b>	<b>1,150,000</b>	
<b>32(a) Consolidated Auditors fees</b>			
United Commercial Bank Ltd.	1,150,000	1,150,000	
UCB Capital Management Ltd.	57,500	57,500	
UCB Investment Ltd.	23,000	23,000	
UCB Asset Management Ltd.	23,000	-	
	<b>1,253,500</b>	<b>1,230,500</b>	
<b>33 Depreciation and repair of bank's assets</b>			
	<b>1,437,606,054</b>	<b>799,956,580</b>	
<b>33.1 Depreciation</b>			
Furniture/fixtures	192,326,684	159,650,748	
Vehicles	35,069,356	30,094,587	
Office equipments	184,666,442	125,243,647	
Computer equipments	104,194,657	93,012,166	
Computer software	110,538,263	103,124,958	
Immovable property (Building)	57,079,631	54,058,639	
Right of Use assets (ROU) as per IFRS 16	410,148,404	-	
	<b>1,094,023,437</b>	<b>565,184,745</b>	
<b>33.2 Repair renovation &amp; maintenance</b>			
Furniture /fixtures	3,405,722	3,269,461	
Vehicles	14,538,346	14,943,169	
Office equipments	34,775,620	30,423,234	
Computer equipments	2,972,462	1,095,337	
Renovation & maintenance	265,338,886	174,901,446	
Premises	21,763,903	9,636,529	
Repair building	787,678	502,659	
	<b>343,582,617</b>	<b>234,771,835</b>	
<b>33(a) Consolidated Depreciation and repair of bank's assets</b>			
United Commercial Bank Ltd.	1,437,606,054	799,956,580	
UCB Capital Management Ltd.	9,743,645	3,792,667	
UCB Investment Ltd.	-	-	
UCB Asset Management Ltd.	-	-	
	<b>1,447,349,699</b>	<b>803,749,247</b>	



		Amount in BDT	
		31 Dec. 2019	31 Dec. 2018
<b>34 Other expenses</b>			
Entertainment		75,932,715	62,284,948
Petrol, oil & lubricant		157,909,699	146,705,243
Subscription		14,356,968	8,681,237
Donation		34,215,653	75,068,040
Traveling		124,347,170	116,917,240
Cartage and freight		13,445,330	12,977,193
Hon. general		3,406,199	1,975,802
Fees commission & charges		97,436,863	64,264,015
Meeting Seminar and staff training		31,332,728	43,391,119
Fees Commission and Charges Dabit Card		11,470,352	11,673,053
Fees Commission and Charges Visa Card Local		78,916,404	79,754,360
Liveries & uniforms		20,529,637	1,497,851
Operational Loss		1,040,000	-
Medical expenses		204,842,962	187,945,780
Car expenses		172,730,493	154,349,192
Loss on sale of assets		525,803	3,914,415
Write off of assets		3	127,536
BATCH/BEFTN Charges		(2,932)	405,541
UCB Foundation		75,000,000	63,165,000
Interest expense for leased liability as per IFRS 16		245,879,125	-
		<b>1,363,315,172</b>	<b>1,035,097,565</b>
<b>34(a) Consolidated Other Expenses</b>			
United Commercial Bank Ltd.		1,363,315,172	1,035,097,565
UCB Capital Management Ltd.		17,333,300	9,629,617
UCB Investment Ltd.		12,450	12,570
UCB Asset Management Ltd.		13,236	-
		<b>1,380,674,158</b>	<b>1,044,739,752</b>
<b>35 Provision for Loans &amp; Advances</b>			
Classified loans & advances		3,161,450,009	1,449,870,692
Standard Loans & advances		(427,213,421)	1,833,118,593
Special mention account (SMA)		(29,764,360)	-
Small & medium enterprise (SME)		51,334,656	33,313,966
Consumer finance (Credit Card)		7,745,088	8,659,246
Consumer finance ( House Finance)		(16,448,032)	3,951,953
Provision for Consumer Finance (LP)		2,937,746	1,777,747
Consumer finance (Others)		44,376,663	91,504,111
Short Term Agri. Micro Finance		(2,030,570)	-
Provision for BHs/MBs/SDs/against share		3,461,551	89,199
Recoveries from previously written off loan		(169,291,686)	(267,641,572)
		<b>2,626,557,644</b>	<b>3,154,643,935</b>
<b>35(a) Consolidated Provision for Loans &amp; Advances</b>			
United Commercial Bank Ltd.		2,626,557,644	3,154,643,935
UCB Capital Management Ltd.		47,609,049	3,400,939
UCB Investment Ltd.		-	-
UCB Asset Management Ltd.		-	-
		<b>2,674,166,693</b>	<b>3,158,044,874</b>
<b>36 Provision for diminution in value of investments</b>			
Provision required during the year		673,470,630	(292,839,246)
		<b>673,470,630</b>	<b>(292,839,246)</b>
<b>36(a) Consolidated Provision for diminution in value of investment</b>			
United Commercial Bank Ltd.		673,470,630	(292,839,246)
UCB Capital Management Ltd.		-	20,730,684
UCB Investment Ltd.		12,933,488	-
UCB Asset Management Ltd.		-	-
		<b>686,404,118</b>	<b>(272,108,562)</b>



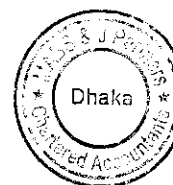
		Amount in BDT	
		31 Dec. 2019	31 Dec. 2018
<b>37 Other Provision</b>			
Provision for other assets	35,339	30,113,317	
Provision for off-balance sheet exposures	46,534,544	(409,430,468)	
	<b>46,569,883</b>	<b>(379,317,151)</b>	
<b>Provision for Off-Balance Sheet Exposure</b>			
Provision against Off-Balance Sheet Exposure made as per BRPD Circular No. 14 dated 23 September 2012, BRPD Circular No. 07 dated 21 June 2018 and BRPD Circular No. 13 dated 18 October 2018.			
<b>37(a) Consolidated Other Provision</b>			
United Commercial Bank Ltd.	46,569,883	(379,317,151)	
UCB Capital Management Ltd.	23,659,058	-	
UCB Investment Ltd.	-	-	
UCB Asset Management Ltd.	-	-	
	<b>70,228,941</b>	<b>(379,317,151)</b>	
<b>38 Provision for Taxation</b>			
Provision for current tax has been calculated based on the profit before provision considering admissible & inadmissible expenses as per provision of the Income Tax Ordinance 1984.			
Current Tax Provision	2,783,077,663	2,360,094,126	
Deferred Tax Provision	(623,032,076)	178,717,713	
	<b>2,160,045,587</b>	<b>2,538,811,839</b>	
<b>38(a) Consolidated Provision for Taxation</b>			
<b>Current Tax</b>			
United Commercial Bank Ltd.	2,783,077,663	2,360,094,126	
UCB Capital Management Ltd.	144,000,000	100,000,000	
UCB Investment Ltd.	4,127,512	-	
UCB Asset Management Ltd.	-	-	
	<b>2,931,205,175</b>	<b>2,460,094,126</b>	
<b>Deferred Tax</b>			
United Commercial Bank Ltd.	(623,032,076)	178,717,713	
UCB Capital Management Ltd.	1,011,669	568,522	
UCB Investment Ltd.	-	-	
UCB Asset Management Ltd.	-	-	
	<b>(622,020,407)</b>	<b>179,286,235</b>	
	<b>2,309,184,768</b>	<b>2,639,380,361</b>	
<b>39 Earnings per Share (EPS)</b>			
Earnings per share has been calculated in accordance with IAS-33: "Earnings Per Share (EPS)".			
Net Profit after Tax (Numerator)	2,772,040,725	2,368,947,434	
Number of Ordinary shares outstanding (Denominator)	1,159,543,719	1,159,543,719	
<b>Earning Per Share (EPS)</b>	<b>2.39</b>	<b>2.04</b>	
<b>39(a) Consolidated Earnings per Share (CEPS)</b>			
Consolidated Earnings per share has been calculated in accordance with IAS-33: "Earnings Per Share (EPS)".			
Net Profit after Tax (Numerator)	2,857,798,868	2,502,313,738	
Non controlling Interest	12	35	
	<b>2,857,798,856</b>	<b>2,502,313,703</b>	
Number of Ordinary shares outstanding (Denominator)	1,159,543,719	1,159,543,719	
<b>Consolidated Earning Per Share (CEPS)</b>	<b>2.46</b>	<b>2.16</b>	



		Amount in BDT	
		31 Dec. 2019	31 Dec. 2018
<b>40 Receipt from other operating activities</b>			
Exchange earning & brokerage		1,782,075,816	1,668,745,144
Other operating income		302,268,590	582,028,450
		<b>2,084,344,406</b>	<b>2,250,773,594</b>
<b>40(a) Consolidated Receipt from other operating activities</b>			
United Commercial Bank Ltd.		2,084,344,406	2,250,773,594
UCB Capital Management Ltd.		(8,613,886)	20,277,389
UCB Investment Ltd.		31,436,926	(56,196,439)
UCB Asset Management Ltd.		-	-
		<b>2,107,167,446</b>	<b>2,214,854,544</b>
<b>41 Payment for other operating activities</b>			
Legal expenses		67,210,548	63,146,961
Directors fees & other expenses		3,462,118	5,403,306
Auditors fees		1,149,999	1,150,000
Repair to fixed assets		343,582,617	234,771,835
Other expenditure		1,147,962,752	1,035,097,565
		<b>1,563,368,034</b>	<b>1,339,569,667</b>
<b>41(a) Consolidated Payment for other operating activities</b>			
United Commercial Bank Ltd.		1,563,368,034	1,339,569,667
UCB Capital Management Ltd.		18,980,479	9,842,659
UCB Investment Ltd.		12,450	12,570
UCB Asset Management Ltd.		13,236	-
		<b>1,582,374,199</b>	<b>1,349,424,896</b>
<b>42 Increase / Decrease of other assets</b>			
Closing other assets		6,599,488,938	6,148,547,893
Advance income tax		(2,319,841,585)	(1,346,549,251)
Opening other assets		(4,801,998,642)	(4,786,725,219)
Increase /Decrease for the year		<b>(522,351,289)</b>	<b>15,273,423</b>
<b>42(a) Consolidated Increase / Decrease of other assets</b>			
Closing other assets		8,293,018,187	4,220,832,612
Advance income tax paid		(2,428,417,333)	(1,428,159,973)
Opening other assets		(4,220,832,612)	(4,068,068,401)
Increase /Decrease for the year		<b>1,643,768,242</b>	<b>(1,275,395,762)</b>
<b>43 Increase / Decrease of other liabilities</b>			
Closing other liabilities		31,751,629,350	27,968,843,195
Provision for classified loans & advances		(6,430,055,264)	(4,940,005,020)
Provision for classified investment		(673,470,630)	-
Provision for classified fixed assets		(3,972,000)	(3,972,000)
Provision for classified other assets		(105,000,000)	(104,964,661)
Provision for unclassified loans & advances		(3,302,602,791)	(3,727,755,019)
Provision for special mention account (SMA)		(46,204,637)	(75,968,997)
Provision for small & medium enterprise (SME)		(272,680,367)	(221,345,711)
Provision for consumer finance (Credit Card)		(40,541,801)	(32,796,713)
Provision for consumer finance ( House Finance)		(35,133,701)	(51,581,733)
Provision for consumer finance (L.p)		(5,751,887)	(2,814,141)
Provision for consumer finance (Others)		(284,031,315)	(239,654,652)
Provision for short term agri micro finance		(14,046,927)	(16,077,497)
Provision for others		(4,399,426)	(937,875)
Provision for off-balance sheet exposures		(1,617,214,824)	(1,570,407,545)
Provision for current tax		(5,211,832,053)	(4,930,176,967)
Provision for deferred tax		-	-
Adjustment of provision of OBU		-	(2,305)
Opening other liabilities		(11,822,853,397)	(9,219,650,262)
Increase /Decrease for the year		<b>1,881,838,330</b>	<b>2,830,732,097</b>



		Amount in BDT	
		31 Dec. 2019	31 Dec. 2018
<b>44 Net Operating Cash Flows Per Share (NOCFPS)</b>			
Net Cash from operating activities		3,579,736,977	(10,479,056,476)
Number of Ordinary shares outstanding (Denominator)		1,159,543,719	1,159,543,719
<b>Net Operating Cash Flows Per Share (NOCFPS)</b>		<b>3.09</b>	<b>(9.04)</b>
<b>44(a) Consolidated Net Operating Cash Flows Per Share (CNOCFPS)</b>			
Net Cash from operating activities		3,020,938,638	(11,071,679,389)
Number of Ordinary shares outstanding (Denominator)		1,159,543,719	1,159,543,719
<b>Consolidated Net Operating Cash Flows Per Share (CNOCFPS)</b>		<b>2.61</b>	<b>(9.55)</b>
<b>45 Net Asset Value Per Share (NAVPS)</b>			
Net Asset Value		32,783,019,810	29,900,251,891
Number of Ordinary shares outstanding (Denominator)		1,159,543,719	1,159,543,719
<b>Net Asset Value Per Share (NAVPS)</b>		<b>28.27</b>	<b>25.79</b>
<b>45(a) Consolidated Net Asset Value Per Share (CNAVPS)</b>			
Net Asset Value With Non Controlling Interest		33,363,651,969	30,395,125,906
Non Controlling Interest		200	188
		33,363,651,769	30,395,125,718
Number of Ordinary shares outstanding (Denominator)		1,159,543,719	1,159,543,719
<b>Consolidated Net Asset Value Per Share (CNAVPS)</b>		<b>28.77</b>	<b>26.21</b>



**46 Audit Committee**

The 1st Audit Committee of the Board was constituted by the Board of Directors of the Bank in its emergent meeting held on 03 April 2004. Subsequently the Committee was reconstituted in its Board meeting from time to time. The Audit Committee of the Board of Director consisted of the following 05 (five) members of the Board as on 31 December 2019.

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

During the period from 01 January 2019 to 31 December 2019 the Audit Committee has conducted 08 (Eight) meetings. Details of the meeting are shown below by datewise.

**Details of the Audit Committee Meeting in the year 2019**

Sl. No	Meeting No	Held On
1	100th	24.01.2019
2	101st	30.04.2019
3	102nd	14.05.2019
4	103rd	25.07.2019
5	104th	26.09.2019
6	105th	15.10.2019
7	106th	26.11.2019
8	107th	24.12.2019

**The Audit Committee discussed the following issues during the year 2019**

- Internal Audit Plan - 2019.
- Audited Financial Statements of the Bank for the year ended 31, December 2018, and the Auditors report thereon.
- Unaudited Financial Statements for the 1st, 2nd and 3rd quarters of the Bank for the year 2019, before submission for approval to the Board of Directors.
- Annual Health Report as on 31 December 2018.
- Recommendations Arising from the Annual Audit and ICC Conference 2019.

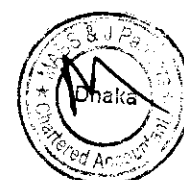
**47 Related Party Disclosures :****47.1 (a): Name of the Directors and their shareholding in the Bank.**

Name of the Directors	Status in the Board	Opening Share holding position as on 01 Jan. 2019	Closing Share holding position as on 31 Dec. 2019
Rukhmila Zaman	Chairman	21083833	23193841
Bazal Ahmed	Vice-Chairman	21125467	23238012
Anisuzzaman Chowdhury	Chairman- Executive Committee	29501526	32451678
Akhter Matin Chaudhury	Chairman-Audit Committee (Independent Director)	-	-
M. A. Sabur	Chairman-Risk Management Committee	22893585	25478942
Hajee Yunus Ahmed	Director	22767628	29141998
Hajee M. A. Kalam	Director	21084815	26658295
Nurul Islam Chowdhury	Director	21086874	23195560
Asifuzzaman Chowdhury	Director	29735237	32708759
Syed Mohammed Nuruddin (Representative of Aromatic Properties Ltd.)	Director	21611000	23200000
Roxana Zaman (Representative of Volkart Trading Limited)	Director	21100000	23210000
Bashir Ahmed	Director	21202269	23322494
Afroza Zaman (Representative of Legendary Asset Management Limited)	Director	21100000	23,210,000.00
Syed Kamruzzaman (Representative of Aramit Thai Aluminum)	Director	21611000	23772100
Farid Uddin Ahmed (Representative of Nahar Metal Limited)	Director	21083000	23191300
Muhammed Shah Alam (Representative of Ardent Asset Management Limited)	Director	21100000	23210000
Professor Dr. Jonaid Shafiq (Representative of Splendid Trading Limited)	Director	-	23210000
Dr. Aparup Chowdhury	Independent Director	-	-
Touhid Shipar Rafiquzzaman	Independent Director	-	-
Mohammed Shawkat Jamil	Managing Director	-	-



**47.1 (b): Name of the Directors and the entities in which they had interest as at 31 December 2019**

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



Name of Directors	Status	Entities where they have interest.
<b>Bashir Ahmed</b>	Director	1. Airmate Goodie Electrical Industries Limited 2. Goodie Accessories (Pvt) Limited 3. International Distribution Company Bangladesh (Pvt) Limited 4. B & B Electronics. 5. B & B Food & Beverage. 6. B & B Electrical & Electronics. 7. Dhaka Electrical & Electronics. 8. Bard International Mettle Emporium. 9. Petal Enterprise.
<b>Afroza Zaman (Representative of Legendary Asset Management Limited)</b>	Director	1. Janata Insurance Limited 2. Legandary Asset Management Limited 3. Volkart Trading Limited
<b>Syed Kamruzzaman (Representative of Aramit Thai Aluminum)</b>	Director	-
<b>Farid Uddin Ahmed (Representative of Nahar Metal Limited)</b>	Director	-
<b>Muhammed Shah Alam (Representative of Ardent Asset Management Limited)</b>	Director	-
<b>Professor Dr. Jonaid Shafiq (Representative of Splendid Trading)</b>	Director	1. Japan Bangladesh Friendship Hospital Limited
<b>Dr. Aparup Chowdhury</b>	Independent Director	-
<b>Touhid Shipar Rafiquzzaman</b>	Independent Director	-
<b>Mohammed Shawkat Jamil</b>	Managing Director	-





**47.2 Significant Contracts where Bank is a party and wherein Directors have interest:**

Sl. No	Name of the Contract	Branch Name	Name of the Directors and related by	Remarks
47.3	Shares issued to Directors & Executives without consideration or exercisable at a discount:			Nil
47.4	Related Party Transactions:			Nil
47.5	Lending policies to related parties: Lending to related parties is affected as per requirement of section 27 (1) of the Bank company Act 1991.			
47.6	Loans and advances to concern related to directors:			Nil
47.7	Business other than banking business with any related concern of the Directors as per section 18(2) of the Bank company Act 1991:			Nil
47.8	Investment in securities of Directors and their related concern:			Nil

**48 Events after Balance Sheet date:**

a) The Board of Directors of United Commercial Bank Limited in its Board meeting held on June 28, 2020 recommended Stock dividend @ 5% and Cash dividend @5%for the year 2019.

**General:**

- 48.1** Banks share capital has not been utilized for acquiring any other direct or indirect business.
- 48.2** No amount was spent by the bank for compensating any members of the board for special services rendered during the period.
- 48.3** During the period under report, United Commercial Bank Ltd did not place any of its assets under pledge as security to obtain any liabilities.

  
Managing Director

  
Director

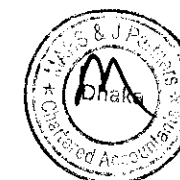
  
Director

  
Director



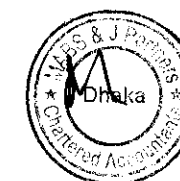
**UNITED COMMERCIAL BANK LTD**  
**Liquidity Statement**  
**Asset and Liability Maturity Analysis**  
**As at 31 December 2019**

Particulars	Amount in BDT					Total
	Up to 1 Month	1 - 3 Months	3 - 12 Months	1 - 5 Years	More than 5 years	
<b>Assets</b>						
Cash in hand	7,094,566,601	-	-	-	19,308,849,602	26,403,416,203
Balance with other banks & financial institutions	7,683,661,159	4,439,721,905	-	-	-	12,123,383,064
Money at call on short notice	1,700,000,000					1,700,000,000
Investment	8,438,300	1,127,955,904	12,865,456,599	12,769,113,671	31,030,001,133	57,800,965,607
Loans and Advances	42,180,677,776	53,733,283,735	105,156,828,039	77,240,893,535	44,416,458,704	322,728,141,789
Fixed assets including premises, furniture & fixture	57,000,000	114,000,000	513,000,000	2,736,000,000	11,034,640,156	14,454,640,156
Other Assets	486,443,306	2,826,390,272	2,125,530,007	3,762,970,818	2,348,240,325	11,549,574,728
Non banking assets	-	-	-	-	-	-
<b>Total Assets (A)</b>	<b>59,210,787,142</b>	<b>62,241,351,816</b>	<b>120,660,814,645</b>	<b>96,508,978,024</b>	<b>108,138,189,920</b>	<b>446,760,121,547</b>
<b>Liabilities</b>						
Borrowing from Bangladesh bank, other banks, financial institutions and agents	3,801,268,281	6,124,731,937	12,467,291,931	14,090,063,359	4,427,970,248	40,911,325,756
Deposits	39,136,669,953	49,626,554,345	91,682,361,486	65,257,071,160	85,084,010,410	330,786,667,354
Provisions and other liabilities	1,979,424,746	506,227,994	9,422,757,003	24,164,857,968	6,205,840,916	42,279,108,627
<b>Total Liabilities (B)</b>	<b>44,917,362,980</b>	<b>56,257,514,276</b>	<b>113,572,410,420</b>	<b>103,511,992,487</b>	<b>95,717,821,574</b>	<b>413,977,101,737</b>
<b>Net Liquidity Gap (A-B)</b>	<b>14,293,424,162</b>	<b>5,983,837,540</b>	<b>7,088,404,225</b>	<b>(7,003,014,463)</b>	<b>12,420,368,346</b>	<b>32,783,019,810</b>



**United Commercial Bank Ltd.**  
**Balance with Nostro Accounts**  
**As on 31 December 2019**

			(Annexure-A)					
Nostro Bank	Name of the Country	Currency	2019			2018		
			Amount in FC	Rate	Amount in BDT	Amount in FC	Rate	Amount in BDT
AB Bank Ltd	India	ACU	494,646	84.90	41,995,482	3,025,659.17	83.90	253,852,804
Bank of Bhutan	Bhutan	ACU	70,635	84.90	5,996,930	37,570.00	83.90	3,152,123
Commerz Bank AG	Germany	USD	281,101	84.90	23,865,471	(27,557.71)	83.90	(2,312,092)
Commerz Bank AG	Germany	EUR	377,663	95.07	35,904,784	549,464.19	95.51	52,480,314
Habib American Bank	USA	USD	8,273,740	84.90	702,440,529	11,463,320.76	83.90	961,772,612
Habib Metropolitan Bank Limited	Pakistan	ACU	464,816	84.90	39,462,865	310,508.09	83.90	26,051,629
HDFC Bank Limited	India	ACU	472,411	84.90	40,107,656	218,993.24	83.90	18,373,533
ICICI Bank Limited, Hong Kong (USD)	Hong Kong	USD	91,993	84.90	7,810,164	-	-	-
ICICI Bank Ltd	India	ACU	366,262	84.90	31,095,681	1,889,251.55	83.90	158,508,205
JP Morgan NY	USA	USD	(7,706,989)	84.90	(654,323,399)	(12,137,213.56)	83.90	(1,018,312,218)
Mashreq Bank Psc	India	ACU	420,328	84.90	35,685,818	1,259,351.84	83.90	105,659,619
Mashreq Bank Psc	USA	USD	9,444	84.90	801,757	432,691.70	83.90	36,302,834
Nepal Bangladesh Bank	Nepal	ACU	169,380	84.90	14,380,345	144,679.80	83.90	12,138,635
Peoples Bank Colombo	Sri Lanka	ACU	466,242	84.90	39,583,907	115,597.72	83.90	9,698,649
Sonali Bank Ltd	India	ACU	42,065	84.90	3,571,290	5,132.67	83.90	430,631
Standard Chartered Bank Ltd	India	ACU	772,771	84.90	65,608,279	909,071.36	83.90	76,271,087
Standard Chartered Bank Ltd	USA	USD	3,052,635	84.90	259,168,683	84,157.80	83.90	7,060,839
State Bank of India	India	ACU	2,456	84.90	208,529	2,456.17	83.90	206,073
The Bank of Tokyo Mitsubishi	Japan	JPY	28,097,110	0.78	21,856,740	10,424,912.00	0.76	7,885,403
Wells Fargo Bank N.A	USA	USD	650,572	84.90	55,233,531	(367,706.20)	83.90	(30,850,550)
Mashreq Bank PSC	UAE	AED	53,467	23.12	1,235,938	6,500.00	22.84	148,483
Saudi Hollandi Bank	Saudi Arabia	SAR	-	-	-	620,092.40	22.36	13,866,878
BANK AL-JAZIRA	Saudi Arabia	SAR	617,199	22.63	13,969,650	345,566.32	22.36	7,727,761
KOOKMIN BANK	Korea	USD	246,867	84.90	20,959,028	96,855.18	83.90	8,126,150
Mashreq Bank PSC	UK	GBP	(43,563)	111.35	(4,850,930)	77,739.11	106.23	8,258,552
Mashreq Bank PSC	UK	EUR	-	-	-	43,756.97	95.51	4,179,307
UBL Switzerland AG	Switzerland	CHF	143,639	87.30	12,539,842	48,960.67	84.56	4,140,095
Axis Bank Limited	India	ACU	985,204	84.90	83,643,815	34,167.76	83.90	2,866,675
Yes Bank Limited	India	ACU	19,329	84.90	1,641,014	11,245.89	83.90	943,530
Citi Bank N.A.New York, USA	USA	USD	671,232	84.90	56,987,572	(386,299.80)	83.90	(32,410,553)
Mashreq Bank NY (OBU)	USA	USD	114,133	84.90	9,689,912	12,529.92	83.90	1,051,260
Habib American Bank, NY, (OBU)	USA	USD	7,856,709	84.90	667,034,624	2,769,862.65	83.90	232,391,476
ICICI Bank Limited	USA	USD	136,197	84.90	11,563,147	-	-	-
United Bank of India, Kolkata, India	India	ACU	177,941	84.90	15,107,217	-	-	-
Standard Chartered Bank, United Kingdom (GBP)	United Kingdom	GBP	146,453	111.35	16,308,247	-	-	-
<b>Total</b>					<b>1,676,284,115</b>			<b>929,659,746</b>



## UNITED COMMERCIAL BANK LTD.

## Schedule of Fixed Assets

As on 31 December 2019

Particulars	COST				Rate	DEPRECIATION				Written down value as on 31 Dec. 2019
	Opening Balance at Cost as on 01 Jan. 2019	Addition during the year	Adjustment during the year	Total Cost as on 31 Dec. 2019		Charged up to 1 Jan. 2019	Adjustment during the year	Charged during the year	Total Depreciation as on 31 Dec. 2019	
Land	4,395,054,283	-	-	4,395,054,283		-	-	-	-	4,395,054,283
Building	2,131,705,476	427,993,144	-	2,559,698,620	2.5%	316,536,659	-	57,079,629	373,616,288	2,186,082,332
Furniture & Fixtures	1,641,947,205	324,986,689	36,477,778	1,930,456,116	10.0%	825,926,224	27,435,745	192,326,683	990,817,162	939,638,954
Office Equipment	1,384,685,527	495,253,424	23,384,276	1,856,554,675	20.0%	887,456,673	22,242,801	184,666,443	1,049,880,315	806,674,360
Computer Equipment	996,595,151	284,525,583	8,990,582	1,272,130,152	20.0%	749,010,774	8,919,370	104,194,657	844,286,061	427,844,091
Vehicles	460,816,440	57,543,707	22,355,734	496,004,413	20.0%	361,336,770	22,355,724	35,069,356	374,050,402	121,954,011
Computer Software	897,497,153	57,891,872	-	955,389,025	25.0%	531,864,646	-	110,538,263	642,402,909	312,986,116
Right of use assets (ROU)	-	5,133,695,408	-	5,133,695,408		-	-	410,148,404	410,148,404	4,723,547,004
Capital Expenditure Work In Progress	819,944,739	2,329,439,368	2,608,525,102	540,859,005		-	-	-	-	540,859,005
<b>Total as on 31 Dec. 2019</b>	<b>12,728,245,974</b>	<b>9,111,329,195</b>	<b>2,699,733,472</b>	<b>19,139,841,697</b>		<b>3,672,131,746</b>	<b>80,953,640</b>	<b>1,094,023,435</b>	<b>4,685,201,541</b>	<b>14,454,640,156</b>
<b>Total as on 31 Dec. 2018</b>	<b>11,526,862,843</b>	<b>2,762,760,669</b>	<b>1,561,377,538</b>	<b>12,728,245,974</b>		<b>3,182,761,207</b>	<b>75,814,206</b>	<b>565,184,745</b>	<b>3,672,131,746</b>	<b>9,056,114,228</b>



**UNITED COMMERCIAL BANK LIMITED**  
**Highlights on Overall Activities**

Particulars	Amount in BDT	
	31 Dec 2019	31 Dec 2018
Paid-up Capital	11,595,437,190	10,541,306,540
Total Capital	46,236,148,034	42,950,609,227
Capital Surplus/(Deficit)	6,877,619,997	3,426,826,317
Total Assets	446,760,121,547	402,749,098,793
Total Deposits	330,786,667,354	297,172,820,632
Total Loans & Advances	322,728,141,789	294,671,938,315
Total Contingent Liabilities & Commitments	183,957,883,166	182,066,614,059
Credit Deposit Ratio (%)	83.79	79.64
Percentage of Classified Loans against Total Loans and Advances	3.63	6.79
Operating Profit	8,278,684,469	7,390,246,811
Profit after Tax & Provision	2,772,040,725	2,368,947,434
Amount of Classified Loans during the year	3,601,529,495	6,373,144,037
Classified Advance at the end of the year	17,098,936,674	20,021,627,136
Provision kept against Classified Loans	6,430,055,264	4,940,005,021
Provision Surplus/(Deficit)	-	1,835,254
Cost of Fund (%)	8.57	7.58
Interest Earning Assets	384,575,621,041	350,501,799,819
Non-interest earning Assets	62,184,500,506	50,574,344,594
Return on Investment (ROI) (%)	8.94	9.45
Return on Assets (ROA) (%)	0.65	0.62
Net Asset value per share	28.27	25.79
Income from Investments	4,853,217,348	4,430,705,298
Earning per share (Taka)	2.39	2.04
Net Income per share (Taka)	2.39	2.04
Price earning ratio (Times)	5.56	8.61



United Commercial Bank Ltd.  
Off-shore Banking Unit  
Balance Sheet  
As at 31 December 2019

	Notes	31 Dec. 2019 USD	31 Dec. 2018 BDT	31 Dec. 2018 BDT
<b>PROPERTY AND ASSETS</b>				
<b>Cash</b>		-	-	-
In hand (including foreign currencies)		-	-	-
Balance with Bangladesh Bank and its agent bank (s) (including foreign currencies)		-	-	-
<b>Balance with other banks and financial institutions</b>	3	<b>1,398,277</b>	<b>118,713,744</b>	<b>1,350,433,962</b>
In Bangladesh		-	-	1,116,991,225
Outside Bangladesh		1,398,277	118,713,744	233,442,737
<b>Loans and advances</b>	4	<b>206,984,290</b>	<b>17,572,966,209</b>	<b>17,075,974,562</b>
Loans, cash credits, overdrafts, etc.		35,045,668	2,975,377,228	2,680,287,299
Bills purchased and discounted		171,938,622	14,597,588,981	14,395,687,263
<b>Fixed assets including premises, furniture and fixtures</b>	5	<b>5,389</b>	<b>420,071</b>	<b>568,048</b>
<b>Other assets</b>	6	<b>-</b>	<b>37,418</b>	<b>8,039,495</b>
<b>Non - banking assets</b>		-	-	-
<b>Total assets</b>		<b>208,387,956</b>	<b>17,692,137,441</b>	<b>18,435,016,067</b>
<b>LIABILITIES AND CAPITAL</b>				
<b>Liabilities</b>				
<b>Borrowings from other banks, financial institutions and agents</b>	7	<b>205,045,146</b>	<b>17,408,332,884</b>	<b>18,125,428,612</b>
<b>Deposits and other accounts</b>		-	-	-
<b>Other liabilities</b>	8	<b>3,342,810</b>	<b>283,804,557</b>	<b>309,587,455</b>
<b>Total liabilities</b>		<b>208,387,956</b>	<b>17,692,137,441</b>	<b>18,435,016,067</b>
<b>Capital / Shareholders' equity</b>				
Paid up capital		-	-	-
Statutory reserve		-	-	-
Foreign currency gain		-	-	-
Other reserve		-	-	-
Deficit in profit and loss account / Retained earnings	9	-	-	-
<b>Total Shareholders' equity</b>		-	-	-
<b>Total liabilities and Shareholders' equity</b>		<b>208,387,956</b>	<b>17,692,137,441</b>	<b>18,435,016,067</b>



Notes	31 Dec. 2019		31 Dec. 2018
	USD	BDT	BDT
<b>Off Balance Sheet Items</b>	-	-	-
<b>Contingent liabilities</b>	<b>35,466,298</b>	<b>2,975,622,399</b>	<b>20,632,363</b>
Acceptances and endorsements	-	-	-
Letters of guarantee	35,466,298	2,975,622,399	20,632,363
Irrevocable letters of credit	-	-	-
Bills for collection	-	-	-
Other contingent liabilities	-	-	-
<b>Other commitments</b>			
Documentary credits and short term trade -related transactions	-	-	-
Forward assets purchased and forward deposits placed	-	-	-
Undrawn note issuance and revolving underwriting facilities	-	-	-
Undrawn formal standby facilities, credit lines and other commitments	-	-	-
Liabilities against forward purchase and sale	-	-	-
Other commitments	-	-	-
<b>Total Off-Balance Sheet exposures including contingent liabilities</b>	<b>35,466,298</b>	<b>2,975,622,399</b>	<b>20,632,363</b>



**United Commercial Bank Ltd.**  
**Off-shore Banking Unit**  
**Profit and Loss Account**  
**for the Year ended 31 December 2019**

	Notes	31 Dec. 2019 USD	31 Dec. 2019 BDT	31 Dec. 2018 BDT
Interest income	10	12,901,216	1,089,537,375	1,067,386,519
Interest paid on deposits, borrowings, etc.	11	(6,603,140)	(557,650,394)	(517,097,839)
<b>Net interest Income</b>		<b>6,298,076</b>	<b>531,886,981</b>	<b>550,288,680</b>
Investment Income		-	-	-
Commission, exchange, brokerage, etc.	12	620,180	52,375,647	59,872,017
Other operating income	13	-	-	-
<b>Total operating income (A)</b>		<b>6,918,256</b>	<b>584,262,628</b>	<b>610,160,697</b>
Salaries and allowances	14	14,256	1,203,927	1,085,432
Rent, taxes, insurance, electricity, etc.		-	-	-
Legal expenses		-	-	-
Postage, stamp, telecommunication, etc.		-	-	-
Stationery, printing, advertisements, etc.		-	-	-
Auditors' fees		-	-	-
Depreciation and repair of Bank's assets		1,898	147,978	147,978
Other expenditure	15	20,000	1,689,046	3,547,271
<b>Total operating expenses (B)</b>		<b>36,154</b>	<b>3,040,950</b>	<b>4,780,681</b>
<b>Profit / (loss) before provision (C=A-B)</b>		<b>6,882,102</b>	<b>581,221,678</b>	<b>605,380,016</b>
Provision for loans and advances / investments		-	-	-
Specific provision		-	-	-
General provision		25,000	2,111,308	53,883,403
Provision for Off Balance Sheet Exposure		148,339	12,527,599	4,331,599
<b>Total provision (D)</b>		<b>173,339</b>	<b>14,638,907</b>	<b>58,215,002</b>
<b>Total profit / (loss) before taxes (C-D)</b>		<b>6,708,763</b>	<b>566,582,771</b>	<b>547,165,014</b>
Provision for taxation		-	-	-
Current tax		-	-	-
Deferred tax		-	-	-
<b>Net profit / (loss) after taxation</b>		<b>6,708,763</b>	<b>566,582,771</b>	<b>547,165,014</b>
Retained earnings brought forward from previous years		-	-	-
		<b>6,708,763</b>	<b>566,582,771</b>	<b>547,165,014</b>





**UNITED COMMERCIAL BANK LTD**  
**Off-shore Banking Unit**  
**Cash Flow Statement**  
**for the year ended 31 December 2019**

	31 Dec. 2019		31 Dec. 2018
	USD	BDT	BDT
<b>A) Cash flows from operating activities</b>			
Interest receipts in cash	12,901,216	1,089,537,375	1,067,386,519
Interest payments	(6,603,140)	(557,650,394)	(517,097,839)
Fees and commission receipts in cash	620,180	52,375,647	59,872,017
Cash payments to employees	(14,256)	(1,203,927)	(1,085,432)
Cash payments to suppliers	-	-	-
Receipts from other operating activities	-	-	-
Payments for other operating activities	(20,000)	(1,689,046)	(3,547,271)
<b>Cash generated from operating activities before changes in operating assets and liabilities</b>	<b>6,884,000</b>	<b>581,369,655</b>	<b>605,527,994</b>
<b>Increase / (decrease) in operating assets and liabilities</b>			
Loans and advances to other banks	-	-	-
Loans and advances to customers	(3,456,584)	(293,463,941)	1,050,892,358
Other assets	95,305	8,091,436	(3,178,005)
Deposits from other banks / borrowings	(10,990,952)	(933,131,826)	(391,079,388)
Deposits from customers	-	-	-
Other liabilities	(520,486)	(44,189,261)	45,378,550
	<b>(14,872,716)</b>	<b>(1,262,693,592)</b>	<b>702,013,514</b>
<b>Net cash from operating activities</b>	<b>(7,988,716)</b>	<b>(681,323,937)</b>	<b>1,307,541,508</b>
<b>B) Cash flows from investing activities</b>			
Purchase / sale of property, plant and equipment	-	-	-
Proceeds from sale of property, plant and equipment	-	-	-
<b>Net cash used in investing activities</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>C) Cash flows from financing activities</b>			
Retained earnings sent to Central Operation	(6,708,763)	(566,582,771)	(604,489,306)
<b>Net Cash from financing activities</b>	<b>(6,708,763)</b>	<b>(566,582,771)</b>	<b>(604,489,306)</b>
<b>D) Net increase / (decrease) in cash and cash equivalents (A+ B + C)</b>	<b>(14,697,479)</b>	<b>(1,247,906,707)</b>	<b>703,052,202</b>
<b>E) Effects of exchange rate changes on cash and cash equivalents</b>	<b>-</b>	<b>25,461,507</b>	<b>9,275,017</b>
<b>F) Cash and cash equivalents at beginning of the year</b>	<b>16,095,756</b>	<b>1,341,158,945</b>	<b>638,106,743</b>
<b>G) Cash and cash equivalents at end of the year (D+E+F)</b>	<b>1,398,277</b>	<b>118,713,744</b>	<b>1,350,433,962</b>
<b>Cash and cash equivalents at end of the year</b>			
Cash in hand (including foreign currencies)	-	-	-
Balance with Bangladesh Bank and its agent bank (s) (including foreign currencies)	-	-	-
Balance with other banks and financial institutions	1,398,277	118,713,744	1,350,433,962
	<b>1,398,277</b>	<b>118,713,744</b>	<b>1,350,433,962</b>



**Off-shore Banking Units**  
**Notes to the Financial Statements**  
**for the year ended 31 December 2019**

**1.1 Status of the units**

Off-shore Banking Units of United Commercial Bank Limited, governed under the rules and guidelines of Bangladesh Bank. The Bank obtained permission for 2 (two) units of Off-shore Banking Unit (OBU) vide letter no. BRPD (P-3) 744 (117)/2010-2577 dated 9th June 2010. The Bank commenced the operation of its Off-shore Banking Unit from November 10, 2010. Presently the Bank has 1 (one) unit in Dhaka.

**1.1.1 Principal activities**

The principal activities of the unit is to provide all kinds of commercial banking services to its customers through its off-shore Banking Units in Bangladesh.

**1.2 Significant accounting policies and basis of preparation of financial statements**

**1.2.1 Basis of accounting**

The Off-shore Banking Units maintain its accounting records in USD from which accounts are prepared according to the Bank Company Act 1991, Bangladesh Accounting Standards and other applicable directives issued by Bangladesh Bank.

**1.2.2 Use of estimates and judgments**

The preparation of financial statements requires management to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimate is revised and in any future periods affected.

**1.2.3 Foreign currency transaction**

**a) Foreign currencies translation**

Foreign currency transactions are converted into equivalent Taka using the ruling exchange rates on the dates of respective transactions as per IAS-21 "The Effects of Changes in Foreign Exchange Rates". Foreign currency balances held in US Dollar are converted into Taka at weighted average rate of inter-bank market as determined by Bangladesh Bank on the closing date of every month. Balances held in foreign currencies other than US Dollar are converted into equivalent US Dollar at buying rates of New York closing of the previous day and converted into Taka equivalent.

**b) Commitments**

Commitments for outstanding forward foreign exchange contracts disclosed in these financial statements are translated at contracted rates. Contingent liabilities / commitments for letter of credit and letter of guarantee denominated in foreign currencies are expressed in Taka terms at the rates of exchange ruling on the balance date.

**c) Translation gains and losses**

The resulting exchange transaction gains and losses are included in the profit and loss account,

**1.2.4 Cash flow statement**

Cash flow statement has been prepared in accordance with the International Accounting Standard-7 "Cash Flow Statement" under direct method as recommended in the BRPD Circular No. 14, dated June 25, 2003 issued by the Banking Regulation & Policy Department of Bangladesh Bank.

**1.2.5 Reporting period**

These financial statements cover from January 01 to December 31, 2019.

**2 General**

- a) These financial statements are presented in Taka, which is the Bank's functional currency and figures appearing in these financial statements have been rounded off to the nearest Taka.
- b) Assets and liabilities & income and expenses have been converted into Taka currency @ US\$1 = Taka 84.90 (closing rate as at 31st December 2019) and Tk. 84.4523 (average rate which represents the year end).



	31 Dec. 2019		31 Dec. 2018
	USD	BDT	BDT
<b>3 Balance with other banks and financial institutions</b>			
In Bangladesh	-	-	1,116,991,225
Outside Bangladesh	1,398,277	118,713,744	233,442,737
	<b>1,398,277</b>	<b>118,713,744</b>	<b>1,350,433,962</b>
<b>4 Loans and advances</b>			
<b>i) Loans, cash credits, overdrafts, etc.</b>			
Loan (General)	-	-	-
Hire purchase	-	-	-
Lease finance	-	-	-
Term Loan	35,045,668	2,975,377,228	2,680,287,299
	<b>35,045,668</b>	<b>2,975,377,228</b>	<b>2,680,287,299</b>
<b>ii) Bills purchased and discounted (note-5)</b>			
<b>Payable Inside Bangladesh</b>			
Inland bills purchased	-	-	-
<b>Payable Outside Bangladesh</b>			
Foreign bills purchased and discounted	171,938,622	14,597,588,981	14,395,687,263
	<b>171,938,622</b>	<b>14,597,588,981</b>	<b>14,395,687,263</b>
	<b>206,984,290</b>	<b>17,572,966,209</b>	<b>17,075,974,562</b>
<b>5 Fixed assets</b>			
<b>Cost</b>			
Furniture & Fixtures	18,986	1,479,935	1,479,935
Computer and equipments	809	63,027	63,027
	<b>19,794</b>	<b>1,542,962</b>	<b>1,542,962</b>
<b>Less: Accumulated Depreciation</b>			
Furniture & Fixtures	13,598	1,059,942	911,964
Computer and equipments	808	62,949	62,949
	<b>14,405</b>	<b>1,122,891</b>	<b>974,913</b>
<b>Written down value (WDV)</b>	<b>5,389</b>	<b>420,071</b>	<b>568,048</b>
<b>6 Other assets</b>			
Advance deposits and advance rent	-	-	-
Interest Receivable	-	-	7,996,131
Foreign currency translation reserve	-	37,418	43,364
	<b>-</b>	<b>37,418</b>	<b>8,039,495</b>
<b>7 Borrowings from other banks, financial institutions and agents</b>			
Borrowings from Head office	164,473,870	13,963,831,567	12,964,752,300
International Finance Corporation	1,666,665	141,499,859	419,499,916
PROPARCO	5,238,095	444,714,282	599,285,712
Emirates NBD Bank PJSc-UAE	5,000,000	424,500,000	292,660,400
Emirates Islamic Bank	-	-	860,324,024
First Gulf Bank	3,586,800	304,519,320	857,694,367
Habib Bank UK	-	-	839,000,000
Commercial Bank of Qatar	-	-	419,500,000
National Bank of Ras Al-Khaimah, UAE	8,079,716	685,967,856	536,625,524
ICICI Bank Ltd., India	-	-	336,086,368
DBS Bank Ltd	17,000,000	1,443,300,000	-
	<b>205,045,146</b>	<b>17,408,332,884</b>	<b>18,125,428,612</b>
<b>8 Other liabilities</b>			
Interest payable	913,147	77,526,170	120,281,903
Provision for Loans & Advances	2,075,000	176,167,500	171,995,000
Provision for Off Balance Sheet Exposure	354,663	30,110,887	17,310,553
	<b>3,342,810</b>	<b>283,804,557</b>	<b>309,587,455</b>



	31 Dec. 2019		31 Dec. 2018
	USD	BDT	BDT
<b>9 Retained earnings</b>			
Balance 1 January 2018	-	-	-
Current year profit	6,708,763	566,582,771	604,489,306
Retained earnings transferred to central operation	(6,708,763)	(569,573,939)	(607,627,781)
Effect of changes in exchange rate	-	2,991,168	3,138,475
	-	-	-
<b>10 Interest income</b>			
Term Loan	2,024,575	170,979,989	195,190,184
Bills purchased & Discount	10,281,805	868,322,080	816,593,152
Others	-	-	-
<b>Interest on loans and advances</b>	<b>12,306,380</b>	<b>1,039,302,069</b>	<b>1,011,783,336</b>
Interest on balance with other banks and financial institutions	550,650	46,503,655	53,249,474
Interest received from foreign banks	44,186	3,731,651	2,353,709
<b>Total Interest income</b>	<b>12,901,216</b>	<b>1,089,537,375</b>	<b>1,067,386,519</b>
<b>11 Interest on deposits, borrowings, etc.</b>			
Interest paid on deposits	-	-	-
Interest paid on local bank accounts	-	-	-
Interest paid on Borrowings	6,603,140	557,650,394	517,097,839
	<b>6,603,140</b>	<b>557,650,394</b>	<b>517,097,839</b>
<b>12 Commission, exchange and brokerage</b>			
LC, BC & BG (Others) Fees and Charges	501,791	42,377,434	45,347,146
Exchange Gain/(Loss)	118,389	9,998,212	14,524,870
Revaluation Gain/(Loss) on foreign currency	-	-	-
	<b>620,180</b>	<b>52,375,647</b>	<b>59,872,017</b>
<b>13 Other operating income</b>			
Reimbursement Charge	-	-	-
Miscellaneous earnings	-	-	-
	-	-	-
<b>14 Salaries and allowances</b>			
Basic pay	5,817	491,232	433,561
Allowances	5,611	473,889	436,813
Bonus	2,246	189,687	171,701
Unit's contribution to provident fund	582	49,118	43,358
	<b>14,256</b>	<b>1,203,927</b>	<b>1,085,432</b>
<b>15 Other expenditure</b>			
Foreign bank correspondence charges	20,000	1,689,046	3,547,271
Revaluation loss on foreign currency	-	-	-
	<b>20,000</b>	<b>1,689,046</b>	<b>3,547,271</b>

