

**Financial Statements**  
**of**  
**United Commercial Bank Limited**  
*As at and for the year ended 31 December 2021*

# Independent Auditor's 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 2021 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 2021, 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.

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

See notes no 2.10.9, 2.10.22, 7.11, 12.1 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 408,309.81 million (2020: BDT 356,065.73 million) and BDT 402,481.73 Million (2020: BDT 351,683.55 million) respectively and provision for loans and advances of BDT 16,584.38 million (2020: BDT 12,645.89 million) and BDT 16,584.38 million (2020: BDT 12,645.89 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);</li> </ul> <p>Our substantive procedures in relation to the provision for loans and advances portfolio comprised the following:</p> <ul style="list-style-type: none"> <li>• Reviewed the adequacy of the companies general specific and special 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. Recognition of interest income from loans and advances;**

See notes no 2.1.1(v), 2.10.09, 2.10.22, 2.10.38, and 20 to the financial statements.

<b>Key Audit Matter</b>	<b>How the matter was addressed in our audit</b>
<p>Recognition of interest income has significant and wide influence on Financial Statements;</p> <p>Recognition and measurement of interest income has followed circulars of Bangladesh Bank and also involvement of complex IT environment.</p> <p>We identify recognition of interest income from loan and advances as a key audit matter because this is one of the key performance indicators of the bank and therefore there is an inherent risk of fraud and error in recognition of interest income by managements to meet specific target and expectations.</p>	<p>We tested the design and operating effectiveness of key controls over recognition and measurement of interest on loan and advances:</p> <ul style="list-style-type: none"> <li>• We performed test of operating effectiveness on automated control in place to measure and recognize interest income;</li> <li>• We have also performed substantive procedure to check whether the interest income is recognized completely and accurately;</li> <li>• Finally assessed the appropriateness and presentation of disclosures against relevant accounting standards and Bangladesh Bank guidelines.</li> </ul>

**3. Valuation of Treasury bill, Treasury bond and unquoted share;**

See notes no 2.10.7 and 6.3 to the Financial Statements

<b>Key Audit Matter</b>	<b>How the matter was addressed in our audit</b>
<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, we have assessed the appropriateness and presentation of disclosures against relevant accounting standards and Bangladesh Bank guidelines.</p>

#### 4. Measurement of deferred tax assets

See notes no 2.10.29 (ii), and 9.4 to the Financial Statements.

<b>Key Audit Matter</b>	<b>How the matter was addressed in our audit</b>
<p>The Group and the Bank reports net deferred tax assets to totaling BDT 4,226.10 million (BDT 2,836.15 million as at 31 December 2020) and BDT 4,228.86 million as at 31 December 2021 (BDT 2,838.11 million as at 31 December 2020) 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 our own tax specialists to assess tax strategies that the bank expects successful recovery of recognized deferred tax assets.</p> <p>Finally, We have assessed the appropriateness and presentation of disclosures against IAS 12 Income Tax.</p>

#### 5. Legal and regulatory matters

See notes no 2.1.1 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") operate 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 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 no1.6, 1.6.1, 1.6.2, 1.6.3, 1.6.4, 1.6.5, 2.10.18 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 Stock Brokerage Limited, UCB Investment Limited, UCB Asset Management Limited and UCB Fintech Company Limited. As at 31 December 2021 the carrying value of this investment is BDT 5,499.99 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 Stock Brokerage Limited, UCB Investment Limited, UCB Asset Management Limited and UCB Fintech Company Limited in accordance with IAS 36 as there is no impairment indication for investment in subsidiaries, as considered by the management.</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 2020 were audited by us and expressed an unmodified opinion on those statements on 08 June 2021.*

### **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 judgment and maintain professional skepticism throughout the audit. We also:

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

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

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

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the Consolidated and Separate Financial Statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's 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 2021 of four subsidiaries namely, UCB Stock Brokerage Limited, UCB Investment Limited, UCB Asset Management Limited and UCB Fintech Company 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;

## **MABS & J Partners**

Chartered Accountants

- 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 6350 person hours; and
- XII. Capital to Risk-weighted Asset Ratio (CRAR) as required by Bangladesh Bank has been maintained adequately during the year.

Place: Dhaka, Bangladesh

Dated: 30 March 2022

Signed for & on behalf of

**MABS & J Partners**  
**Chartered Accountants**

  
**Nasir Uddin Ahmed, FCA, FCS, CGMA, ACMA (UK)**

**Deputy Managing Partner**

ICAB Enrollment No: 535

DVC No: 2203300535AS686991

**UNITED COMMERCIAL BANK LIMITED**  
**Consolidated Balance Sheet**  
**As at 31 December 2021**

	Notes	Amount in BDT	
		31 December 2021	31 December 2020
<b>PROPERTIES &amp; ASSETS</b>			
Cash	3	25,380,748,231	24,947,748,071
Cash in hand (Including foreign currencies)		7,498,609,154	5,701,337,402
Balance with Bangladesh Bank & its agent bank(s) (Including foreign currencies)		17,882,139,077	19,246,410,669
Balance with other banks & financial institutions	4	20,633,128,821	23,063,846,826
In Bangladesh		19,568,097,037	19,948,278,566
Outside Bangladesh		1,065,031,784	3,115,568,260
Money at Call on short notice	5	3,200,000,000	930,000,000
Investments	6	83,046,995,094	66,986,981,664
Government		72,746,470,244	57,027,607,862
Others		10,300,524,850	9,959,373,802
Loans and Advances	7	408,309,815,648	356,065,739,658
Loans, Cash Credits, Overdrafts etc		381,754,404,170	340,985,337,566
Bills purchased and discounted		26,555,411,478	15,080,402,092
Fixed assets including premises, furniture & fixture	8	17,018,196,481	14,624,721,331
Other assets	9	12,835,963,574	11,959,691,841
Non-banking assets		-	-
Total Assets		570,424,847,849	498,578,729,391
<b>LIABILITIES AND CAPITAL</b>			
<b>Liabilities:</b>			
Borrowings from other banks, financial institutions and agents	10	89,410,437,395	62,240,924,137
Deposits and other accounts	11	387,023,828,463	352,313,500,149
Current accounts & other accounts		78,346,168,340	69,335,920,773
Bills Payable		8,845,268,369	8,280,264,992
Savings Bank Deposits		80,659,233,376	70,999,776,995
Fixed Deposits		219,173,158,378	203,697,537,389
Bearer Certificates of Deposits		-	-
Other Deposits		-	-
Other Liabilities	12	56,601,754,666	48,285,790,316
Total Liabilities		533,036,020,524	462,840,214,602
<b>Capital / Shareholders' Equity</b>			
Paid up Capital	13	12,783,969,490	12,175,209,040
Share Premium	13.3	1,454,976,750	1,454,976,750
Statutory Reserve	14	14,555,968,681	13,424,987,898
General Reserve	15	26,577,961	26,577,961
Other Reserve	16	2,631,853,888	2,792,715,898
Retained Earnings	17	5,935,480,290	5,864,047,022
Total Shareholders' Equity		37,388,827,060	35,738,514,569
Non controlling interest		265	220
Total Shareholders' Equity with non-controlling interest		37,388,827,325	35,738,514,789
Total Liabilities and Shareholders Equity		570,424,847,849	498,578,729,391



Notes	Amount in BDT		
	31 December 2021	31 December 2020	
<b><u>Off Balance Sheet Items</u></b>			
<b>Contingent Liabilities :</b>			
	<b>18</b>	<b>260,413,159,150</b>	<b>200,799,582,943</b>
Acceptances & Endorsements	18.1	110,309,146,988	78,153,489,715
Letters of Guarantee	18.2	57,499,501,948	49,877,297,665
Irrevocable Letters of Credit	18.3	75,222,523,708	58,643,781,573
Bills for Collection	18.4	17,381,986,506	14,125,013,990
Other Contingent Liabilities		-	-
<b>Other Commitments:</b>		-	<b>242,106,790</b>
Documentary credit and short term trade related transactions		-	-
Forward assets purchased and forward deposits placed		-	242,106,790
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>260,413,159,150</b>	<b>201,041,689,733</b>

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

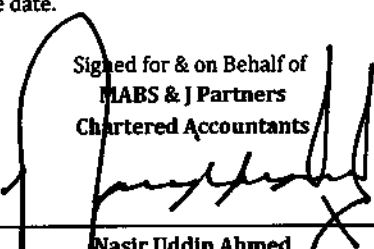
  
Managing Director & CEO

  
Director

  
Director

  
Director

As per our report of same date.

  
Signed for & on Behalf of  
MABS & J Partners  
Chartered Accountants  
Nasir Uddin Ahmed  
FCA, FCS, CGMA (AICPA), ACMA (UK)  
Deputy Managing Partner  
ICAB Enrollment No: 535

Dhaka, 30 March 2022

DVC No: 2203300535AS686991

**UNITED COMMERCIAL BANK LIMITED**  
**Consolidated Profit and Loss Account**  
**For the year ended 31 December 2021**

	Notes	Amount in BDT	
		31 December 2021	31 December 2020
Interest Income	20	27,984,761,834	27,690,575,955
Interest paid on deposits and borrowings etc	21	14,166,778,473	17,891,661,906
<b>Net Interest Income</b>		<b>13,817,983,361</b>	<b>9,798,914,049</b>
Investment income	22	5,646,288,161	6,170,676,976
Commission, exchange and brokerage	23	6,466,823,421	4,970,121,833
Other Operating Income	24	338,829,891	150,859,502
<b>Total Operating Income (A)</b>		<b>26,269,924,834</b>	<b>21,090,572,360</b>
<b>OPERATING EXPENSES</b>			
Salary and allowances	25	7,736,214,129	6,560,470,134
Rent, taxes, insurance, electricity etc.	26	1,147,506,346	1,011,263,663
Legal expenses	27	136,054,009	94,655,019
Postage, stamps, telecommunications etc.	28	191,894,385	178,461,860
Stationery, printing, advertisements etc.	29	2,154,980,062	1,489,656,618
Chief Executive's salary and fees	30	13,450,900	15,018,400
Directors' fees	31	3,339,785	3,534,053
Auditors' fees	32	1,278,500	1,853,500
Depreciation and repair of banks assets	33	1,859,159,180	1,622,227,426
Other expenses	34	3,102,257,442	2,923,458,480
<b>Total Operating Expenses (B)</b>		<b>16,346,134,738</b>	<b>13,900,599,153</b>
<b>Profit/(Loss) before provision (C) = (A-B)</b>		<b>9,923,790,096</b>	<b>7,189,973,207</b>
Provision for Loans & Advances	35	4,391,175,429	2,148,188,564
Provision for diminution in value of investments	36	(244,586,028)	(441,818,090)
Other provisions	37	549,363,208	240,064,820
<b>Total Provision (D)</b>		<b>4,695,952,609</b>	<b>1,946,435,294</b>
<b>Total Profit/(Loss) before Income taxes (C - D)</b>		<b>5,227,837,487</b>	<b>5,243,537,913</b>
Provision for Taxation	38	2,776,130,772	2,294,688,044
Current Tax		4,166,078,526	2,836,872,737
Deferred Tax		(1,389,947,755)	(542,184,693)
<b>Net Profit after Taxation</b>		<b>2,451,706,715</b>	<b>2,948,849,869</b>
<b>Appropriations</b>			
Statutory Reserve		1,130,980,783	989,602,598
Start-Up Fund		31,771,709	28,571,978
Retained Surplus		1,288,954,223	1,930,675,293
<b>Attributable to:</b>			
Equity holders' of the Bank		1,288,954,178	1,930,675,273
Non controlling interest		45	20
		<b>1,288,954,223</b>	<b>1,930,675,293</b>
<b>Earnings Per Share (EPS)</b>	39	<b>1.92</b>	<b>2.31</b>

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

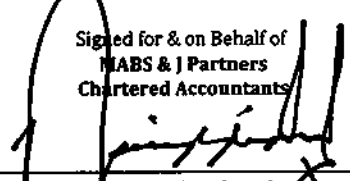
  
**Managing Director & CEO**

  
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**Director**

  
**Director**

As per our report of same date

Signed for & on Behalf of  
**MABS & J Partners**  
**Chartered Accountants**  
  
**Basir Uddin Ahmed**  
**FCA, FCS, CGMA (AICPA), ACMA (UK)**  
**Deputy Managing Partner**  
**ICAB Enrollment No: 535**

Dhaka, 30 March 2022

DVC No:

**2203300535AS686991**

**UNITED COMMERCIAL BANK LIMITED**  
**Consolidated Cash Flow Statement**  
**For the year ended 31 December 2021**

	Notes	Amount in BDT	
		31 December 2021	31 December 2020
<b>A. Cash flows from operating activities</b>			
Interest Receipts in cash		33,310,945,884	33,166,876,163
Interest Payments		(14,277,952,671)	(21,449,958,134)
Dividend Receipts		189,847,793	234,353,409
Fees & Commission Receipts in cash		4,871,999,226	3,657,964,571
Recoveries of loans Previously written off		102,577,518	103,345,832
Cash Payments to employees		(7,705,298,800)	(6,569,330,046)
Cash Payments to suppliers		(3,527,410,603)	(3,324,307,996)
Income taxes paid		(3,499,325,527)	(2,557,416,352)
Receipt from other operating activities		765,093,940	562,479,278
Payment for other operating activities		(2,987,399,969)	(2,452,629,149)
<b>Operating profit before changes in operating assets and liabilities.</b>		<b>7,243,076,791</b>	<b>1,371,377,576</b>
<b>Increase/Decrease in operating assets and liabilities:</b>			
Statutory Deposits		(16,679,987,307)	(8,713,147,707)
Purchase/Sales of trading Securities		57,866,937	210,848,481
Loans and advances to Customers		(51,717,458,833)	(30,402,338,440)
Other assets		383,014,186	(3,070,036,516)
Deposit from banks		3,495,509,363	(2,001,251,985)
Deposit from customers		31,061,611,148	25,386,599,234
Other Liabilities		2,461,013,816	5,882,340,682
		<b>(30,938,430,690)</b>	<b>(12,706,986,251)</b>
<b>Net Cash from operating activities (A)</b>		<b>(23,695,353,899)</b>	<b>(11,335,608,675)</b>
<b>B. Cash flows from investing activities</b>			
Proceeds from Sale of Securities		(142,500,930)	97,287,460
Purchase/Sale of property, plant & equipment		(3,495,479,680)	(1,359,868,881)
<b>Net Cash from investing activities (B)</b>		<b>(3,637,980,610)</b>	<b>(1,262,581,421)</b>
<b>C. Cash flows from financing activities</b>			
Receipts from borrowings		29,642,896,100	19,036,963,420
Sub-Ordinated Bond		(3,000,000,000)	900,000,000
Dividends paid		(608,760,452)	(579,771,860)
Cash received from Issuing of Right Shares		-	-
<b>Net cash from financing activities (C)</b>		<b>26,034,135,648</b>	<b>19,357,191,561</b>
<b>D. Net Increase/(Decrease) in cash (A+B+C)</b>		<b>(1,299,198,861)</b>	<b>6,759,001,465</b>
Effects of the changes of exchange rate on cash and cash equivalents*		1,571,481,016	1,312,074,764
<b>E. Cash and Cash equivalents at beginning of the year</b>		<b>48,941,594,897</b>	<b>40,870,518,669</b>
<b>F. Cash and cash equivalents at the end of the year</b>		<b>49,213,877,052</b>	<b>48,941,594,898</b>
<b>Consolidated Cash and cash Equivalents at end of the year</b>			
Cash in hand (including foreign currencies)	3	7,498,609,154	5,701,337,402
Balance with Bangladesh bank and its agent bank	3	17,882,139,077	19,246,410,669
Balance with other banks & financial institution	4	20,633,128,821	23,063,846,826
Money at call on short notice	5	3,200,000,000	930,000,000
		<b>49,213,877,052</b>	<b>48,941,594,897</b>

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



UNITED COMMERCIAL BANK LIMITED  
Consolidated Statement of Changes in Equity  
For the year ended 31 December 2021

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 2021	12,175,209,040	1,454,976,750	13,424,987,898	26,577,961	2,534,101,559	233,489,187	220	25,125,152	5,864,047,022	35,738,514,789
Changes in accounting policy	-	-	-	-	-	-	-	-	-	-
Restated Balance	12,175,209,040	1,454,976,750	13,424,987,898	26,577,961	2,534,101,559	233,489,187	220	25,125,152	5,864,047,022	35,738,514,789
Surplus/deficit on accounts of revaluation of properties	-	-	-	-	-	-	-	-	-	-
Surplus/deficit on accounts of revaluation of investments	-	-	-	-	-	(165,756,668)	-	-	-	(165,756,668)
Currency translation difference (OBU)	-	-	-	-	-	-	-	4,894,659	-	4,894,659
Net Profit for the year	-	-	-	-	-	-	-	-	2,419,935,006	2,419,935,006
Transferred to statutory reserve	-	-	1,130,980,783	-	-	-	-	-	(1,130,980,783)	-
Dividend (Bonus Share Issued)	608,760,450	-	-	-	-	-	-	-	(608,760,450)	-
Dividend (Cash)	-	-	-	-	-	-	-	-	(608,760,459)	(608,760,459)
Transfer to Retained Earnings	-	-	-	-	-	-	-	-	-	-
Non Controlling Interest	-	-	-	-	-	-	45	-	(45)	-
Balance as at 31 December 2021	12,783,969,490	1,454,976,750	14,555,968,681	26,577,961	2,534,101,559	67,732,519	265	30,019,811	5,935,480,291	37,388,827,327
Balance as at 31 December 2020	12,175,209,040	1,454,976,750	13,424,987,898	26,577,961	2,534,101,559	233,489,187	220	25,125,152	5,864,047,022	35,738,514,789

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





**UNITED COMMERCIAL BANK LIMITED**  
**Balance Sheet**  
**As at 31 December 2021**

	Notes	Amount in BDT	
		31 December 2021	31 December 2020
<b>PROPERTIES &amp; ASSETS</b>			
<b>Cash</b>	<b>3</b>	<b>25,380,179,538</b>	<b>24,947,578,071</b>
Cash in hand (Including foreign currencies)		7,498,040,461	5,701,167,402
Balance with Bangladesh Bank & its agent bank(s) (Including foreign currencies)		17,882,139,077	19,246,410,669
<b>Balance with other banks &amp; financial institutions</b>	<b>4</b>	<b>19,409,249,978</b>	<b>20,468,428,322</b>
In Bangladesh		18,344,218,194	17,352,860,062
Outside Bangladesh		1,065,031,784	3,115,568,260
<b>Money at Call on short notice</b>	<b>5</b>	<b>3,200,000,000</b>	<b>930,000,000</b>
<b>Investments</b>	<b>6</b>	<b>81,387,609,500</b>	<b>65,323,451,207</b>
Government		72,746,470,244	57,027,607,862
Others		8,641,139,256	8,295,843,345
<b>Loans and Advances</b>	<b>7</b>	<b>402,481,735,743</b>	<b>351,683,559,403</b>
Loans, Cash Credits, Overdrafts etc		375,926,324,265	336,603,157,311
Bills purchased and discounted		26,555,411,478	15,080,402,092
<b>Fixed assets including premises, furniture &amp; fixture</b>	<b>8</b>	<b>14,721,191,566</b>	<b>14,539,957,921</b>
<b>Other assets</b>	<b>9</b>	<b>18,734,245,157</b>	<b>15,413,973,496</b>
Non-banking assets		-	-
<b>Total Assets</b>		<b>565,314,211,482</b>	<b>493,306,948,420</b>
<b>LIABILITIES AND CAPITAL</b>			
<b>Liabilities:</b>			
<b>Borrowings from other banks, financial institutions and agents</b>	<b>10</b>	<b>85,803,634,252</b>	<b>59,399,125,988</b>
<b>Deposits and other accounts</b>	<b>11</b>	<b>389,900,723,984</b>	<b>353,981,618,765</b>
Current accounts & other accounts		81,223,063,861	71,004,039,389
Bills Payable		8,845,268,369	8,280,264,992
Savings Bank Deposits		80,659,233,376	70,999,776,995
Fixed Deposits		219,173,158,378	203,697,537,389
Bearer Certificates of Deposits		-	-
Other Deposits		-	-
<b>Other Liabilities</b>	<b>12</b>	<b>52,167,845,818</b>	<b>44,859,972,964</b>
<b>Total Liabilities</b>		<b>527,872,204,054</b>	<b>458,240,717,717</b>
<b>Capital / Shareholders' Equity</b>			
Paid up Capital	<b>13</b>	12,783,969,490	12,175,209,040
Share Premium	<b>13.3</b>	1,454,976,750	1,454,976,750
Statutory Reserve	<b>14</b>	14,546,968,923	13,424,987,898
General Reserve	<b>15</b>	26,577,961	26,577,961
Other Reserve	<b>16</b>	2,631,853,888	2,792,715,898
Retained Earnings	<b>17</b>	5,997,660,416	5,191,763,156
<b>Total Shareholders' Equity</b>		<b>37,442,007,428</b>	<b>35,066,230,703</b>
<b>Total Liabilities and Shareholders Equity</b>		<b>565,314,211,482</b>	<b>493,306,948,420</b>



		Amount in BDT	
	Notes	31 December 2021	31 December 2020
<b>Off Balance Sheet Items</b>			
<b>Contingent Liabilities :</b>			
	18	260,413,159,150	200,799,582,943
Acceptances & Endorsements	18.1	110,309,146,988	78,153,489,715
Letters of Guarantee	18.2	57,499,501,948	49,877,297,665
Irrevocable Letters of Credit	18.3	75,222,523,708	58,643,781,573
Bills for Collection	18.4	17,381,986,506	14,125,013,990
Other Contingent Liabilities		-	-
<b>Other Commitments:</b>		-	242,106,790
Documentary credit and short term trade related transactions		-	-
Forward assets purchased and forward deposits placed		-	242,106,790
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>260,413,159,150</b>	<b>201,041,689,733</b>

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

  
Managing Director & CEO

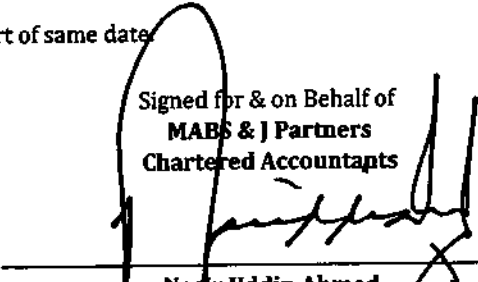
  
Director

  
Director

  
Director

As per our report of same date

Signed for & on Behalf of  
**MABS & J Partners**  
Chartered Accountants

  
Nasir Uddin Ahmed  
FCA, FCS, CGMA (AICPA), ACMA (UK)  
Deputy Managing Partner  
ICAB Enrollment No: 535  
DVC No: 2203300535ASC86991


Dhaka, 30 March 2022

**UNITED COMMERCIAL BANK LIMITED**  
**Profit and Loss Account**  
**For the year ended 31 December 2021**

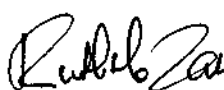
	Notes	Amount in BDT	
		31 December 2021	31 December 2020
Interest Income	20	27,323,646,852	27,306,956,686
Interest paid on deposits and borrowings etc	21	13,927,259,014	17,796,178,247
<b>Net Interest Income</b>		<b>13,396,387,838</b>	<b>9,510,778,439</b>
Investment Income	22	5,463,607,877	6,135,364,289
Commission, exchange and brokerage	23	5,739,170,575	4,693,984,605
Other Operating Income	24	220,574,859	148,087,150
<b>Total Operating Income (A)</b>		<b>24,819,741,149</b>	<b>20,488,214,483</b>
<b>OPERATING EXPENSES</b>			
Salary and allowances	25	7,166,522,140	6,354,171,912
Rent, taxes, insurance, electricity etc.	26	1,122,448,908	995,871,932
Legal expenses	27	128,654,592	94,175,130
Postage, stamps, telecommunications etc.	28	184,561,969	174,621,217
Stationery, printing, advertisements etc.	29	1,249,146,112	1,482,822,745
Chief Executive's salary and fees	30	13,450,900	15,018,400
Directors' fees	31	2,590,290	2,705,176
Auditors' fees	32	1,150,000	1,725,000
Depreciation and repair of banks assets	33	1,822,185,672	1,609,935,434
Other expenses	34	2,945,319,029	2,900,050,892
<b>Total Operating Expenses (B)</b>		<b>14,636,029,612</b>	<b>13,631,097,838</b>
<b>Profit/(Loss) before provision (C) = (A-B)</b>		<b>10,183,711,537</b>	<b>6,857,116,645</b>
Provision for Loans & Advances	35	4,259,894,629	2,107,288,564
Provision for diminution in value of investments	36	(235,220,899)	(438,249,731)
Other provisions	37	549,132,684	240,064,820
<b>Total Provision (D)</b>		<b>4,573,806,414</b>	<b>1,909,103,653</b>
<b>Total Profit/(Loss) before Income taxes (C - D)</b>		<b>5,609,905,123</b>	<b>4,948,012,992</b>
<b>Provision for Taxation</b>	38	<b>2,432,734,220</b>	<b>2,090,815,148</b>
Current Tax		3,823,478,709	2,632,946,342
Deferred Tax		(1,390,744,489)	(542,131,193)
<b>Net Profit after Taxation</b>		<b>3,177,170,903</b>	<b>2,857,197,844</b>
<b>Appropriations</b>			
Statutory Reserve		1,121,981,025	989,602,598
Start-Up Fund		31,771,709	28,571,978
Retained Surplus		2,023,418,169	1,839,023,267
		<b>3,177,170,903</b>	<b>2,857,197,844</b>
<b>Earnings Per Share (EPS)</b>	39	<b>2.49</b>	<b>2.23</b>

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

  
**Managing Director & CEO**

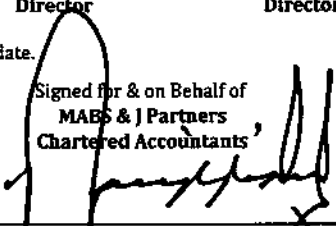
  
**Director**

  
**Director**

  
**Director**

As per our report of same date.

Signed for & on Behalf of  
**MABS & J Partners**  
**Chartered Accountants**

  
**Nasir Uddin Ahmed**  
**FCA, FCS, CGMA (AICPA), ACMA (UK)**  
**Deputy Managing Partner**  
**ICAB Enrollment No: 535**

Dhaka, 30 March 2022

DVC No: **2203300535AS686001**

**UNITED COMMERCIAL BANK LIMITED**  
**Cash Flow Statement**  
**For the year ended 31 December 2021**

	Notes	Amount in BDT	
		31 December 2021	31 December 2020
<b>A. Cash flows from operating activities</b>			
Interest receipts		32,410,109,539	32,708,437,544
Interest payments		(14,078,145,160)	(21,279,655,125)
Dividend receipt		149,088,539	206,565,597
Fees & Commission receipt		4,167,689,559	3,381,909,843
Recoveries from previously written off advances		102,577,518	103,345,832
Payments to employees		(7,179,973,040)	(6,369,190,312)
Payments to suppliers		(3,200,235,642)	(3,290,804,221)
Payment for Advance Income Tax		(3,285,957,698)	(2,392,309,601)
Receipt from other operating activities		641,746,940	544,012,599
Payment for other activities		(2,895,277,427)	(2,426,332,347)
<b>Operating profit before changes in operating assets and liabilities.</b>		<b>6,831,623,127</b>	<b>1,185,979,809</b>
<b>Increase/Decrease in operating assets and liabilities:</b>			
Statutory Deposit		(16,679,987,307)	(8,713,147,707)
Purchase/Sale of trading securities		(118,378,810)	481,095,979
Loans and advances to customers		(50,798,176,340)	(28,955,417,614)
Other Assets		(2,326,620,975)	(2,949,673,643)
Deposit from Banks		3,495,509,363	(2,001,251,985)
Deposit from customers		32,247,232,604	25,372,566,647
Other liabilities		2,885,991,733	3,728,529,761
		<b>(31,294,429,733)</b>	<b>(13,037,298,564)</b>
<b>Net Cash from operating activities (A)</b>		<b>(24,462,806,606)</b>	<b>(11,851,318,754)</b>
<b>B. Cash flows from investing activities</b>			
Purchase/Sale of Securities		(10,400,000)	100,000,000
Purchase of Property, Plant & Equipments		(1,250,599,100)	(1,349,577,256)
<b>Net Cash from investing activities (B)</b>		<b>(1,260,999,100)</b>	<b>(1,249,577,256)</b>
<b>C. Cash flows from financing activities</b>			
Receipt from borrowing		29,404,508,263	17,587,800,232
Sub-Ordinated Bond		(3,000,000,000)	900,000,000
Cash received from issuing of Right shares			
Cash dividend payment		(608,760,459)	(579,771,860)
<b>Net cash from financing activities (C)</b>		<b>25,795,747,804</b>	<b>17,908,028,373</b>
<b>Net Increase/(Decrease) in cash (A+B+C)</b>		<b>71,942,098</b>	<b>4,807,132,362</b>
<b>Effects of the changes of exchange rate on cash and cash equivalents*</b>			
		1,571,481,024	1,312,074,764
<b>Cash and Cash equivalents at beginning of the year</b>		<b>46,346,006,394</b>	<b>40,226,799,267</b>
<b>Cash and cash equivalents at the end of the year</b>		<b>47,989,429,516</b>	<b>46,346,006,393</b>
<b>Cash and cash Equivalents at end of the year</b>			
Cash in hand (including foreign currencies)	3.1	7,498,040,461	5,701,167,402
Balance with Bangladesh bank and its agent bank	3.2	17,882,139,077	19,246,410,669
Balance with other banks & financial institution	4	19,409,249,978	20,468,428,322
Money at call on short notice	5	3,200,000,000	930,000,000
		<b>47,989,429,516</b>	<b>46,346,006,393</b>

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



UNITED COMMERCIAL BANK LIMITED  
Statement of Changes in Equity  
For the year ended 31 December 2021

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 2021	12,175,209,040	1,454,976,750	13,424,987,898	26,577,961	2,534,101,559	233,489,187	25,125,152	5,191,763,156	35,066,230,703
Changes in Accounting policy	-	-	-	-	-	-	-	-	-
Restated Balance	12,175,209,040	1,454,976,750	13,424,987,898	26,577,961	2,534,101,559	233,489,187	25,125,152	5,191,763,156	35,066,230,703
Surplus/deficit on accounts of revaluation of properties	-	-	-	-	-	-	-	-	-
Surplus/deficit on accounts of revaluation of investments	-	-	-	-	-	(165,756,668)	-	-	(165,756,668)
Currency translation difference (OBU)	-	-	-	-	-	-	4,894,659	-	4,894,659
Net Profit for the period	-	-	-	-	-	-	-	3,145,399,194	3,145,399,194
Transferred to statutory reserve	-	-	1,121,981,025	-	-	-	-	(1,121,981,025)	-
Dividend (Bonus Share Issued for 2020)	608,760,450	-	-	-	-	-	-	(608,760,450)	-
Dividend (Cash for 2020)	-	-	-	-	-	-	-	(608,760,459)	(608,760,459)
Issue of share capital	-	-	-	-	-	-	-	-	-
Balance as at 31 December 2021	12,783,969,490	1,454,976,750	14,546,968,923	26,577,961	2,534,101,559	67,732,519	30,019,811	5,997,660,416	37,442,007,428
Balance as at 31 December 2020	12,175,209,040	1,454,976,750	13,424,987,898	26,577,961	2,534,101,559	233,489,187	25,125,152	5,191,763,156	35,066,230,703

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



**UNITED COMMERCIAL BANK LIMITED**  
**Liquidity Statement**  
**Asset and Liability Maturity Analysis**  
**As at 31 December 2021**

Particulars	Amount in BDT					
	Up to 1 Month	1 - 3 Months	3 - 12 Months	1 - 5 Years	More than 5 years	Total
<b>Assets</b>						
Cash in hand	8,441,692,123	-	-	-	16,938,487,415	25,380,179,538
Balance with other banks & financial institutions	14,104,449,978	3,200,000,000	1,300,000,000	804,800,000	-	19,409,249,978
Money at call on short notice	3,200,000,000	-	-	-	-	3,200,000,000
Investment	1,927,762,459	16,054,505,434	7,258,238,668	17,238,083,760	38,909,019,178	81,387,609,500
Loans and Advances	34,833,048,988	59,476,957,660	86,530,809,845	140,170,671,641	54,914,836,131	375,926,324,265
Bill Purchased & Discounted	1,320,231,986	1,456,612,954	23,778,566,538	-	-	26,555,411,478
Fixed assets including premises, furniture & fixture	177,500,000	355,000,000	1,597,500,000	8,520,000,000	4,071,191,566	14,721,191,566
Other Assets	671,284,253	2,949,018,124	1,950,027,628	7,619,487,793	5,544,427,360	18,734,245,157
Non banking assets	-	-	-	-	-	-
<b>Total Assets (A)</b>	<b>64,675,969,787</b>	<b>83,492,094,171</b>	<b>122,415,142,679</b>	<b>174,353,043,194</b>	<b>120,377,961,650</b>	<b>565,314,211,482</b>
<b>Liabilities</b>						
Borrowing from Bangladesh bank, other banks, financial institutions and agents	4,642,509,586	18,459,983,863	39,932,339,963	15,174,871,981	7,593,928,859	85,803,634,252
Deposits	47,454,949,968	53,853,462,916	79,057,886,972	120,081,483,974	89,452,940,154	389,900,723,984
Provisions and other liabilities	3,648,003,878	287,568,447	9,929,251,062	33,087,805,261	5,215,217,169	52,167,845,818
<b>Total Liabilities (B)</b>	<b>55,745,463,432</b>	<b>72,601,015,226</b>	<b>128,919,477,997</b>	<b>168,344,161,216</b>	<b>102,262,086,182</b>	<b>527,872,204,054</b>
<b>Net Liquidity Gap (A-B)</b>	<b>8,930,506,355</b>	<b>10,891,078,945</b>	<b>(6,504,335,318)</b>	<b>6,008,881,978</b>	<b>18,115,875,468</b>	<b>37,442,007,428</b>



**United Commercial Bank Limited**  
**Notes to the Financial Statements**  
**As at and for the year ended 31 December 2021**

**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 215 (2020: 204) branches and 628 (2020: 556) ATMs and 172 (2020: 177) agent banking outlets as on 31 December 2021. Out of the above 215 branches, 10 branches provided both Islamic Banking and Commercial Banking facilities complying with the rules of Islamic Shariah and a new branch provided solely Islamic Banking facilities complying with the rules of Islamic Shariah. The Bank is listed with Dhaka Stock Exchange (DSE) Limited and Chittagong Stock Exchange (CSE) 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 Principal Activities and nature of operations of the Bank**

The primary objective of the bank is to conduct all kinds of banking businesses in Bangladesh. The Bank offers services for all commercial banking and Islamic banking needs of the customers, which includes deposit/ banking, loans & advances, export import financing, inland and international remittance facility etc.

**1.3 Off-shore Banking Unit**

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. The principal activities of the unit are to provide all kinds of commercial Banking services to its customers in foreign currencies. Financial Statements of Off-shore Banking also presented separately.

**1.4 Islamic Banking**

The Bank obtained permission for Islamic Banking Branch from Bangladesh Bank vide, letter no. BRPD (P-3) 745 (17)/2020-1453 dated 6 February 2020. Through the Islamic Banking wing and branch, the Bank extends all types of Islamic Shariah compliant finance like hire purchase shirkatul melk (HPSM), bai- Murabaha, Mushraka, Salam and agency, Ijarah Muntahia Bittamleek (Hire Purchase) etc. and different types of deposits like al-wadeeah, Murabaha etc. Financial statements of Islamic Banking also presented separately.

**1.5 Agent Banking**

The Bank obtained permission from Bangladesh Bank on 07.02.2017 through letter no. BRPD (p-3)745(17)2017-677 to start the operation of Agent Banking and subsequently started its commercial operation on February 1, 2018. There are 172 agent outlets launched around the country till 31 December 2021. The principal activities of the unit are to provide services that includes

Account Opening (Savings), Cash deposit & withdrawal (Agent Banking A/C), Cash Deposit in Branch A/C, Inward foreign remittance disbursement, Collections of bills/utility bills, Payment of social benefits, Transfer of funds, Payment of salaries, Generation and issuance of Bank statements, SME Loan repayment collection, Balance inquiry, Internet Banking & SMS Banking, Corporate Bill/Distributor fee collection, Insurance Premium Collection etc.

### **1.6 Subsidiary Company**

A subsidiary is an entity in which the bank has control as per shareholding and voting rights 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.

#### **1.6.1 UCB Stock Brokerage Limited**

UCB Stock Brokerage 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 24,999,999 nos. of shares of UCB Stock Brokerage Limited with face value of Tk. 100 each which is equivalent to 99.999996% of the total shares of the company.

#### **1.6.2 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 also, the Company has obtained Merchant Banking license from the Bangladesh Securities and Exchange Commission on 05 October 2020. The principal objective of the company is to carry out full-fledged merchant banking activities in Bangladesh i.e. portfolio management, share transfer agency, fund management to issue in the capital and security market, underwriting, management and distribution of the issue of stock shares, bonds and other securities.

UCBL holds 99,999,999 nos. of shares of UCB Investment Limited with face value of Tk. 10 each which is equivalent to 99.99% of total shares of the company.

#### **1.6.3 UCB Asset Management Limited**

UCB Asset Management Limited (the Company) was incorporated in Bangladesh as a Private Limited Company with limited liability as on the 5th Day of February of 2019, under the Companies Act 1994 and registered with RJSC & F. The authorized capital of the company is BDT 100 Crore divided into 10 (Crore) Ordinary Shares of BDT 10 each. The registered office of the company located at Plot #CWS(A)-1, Road #34, Gulshan Avenue, Dhaka-1212.

The company was formed aiming to manage portfolio and fund of both individuals and institutions, underwrite the securities, invest pooled funds from clients into a variety of securities and assets, handle high-net-worth individual accounts, and attract large investment from companies sponsoring mutual funds. UCB holds 99,999,999 nos. of shares of UCB Asset Management Limited with face value of BDT 10 each which is equivalent to 99.9999990% of total shares of the Company.





#### 1.6.4 UCB Fintech Company Limited

UCB Fintech Company Limited (hereinafter referred to as "the Company", a subsidiary of United Commercial Bank Limited, was incorporated in Bangladesh on 30 July 2020 as a private company limited by shares under the Companies Act, 1994.

Product and services of UCB Fintech include mobile transactions (cash-in, cash-out, send money etc.), utility bill payment, in-store and e-commerce payment, inward remittance, salary disbursement, G2P and P2G transaction, airtime recharge and other value added financial services. UCB holds 99,999,999 nos. of shares of UCB Fintech Company Limited with face value of BDT.10 each which is equivalent to 99.999999% of total shares of the Company.

#### 1.6.5 Summary of shareholding in subsidiaries and associates

Shareholding position in all of its subsidiaries and associates is summarized below:

Name of subsidiaries	Face value per share	Total no. of ordinary shares		No. of ordinary shares held by UCB		Percentage of shareholding by UCB	
		2021	2020	2021	2020	2021	2020
UCB Stock Brokerage Limited	100	25,000,000	20,000,000	24,999,999	19,999,999	99.99%	99.99%
UCB Investment Limited	10	100,000,000	25,000,000	99,999,999	24,999,999	99.99%	99.99%
UCB Asset Management Limited	10	100,000,000	50,000,000	99,999,999	49,999,999	99.99%	99.99%
UCB Fintech Company Limited	10	200,000,000	100,000,000	199,999,999	99,999,999	99.99%	99.99%

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

### 2.1 Basis of preparation

The separate financial statements of the bank as at and for the year ended 31 December 2021 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 2021 comprise those of 'the Bank' (parent company) and its subsidiaries.

#### 2.1.1 Statement of Compliance

The Financial Reporting Act 2015 (FRA) was enacted in 2015. Under the FRA, the Financial Reporting Council (FRC) was formed in 2017 and adopted International Accounting Standards (IASs) and International Financial Reporting Standards (IFRSs) as the applicable Financial Reporting Standards for public interest entities such as banks. Consequently, 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 FRC 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 and amendment thereon;
- 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 and Supplementary Duty Act, 2012 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) differing 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. Presentation of financial statements**

**IFRS:** As per IAS 1, a complete set of financial statements comprises a statement of financial position, a statement of profit or loss and other comprehensive income, a statement of changes in equity, a statement of cash flows, notes comprising a summary of significant accounting policies and other explanatory information and comparative information. IAS 1 has also stated the entity to disclose assets and liabilities under current and noncurrent classification separately in its statement of financial position.

**Bangladesh Bank:** A format of financial statements (i.e. balance sheet, profit and loss account, cash flows statement, changes in equity, liquidity statement) is prescribed in the "First Schedule" of section 38 of the Bank Company Act 1991 (and amendment thereon) and BRPD Circular no. 14 dated 25 June 2003 of Bangladesh Bank. Assets and liabilities are not classified under current and non-current heading in the prescribed format of financial statements.

#### **ii. 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.



### **iii. 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.

### **iv. 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), 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, BRPD circular No.03 (April 21 2019), BRPD Circular Letter No. 17 (September 28 2020), BRPD Circular Letter No. 56 (December 10 2020), BRPD Circular Letter No. 59 (December 30 2020), and BRPD Circular Letter No. 63 (December 31 2020). Also specific provision for sub-standard loans, doubtful loans and bad losses have to be provided at 5%, 20%, 50%, 100% respectively for loans and advances depending on time past due and additional special general provision-COVID-19 at 1%. 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.

### **v. 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, BRPD circular No.03 dated April 21 2019 and BRPD Circular Letter No. 56 (December 10 2020), once a loan is classified, interest on such loans are not allowed to be recognised as income, rather the corresponding amount needs to be credited to an interest in suspense account, which is presented as liability in the balance sheet.

**vi. Other comprehensive income**

**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.

**vii. 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.

**viii. Repo and Reverse Repo transactions**

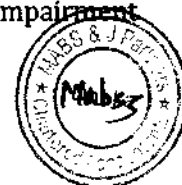
**IFRS:** As per IFRS 9 when an entity sells a financial asset and simultaneously enters into an agreement to repurchase the asset (or a similar asset) at a fixed price on a future date (repo), the arrangement is treated as a loan and the underlying asset continues to be recognised at amortised cost 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) program, 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.

**ix. 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 debtor 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).

**x. 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.

**xi. 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.

**xii. Presentation of intangible asset**

**IFRS:** Intangible assets must be identified and recognised, and the disclosure must be given as per IAS 38: Intangible Assets.

**Bangladesh Bank:** Intangible assets are shown in fixed assets, including premises and furniture and fixtures, as there is no specific regulation for intangible assets in BRPD circular no. 14, dated 25 June 2003.

**xiii. 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.

**xiv. 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.

**xv. 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.

**xvi. 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.

**xvii. 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.

**xviii. 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.

**xix. 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).

**2.1.2 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

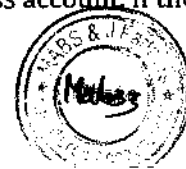
The financial statements have been prepared on the historical cost basis except for the following material items:

- 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 Stock Brokerage Limited', 'UCB Investment Ltd', 'UCB Asset Management Limited' and 'UCB Fintech Company Limited'. The Separate (solo) financial statements and consolidated financial statements have been prepared in accordance with International 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 2021. 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
- Lease liabilities

## **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. When selecting and applying new accounting policies, changes in accounting policies and correction of errors, the amounts 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 in 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.

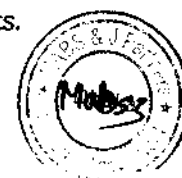
### Accounting policies of subsidiaries

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 the 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
<b>Govt. T-bills/bonds - Held for Trading (HFT)</b>	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.
<b>Govt. T-bills/bonds - Held to Maturity (HTM)</b>	Cost	Amortized cost at each year end.	Increase or decrease in value to equity and Profit & Loss Account respectively.
<b>Debenture/Bond</b>	Face value	N/A	N/A
<b>Shares (Quoted) *</b>	Cost	Lower of Cost or Market Value (overall portfolio)	Loss (gain net off) to Profit and Loss Account but no unrealized gain booking.
<b>Shares (Unquoted)*</b>	Cost	Lower of Cost or Net Asset Value (NAV)	Loss to Profit & Loss Account but no unrealized gain booking.
<b>Prize bond</b>	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 consist 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, BRPD circular no. 13 dated 18 October 2018, BRPD circular No.03 dated April 21 2019, BRPD Circular Letter No. 17 (September 28, 2020) and BRPD Circular Letter No. 56 (December 10, 2020), BRPD Circular Letter No. 59 (December 30, 2020), BRPD Circular Letter No. 05 (March 24, 2021), BRPD Circular Letter No. 13 (June 27, 2021), BRPD Circular



Letter No. 19 (August 26, 2021), BRPD Circular Letter No. 45 (October 04, 2021), BRPD Circular Letter No. 50 (December 14, 2021).

f)

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	2%
Unclassified short-term Agricultural and Micro-Credits	1%
Special Mention Account	0.25%-2%
Off-balance sheet exposures	1%
Special general provision-COVID-19	1.5-2%
<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, cottage, micro credit & small	5%
Doubtful short term agri credit and micro credit	5%
Doubtful cottage, micro credit & small	20%

- f) Loans and advances are written off to the extent that (i) there is no realistic prospect of recovery and (ii) against which legal cases are pending for more than 03 (three) years as per guidelines of Bangladesh Bank (BRPD circular No.01 dated February 06 2019). 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 dated 23 September 2012, BRPD Circular No.05 dated 29 May 2013, BRPD circular No.03 dated 21 April 2019 and BRPD Circular Letter No. 56 dated 10 December 2020, for additional special general provision-COVID-19 at 1% also, a general provision at 1% to 5% under different categories of unclassified loans (good/standard loans) have to be maintained.

#### 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.



- b) 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.
- c) 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 using 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:

<b>Name of the assets</b>	<b>Rate of depreciation</b>	<b>Method of charging depreciation/ amortization</b>
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**

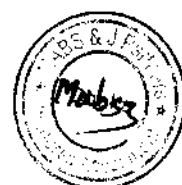
International Financial Reporting Standard (IFRS) 16: Leases come into force on 1 January 2019, as adopted by institute of Chartered Accountants of Bangladesh (ICAB). As per IFRS 16 a lease is a contract (or part of a contract) that conveys the right to use an asset for a period of time in exchange for 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 is 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 along with the rate of amortization is identifiable in the detail schedule of Fixed Asset.

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

The carrying amounts of bank's assets are reviewed when as required to determine whether there is any indication of impairment. Any impairment loss is recognized in the profit and loss account if the carrying amount of an asset exceeds its recoverable amount [IAS 36 *Impairment of Assets*]. No such impairment loss has arisen and been recognized during the year ended 31 December 2021.

#### **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:

After global economic turmoil in 2010, the global financial regulators are more concerned with enhancing 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 Subordinated and Perpetual bonds with key features as listed below:

#### Subordinated Bond:

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 2021 (BDT in Million)					
UCB 2nd Subordinated Bond	5,000.00	1,000.00	29-Jul-15	7 Years	Base Rate plus 2.5%	10.00%-13.50%	20% in each of last 5 years
UCB 3rd Subordinated Bond (1st Tranche)	3,500.00	2,100.00	28-Dec-17	7 Years	Base Rate plus 2.5%	7.00%-10.50%	20% in each of last 5 years





UCB 3rd Subordinated Bond (2nd Tranche)	3,500.00	2,800.00	16-May-18	7 Years	Base Rate plus 2.5%	7.00%-10.50%	20% in each of last 5 years
UCB 4th Subordinated Bond (1st Tranche)	500.00	400.00	24-Dec-18	7 Years	Base Rate plus 2.0%	7.00%-10.50%	20% in each of last 5 years
UCB 4th Subordinated Bond (2nd Tranche)	2,500.00	2,000.00	26-Dec-18	7 Years	Base Rate plus 2.0%	7.00%-10.50%	20% in each of last 5 years
UCB 4th Subordinated Bond (3rd 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 4th Subordinated Bond (4th 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 4th Subordinated Bond (5th Tranche)	500.00	500.00	05-Dec-19	7 Years	Base Rate plus 2.0%	7.00%-10.50%	20% in each of last 5 years
UCB 4th Subordinated Bond (6th Tranche)	250.00	250.00	23-Mar-20	7 Years	Base Rate plus 2.0%	7.00%-10.50%	20% in each of last 5 years
UCB 4th Subordinated Bond (7th Tranche)	100.00	100.00	22-Jun-20	7 Years	Base Rate plus 2.0%	7.00%-10.50%	20% in each of last 5 years
UCB 4th Subordinated Bond (8th Tranche)	100.00	100.00	28-Jun-20	7 Years	Base Rate plus 2.0%	7.00%-10.50%	20% in each of last 5 years
UCB 4th Subordinated Bond (9th Tranche)	100.00	100.00	15-Sep-20	7 Years	Base Rate plus 2.0%	7.00%-10.50%	20% in each of last 5 years
UCB 4th Subordinated Bond (10th Tranche)	1,000.00	1,000.00	24-Sep-20	7 Years	Base Rate plus 2.0%	7.00%-10.50%	20% in each of last 5 years
UCB 4th Subordinated Bond (11th Tranche)	300.00	300.00	27-Sep-20	7 Years	Base Rate plus 2.0%	7.00%-10.50%	20% in each of last 5 years
UCB 4th Subordinated Bond (12th Tranche)	550.00	550.00	29-Sep-20	7 Years	Base Rate plus 2.0%	7.00%-10.50%	20% in each of last 5 years



UCB 4th Subordinated Bond (13th Tranche)	1,000.00	1,000.00	30-Sep-20	7 Years	Base Rate plus 2.0%	7.00%-10.50%	20% in each of last 5 years
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#### Perpetual Bond:

Name of the Perpetual Bond	Issued Amount (BDT in Million)	Issue Date	Interest Rate	Range of Interest Rate
UCB Perpetual Bond	4,000.00	25-Apr-21	Base Rate plus 2.0%	6.00%-10.00%

#### 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 2021 is , 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, BRPD Circular no. 15 dated 27 September 2017, BRPD circular No.03 dated April 21 2019, BRPD Circular Letter No. 17 (September 28 2020) and BRPD Circular Letter No. 56 (December 10 2020). 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 10-20% 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. The 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**

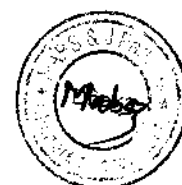
Income tax represented the sum of the current Tax and deferred tax payable for the year under reporting.

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

Current tax is the amount of income taxes payable (recoverable) in respect to the taxable profit (tax loss) for a period. Provision for current income tax has been made as per the 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 to 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 (and amendments thereon).

### **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.

##### **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:

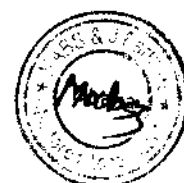
The economic characteristics and risks of the embedded derivatives are not closely related to the economic characteristics and risks of the host contract.

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, BRPD 16 dated 18 November 2014 and BRPD circular No.03 dated April 21 2019, BRPD Circular Letter No. 56 dated December 10, 2020 and BRPD Circular Letter No. 53 dated December 30, 2021 of Bangladesh Bank.



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

Fees and commission income arises on services provided by the Bank and recognized on accrual 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 from investments in Government and other securities, debentures and bonds are 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 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**

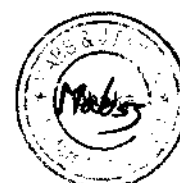
Each material class of similar items has been presented separately in the financial statements. Items of dissimilar nature have also been presented separately unless they are immaterial in accordance with IAS 1 'Presentation of Financial Statements'.

#### **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 the 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 current reporting period 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 2021.

### **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 unreconciled 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*'.

Only material event after the balance sheet date is: The Board of Directors recommended Stock dividend @ 10% for the year 2021 in its meeting no. 469<sup>TH</sup> held on March 30, 2022.

### **2.10.51 Credit rating**

ECRL has rated the Bank based on December 31, 2020 with "AA"(pronounced as Double A) in the Long Term and ST-2 for the Short Term. The date of rating was May 07, 2021.

<b>Year</b>	<b>Long Term Rating</b>	<b>Short Term Rating</b>
2020	AA	ST-2
2019	AA	ST-2



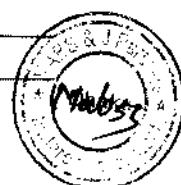


The outlook of the rating is Stable. The rating reflects the strengths of the company which is backed by its strong management, good liquidity position and satisfactory capital base as well as branch coverage throughout the country.

#### **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) was formed in 2017 and adopted International Accounting Standards (IASs) and International Financial Reporting Standards (IFRSs) as the applicable Financial Reporting Standards for public interest entities such as banks. Consequently, the consolidated and separate financial statements of the Group and the Bank respectively have been prepared in accordance with International Accounting Standards (IASs) and International Financial Reporting Standards (IFRSs) as adopted by FRC. While preparing the financial statements, UCB applied all the applicable IASs and IFRSs as adopted by FRC. 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	Replaced by IFRS 9
Investment Property	40	N/A
Agriculture	41	N/A



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

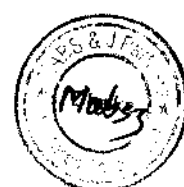
\*\*\* The objective of IAS 34 is to prescribe the minimum content of an interim financial report and to prescribe the principles for recognition and measurement in complete or condensed financial statements for an interim period and hence it is not applicable for annual financial statements. However, 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 have been considered. However, these amendments have no material impact on the financial statements of the Bank.

A number of standards and amendments to standards are effective for annual periods beginning after 1 January 2021 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 2023. 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 the 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.

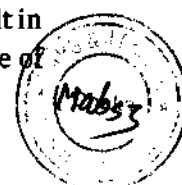
#### 2.10.53 Operating segments:

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

Segments' Name	Description
Corporate Banking	This unit focuses on large corporate groups including structured/syndicated finance with a variety of advances & deposit products and other transactions.
SME Banking	Includes loans, deposits and other transactions and balances with SME customers.
Consumer Banking	Includes loans, deposits and other transactions and balances with retail customers.
Treasury	Treasury unit undertakes the Bank's funding and maintenance of SLR, Asset-liability management through money market operation, Fx. market dealings, investing in derivatives including forwards, futures and swaps.
Investment Banking	Includes the Bank's trading, investment in equities and other capital market activities.
Offshore Banking	This unit aims to provide all kinds of commercial banking services to its customers in freely convertible currencies. Presently the Bank has one unit in Dhaka.
Card and Alternate Delivery Channel	This includes offering a variety of debit card and credit card to the customers according to their needs.
Mobile Financial Services	Mobile Financial Services came up with the aim to cover a large number of people under banking channel 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 had 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 responsibility 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.

In reference with the BRPD circular letter no 04 and 35 dated January 04, 2021 and July 06, 2021 respectively, UCBL has complied with the Bangladesh Bank directives for the loan accounts at the time of sanctioning or renewal in the year 2021, where applicable.

#### **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 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.

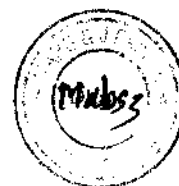
UCBL develops and maintains a robust internal control framework comprising the following internal control features:

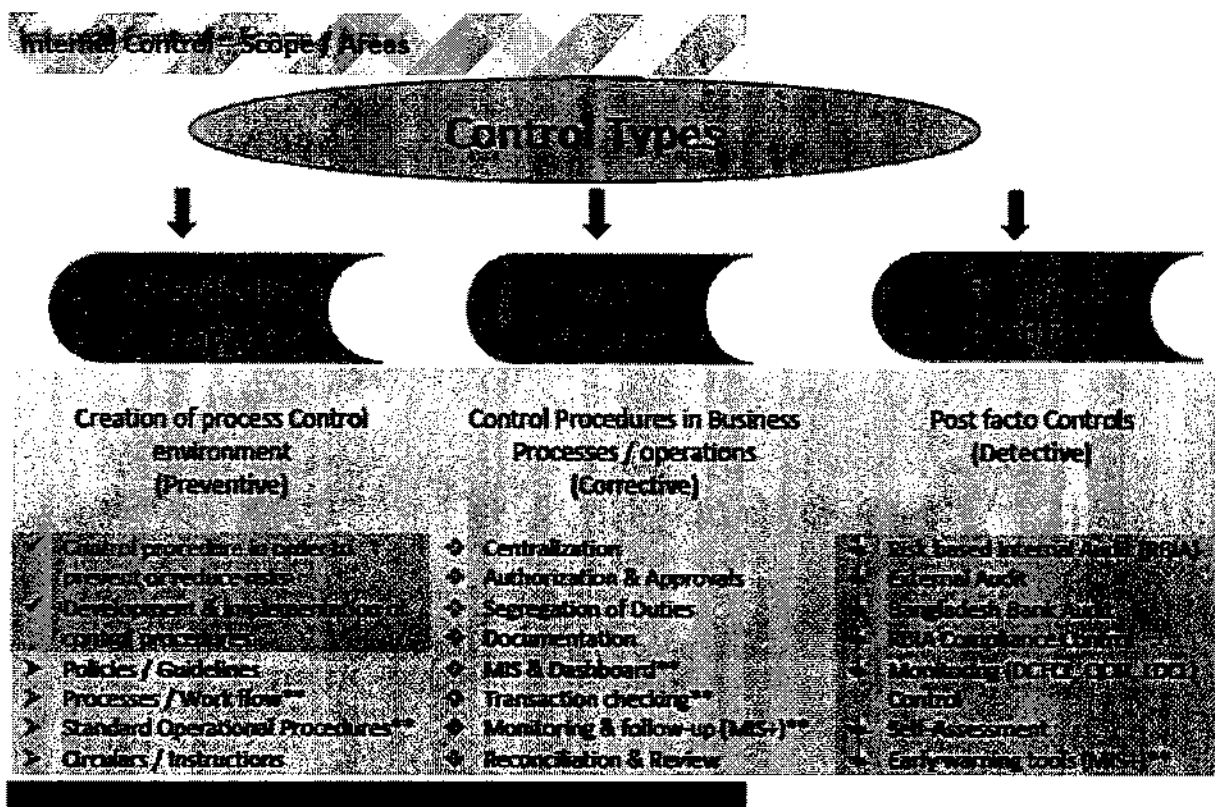
- Management oversight and the control culture
- Risk recognition and assessment

Control activities and segregation of duties

- Information and communication
- Monitoring activities and correcting deficiencies

Typically, Internal Controls may be defined as under:





Internal Control & Compliance Division (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:

- ICCD of UCB is working in light of guideline on Internal Control & Compliance Guideline of UCB.
- ICCD arranges awareness Building workshop regarding compliance culture in different zone.
- 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.
- Compliance inspection team of ICCD carried out compliance inspection regarding authenticity/accuracy of RBIA compliance and miss reporting
- In assessing the internal control system UCB continued to review of different control tools i.e. QOR, LDCL, DCFCL, Internal audit checklist and Risk rating.
- ICCD prepare Health Report of UCB on Annual basis.
- Self-Assessment of Anti-Fraud Internal Controls is carried out on semi-annual basis as per DOS circular letter #10 dated 9 May 2017 of BB.

Effective and efficient internal control of UCBL secure the interest of depositors and stakeholders through establishing 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 has already gone a long way 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 2021 to develop their professional skill and ensure better compliance. A total number of 938 employees were covered in these training programs (including e-learning & online quiz).

In line with international initiatives and standards, the Regulator has issued guidelines for preventing Trade Based Money Laundering (TBML). UCB has also prepared its own policy on "Prevention of Trade Based Money Laundering" on September 29, 2020 based on the BFIU guidelines on the same.

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 August 09, 2021 for meticulous compliance by all the concerned.

We have reported 28 (Twenty-Eight) Suspicious Transaction Reports (STRs) and 14 (Fourteen) Suspicious Activity Reports (SARs) to BFIU in 2021.





#### **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 and 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).
- Duel 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 2020. 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 2021 to 31 December 2021.

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

The financial statements have been approved by the Board of Directors of the bank in its meeting held on March 30, 2022.



	Consolidated		Amount in BDT United Commercial Bank Limited	
	31 Dec. 2021	31 Dec. 2020	31 Dec. 2021	31 Dec. 2020
<b>3 Cash</b>				
<b>3.1 Cash in hand</b>				
Local currency	5,754,712,719	4,173,878,130	5,754,144,026	4,173,708,130
Cash in ATM	1,694,618,000	1,427,299,100	1,694,618,000	1,427,299,100
Foreign currency	49,278,435	100,160,172	49,278,435	100,160,172
	<u>7,498,609,154</u>	<u>5,701,337,402</u>	<u>7,498,040,461</u>	<u>5,701,167,402</u>
<b>3.2 Balance with Bangladesh Bank and its agent Bank(s)</b>				
Local currency	16,938,530,397	16,371,811,594	16,938,530,397	16,371,811,594
Foreign currency	943,608,680	2,874,599,075	943,608,680	2,874,599,075
	<u>17,882,139,077</u>	<u>19,246,410,669</u>	<u>17,882,139,077</u>	<u>19,246,410,669</u>
<b>Total Cash in hand including balance with Bangladesh Bank &amp; its agent Bank's</b>	<u>25,380,748,231</u>	<u>24,947,748,071</u>	<u>25,380,179,538</u>	<u>24,947,578,071</u>
<b>3.2.1 Balance with Bangladesh Bank</b>				
Local currency	16,938,487,415	16,371,746,975	16,938,487,415	16,371,746,975
Foreign currency	943,608,680	2,874,599,075	943,608,680	2,874,599,075
	<u>17,882,096,096</u>	<u>19,246,346,051</u>	<u>17,882,096,096</u>	<u>19,246,346,051</u>
* 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	42,982	64,619	42,982	64,619
Foreign currency	-	-	-	-
	<u>42,982</u>	<u>64,619</u>	<u>42,982</u>	<u>64,619</u>

### 3.3 Cash Reserve Requirement (CRR) and Statutory Liquidity Ratio (SLR)

Cash Reserve Requirement (CRR) and Statutory Liquidity Ratio (SLR) have been calculated and maintained in accordance with section 33 of Bank Companies Act, 1991 and amendments thereon and of instructions contained in DOS Circular No. 01 & 26 dated 19 January 2014 & 19 August 2019 respectively, MPD circular No. 03 dated 09 April 2020 respectively and BRPD Circular letter No. 31 dated 18 June 2020 issued by Bangladesh Bank.

The Cash Reserve Requirement (CRR) of the Bank calculated by-weekly basis @ 4.00% on average demand and time liabilities (ATDTL) and maintained. 3.50% on daily minimum basis with Bangladesh Bank in current account and @ 13.00% Statutory Liquidity Ratio (SLR) on the same liabilities has also been maintained in the form of Cash in Hand, balance with Sonali Bank (as agent Bank), Treasury Bills, Treasury Bonds, Bangladesh Bank Bills, Prize Bond & excess of CRR held. In year end position of CRR & SLR maintained by UCB clearly reflects that, both the reserve are excess over the requirement. Details of reserves maintained by the bank as at 31 December 2021 are as follows:

#### 3.1 Cash Reserve Requirement (CRR)

##### A. Conventional and Offshore Banking:

Average total demand and time liabilities

DBU  
OBU

389,701,927,000 381,842,970,600

Total ATDTL of Conventional and Offshore Banking

6,818,267,369 3,985,348,067

i) CRR maintenance on daily minimum basis:

DBU (3.5% of ATDTL)  
OBU (1.5% of ATDTL)

13,639,567,445 13,364,503,971

Required reserve

102,274,011 59,780,221

Actual reserve maintained

13,741,841,456 13,424,284,192

Surplus

17,160,492,479 15,942,995,509

ii) CRR maintenance on bi-weekly average basis:

DBU (4% of ATDTL)  
OBU (2% of ATDTL)

15,588,077,080 15,273,718,824

Required reserve

136,365,347 79,706,961

Actual reserve maintained

15,724,442,427 15,353,425,785

Surplus

17,160,492,479 15,942,995,509

B. Islamic Banking:  
Average total demand and time liabilities

DBU  
OBU

1,681,107,000 126,498,000

Total ATDTL of Islamic Banking

1,681,107,000 126,498,000

i) CRR maintenance on daily minimum basis:

DBU (3.5% of ATDTL)  
OBU (1.5% of ATDTL)

58,838,745 4,427,430

Required reserve

58,838,745 4,427,430

Actual reserve maintained

153,614,954 39,865,956

Surplus

94,776,209 35,438,526

ii) CRR maintenance on bi-weekly average basis:

DBU (4% of ATDTL)  
OBU (2% of ATDTL)

67,244,280 5,059,920

Required reserve

67,244,280 5,059,920

Actual reserve maintained

153,614,954 39,865,956

Surplus

86,370,674 34,806,036



	Consolidated		United Commercial Bank Limited	
	31 Dec. 2021	31 Dec. 2020	31 Dec. 2021	31 Dec. 2020
<b>2 Statutory Liquidity Ratio (SLR)</b>				
<b>A. Conventional and Offshore Banking:</b>				
DBU (13% of ATDTL)			50,661,250,510	49,639,586,178
OBV (13% of ATDTL)			886,374,758	518,095,249
Required reserve			51,547,625,268	50,157,681,427
Actual reserve maintained			81,995,501,653	63,769,971,261
Surplus			30,447,876,385	13,612,289,835
<b>B. Islamic Banking:</b>				
DBU (5.5% of ATDTL)			92,460,885	6,957,390
OBV (5.5% of ATDTL)			-	-
Required reserve			92,460,885	6,957,390
Actual reserve maintained			385,013,921	151,093,830
Surplus			292,553,036	144,136,440
<b>3.3 Held for Statutory Liquidity Ratio</b>				
Cash in hand			7,498,040,461	5,701,167,402
Balance with Sonali Bank (agent Bank)			42,982	64,619
Unencumbered Approved Securities-HTM			55,892,948,410	54,817,721,780
Unencumbered Approved Securities-HFT			17,658,704,930	2,201,638,880
Unencumbered Approved Securities-Others			111,334,000	8,247,200
Excess Reserve of CRR			1,219,444,787	1,192,225,208
			82,579,951,512	63,825,737,323
<b>4 Balance with other banks and financial institutions</b>				
In Bangladesh (note - 4.1)	19,568,097,037	19,948,278,566	18,344,218,194	17,352,860,062
Outside Bangladesh (Annexure-A)	1,065,031,784	3,115,568,260	1,065,031,784	3,115,568,260
	20,633,128,821	23,063,846,826	19,409,249,978	20,468,428,322
<b>4.1 In Bangladesh</b>				
<b>A. Current account and others</b>				
Janata Bank Limited.			48,214,344	39,583,531
Agrani Bank Limited.			591,455	9,694,306
Rupali Bank Limited.			25,716	26,758
Sonali Bank Limited.			1,612,325,609	1,340,046,649
Standard Chartered Bank			6,061,070	45,173,618
NRB Bank Limited (Islamic Banking)			450,000,000	-
			2,117,218,194	1,434,524,862
<b>B. Fixed Deposits</b>				
<b>Bank :</b>				
NCC Bank Limited			1,500,000,000	1,848,004,000
Dhaka Bank Limited			1,900,000,000	-
Meghna Bank Limited			600,000,000	590,000,000
Modhumoti Bank Limited			600,000,000	270,000,000
South Bangla Agricultural & Commerce Bank Ltd.			-	800,000,000
Southeast Bank Limited			1,000,000,000	1,000,000,000
Mercantile Bank Limited			1,600,000,000	1,200,000,000
Exim Bank Ltd			-	500,000,000
One Bank Limited			-	1,000,000,000
Mutual Trust Bank Limited			1,100,000,000	424,002,000
Shahjalal Islami Bank Limited			343,200,000	1,865,608,800
Midland Bank Limited			750,000,000	508,802,400
Premier Bank Limited			1,200,000,000	-
Pubali Bank Limited			429,000,000	-
Bank al Falah Limited			300,000,000	-
Jamuna Bank Limited			1,300,000,000	-
NRB Commercial Bank Limited			450,000,000	-
Commercial Bank of Ceylon			-	1,272,006,000
Prime Bank Limited			-	424,002,000
			13,072,200,000	11,702,425,200
<b>NBFI :</b>				
International Leasing			400,000,000	402,310,000
Peoples Leasing & Finance Services			4,800,000	4,800,000
Reliance Finance Limited			650,000,000	650,000,000
Phoenix Finance and Investment Limited			500,000,000	500,000,000
ICB			450,000,000	1,450,000,000
Bay Leasing and Investment Limited			-	80,000,000
Lanka Bangla Finance Limited			150,000,000	150,000,000
Uttara Finance & Investment Limited			250,000,000	250,000,000
National Finance Limited			-	3,800,000
Meridian Finance & Investment Limited			250,000,000	250,000,000
			2,654,800,000	3,740,910,000
<b>Islamic Banking:</b>				
Exim Bank Limited			500,000,000	135,000,000
Social Islami Bank Limited			-	340,000,000
			500,000,000	475,000,000
			16,227,000,000	15,918,335,200
<b>Total (A+B)</b>			18,344,218,194	17,352,860,062
<b>4.2 Maturity grouping of balance with other banks &amp; financial institutions</b>				
On demand			1,667,218,194	2,491,634,862
Upto three months			15,637,231,784	12,186,225,200
More than three months but less than six months			650,000,000	5,790,568,260
More than six months but less than one year			650,000,000	-
More than one year but less than five years			804,800,000	-
			19,409,249,978	20,468,428,322
<b>5 Money at call on short notice</b>				
Modhumoti Bank Limited			250,000,000	100,000,000
Industrial Promotion & Development			290,000,000	290,000,000
IDLC Finance Limited			600,000,000	350,000,000
Lanka Bangla Finance Limited			220,000,000	190,000,000
Delta Brac Housing Finance Corporate			500,000,000	-
South Bangla Agriculture & Commerce Bank Ltd			890,000,000	-
ICB Bank Limited			450,000,000	-
			3,200,000,000	930,000,000



**6 Investments**  
Government Securities  
Other Investments

#### 1. Government Securities are Classified as per Bangladesh Bank Circular

### 3 Other Investments



		Consolidated		United Commercial Bank Limited	
		31 Dec. 2021	31 Dec. 2020	31 Dec. 2021	31 Dec. 2020
		Market Price On 31.12.2021	Cost Price On 31.12.2021	Cost Price On 31.12.2021	Cost Price On 31.12.2020
B)	Investment in Non-Listed Securities				
	Karmasangsthan Bank		10,000,000	10,000,000	10,000,000
	Central Depository (BD) Ltd		6,277,770	6,277,770	6,277,770
	Prime Finance 1st Unit Fund		15,000,000	15,000,000	15,000,000
	Energies Power Corporation		78,400,000	78,400,000	98,000,000
	Fiber shine		10,000,000	10,000,000	10,000,000
	UCB Asset Management Limited Mutual Fund		33,840,000	30,000,000	-
	ICB AMC L2ND NRBUF		30,415,000	40,985,161	-
	SWIFT		8,258,622	8,258,622	8,258,622
	IAMCL 2nd NRB UF		-	-	40,985,161
	Sub total (b)		192,191,392	198,921,553	188,521,553
	Total (a +b + C)		5,271,014,602	4,924,622,156	4,795,843,345
6.3 (a)	Cost and market value of investment as on 31 December 2021				
			Cost Price (Taka)	Market Value/ Amortized Cost	Market Value/ Amortized Cost
	Government securities:				
	Treasury Bills ( Govt. Securities)		16,523,372,823	16,454,437,834	1,484,740,526
	Govt. Treasury Bond (HTM)		56,819,276,274	56,180,698,410	2,069,648,879
	Others		916,517,100	916,517,100	-
	Bangladesh Govt Investment Sukuk		103,540,000	103,540,000	-
	Stock of Prize Bond		7,794,000	7,794,000	8,247,200
			74,370,500,196	73,662,987,344	3,562,636,605
	Investment in Securities, Bond & Debenture:				
			Market Value/ Amortized Cost	Cost Price	Cost Price
	Listed Securities		5,078,823,210	4,725,700,603	4,607,321,792
	Non-Listed Securities		192,191,392	198,921,553	188,521,553
	Total investment in Securities		5,271,014,602	4,924,622,156	4,795,843,345
6.4 (a)	Disclosure regarding outstanding Reverse Repo on 31 December 2021.				
	Sl. No	Counter party Name	Agreement Date	Reversal Date	Amount (1st leg cash consideration)
	1	BRAC Bank Limited	30 December 2021	04 January 2022	296,522,367
	2	BRAC Bank Limited	30 December 2021	04 January 2022	218,220,618
	3	BRAC Bank Limited	30 December 2021	04 January 2022	412,895,700
	Total				927,638,685
6.4 (b)	Disclosure regarding overall transaction of Repo and Reverse Repo				
			Minimum outstanding during the year	Maximum outstanding during the year	Daily average outstanding during the year
	Securities sold under repo:				
	1) With Bangladesh Bank		-	-	-
	2) With Bank & FIS		-	-	-
	Securities Purchased under reverse repo:				
	1) from Bangladesh Bank		-	-	-
	2) from Other Bank & Financial ins.		267,381,310	5,014,887,824	1,446,360,161
7	Loans and Advances				
7.1	Maturity grouping of Loans & Advances (including bills purchased and discounted)				
	On demand	36,153,280,974	37,005,419,971	36,153,280,974	37,005,419,971
	Not more than three months	60,933,570,614	59,335,902,007	60,933,570,614	59,335,902,007
	More than three months but less than one year	116,137,456,288	111,521,546,112	110,309,376,383	107,139,365,857
	More than one year but less than five years	140,170,671,641	88,472,283,317	140,170,671,641	88,472,283,317
	More than five years	54,914,836,132	59,650,588,251	54,914,836,132	59,650,588,251
		408,309,815,648	356,065,739,658	402,481,735,743	351,683,559,403
7.2	Loans & Advances				
	i) Loans, Cash credit & overdraft etc				
	a) Within Bangladesh				
	Loan	297,246,966,037	262,319,074,695	291,418,886,132	257,936,894,440
	Cash credits	24,756,450,792	26,112,687,698	24,756,450,792	26,112,687,698
	Overdrafts	59,750,987,341	52,553,575,173	59,750,987,341	52,553,575,173
		381,754,404,170	340,985,337,566	375,926,324,265	336,603,157,311
	b) Outside Bangladesh				
		381,754,404,170	340,985,337,566	375,926,324,265	336,603,157,311
	ii) Bills Purchased & Discounted (note : 7.13)				
	a) Payable inside Bangladesh				
	Inland Bills Purchased	2,595,591,213	2,300,449,768	2,595,591,213	2,300,449,768
	b) Payable outside Bangladesh				
	Foreign bills purchased & discounted	23,959,820,265	12,779,952,324	23,959,820,265	12,779,952,324
		26,555,411,478	15,080,402,092	26,555,411,478	15,080,402,092
		408,309,815,648	356,065,739,658	402,481,735,743	351,683,559,403
7.3	Net Loans & Advances				
	Gross Loans & Advances (note- 7.2)			402,481,735,743	351,683,559,403
	Less : Non Performing Loans & Advances (note- 7.10 b)			17,737,293,394	8,903,562,059
	Interest suspense (note- 12.4)			13,540,853,401	11,594,608,601
	Provision for Loans & Advances (note- 7.11)			16,584,382,139	12,645,899,013
				47,862,528,934	33,224,069,673
				354,619,206,809	318,459,489,730



**United Commercial Bank Limited**

**31 Dec. 2021                      31 Dec. 2020**

**7.4 Loans & Advances according to significant concentration**

- a) Advances to the companies or firms in which the Directors of the Bank are interested  
b) Advances to Chief Executive and other senior executives  
c) Advances to customers group

Commercial Lending	45,575,816,391	43,603,546,941
Import Finance	24,235,864,805	17,335,079,656
Export Finance	3,358,188,461	3,496,833,470
House Building Loan	23,753,409,182	21,696,876,534
Transport Loan	3,715,012,679	3,020,436,166
Retail Loan	15,388,734,073	16,040,043,801
Staff Loan	4,672,954,406	4,138,694,349
Industrial Loan	234,010,658,474	198,342,932,056
Agricultural Loan	4,766,106,487	3,279,965,990
Others	43,004,990,786	40,729,150,440
<b>Total Loans &amp; Advances</b>	<b>402,481,735,743</b>	<b>351,683,559,403</b>

**7.5 Industry wise Loans and Advances**

RMG & Accessories	85,745,065,804	62,515,449,692
Textile Industries	24,789,611,096	18,327,435,620
Agriculture	4,766,106,487	3,279,965,989
Food Products & Processing	15,604,962,054	16,340,896,582
Jute Industries	219,726,904	224,193,408
Leather & Leather Products	1,283,409,827	1,152,539,648
Paper & Paper Products Industries	7,443,876,678	7,331,200,429
Wood & Wooden Products	2,822,102,309	2,690,550,710
Chemical & Chemical Products	6,541,225,453	3,167,747,693
Cement Industries	10,458,041,616	10,482,244,648
Brick Field, Auto Bricks, Tiles	1,503,664,468	978,940,459
Engineering, Basic Metal & Products	11,559,966,845	20,703,994,701
Ship Re-cycling	7,011,565,533	4,971,358,112
Ship Manufacturing	2,320,056,667	3,844,326,395
Educational Institute, Hotel, Restaurant	3,169,071,431	1,957,061,686
Telecommunication	2,441,694,716	1,886,155,481
Transport & Communication	3,715,012,679	3,020,436,166
Diagnostic/Medical/Clinic	3,641,814,854	3,614,654,436
Housing Industry	23,753,409,182	21,696,876,534
Construction ( Other than Housing )	34,831,450,370	31,789,433,864
Electronics Media	342,143,301	372,992,024
Power & Energy	9,960,279,417	9,914,024,298
Commercial Trade Financing	73,169,869,658	64,435,460,067
Glass & Glassware Product Industries	273,075,916	4,083,208
Tea Manufacturing	702,871,809	533,516,992
Others	64,411,660,672	56,448,020,560
<b>Total</b>	<b>402,481,735,743</b>	<b>351,683,559,403</b>

**7.6 Geographical Location wise Loans & Advances**

**Urban branches**

Dhaka	292,940,857,981	244,460,754,039
Chattogram	80,077,067,434	79,794,914,452
Sylhet	1,594,613,324	1,772,395,994
Rajshahi	5,989,399,541	5,823,365,786
Rangpur	735,352,710	781,111,043
Khulna	7,875,736,669	6,679,825,602
Barisal	617,874,890	402,083,034
<b>Total Urban</b>	<b>389,830,902,548</b>	<b>339,714,449,950</b>

**Rural branches**

Dhaka	8,977,936,526	8,605,714,578
Chattogram	2,950,685,129	2,707,815,897
Sylhet	299,176,794	334,287,144
Rajshahi	267,744,920	240,729,714
Rangpur	59,217,920	56,669,661
Khulna	84,670,835	23,892,459
Barisal	11,401,072	-
<b>Total Rural</b>	<b>12,650,833,195</b>	<b>11,969,109,453</b>

**402,481,735,743                      351,683,559,403**

**7.7 Sector - wise Loans and Advances**

Government & autonomous	86,060,433	98,783,084
Co-operative sector	-	-
Other public sector	-	-
Private sector	402,395,675,311	351,584,776,319
<b>Total</b>	<b>402,481,735,743</b>	<b>351,683,559,403</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)	5,276	5,023
Outstanding Advances (note : 7.8.1)	24,499	20,426
Number of customers	41	37
Classified amount	-	-
Measures taken for recovery	-	-



31 Dec. 2021

31 Dec. 2020

## 1.1 Detail of information on Advances more than 10% of Bank's total Capital as on 31 December 2021

Name of the Borrower	Outstanding as on 31 December 2021			(Figure in crore)
	Funded	Non-Funded	Total	31 December 2020 Total Taka
Four H group	653.38	1,318.44	1,971.82	1,692.66
Mondol Group	264.98	1,541.93	1,806.91	1,100.29
Micro Fibre Group	-	1,552.40	1,552.40	891.42
Mostafa-Hakim Group	237.18	941.88	1,179.06	649.86
Bashundara Group	777.49	346.97	1,124.45	946.73
Toma Group	285.82	640.89	926.71	712.37
BSM Group	494.95	418.12	913.07	733.01
GPH Group	228.06	652.79	880.85	644.49
Metro Group	53.17	748.91	802.08	705.33
Abul Khair group	1.97	735.66	737.63	815.49
N.R. Group	194.98	504.82	699.80	690.16
DIRD Group	476.92	143.08	620.00	606.63
Pran Group	185.58	390.43	576.01	515.59
B Trac Group	100.52	467.54	568.07	589.70
City Group	134.95	421.92	556.87	620.79
Habib Group	487.00	67.11	554.11	524.05
Kabir Group	193.62	338.93	532.55	667.71
AWR Group	427.29	99.70	526.99	-
LIZ GROUP	136.61	366.87	503.48	494.84
Confidence Group	78.33	405.28	483.61	466.08
Baraka Patenga Group	159.73	321.88	481.60	781.47
New Asia Group	146.35	330.02	476.37	427.75
Multi Trading Group	135.07	335.69	470.76	425.20
Tahseen Group	77.10	351.90	429.00	-
Wahid Group	263.85	133.60	397.45	458.21
APS Group	62.78	330.93	393.71	-
Max Group	169.21	218.45	387.65	451.75
Mir Akhter Hossain	210.59	175.60	386.19	409.26
Thermax Group	114.01	271.52	385.53	-
M.M Knitwear Group	65.43	318.48	383.91	-
Anwar Group	33.90	343.53	377.43	325.64
BSRM Group	0.04	361.22	361.26	541.51
Orion Group	338.79	5.41	344.20	367.88
Fair Group	-	340.19	340.19	-
Baishakhi Group	137.89	186.08	323.97	141.59
Energypac Group	206.13	77.52	283.66	523.04
Bashundara Oil	235.14	14.07	249.21	-
Ideal Electrical Group	7.75	205.48	213.23	-
Meghna Group	50.65	76.19	126.84	138.11
Spectra Group	69.57	40.51	110.08	355.26
Summit Group	60.75	-	60.75	123.86
Smart Group	-	-	-	270.06
Unique Group	-	-	-	230.52
Max Power Ltd	-	-	-	24.56
Omera Group	-	-	-	362.73
<b>Total</b>	<b>7,957.54</b>	<b>16,541.90</b>	<b>24,499.44</b>	<b>20,425.57</b>

## 7.9 Disclosure of Particulars of Advances

i) Loans considered good in respect of which the banking company is fully & partly secured.	312,160,979,737	288,450,404,510
ii) Loans considered good against which the banking company holds no security than the debtors personal guarantee.	50,116,384,546	38,762,489,959
iii) Loans considered good secured by the personal undertakings of one or more parties in addition to the personal guarantee of the debtor.	40,204,371,460	24,470,664,934
iv) Loans adversely classified, provision not maintained there against.	-	-
	<b>402,481,735,743</b>	<b>351,683,559,403</b>
v) Loans due by directors or officers of the banking company or any of them either separately or jointly with any other person	4,672,954,406	4,138,694,349
vi) Loans due from 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	4,672,954,406	4,138,694,349
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:	15,991,408,571	8,242,481,055
a) (Decrease)/ Increase in provision	3,938,483,126	2,210,450,895
b) Amount realized against loan previously written off	102,577,518	103,345,832
c) Amount of provision kept against loan classified as Bad /Loss on the balance sheet date	6,081,831,019	2,294,659,789
d) Interest credited to the interest suspense account.	4,342,188,321	4,991,464,304
xi) Cumulative amount of the written off loan	13,859,886,709	13,428,471,919
xii) Amount written off during the year	533,992,307	-
xiii) Amount of written off loan for which law suit filed	15,833,652,809	15,299,660,502





United Commercial Bank Limited

7.10 Classification of Loans & Advances

a) Unclassified

Standard (SMA)  
Standard (Small & Medium Ent.)  
Standard (Consumer Finance- Credit Card)  
Standard (Consumer Finance-House Finance)  
Standard (Consumer Finance - Loan Professional)  
Standard (Consumer Finance- Others)  
Standard (Agri Loan)  
Standard (Staff Loan)  
Standard (Others.)  
SMA-Special RSDL (BRPD-5)

b) Classified

Sub - Standard  
Doubtful  
Bad & Loss

Total

31 Dec. 2021

31 Dec. 2020

14,047,422,407	3,001,851,258
89,166,643,341	102,455,174,935
2,549,351,771	2,549,310,181
3,205,283,140	3,293,005,587
370,451,309	373,650,641
5,101,564,779	5,531,943,227
3,950,940,631	1,171,300,438
4,993,472,594	4,138,694,348
256,743,170,182	213,863,778,556
4,616,142,194	6,321,288,173
<b>384,744,442,349</b>	<b>342,699,997,344</b>
283,806,106	461,948,967
125,119,718	279,132,037
17,328,367,571	8,242,481,055
<b>17,737,293,394</b>	<b>8,983,562,059</b>
<b>402,481,735,743</b>	<b>351,683,559,403</b>

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	12,847,626,744	0.25% - 5%	128,058,149
Small & Medium Enterprise	89,166,640,783	0.25%	222,916,699
Consumer Fin.- Credit Card	2,871,781,887	2%	50,987,223
Consumer Fin-House Finance	3,205,283,140	1%	31,830,300
Consumer Fin - Loan Prof.	370,451,309	2%	7,409,032
Consumer Fin- Others	5,101,564,779	5%	103,259,852
Short Term Agri & Micro Credit	3,950,940,631	1%	39,509,401
Loan to BHs/MBs/SDs against share	2,075,639,197	2%	40,974,100
Standard loans & advances	259,338,573,291	1%	4,297,095,244
Special General Prov.- COVID-19	-	1%	1,540,000,000
	<b>378,928,501,762</b>		<b>6,462,040,000</b>
<b>Specific Provision (b)</b>			
Sub - Standard	158,700,201	20% & 5%	47,923,031
Doubtful	43,112,548	50% & 5%	9,736,950
Bad & Loss	6,086,528,921	100%	6,081,831,019
SMA-Special RSDL (BRPD-5)	3,462,367,437		1,411,704,980
Bangladesh Bank Directives	-		2,415,465,663
Provision against special accounts	-		155,680,496
	<b>9,750,709,108</b>		<b>10,122,342,139</b>
<b>Total provision required for Loans &amp; Advances (A+B)</b>			<b>16,584,382,139</b>
<b>Total provision held for Loans &amp; Advances</b>			<b>12,645,899,013</b>
<b>Excess/(Short) Provision</b>			<b>16,584,382,139</b>

7.12 Suit filed by different branches against defaulted borrowers during the year

( Branch wise details )

Agrabad branch	314,868,306	196,056,463
Feni branch	7,379,576	-
Iessore branch	771,279	3,526,534
Naogaon branch	2,150,728	5,122,074
Shanti Nagar Branch	-	29,343,880
Sonargaon Janapath Branch	-	25,600,034
Comilla branch	42,122,885	-
Sylhet branch	-	10,524,378
Brahmanbaria branch	15,664,140	-
Chowdhuryhat Branch	-	692,153
Chowkbazar Branch	-	17,157,988
Gazipur Chowrasta branch	-	131,268,433
Gulshan Branch	-	122,549,040
Gohira Branch	-	71,368,111
Kamrangichar branch	-	1,450,838
Kanaipur branch	45,394,599	-
Mirpur Road branch	-	11,677,078
Narayanganj	13,357,560	-
Rajshahi Branch	65,564,918	-
Chittagong Medical Collage Br	25,394,446	-
Dinapur Branch	64,662,680	-
Mymensingh branch	4,769,538	-
Station Road branch	67,555,552	-
Ihawtala Branch	23,627,440	7,446,200
O.R Nizam Road branch	540,865,121	-
Jubilee Road branch	-	10,497,027
Principal branch	42,831,306	65,606,067
Mohammadpur branch	692,407	19,686,060
Mohakhali Branch	-	1,141,220
Halishahor Branch	-	4,055,940
Kadamtali branch	664,510,887	-
Nabiganj Branch	-	3,451,908
Pragati Sarani Branch	-	66,349,500
Sherpur (Mymensingh)	6,192,548	-
Subid Bazar Branch	-	11,695,964
Anderkilla branch	37,022,858	-
Chapainababgonj	52,977,624	-
	<b>2,038,376,396</b>	<b>816,266,891</b>



	Consolidated		United Commercial Bank Limited	
	31 Dec. 2021	31 Dec. 2020	31 Dec. 2021	31 Dec. 2020
<b>7.13 Bills purchased and discounted</b>				
a) Payable in Bangladesh			2,595,591,213	2,300,449,768
b) Payable outside Bangladesh			23,959,820,265	12,779,952,324
			<b>26,555,411,478</b>	<b>15,080,402,092</b>
<b>13.1 Maturity grouping of bills purchased and discounted</b>				
Payable within one month			1,320,231,986	1,222,200,000
Over one month but less than three months			1,456,612,954	3,751,517,237
Over three months but less than six months			481,775,440	7,644,163,806
Six months or more			23,296,791,090	6,051,881,766
			<b>26,555,411,478</b>	<b>18,669,762,809</b>
<b>8. Fixed assets including premises, furniture &amp; fixture.</b>				
Land	6,282,956,179	4,395,054,283	4,395,054,283	4,395,054,283
Building	2,590,073,665	2,590,073,665	2,559,698,620	2,559,698,620
Furniture and fixtures	2,416,633,155	2,146,476,170	2,373,267,236	2,107,660,250
Office equipments	2,627,977,340	2,496,500,042	2,605,760,758	2,483,921,697
Computer & equipments	1,932,157,232	1,468,867,288	1,687,141,874	1,457,701,212
Vehicles	513,876,823	508,460,273	500,450,963	496,004,413
Capital Expenditure Work in Progress	864,787,580	550,723,785	759,111,035	549,975,035
	<b>17,228,461,974</b>	<b>14,156,155,506</b>	<b>14,880,485,569</b>	<b>14,050,015,510</b>
<b>Intangible assets</b>				
Computer software	1,447,385,833	1,218,577,002	1,439,719,788	1,214,706,002
Lease Asset				
Right of Use assets (ROU) as per IFRS 16	5,590,566,138	5,203,580,012	5,590,566,138	5,203,580,012
	<b>24,266,413,945</b>	<b>20,578,312,520</b>	<b>21,910,771,495</b>	<b>20,468,301,524</b>
Less: Accumulated depreciation & amortization	7,248,217,464	5,953,591,189	7,189,579,929	5,928,343,603
Written down value at the end of the year	<b>17,018,196,481</b>	<b>14,624,721,331</b>	<b>14,721,191,566</b>	<b>14,539,957,921</b>
Fixed Assets Schedule: A schedule of Fixed assets is given in Annexure - B				
<b>9. Other assets</b>				
Investment in share of subsidiary companies.	-	-	5,499,999,980	3,754,092,847
Investment against Right share of subsidiary companies*	-	-	-	-
Receivable from Subsidiary Company	-	-	3,288,579	22,165,841
Stock of Stationery & Stamps	45,574,840	63,508,454	45,574,840	63,508,454
Account with Stock Broker	707,191,708	1,932,141,834	707,191,708	1,932,141,834
Advance Payment	2,860,412,586	2,649,155,712	2,252,650,397	2,325,220,207
Advance Deposit	6,247,730	8,246,730	6,247,730	8,246,730
Suspense Account (note - 9.1)	1,581,570,216	1,448,977,905	2,581,570,216	1,448,977,905
Advance Income Tax Paid (note - 9.2)	1,118,597,022	1,293,168,267	1,118,597,022	1,293,168,267
Interest Receivable	1,379,555,672	1,536,869,555	1,379,555,672	1,536,869,555
Income Receivable	15,014,126	50,815,674	15,014,126	50,815,674
Head Office General Account (note - 9.3)	2,659,186	71,031	2,659,186	71,031
FC Placement as Security Deposit	-	-	-	-
Deferred Tax Asset (note - 9.4)	4,226,106,936	2,836,159,182	4,228,862,137	2,838,117,649
Others (note - 9.5)	893,033,552	140,577,497	893,033,564	140,577,502
	<b>12,835,963,574</b>	<b>11,959,691,841</b>	<b>18,734,245,157</b>	<b>15,413,973,496</b>
<b>9.1 Suspense accounts</b>				
Advance against expenses			1,852,123,400	384,364,633
Advance against others			-	44,096
Advance against Foreign Remittance Settlement			13,036,099	18,293,197
Claims on Sanchaypatra			255,271,070	437,859,314
Interest on sanchaypatra			42,284,507	217,128,477
Excise duty			1,650,900	3,189,660
Protested bill			97,013,874	78,818,894
Sundry receivable ATM			241,741,913	235,626,589
Cash in Transit			-	-
Card suspense			77,855,953	70,931,759
Upay suspense			-	918,786
Cash in Excess/(Short) ATM			592,500	1,802,500
			<b>2,581,570,216</b>	<b>1,448,977,905</b>
<b>9.2 Advance income tax</b>				
Opening balance			1,293,168,266	1,164,968,259
Add: Advance Tax paid during the year			3,285,957,698	2,392,309,601
Less: Advance Tax adjustment with tax Provision			(3,460,528,944)	(2,264,109,594)
Balance at the end of the year			<b>1,118,597,021</b>	<b>1,293,168,266</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
2011-2012			-	1,317,582,056
2012-2013			2,300,895,593	2,300,895,593
2013-2014			1,801,862,346	1,801,862,346
2015-2016			-	2,645,092,879
2016-2017			-	3,091,606,166
2017-2018			2,524,701,311	2,324,701,311
2018-2019			2,381,403,375	2,380,903,375
2019-2020			-	2,025,122,577
2020-2021			2,077,302,249	2,021,302,249
2021-2022			2,248,133,810	1,026,446,634
2022-2023			1,118,597,023	-
			<b>14,452,895,707</b>	<b>21,055,206,586</b>
Less: Advance Tax Adjusted with tax provision up to the year 2020			(13,334,298,684)	(19,762,038,319)
			<b>1,118,597,023</b>	<b>1,293,168,267</b>



### 9.3 Head Office General Account

This is made up as follows :

	31 Dec. 2021	31 Dec. 2020
Due from branches	171,732,467,223	160,741,917,587
Due to branches	(171,729,808,036)	(160,741,846,556)
	<u>2,659,186</u>	<u>71,031</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, 2020</b>					
Deferred Tax Asset (a)					3,070,996,119
Deferred Tax Liability (b)					(232,878,470)
<b>Net Deferred Tax Asset as at 31 December, 2020 (a+b)</b>					<u>2,838,117,649</u>
<b>Balance as at 31 December, 2021</b>					
Deferred Tax Asset (a)					4,375,162,627
Deferred Tax Liability (b)					(146,300,490)
<b>Net Deferred Tax Asset as at 31 December, 2021 (a+b)</b>					<u>4,228,862,137</u>
Provision Opening(Specific)	8,009,730,815	-	8,009,730,815	37.50%	3,003,649,056
Provision During the Year(Specific)	4,021,560,744	426,916,793	3,594,643,951	37.50%	1,347,991,482
Provision Opening(Dilution of Investment)	235,220,899	-	235,220,899	10.00%	23,522,090
<b>Deferred tax asset (a)</b>					<u>4,375,162,627</u>
Property, Plant and Equipment's Provision During the Year(Dilution of Investment)	5,307,593,645 (235,220,899)	4,980,184,579 -	(327,409,067) (235,220,899)	37.50% 10.00%	(122,778,400) (23,522,090)
<b>Deferred tax liabilities (b)</b>					<u>(146,300,490)</u>

### 9.5 Others

UCB International school project	949,554	3,042,606
Receivable from Others	-	-
COVID-19 Receivable	892,084,010	137,534,896
Input VAT & Clearing Adjustment Account	-	-
	<u>893,033,564</u>	<u>140,577,502</u>

### 9.6 Non-income generating other assets

Stock of Stationery & Stamps	45,574,840	63,508,454
Account with Stock Broker	707,191,708	1,932,141,834
Advance Payment	2,252,650,397	2,325,220,207
Advance Deposit	6,247,730	8,246,730
Advance Income Tax Paid	1,118,597,022	1,293,168,267
Suspense Account	2,581,570,216	1,448,977,905
Head Office General Account	2,659,186	71,031
Deferred Tax Asset	4,228,862,137	2,838,117,649
Others	893,033,564	140,577,502
	<u>11,836,386,800</u>	<u>10,050,029,579</u>



Amount in BDT

	Consolidated		United Commercial Bank Limited	
	31 Dec. 2021	31 Dec. 2020	31 Dec. 2021	31 Dec. 2020
<b>10 Borrowings from other banks, financial institutions &amp; agents:</b>				
In Bangladesh (note - 10.1)	79,486,038,324	59,414,244,142	75,879,235,181	56,572,445,993
Out Side Bangladesh (note - 10.2)	9,924,399,071	2,826,679,995	9,924,399,071	2,826,679,995
	<u>89,410,437,395</u>	<u>62,240,924,137</u>	<u>85,803,634,252</u>	<u>59,399,125,988</u>
<b>10.1 In Bangladesh</b>				
UCBL Subordinated Bond (note - 10.1.1)			13,300,000,000	16,300,000,000
UCBL Perpetual Bond			4,000,000,000	-
Bangladesh Bank IPFF Fund			4,780,948,537	4,982,987,574
EDF Borrowings from Bangladesh Bank			43,048,570,624	25,019,396,664
Borrowing from Bangladesh Bank Refinancing scheme			10,320,716,020	10,270,061,755
OBV Term Borrowing			429,000,000	-
			<u>75,879,235,181</u>	<u>56,572,445,993</u>
<b>10.1.1 UCBL Subordinated Bond</b>				
UCBL 2nd Subordinated Bond			1,000,000,000	2,000,000,000
UCBL 3rd Subordinated Bond			4,900,000,000	6,300,000,000
UCBL 4th Subordinated Bond			7,400,000,000	8,000,000,000
			<u>13,300,000,000</u>	<u>16,300,000,000</u>
<b>10.2 Out Side Bangladesh</b>				
PROPARCO, Franch			122,571,423	282,667,995
DBS Bank Limited, Singapore			1,716,000,000	2,544,012,000
Standard Chartered Bank, Hongkong			429,000,000	-
Standard Chartered Bank, Singapore			429,000,000	-
Abu Dhabi Commercial Bank, UAE			2,574,000,000	-
National Bank of Ras Al-Khaimah, UAE			2,337,227,648	-
Bank Muscat International, Oman			1,544,400,000	-
ICICI Bank Ltd., India			429,000,000	-
Emirates NBD Bank PJSC, UAE			343,200,000	-
			<u>9,924,399,071</u>	<u>2,826,679,995</u>
<b>10.3 Security against borrowings from other banks, financial institutions and agents:</b>				
Secured			-	-
Unsecured			85,803,634,252	59,399,125,988
			<u>85,803,634,252</u>	<u>59,399,125,988</u>
<b>10.4 Maturity Grouping of Borrowings from other banks, financial institutions &amp; agent.</b>				
Payable on demand			-	-
Payable within one month			4,642,509,586	3,927,007,578
Over one month but within six months			49,836,743,129	24,674,570,482
Over six month but within one year			8,555,580,697	8,641,228,551
Over one year but within five years			15,174,871,980	18,335,294,200
Over five years but within ten years			7,593,928,860	3,821,025,178
			<u>85,803,634,252</u>	<u>59,399,125,988</u>
<b>11 Deposits and other accounts</b>				
Inter Bank deposits	3,519,459,448	23,950,085	3,519,459,448	23,950,085
Other deposits	383,504,369,015	352,289,550,064	386,381,264,536	353,957,668,680
	<u>387,023,828,463</u>	<u>352,313,500,149</u>	<u>389,900,723,984</u>	<u>353,981,618,765</u>
<b>a. Current accounts &amp; other accounts</b>				
Current deposits	48,827,732,278	38,548,879,994	51,704,627,799	40,216,998,610
Foreign currency deposits	2,389,666,375	3,224,438,806	2,389,666,375	3,224,438,806
Sundry deposits (note - 11.1)	27,128,769,687	27,562,601,973	27,128,769,687	27,562,601,973
	<u>78,346,168,340</u>	<u>69,335,920,773</u>	<u>81,223,063,861</u>	<u>71,004,039,389</u>
<b>b. Bills Payable</b>				
Pay order	8,838,542,084	8,272,547,152	8,838,542,084	8,272,547,152
Demand draft payable	6,726,285	7,717,840	6,726,285	7,717,840
Others Payable				
	<u>8,845,268,369</u>	<u>8,280,264,992</u>	<u>8,845,268,369</u>	<u>8,280,264,992</u>
<b>c. Savings Bank deposits</b>				
Savings Bank deposits	80,659,233,376	70,999,776,995	80,659,233,376	70,999,776,995
	<u>80,659,233,376</u>	<u>70,999,776,995</u>	<u>80,659,233,376</u>	<u>70,999,776,995</u>
<b>d. Fixed deposits</b>				
Fixed deposits	139,395,911,610	124,519,750,307	139,395,911,610	124,519,750,307
Special notice deposits	37,312,802,201	41,538,548,928	37,312,802,201	41,538,548,928
Scheme Deposits	42,464,444,567	37,639,238,154	42,464,444,567	37,639,238,154
	<u>219,173,158,378</u>	<u>203,697,537,389</u>	<u>219,173,158,378</u>	<u>203,697,537,389</u>
<b>Total Deposits and other accounts (a+b+c+d)</b>	<u>387,023,828,463</u>	<u>352,313,500,149</u>	<u>389,900,723,984</u>	<u>353,981,618,765</u>



		Consolidated		United Commercial Bank Limited	
		31 Dec. 2021	31 Dec. 2020	31 Dec. 2021	31 Dec. 2020
<b>11.1 Sundry deposits</b>					
Sundry creditors				283,174,918	325,687,512
Security deposits				9,432,100	8,630,350
Debit & Credit card				12,206,642	25,654,210
FC held against deemed export LC				1,752,810,210	2,363,193,796
FC held against BTB LC				16,877,138,845	17,505,288,057
Others				16,935,934	10,511,483
<b>Margin</b>					
Letter of guarantees				2,464,156,924	2,172,736,457
Letter of credit				5,606,773,719	5,025,534,022
SME Time Loan				6,193,459	8,090,170
Export Proceed				99,946,936	117,275,916
				<b>27,128,769,687</b>	<b>27,562,601,973</b>
<b>11.2 Maturity analysis of deposits &amp; other accounts</b>					
<b>Inter- Bank Deposits</b>					
Payable on demand				14,192,579	18,784,235
Payable within one month				5,266,869	-
Over one month but within six months				-	-
Over six month but within one year				3,500,000,000	-
Over one year but within five years				-	5,165,850
Over five years but within ten years				-	-
				<b>3,519,459,448</b>	<b>23,950,085</b>
<b>Other Deposits</b>					
Payable on demand				5,285,531,770	2,974,210,741
Payable within one month				42,149,846,699	46,215,919,707
Over one month but within six months				93,382,406,402	99,613,466,667
Over six month but within one year				36,028,943,486	46,065,033,333
Over one year but within five years				120,081,483,974	155,479,101,480
Over five years but within ten years				89,453,052,205	3,786,300,000
				<b>386,381,264,536</b>	<b>354,134,031,928</b>
				<b>389,900,723,984</b>	<b>354,157,982,013</b>
<b>11.3 Sector-wise deposits</b>					
Government				1,678,480,284	1,435,744,616
Semi-Government				2,476,620,336	5,311,631,416
Public				21,985,285,046	32,100,014,297
Private				361,370,671,943	312,086,152,880
Foreign Currency Deposits				2,389,666,375	3,224,438,804
				<b>389,900,723,984</b>	<b>354,157,982,013</b>
<b>12 Other Liabilities</b>					
Provision for loans & advances	(note - 12.1)	15,044,382,138	11,805,899,013	15,044,382,138	11,805,899,013
Special General Provision for COVID_19	(note - 12.2)	1,540,000,000	840,000,000	1,540,000,000	840,000,000
Provision for off-balance sheet exposure	(note - 12.3)	2,407,237,923	1,857,239,989	2,407,237,923	1,857,239,989
Interest suspense account	(note - 12.4)	13,540,853,401	11,594,608,601	13,540,853,401	11,594,608,601
Provision for diminution in value of investment	(note - 12.5)	-	235,220,899	-	235,220,899
Provision for classified fixed assets	(note - 12.6)	3,972,000	3,972,000	3,972,000	3,972,000
Provision for classified other assets	(note - 12.7)	105,000,000	105,000,000	105,000,000	105,000,000
Provision for current tax	(note - 12.8)	6,570,722,950	5,856,555,781	5,943,618,568	5,580,668,803
Provision for UCB foundation	(note - 12.9)	81,500,000	75,000,000	81,500,000	75,000,000
Unclaimed Dividend		80,075,149	176,363,248	80,075,149	176,363,248
Interest payable		4,847,407,733	5,019,025,340	4,847,407,733	5,019,025,340
Lease Liabilities as per IFRS 16		4,660,758,109	4,594,327,830	4,660,758,109	4,594,327,830
Sundry Liabilities		7,659,501,576	6,094,005,637	3,852,697,110	2,944,075,263
Start-Up Fund	(note - 12.10)	60,343,687	28,571,978	60,343,687	28,571,978
		<b>56,601,754,666</b>	<b>48,285,790,316</b>	<b>52,167,845,818</b>	<b>44,859,972,964</b>
<b>12.1 Provision for loans &amp; advances</b>					
General provision	Notes 12.1.1			4,922,039,998	4,566,041,128
Specific Provision	Notes 12.1.2			10,122,342,140	7,239,857,885
				<b>15,044,382,138</b>	<b>11,805,899,013</b>
<b>12.1.1 General provision</b>					
Opening balance				4,566,041,128	4,005,392,852
Provision made during the year				353,378,491	560,831,774
Transferred from surplus of other provision heads				-	-
Exchange Difference				2,620,379	(183,498)
				<b>4,922,039,998</b>	<b>4,566,041,128</b>
<b>12.1.2 Specific Provision</b>					
Opening balance				7,239,857,885	6,430,055,264
Less: Adjustment due to written off				(426,609,401)	-
Add: Provision made during the year				3,206,516,138	706,456,789
Add: Recoveries of amounts previously written off				102,577,518	103,345,832
Less: Recoveries and provisions no longer required				-	-
Add: Net Charge to Profit & Loss A/C				-	-
				<b>10,122,342,140</b>	<b>7,239,857,885</b>
<b>12.2 Special General Provision for COVID_19</b>					
Opening balance				840,000,000	-
Provision made during the year				700,000,000	840,000,000
				<b>1,540,000,000</b>	<b>840,000,000</b>



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### 12.3 Provision for off-balance sheet exposure

Opening balance	1,857,239,989	1,617,214,824
Provision made during the year	549,132,684	240,064,820
Exchange Difference	865,250	(39,655)
	<u>2,407,237,923</u>	<u>1,857,239,989</u>

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 at 31 December 2021 is BDT 2,407,237,923 against which available provision is BDT 2,407,237,923

### 12.4 Interest suspense account

Opening balance	11,594,608,601	8,468,148,993
Add: Amount transferred to interest suspense account during the year	4,342,188,321	4,991,464,304
Less: Amount recovered from interest suspense account during the year	(2,080,445,188)	(1,845,778,074)
Less: Interest waiver/remission allowed	(208,399,685)	(19,226,622)
Less: Amount written off during the year	(107,098,648)	-
	<u>13,540,853,401</u>	<u>11,594,608,601</u>

### 12.5 Provision for diminution in value of investment

Opening balance	235,220,899	673,470,630
Provision made/(reversed) during the year	(235,220,899)	(438,249,731)
	<u>-</u>	<u>235,220,899</u>

### 12.6 Provision for classified fixed assets

Opening balance	3,972,000	3,972,000
Provision made during the year	-	-
	<u>3,972,000</u>	<u>3,972,000</u>

### 12.7 Provision for classified other assets

Opening balance	105,000,000	105,000,000
Provision made during the year	-	-
	<u>105,000,000</u>	<u>105,000,000</u>

### 12.8 Provision for current tax

Opening balance	5,580,668,803	5,211,832,053
Add: Addition during the year	3,960,296,853	2,609,395,100
Add: Adjustment with previous year	(136,818,144)	23,551,242
Less: Adjustment with advance Tax	(3,460,528,944)	(2,264,109,592)
	<u>5,943,618,568</u>	<u>5,580,668,803</u>

#### 12.8.1 Provision for Current Tax

Assessment year wise breakup is as follows:

2011-2012	-	1,238,047,578
2012-2013	2,183,460,319	2,183,460,319
2013-2014	2,152,935,623	2,152,935,623
2015-2016	-	3,161,945,018
2016-2017	-	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
2020-2021	2,783,077,663	2,783,077,663
2021-2022	2,609,395,100	2,609,395,100
2022-2023	3,960,296,854	-
	<u>19,277,917,253</u>	<u>25,342,707,121</u>

Less: Adjustment of Current Tax Provision with advance Tax up to the year 2020

(13,334,298,684)	(19,762,038,319)
<u>5,943,618,569</u>	<u>5,580,668,802</u>



**12.9 Provision for UCB foundation**

Opening balance  
Addition during the year  
Less: Fund transfer to UCB Foundation

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75,000,000	75,000,000
78,000,000	75,000,000
(71,500,000)	(75,000,000)
<b>81,500,000</b>	<b>75,000,000</b>

**12.10 Start Up Fund**

Opening balance  
Provision made during the year

28,571,978	-
31,771,709	28,571,978
<b>60,343,687</b>	<b>28,571,978</b>

**13 Share Capital**

Opening balance  
Add: Bonus shares issued

12,175,209,040	11,595,437,190
608,760,450	579,771,850
<b>12,783,969,490</b>	<b>12,175,209,040</b>

**13.1 Authorized Capital**

1,500,000,000 ordinary shares of Tk. 10.00 each

<b>15,000,000,000</b>	<b>15,000,000,000</b>
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**13.2 Issued subscribed and paid up Capital**

1,217,520,904 ordinary shares @ Taka 10.00 each  
60,876,045 ordinary shares @ Taka 10.00 each issued as bonus share

12,175,209,040	11,595,437,190
608,760,450	579,771,850
<b>12,783,969,490</b>	<b>12,175,209,040</b>

**Shareholding position:**

Particulars	December 2021		December 2020	
	No. of Shares	Amount in BDT	No. of Shares	Amount in BDT
Sponsors/Directors	442,942,654	4,429,426,540	446,583,038	4,465,830,380
Institution( Financial & Others)	273,841,715	2,738,417,150	260,773,429	2,607,734,290
General Public	551,243,772	5,512,437,720	500,289,381	5,002,893,810
Govt. of Peoples Republic of BD	10,368,808	103,688,080	9,875,056	98,750,560
<b>Total</b>	<b>1,278,396,949</b>	<b>12,783,969,490</b>	<b>1,217,520,904</b>	<b>12,175,209,040</b>

**13.3 Share Premium**

29,09,95,350 ordinary shares of Taka 5 each per share

<b>1,454,976,750</b>	<b>1,454,976,750</b>
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Rights share 1:1: (1 share for each share held) has been issued in the year 2011 @ Tk. 15 each including share premium of Tk. 5 each.

**13.4 Classification of Shareholders by holding as at 31 December 2021**

Shareholding Range	Number of Shareholders	Number of Shares	Value of Shares in BDT	Total Holdings %
Upto 500 Shares	20,542	3,265,705	32,657,050	0.26%
501 to 5000 Shares	19,985	36,055,958	360,559,580	2.82%
5001 to 10,000 Shares	2,911	20,952,114	209,521,140	1.64%
10,001 to 20,000 Shares	1,762	24,808,255	248,082,550	1.94%
20,001 to 30,000 Shares	591	14,494,181	144,941,810	1.13%
30,001 to 40,000 Shares	248	8,628,095	86,280,950	0.67%
40,001 to 50,000 Shares	155	7,095,476	70,954,760	0.56%
50,001 to 100,000 Shares	298	21,001,973	210,019,730	1.64%
100,001 to 10,00,000 Shares	336	97,587,936	975,879,360	7.63%
10,00,001 & above	133	1,044,507,256	10,445,072,560	81.70%
<b>Total</b>	<b>46,961</b>	<b>1,278,396,949</b>	<b>12,783,969,490</b>	<b>100.00%</b>

**13.5 History of Paid Up Capital**

Year	Number of Shares Issued	Amount in BDT	Cumulative Paid up Capital
1983	355,000	35,500,000	35,500,000
1984	85,000	8,500,000	44,000,000
1986	360,000	36,000,000	80,000,000
1988	400,000	40,000,000	120,000,000
1991	171,428	17,142,800	137,142,800
1994	397,963	39,796,300	176,939,100
1995	176,939	17,693,900	194,633,000
1996	291,949	29,194,900	223,827,900
1997	63,296	6,329,600	230,157,500
2007	690,473	69,047,300	299,204,800
2010	26,107,487	2,610,748,700	2,909,953,500
2011	436,493,025	4,364,930,250	7,274,883,750
2012	109,123,256	1,091,232,560	8,366,116,310
2013	-	-	8,366,116,310
2014	-	-	8,366,116,310
2015	167,322,326	1,673,223,260	10,039,339,570
2016	50,196,697	501,966,970	10,541,306,540
2017	-	-	10,541,306,540
2018	-	-	10,541,306,540
2019	105,413,065	1,054,130,650	11,595,437,190
2020	57,977,185	579,771,850	12,175,209,040
2021	60,876,045	608,760,450	12,783,969,490



Amount in BDT

## United Commercial Bank Limited

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## 13.6 Capital to Risk Weighted Asset Ratio (CRAR)

The calculation of CRAR has been done as per Guidelines on Risk Based Capital Adequacy - Revised regulatory Capital Framework for Banks in line with BASEL-III vide BRPD circular no.18 dated December 21, 2014. Required Capital with Capital Conservation Buffer of the bank at the close of business on 31 December 2021 was Taka 48,342,974,542 as against available Tier-1 Capital of Taka 34,364,527,115 and Tier-2 Capital of Taka 18,396,420,766 making a Total Regulatory Capital of Taka 52,760,947,881 thereby an excess of capital of Taka 4,417,973,339 at that date.

Details are shown below :

## Tier-I Capital :

## Common Equity Tier-1 capital (CET1):

Paid-up Capital (note: 13.2)	12,783,969,490	12,175,209,040
Share Premium (note: 13.3)	1,454,976,750	1,454,976,750
Statutory Reserve (note: 14)	14,546,968,923	13,424,987,898
General Reserve (note : 15)	26,577,961	26,577,961
Retained Earnings (note : 17)	5,997,660,416	5,191,763,156
	<b>34,810,153,540</b>	<b>32,273,514,805</b>

## Less: Regulatory Adjustments:

Goodwill and all other Intangible Assets	340,439,879	436,341,502
Deferred Tax Assets (DTA)	4,017,419,030	2,838,117,649
Reciprocal crossholdings and excess investment above limit	87,767,516	101,950,990
Others	-	48,672,172
	<b>4,445,626,425</b>	<b>3,425,082,313</b>

## Total Common Equity Tier-1 Capital

## Additional Tier-1 Capital (AT-1)

## Total Tier-1 Capital

	<b>30,364,527,115</b>	<b>28,848,432,492</b>
	<b>4,000,000,000</b>	<b>-</b>
	<b>34,364,527,115</b>	<b>28,848,432,492</b>

## Tier-II Capital:

General Provision	8,869,277,921	7,263,281,118
Revaluation Reserve (note: a)	-	-
Subordinated Bond	9,980,000,000	14,600,000,000
	<b>18,849,277,921</b>	<b>21,863,281,118</b>

## Less: Regulatory Adjustments:

Revaluation Reserve	-	-
Reciprocal crossholdings in the T-2 Capital of BNBFI's & Insurance Entities	80,000,000	4,365,950
Any investment exceeding the approved limit under section 26(2) of Bank Company Act, 1991 (50% of Investment)	-	-
Others	372,857,155	475,739,208
	<b>18,396,420,766</b>	<b>21,383,175,960</b>

## Total Admissible Tier-2 Capital

## Total Regulatory Capital

	<b>52,760,947,881</b>	<b>50,231,608,452</b>
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## Risk Weighted Assets (note-13.8)

## Minimum Capital Requirement with Capital Conservation Buffer (12.5% of Risk Weighted Assets)

## Capital Surplus/(Shortfall)

	<b>386,743,796,338</b>	<b>336,719,538,288</b>
	<b>48,342,974,542</b>	<b>42,089,942,286</b>
	<b>4,417,973,339</b>	<b>8,141,666,166</b>

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13.7	Composition of Capital	Required	Held	Required	Held
	Common Equity Tier -I	4.50%	7.85%	4.50%	8.57%
	Tier-I Capital	6.00%	8.89%	6.00%	8.57%
	Tier-II Capital		4.76%		6.35%
	Tier-I Capital with Buffer	8.50%	8.89%	8.50%	8.57%
	<b>Total CRAR</b>	<b>12.50%</b>	<b>13.64%</b>	<b>12.50%</b>	<b>14.92%</b>

## 13.8 Computation of Risk weighted assets

On- Balance Sheet	271,723,837,945	238,110,024,639
Off-Balance Sheet	67,469,005,582	56,154,619,930
Credit Risk (A)	<b>339,192,843,527</b>	<b>294,264,644,569</b>
Market Risk (B)	10,960,117,767	9,050,011,345
Operational risk (C)	36,590,835,044	33,404,882,374
<b>Total: Risk Weighted assets ( A+B+C )</b>	<b>386,743,796,338</b>	<b>336,719,538,288</b>





Consolidated		United Commercial Bank Limited	
31 Dec. 2021	31 Dec. 2020	31 Dec. 2021	31 Dec. 2020

#### 14 Statutory Reserve

As per section 24(1) of the Bank company Act, 1991 and amendments thereon, 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	13,424,987,898	12,435,385,300	13,424,987,898	12,435,385,300
Add : Transferred during the year	1,130,980,783	989,602,598	1,121,981,025	989,602,598
	<u>14,555,968,681</u>	<u>13,424,987,898</u>	<u>14,546,968,923</u>	<u>13,424,987,898</u>

#### 15 General Reserve

Opening Balance	26,577,961	26,577,961	26,577,961	26,577,961
Add: Transferred during for the year	-	-	-	-
	<u>26,577,961</u>	<u>26,577,961</u>	<u>26,577,961</u>	<u>26,577,961</u>

#### 16 Other Reserve

Asset Revaluation Reserve (notes: 16.1)	2,534,101,559	2,534,101,559	2,534,101,559	2,534,101,559
Foreign currency translation gain/(loss)	30,019,810	25,125,152	30,019,810	25,125,152
Revaluation Reserve on HTM Securities (notes: 16.2.1)	49,130,334	93,738,160	49,130,334	93,738,160
Revaluation Reserve on HFT Securities (notes: 16.2.2)	18,602,185	139,751,027	18,602,185	139,751,027
	<u>2,631,853,888</u>	<u>2,792,715,898</u>	<u>2,631,853,888</u>	<u>2,792,715,898</u>

##### 16.1 Asset Revaluation Reserve

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	2,534,101,559	2,534,101,559
Reserve made for the year	-	-	-	-
	<u>2,534,101,559</u>	<u>2,534,101,559</u>	<u>2,534,101,559</u>	<u>2,534,101,559</u>

##### 16.2 Revaluation Reserve

HTM Securities (notes 16.2.1)	49,130,334	93,738,160
HFT Securities (notes 16.2.2)	18,602,185	139,751,027
	<u>67,732,519</u>	<u>233,489,187</u>

As per the DOS Circular Letter # 05 dated 26 May 2008, HFT securities are revalued on weekly basis and HTM securities are amortized on yearly basis.

##### 16.2.1 Revaluation Reserve on HTM Securities

Opening Balance	93,738,160	198,489,847
Net Revaluation gain/(adjustment) during the year	(44,607,826)	(104,751,687)
	<u>49,130,334</u>	<u>93,738,160</u>

##### 16.2.2 Revaluation Reserve on HFT Securities

Opening Balance	139,751,027	84,000
Net Revaluation gain/(adjustment) during the year	(121,148,842)	139,667,027
	<u>18,602,185</u>	<u>139,751,027</u>

#### 17 Retained Earnings

Opening Balance	5,191,763,156	4,512,283,598
Add: Transferred during for the year	2,023,418,169	1,839,023,267
Add: Adjustment for Deferred Tax Asset	-	-
Less: Issuance of Stock Dividend	(608,760,450)	(579,771,850)
Less: Issuance of Cash Dividend	(608,760,459)	(579,771,860)
	<u>5,997,660,416</u>	<u>5,191,763,156</u>

##### 17(a) Consolidated Retained Earnings

United Commercial Bank Ltd.	5,997,660,417	5,191,763,156
UCB Stock Brokerage Ltd.	846,556,056	604,299,553
UCB Investment Ltd.	132,493,978	62,194,085
UCB Asset Management Ltd.	60,874,664	5,856,136
UCB Fintech Company Limited	(1,102,104,559)	(65,690)
	<u>5,935,480,556</u>	<u>5,864,047,241</u>
Less: Non controlling Interest	266	219
Total balance of retained earnings attributable to the ordinary Share holders.	<u>5,935,480,290</u>	<u>5,864,047,022</u>
Non controlling interest	<u>265</u>	<u>220</u>



		United Commercial Bank Limited	
		31 Dec. 2021	31 Dec. 2020
<b>18 Contingent liabilities &amp; commitment</b>			
Acceptances & endorsement (note- 18.1)		110,309,146,988	78,153,489,715
Letters of guarantee (note- 18.2)		57,499,501,948	49,877,297,665
Irrecoverable letters of credit (note- 18.3)		75,222,523,708	58,643,781,573
Bills for collection (note-18.4)		17,381,986,506	14,125,013,990
Other Commitments		-	242,106,790
		<b>260,413,159,150</b>	<b>201,041,689,733</b>
<b>18.1 Acceptances &amp; endorsements</b>			
Bankers liabilities for accepted against usance LC		86,824,956,787	61,518,903,918
Bankers liabilities for accepted against BB usance		23,484,190,201	16,634,585,797
		<b>110,309,146,988</b>	<b>78,153,489,715</b>
<b>18.2 Letters of guarantee</b>			
Bankers liabilities for letters of guarantee (Inland)		40,358,914,710	40,787,503,022
Bankers liabilities for letters of guarantee (Foreign)		17,140,587,238	9,089,794,643
		<b>57,499,501,948</b>	<b>49,877,297,665</b>
<b>18.3 Irrecoverable letters of credit</b>			
Letters of credit (Inland)		699,415,743	406,516,821
Letters of credit (Foreign)		42,851,416,389	34,819,548,138
Back to back L/C		27,002,330,832	20,269,175,401
Letters of credit EDF		4,633,089,470	3,100,266,461
Letters of credit EPZ		36,271,274	48,274,752
		<b>75,222,523,708</b>	<b>58,643,781,573</b>
<b>18.4 Bills for collection</b>			
Bills for collection		10,838,943,348	9,482,409,741
Foreign Bills for collection		6,543,043,158	4,642,604,249
		<b>17,381,986,506</b>	<b>14,125,013,990</b>
<b>19 Income Statement</b>			
<b>Income</b>			
Interest, discount and similar income (note - 19.1)		32,216,994,109	32,839,829,930
Dividend income		149,088,539	206,565,597
Fees, commission and brokerage		4,167,689,559	3,381,909,841
Gain less losses arising from dealing in securities		-	-
Gain less losses arising from investment securities		421,132,081	395,875,448
Gain less losses arising from dealing in foreign currencies		1,571,481,016	1,312,074,764
Income from non-banking asset		-	-
Other operating income		220,614,859	148,137,150
		<b>38,747,000,163</b>	<b>38,284,392,730</b>
<b>Expenses</b>			
Interest paid on deposits and borrowings etc		13,927,259,014	17,796,178,247
Administrative expenses (note - 19.2)		10,234,359,002	9,396,902,852
Other operating expenses		2,945,319,029	2,900,050,892
Depreciation on banks assets		1,456,351,581	1,334,144,094
		<b>28,563,288,626</b>	<b>31,427,276,085</b>
		<b>10,183,711,537</b>	<b>6,857,116,645</b>
<b>19.1 Interest, discount and similar income</b>			
Interest Income		27,323,646,852	27,306,956,686
Interest income from investments		4,893,347,257	5,532,873,244
		<b>32,216,994,109</b>	<b>32,839,829,930</b>
<b>19.2 Administrative expenses</b>			
Salary and allowances		7,166,522,140	6,354,171,912
Rent, taxes, insurance, electricity etc.		1,122,448,908	995,871,932
Legal expenses		128,654,592	94,175,130
Postage, stamps, telecommunications etc.		184,561,969	174,621,217
Stationery, printing, advertisements etc.		1,249,146,112	1,482,822,745
Chief Executive's salary and fees		13,450,900	15,018,400
Directors' fees		2,590,290	2,705,176
Auditors' fees		1,150,000	1,725,000
Repair of banks assets		365,834,091	275,791,340
		<b>10,234,359,002</b>	<b>9,396,902,852</b>



	Consolidated		United Commercial Bank Limited	
	31 Dec. 2021	31 Dec. 2020	31 Dec. 2021	31 Dec. 2020
<b>20 Interest Income</b>				
Interest on loans and advances	27,465,323,347	26,821,335,390	26,804,208,365	26,437,716,121
Interest on balances with other banks & Fin Ins.	447,909,025	727,325,863	447,909,025	727,325,863
Interest on money at call on short notice	46,399,514	82,829,445	46,399,514	82,829,445
Interest on balance with foreign Bank	25,129,948	59,085,257	25,129,948	59,085,257
	<b>27,984,761,834</b>	<b>27,690,575,955</b>	<b>27,323,646,852</b>	<b>27,306,956,686</b>
<b>21 Interests Paid on deposits and borrowings etc.</b>				
Interest paid on deposits (note - 21.1)	11,605,438,993	15,401,031,887	11,605,438,993	15,401,031,887
Interest paid on borrowings (note - 21.2)	2,561,339,480	2,490,630,019	2,321,820,021	2,395,146,360
	<b>14,166,778,473</b>	<b>17,891,661,906</b>	<b>13,927,259,014</b>	<b>17,796,178,247</b>
<b>21.1 Interest paid on deposits</b>				
Savings Deposit			1,618,577,290	1,637,587,194
Special Notice Deposit			1,076,472,790	1,211,523,141
Fixed Term Deposit			5,612,968,047	9,475,116,819
Scheme Term Deposit			3,297,420,866	3,076,804,733
			<b>11,605,438,993</b>	<b>15,401,031,887</b>
<b>21.2 Interest paid on borrowings</b>				
Borrowing from Bangladesh Bank			444,611,325	278,754,799
Borrowing from other Bank & financial institution			103,815,059	52,424,339
Interest Paid on Subordinated Bond			1,131,615,194	1,481,865,383
F.C borrowings			91,440,509	138,047,593
Interest Exp. On Other Bank repo borrowings			214,118,953	199,438
Interest on money at call on short notice			1,398,819	12,281,944
Interest on EDF borrowings from Bangladesh Bank			334,820,162	431,572,864
Re-issued/Buy Bonds			-	-
			<b>2,321,820,021</b>	<b>2,395,146,360</b>
<b>22 Investment income</b>				
Interest income from investments (note - 22.1)	5,076,027,541	5,568,185,931	4,893,347,257	5,532,873,244
Non interest income from investments (note - 22.2)	570,260,620	602,491,045	570,260,620	602,491,045
	<b>5,646,288,161</b>	<b>6,170,676,976</b>	<b>5,463,607,877</b>	<b>6,135,364,289</b>
<b>22.1 Interest income from investments</b>				
Government treasury bill/bond			4,527,908,064	4,541,938,522
Bangladesh Bank Bill			63,473,500	-
Sub-ordinated Bond			222,166,466	316,606,251
Reverse Repo with Other Bank			2,758,304	145,954,276
Income from Investment on Islamic Banking			13,837,792	169,630
Gain/(Loss) on revaluation on govt. securities (note - 22.1.1)			63,203,131	528,204,565
			<b>4,893,347,257</b>	<b>5,532,873,244</b>
<b>22.1.1 Gain/(Loss) on revaluation on govt. securities</b>				
Gain on revaluation on govt. securities			-	609,996,043
Less : Loss on revaluation on govt. securities			63,203,131	(81,791,477)
			<b>63,203,131</b>	<b>528,204,565</b>
<b>22.2 Non interest income from investments</b>				
Dividend Income			149,088,539	206,565,597
Gain/(Loss) on sale of securities (note - 22.2.1)			421,132,081	395,875,448
Prize money on prize bond			40,000	50,000
			<b>570,260,620</b>	<b>602,491,045</b>
<b>22.2.1 Gain/(Loss) on sale of securities</b>				
Gain on sale of securities			569,698,545	496,119,807
Less : Loss on sale of securities			(148,566,464)	(100,244,359)
			<b>421,132,081</b>	<b>395,875,448</b>



	Consolidated		United Commercial Bank Limited	
	31 Dec. 2021	31 Dec. 2020	31 Dec. 2021	31 Dec. 2020
<b>23 Commission, Fees, Exchange &amp; Brokerage</b>				
Commission (note - 23.1)	3,173,257,078	2,176,367,006	2,445,604,232	1,900,229,778
Fees (note - 23.2)	1,722,085,327	1,481,680,063	1,722,085,327	1,481,680,063
Exchange earning (note - 23.3)	1,571,481,016	1,312,074,764	1,571,481,016	1,312,074,764
	<b>6,466,823,421</b>	<b>4,970,121,833</b>	<b>5,739,170,575</b>	<b>4,693,984,605</b>
<b>23.1 Commission</b>				
Remittance Inland			5,404,569	1,585,203
Remittance Foreign			9,848,975	9,145,479
Commission on Letters of guarantee			459,806,064	497,426,364
Commission on Letters of credit			480,962,262	332,808,187
Letters of credit (back to back)			454,128,557	277,875,968
Irrevocable Reimbursement Undertaking			-	-
Commission on sale of shares			-	-
Commission on BSP / PSP			24,494,106	(77,850)
Commission on acceptance			760,140,945	540,864,883
Exchange comm. & rebate			231,719,690	185,584,937
Clearance			1,825,153	1,829,576
Commission (Card)			3,971,032	33,931,023
MFS Commission			-	11,458,941
Others			13,302,879	7,797,067
			<b>2,445,604,232</b>	<b>1,900,229,778</b>
<b>23.2 Fees</b>				
Bills for collection fees			39,775,786	35,080,804
Account maintenance fees			116,750,033	110,564,398
Appraisal/processing fees			53,082,460	96,855,097
Online transaction fees			75,146,529	65,693,281
BACH/BEFTN charges			-	60
Cash incentive charges			16,117,005	12,266,480
Standing instruction charges			28,660	44,100
FC Endorsement charges			196,925	164,140
LC,BC,& BG (Others) Fees & Charges			656,512,829	474,631,086
Debit card fees			227,565,292	162,056,728
Credit card fees			378,263,549	344,391,262
Arrangement Fees			-	57,743,721
ABS fees & charges			23,138,953	7,392,358
SMS Banking charges			121,849,600	98,916,600
Misc. fees			13,657,707	15,879,948
			<b>1,722,085,327</b>	<b>1,481,680,063</b>
<b>23.3 Exchange</b>				
Exchange earning (general)			1,644,144,243	1,273,766,854
Revaluation gain/(Loss) on foreign currency			(8,882,983)	(9,749,383)
FX Deal Discount Income			(63,780,244)	48,057,293
			1,571,481,016	1,312,074,764
Less : Exchange loss (general)			-	-
Less : Exchange loss (dealing room)			-	-
			<b>1,571,481,016</b>	<b>1,312,074,764</b>



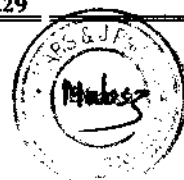
	Consolidated		United Commercial Bank Limited	
	31 Dec. 2021	31 Dec. 2020	31 Dec. 2021	31 Dec. 2020
<b>24 Other Operating Income</b>				
Locker rent	15,261,155	13,960,150	15,261,155	13,960,150
Premises rent	-	415,395	-	415,395
Miscellaneous earning	248,557,677	77,591,976	130,302,645	74,819,625
Swift charges	75,011,059	58,891,980	75,011,059	58,891,980
Recoveries from Operational Loss	-	-	-	-
	<b>338,829,891</b>	<b>150,859,502</b>	<b>220,574,859</b>	<b>148,087,150</b>
<b>25 Salaries and allowances</b>				
Basic salary	3,494,275,247	3,168,082,386	2,924,583,258	2,961,784,164
Allowances	1,302,112,058	1,370,840,756	1,302,112,058	1,370,840,756
Bonus	1,578,679,339	1,248,906,304	1,578,679,339	1,248,906,304
Provident fund and Welfare fund	426,147,485	292,640,688	426,147,485	292,640,688
Gratuity fund	935,000,000	480,000,000	935,000,000	480,000,000
	<b>7,736,214,129</b>	<b>6,560,470,134</b>	<b>7,166,522,140</b>	<b>6,354,171,912</b>
<b>26 Rent, taxes, insurance, electricity etc.</b>				
Rent premises	386,773,887	287,238,723	361,716,449	271,846,992
Rent, rates & taxes	72,453,309	71,129,184	72,453,309	71,129,184
Other rental charges	157,408,534	168,482,878	157,408,534	168,482,878
Insurance charge	286,413,476	261,182,116	286,413,476	261,182,116
Electricity, Water & Gas	244,457,140	223,230,762	244,457,140	223,230,762
	<b>1,147,506,346</b>	<b>1,011,263,663</b>	<b>1,122,448,908</b>	<b>995,871,932</b>
<b>27 Legal expenses</b>				
Professional fees	129,454,796	88,393,374	122,055,379	87,913,485
Other legal charges	6,508,051	5,736,633	6,508,051	5,736,633
Stamp, power of attorney & notary public	91,162	525,012	91,162	525,012
	<b>136,054,009</b>	<b>94,655,019</b>	<b>128,654,592</b>	<b>94,175,130</b>
<b>28 Postage, stamps, telecommunications etc.</b>				
Postage	45,033,855	40,507,904	45,033,855	40,507,904
Telecommunication charges	46,398,716	44,909,117	46,398,716	44,909,117
Reuter	4,073,690	3,645,416	4,073,690	3,645,416
Internet	2,580,200	1,929,750	2,580,200	1,929,750
Online connectivity charge	93,807,923	87,469,674	86,475,507	83,629,031
	<b>191,894,385</b>	<b>178,461,860</b>	<b>184,561,969</b>	<b>174,621,217</b>
<b>29 Stationery, printing &amp; advertisements etc.</b>				
<b>29.1 Stationery and printing:</b>				
Security Stationery	20,040,172	20,200,737	20,040,172	20,200,737
Table Stationery	35,280,360	26,047,065	35,280,360	26,047,065
Office Stationery	120,763,669	166,514,576	120,763,669	166,514,576
	<b>176,084,200</b>	<b>212,762,378</b>	<b>176,084,200</b>	<b>212,762,378</b>
<b>29.2 Advertisement:</b>				
News paper	43,429,738	36,352,220	43,429,738	36,352,220
Magazine	2,214,229	2,068,710	2,214,229	2,068,710
Sponsorship	142,216,249	220,398,400	142,216,249	220,398,400
Point of sales material	-	18,055	-	18,055
Business Development	30,644,815	128,350	30,644,815	128,350
Branding expenses	1,555,099,250	709,114,153	649,265,301	702,280,280
Promotional Material	120,688,341	109,332,582	120,688,341	109,332,582
Misc. advertisement	57,650,291	28,197,356	57,650,291	28,197,356
Bill board & neon sign	-	70,913	-	70,913
Television	24,945,800	170,061,504	24,945,800	170,061,504
Radio	2,007,148	1,151,998	2,007,148	1,151,998
	<b>1,978,895,862</b>	<b>1,276,894,240</b>	<b>1,073,061,912</b>	<b>1,270,060,367</b>
	<b>2,154,980,062</b>	<b>1,489,656,618</b>	<b>1,249,146,112</b>	<b>1,482,822,745</b>



	Consolidated		United Commercial Bank Limited	
	31 Dec. 2021	31 Dec. 2020	31 Dec. 2021	31 Dec. 2020
<b>30 Chief Executive's salary and fees</b>				
Basic salary	10,272,900	12,038,400	10,272,900	12,038,400
Festival Bonus	2,178,000	1,980,000	2,178,000	1,980,000
Incentive Bonus	1,000,000	1,000,000	1,000,000	1,000,000
House rent allowance	-	-	-	-
Provident fund	-	-	-	-
	<b>13,450,900</b>	<b>15,018,400</b>	<b>13,450,900</b>	<b>15,018,400</b>
<b>31 Directors fees</b>				
Meeting fees	2,923,095	3,103,874	2,173,600	2,274,997
Other meeting fee ( travelling expenses)	416,690	430,179	416,690	430,179
	<b>3,339,785</b>	<b>3,534,053</b>	<b>2,590,290</b>	<b>2,705,176</b>
Note : Board Meeting attendance fees, traveling and living expenses are being allowed to the Directors as per clause no.100,101& 102 of Articles of Association of the Bank and subsequent Board approval.				
<b>32 Auditors fees</b>	<b>1,278,500</b>	<b>1,853,500</b>	<b>1,150,000</b>	<b>1,725,000</b>
<b>33 Depreciation and repair of bank's assets</b>	<b>1,859,159,180</b>	<b>1,622,227,426</b>	<b>1,822,185,672</b>	<b>1,609,935,434</b>
<b>33.1 Depreciation</b>				
Furniture/fixtures	207,260,045	191,787,731	203,148,071	188,030,711
Vehicles	32,396,434	42,004,850	30,149,971	40,164,740
Office equipments	356,402,759	297,003,380	353,308,262	294,603,049
Computer equipments	181,962,149	148,165,629	158,259,195	145,957,922
Computer software	192,711,490	136,100,693	191,941,304	135,961,589
Immovable property	64,751,840	64,751,841	63,992,465	63,992,465
Right of Use assets (ROU) as per IFRS 16	455,552,313	465,433,617	455,552,313	465,433,617
	<b>1,491,037,030</b>	<b>1,345,247,742</b>	<b>1,456,351,581</b>	<b>1,334,144,094</b>
<b>33.2 Repair renovation &amp; maintenance</b>				
Furniture /fixtures	15,589,888	1,912,411	15,589,888	1,912,411
Vehicles	15,657,776	11,041,890	15,657,776	11,041,890
Office equipments	73,835,779	40,732,878	73,835,779	40,732,878
Computer equipments	89,327	168,679	89,327	168,679
Renovation & maintenance	225,494,997	198,076,748	223,206,937	196,888,404
Premises	37,454,383	24,991,627	37,454,383	24,991,627
Repair building	-	55,450	-	55,450
	<b>368,122,150</b>	<b>276,979,684</b>	<b>365,834,091</b>	<b>275,791,340</b>
<b>34 Other expenses</b>				
Entertainment	54,487,851	44,648,888	54,487,851	44,648,888
Petrol, oil & lubricant	137,148,476	120,043,020	137,148,476	120,043,020
Subscription	34,832,328	15,823,144	34,832,328	15,823,144
Donation	199,393,247	281,762,081	199,393,247	281,762,081
Traveling	112,753,012	151,283,253	112,753,012	151,283,253
Cartage and freight	13,201,305	9,578,207	13,201,305	9,578,207
Honorarium general	1,735,253	1,483,008	1,735,253	1,483,008
Fees commission & charges	273,862,725	135,203,115	116,924,311	111,795,527
Meeting Seminar and staff training	14,362,733	10,604,060	14,362,733	10,604,060
Fees Commission and Charges on Cards	160,008,274	125,680,649	160,008,274	125,680,649
Liveries & uniforms	1,486,744	117,136	1,486,744	117,136
Operational Loss	-	827,148	-	827,148
Medical expenses	202,856,713	214,924,806	202,856,713	214,924,806
Car expenses	130,292,757	156,053,838	130,292,757	156,053,838
Loss on sale of assets	5,115,792	8,528,368	5,115,792	8,528,368
Write off of assets	103,852	-	103,852	-
BATCH/BEFTN Charges	666,755	478,768	666,755	478,768
UCB Foundation	78,000,000	75,000,000	78,000,000	75,000,000
Interest expense for leased liability as per IFRS 16	280,010,047	268,343,328	280,010,047	268,343,328
Outsource Staff Expenses	1,373,214,048	1,274,700,027	1,373,214,048	1,274,700,027
Other Expenses	28,725,530	28,375,635	28,725,530	28,375,635
	<b>3,102,257,442</b>	<b>2,923,458,480</b>	<b>2,945,319,029</b>	<b>2,900,050,892</b>
<b>35 Provision for Loans &amp; Advances</b>				
Classified loans & advances	3,440,374,456	850,702,621	3,309,093,656	809,802,621
Unclassified Loans & advances	353,378,491	560,831,774	353,378,491	560,831,774
Special General Provision for COVID_19	700,000,000	840,000,000	700,000,000	840,000,000
Recoveries from previously written off loan	(102,577,518)	(103,345,832)	(102,577,518)	(103,345,832)
	<b>4,391,175,429</b>	<b>2,148,188,564</b>	<b>4,259,894,629</b>	<b>2,107,288,564</b>
<b>36 Provision for diminution in value of investments</b>				
Provision required during the year	(244,586,028)	(441,818,090)	(235,220,899)	(438,249,731)
	<b>(244,586,028)</b>	<b>(441,818,090)</b>	<b>(235,220,899)</b>	<b>(438,249,731)</b>



	Consolidated		United Commercial Bank Limited	
	31 Dec. 2021	31 Dec. 2020	31 Dec. 2021	31 Dec. 2020
<b>37 Other Provision</b>				
Provision for other assets	-	-	-	-
Provision for nostro account	-	-	-	-
Provision for branch adjustment account	-	-	-	-
Provision for other assets	-	-	-	-
Provision for off-balance sheet exposures	549,363,208	240,064,820	549,132,684	240,064,820
	<b>549,363,208</b>	<b>240,064,820</b>	<b>549,132,684</b>	<b>240,064,820</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>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	4,166,078,526	2,836,872,737	3,823,478,709	2,632,946,342
Deferred Tax Provision	(1,389,947,755)	(542,184,693)	(1,390,744,489)	(542,131,193)
	<b>2,776,130,772</b>	<b>2,294,688,044</b>	<b>2,432,734,220</b>	<b>2,090,815,148</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)	2,451,706,670	2,948,849,849	3,177,170,903	2,857,197,844
Number of Ordinary shares outstanding (Denominator)	1,278,396,950	1,278,396,950	1,278,396,950	1,278,396,950
Earning Per Share (EPS)	<b>1.92</b>	<b>2.31</b>	<b>2.49</b>	<b>2.23</b>
<b>40 Receipt from other operating activities</b>				
Exchange earning & brokerage	1,571,481,016	1,312,074,764	1,571,481,016	1,312,074,764
Other operating income	765,093,940	765,093,940	641,746,940	544,012,599
	<b>2,336,574,956</b>	<b>2,077,168,704</b>	<b>2,213,227,956</b>	<b>1,856,087,363</b>
<b>41 Payment for other operating activities</b>				
Legal expenses	128,654,592	94,175,130	128,654,592	94,175,130
Directors fees & other expenses	2,590,290	2,705,176	2,590,290	2,705,176
Auditors fees	1,150,000	1,724,996	1,150,000	1,724,996
Repair to fixed assets	365,834,091	275,791,340	365,834,091	275,791,340
Other expenditure	2,423,884,993	2,078,772,240	2,397,048,458	2,051,935,705
	<b>2,922,113,966</b>	<b>2,453,168,882</b>	<b>2,895,277,431</b>	<b>2,426,332,347</b>
<b>42 Increase / Decrease of other assets</b>				
Closing other assets			11,875,783,556	9,549,162,581
Advance income tax			174,571,244	(2,392,309,601)
Opening other assets			(9,549,162,581)	(6,599,488,938)
Increase / Decrease for the year			<b>2,501,192,219</b>	<b>557,364,042</b>
<b>43 Increase / Decrease of other liabilities</b>				
Closing other liabilities			43,691,190,177	37,170,763,714
Provision for classified loans & advances			(10,122,342,140)	(7,239,857,885)
Provision for classified investment			-	(235,220,899)
Provision for classified fixed assets			(3,972,000)	(3,972,000)
Provision for classified other assets			(105,000,000)	(105,000,000)
Provision for unclassified loans & advances			(4,922,039,998)	(4,566,041,128)
Provision for off-balance sheet exposures			(3,852,697,110)	(1,857,239,989)
Provision for current tax			(5,943,618,568)	(5,580,668,803)
Provision for deferred tax			-	-
Adjustment of provision of OBU			-	-
Opening other liabilities			(5,818,291,161)	(13,634,562,625)
Increase / Decrease for the year			<b>12,923,229,200</b>	<b>3,948,200,385</b>
<b>44 Net Operating Cash Flows Per Share (NOCFPS)</b>				
Net Cash from operating activities	(23,695,353,899)	(11,335,608,675)	(24,462,806,606)	(11,851,318,754)
Number of Ordinary shares outstanding (Denominator)	1,278,396,949	1,278,396,949	1,278,396,949	1,278,396,949
Net Operating Cash Flows Per Share (NOCFPS)	<b>(18.54)</b>	<b>(8.87)</b>	<b>(19.14)</b>	<b>(9.27)</b>
<b>45 Net Asset Value Per Share (NAVPS)</b>				
Net Asset Value	37,388,827,060	35,738,514,569	37,442,007,428	35,066,230,703
Number of Ordinary shares outstanding (Denominator)	1,278,396,949	1,278,396,949	1,278,396,949	1,278,396,949
Net Asset Value Per Share (NAVPS)	<b>29.25</b>	<b>27.96</b>	<b>29.29</b>	<b>27.43</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 04 (four) members of the Board as on 31 December 2021.

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 Kamruzzaman	Director	Member	B.Com (Honours) in Accounting, FCMA
Muhammed Shah Alam	Director	Member	M.Com in Accounting, FCMA
Dr. Aparup Chowdhury	Independent Director	Member	MSC, MBA, PHD

During the period from 01 January 2021 to 31 December 2021 the Audit Committee has conducted 06 (Six) meetings. Details of the meeting are shown below by datewise.

#### Details of the Audit Committee Meeting in the year 2021

Sl. No	Meeting No	Held On
1	115	03.03.2021
2	116	08.06.2021
3	117	15.07.2021
4	118	24.08.2021
5	119	24.10.2021
6	120	13.12.2021

#### The Audit Committee discussed the following issues during the year 2021

- Internal Audit Plan - 2021.
- Audited Financial Statements of the Bank for the year ended 31, December 2020, and the Auditors report thereon.
- Unaudited Financial Statements for the 1st, 2nd and 3rd quarters of the Bank for the year 2020, before submission for approval to the Board of Directors.
- Annual Health Report as on 31 December 2018.
- Annual Health Report as on 31 December 2020.
- Recommendations Arising from the Annual Audit and ICC Conference 2021.

#### 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. 2021	Closing Share holding position as on 31 Dec. 2021
Rukhmila Zaman	Chairman	25,569,417	24,351,826
Bazal Ahmed	Vice-Chairman	25,619,905	24,399,911
Anisuzzaman Chowdhury	Chairman-Executive Committee	35,777,974	34,074,261
Akhter Matin Chaudhury	Chairman-Audit Committee (Independent Director)		
M. A. Sabur	Chairman-Risk Management Committee	27,764,187	26,442,086
Hajee Yunus Ahmed	Director	27,611,439	26,296,609
Hajee M. A. Kalam	Director	25,570,605	24,352,958
Nurul Islam Chowdhury	Director	25,573,103	24,355,337
Asifuzzaman Chowdhury	Director	36,061,405	34,344,196
Roxana Zaman (Representative of Volkart Trading Limited)	Director	25,589,025	24,370,500
Bashir Ahmed	Director	25,713,046	24,488,617
Afroza Zaman (Representative of Legendary Asset Management Limited)	Director	25,589,025	24,370,500
Syed Kamruzzaman (Representative of Aramit Thai Aluminum)	Director	26,208,739	24,960,705
Kanak Kanti Sen (Representative of Nahar Metal Limited)	Director	25,568,408	24,350,865
Muhammed Shah Alam (Representative of Ardent Asset Management Limited)	Director	25,589,025	24,370,500
Professor Dr. Jonaid Shafiq (Representative of Splendid Trading Limited)	Director	25,589,025	24,370,500
Aksed Ali Sarker (Representative of Aromatic Properties Ltd.)	Director	25,578,000	24,360,000
Dr. Aparup Chowdhury	Independent Director		
Touhid Shipar Rafiquzzaman	Independent Director		
Arif Quadri	Managing Director		





47.1 (b): Name of the Directors and the entities in which they had interest as at 31 December 2021

Name of Directors	Status	Entities where they have interest
Rukhmila Zaman	Chairman	<ol style="list-style-type: none"> <li>1. Aramit Limited.</li> <li>2. Aramit Cement Limited.</li> <li>3. Aramit Thai Aluminum Limited.</li> <li>4. Aramit Power Limited.</li> <li>5. Aramit Alu Composite Panels Limited.</li> <li>6. Aramit Steel Pipes Limited.</li> <li>7. Aramit Footwear Limited</li> <li>8. North West Securities Limited</li> </ol>
Bazal Ahmed	Vice-Chairman	<ol style="list-style-type: none"> <li>1. Taj Accessories (Pvt.) Ltd.</li> <li>2. Saikat Textile Ind. Ltd.</li> <li>3. DEEN Fashions Limited.</li> </ol>
Anisuzzaman Chowdhury	Chairman- Executive Committee	<ol style="list-style-type: none"> <li>1. Ronny Chemical Industries Limited</li> <li>2. Navana Pharmaceuticals</li> </ol>
Akhter Matin Chaudhury	Chairman-Audit Committee	None
M. A. Sabur	Chairman-Risk Management Committee	<ol style="list-style-type: none"> <li>1. Masco Industries Limited</li> <li>2. Masco Cottons Limited</li> <li>3. Mscotex Limited</li> <li>4. Masco Printing &amp; Embroidery Limited</li> <li>5. Masco Picasso Limited</li> <li>6. Tasniah Fabrics Limited</li> <li>7. Shanta Expressions Limited</li> <li>8. Masco Properties Limited</li> <li>9. Concept Knitting Limited</li> <li>10. Masco Shares &amp; Securities Limited</li> <li>11. Masminu Energy Limited</li> <li>12. Masminu Footspree Limited</li> <li>13. Masco Poultry Limited</li> <li>14. Masco Services Limited</li> <li>15. Masco Energy Limited</li> <li>16. Masco Superknits Limited</li> <li>17. Masco Bazar Limited</li> <li>18. Masco Shakib Cricket Academy Limited</li> </ol>
Hajee Yunus Ahmed	Director	<ol style="list-style-type: none"> <li>1. Yunusco T&amp;A (BD) Limited.</li> <li>2. Yunusco K. Textiles Limited</li> <li>3. Adapt ID Bangladesh Limited</li> <li>4. Yunusco Stone &amp; Engineering Limited</li> <li>5. Yunusco Properties Limited</li> <li>6. Yunusco Limited</li> <li>7. Ynunosco (BD) Limited.</li> <li>8. Yunusco Global Sourcing Limited</li> <li>9. YK Limited.</li> <li>10. Best Eat (Pvt) Limited</li> <li>11. Nine 2 Nine Intimates Limited</li> <li>12. Wonder Gas Limited</li> <li>13. Consolidated Agencies</li> <li>14. SSI Yunusco (BD) Ltd.</li> </ol>



<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 Ltd. 2. Eastern Engineers (CTG.) Ltd. 3. NAMS Trading Corporation 4. NAMS Shipping Lines
<b>Asifuzzaman Chowdhury</b>	Director	1. Synthetic Rezin Products (Pvt) Limited 2. Ronny Chemical Industries Limited
<b>Roxana Zaman</b>	Director	1. Volkart Trading Limited
<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. 9. Petal Enterprise. 10. Airmate Lighting & Electrical Solutaional Pvt. Ltd. 11. Pioneer Electronics 12. Mettle Emporium
<b>Afroza Zaman</b>	Director	1. Legendary Asset Management Limited 2. Volkart Trading Limited
<b>Syed Kamruzzaman</b>	Director	None
<b>Kanak Kanti Sen</b>	Director	None
<b>Muhammed Shah Alam</b>	Director	None
<b>Professor Dr. Jonaid Shafiq</b>	Director	1. Navana Pharmaceuticals Ltd 2. Japan Bangladesh Friendship Hospital Pvt. Ltd 3. Japan Bangladesh Friendship Medical Services Ltd. 4. Japan Bangladesh Medical Associates Ltd. 5. Dhaka Specialized Pain Management & Research Center Ltd. 6. Visteon Electronics Ltd 7. AMDA Agro Farms Ltd 8. Dhaka Evergreen Retirement Homes Pvt. Ltd.
<b>Aksed Ali Sarker</b>	Director	None
<b>Dr. Aparup Chowdhury</b>	Independent Director	None
<b>Touhid Shipar Rafiquzzaman</b>	Independent Director	None
<b>Arif Quadri</b>	Managing Director & CEO	None



**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.			Nil
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:**

The Board of Directors recommended Stock dividend @ 10% for the year 2021 in its meeting no. 469th held on March 30, 2022.

**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 & CEO

   
Director Director

  
Director

**UNITED COMMERCIAL BANK LIMITED**  
**Balance with Nostro Accounts**  
**As on 31 December 2021**

Nostro Bank	Name of the Country	Currency	2021			2020		
			Amount in FC	Rate	Amount in BDT	Amount in FC	Rate	Amount in BDT
AB Bank Ltd	India	ACU	623,264	85.80	53,476,049	855,140.83	84.80	72,516,284
Bank AL Bilad	Saudi Arabia	SAR	555,534	22.86	12,700,441	-	-	-
Bank of Bhutan	Bhutan	ACU	92,204	85.80	7,911,112	65,573.08	84.80	5,560,623
Commerz Bank AG	Germany	USD	198	85.80	16,992	632,531.69	84.80	53,638,940
Commerz Bank AG	Germany	EUR	(274,598)	97.27	(26,710,596)	730,081.46	104.17	76,051,710
Habib American Bank	USA	USD	2,049,072	85.80	175,810,360	13,456,596.57	84.80	1,141,124,772
Habib Metropolitan Bank Limited	Pakistan	ACU	112,041	85.80	9,613,115	455,502.71	84.80	38,626,812
HDFC Bank Limited	India	ACU	675,316	85.80	57,942,155	899,224.26	84.80	76,254,577
ICICI Bank Limited, Hong Kong (USD)	Hong Kong	USD	139,648	85.80	11,981,808	171,309.35	84.80	14,527,101
ICICI Bank Ltd	India	ACU	1,233,510	85.80	105,835,181	(76,956.96)	84.80	(6,525,981)
JP Morgan NY	USA	USD	(10,808,168)	85.80	(927,340,822)	1,142,154.52	84.80	96,855,160
Mashreq Bank Psc	India	ACU	570,402	85.80	48,940,459	466,236.49	84.80	39,537,041
Mashreq Bank Psc	USA	USD	(1,626,366)	85.80	(139,542,217)	4,593,145.10	84.80	389,500,542
Nepal Bangladesh Bank	Nepal	ACU	355	85.80	30,442	169,379.80	84.80	14,363,475
Peoples Bank Colombo	Sri Lanka	ACU	452,183	85.80	38,797,276	333,888.46	84.80	28,313,875
Sonali Bank Ltd	India	ACU	109,842	85.80	9,424,447	46,597.06	84.80	3,951,449
Standard Chartered Bank Ltd	India	ACU	933,423	85.80	80,087,693	562,031.99	84.80	47,660,538
Standard Chartered Bank Ltd	USA	USD	2,693,028	85.80	231,061,820	5,600,246.76	84.80	474,903,165
State Bank of India	India	ACU	2,456	85.80	210,739	2,456.17	84.80	208,284
Meezan Bank Ltd	Pakistan	ACU	216,091	85.80	18,540,571	-	-	-
Bank of Tokyo Mitsubishi	Japan	JPY	2,559,257	0.75	1,908,950	7,087,587.00	0.82	5,816,783
Wells Fargo Bank N.A	USA	USD	661,528	85.80	56,759,061	2,018,315.65	84.80	171,153,974
Mashreq Bank PSC	UAE	AED	385,704	23.36	9,010,882	751,928.25	23.09	17,362,023
Saudi Hollandi Bank	Saudi Arabia	SAR	-	-	-	-	-	-
Bank Al-Jazira, Jeddah	Saudi Arabia	SAR	-	-	-	564,483.54	22.60	12,756,086
KOOKMIN BANK	Korea	USD	15,423	85.80	1,323,326	8,967.23	84.80	760,425
Mashreq Bank PSC	UK	GBP	-	-	-	-	-	-
Mashreq Bank PSC	UK	EUR	-	-	-	-	-	-
UBL Switzerland AG	Switzerland	CHF	-	-	-	64,064.69	96.09	6,156,047
Axis Bank Limited	India	ACU	1,353,819	85.80	116,157,632	388,188.36	84.80	32,918,528
Yes Bank Limited	India	ACU	29	85.80	2,470	28.79	84.80	2,441
Citi Bank N.A New York, USA	USA	USD	(233,467)	85.80	(20,031,463)	2,298,666.11	84.80	194,927,806
Mashreq Bank NY (OBU)	USA	USD	483,620	85.80	41,494,596	614,870.65	84.80	52,141,277
Habib American Bank, NY, (OBU)	USA	USD	9,433,207	85.80	809,369,178	-	-	-
ICICI Bank Limited	USA	USD	1,231,390	85.80	105,653,267	-	-	-
United Bank of India, Kolkata, India	India	ACU	-	-	-	32,898.31	84.80	2,789,790
SCB Germany (EUR)	Germany	EUR	1,619,139	97.27	157,496,065	27,429.77	104.17	2,857,326
Punjab National Bank Ltd	Pakistan	ACU	143,352	85.80	12,299,590	-	-	-
Standard Chartered Bank, United Kingdom (GBP)	United Kingdom	GBP	41,487	115.73	4,801,205	425,545.10	114.81	48,857,386
<b>Total</b>					<b>1,065,031,784</b>			<b>3,115,568,260</b>



**UNITED COMMERCIAL BANK LIMITED**  
**Schedule of Fixed Assets**  
**As on 31 December 2021**

Amount in BDT

Particulars	COST				Rate	DEPRECIATION				Written down value as on 31 Dec. 2021
	Opening Balance at Cost as on 01 Jan. 2021	Addition during the year	Adjustment during the year	Total Cost as on 31 Dec. 2021		Charged up to 1 Jan. 2021	Adjustment during the year	Charged during the year	Total Depreciation as on 31 Dec. 2021	
Land	4,395,054,283	-	-	4,395,054,283		-	-	-	-	4,395,054,283
Building	2,559,698,620	-	-	2,559,698,620	2.5%	437,608,755	-	63,992,465	501,601,221	2,058,097,400
Furniture & Fixtures	2,107,660,250	320,329,246	54,722,260	2,373,267,236	10.0%	1,132,691,046	38,888,282	200,514,815	1,294,317,579	1,078,949,657
Office Equipment	2,483,921,697	253,490,953	131,651,892	2,605,760,758	20.0%	1,328,752,693	129,984,336	355,268,062	1,554,036,419	1,051,724,339
Computer Equipment	1,457,701,213	252,411,407	22,970,745	1,687,141,874	20.0%	961,129,446	20,552,490	158,702,954	1,099,279,909	587,861,965
Vehicles	496,004,413	9,907,000	5,460,450	500,450,963	20.0%	414,215,142	5,460,449	30,149,971	438,904,664	61,546,299
Computer Software	1,214,706,002	225,013,787	-	1,439,719,789	25.0%	778,364,499	-	191,941,304	970,305,804	469,413,985
Right of use assets (ROU)	5,203,580,012	386,986,126	-	5,590,566,138		875,582,021	-	455,552,314	1,331,134,335	4,259,431,804
Capital Expenditure Work In Progress	549,975,033	1,265,221,302	1,056,084,500	759,111,835		-	-	-	-	759,111,835
<b>Total as on 31 Dec. 2021</b>	<b>20,468,301,524</b>	<b>2,713,359,820</b>	<b>1,270,889,847</b>	<b>21,910,771,497</b>		<b>5,928,343,603</b>	<b>194,885,557</b>	<b>1,456,121,884</b>	<b>7,189,579,929</b>	<b>14,721,191,567</b>
<b>Total as on 31 Dec. 2020</b>	<b>19,139,847,495</b>	<b>2,779,819,637</b>	<b>1,451,365,608</b>	<b>20,468,301,524</b>		<b>4,685,201,541</b>	<b>91,002,033</b>	<b>1,334,144,094</b>	<b>5,928,343,603</b>	<b>14,539,957,921</b>

