

Auditor's Report and Financial Statements
Of
United Commercial Bank Limited
For the year ended 31 December 2020

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 2020 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 2020, and of its Consolidated and Separate Profit and Loss Accounts and its Consolidated and Separate Cash Flows for the year then ended in accordance with International Financial Reporting Standards (IFRSs), as explained in note # 02.

Basis for opinion

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

Key Audit Matters

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

1. Measurement of provision for loans and advances;

See notes no 2.10.9, 2.10.22, 7.11, 12.1, 12.5, 12.6, 12.7, 12.8, 12.9, 12.10, 12.11, 12.12, 12.14 and 35 to the financial statements.

Key Audit Matter	How the matter was addressed in our audit
<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"> • Estimates of future business performance of the borrower; • Market value of collateral provided by borrower for credit transactions; • Ability to reprocess the collateral; • Recovery rate; and <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 & 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 356,065.73 million (2019: BDT 325,483.78 million) and BDT 351,683.55 Million (2019: BDT 322,728.14 million) respectively and provision for loans and advances of BDT 12,645.89 million (2019: BDT 10,435.45 million) and BDT 12,645.89million (2019: BDT 10,435.45 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"> • Tested the credit appraisal, loan disbursement procedures, monitoring and provisioning process; • Identification of loss events, including early warning and default warning indicators; • Reviewed quarterly Classification of Loans (CL); <p>Our substantive procedures in relation to the provision for loans and advances portfolio comprised the following:</p> <ul style="list-style-type: none"> • Reviewed the adequacy of the companies general specific and special provisions; • Assessed the methodologies on which the provision amounts based, recalculated the provisions and tested the completeness and accuracy of the underlying information; • Finally assessed the appropriateness and presentation of disclosures against relevant accounting standards and Bangladesh Bank guidelines.



2. Recognition of interest income from loans and advances;

See notes no 2.1. (iii) & (IV), 2.10.09, 2.10.22, 2.10.38, and 20 to the financial statements.

Key Audit Matter	How the matter was addressed in our audit
<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"> • We performed test of operating effectiveness on automated control in place to measure and recognize interest income; • We have also performed substantive procedure to check whether the interest income is recognized completely and accurately; • Finally assessed the appropriateness and presentation of disclosures against relevant accounting standards and Bangladesh Bank guidelines.

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

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

Key Audit Matter	How the matter was addressed in our audit
<p>The classification and measurement of T-Bill, T-Bond and unquoted shares require judgment and complex estimates. In the absence of a quoted price in an active market, the fair value of T-Bills, T Bonds and unquoted shares is determined using complex valuation techniques which may take into consideration direct or indirect unobservable market data and complex pricing models which require an elevated level of judgment.</p>	<p>We assessed the processes and controls put in place by the Group and the Bank to identify, classify and measurement of treasury bill & 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.

Key Audit Matter	How the matter was addressed in our audit
<p>The Group and the Bank reports net deferred tax assets to totaling BDT 2,836.15 million (BDT 2,295.98 million as at 31 December 2019) and BDT 2,838.11 million as at 31 December 2020 (BDT 2,295.98 million as at 31 December 2019) 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 to the financial statements

Key Audit Matter	How the matter was addressed in our audit
<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

Key Audit Matter	How the matter was addressed in our audit
<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 no1.4, 1.4.1, 1.4.2, 1.4.3, 1.4.3, 2.10.18 and 9 to the financial statements

Key Audit Matter	How the matter was addressed in our audit
<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 2020 the carrying value of this investment is BDT 3,754.09million.</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 2019 were audited by us and expressed an unmodified opinion on those statements on 28 June 2020.

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.

MABS & J Partners

Chartered Accountants

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 2020 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

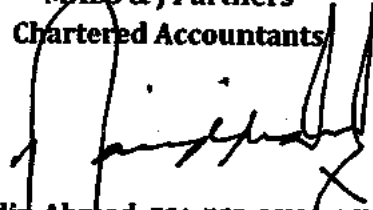
Chartered Accountants

- 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 7850 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: 08 June 2021

Signed for & on behalf of

MABS & J Partners
Chartered Accountants



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

Senior Partner

ICAB Enrollment No: 535

DVC No: 2106090535AS356626

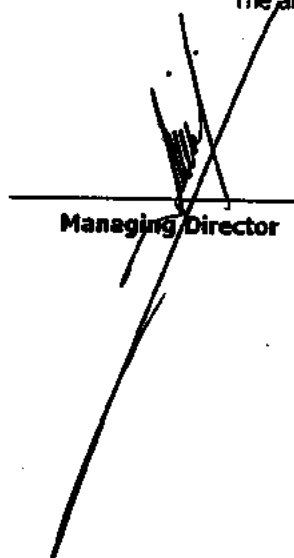
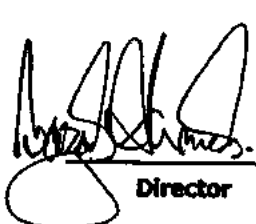
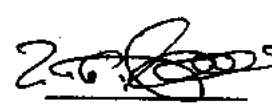

UNITED COMMERCIAL BANK LIMITED
Consolidated Balance Sheet
As at 31 December 2020

		Amount in BDT	
	Notes	31 December 2020	31 December 2019
PROPERTIES & ASSETS			
Cash	3	24,947,748,071	26,403,568,309
Cash in hand (Including foreign currencies)		5,701,337,402	6,352,613,006
Balance with Bangladesh Bank & its agent bank(s) (Including foreign currencies)		19,246,410,669	20,050,955,303
Balance with other banks & financial institutions	4	23,063,846,826	12,766,950,360
In Bangladesh		19,948,278,566	11,090,666,245
Outside Bangladesh		3,115,568,260	1,676,284,115
Money at Call on short notice	5	930,000,000	1,700,000,000
Investments	6	66,986,981,664	59,191,436,026
Government		57,027,607,862	48,419,211,843
Others		9,959,373,802	10,772,224,183
Loans and Advances	7	356,065,739,658	325,483,775,615
Loans, Cash Credits, Overdrafts etc		340,985,337,566	306,814,012,807
Bills purchased and discounted		15,080,402,092	18,669,762,808
Fixed assets including premises, furniture & fixture	8	14,624,721,331	14,540,215,590
Other assets	9	11,959,691,841	9,427,818,614
Non-banking assets			
Total Assets		498,578,729,391	449,513,764,514
LIABILITIES AND CAPITAL			
Liabilities:			
Borrowings from other banks, financial institutions and agents	10	62,240,924,137	42,125,056,136
Deposits and other accounts	11	352,313,500,149	330,416,266,815
Current accounts & other accounts		69,335,920,773	57,780,120,928
Bills Payable		8,280,264,992	9,414,290,455
Savings Bank Deposits		70,999,776,995	56,655,943,326
Fixed Deposits		203,697,537,389	206,565,912,106
Bearer Certificates of Deposits		-	-
Other Deposits		-	-
Other Liabilities	12	48,285,790,316	43,608,789,594
Total Liabilities		462,840,214,602	416,150,112,545
Capital / Shareholders' Equity			
Paid up Capital	13	12,175,209,050	11,595,437,190
Share Premium	13.3	1,454,976,750	1,454,976,750
Statutory Reserve	14	13,424,987,898	12,435,385,300
General Reserve	15	26,577,961	26,577,961
Other Reserve	16	2,792,715,898	2,758,359,011
Retained Earnings	17 (a)	5,864,047,012	5,092,915,557
Total Shareholders' Equity		35,738,514,569	33,363,651,769
Non controlling interest		220	200
Total Shareholders' Equity with non-controlling interest		35,738,514,789	33,363,651,969
Total Liabilities and Shareholders Equity		498,578,729,391	449,513,764,514



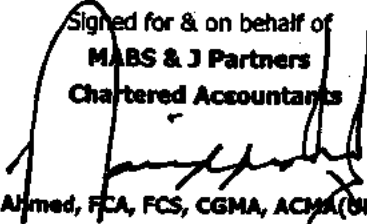
Notes	Amount in BDT		
	31 December 2020	31 December 2019	
Off Balance Sheet Items			
Contingent Liabilities :			
	18	200,799,582,943	183,938,872,954
Acceptances & Endorsements	18.1	78,153,489,715	70,853,038,511
Letters of Guarantee	18.2	49,877,297,665	57,393,933,584
Irrevocable Letters of Credit	18.3	58,643,781,573	39,892,932,238
Bills for Collection	18.4	14,125,013,990	15,798,968,621
Other Contingent Liabilities			
Other Commitments:		242,106,790	19,010,212
Documentary credit and short term trade related transactions			
Forward assets purchased and forward deposits placed		242,106,790	19,010,212
Undrawn note issuance and revolving underwriting facilities			
Undrawn formal standby facilities, credit lines and other commitments			
Total Off-Balance sheet items including contingent liabilities		201,041,689,733	183,957,883,166

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

Managing Director Director Director Director

As per our report of same date.

Signed for & on behalf of
MABS & J Partners
 Chartered Accountants

 Nasir Uddin Ahmed, FCA, FCS, CGMA, ACMA (UK)
 Senior Partner

Dhaka, 08 June 2021

ICAB Enrollment No: 535
 DVC No: 2106090535AS356626

UNITED COMMERCIAL BANK LIMITED
Consolidated Profit and Loss Account
For the year ended 31 December 2020

	Notes	Amount in BDT	
		31 December 2020	31 December 2019
Interest Income	20	27,690,575,955	31,336,849,217
Interest paid on deposits and borrowings etc	21	17,891,661,906	20,269,076,814
Net Interest Income		9,798,914,049	11,067,772,403
Investment income	22	6,170,676,976	4,898,010,675
Commission, exchange and brokerage	23	4,970,121,833	5,109,884,966
Other Operating Income	24	150,859,502	139,141,937
Total Operating Income (A)		21,090,572,360	21,214,809,981
OPERATING EXPENSES			
Salary and allowances	25	6,560,470,134	6,047,643,391
Rent, taxes, insurance, electricity etc.	26	1,011,263,663	1,009,676,445
Legal expenses	27	94,655,019	67,371,098
Postage, stamps, telecommunications etc.	28	178,461,860	192,266,207
Stationery, printing, advertisements etc.	29	1,489,656,618	1,235,008,182
Chief Executive's salary and fees	30	15,018,400	13,744,000
Directors' fees	31	3,534,053	5,051,797
Auditors' fees	32	1,853,500	1,253,500
Depreciation and repair of banks assets	33	1,622,227,426	1,447,349,699
Other expenses	34	2,923,458,480	2,597,662,274
Total Operating Expenses (B)		13,900,599,153	12,617,026,593
Profit/(Loss) before provision (C) = (A-B)		7,189,973,207	8,597,783,388
Provision for Loans & Advances	35	2,148,188,564	2,674,166,693
Provision for diminution in value of investments	36	(441,818,090)	686,404,118
Other provisions	37	240,064,820	70,228,941
Total Provision (D)		1,946,435,294	3,430,799,752
Total Profit/(Loss) before Income taxes (C - D)		5,243,537,913	5,166,983,636
Provision for Taxation	38	2,294,688,044	2,309,184,768
Current Tax		2,836,872,737	2,931,205,175
Deferred Tax		(542,184,693)	(622,020,407)
Net Profit after Taxation		2,948,849,869	2,857,798,868
Appropriations			
Statutory Reserve		989,602,598	986,417,262
Start-Up Fund		28,571,978	-
Retained Surplus		1,930,675,292	1,871,381,606
Attributable to:			
Equity holders' of the Bank		1,930,675,272	1,871,381,594
Non controlling interest		20	12
		1,930,675,292	1,871,381,606
Earnings Per Share (EPS)	39(a)	2.42	2.35

Earnings Per Share (EPS)

39(a)

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

Managing Director

Director

Director

Director

As per our report of same date.

Signed for & on behalf of
HABS & J Partners
Chartered Accountants

Nasir Ud Din Ahmad, FCA, PCS, CGMA, ACMA (UK)
Senior Partner

ICAB Enrollment No: 535

DVC No: 2106090535 AS 3566 20

Dhaka, 08 June 2021

UNITED COMMERCIAL BANK LIMITED
Consolidated Cash Flow Statement
For the year ended 31 December 2020

	Notes	Amount in BDT	
		31 December 2020	31 December 2019
A. Cash flows from operating activities			
Interest Receipts in cash		33,166,876,163	35,528,362,568
Interest Payments		(21,449,958,134)	(17,671,383,149)
Dividend Receipts		234,353,409	283,361,345
Fees & Commission Receipts in cash		3,657,964,571	3,327,809,150
Recoveries of loans Previously written off		103,345,832	169,291,686
Cash Payments to employees		(6,569,330,046)	(7,278,375,507)
Cash Payments to suppliers		(3,324,307,996)	(2,997,262,357)
Income taxes paid		(2,557,416,352)	(2,428,417,333)
Receipt from other operating activities		562,479,278	325,091,628
Payment for other operating activities		(2,452,629,149)	(1,582,374,199)
Operating profit before changes in operating assets and liabilities.		1,371,377,576	7,676,103,832
Increase/Decrease in operating assets and liabilities:			
Statutory Deposits		(8,713,147,707)	(6,596,317,246)
Purchase/Sales of trading Securities		210,848,481	(1,134,220,200)
Loans and advances to Customers		(30,402,338,440)	(28,907,047,135)
Other assets		(3,070,036,516)	(1,589,623,408)
Deposit from banks		(2,001,251,985)	(3,002,733,534)
Deposit from customers		25,386,599,234	36,557,990,260
Other Liabilities		5,882,340,682	16,786,069
		(12,706,986,251)	(4,655,165,194)
Net Cash from operating activities (A)		(11,335,608,675)	3,020,938,638
B. Cash flows from investing activities			
Proceeds from Sale of Securities		97,287,460	804,554,210
Purchase/Sale of property, plant & equipment		(1,359,868,881)	(1,423,278,116)
Net Cash from investing activities (B)		(1,262,581,421)	(618,723,906)
C. Cash flows from financing activities			
Receipts from borrowings		19,036,963,420	(3,118,603,046)
Sub-Ordinated Bond		900,000,000	-
Dividends paid		(579,771,860)	50,000,000
Cash received from Issuing of Right Shares		-	-
Net cash from financing activities (C)		19,357,191,561	(3,068,603,046)
D. Net Increase/(Decrease) in cash (A+B+C)		6,759,001,465	(666,388,314)
Effects of the changes of exchange rate on cash and cash equivalents*		1,312,074,764	1,787,447,455
E. Cash and Cash equivalents at beginning of the year		40,870,518,669	39,749,459,528
F. Cash and cash equivalents at the end of the year		48,941,594,898	40,870,518,669
Consolidated Cash and cash Equivalents at end of the year			
Cash in hand (including foreign currencies)	3	5,701,337,402	6,352,613,006
Balance with Bangladesh bank and its agent bank	3	19,246,410,669	20,050,955,303
Balance with other banks & financial institution	4	23,063,846,826	12,766,950,360
Money at call on short notice	5	930,000,000	1,700,000,000
		48,941,594,897	40,870,518,669

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

Managing Director

Director

Director

Director



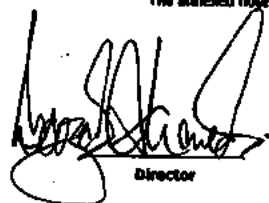
UNITED COMMERCIAL BANK LIMITED
Consolidated Statement of Changes in Equity
For the year ended 31 December 2020

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 2020	11,595,437,190	1,454,976,750	12,435,385,300	26,577,961	2,534,101,559	198,573,847	200	25,683,605	5,092,915,459	33,363,651,871
Changes in accounting policy	-	-	-	-	-	-	-	-	-	-
Restated Balance	11,595,437,190	1,454,976,750	12,435,385,300	26,577,961	2,534,101,559	198,573,847	200	25,683,605	5,092,915,459	33,363,651,871
Surplus/deficit on accounts of revaluation of properties	-	-	-	-	-	-	-	-	-	-
Surplus/deficit on accounts of revaluation of investments	-	-	-	-	-	34,915,340	-	-	-	34,915,340
Currency translation difference (OBU)	-	-	-	-	-	-	-	(558,453)	-	(558,453)
Net Profit for the year	-	-	-	-	-	-	-	-	2,920,277,890	2,920,277,890
Transferred to statutory reserve	-	-	989,602,598	-	-	-	-	-	(989,602,598)	-
Dividend (Bonus Share Issued)	579,771,860	-	-	-	-	-	-	-	(579,771,860)	-
Dividend (Cash) for 2017	-	-	-	-	-	-	-	-	(579,771,860)	(579,771,860)
Transfer to Retained Earnings	-	-	-	-	-	-	-	-	-	-
Non Controlling Interest	-	-	-	-	-	-	20	-	(20)	-
Balance as at 31 December 2020	12,175,209,050	1,454,976,750	13,424,987,898	26,577,961	2,534,101,559	233,489,187	220	25,125,152	5,884,847,012	35,738,514,789
Balance as at 31 December 2019	11,595,437,190	1,454,976,750	12,435,385,300	26,577,961	2,534,101,559	198,573,847	200	25,683,605	5,092,915,557	33,363,651,969

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


Managing Director


Director


Director


Director



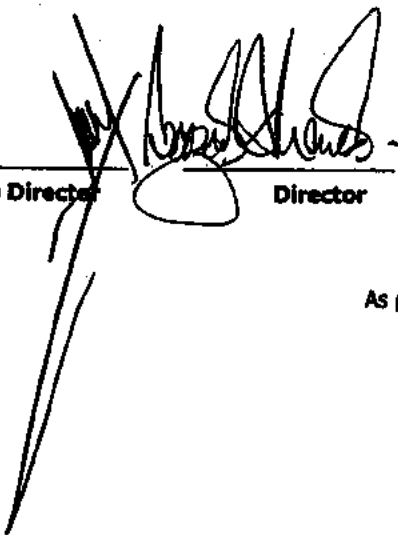

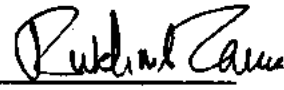
UNITED COMMERCIAL BANK LIMITED
Balance Sheet
As at 31 December 2020

		Amount in BDT	
	Notes	31 December 2020	31 December 2019
PROPERTIES & ASSETS			
Cash	3	24,947,578,071	26,403,416,203
Cash in hand (Including foreign currencies)		5,701,167,402	6,352,460,900
Balance with Bangladesh Bank & its agent bank(s) (Including foreign currencies)		19,246,410,669	20,050,955,303
Balance with other banks & financial institutions	4	20,468,428,322	12,123,383,064
In Bangladesh		17,352,860,062	10,447,098,949
Outside Bangladesh		3,115,568,260	1,676,284,115
Money at Call on short notice	5	930,000,000	1,700,000,000
Investments	6	65,323,451,207	57,800,965,607
Government		57,027,607,862	48,419,211,843
Others		8,295,843,345	9,381,753,764
Loans and Advances	7	351,683,559,403	322,728,141,789
Loans, Cash Credits, Overdrafts etc		336,603,157,311	304,058,378,981
Bills purchased and discounted		15,080,402,092	18,669,762,808
Fixed assets including premises, furniture & fixture	8	14,539,957,921	14,454,640,156
Other assets	9	15,413,973,496	11,549,574,728
Non-banking assets		-	-
Total Assets		493,306,948,420	446,760,121,547
LIABILITIES AND CAPITAL			
Liabilities:			
Borrowings from other banks, financial institutions and agents	10	59,399,125,988	40,911,325,756
Deposits and other accounts	11	353,981,618,765	330,632,233,522
Current accounts & other accounts		71,004,039,389	57,996,087,635
Bills Payable		8,280,264,992	9,414,290,455
Savings Bank Deposits		70,999,776,995	56,655,943,326
Fixed Deposits		203,697,537,389	206,565,912,106
Bearer Certificates of Deposits		-	-
Other Deposits		-	-
Other Liabilities	12	44,859,972,964	42,433,542,459
Total Liabilities		458,240,717,717	413,977,101,737
Capital / Shareholders' Equity			
Paid up Capital	13	12,175,209,050	11,595,437,190
Share Premium	13.3	1,454,976,750	1,454,976,750
Statutory Reserve	14	13,424,987,898	12,435,385,300
General Reserve	15	26,577,961	26,577,961
Other Reserve	16	2,792,715,898	2,758,359,011
Retained Earnings	17	5,191,763,146	4,512,283,598
Total Shareholders' Equity		35,066,230,703	32,783,019,810
Total Liabilities and Shareholders Equity		493,306,948,420	446,760,121,547




	Notes	Amount in BDT	
		31 December 2020	31 December 2019
Off Balance Sheet Items			
Contingent Liabilities :			
	18	200,799,582,943	183,938,872,954
Acceptances & Endorsements	18.1	78,153,489,715	70,853,038,511
Letters of Guarantee	18.2	49,877,297,665	57,393,933,584
Irrevocable Letters of Credit	18.3	58,643,781,573	39,892,932,238
Bills for Collection	18.4	14,125,013,990	15,798,968,621
Other Contingent Liabilities		-	-
Other Commitments:		242,106,790	19,010,212
Documentary credit and short term trade related transactions		-	-
Forward assets purchased and forward deposits placed		242,106,790	19,010,212
Undrawn note issuance and revolving underwriting facilities		-	-
Undrawn formal standby facilities, credit lines and other commitments		-	-
Total Off-Balance sheet Items Including Contingent Liabilities		201,041,689,733	183,957,883,166

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

		
Managing Director	Director	Director

As per our report of same date.

Signed for & on behalf of
MARS & J Partners
Chartered Accountants


Nasir Uddin Ahmed, FCA, FCS, CGMA, ACMA (UK)
Senior Partner
 ICAB Enrollment No: 535
 DVC No: 2106090535AS356624

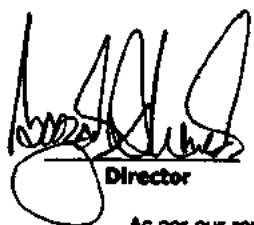
Dhaka, 08 June 2021

UNITED COMMERCIAL BANK LIMITED
Profit and Loss Account
For the year ended 31 December 2020

	Notes	Amount in BDT	
		31 December 2020	31 December 2019
Interest Income	20	27,306,956,686	30,948,745,064
Interest paid on deposits and borrowings etc.	21	17,796,178,247	20,150,935,922
Net Interest Income		9,510,778,439	10,797,809,142
Investment income	22	6,135,364,289	4,853,217,348
Commission, exchange and brokerage	23	4,693,984,605	4,920,063,091
Other Operating Income	24	148,087,150	137,801,845
Total Operating Income (A)		20,488,214,483	20,708,891,426
OPERATING EXPENSES			
Salary and allowances	25	6,354,171,912	5,912,081,692
Rent, taxes, insurance, electricity etc.	26	995,871,932	997,997,217
Legal expenses	27	94,175,130	67,210,548
Postage, stamps, telecommunications etc.	28	174,621,217	189,263,635
Stationery, printing, advertisements etc.	29	1,482,822,745	1,227,388,405
Chief Executive's salary and fees	30	15,018,400	13,744,000
Directors' fees	31	2,705,176	3,462,118
Auditors' fees	32	1,725,000	1,150,000
Depreciation and repair of banks assets	33	1,609,935,434	1,437,606,054
Other expenses	34	2,900,050,892	2,580,303,288
Total Operating Expenses (B)		13,631,097,838	12,430,206,957
Profit/(Loss) before provision (C) = (A-B)		6,857,116,645	8,278,684,469
Provision for Loans & Advances	35	2,107,288,564	2,626,557,644
Provision for diminution in value of investments	36	(438,249,731)	673,470,630
Other provisions	37	240,064,820	46,569,883
Total Provision (D)		1,909,103,653	3,346,598,157
Total Profit/(Loss) before Income taxes (C - D)		4,948,012,992	4,932,086,312
Provision for Taxation	38	2,090,815,148	2,160,045,587
Current Tax		2,632,946,342	2,783,077,663
Deferred Tax		(542,131,193)	(623,032,076)
Net Profit after Taxation		2,857,197,844	2,772,040,725
Appropriations			
Statutory Reserve		989,602,598	986,417,262
Start-Up Fund		28,571,978	
Retained Surplus		1,839,023,267	1,785,623,463
		2,857,197,844	2,772,040,725
Earnings Per Share (EPS)	39	2.35	2.28

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

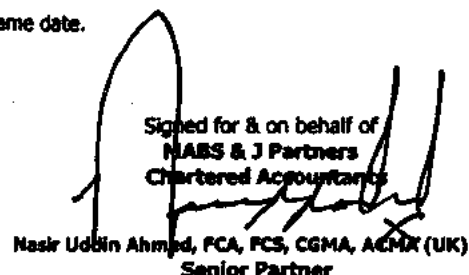

Managing Director


Director


Director


Director

As per our report of same date.


Signed for & on behalf of
NAB & J Partners
Chartered Accountants
Nasir Uddin Ahmed, FCA, FCS, CGMA, ACMA (UK)
Senior Partner
ICAB Enrollment No: 535
DVC No: 2106090535AS356626

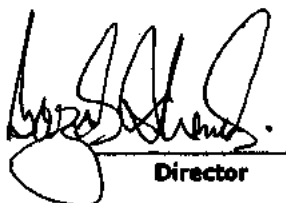
Dhaka, 08 June 2021

UNITED COMMERCIAL BANK LIMITED
Cash Flow Statement
For the year ended 31 December 2020

	Notes	Amount in BDT	
		31 December 2020	31 December 2019
A. Cash flows from operating activities			
Interest receipts		32,708,437,544	35,123,536,839
Interest payments		(21,279,655,125)	(17,536,520,681)
Dividend receipt		206,565,597	260,050,966
Fees & Commission receipt		3,381,909,843	3,137,987,275
Recoveries from previously written off advances		103,345,832	169,291,686
Payments to employees		(6,369,190,312)	(7,142,813,808)
Payments to suppliers		(3,290,804,221)	(2,973,555,452)
Payment for Advance Income Tax		(2,392,309,601)	(2,319,841,585)
Receipt from other operating activities		544,012,599	302,268,590
Payment for other activities		(2,426,332,347)	(1,563,368,034)
Operating profit before changes in operating assets and liabilities.		1,185,979,809	7,457,035,796
Increase/Decrease in operating assets and liabilities:			
Statutory Deposit		(8,713,147,707)	(6,596,317,246)
Purchase/Sale of trading securities		481,095,979	(1,070,675,389)
Loans and advances to customers		(28,955,417,614)	(28,056,203,474)
Other Assets		(2,949,673,643)	(1,797,490,296)
Deposit from Banks		(2,001,251,985)	(3,002,733,534)
Deposit from customers		25,372,566,647	36,616,580,256
Other liabilities		3,728,529,761	29,540,864
		(13,037,298,564)	(3,877,298,819)
Net Cash from operating activities (A)		(11,851,318,755)	3,579,736,977
B. Cash flows from investing activities			
Purchase/Sale of Securities		100,000,000	804,554,210
Purchase of Property, Plant & Equipments		(1,349,577,256)	(1,358,853,957)
Net Cash from investing activities (B)		(1,249,577,256)	(554,299,747)
C. Cash flows from financing activities			
Receipt from borrowing		17,587,800,232	(3,782,933,426)
Sub-Ordinated Bond		900,000,000	-
Cash received from issuing of Right shares		-	-
Cash dividend payment		(579,771,860)	-
Net cash from financing activities (C)		17,908,028,373	(3,782,933,426)
Net Increase/(Decrease) in cash (A+B+C)		4,807,132,362	(757,496,196)
Effects of the changes of exchange rate on cash and cash equivalents*		1,312,074,764	1,787,447,455
Cash and Cash equivalents at beginning of the year		40,226,799,267	39,196,848,008
Cash and cash equivalents at the end of the year		46,346,006,393	40,226,799,267
Cash and cash Equivalents at end of the year			
Cash In hand (including foreign currencies)	3.1	5,701,167,402	6,352,460,900
Balance with Bangladesh bank and its agent bank	3.2	19,246,410,669	20,050,955,303
Balance with other banks & financial institution	4	20,468,428,322	12,123,383,064
Money at call on short notice	5	930,000,000	1,700,000,000
		46,346,006,393	40,226,799,267

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


Managing Director


Director


Director


Director

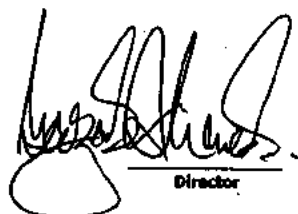


UNITED COMMERCIAL BANK LIMITED
Statement of Changes in Equity
For the year ended 31 December 2020

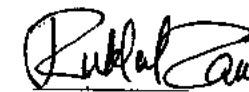
Particulars	Amount in BDT								
	Paid up Capital	Share Premium	Statutory Reserve	General Reserve	Assets Revaluation Reserve	Investment Revaluation Reserve	Foreign Currency translation gain/(loss)	Retained Surplus	Total
Balance as at 01 January 2020	11,595,437,190	1,454,976,750	12,435,385,300	26,577,961	2,534,101,559	198,573,847	25,683,605	4,512,283,598	32,783,019,810
Changes in Accounting policy	-	-	-	-	-	-	-	-	-
Restated Balance	11,595,437,190	1,454,976,750	12,435,385,300	26,577,961	2,534,101,559	198,573,847	25,683,605	4,512,283,598	32,783,019,810
Surplus/deficit on accounts of revaluation of properties	-	-	-	-	-	-	-	-	-
Surplus/deficit on accounts of revaluation of investments	-	-	-	-	-	34,915,340	-	-	34,915,340
Currency translation difference (OBU)	-	-	-	-	-	-	(558,453)	-	(558,453)
Net Profit for the period	-	-	-	-	-	-	-	2,828,625,865	2,828,625,865
Transferred to statutory reserve	-	-	989,602,598	-	-	-	-	(989,602,598)	-
Dividend (Bonus Share Issued for 2019)	579,771,860	-	-	-	-	-	-	(579,771,860)	-
Dividend (Cash for 2019)	-	-	-	-	-	-	-	(579,771,860)	(579,771,860)
Issue of share capital	-	-	-	-	-	-	-	-	-
Balance as at 31 December 2020	12,175,209,050	1,454,976,750	13,424,987,898	26,577,961	2,534,101,559	233,489,187	25,125,152	5,191,763,146	35,066,230,703
Balance as at 31 December 2019	11,595,437,190	1,454,976,750	12,435,385,300	26,577,961	2,534,101,559	198,573,847	25,683,605	4,512,283,598	32,783,019,810

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


Managing Director


Director


Director


Director



UNITED COMMERCIAL BANK LIMITED
Liquidity Statement
Asset and Liability Maturity Analysis
As at 31 December 2020

Particulars	Amount in BDT					
	Up to 1 Month	1 - 3 Months	3 - 12 Months	1 - 5 Years	More than 5 years	Total
Assets						
Cash in hand	8,575,831,096	-	-	-	16,371,746,975	24,947,578,071
Balance with other banks & financial institutions	14,439,668,260	3,353,800,000	2,674,960,062	-	-	20,468,428,322
Money at call on short notice	930,000,000	-	-	-	-	930,000,000
Investment	507,999,610	1,946,740,288	9,764,949,780	14,368,655,687	38,735,105,844	65,323,451,207
Loans and Advances	36,171,242,824	58,697,423,887	82,135,989,877	125,508,344,565	49,170,558,250	351,683,559,403
Fixed assets including premises, furniture & fixture	177,500,000	355,000,000	1,597,500,000	8,522,829,390	3,887,128,531	14,539,957,921
Other Assets	368,010,091	3,800,009,534	1,152,313,096	6,707,303,796	3,386,336,978	15,413,973,496
Non banking assets	-	-	-	-	-	-
Total Assets (A)	61,170,251,881	68,152,973,709	97,325,712,815	155,107,133,438	111,550,876,578	493,306,948,420
Liabilities						
Borrowing from Bangladesh bank, other banks, financial institutions and agents	3,915,447,357	9,143,417,301	18,801,942,793	23,384,499,901	4,153,818,636	59,399,125,988
Deposits	39,653,355,884	46,165,708,558	68,209,909,368	118,356,646,279	81,595,998,676	353,981,618,765
Provisions and other liabilities	2,783,720,715	290,280,815	8,686,487,280	27,607,709,242	5,491,774,912	44,859,972,964
Total Liabilities (B)	46,352,523,956	55,599,406,674	95,698,339,440	169,348,855,423	91,241,592,224	458,240,717,717
Net Liquidity Gap (A-B)	14,817,727,924	12,553,567,035	1,627,373,375	(14,241,721,985)	20,309,284,354	35,066,230,703



United Commercial Bank Limited

Notes to the Financial Statements

As at and for the year ended 31 December 2020

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 204 branches and 177 agent banking outlets as on 31 December 2020. Out of the above 204 branches, 10 branches provided both Islami Banking and Commercial Banking facilities complying with the rules of Islamic Shariah. 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. The Bank is listed with Dhaka Stock Exchange Limited and Chittagong Stock Exchange Limited as a publicly traded Company.

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

1.2 Off-shore Banking Unit

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

1.3 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 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. Separate financial statements of Islamic Banking Branch are shown in Annexures I(1) and I(2)

1.4 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.

1.4.1 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 19,999,999 nos. of shares of UCB Stock Brokerage Limited with face value of Tk. 100 each which is equivalent to 99.99998% of the total shares of the company.



1.4.2 UCB Investment Limited

UCB Investment Limited was incorporated in Bangladesh as a private limited company with limited liability as on 3 August of 2011 under Companies Act 1994 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 24,990,000 nos. of shares of UCB Investment Limited with face value of Tk. 10 each which is equivalent to 99.96% of total shares of the company.

1.4.3 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 50 Crore divided into 5(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 4,999,999 nos. of shares of UCB Asset Management Limited with face value of BDT 10 each which is equivalent to 99.999980% of total shares of the Company.

1.4.4 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.

1.5 Separate and consolidated financial statements

The separate financial statements of the bank as at and for the year ended 31 December 2020 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 2020 comprise those of 'the Bank' (parent company) and its subsidiaries.

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

Basis of preparation

2.1 Statement of Compliance

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

- o The Bank Company Act, 1991 and amendment thereon;



- The Companies Act, 1994;
- Circulars, Rules and Regulations issued by Bangladesh Bank (BB) time to time;
- Bangladesh Securities and Exchange Rules 1987, Bangladesh Securities and Exchange ordinance 1969, Bangladesh Securities and Exchange Act 1993, Bangladesh Securities and Exchange Commission (Public Issue) Rules 2015;
- The Income Tax ordinance, 1984 and amendment thereon;
- The Value Added Tax 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. Investment in shares and securities

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

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

ii. Revaluation gain/loss on Government securities

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

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

iii. Provision on loans and advances

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



Bangladesh Bank: As per BRPD circular No.15 (27 September 2017), BRPD circular No.16 (18 November 2014), BRPD circular No.14 (23 September 2012), BRPD circular No. 19 (27 December 2012), BRPD circular No. 05 (29 May 2013), 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.

iv. Recognition of interest in suspense

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

Bangladesh Bank: As per BRPD circular no. 14 dated 23 September 2012, 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.

v. Other comprehensive income

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

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

vi. Financial instruments – presentation and disclosure

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

vii. Repo and Reverse Repo transactions

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

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

However, as per DMD circular letter no.7 dated 29 July 2012, non primary dealer banks are eligible to participate in the Assured Liquidity Support (ALS) programme, whereby such banks may enter collateralised



arrangements with Bangladesh Bank. Here the selling bank accounts for the arrangement as a loan, thereby continuing to recognise the asset.

viii. Financial guarantees

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

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

ix. Cash and cash equivalent

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

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

x. Non-banking asset

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

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

xi. Cash flow statement

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

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

xii. Balance with Bangladesh Bank: (CRR)

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

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

xiii. Presentation of intangible asset

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

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

xiv. Off-balance sheet items

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



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

xv. Disclosure of appropriation of profit

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

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

xvi. Loans and advance net of provision

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

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

xvii. Provision on undrawn loan commitments

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

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

2.1.1 Going Concern

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

2.2 Basis of measurement

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

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

2.3 Basis of consolidation

The consolidated financial statements include the financial statements of United Commercial Bank Limited and its subsidiaries 'UCB 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 2020.

. Basis of consolidation are as follows:



- The consolidated financial statements incorporate the financial statements of the bank and the financial statements of the subsidiary companies from the date that control commences until the date that control ceases. The financial statements of such subsidiary companies are incorporated on a line by line basis and the investments held by the parent (bank) are eliminated against the corresponding share capital of group entities (subsidiaries) in the consolidated financial statements.
- Subsidiaries (investees) are entities controlled by the parent (investor). Control exists when the investor has the power over the investee that gives right to direct relevant activities, exposure, or rights, to variable returns from its involvement with the investee, and the ability to use its power over the investee to affect the amount of the investor's returns.
- All financial assets and financial liabilities are offset and the net amount reported in the consolidated financial statements only when there is legally enforceable right to offset the recognized amounts and there is an intention to settle on a net basis or to realize the asset and settle the liability simultaneously. Items are not offset in the consolidated financial statements unless required or permitted by accounting standards and regulators.
- Intra-group balances and transactions, and any unrealized income and expenses arising from intra-group transactions are eliminated in preparing the consolidated financial statements. Unrealized losses are eliminated in the same way as unrealized gains, but only to the extent that there is no evidence of impairment.
- Non-controlling interests are presented in the consolidated statement of financial position within equity, separately from the equity of the owners of the parent. Total comprehensive income is attributed to the owners of the parent and to the non-controlling interests even if this results in the non-controlling interests having a deficit balance.
- Loss of control: Upon the loss of control of a subsidiary the group derecognizes the assets (including any goodwill) and liabilities of the subsidiary at carrying amount, any non-controlling interests and the other components of equity related to the subsidiary. Any surplus or deficit arising on the loss of control is recognized in profit and loss account. If the group retains any interest in the former/previous/ex subsidiary, such interest is measured at fair value at the date that the control is lost.

2.4 Use of estimates and judgments

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

Key estimates include the following:

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

2.5 Consistency

In accordance with IFRS framework for the presentation of financial statements together with IAS-1 and IAS-8, United Commercial Bank Limited discloses its information consistently from one period to the next. 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/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 accreted. 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
Govt. T-bills/bonds - Held for Trading (HFT)	Cost	Fair value [Weekly revalued at FMV through MTM valuation process]	Loss to Profit and Loss Account, gain to Revaluation Reserve through Profit & Loss Account.
Govt. T-bills/bonds - Held to Maturity (HTM)	Cost	Amortized cost at each year end.	Increase or decrease in value to equity and Profit & Loss Account respectively.
Debenture/Bond	Face value	N/A	N/A
Shares (Quoted) *	Cost	Lower of Cost or Market Value (overall portfolio)	Loss (gain net off) to Profit and Loss Account but no unrealized gain booking.
Shares (Unquoted)*	Cost	Lower of Cost or Net Asset Value (NAV)	Loss to Profit & Loss Account but no unrealized gain booking.
Prize bond	Cost	Cost	N/A

2.10.8 Investment in subsidiaries

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

2.10.9 Loans, Advances and provisions

- Loans and advances are stated at gross amount.
- Loans and advances are broadly classified under the heads of Continuous, Demand, Long Term and Short term Agriculture and Micro Credit. Continuous and Demand Loans are accounted under Capitalized method where interest accrues monthly and applied to loan account quarterly. Term loans are accounted under amortized method where repayments 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).

Particulars	Rates
General Provision on	
Unclassified general loans and advances	1%
Unclassified small and medium enterprise	0.25%
Unclassified loans to BHS/MBs/SDs against shares etc.	2%
Unclassified loans consumer financing –Housing finance	1%
Unclassified loans consumer financing –Loans for professionals	2%
Unclassified loans consumer financing –Credit card	2%
Unclassified consumer financing others	5%
Unclassified short-term Agricultural and Micro-Credits	1%
Special Mention Account	0.25%-5%

Off-balance sheet exposures	1%
Special general provision-COVID-19	1%
Specific Provisions on	
Substandard loans and advances other than short term agri credit and micro credit	20%
Doubtful loans and advances other than short term agri credit and micro credit	50%
Bad/Loss loans and advances	100%
Substandard short term agri credit and micro credit	5%
Doubtful short term agri credit and micro credit	5%

- f) Loans and advances are written off to the extent that (i) there is no realistic prospect of recovery and (ii) against which legal cases are pending for more than 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 September 2012, BRPD Circular No.05 dated 29 May 2013, BRPD circular No.03 dated April 21 2019 and BRPD Circular Letter No. 56 (December 10 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. However, such general provision cannot satisfy the conditions of provision as per IAS 37. At the year end the company has recognized an accumulated general provision of Tk. 5,406.04 million in the balance sheet under liabilities as per Bangladesh Bank's requirement.

2.10.10 Property, Plant and Equipment and depreciation

Recognition

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

Initial Measurement

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

The cost of an item of PPE comprises:

- a) 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:

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

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

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

Capital work in progress

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

De-recognition of fixed assets

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

Revaluation of Property, Plant and Equipment

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

2.10.11 Accounting under lease operations:

2.10.11.1 Assets obtained under Lease Agreements

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



2.10.11.2 Assets given on operating and finance lease arrangements

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

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

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

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

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

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

2.10.12 Intangible asset

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

2.10.13 Impairment of assets

The carrying amounts of bank's assets are reviewed when as required to determine whether there is any indication of impairment. Any impairment loss is recognized in the profit and loss account if the carrying amount of an asset exceeds its recoverable amount [IAS 36 *Impairment of Assets*]. No such impairment loss has arisen and been recognized during the year ended 31 December 2020.

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.



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 2020 (BDT in Million)					
UCB 2nd Subordinated Bond	5,000.00	2,000.00	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	2,800.00	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	3,500.00	16-May-18	7 Years	Base Rate plus 2.5%	7.00%-10.50%	20% in each of last 5 years
UCB 4th Subordinated Bond (1st Tranche)	500	500	24-Dec-18	7 Years	Base Rate plus 2.0%	7.00%-10.50%	20% in each of last 5 years
UCB 4th Subordinated Bond (2nd Tranche)	2,500.00	2,500.00	26-Dec-18	7 Years	Base Rate plus 2.0%	7.00%-10.50%	20% in each of last 5 years
UCB 4th Subordinated Bond (3rd Tranche)	100	100	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	500	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	250	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	100	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	100	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	100	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)	1000	1000	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	300	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	550	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)	1000	1000	30-Sep-20	7 Years	Base Rate plus 2.0%	7.00%-10.50%	20% in each of last 5 years

2.10.16 Non-banking assets

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

Recognition of non-banking assets

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

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

Measurement of the non-banking assets:

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

B. LIABILITIES AND PROVISIONS

2.10.17 Borrowings from other banks, financial institutions and agents

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

2.10.18 Debt securities (Subordinated Bond):

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

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 2020, 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 (amendment up to 2020).

2.10.32 Asset revaluation reserve

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

2.10.33 Reserve for Amortization/ revaluation of securities

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

2.10.34 Retained Earnings

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

2.10.35 Share premium

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

2.10.36 Contingent asset and contingent liability

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

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

2.10.37 Accounting of Derivative Financial Instruments

Derivatives

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

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

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

Cross Currency swaps

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



Embedded derivatives

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

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

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

D. REVENUE RECOGNITION

2.10.38 Interest income

Interest on unclassified (Standard and SMA) loans and advances is accounted for as income on accrual basis, interest on classified loans and advances (SS and DF only) is credited to interest suspense account, with actual receipt of interest there from credited to income as and when received as per instruction contained in BRPD 14 dated 23 September 2012, BRPD 19 dated 27 December 2012, BRPD 16 dated 18 November 2014 and BRPD circular No.03 dated April 21 2019 and BRPD Circular Letter No. 56 (December 10 2020) 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 2020 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 2020.

2.10.48 Related Party Transactions

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

2.10.49 Reconciliation of books and account

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

2.10.50 Events after the reporting period

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

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

2.10.51 Credit rating

ECRL has rated the Bank based on December 31, 2019 with "AA"(pronounced as Double A) in the Long Term and ST-2 for the Short Term. The date of rating was May 07, 2020.

Year	Long Term Rating	Short Term Rating
2019	AA	ST-2
2018	AA	St-2

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

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

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

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

Financial Instruments: Recognition and Measurement	39	Applied *
Investment Property	40	N/A
Agriculture	41	N/A

Name of the IFRS	IFRS no.	Status
First time adoption of Bangladesh Financial Reporting Standards	1	N/A
Share Based Payment	2	N/A
Business Combinations	3	N/A
Insurance Contract	4	N/A
Non-current Assets Held for Sale and Discontinued Operations	5	N/A
Exploration for and Evaluation of Mineral Resources	6	N/A
Financial Instruments: Disclosure	7	Applied *
Operating Segments	8	Applied
Financial Instruments	9	Applied *
Consolidated Financial Statements	10	Applied
Joint Arrangement	11	N/A
Disclosure of Interest in other entities	12	N/A
Fair Value Measurement	13	Applied
Regulatory deferral accounts	14	N/A
Revenue from contractors with customers	15	Applied
Leases	16	Applied

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

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

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

N/A= Not Applicable

New accounting standards not yet adopted:

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

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

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



IFRS 17 Insurance Contracts

IFRS 17 was issued in May 2017 and to be applied to annual reporting periods beginning on or after 1 January 2021. IFRS 17 establishes the principles for the recognition, measurement, presentation and disclosure of insurance contracts within the scope of the standard. The objective of IFRS 17 is to ensure that an entity provides relevant information that faithfully represents those contracts. The Bank has not yet assessed 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 ten reportable segments, as described below, which are the Bank's strategic business units. The strategic business units offer different products and services, and are managed separately based on the Bank's management and internal reporting structure. Each of the strategic business units of the Bank are periodically reviewed by the Management Committee. The following summary describes the operations in each of the Bank's reportable segments:

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

2.10.54.2 Foreign Exchange Risk Management

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

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

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

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

2.10.54.3 Asset Liability Management Risk

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

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

Asset liability Committee (ALCO) reviews the country's overall economic position, market outlook (local and global) and Bank's liquidity position. A quarterly projection of fund flows is reviewed in ALCO meeting regularly. ALCO also examines key ratios such as Maximum Cumulative Outflow, Advance Deposit Ratio, Capital Adequacy Ratio, etc.



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:

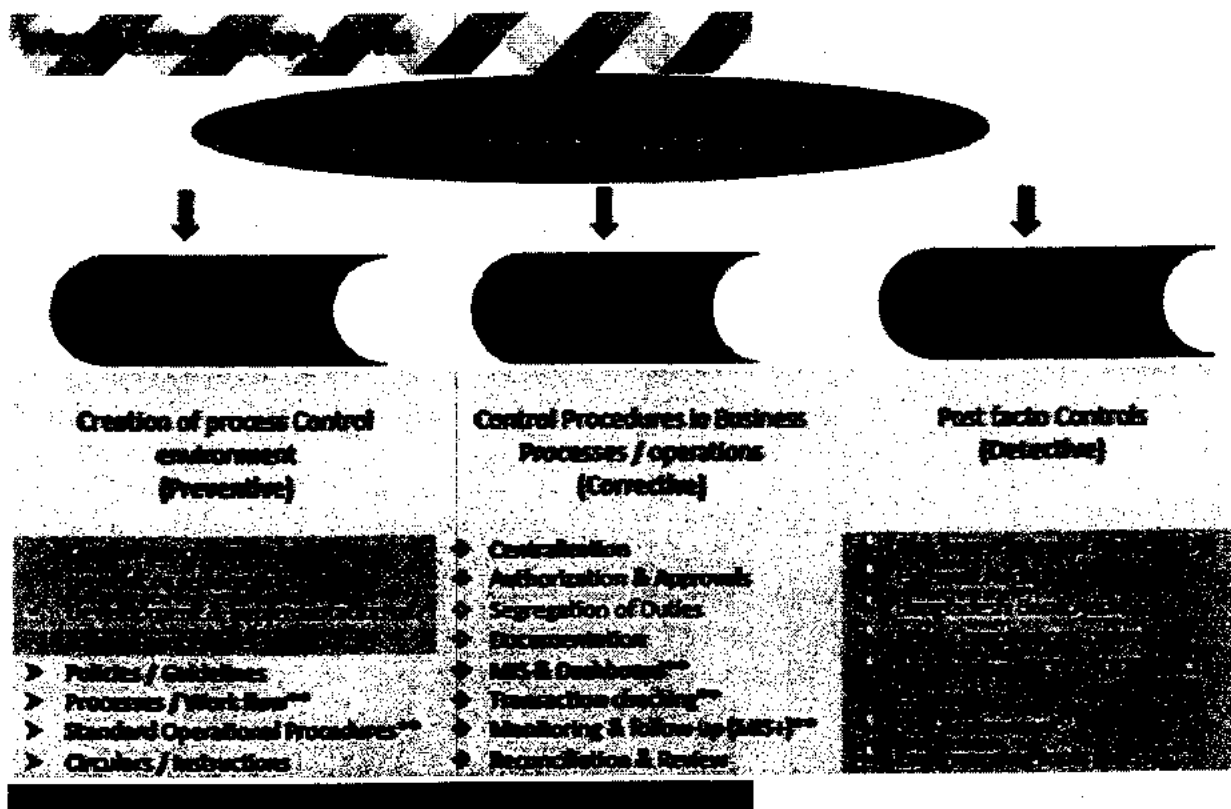
<p>1. Project Name:</p> <p>2. Project Number:</p> <p>3. Project Location:</p> <p>4. Project Description:</p> <p>5. Project Status:</p> <p>6. Project Manager:</p> <p>7. Project Sponsor:</p> <p>8. Project Start Date:</p> <p>9. Project End Date:</p> <p>10. Project Budget:</p> <p>11. Project Risk:</p> <p>12. Project Impact:</p> <p>13. Project Benefits:</p> <p>14. Project Challenges:</p> <p>15. Project Success Factors:</p> <p>16. Project Lessons Learned:</p> <p>17. Project Next Steps:</p> <p>18. Project Contact Information:</p> <p>19. Project Approval:</p> <p>20. Project Review:</p>	<p>1. Project Name:</p> <p>2. Project Number:</p> <p>3. Project Location:</p> <p>4. Project Description:</p> <p>5. Project Status:</p> <p>6. Project Manager:</p> <p>7. Project Sponsor:</p> <p>8. Project Start Date:</p> <p>9. Project End Date:</p> <p>10. Project Budget:</p> <p>11. Project Risk:</p> <p>12. Project Impact:</p> <p>13. Project Benefits:</p> <p>14. Project Challenges:</p> <p>15. Project Success Factors:</p> <p>16. Project Lessons Learned:</p> <p>17. Project Next Steps:</p> <p>18. Project Contact Information:</p> <p>19. Project Approval:</p> <p>20. Project Review:</p>
--	--

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.

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

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

- Information and communication
- Monitoring activities and correcting deficiencies



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

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

- i. ICCD of UCB is working in light of guideline on Internal Control & Compliance Guideline of UCB.
- ii. ICCD arranges awareness Building workshop regarding compliance culture in different zone.
- iii. The internal Audit department of the Bank checks for compliance with policies and procedures and the effectiveness of internal control systems on an ongoing basis.
- iv. Compliance Inspection team of ICCD carried out compliance inspection regarding authenticity/accuracy of RBIA compliance and miss reporting
- v. In assessing the internal control system UCB continued to review of different control tools ie QOR, LDCL, DCFCL, Internal audit checklist and Risk rating.
- vi. ICCD prepare Health Report of UCB on Annual basis.
- vii. Self-Assessment of Anti-Fraud Internal Controls is carried out on semi-annual basis as per DOS circular letter #10 dated 9 may 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 2020 to develop their professional skill and ensure better compliance. A total number of 4,065 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 17, 2020 for meticulous compliance by all the concerned.

We have reported 24 (Twenty-four) Suspicious Transaction Reports (STRs) and 11 (Eleven) Suspicious Activity Reports (SARs) to BFIU in 2020.

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).
- Dual control mechanism: Bank has introduced maker checker roles in FCUBS & card management software which results internal user cannot process any CBS and credit card related tasks by one person.
- Real Time Automated Fraud Management Solution: IT has the capability to monitor fraudulent transaction based on defined rules. This solution can identify and manage risks properly.
- Call Centre Solution has been implemented as a result: Customers who are calling UCB call center for any emergency help (card activation, deactivation, lost, transactions details etc) will be served accordingly which helps to reduce risk and improve customer services.
- Human Resource Management Information System (HRMIS) Solution has been implemented. So to maintain and control HR related issues faster and accurately (Employee screening, recruitment, promotions, benefits, retirement, etc) which also reduce the employee risks.
- Optimization of CORE Banking Software and Database.
- ICT Risks Management Policy, Process up gradation as per the latest Bangladesh Bank ICT guideline. It can reduce Regularity & Compliance related risks.
- Improvement in ICT Awareness Risk: ITD has continuously conducting ICT awareness related training for employee which are aligned with Learning and Development Center.

2.10.55 Internal Audit

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

2.10.56 General

Functional and presentation currency

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

Comparative information

Comparative information in respect of the previous year has been presented from the audited financial statements for the year ended 31 December 2019. 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 2020 to 31 December 2020.

Approval of financial statements

The financial statements have been approved by the Board of Directors of the bank in its meeting held on June 08, 2021.



Amount in BDT

	Consolidated		United Commercial Bank Limited	
	31 Dec. 2020	31 Dec. 2019	31 Dec. 2020	31 Dec. 2019
3 Cash	24,947,748,071	26,493,568,309	24,947,578,071	26,493,416,283
3.1 Cash in hand				
Local currency	4,173,878,130	4,958,775,894	4,173,708,130	4,958,623,788
Cash in ATM	1,427,299,100	1,348,686,500	1,427,299,100	1,348,686,500
Foreign currency	100,160,172	45,150,612	100,160,172	45,190,612
	5,701,337,402	6,352,613,006	5,701,167,402	6,352,460,900
3.2 Balance with Bangladesh Bank and its agent Bank(s)				
Local currency	16,371,811,594	19,308,855,609	16,371,811,594	19,308,855,609
Foreign currency	2,874,599,075	742,099,694	2,874,599,075	742,099,694
	19,246,410,669	20,050,955,303	19,246,410,669	20,050,955,303
Total Cash in hand including balance with Bangladesh Bank & its agent Bank's	24,947,748,071	26,493,568,309	24,947,578,071	26,493,416,283
3.2.1 Balance with Bangladesh Bank				
Local currency	16,371,746,975	19,308,849,603	16,371,746,975	19,308,849,603
Foreign currency	2,874,599,075	742,099,694	2,874,599,075	742,099,694
	19,246,346,051	20,050,949,297	19,246,346,051	20,050,949,297
* The above balance represents amount as per Bank Book. The differences due to reconciling items with Bangladesh Bank are subsequently adjusted.				
3.2.2 Balance with Sonali Bank (as agent of Bangladesh Bank)				
Local currency	64,619	6,006	64,619	6,006
Foreign currency	-	-	-	-
	64,619	6,006	64,619	6,006
3.3 Cash Reserve Requirement (CRR) and Statutory Liquidity Ratio (SLR)				
Cash Reserve Requirement (CRR) and Statutory Liquidity Ratio (SLR) have been calculated and maintained in accordance with section 33 of Bank Companies Act, 1991 (amendment upto 2019) and of instructions contained in DOS Circular No. 01 dated 19 January 2014, DOS Circular No. 23 dated 07 October 2018 and MPD circular No. 01 dated 03 April 2018 issued by Bangladesh Bank.				
The Cash Reserve Requirement (CRR) of the Bank calculated @ 5.50% on by weekly average basis of total time and demand liabilities and maintained provision 5% on daily basis with Bangladesh Bank in current account and 13% Statutory Liquidity Ratio (SLR) on the same liabilities has also been maintained in the form of cash in hand, balance with Sonali Bank (agent Bank), treasury bills, bonds, Bangladesh Bank bills, prime bond & excess of CRR. In year end position of CRR & SLR maintained by UCB clearly reflects that, both the reserve are excess over the requirement. Details are as follows:				
3.3.1 Cash Reserve Requirement (CRR) (4% of average Demand & Time Liabilities)				
Required reserve			15,274,949,536	18,797,535,851
Actual reserve held (note - 3.2.1)			16,371,746,975	19,308,849,603
Surplus/(Deficit)			1,096,897,440	511,313,752
3.3.2 Statutory Liquidity Ratio (SLR) (13% of average Demand & Time Liabilities)				
Required reserve			49,643,260,990	44,430,539,284
Actual reserve held (note-3.3.1)			63,693,747,322	55,282,992,501
Surplus/Deficit			14,050,486,332	10,852,453,217
3.3.3 Held for Statutory Liquidity Ratio				
Cash in hand (note- 3.1)			5,701,167,402	6,352,460,900
Balance with Sonali Bank (agent Bank) (note-3.2.2)			64,619	6,006
Govt. Securities (Treasury Bills) (note:6.1)			1,484,740,526	5,140,318,891
Govt. Treasury Bond (MTM) (note : 6.1)			53,464,971,257	41,258,456,652
Govt. Treasury Bond (NFT) (note : 6.1)			2,069,648,879	2,013,996,000
Reverse Repo with other Bank (note : 6.1)			-	-
Bangladesh Bank Bills (note : 6.1)			-	-
Stock of Prime Bond (note : 6.1)			8,247,200	8,438,300
Excess Reserve of CRR (note : 3.3.1)			1,096,897,440	511,313,752
			63,825,737,323	58,282,992,501
4 Balance with other banks and financial institutions				
In Bangladesh (note - 4.1)	19,948,278,566	11,090,666,245	17,352,860,062	10,447,098,949
Outside Bangladesh (Assurance-A)	3,115,568,260	1,676,284,115	3,115,568,260	1,676,284,115
	23,063,846,826	12,766,950,360	20,468,428,322	12,123,383,064
4.1 In Bangladesh				
A. Current account				
Jarata Bank Limited.			39,583,531	44,225,464
Agrani Bank Limited.			9,694,306	10,004,183
Rupali Bank Limited.			26,758	29,562
Sonali Bank Limited.			1,340,046,649	1,064,655,693
Standard Chartered Bank			45,173,618	9,862,147
			1,434,524,862	1,128,777,049
B. Fixed Deposits				
Industrial and Infrastructure Development Finance Company Limited			-	450,000,000
Peoples Leasing and Financial Services Limited			4,800,000	4,800,000
National Finance Limited			3,800,000	4,000,000
Uttara Finance & Investment Limited			250,000,000	550,000,000
Aviva Finance			650,000,000	650,000,000
Modhumoti Bank Limited			270,000,000	509,400,000
Investment Corporation of Bangladesh			1,450,000,000	1,950,000,000
Lanka Bangla Finance Limited			150,000,000	400,000,000
Meridian Finance & Investment Limited			250,000,000	250,000,000
Mutual Trust Bank Limited			424,002,000	500,000,000
Shahjalal Islami Bank Limited			1,865,608,800	-
International Leasing and Financial Services Limited			402,310,000	600,000,000
Phoenix Finance and Investment Limited			500,000,000	500,000,000
National Credit and Commerce Bank Limited			1,848,004,000	-
Bay Leasing and Investment Limited			80,000,000	100,000,000
NRB Bank Limited			-	84,900,000
Agrani Bank Limited			-	339,600,000
Midland Bank Limited			508,802,400	11,121,900
Mercantile Bank Limited			1,200,000,000	-
Exim Bank Limited			500,000,000	990,000,000
The City Bank Ltd.			-	424,500,000
Premier Bank Limited			-	1,000,000,000
Meghna Bank Ltd			590,000,000	-



	Consolidated		United Commercial Bank Limited	
	31 Dec. 2020	31 Dec. 2019	31 Dec. 2020	31 Dec. 2019
B. Fixed Deposits				
Southanga Agricultural & Commerce Bank Limited			800,000,000	-
Southeast Bank Limited			1,000,000,000	-
Commercial Bank of Ceylon			1,272,006,000	-
Prime Bank Limited			424,002,000	-
One Bank Ltd			1,000,000,000	-
			<u>15,443,335,200</u>	<u>9,318,311,900</u>
Islamic Banks				
Edmi Bank Limited			135,000,000	-
Social Islami Bank Limited			340,000,000	-
			<u>475,000,000</u>	<u>-</u>
Total (A+B)			<u>17,352,860,662</u>	<u>10,447,098,849</u>
4.2 Maturity grouping of balance with other banks & financial institutions				
On demand			2,491,634,862	7,683,661,160
Up to three months			12,186,225,200	4,439,721,900
More than three months but less than six months			2,675,000,000	-
More than six months but less than one year			-	-
			<u>17,352,860,662</u>	<u>12,123,383,060</u>
5 Money at call on short notice				
Jamuna Bank Limited			-	80,000,000
NRB Commercial Bank Limited			-	150,000,000
Midland Bank Limited			-	150,000,000
NRB Bank Limited			-	270,000,000
Modhumoti Bank Limited			100,000,000	250,000,000
Industrial Promotion & Development			290,000,000	60,000,000
IDLC Finance Limited			350,000,000	290,000,000
Industrial & Infrastructure Development			-	110,000,000
Lanka Bangla Finance Limited			190,000,000	150,000,000
Delta Brac Housing Finance Corporate			-	190,000,000
			<u>930,000,000</u>	<u>1,700,000,000</u>
6 Investments				
Government Securities	57,027,607,862	48,419,211,843	57,027,607,862	48,419,211,843
Other Investments	9,589,373,802	10,772,324,183	8,295,843,345	9,381,753,764
	<u>66,616,981,664</u>	<u>59,191,436,026</u>	<u>65,323,451,207</u>	<u>57,800,965,607</u>
a) Government Securities				
Treasury Bills				
28 days Treasury bills			-	-
91 days Treasury bills			-	-
182 days Treasury bills			-	-
364 days Treasury bills			-	-
Total Treasury Bills			<u>1,484,740,526</u>	<u>5,140,318,891</u>
Government Bonds				
Price Bonds			8,247,200	8,438,300
Reverse Repo with other Bank			-	-
Bangladesh Bank Bills			-	-
Government Bonds			55,534,620,136	43,270,454,652
Total Government Bonds			<u>55,542,867,336</u>	<u>43,278,892,952</u>
Total Government Securities			<u>57,027,607,862</u>	<u>48,419,211,843</u>
b) Other investments				
Shares in listed companies			4,607,321,792	4,590,232,211
Shares in non-listed companies			188,521,553	288,521,553
Bond in non-listed companies			-	1,000,000,000
Sub-ordinated Bond			3,500,000,000	3,500,000,000
Total other investments			<u>8,295,843,345</u>	<u>9,381,753,764</u>
Total Investments (a+b)			<u>65,323,451,207</u>	<u>57,800,965,607</u>
6.1 Government Securities are Classified as per Bangladesh Bank Circular				
Treasury Bond - HTM			53,464,971,257	41,256,456,652
Treasury Bond - HFT			2,069,648,879	2,013,998,000
Treasury Bills - HTM			1,484,740,526	5,140,318,891
Reverse Repo with Other Bank			-	-
Bangladesh Bank Bills - HTM			-	-
Bangladesh Bank Bills - HFT			-	-
Other Securities (Price Bond)			8,247,200	8,438,300
			<u>57,027,607,862</u>	<u>48,419,211,843</u>
6.2 Maturity grouping of investments				
On demand			4,615,568,992	8,438,300
Up to three months			2,446,492,697	1,127,983,904
More than three months but less than one year			5,157,627,988	12,865,456,596
More than one year but less than five years			14,500,645,687	12,789,113,671
Over five years			38,603,115,843	31,030,001,132
			<u>65,323,451,207</u>	<u>57,800,965,607</u>



		Amount in BDT	
		31 Dec. 2020	31 Dec. 2019
6.3 Other Investments			
Name of the Company	Market Price On 31.12.2020	Cost Price On 31.12.2020	Cost Price On 31.12.2019
A) Shares in listed companies			
Square Pharmaceuticals Ltd.	482,639,015	410,279,045	173,603,901
Gramophone Ltd.	525,008,882	472,246,562	114,442,758
ROBI	8,083,339	2,712,530	-
Brac Bank Ltd.	258,356,891	246,522,686	288,273,126
Linde Bangladesh Limited	-	-	98,456,621
BSRM Steels Limited	21,037,500	57,790,980	57,790,980
Envoy Textiles Limited	26,211,398	43,058,682	43,058,682
Matin Spinning Mills Ltd.	132,724,847	158,543,054	158,543,377
Meghna Life Insurance Co. Ltd.	21,323,100	35,530,251	48,736,185
National Housing Fin. and Inv. Ltd.	226,552,085	44,648,491	44,648,491
Powergrid Company of Bangladesh Ltd.	18,810,000	30,852,420	87,963,678
Titas Gas Transmission & dist. Co. Ltd.	28,223,549	65,321,150	65,321,150
Unique Hotel & Resorts Limited	22,770,000	79,999,980	79,999,980
ACI Limited	141,316,176	179,704,175	178,752,378
Bata Shoe Ltd.	35,837,700	59,685,354	59,685,354
Square Textile Limited	41,978,634	95,713,543	95,713,543
Shasta Denims Limited	66,909,478	147,310,426	147,310,426
The ACME Laboratories Limited	249,074,825	213,465,780	501,420,638
Eastern Bank Ltd.	94,863,716	106,637,387	108,652,693
Prime Bank Limited	171,813,909	204,891,934	200,711,324
The City Bank Limited	237,848,368	316,137,039	210,918,662
Name of the Company	Market Price On 31.12.2020	Cost Price On 31.12.2020	Cost Price On 31.12.2019
United Power Generation & Distribution Company Limited	173,910,000	175,623,670	453,931,281
Navana ONG Limited	16,760,111	29,175,282	36,811,784
CRYSTALINS	428,853	109,010	-
Confidence Cement Limited	-	-	82,564,121
The IBN SINA Pharmaceuticals Industry Limited	-	-	44,262,106
Khusha Power Company Limited	25,685,100	64,856,932	64,856,932
Singer Bangladesh Limited	97,307,335	97,318,799	-
Meghna Petroleum	-	-	26,988,034
Walton Hill	22,903,069	7,238,176	-
Paramount Textile Limited	216,725,508	247,085,784	267,997,160
IFAD Autos Limited	29,680,776	69,778,710	74,589,084
BBS Cables Limited	11,091,520	16,246,001	27,249,840
BATSC	495,936,000	440,769,926	-
Renata	30,503,950	28,938,200	-
Active Fine Chemicals Limited	-	-	39,313,011
Jamuna Oil Company Limited	-	-	14,663,919
SS Steel Limited	-	-	11,835
Genex Infosys Limited	-	-	26,180
BD Submarine Cable	-	-	51,404,513
Esquire Knit Composite	-	-	10,985,737
IDLC Finance Ltd.	110,964,836	102,729,564	33,845,003
Runner Automobiles	173,161,800	145,800,000	145,800,000
New Line Clothing Limited	-	-	40,011
Sico	-	-	72,940
Copper Tech	-	-	47,410
Sea Pearl	147,522	17,764	37,300
Ring Shine Textile Limited	-	-	1,510,600
AND Tel	-	-	569,040
DBH First Mutual Fund	50,953,497	83,937,835	83,937,835
EBL First Mutual Fund	13,488,460	21,722,996	43,473,982
EBL NRB Mutual Fund	18,258,755	27,242,375	20,713,530
ICB AMCL Second Mutual Fund	-	-	27,242,375
MBL 1st Mutual Fund	42,171,503	53,584,476	72,508,591
MLI First Mutual Fund	-	-	39,696,800
Trust Bank 1st Mutual Fund	-	-	48,492,906
NCCBL Mutual Fund-1	-	-	23,320,048
LR Global Bangladesh Mutual Fund -1	21,082,426	24,094,823	92,264,756
Sub Total (a)	4,361,748,433	4,607,321,792	4,593,232,313
B) Shares in non-listed companies			
Karmasangsthan Bank	10,000,000	10,000,000	10,000,000
Central Depository (BD) Ltd	6,277,770	6,277,770	6,277,770
STS Holdings Ltd	-	-	100,000,000
Prime Finance 1st Unit Fund	15,000,000	15,000,000	15,000,000
Energies Power Corporation	98,000,000	98,000,000	98,000,000
Fiber shine	10,000,000	10,000,000	10,000,000
SWIFT	8,258,622	8,258,622	8,258,622
IAHCL 2nd NRB UF	30,415,000	40,985,161	40,985,161
Sub total (b)	177,951,992	188,521,553	288,921,553
C) Bond in non-listed companies			
Best Holdings Limited	-	-	1,000,000,000
Sub total (c)	-	-	1,000,000,000
Total (a + b + c)	4,539,699,425	4,795,843,345	5,882,153,866



6.3 (a) Cost and market value of investment as on 31 December 2020

Government securities:

Treasury Bills (Govt. Securities)
Govt. Treasury Bond (NTM)
Treasury Bond - HFT
Reverse Repo with Other Bank
Stock of Price Bond

Investment in Shares, Bond & Debenture:

Quoted Shares
Un-Quoted Shares
Total investment in shares

	Amount in BDT		
	31 Dec. 2020	31 Dec. 2019	
	Cost Price (Take)	Market Value/ Amortized Cost	Market Value/ Amortized Cost
1,438,528,000	1,484,740,526	5,140,318,891	
2,020,910,994	2,069,648,879	41,256,456,652	
		2,013,998,000	
8,247,200	8,247,200	8,438,300	
3,467,694,194	3,562,636,605	48,419,211,843	
	Market Value/ Amortized Cost	Cost Price	Cost Price
4,361,748,214	4,607,321,792	4,593,232,211	
177,951,612	188,521,553	289,521,553	
4,539,699,826	4,795,843,345	4,882,753,764	

6.4 (a) Disclosure regarding outstanding Reverse Repo on 31 December 2020.

Sl. No	Counter party Name	Agreement Date	Reversal Date	Amount (1st lag cash consideration)
Total				

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	1,341,224,050	1,514,462,030	1,456,716,037
Securities Purchased under reverse repo:			
1) from Bangladesh Bank			
2) from Other Bank & Financial ins.	399,843,600	12,517,228,780	3,983,046,463

7 Loans and Advances

7.1 Maturity grouping of Loans & Advances
(including bills purchased and discounted)

	31 Dec. 2020	31 Dec. 2019	31 Dec. 2020	31 Dec. 2019
On demand	37,085,419,971	3,627,765,395	37,085,419,971	3,627,765,395
Not more than three months	59,335,902,007	95,041,829,942	59,335,902,007	92,286,196,116
More than three months but less than one year	111,521,546,112	105,156,828,040	107,139,365,857	105,156,828,040
More than one year but less than five years	88,472,283,317	77,240,893,535	88,472,283,317	77,240,893,535
More than five years	59,650,588,251	44,416,458,704	59,650,588,251	44,416,458,703
	336,065,739,658	325,483,775,615	351,683,559,403	322,728,141,789

7.2 Loans & Advances

i) Loans, Cash credit & overdraft etc

a) Within Bangladesh

Loan	262,319,074,695	231,107,305,628	257,936,894,440	228,351,671,802
Cash credits	26,112,687,698	29,092,206,836	26,112,687,698	29,092,206,836
Overdrafts	52,553,575,173	46,614,500,343	52,553,575,173	46,614,500,343
	340,985,337,566	306,814,012,807	336,603,157,311	304,058,378,981

b) Outside Bangladesh

ii) Bills Purchased & Discounted (note : 7.13)

a) Payable Inside Bangladesh

Inland Bills Purchased	2,300,449,768	3,272,179,788	2,300,449,768	3,272,179,788
	12,779,952,324	15,397,583,020	12,779,952,324	15,397,583,020
	15,080,402,092	18,669,762,808	15,080,402,092	18,669,762,808

b) Payable outside Bangladesh

Foreign bills purchased & discounted				

7.3 Net Loans & Advances

Gross Loans & Advances (note- 7.2)

Less : Non Performing Loans & Advances (note- 7.10 b)

Interest suspense (note- 12.17)

Provision for Loans & Advances (note- 7.11)

	351,683,559,403	322,728,141,789		
	15,304,850,232	17,098,936,674		
	11,594,608,601	8,468,148,993		
	12,645,899,012	10,435,448,117		
	39,545,357,845	36,002,533,784		
	312,138,201,556	286,725,608,095		

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	43,603,546,941	48,558,322,306
Import Finance	17,335,079,656	19,466,681,279
Export Finance	3,496,833,470	4,631,298,548
House Building Loan	21,696,876,534	19,768,303,822
Transport Loan	3,020,436,166	3,564,692,940
Retail Loan	16,040,043,801	17,029,567,718
Staff Loan	4,138,694,349	3,889,309,697
Industrial Loan	198,342,932,056	164,049,917,702
Agricultural Loan	3,279,965,990	4,407,618,373
Others	40,729,150,440	37,283,990,395
Total Loans & Advances	351,683,559,403	322,728,141,789



	Amount in BDT	
	31 Dec. 2020	31 Dec. 2019
7.5 Industry wise Loans and Advances		
RMG & Accessories	62,515,449,692	44,946,578,810
Textile Industries	18,327,435,620	22,651,862,132
Agriculture	3,279,965,989	4,407,618,373
Food Products & Processing	16,340,896,582	13,848,972,264
Jute Industries	224,193,408	209,098,027
Leather & Leather Products	1,152,539,648	1,043,189,051
Paper & Paper Products Industries	7,331,200,429	6,842,640,921
Wood & Wooden Products	2,690,550,710	2,521,294,272
Chemical & Chemical Products	3,167,747,693	2,579,632,146
Cement Industries	10,482,244,648	9,440,207,979
Brick Field, Auto Bricks, Tiles	976,940,459	813,484,258
Engineering, Basic Metal & Products	20,703,994,701	21,091,695,454
Ship Re-cycling	4,971,358,112	2,818,279,850
Ship Manufacturing	3,844,326,395	3,275,858,455
Educational Institute, Hotel, Restaurant	1,957,061,686	1,045,664,490
Telecommunication	1,886,155,481	2,070,507,245
Transport & Communication	3,020,436,166	3,564,692,940
Diagnostic/Medical/Clinic	3,614,654,436	3,326,665,585
Housing Industry	21,696,876,534	19,768,303,822
Construction (Other than Housing)	31,789,433,864	29,923,380,651
Electronics Media	372,992,024	374,198,540
Power & Energy	9,914,024,298	9,914,198,952
Commercial Trade Financing	64,435,460,067	72,656,300,132
Glass & Glassware Product Industries	4,883,208	-
Tea Manufacturing	533,516,992	-
Others	56,448,020,560	43,593,517,448
	351,683,559,403	322,728,141,789

7.6 Geographical Location wise Loans & Advances

Urban branches		
Dhaka	244,460,794,039	223,937,542,546
Chattogram	79,794,914,452	72,896,024,692
Sylhet	1,772,395,994	1,632,078,910
Rajshahi	5,823,365,786	6,597,853,716
Rangpur	781,111,043	876,482,428
Khulna	6,679,825,602	6,116,407,791
Barisal	403,083,034	316,019,744
	339,714,449,950	312,371,869,827
Rural branches		
Dhaka	8,605,714,578	7,125,062,535
Chattogram	2,707,815,897	2,640,866,962
Sylhet	334,287,144	294,054,002
Rajshahi	240,729,714	244,516,790
Rangpur	56,669,661	45,836,822
Khulna	23,892,459	5,394,841
Barisal	-	-
	11,949,189,463	10,356,531,942
	351,683,559,403	322,728,141,789

7.7 Sector - wise Loans and Advances

Government & autonomous	98,783,084	208,715,558
Co-operative sector	-	-
Other public sector	-	-
Private sector	351,584,776,319	322,519,426,231
	351,683,559,403	322,728,141,789

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)	5,023	4,624
Outstanding Advances (note : 7.8.1)	20,426	18,126
Number of customers	37	40
Classified amount	-	-
Measures taken for recovery	-	-

7.8.1 Detail of information on Advances more than 10% of Bank's total Capital as on 31 December 2020.

Name of the Borrower	Outstanding as on 31 December 2020			(Figure in crore)
	Funded	Non-Funded	Total	31 December 2019
Four H group	722.65	970.01	1,692.66	1,201.50
Smart Group	79.97	190.09	270.06	190.49
Iqbal Group	517.76	149.95	667.71	631.74
Abul Khair group	259.71	555.77	815.49	986.26
Unique Group	212.01	18.50	230.52	213.50
Spectra Group	94.11	261.15	355.26	301.44
Micro Fibre Group	-	891.42	891.42	621.79
Baraka Patenga Power Ltd.	359.16	422.32	781.47	813.55
Summit Group	6.63	117.21	123.86	111.43
Max Group	266.61	185.15	451.75	282.75
Max Power Ltd	6.20	18.36	24.56	113.79
Tome Group	153.10	539.77	712.37	814.92
Bashundhara Group	622.85	323.88	946.73	786.27
Bahshahi Group	55.10	86.49	141.59	-
Chaina Railway Major Bridge Engineering Group Co Ltd.	-	-	-	3.11
Syno Hydro Corporation Ltd.	-	-	-	870.78
BSRM	175.67	365.83	541.51	350.72
Pran Agro	319.97	195.62	515.59	531.53
LIZ GROUP	137.51	357.33	494.84	345.25
DIRD GROUP	439.32	167.31	606.63	504.84
Palmai Group	-	-	-	108.44
Thermax Group	-	-	-	221.92



Name of the Borrower	Outstanding as on 31 December 2020			(Figure in crore)
	Funded	Non-Funded	Total	31 December 2019
Mondol Group	206.74	893.55	1,100.29	727.44
Anwar Group	120.74	204.90	325.64	373.64
Metro Group	84.55	620.78	705.33	491.61
GPH Ispat Group	394.47	250.01	644.49	698.06
New Asia Group	159.52	268.23	427.75	400.52
N.R. Group	288.61	401.55	690.16	598.25
Habib Group	420.22	103.83	524.05	461.04
City Group	256.86	363.93	620.79	425.44
Meghna Group	70.37	67.74	138.11	74.65
Wahid Group	255.89	202.31	458.21	394.39
M.M. Knitwear	-	-	-	229.87
Multi Trading Group	201.22	223.98	425.20	-
Mir Akhter Hossain	249.33	159.93	409.26	353.87
BSM Group	445.90	287.11	733.01	582.33
Energypac	131.60	391.44	523.04	462.42
Mostafa-Hakim Group	317.24	332.61	649.86	398.52
BBS Group	-	-	-	234.11
Orion Group	175.84	192.03	367.88	491.39
Confidence Group	151.39	314.69	466.08	281.27
Omers Group	289.68	73.04	362.73	371.01
B Trac Group	64.64	505.07	569.70	-
Total	8,733.28	11,692.37	20,425.67	18,125.85

		Amount in BDT	
		31 December 2020	31 December 2019
7.9 Disclosure of Particulars of Advances			
i)	Loans considered good in respect of which the banking company is fully & partly secured.	268,450,404,510	253,548,052,811
ii)	Loans considered good against which the banking company holds no security than the debtors personal guarantee.	38,762,489,999	37,401,896,956
iii)	Loans considered good secured by the personal undertakings of one or more parties in addition to the personal guarantee of the debtor.	24,470,664,934	31,778,192,022
iv)	Loans adversely classified, provision not maintained there against.	351,683,559,493	372,728,141,789
v)	Loans due by directors or officers of the banking company or any of them either separately or jointly with any other person	4,138,694,348	4,233,588,990
vi)	Loans due by companies or firms in which the directors of the banking company have interests as directors, partners, or managing agents or in case of private companies, as members	-	-
vii)	Maximum total amount of advances including temporary advances made at any time during the year to directors or managers or officers of the banking company or any of them either severally or jointly with any other person	5,269,174,155	4,852,570,000
viii)	Maximum total amount of advances, including temporary advances granted during the year to the companies or firms in which the Directors of the Bank are interested as directors, partners or managing agents or in the case of private companies as members	-	-
ix) Due from banking companies			
x) Amount of classified loans on which interest has not been charged:			
a)	(Decrease)/ Increase in provision	8,242,481,055	10,856,340,112
b)	Amount realized against loan previously written off	1,810,450,895	1,126,510,759
c)	Amount of provision kept against loan classified as Bad /Loss on the balance sheet date	103,345,832	(169,291,686)
d)	Interest credited to the interest suspense account.	2,287,122,289	3,236,775,851
xi)	Cumulative amount of the written off loan	4,991,464,304	5,666,704,492
xii)	Amount written off during the year	13,428,471,919	13,531,817,751
xiii)	Amount of written off loan for which law suit filed	-	2,114,228,552
		15,299,660,502	15,299,660,502

7.10 Classification of Loans & Advances

a) Unclassified			
Standard (SMA)		3,001,851,258	4,346,095,079
Standard (Small & Medium Ent.)		102,455,174,935	109,072,137,614
Standard (Consumer Finance- Credit Card)		2,349,310,181	2,027,090,026
Standard (Consumer Finance-House Finance)		3,283,005,587	3,513,370,104
Standard (Consumer Finance - Loan Professional)		373,650,641	287,594,365
Standard (Consumer Finance- Others)		5,531,943,227	5,680,626,313
Standard (Agriculture Loan)		1,171,300,438	1,404,692,738
Standard (Staff Loan)		4,138,694,348	4,233,588,990
Standard (Others.)		213,863,778,556	175,061,009,886
		336,378,709,171	305,629,205,115
b) Classified			
Sub - Standard		461,948,967	592,588,234
Doubtful		279,132,037	260,304,314
Bad & Loss		8,242,481,055	10,856,340,112
SMA-Special RSDL (BRPD-5)		6,321,288,173	5,387,704,014
		15,304,850,232	17,096,936,674
Total		351,683,559,493	322,728,141,789



31 December 2020 31 December 2019

7.11 Particulars of required provision for Loans & Advances

Particulars	Base for Provision	Rate of Provision	Provision required	
General Provision (a)				
Special Mention Account	3,001,851,258	0.25% - 5%	26,513,973	46,204,638
Small & Medium Enterprise	102,453,174,935	0.25%	256,137,937	272,680,367
Consumer Fin. - Credit Card	2,549,310,181	2%	50,986,204	40,541,801
Consumer Fin-House Finance	3,293,005,587	1%	32,930,056	35,133,701
Consumer Fin - Loan Prof.	373,650,641	2%	7,473,013	5,751,887
Consumer Fin-Others	5,531,943,227	5%	110,638,865	284,031,316
Short Term Agri & Micro Credit	1,171,300,438	1%	11,713,004	14,046,927
Loan to BFs/MOs/SDs against share	2,038,712,382	2%	40,774,248	4,399,426
Standard loans & advances	215,963,760,524	1%	4,028,873,829	3,302,602,791
Special General Prov.- COVID-19	-	1%	840,000,000	-
	336,378,709,172		5,406,641,128	4,605,392,653
Specific Provision (b)				
Sub - Standard	461,948,967	20% & 5%	37,865,610	56,088,894
Doubtful	279,132,037	50% & 5%	32,261,460	42,337,642
Bad & Loss	8,242,481,054	100%	2,294,659,789	3,236,775,851
SMA-Special RSDL (BRPD-5)	6,321,288,173	-	1,737,308,525	1,630,152,887
as per Bangladesh Bank Directives	-	-	3,137,762,500	1,464,700,000
	15,304,850,231		7,239,837,384	6,434,868,274
Required provision for Loans & Advances (A+B)			12,645,899,012	10,435,448,117
Total provision held for Loans & Advances			12,645,899,012	10,435,448,117
Excess/(Short) Provision			-	-

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

Khatungong branch	-	63,554,418
Agrabad branch	196,056,463	213,816,437
Ambordiana branch	-	72,209,712
Azadi Bazar	-	492,870
Fari branch	-	47,560,844
Jessore branch	3,526,534	-
Kayabazar branch	-	365,958,680
Naogon branch	5,122,074	-
Sarajgonj branch	-	9,323,187
Shanti Nagar Branch	29,343,880	-
Sonargaon Janapath Branch	25,600,034	-
Anowara branch	-	25,347,016
Comilla branch	-	47,833,739
Dampara branch	-	-
Dikouha branch	-	6,082,374
Pabna branch	-	35,758,384
Sylhet branch	10,524,378	-
Shadary branch	-	33,626,101
Brahmanbaria branch	-	12,992,458
Barisal branch	-	19,000,000
Chowdhuryhat Branch	692,153	614,620
Chaudanga Branch	-	24,658,096
Chowdbazar Branch	17,157,988	6,541,256
Gazipur Chowrasta branch	131,268,433	-
Gulshan Branch	122,549,040	-
Gohira Branch	71,368,111	-
Elephant Road Branch	-	31,538,808
Kamrangicher branch	1,450,838	27,745,283
Kanaipur branch	-	19,061,910
Kanchan branch	-	11,429,351
Mirpur Road branch	11,677,078	885,953
Moulvi Bazar -Dhaka branch	-	291,942,745
Moulvibazar-Sylhet Branch	-	65,849,378
Munshigonj branch	-	30,604,029
Mymensingh branch	-	436,361
Shantinagar branch	-	31,025,617
Station Road branch	-	78,006,270
Chashara branch	-	231,624,323
Darussalam Branch	-	16,820,916
Jhawala Branch	7,446,200	19,510,886
O.R. Nazam Road branch	-	10,332,684
Jubilee Road branch	10,497,027	58,709,193
Principal branch	65,606,067	793,108
Mirpur branch	-	1,679,699
Dhonia Branch	-	3,284,025
Madhabdi branch	-	5,167,775
Mohamedpur branch	19,686,060	52,184,253
Mohakhali Branch	1,141,220	-
Moduraghat branch	-	3,253,873
Malshahar Branch	4,055,940	-
Uttarkhan branch	-	40,666,692
Kadamail branch	-	82,383,530
Kaligonj branch	-	4,346,976
Kamarkuly Branch	-	427,264
Kathgor Branch	-	530,763
Kushdia Branch	-	41,655,000
Nabiganj Branch	3,451,908	2,153,755
Nikunjo Branch	-	416,758
Port Branch	-	36,046,750
Rajbari Branch	-	12,843,646
Tongi Branch	-	40,090,380
Tongi Station Road	-	29,448,863



		Amount in BDT	
		31 December 2020	31 December 2019
Uttara Branch		-	5,403,970
Zindabazar Branch		-	4,606,346
Uttara Branch		-	123,471,302
Bogra Branch		-	339,475,267
Pragati Saroni Branch		66,349,500	-
Subid Bazar Branch		11,695,964	-
Andanika branch		-	68,966,108
		816,266,891	7,810,130,002
7.13 Bills purchased and discounted			
a) Payable in Bangladesh		2,300,449,768	3,272,179,788
b) Payable outside Bangladesh		12,779,952,324	15,397,583,020
		15,080,402,092	18,669,762,808
7.13.1 Maturity grouping of bills purchased and discounted			
Payable within one month		4,981,800,000	1,222,200,000
Over one month but less than three months		5,441,957,475	3,751,517,237
Over three months but less than six months		2,944,825,887	7,644,163,806
Six months or more		1,711,818,730	6,051,981,766
		15,080,402,092	18,669,762,808

	Consolidated		United Commercial Bank Limited	
	31 Dec. 2020	31 Dec. 2019	31 Dec. 2020	31 Dec. 2019
8. Fixed assets including premises, furniture & fixtures.				
Land	4,395,054,283	4,395,054,283	4,395,054,283	4,395,054,283
Building	2,590,073,665	2,590,073,665	2,599,698,620	2,599,698,620
Furniture and fixtures	2,146,476,170	1,965,834,417	2,107,660,250	1,930,456,117
Office equipments	2,496,500,042	1,867,729,296	2,483,921,697	1,856,554,676
Computer & equipments	1,468,867,288	1,281,659,003	1,457,701,212	1,272,130,152
Vehicles	508,460,273	505,460,273	496,004,413	495,004,413
Capital Expenditure Work in Progress	550,723,785	540,859,003	549,975,035	540,859,003
	14,156,156,506	13,146,669,940	14,050,015,510	13,050,757,264
Intangible assets				
Computer software	1,218,577,002	959,195,720	1,214,706,002	955,389,025
Lease Asset				
Right of Use assets (ROU) as per IFRS 16	5,203,580,012	5,133,695,408	5,203,580,012	5,133,695,408
	20,578,312,520	19,239,561,068	20,468,301,524	19,139,841,697
Less: Accumulated depreciation & amortization	5,953,591,189	4,699,345,478	5,928,343,603	4,685,201,541
Written down value at the end of the year	14,624,721,331	14,540,215,590	14,539,957,921	14,454,640,156
Fixed Assets Schedule:				
A schedule of Fixed assets is given in Annexure - 8				

9. Other assets				
Investment in share of subsidiary companies.	-	-	3,754,092,847	617,592,757
Investment against Right share of subsidiary companies*	-	-	-	1,486,500,000
Receivable from Subsidiary Company	-	-	22,165,841	767,021
Stock of Stationery & Stamps	63,508,454	43,651,077	63,508,454	43,651,077
Account with Stock Broker	2,256,077,339	410,289,235	1,932,141,834	379,638,012
Advance Payment	2,325,220,207	2,018,425,982	2,325,220,207	2,018,425,982
Advance Deposit	8,246,730	132,737,498	8,246,730	8,246,730
Suspense Account (note - 9.1)	1,448,977,905	1,871,646,026	1,448,977,905	1,871,646,026
Advance Income Tax Paid (note - 9.2)	1,293,168,267	1,174,048,714	1,293,168,267	1,164,968,259
Interest Receivable	1,536,869,555	1,367,725,344	1,536,869,555	1,367,725,344
Income Receivable	50,815,674	107,468,716	50,815,674	88,567,498
Head Office General Account (note - 9.3)	71,031	-	71,031	-
FC Placement as Security Deposit	-	-	-	-
Deferred Tax Asset (note - 9.4)	2,836,159,182	2,295,986,456	2,838,117,649	2,295,986,456
Others (note - 9.5)	140,577,497	5,839,556	140,577,592	5,839,556
	11,559,621,844	9,427,838,614	15,413,973,426	11,549,574,728

		Amount in BDT	
		31 December 2020	31 December 2019
9.1 Suspense accounts			
Advance against expenses		384,364,633	514,379,797
Advance against others		44,096	100,000
Advance against Foreign Remittance Settlement		18,293,197	25,509,818
Claims on Sanchayatra		437,859,314	760,037,689
Interest on sanchayatra		217,128,477	283,832,599
Excise duty		1,189,660	5,119,050
Protested bill		78,818,894	79,607,607
Sundry receivable ATM		235,626,589	123,529,203
Cash in Transit		-	26,400,000
Card suspense		70,931,759	44,572,633
Upay suspense		918,786	2,761,150
Cash in Excess/Short ATM		1,802,900	5,796,500
		1,448,977,905	1,871,646,026
9.2 Advance Income tax			
Opening balance		1,164,968,259	1,346,549,251
Add: Advance Tax paid during the year		2,392,309,601	2,319,841,585
Less: Advance Tax adjustment with tax Provision		(2,264,109,593)	(2,501,422,577)
Balance at the end of the year		1,293,168,267	1,164,968,259



9.2.1 Advance income tax paid

A) Assessment year wise break up is as follows:
Tax refundable Up to the year 2009

2011-2012
2012-2013
2013-2014
2014-2015
2015-2016
2016-2017
2017-2018
2018-2019
2019-2020
2020-2021
2021-2022

Amount in BDT	
31 December 2020	31 December 2019
119,691,400	119,691,400
1,317,582,056	1,311,692,098
2,300,895,593	2,300,895,593
1,801,862,346	1,801,862,346
-	2,343,175,995
2,645,092,879	2,645,092,879
3,091,606,166	3,091,606,166
2,324,701,311	2,324,701,311
2,380,903,375	2,380,903,375
2,025,122,577	2,001,422,577
2,021,302,249	927,841,585
1,026,446,634	-
21,655,204,544	21,248,885,335
(19,762,038,319)	(20,083,917,066)
1,893,166,225	1,164,968,269

Less: Advance Tax Adjusted with tax provision up to the year 2018

9.3 Head Office General Account

This is made up as follows :

Due from branches
Due to branches

160,741,917,587	137,692,602,980
160,741,917,587	137,692,711,466
71,031	(108,486)

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)
Balance as at 31 December, 2019					2,497,761,415
Deferred Tax Asset (a)					(201,774,959)
Deferred Tax Liability (b)					
Balance as at 31 December, 2020					3,070,996,119
Deferred Tax Asset (a)					(232,878,470)
Deferred Tax Liability (b)					
Net Deferred Tax Asset as at 31 December, 2020 (a+b)					2,838,117,649
Provision Opening(Specific)	6,430,055,264	-	6,430,055,264	37.50%	2,411,270,724
Provision During the Year(Specific)	1,579,675,551	-	1,579,675,551	37.50%	592,378,332
Provision Opening(Dilution of Investment)	673,470,630	-	673,470,630	10.00%	67,347,063
Deferred tax asset (a)					3,070,996,119
Property, Plant and Equipment's	5,266,930,613	4,762,787,956	(504,142,658)	37.50%	(189,053,497)
Provision During the Year(Dilution of Investment)	438,249,731	-	(438,249,731)	10.00%	(43,824,973)
Deferred tax liabilities (b)					(232,878,470)

9.5 Others

UCB International school project
Receivable from Others
COVID-19 Receivable
Input VAT & Clearing Adjustment Account

Amount in BDT	
31 December 2020	31 December 2019
3,042,606	3,042,606
-	100
137,534,896	-
140,577,502	2,795,850
140,577,502	5,839,556

9.6 Non-income generating other assets

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

63,506,454	43,651,077
1,932,141,834	379,638,012
2,325,220,207	2,018,425,992
8,246,730	8,266,730
1,293,168,267	1,164,968,259
1,448,977,905	1,671,646,026
71,031	-
2,838,117,649	2,295,986,456
140,577,502	5,839,556
10,050,029,579	7,788,422,108



	Consolidated		Amount in BDT United Commercial Bank Limited	
	31 Dec. 2020	31 Dec. 2019	31 Dec. 2020	31 Dec. 2019
10 Borrowings from other banks, financial institutions & agent				
In Bangladesh (note - 10.1)	59,414,244,142	38,680,554,819	56,572,445,993	37,466,824,439
Out Side Bangladesh (note - 10.2)	2,826,679,995	3,444,501,317	2,826,679,995	3,444,501,317
	<u>62,240,924,137</u>	<u>42,125,056,136</u>	<u>59,399,125,988</u>	<u>40,911,325,756</u>
10.1 In Bangladesh				
UCBL Subordinated Bond (note - 10.1.1)			16,300,000,000	15,400,000,000
Bangladesh Bank IPFF Fund			4,982,987,574	4,752,167,240
EDF Borrowings from Bangladesh Bank			25,019,396,664	16,850,130,114
Borrowing from Bangladesh Bank Refinancing scheme			10,270,061,755	464,527,085
Southeast Bank Limited				
			<u>56,572,445,993</u>	<u>37,466,824,439</u>
10.1.1 UCBL Subordinated Bond				
UCBL 1st Subordinated Bond			-	800,000,000
UCBL 2nd Subordinated Bond			2,000,000,000	3,000,000,000
UCBL 3rd Subordinated Bond			6,300,000,000	7,000,000,000
UCBL 4th Subordinated Bond			8,000,000,000	4,600,000,000
			<u>16,300,000,000</u>	<u>15,400,000,000</u>
10.2 Out Side Bangladesh				
International Finance Corporation			-	141,499,859
PROPARCO			282,667,995	444,714,282
Emirates NBD Bank PJSC-UAE			-	424,500,000
Emirates Islamic Bank			-	-
First Gulf Bank			-	304,519,320
Habib Bank UK			-	-
CADCA Bank Spain			-	-
National Bank of Ras Al-Khaimah, UAE			-	685,967,856
DBS Bank Limited			2,544,012,000	1,443,300,000
Standard Chartered Bank, Singapore			-	-
			<u>2,826,679,995</u>	<u>3,444,501,317</u>
Secured			59,399,125,988	40,911,325,756
Unsecured			59,399,125,988	40,911,325,756
			<u>59,399,125,988</u>	<u>40,911,325,756</u>
			Amount in BDT	
			31 December 2020	31 December 2019
10.3 Maturity Grouping of Borrowings from other banks, financial institutions & agent.				
Payable on demand			3,927,007,578	3,801,268,281
Payable within one month			24,674,570,482	16,862,000,000
Over one month but within six months			8,641,228,551	1,730,023,867
Over six month but within one year			18,335,294,200	13,645,349,077
Over one year but within five years			3,821,025,178	4,872,684,530
Over five years but within ten years			59,399,125,988	40,911,325,756
			<u>59,399,125,988</u>	<u>40,911,325,756</u>
11 Deposits and other accounts				
Inter Bank deposits	23,950,085	2,025,202,070	23,950,085	2,025,202,070
Other deposits	352,289,550,064	328,391,064,745	353,957,668,680	328,607,031,452
	<u>352,313,500,149</u>	<u>330,416,266,815</u>	<u>353,981,618,765</u>	<u>330,632,233,522</u>
a. Current accounts & other accounts				
Current deposits	38,548,879,994	32,461,778,278	40,216,998,610	32,677,744,985
Foreign currency deposits	3,224,438,806	2,968,993,502	3,224,438,806	2,968,993,502
Sundry deposits (note - 11.1)	27,562,601,973	22,349,349,148	27,562,601,973	22,349,349,148
	<u>69,335,920,773</u>	<u>57,780,120,928</u>	<u>71,004,039,389</u>	<u>57,996,087,635</u>
b. Bills Payable				
Pay order	8,272,547,152	9,406,083,310	8,272,547,152	9,406,083,310
Demand draft payable	7,717,840	8,203,645	7,717,840	8,203,645
Others Payable	-	3,500	-	3,500
	<u>8,280,264,992</u>	<u>9,414,290,455</u>	<u>8,280,264,992</u>	<u>9,414,290,455</u>
c. Savings Bank deposits				
Savings Bank deposits	70,999,776,995	56,655,943,326	70,999,776,995	56,655,943,326
	<u>70,999,776,995</u>	<u>56,655,943,326</u>	<u>70,999,776,995</u>	<u>56,655,943,326</u>
d. Fixed deposits				
Fixed deposits	124,519,750,307	143,296,855,887	124,519,750,307	143,296,855,887
Special notice deposits	41,538,548,928	33,291,964,033	41,538,548,928	33,291,964,033
Scheme Deposits	37,639,238,154	29,977,092,186	37,639,238,154	29,977,092,186
	<u>203,697,537,389</u>	<u>206,565,912,106</u>	<u>203,697,537,389</u>	<u>206,565,912,106</u>
Total Deposits and other accounts (a+b+c+d)	<u>352,313,500,149</u>	<u>330,416,266,815</u>	<u>353,981,618,765</u>	<u>330,632,233,522</u>
			Amount in BDT	
			31 December 2020	31 December 2019
11.1 Sundry deposits				
Sundry creditors			325,687,512	399,277,407
Security deposits			8,630,350	7,928,800
Debit & Credit card			25,654,210	23,721,630
Others			10,511,483	6,544,170
FC held against deemed export LC			2,363,193,796	1,893,976,679
FC held against BTB LC			17,505,288,057	13,689,987,826
Margin			-	-
Letter of guarantees			2,172,736,457	1,797,164,630
Letter of credit			5,025,534,022	4,323,342,902
SME Time Loan			8,090,170	14,534,641
Export Proceed			117,275,916	192,870,463
			<u>27,562,601,973</u>	<u>22,349,349,148</u>



11.2 Maturity analysis of deposits & other accounts

Inter-Bank Deposits

Payable on demand

Payable within one month

Over one month but within six months

Over six month but within one year

Over one year but within five years

Over five years but within ten years

Other Deposits

Payable on demand

Payable within one month

Over one month but within six months

Over six month but within one year

Over one year but within five years

Over five years but within ten years

Amount in BDT	
31 December 2020	31 December 2019
18,784,235	20,129,031
-	5,073,039
-	-
-	-
5,165,850	2,000,000,000
23,950,085	2,025,202,070
2,974,210,741	2,245,670,969
46,215,919,707	36,865,796,914
99,613,466,667	103,214,903,581
46,065,033,333	38,094,012,250
155,302,738,232	63,102,637,332
3,786,300,000	85,084,010,406
353,957,668,680	328,607,031,452
353,981,618,765	338,632,233,522

11.3 Sector-wise deposits

Government

Semi-Government

Public

Private

Foreign Currency Deposits

1,435,744,616	979,008,170
5,311,631,416	6,993,928,711
32,100,014,297	26,650,317,324
311,909,789,632	293,039,985,815
3,224,438,804	2,968,993,502
353,981,618,765	338,632,233,522

12 Other Liabilities

Provision for classified loans & advances

Provision for diminution in value of investment

Provision for classified fixed assets

Provision for classified other assets

Provision for standard loans & advance

Provision for special mention account

Provision for small & medium enterprise (SME)

Provision for consumer finance (Credit Card)

Provision for consumer finance (House Finance)

Provision for consumer finance (L.p)

Provision for consumer finance (Others)

Provision for short term and micro finance

Provision for off-balance sheet exposure

Provision for BHS/MBs/SDs/against share

Provision for current tax

Provision for UCB foundation

Interest suspense account

Special General Provision for COVID_19

Head office general account

Unclaimed Dividend

Sundry liabilities

Interest payable

Lease Liabilities as per IFRS 16

Start-Up Fund

Consolidated		United Commercial Bank Limited	
31 Dec. 2020	31 Dec. 2019	31 Dec. 2020	31 Dec. 2019
7,239,857,885	6,430,055,264	7,239,857,885	6,430,055,264
235,220,899	673,470,630	235,220,899	673,470,630
3,972,000	3,972,000	3,972,000	3,972,000
105,000,000	105,000,000	105,000,000	105,000,000
4,028,873,830	3,302,602,791	4,028,873,830	3,302,602,791
26,513,973	46,204,637	26,513,973	46,204,637
256,137,937	272,680,367	256,137,937	272,680,367
50,986,204	40,541,801	50,986,204	40,541,801
32,930,056	35,133,701	32,930,056	35,133,701
7,473,013	5,751,887	7,473,013	5,751,887
110,638,865	284,031,315	110,638,865	284,031,315
11,713,004	14,046,927	11,713,004	14,046,927
1,857,239,989	1,617,214,824	1,857,239,989	1,617,214,824
40,774,248	4,399,426	40,774,248	4,399,426
5,856,555,783	5,415,922,456	5,580,668,803	5,211,832,053
75,000,000	75,000,000	75,000,000	75,000,000
11,594,608,601	8,468,148,993	11,594,608,601	8,468,148,993
840,000,000	-	840,000,000	-
-	108,486	-	108,486
176,363,248	154,433,832	176,363,248	154,433,832
6,094,005,635	3,304,061,467	2,944,075,262	2,332,904,735
5,019,025,340	8,502,502,217	5,019,025,340	8,502,502,217
4,594,327,828	4,853,506,573	4,594,327,829	4,853,506,573
28,571,978	-	28,571,978	-
48,285,790,316	43,608,789,594	44,859,872,864	42,433,542,459

12.1 Provision for classified loans & advances

Opening balance

Add: Write off transfer from interest suspense account

Less: Adjustment due to written off

Provision made during the year

Transferred from surplus of other provision heads

6,430,055,264	4,940,005,021
-	442,828,786
-	(2,114,228,552)
809,802,621	3,161,450,009
7,239,857,885	6,430,055,264

12.2 Provision for diminution in value of investment

Opening balance

Provision made/(reversed) during the year

673,470,630	-
(438,249,731)	673,470,630
235,220,899	673,470,630

12.3 Provision for classified fixed assets

Opening balance

Provision made during the year

3,972,000	3,972,000
3,972,000	3,972,000

12.4 Provision for classified other assets

Opening balance

Provision made during the year

Transferred the surplus to other provision heads

105,000,000	104,954,661
-	35,339
105,000,000	105,000,000

12.5 Provision for standard loans & advance

Opening balance

Provision made during the year

Transferred from surplus of other provision heads

Adjustment during the year

3,302,602,791	3,727,755,019
726,454,536	(427,213,421)
(183,497)	2,061,193
4,028,873,830	3,302,602,791



		Amount in BDT	
		31 Dec. 2020	31 December 2019
12.6 Provision for special mention account			
Opening balance	46,204,637	75,968,997	
Provision made during the year	(19,690,664)	(29,764,360)	
Transferred the surplus to other provision heads			
	26,513,973	46,204,637	
12.7 Provision for small & medium enterprise(SME)			
Opening balance	272,680,367	221,345,711	
Provision made during the year	(16,542,430)	51,334,656	
Transferred the surplus to other provision heads			
	256,137,937	272,680,367	
12.8 Provision for consumer finance (Credit Card)			
Opening balance	40,541,801	32,796,713	
Provision made during the year	10,444,403	7,745,088	
	50,986,204	40,541,801	
12.9 Provision for consumer finance (House Finance)			
Opening balance	35,133,701	51,581,733	
Provision made during the year	(2,203,645)	(16,448,032)	
	32,930,056	35,133,701	
12.10 Provision for consumer finance (Loan Professionals)			
Opening balance	5,751,887	2,814,141	
Provision made during the year	1,721,126	2,937,746	
Transferred the surplus to other provision heads			
	7,473,013	5,751,887	
12.11 Provision for consumer finance (Others)			
Opening balance	284,031,315	239,654,652	
Provision made during the year	(173,392,450)	44,376,663	
	110,638,865	284,031,315	
12.12 Provision for short term agri micro finance			
Opening balance	14,046,927	16,077,497	
Provision made during the year	(2,333,923)	(2,030,570)	
Transferred the surplus to other provision heads			
	11,713,004	14,046,927	
12.13 Provision for off-balance sheet exposure			
Opening balance	1,617,214,824	1,570,407,545	
Provision made/(reversed) during the year	240,064,820	46,534,544	
Adjustment during the year	(39,655)	272,735	
	1,857,239,989	1,617,214,824	
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 2020 is Tk. 1,857,239,989 against which available provision is Tk. 1,857,262,814.			
12.14 Provision for BH/MSs/SDs/against share			
Opening balance	4,399,426	937,875	
Addition during the year	36,374,822	3,461,551	
	40,774,248	4,399,426	
12.15 Provision for current tax			
Opening balance	5,211,832,053	4,930,176,967	
Add: Addition during the year	2,609,395,100	2,783,077,563	
Add: Adjustment with previous year	23,551,242		
Less: Adjustment with advance Tax	(2,264,109,592)	(2,501,422,577)	
	5,580,668,803	5,211,832,053	
12.15.1 Provision for Current Tax			
Assessment year wise breakup is as follows:			
2011-2012	1,238,047,578	1,238,047,578	
2012-2013	2,183,460,319	2,183,460,319	
2013-2014	2,152,935,623	2,152,935,623	
2014-2015		2,562,437,098	
2015-2016	3,161,945,018	3,161,945,018	
2016-2017	3,265,000,000	3,265,000,000	
2017-2018	2,561,251,694	2,561,251,694	
2018-2019	3,027,500,000	3,027,500,000	
2019-2020	2,360,094,126	2,360,094,126	
2020-2021	2,783,077,663	2,783,077,663	
2021-2022	2,609,395,100		
	25,342,707,121	25,295,749,119	
Less: Adjustment of Current Tax Provision with advance Tax up to the year 2018.	(19,762,038,318)	(20,083,917,066)	
	5,580,668,803	5,211,832,053	
12.16 Provision for UCB foundation			
Opening balance	75,000,000	63,165,000	
Addition during the year	75,000,000	75,000,000	
Less: Fund transfer to UCB Foundation	(75,000,000)	(63,165,000)	
	75,000,000	75,000,000	



	Amount in BDT	
	31 Dec. 2020	31 Dec. 2019
12.17 Interest suspense account		
Opening balance	8,468,148,993	6,376,030,371
Add: Amount transferred to interest suspense account during the year	4,991,464,304	5,666,704,492
Less: Amount recovered from interest suspense account during the year	(1,845,778,074)	(2,877,588,192)
Less: Interest waiver/remission allowed	(19,226,622)	(254,168,892)
Less: Amount written off during the year	-	(442,828,786)
	11,594,609,601	8,458,148,993
12.18 Special General Provision for COVID_19		
Opening balance	-	-
Provision made during the year	840,000,000	-
	840,000,000	-

13 Share Capital		
Opening balance	11,595,437,190	10,541,306,540
Add: Bonus shares issue	579,771,860	1,054,130,650
	12,175,209,050	11,595,437,190

13.1 Authorized Capital		
1,500,000,000 ordinary shares of Tk. 10.00 each	15,000,000,000	15,000,000,000

13.2 Issued subscribed and paid up Capital		
105,41,30,654 ordinary shares @ Taka 10.00 each	11,595,437,190	10,541,306,540
105,413,065 ordinary shares @ Taka 10.00 each issued as bonus share	579,771,860	1,054,130,650
	12,175,209,050	11,595,437,190

Shareholding position:

Particulars	December 2020		December 2019	
	No. of Shares	Amount in BDT	No. of Shares	Amount in BDT
Sponsors/Directors	446,583,038	4,465,830,380	425,317,192	4,253,171,920
Institution/ Financial & Others)	260,773,429	2,607,734,290	234,497,882	2,344,978,820
General Public	500,289,381	5,002,893,810	490,323,829	4,903,238,290
Govt. of Peoples Republic of BD	9,875,056	98,750,560	9,404,816	94,048,160
Total	1,217,520,904	12,175,209,040	1,159,543,719	11,595,437,190

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

Rights share (1:1; 1 share for each share held) has been issued in the year 2011 @ Tk. 15 each including share premium of Tk. 5 each.

13.4 Classification of Shareholders by holding as at 31 December 2020

Shareholding Range	Number of Shareholders	Number of Shares	Value of Shares in BDT	Total Holdings %
Upto 500 Shares	22,862	3,688,738	36,887,380	0.30%
501 to 5000 Shares	20,779	36,627,854	366,278,540	3.01%
5001 to 10,000 Shares	3,014	20,913,310	209,133,100	1.72%
10,001 to 20,000 Shares	1,833	25,096,721	250,967,210	2.06%
20,001 to 30,000 Shares	589	14,235,153	142,351,530	1.17%
30,001 to 40,000 Shares	219	7,476,293	74,762,930	0.61%
40,001 to 50,000 Shares	145	6,478,489	64,784,890	0.53%
50,001 to 100,000 Shares	309	21,414,800	214,148,000	1.76%
100,001 to 10,00,000 Shares	324	88,885,629	888,856,290	7.30%
10,00,001 & above	132	992,703,917	9,927,039,170	81.53%
Total	58,206	1,217,520,904	12,175,209,040	100.00%

13.5 History of Paid Up Capital

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



Amount in BDT

31 Dec. 2020

31 Dec. 2019

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 2020 was Taka 42,089,942,286 as against available Tier-1 Capital of Taka 28,848,432,492 and Tier-2 Capital of Taka 21,383,175,960 making a Total Regulatory Capital of Taka 50,231,608,452 thereby an excess of capital of Taka 8,141,666,166 at that date.

Details are shown below :

Tier-I Capital :**Common Equity Tier-1 capital (CET1):**

Paid-up Capital (note: 13.2)	12,175,209,050	11,595,437,190
Share Premium (note: 13.3)	1,454,976,750	1,454,976,750
Statutory Reserve (note: 14)	13,424,987,898	12,435,385,300
General Reserve (note : 15)	26,577,961	26,577,961
Retained Earnings (note : 17)	5,191,763,146	4,512,283,598
	32,273,514,806	30,024,660,799

Less: Regulatory Adjustments:

Goodwill and all other Intangible Assets	436,341,502	312,986,115
Deferred Tax Assets (DTA)	2,838,117,649	2,295,986,456
Reciprocal crossholdings and excess investment above limit	101,950,990	120,383,050
Others	48,672,172	41,036,674
	3,425,082,313	2,770,392,295

Total Common Equity Tier-1 Capital**Additional Tier-1 Capital (AT-1)****Total Tier-1 Capital**

	28,848,432,492	27,254,268,504
	-	-
	28,848,432,492	27,254,268,504

Tier-II Capital:

General Provision	7,263,281,119	5,622,607,676
Revelution Reserve (note: a)	-	-
Subordinated Bond	14,600,000,000	14,000,000,000
	21,863,281,119	19,622,607,676

Less: Regulatory Adjustments:

Revelution Reserve	-	-
Reciprocal crossholdings in the T-2 Capital of BMBFIs & Insurance Entities	4,365,950	169,218,680
Any investment exceeding the approved limit under section 26(2) of Bank Company Act, 1991 (50% of Investment)	-	-
Others	475,739,208	471,509,466
	475,739,208	471,509,466

Total Admissible Tier-2 Capital**Total Regulatory Capital**

	21,383,175,861	19,893,879,530
	50,231,608,453	46,338,148,034

Risk Weighted Assets (note-13.8)**Minimum Capital Requirement with Capital Conservation Buffer (12.5% of Risk Weighted Assets)****Capital Surplus/(Shortfall)**

	336,719,538,288	314,868,224,293
	42,089,942,286	39,358,528,037
	8,141,666,167	6,577,619,997

13.7	Composition of Capital	Required	Held	Required	Held
	Common Equity Tier-I	4.50%	8.57%	4.50%	8.66%
	Tier-I Capital	6.00%	8.57%	6.00%	8.66%
	Tier-II Capital	-	6.33%	-	6.03%
	Tier-I Capital with Buffer	8.50%	8.57%	7.88%	7.51%
	Total CRAR	12.50%	14.92%	11.88%	14.68%

13.8	Computation of Risk weighted assets		
	On- Balance Sheet	238,110,024,639	220,316,692,533
	Off-Balance sheet	56,154,619,930	55,573,132,977
	Credit Risk (A)	294,264,644,569	275,889,825,510
	Market Risk (B)	9,050,011,345	8,118,341,094
	Operational Risk (C)	33,404,882,374	30,860,057,689
	Total Risk Weighted assets (A+B+C)	336,719,538,288	314,868,224,293



	Consolidated		United Commercial Bank Limited	
	31 Dec. 2020	31 Dec. 2019	31 Dec. 2020	31 Dec. 2019
14 Statutory Reserve				
As per section 24(1) of the Bank company Act, 1991 (amendment up to 2018), an amount equivalent to 20% of the profit before taxes for the year has been transferred to the statutory reserve fund as under:				
Opening Balance	12,435,385,300	11,448,968,038	12,435,385,300	11,448,968,038
Add: Transferred during the year	989,602,598	986,417,262	989,602,598	986,417,262
	<u>13,424,987,898</u>	<u>12,435,385,300</u>	<u>13,424,987,898</u>	<u>12,435,385,300</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)	25,125,152	25,683,605	25,125,152	25,683,605
Revaluation Reserve on HTM Securities (notes: 16.2.1)	93,738,160	198,489,847	93,738,160	198,489,847
Revaluation Reserve on HFT Securities (notes: 16.2.2)	139,751,027	84,000	139,751,027	84,000
	<u>2,792,715,898</u>	<u>2,758,359,011</u>	<u>2,792,715,898</u>	<u>2,758,359,011</u>
16.1 Asset Revaluation Reserve				
In terms of Bangladesh Accounting Standard (BAS) 16, 'Property, Plant & Equipment' and instruction contained in BRPD Circular No. 10 dated 25 November 2002 issued by Bangladesh Bank, all the immovable properties of the Bank were revalued as at 27.12.2012 by Padma Techno Consult & Survey Ltd. an independent professionally qualified valuation firm of the country based on market survey. Accordingly, revaluation surplus of Tk. 2,534,101,559/- for land & building has been included as asset revaluation reserve at reporting date as follows:				
Opening Balance	2,534,101,559	2,534,101,559	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)			93,738,160	198,489,847
HFT Securities (notes 16.2.2)			<u>139,751,027</u>	<u>84,000</u>
			<u>233,489,187</u>	<u>198,573,847</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			198,489,847	90,800,364
Net Revaluation gain/adjustment during the year			<u>(104,751,687)</u>	<u>107,689,483</u>
			<u>93,738,160</u>	<u>198,489,847</u>
16.2.2 Revaluation Reserve on HFT Securities				
Opening Balance			84,000	-
Net Revaluation gain/adjustment during the year			<u>139,667,027</u>	<u>84,000</u>
			<u>139,751,027</u>	<u>84,000</u>
			United Commercial Bank Limited	
			31 Dec. 2020	31 Dec. 2019
17 Retained Earnings				
Opening Balance			4,512,283,598	3,780,790,785
Add: Transferred during for the year			1,839,023,267	1,785,623,463
Add: Adjustment for Deferred Tax Asset			-	-
Less: Issuance of Stock Dividend			(579,771,860)	(1,054,130,650)
Less: Issuance of Cash Dividend			<u>(579,771,860)</u>	<u>-</u>
			<u>5,191,763,146</u>	<u>4,512,283,598</u>
17(a) Consolidated Retained Earnings				
United Commercial Bank Ltd.	5,191,763,146	4,512,283,598		
UCB Capital Management Ltd.	604,299,553	514,301,974		
UCB Investment Ltd.	62,194,085	66,366,321		
UCB Asset Management Ltd.	5,856,136	(36,236)		
UCB Fintech Company Limited	(65,690)	-		
	<u>5,864,047,231</u>	<u>5,092,918,657</u>		
Less: Non controlling Interest	219	100		
Total balance of retained earnings attributable to the ordinary Share holders.	<u>5,864,047,012</u>	<u>5,092,918,557</u>		
Non controlling interest	<u>219</u>	<u>100</u>		



		Amount in BDT	
		31 Dec. 2020	31 Dec. 2019
18 Contingent liabilities & commitment			
Acceptances & endorsement (note- 18.1)		78,153,489,715	70,853,038,511
Letters of guarantee (note- 18.2)		49,877,297,665	57,393,933,584
Irrecoverable letters of credit (note- 18.3)		58,643,781,573	39,892,932,238
Bills for collection (note-18.4)		14,125,013,990	15,798,968,621
Other Commitments		242,106,790	19,010,212
		201,841,689,733	183,957,883,166
18.1 Acceptances & endorsements			
Bankers liabilities for accepted against usance LC		61,518,903,918	52,418,618,072
Bankers liabilities for accepted against BB usance		16,634,585,797	18,434,420,439
		78,153,489,715	70,853,038,511
18.2 Letters of guarantee			
Bankers liabilities for letters of guarantee (Inland)		40,787,503,022	48,461,692,476
Bankers liabilities for letters of guarantee (Foreign)		9,089,794,643	8,932,241,108
		49,877,297,665	57,393,933,584
18.3 Irrecoverable letters of credit			
Letters of credit (Inland)		406,516,821	369,519,179
Letters of credit (Foreign)		34,819,548,138	24,870,627,481
Back to back L/C		20,269,175,401	12,119,008,679
Letters of credit EDF		3,100,256,461	2,513,636,310
Letters of credit EPZ		48,274,752	20,140,589
		58,643,781,573	39,892,932,238
18.4 Bills for collection			
Bills for collection		9,482,409,741	10,073,683,919
Foreign Bills for collection		4,642,604,249	5,725,284,702
		14,125,013,990	15,798,968,621
19 Income Statement			
Income			
Interest, discount and similar income (note - 19.1)		32,839,829,930	35,407,971,409
Dividend income		206,565,597	260,050,966
Fees, commission and brokerage		3,381,909,841	3,137,987,275
Gain less losses arising from dealing in securities		-	-
Gain less losses arising from investment securities		395,875,448	133,920,037
Gain less losses arising from dealing in foreign currencies		1,312,074,764	1,782,075,816
Income from non-banking asset		-	-
Other operating income		148,137,150	137,821,845
		38,284,392,730	40,859,827,348
Expenses			
Interest paid on deposits and borrowings etc		17,796,178,247	20,150,935,922
Administrative expenses (note - 19.2)		9,396,902,852	8,755,880,232
Other operating expenses		2,900,050,892	2,580,303,288
Depreciation on banks assets		1,334,144,094	1,094,023,437
		31,427,276,085	32,581,142,879
		6,857,116,645	8,278,684,469
19.1 Interest, discount and similar income			
Interest Income		27,306,956,686	30,948,745,064
Interest income from investments		5,532,873,244	4,459,226,345
		32,839,829,930	35,407,971,409
19.2 Administrative expenses			
Salary and allowances		6,354,171,912	5,912,081,692
Rent, taxes, insurance, electricity etc.		995,871,932	997,997,217
Legal expenses		94,175,130	67,210,548
Postage, stamps, telecommunications etc.		174,621,217	189,263,635
Stationery, printing, advertisements etc.		1,482,822,745	1,227,388,405
Chief Executive's salary and fees		15,018,400	13,744,000
Directors' fees		2,705,176	3,462,118
Auditors' fees		1,725,000	1,150,000
Repair of banks assets		275,791,340	343,582,617
		9,396,902,852	8,755,880,232



	Consolidated		United Commercial Bank Limited	
	31 Dec. 2020	31 Dec. 2019	31 Dec. 2020	31 Dec. 2019
20 Interest Income				
Interest on loans and advances	26,821,335,390	30,084,048,429	26,437,716,121	29,695,944,276
Interest on balances with other banks & Fin Ins.	727,325,863	1,081,921,052	727,325,863	1,081,921,052
Interest on money at call on short notice	82,829,445	94,921,389	82,829,445	94,921,389
Interest on balance with foreign Bank	59,085,257	75,958,347	59,085,257	75,958,347
	<u>27,690,575,955</u>	<u>31,336,849,217</u>	<u>27,306,946,686</u>	<u>30,948,745,064</u>
21 Interests Paid on deposits and borrowings etc.				
Interest paid on deposits (note - 21.1)	15,401,031,887	17,451,515,971	15,401,031,887	17,451,515,971
Interest paid on borrowings (note - 21.2)	2,490,630,019	2,817,560,843	2,395,146,360	2,699,419,951
	<u>17,891,661,906</u>	<u>20,269,076,814</u>	<u>17,796,178,247</u>	<u>20,150,935,922</u>
21.1 Interest paid on deposits				
Savings Deposit			1,637,587,194	1,727,945,251
Special Notice Deposit			1,211,523,141	1,426,822,792
Fixed Term Deposit			9,475,116,819	11,414,423,006
Scheme Term Deposit			3,076,804,733	2,882,324,922
			<u>15,401,031,887</u>	<u>17,451,515,971</u>
21.2 Interest paid on borrowings				
Borrowing from Bangladesh Bank			278,754,799	210,855,367
Borrowing from other Bank & financial institution			52,424,339	12,743,969
Interest Paid on Subordinated Bond			1,481,865,383	1,475,218,799
F.C borrowings			138,047,593	298,550,545
Interest Exp. On Other Bank repo borrowings			199,438	843,458
Interest on money at call on short notice			12,281,944	17,289,306
Interest on EDF borrowings from Bangladesh Bank			431,572,864	683,918,507
Re-issued/Buy Bonds				
			<u>2,395,146,360</u>	<u>2,699,419,951</u>
22 Investment Income				
Interest income from investments (note - 22.1)	5,568,185,931	4,504,019,672	5,532,873,244	4,459,226,345
Non interest income from investments (note - 22.2)	602,491,045	393,991,003	602,491,045	393,991,003
	<u>6,170,676,976</u>	<u>4,898,010,675</u>	<u>6,135,364,289</u>	<u>4,853,217,348</u>
22.1 Interest income from investments				
Government treasury bill/bond			4,541,938,522	3,696,362,090
Bangladesh Bank Bill			-	-
Sub-ordinated Bond			316,606,251	331,580,249
Reverse Repo with Other Bank			145,954,276	48,051,543
Income from Investment			169,630	-
Gain/(Loss) on revaluation on govt. securities (note - 22.2.1)			528,204,565	383,232,463
			<u>5,532,873,244</u>	<u>4,459,226,345</u>
22.2 Non interest income from investments				
Dividend on shares			206,565,597	280,050,966
Gain/(Loss) on sale of share (note - 22.2.2)			395,875,448	133,920,037
Prize money on prize bond			50,000	20,000
			<u>602,491,045</u>	<u>393,991,003</u>
			<u>6,135,364,289</u>	<u>4,853,217,348</u>
22.2.1 Gain/(Loss) on revaluation on govt. securities				
Gain on revaluation on govt. securities			609,996,043	392,511,654
Less : Loss on revaluation on govt. securities			(81,791,477)	(9,279,191)
			<u>528,204,566</u>	<u>383,232,463</u>
22.2.2 Gain/(Loss) on sale of shares				
Gain on sale of shares			496,119,807	181,825,892
Less : Loss on sale of shares			(100,244,359)	(47,905,855)
			<u>395,875,448</u>	<u>133,920,037</u>



	Consolidated		United Commercial Bank Limited	
	31 Dec. 2020	31 Dec. 2019	31 Dec. 2020	31 Dec. 2019
23 Commission, Fees, Exchange & Brokerage				
Commission (note - 23.1)	2,176,367,006	1,948,622,590	1,900,229,778	1,758,800,815
Fees (note - 23.2)	1,481,680,063	1,379,186,460	1,481,680,063	1,379,186,460
Exchange earning (note - 23.3)	1,312,074,764	1,782,075,816	1,312,074,764	1,782,075,816
	4,970,121,833	5,109,884,866	4,693,984,605	4,920,063,091
23.1 Commission				
Remittance Inland			1,585,203	21,233,562
Remittance Foreign			9,145,479	31,622,980
Commission on Letters of guarantee			497,426,364	471,561,492
Commission on Letters of credit			332,808,187	342,882,595
Letters of credit (back to back)			277,875,968	262,198,974
Irrevocable Reimbursement Undertaking				
Commission on sale of shares				
Commission on BSP / PSP			(77,850)	1,366,673
Commission on acceptance			540,864,883	413,298,700
Exchange comm. & rebate			185,584,937	165,351,303
Clearance			1,829,576	2,196,490
Commission (Card)			33,931,023	18,558,108
MFS Commission			11,458,941	22,236,064
Others			7,797,067	6,293,874
			1,900,229,778	1,758,800,815
23.2 Fees				
Bills for collection			35,080,804	56,518,241
Account maintenance fees			110,564,398	136,455,425
Appraisal/processing fees			96,855,097	37,897,592
Online transaction fees			65,693,281	85,392,525
BACH/BEFTN charges			60	2,500
Cash incentive charges			12,266,480	11,943,910
Standing instruction charges			44,100	52,600
FC Endorsement charges			164,140	797,846
LC, BC, & BG (Others) Fees & Charges			474,631,086	396,714,151
Debit card			162,056,728	123,524,620
Credit card			344,391,262	372,845,772
Arrangement Fees			57,743,721	49,413,334
ABS fees & charges			7,392,358	1,588,374
SMS Banking charges			98,916,600	92,874,900
Misc. fees			15,879,948	13,164,670
			1,481,680,063	1,379,186,460
23.3 Exchange				
Exchange earning (general)			1,273,766,854	1,625,192,202
Revaluation gain/(Loss) on foreign currency			(9,749,383)	23,413,092
FX Deal Discount Income			46,057,293	133,470,522
			1,312,074,764	1,782,075,816
Less : Exchange loss (general)				
Less : Exchange loss (dealing room)				
			1,312,074,764	1,782,075,816
24 Other Operating Income				
Locker	13,960,150	14,726,750	13,960,150	14,726,750
Premises rent	415,395	977,505	415,395	977,505
Miscellaneous earning	77,591,976	58,304,961	74,819,625	56,964,869
Swift charges	58,891,980	65,132,721	58,891,980	65,132,721
Recoveries from Operational Loss				
	136,859,502	139,141,937	148,087,150	137,801,848
25 Salaries and allowances				
Basic salary	3,168,082,386	2,870,144,923	2,961,784,164	2,734,583,224
Allowances	1,370,840,756	1,217,268,707	1,370,840,756	1,217,268,707
Bonus	1,248,906,304	1,208,649,199	1,248,906,304	1,208,649,199
Provident fund and Welfare fund	292,640,688	326,780,562	292,640,688	326,780,562
Gratuity	480,000,000	424,800,000	480,000,000	424,800,000
	6,360,470,134	6,047,643,391	6,354,171,912	5,912,081,692



	Consolidated		United Commercial Bank Limited	
	30 Dec. 2020	31 Dec. 2019	31 Dec. 2020	31 Dec. 2019
26 Rent, taxes, insurance, electricity etc.				
Rent premises	287,238,723	931,284,831	271,846,992	919,605,603
Reversal of rent expense due to depreciation and interest expense as per IFRS 16	-	(558,906,195)	-	(558,906,195)
	287,238,723	372,378,636	271,846,992	360,699,408
Rent, rates & taxes	71,129,184	37,751,918	71,129,184	37,751,918
Other rental charges	168,482,878	133,811,821	168,482,878	133,811,821
Insurance charge	261,182,116	232,849,859	261,182,116	232,849,859
Electricity, Water & Gas	223,230,762	232,884,211	223,230,762	232,884,211
	1,011,263,663	1,008,676,445	995,871,832	997,987,317
27 Legal expenses				
Professional fees	88,393,374	60,342,014	87,913,485	60,181,464
Other legal charges	5,736,633	6,572,460	5,736,633	6,572,460
Stamp, power of attorney & notary public	525,012	456,624	525,012	456,624
	94,655,019	67,371,098	94,175,130	67,210,548
28 Postage, stamps, telecommunications etc.				
Postage	40,507,904	35,337,291	40,507,904	35,337,291
Telecommunication charges	44,909,117	35,327,759	44,909,117	35,327,759
Reuter	3,645,416	3,213,557	3,645,416	3,213,557
Internet	1,929,750	1,874,250	1,929,750	1,874,250
Online connectivity charge	87,469,674	115,513,350	83,629,031	113,510,778
	178,461,860	192,266,207	174,621,217	189,263,635
29 Stationery, printing & advertisements etc.				
Security Stationery	20,200,737	22,950,879	20,200,737	22,950,879
Petty Stationery	26,047,065	38,938,136	26,047,065	38,938,136
Office Stationery	166,514,576	170,485,011	166,514,576	170,485,011
	212,762,378	232,374,026	212,762,378	232,374,026
Advertisement				
News paper	36,352,220	44,525,930	36,352,220	44,525,930
Magazine	2,068,710	2,655,650	2,068,710	2,655,650
Sponsorship	220,398,400	466,893,457	220,398,400	466,893,457
Point of sales material (POSM)	18,055	331,660	18,055	331,660
Business Development	128,350	338,354	128,350	338,354
Branding expenses	709,114,153	245,946,013	702,280,280	238,326,236
Promotional Material	109,332,582	90,336,769	109,332,582	90,336,769
Misc. advertisement	28,197,356	24,645,359	28,197,356	24,645,359
Bill board & neon sign	70,913	755,645	70,913	755,645
Television	170,061,504	126,205,319	170,061,504	126,205,319
Radio	1,151,998	-	1,151,998	-
	1,276,894,240	1,002,634,156	1,270,060,367	995,014,379
	1,489,656,618	1,235,008,182	1,482,822,745	1,227,388,405
30 Chief Executive's salary and fees				
Basic salary	12,038,400	10,944,000	12,038,400	10,944,000
Festival Bonus	1,980,000	1,800,000	1,980,000	1,800,000
Incentive Bonus	1,000,000	1,000,000	1,000,000	1,000,000
House rent allowance	-	-	-	-
Provident fund	-	-	-	-
	15,018,400	13,744,000	15,018,400	13,744,000
31 Directors fees				
Meeting fees	3,103,874	3,900,479	2,274,997	2,310,800
Other meeting fee (travelling expenses)	430,179	1,151,318	430,179	1,151,318
	3,534,053	5,051,797	2,705,176	3,462,118
Note : Board Meeting attendance fees, traveling and living expenses are being allowed to the Directors as per clause no.100,101& 102 of Articles of Association of the Bank and subsequent Board approval.				
32 Auditors fees	1,853,900	1,253,500	1,725,000	1,150,000



	Consolidated		United Commercial Bank Limited	
	31 Dec. 2020	31 Dec. 2019	31 Dec. 2020	31 Dec. 2019
33 Depreciation and repair of bank's assets	1,622,227,426	1,447,348,699	1,689,935,434	1,437,894,054
33.1 Depreciation				
Furniture/fitures	191,787,731	195,164,771	188,030,711	192,326,684
Vehicles	42,004,850	36,752,348	40,164,740	35,069,356
Office equipments	297,003,380	186,015,597	294,603,049	184,666,442
Computer equipments	148,165,629	105,852,215	145,957,922	104,194,657
Computer software	136,100,693	110,639,805	135,961,589	110,538,263
Immovable property (Building)	64,751,841	57,649,163	63,992,465	57,079,631
Right of Use assets (ROU) as per IFRS 16	465,433,617	610,148,404	465,433,617	610,148,404
	1,348,287,742	1,162,522,983	1,334,144,994	1,094,823,437
33.2 Repair renovation & maintenance				
Furniture /fitures	1,912,411	3,405,722	1,912,411	3,405,722
Vehicles	11,041,890	14,538,346	11,041,890	14,538,346
Office equipments	40,732,878	34,775,620	40,732,878	34,775,620
Computer equipments	168,679	3,543,796	168,679	2,972,462
Renovation & maintenance	198,076,748	266,012,331	196,888,404	265,338,886
Premises	24,991,627	21,763,903	24,991,627	21,763,903
Repair building	55,450	787,678	55,450	787,678
	276,979,884	344,827,386	275,791,348	343,582,817
34 Other expenses				
Entertainment	44,648,888	75,932,715	44,648,888	75,932,715
Petrol, oil & lubricant	120,043,020	157,909,699	120,043,020	157,909,699
Subscription	15,823,144	14,356,968	15,823,144	14,356,968
Donation	281,762,081	34,215,653	281,762,081	34,215,653
Traveling	151,283,253	124,347,170	151,283,253	124,347,170
Cartage and freight	9,578,207	13,445,330	9,578,207	13,445,330
Hon. general	1,483,008	3,406,199	1,483,008	3,406,199
Fees commission & charges	135,203,115	114,795,849	111,795,527	97,436,863
Meeting Seminar and staff training	10,604,060	31,332,728	10,604,060	31,332,728
Fees Commission and Charges Debit Card	15,745,081	11,470,352	15,745,081	11,470,352
Fees Commission and Charges Visa Card Local	109,935,568	78,916,404	109,935,568	78,916,404
Uniforms & uniforms	117,136	20,529,637	117,136	20,529,637
Operational Loss	827,148	1,040,000	827,148	1,040,000
Medical expenses	214,924,806	204,842,962	214,924,806	204,842,962
Car expenses	156,053,838	172,730,493	156,053,838	172,730,493
Loss on sale of assets	8,528,368	525,803	8,528,368	525,803
Write off of assets	-	3	-	3
BATCH/BFTN Charges	478,768	(2,932)	478,768	(2,932)
UCB Foundation	75,000,000	75,000,000	75,000,000	75,000,000
Interest expense for leased liability as per IFRS 18	268,343,328	245,879,125	268,343,328	245,879,125
Outsource Staff Expenses	1,274,700,027	1,216,988,116	1,274,700,027	1,216,988,116
Other Expenses	28,375,635	-	28,375,635	-
	2,923,458,488	2,997,462,274	2,988,658,892	2,588,389,289
35 Provision for Loans & Advances				
Classified loans & advances	850,702,621	3,209,059,058	809,802,621	3,161,450,009
Standard Loans & advances	726,454,536	(427,213,421)	726,454,536	(427,213,421)
Special mention account (SMA)	(19,690,664)	(29,764,360)	(19,690,664)	(29,764,360)
Small & medium enterprises (SME)	(16,542,430)	51,334,656	(16,542,430)	51,334,656
Consumer finance (Credit Card)	10,444,403	7,745,088	10,444,403	7,745,088
Consumer finance (House Finance)	(2,203,645)	(16,448,032)	(2,203,645)	(16,448,032)
Consumer finance (Credit Card)	-	-	-	-
Provision for Consumer Finance (L.P)	1,721,126	2,937,746	1,721,126	2,937,746
Consumer finance (Others)	(173,392,450)	44,376,663	(173,392,450)	44,376,663
Short Term Agri. Micro Finance	(2,333,923)	(2,030,570)	(2,333,923)	(2,030,570)
Provision for BHS/MSB/SDs/against share	36,374,822	3,461,551	36,374,822	3,461,551
Special General Provision for COVID_19	840,000,000	-	840,000,000	-
Recoveries from previously written off loan	(103,345,832)	(169,291,686)	(103,345,832)	(169,291,686)
	2,148,188,844	2,674,168,893	2,107,288,944	2,626,557,844
36 Provision for diminution in value of investments				
Provision required during the year	(441,818,090)	686,404,118	(438,249,731)	673,470,630
	(441,818,090)	686,404,118	(438,249,731)	673,470,630



	Consolidated		United Commercial Bank Limited	
	31 Dec. 2020	31 Dec. 2019	31 Dec. 2020	31 Dec. 2019
37 Other Provision				
Provision for other assets	-	-	-	-
Provision for nostro account	-	-	-	-
Provision for branch adjustment account	-	-	-	-
Provision for other assets	-	35,339	-	35,339
Provision for off-balance sheet exposures	240,064,820	70,193,602	240,064,820	46,534,544
Provision for UCB foundation fund	-	-	-	-
	<u>240,064,820</u>	<u>70,228,941</u>	<u>240,064,820</u>	<u>46,549,883</u>

Provision for Off-Balance Sheet Exposures

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

38 Provision for Taxation				
Provision for current tax has been calculated based on the profit before provision considering admissible & inadmissible expenses as per provision of the Income Tax Ordinance 1984.				
Current Tax Provision	2,836,872,737	2,931,205,175	2,632,946,342	2,783,077,663
Deferred Tax Provision	(542,184,693)	(622,020,407)	(542,131,193)	(623,032,076)
	<u>2,294,688,044</u>	<u>2,309,184,768</u>	<u>2,090,815,149</u>	<u>2,160,045,587</u>

39 Earnings per Share (EPS)				
Earnings per share has been calculated in accordance with IAS-33: "Earnings Per Share (EPS)".				
Net Profit after Tax (Numerator)	2,948,849,849	2,857,798,850	2,857,197,944	2,772,040,725
Number of Ordinary shares outstanding (Denominator)	121,752,095	1,217,520,905	1,217,520,905	1,217,520,905
Earnings Per Share (EPS)	<u>2.42</u>	<u>2.35</u>	<u>2.35</u>	<u>2.28</u>

40 Receipt from other operating activities				
Exchange earning & brokerage	1,312,074,764	1,782,075,816	1,312,074,764	1,668,745,144
Other operating income	562,479,278	562,479,278	544,012,599	302,268,590
	<u>1,874,554,042</u>	<u>2,344,555,094</u>	<u>1,856,087,363</u>	<u>1,971,013,734</u>

41 Payment for other operating activities				
Legal expenses	94,175,130	67,210,548	94,175,130	67,210,548
Directors fees & other expenses	2,705,176	3,462,118	2,705,176	3,462,118
Auditors fees	1,724,996	1,150,000	1,724,996	1,150,000
Repair to fixed assets	275,791,340	343,582,617	275,791,340	343,582,617
Other expenditure	2,078,772,340	1,166,968,916	2,051,935,706	1,147,962,752
	<u>2,483,168,882</u>	<u>1,582,374,199</u>	<u>2,421,552,347</u>	<u>1,463,348,035</u>

42 Increase / Decrease of other assets				
Closing other assets			9,549,162,581	6,599,408,938
Advance income tax			(2,392,309,601)	(2,319,841,585)
Opening other assets			(6,599,488,938)	(4,801,998,642)
Increase / Decrease for the year			<u>557,364,042</u>	<u>(322,331,289)</u>

43 Increase / Decrease of other liabilities				
Closing other liabilities			37,170,763,715	31,751,629,359
Provision for classified loans & advances			(7,239,857,885)	(6,430,055,264)
Provision for classified investment			(235,220,899)	(673,470,630)
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			(4,028,873,830)	(3,302,602,791)
Provision for special mention account (SMA)			(26,513,973)	(46,204,637)
Provision for small & medium enterprise (SME)			(256,137,937)	(272,680,367)
Provision for consumer finance (Credit Card)			(50,986,204)	(40,541,801)
Provision for consumer finance (House Finance)			(32,930,056)	(35,133,701)
Provision for consumer finance (LP)			(7,473,013)	(5,751,887)
Provision for consumer finance (Others)			(110,638,865)	(284,031,315)
Provision for short term agri micro finance			(11,713,004)	(14,046,927)
Provision for others			(40,774,248)	(4,399,426)
Provision for off-balance sheet exposures			(1,857,239,989)	(1,617,214,824)
Provision for current tax			(5,580,668,803)	(5,211,832,053)
Provision for deferred tax			-	-
Adjustment of provision of OBU			-	-
Opening other liabilities			(13,634,562,625)	(11,822,853,397)
Increase / Decrease for the year			<u>3,848,208,384</u>	<u>1,881,838,339</u>

	Consolidated		United Commercial Bank Limited	
	31 Dec. 2020	31 Dec. 2019	31 Dec. 2020	31 Dec. 2019
44 Net Operating Cash Flows Per Share (NOCFPS)				
Net Cash from operating activities	(11,335,608,675)	3,020,938,638	(11,451,318,755)	3,579,736,977
Number of Ordinary shares outstanding (Denominator)	1,217,520,905	1,217,520,905	1,217,520,905	1,217,520,905
Net Operating Cash Flows Per Share (NOCFPS)	<u>(9.31)</u>	<u>2.48</u>	<u>(9.33)</u>	<u>2.94</u>
45 Net Asset Value Per Share (NAVPS)				
Net Asset Value	35,738,514,569	33,363,651,769	35,066,230,703	32,783,019,810
Number of Ordinary shares outstanding (Denominator)	1,217,520,905	1,217,520,905	1,217,520,905	1,217,520,905
Net Asset Value Per Share (NAVPS)	<u>29.35</u>	<u>27.40</u>	<u>28.89</u>	<u>26.93</u>



46 Audit Committee

The 1st Audit Committee of the Board was constituted by the Board of Directors of the Bank in its emergent meeting held on 03 April 2004. Subsequently the Committee was reconstituted in its Board meeting from time to time. The Audit Committee of the Board of Director consisted of the following 05 (five) members of the Board as on 31 December 2020.

Name of the Members	Status with the Bank	Status in the Committee	Educational Qualification
Akhter Matin Chaudhury	Independent Director	Chairman	FCA (EBW), FCA, FCS
Syed Mohammed Nuruddin	Independent Director	Member	Bachelor of Arts
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 2020 to 31 December 2020 the Audit Committee has conducted 07 (Seven) meetings. Details of the meeting are shown below by datewise.

Details of the Audit Committee Meeting in the year 2020

Sl. No	Meeting No	Held On
1	108	10.03.2020
2	109	28.06.2020
3	110	19.07.2020
4	111	29.09.2020
5	112	21.10.2020
6	113	16.11.2020
7	114	27.12.2020

The Audit Committee discussed the following issues during the year 2020

- Internal Audit Plan - 2020.
- Audited Financial Statements of the Bank for the year ended 31, December 2018, and the Auditors report thereon.
- Unaudited Financial Statements for the 1st, 2nd and 3rd quarters of the Bank for the year 2019, before submission for approval to the Board of Directors.
- Annual Health Report as on 31 December 2018.
- Recommendations Arising from the Annual Audit and ICC Conference 2019.

47 Related Party Disclosures :

47.1 (a): Name of the Directors and their shareholding in the Bank.

Name of the Directors	Status in the Board	Opening Share holding position as on 01 Jan. 2020	Closing Share holding position as on 31 Dec. 2020
Rukhmila Zaman	Chairman	23192216	24351826
Bazal Ahmed	Vice-Chairman	23238012	24399911
Anisuzzaman Chowdhury	Chairman-Executive Committee	32451678	34074261
Akhter Matin Chaudhury	Chairman-Audit Committee (Independent Director)	-	-
M. A. Sabur	Chairman-Risk Management Committee	25182942	26442086
Hajee Yunus Ahmed	Director	25044390	26296609
Hajee M. A. Kalam	Director	23193295	24352958
Nurul Islam Chowdhury	Director	23195560	24355337
Asifuzzaman Chowdhury	Director	32708759	34344196
Syed Mohammed Nuruddin (Representative of Aromatic Properties Ltd.)	Director	23200000	24360000
Roxana Zaman (Representative of Volkart Trading Limited)	Director	23210000	24370500
Bashir Ahmed	Director	23322494	24488617
Afroza Zaman (Representative of Legendary Asset Management Limited)	Director	23210000	24370500
Syed Kamruzzaman (Representative of Aramit Thai Aluminium)	Director	23772100	24960705
Kanak Kanti Sen (Representative of Nahar Metal Limited)	Director	23191300	24350865
Muhammed Shah Alam (Representative of Ardent Asset Management Limited)	Director	23210000	24370500
Professor Dr. Jonaed Shafiq (Representative of Splendid Trading Limited)	Director	23210000	24370500
Dr. Aparup Chowdhury	Independent Director	-	-
Touhid Shibar Rafiquzzaman	Independent Director	-	-
Mohammed Shawkat Jamil	Managing Director	-	-



47.1 (b): Name of the Directors and the entities in which they had interest as at 31 December 2020

Name of Directors	Status	Entities where they have interest.
Rukhmila Zaman	Chairman	1. Aramit Limited. 2. Aramit Cement Limited. 3. Aramit Thai Aluminum Limited. 4. Aramit Power Limited. 5. Aramit Alu Composite Panels Limited. 6. Aramit Steel Pipes Limited.
Bazal Ahmed	Vice-Chairman	1. Taj Accessories (Pvt.) Ltd. 2. Saikat Textile Ind. Ltd.
Anisuzzaman Chowdhury	Chairman- Executive Committee	1. Ronny Chemical Industries Limited 2. Anowara Construction Limited
Akhter Matin Chaudhury	Chairman-Audit Committee	
M. A. Sabur	Chairman-Risk Management Committee	1. Masco Industries Limited 2. Masco Cottons Limited 3. Mscotex Limited 4. Masco Printing & Embroidery Limited 5. Masco Picasso Limited 6. Tasniah Fabrics Limited 7. Shanta Expressions Limited 8. Masco Properties Limited 9. Concept Knitting Limited 10. Masco Shares & Securities Limited 11. Masminu Energy Limited 12. Masminu Footspree Limited 13. Masco Poultry Limited 14. Masco Services Limited 15. Masco Energy Limited 16. Masco Superknits Limited 17. Masco Bazar Limited 18. Masco Shakib Cricket Academy Limited 19. Masco Poultry Enterprise 20. Masco Dairy Enterprise 21. Masco Fisheries Enterprise 22. MAXIM Limited 23. MAXIM International Limited
Hajee Yunus Ahmed	Director	1. Yunusco T&A (BD) Limited. 2. Yunusco K. Textiles Limited 3. Adapt ID Bangladesh Limited 4. Yunusco Stone & Engineering Limited 5. Yunusco Properties Limited 6. Yunusco Limited 7. Ynunosco (BD) Limited. 8. Yunusco Global Sourcing Limited 9. YK Limited. 10. Best Eat (Pvt) Limited 11. Nine 2 Nine Intimates Limited 12. Wonder Gas Limited
Hajee M. A. Kalam	Director	1. M/s. M. A. Kalam Limited 2. M/s. United Overseas (BD) Limited 3. Arab Plantation Limited
Nurul Islam Chowdhury	Director	1. Islam Steel Mills Ltd. 2. Eastern Engineers (CTG.) Ltd. 3. NAMS Trading Corporation 4. NAMS Shipping Lines (P)
Asifuzzaman Chowdhury	Director	1. Synthetic Resin Products (Pvt) Limited 2. Ronny Chemical Industries Limited
Syed Mohammed Nuruddin (Representative of Aromatic Properties Ltd.)	Director	
Roxana Zaman (Representative of Volkart Trading Limited)	Director	1. Volkart Trading Limited 2. Janata Insurance Limited



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



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

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

48 Events after Balance Sheet date:

a) The Board of Directors of United Commercial Bank Limited in its Board meeting held on June 8, 2021 recommended Stock dividend @ 5% and Cash dividend @5% for the year 2020.

General:

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


Managing Director


Director

Director


Director



UNITED COMMERCIAL BANK LIMITED
Balance with Nostro Accounts
As on 31 December 2020

Nostro Bank	Name of the Country	Currency	2020			(Annexure-A) 2019		
			Amount In	Rate	Amount In	Amount In	Rate	Amount In
			FC		BDT	FC		BDT
AB Bank Ltd	India	ACU	855,141	84.80	72,516,284	494,646.43	84.90	41,995,482
Bank of Bhutan	Bhutan	ACU	65,573	84.80	5,560,623	70,635.22	84.90	5,996,930
Commerz Bank AG	Germany	USD	632,532	84.80	53,638,940	281,100.95	84.90	23,865,471
Commerz Bank AG	Germany	EUR	730,081	104.17	76,051,710	377,662.76	95.07	35,904,784
Habib American Bank	USA	USD	13,456,597	84.80	1,141,124,772	8,273,740.03	84.90	702,440,529
Habib Metropolitan Bank Limited	Pakistan	ACU	455,503	84.80	38,626,812	464,815.84	84.90	39,462,865
HDFC Bank Limited	India	ACU	899,224	84.80	76,254,577	472,410.55	84.90	40,107,656
ICICI Bank Limited, Hong Kong (USD)	Hong Kong	USD	171,309	84.80	14,527,101	91,992.51	84.90	7,810,164
ICICI Bank Ltd	India	ACU	(76,957)	84.80	(6,525,981)	366,262.44	84.90	31,095,681
JP Morgan NY	USA	USD	1,142,155	84.80	96,855,160	(7,706,989.39)	84.90	(654,323,399)
Mashreq Bank Psc	India	ACU	466,236	84.80	39,537,041	420,327.66	84.90	35,685,818
Mashreq Bank Psc	USA	USD	4,593,145	84.80	389,500,542	9,443.54	84.90	801,757
Nepal Bangladesh Bank	Nepal	ACU	169,380	84.80	14,363,475	169,379.80	84.90	14,380,345
Peoples Bank Colombo	Sri Lanka	ACU	333,888	84.80	28,313,875	466,241.54	84.90	39,583,907
Sonali Bank Ltd	India	ACU	46,597	84.80	3,951,449	42,064.67	84.90	3,571,290
Standard Chartered Bank Ltd	India	ACU	562,032	84.80	47,660,538	772,771.25	84.90	65,608,279
Standard Chartered Bank Ltd	USA	USD	3,872,985	84.80	328,430,640	3,052,634.66	84.90	259,168,683
State Bank of India	India	ACU	2,456	84.80	208,284	2,456.17	84.90	208,529
The Bank of Tokyo Mitsubishi	Japan	JPY	7,087,587	0.82	5,816,783	28,097,110.00	0.78	21,856,740
Wells Fargo Bank N.A	USA	USD	2,018,316	84.80	171,153,974	650,571.62	84.90	55,233,531
Mashreq Bank PSC	UAE	AED	751,928	23.09	17,362,023	53,467.00	23.12	1,235,938
BANK AL-JAZIRA	Saudi Arabia	SAR	564,484	22.60	12,756,086	617,198.54	22.63	13,969,650
KOOKMIN BANK	Korea	USD	8,967	84.80	760,425	246,867.23	84.90	20,959,028
Mashreq Bank PSC	UK	GBP	-	-	-	(43,562.81)	111.35	(4,850,930)
UBI Switzerland AG	Switzerland	CHF	64,065	96.09	6,156,047	143,639.35	87.30	12,539,842
Axis Bank Limited	India	ACU	388,188	84.80	32,918,528	985,203.94	84.90	83,643,815
Yes Bank Limited	India	ACU	29	84.80	2,441	19,328.79	84.90	1,641,014
Citi Bank N.A. New York, USA	USA	USD	2,298,666	84.80	194,927,806	671,231.71	84.90	56,987,572
Mashreq Bank NY (OBU)	USA	USD	614,871	84.80	52,141,277	114,133.24	84.90	9,689,912
Habib American Bank, NY, (OBU)	USA	USD	-	-	-	7,856,709.35	84.90	667,034,624
ICICI Bank Limited	USA	USD	1,727,262	84.80	146,472,525	136,197.25	84.90	11,563,147
United Bank of India, Kolkata, India	India	ACU	32,898	84.80	2,789,790	177,941.27	84.90	15,107,214
SCB Germany (EUR)	Germany	EUR	27,430	104.17	2,857,326	-	-	-
Standard Chartered Bank, United Kingdom (GBP)	United Kingdom	GBP	425,545	114.81	48,857,386	146,452.97	111.35	16,308,247
Total					3,115,568,260			1,676,284,112



UNITED COMMERCIAL BANK LIMITED
Schedule of Fixed Assets
As on 31 December 2020

Annexure - B

Particulars	COST				Rate	DEPRECIATION				Amount in BDT
	Opening Balance at Cost as on 01 Jan. 2020	Addition during the year	Adjustment during the year	Total Cost as on 31 Dec. 2020		Charged up to 1 Jan. 2020	Adjustment during the year	Charged during the year	Total Depreciation as on 31 Dec. 2020	Written down value as on 31 Dec. 2020
Land	4,395,054,283	-	-	4,395,054,283		-	-	-	-	4,395,054,283
Building	2,559,698,620	-	-	2,559,698,620	2.5%	373,616,288	(2)	63,992,465	437,608,755	2,122,089,865
Furniture & Fixtures	1,930,456,116	234,668,714	57,464,580	2,107,660,250	10.0%	990,817,162	46,156,827	188,030,711	1,132,691,046	974,969,204
Office Equipment	1,856,554,675	643,135,763	15,768,741	2,483,921,697	20.0%	1,049,880,315	15,730,671	294,603,049	1,328,752,693	1,155,169,004
Computer Equipment	1,272,130,152	214,705,641	29,134,581	1,457,701,213	20.0%	844,286,061	29,114,537	145,957,922	961,129,446	496,571,767
Vehicles	496,004,413	-	-	496,004,413	20.0%	374,050,402	-	40,164,740	414,215,142	81,789,271
Computer Software	955,389,025	259,316,977	-	1,214,706,002	25.0%	642,402,909	(1)	135,961,589	778,364,499	436,341,503
Right of use assets (ROU)	5,133,695,408	69,884,604	-	5,203,580,012		410,148,404		465,433,617	875,582,021	4,327,997,991
Capital Expenditure Work In Progn	540,864,803	1,358,107,938	1,348,997,707	549,975,033		-	-	-	-	549,975,033
Total as on 31 Dec. 2020	19,139,847,495	2,779,819,637	1,451,365,608	20,468,301,524		4,685,201,541	91,002,033	1,334,144,094	5,928,343,603	14,539,957,921
Total as on 31 Dec. 2019	12,728,245,974	9,111,329,195	2,699,733,474	19,139,841,695		3,672,131,746	80,953,642	1,094,023,435	4,685,201,538	14,454,640,156



UNITED COMMERCIAL BANK LIMITED
Highlights on Overall Activities

Particulars	Amount in BDT	
	31 Dec 2020	31 Dec 2019
Paid-up Capital	12,175,209,050	11,595,437,190
Total Capital	50,234,465,650	46,236,148,034
Capital Surplus/(Deficit)	8,144,052,066	6,877,619,997
Total Assets	493,306,948,420	446,760,121,547
Total Deposits	353,981,618,765	330,632,233,522
Total Loans & Advances	351,683,559,403	322,728,141,789
Total Contingent Liabilities & Commitments	201,041,689,733	183,957,883,166
Credit Deposit Ratio (%)	81.18	83.79
Percentage of Classified Loans against Total Loans and Advances	2.55	3.63
Operating Profit	6,857,116,645	8,278,684,469
Profit after Tax & Provision	2,857,197,844	2,772,040,725
Amount of Classified Loans during the year	-	3,601,529,495
Classified Advance at the end of the year	15,304,850,232	17,098,936,674
Provision kept against Classified Loans	7,239,857,885	6,430,055,264
Provision Surplus/(Deficit)	-	-
Cost of Fund (%)	7.42	8.57
Interest Earning Assets	431,066,422,600	384,575,621,041
Non-interest earning Assets	62,240,525,820	62,184,500,506
Return on Investment (ROI) (%)	9.97	8.94
Return on Assets (ROA) (%)	0.61	0.65
Net Asset value per share	28.80	28.27
Income from Investments	6,135,364,289	4,853,217,348
Earning per share (Taka)	2.35	2.39
Net Income per share (Taka)	2.35	2.39
Price earning ratio (Times)	6.01	5.84



United Commercial Bank Ltd.
Off-shore Banking Unit
Balance Sheet
As at 31 December 2020

	Notes	31 Dec. 2020		31 Dec. 2019
		USD	BDT	BDT
PROPERTY AND ASSETS				
Cash				
In hand (including foreign currencies)		-	-	-
Balance with Bangladesh Bank and its agent bank (s) (including foreign currencies)		-	-	-
Balance with other banks and financial institutions	3	32,422,060	2,749,403,636	118,713,744
In Bangladesh		-	-	-
Outside Bangladesh		32,422,060	2,749,403,636	118,713,744
Loans and advances	4	172,725,129	14,647,160,041	17,572,966,209
Loans, cash credits, overdrafts, etc.		29,022,239	2,461,097,506	2,975,377,228
Bills purchased and discounted		143,702,890	12,186,062,535	14,597,588,981
Fixed assets including premises, furniture and fixtures	5	3,582	279,228	420,071
Other assets	6	35,750	3,031,615	37,418
Non - banking assets		-	-	-
Total assets		205,186,521	17,399,874,520	17,692,137,441
LIABILITIES AND CAPITAL				
Liabilities				
Borrowings from other banks, financial institutions and agents	7	194,085,476	16,458,525,964	17,408,332,884
Deposits and other accounts		-	-	-
Other liabilities	8	3,281,131	278,241,233	283,804,557
Total liabilities		197,366,607	16,736,767,197	17,692,137,441
Capital / Shareholders' equity				
Paid up capital		-	-	-
Statutory reserve		-	-	-
Foreign currency gain		-	-	-
Other reserve		-	(594,609)	-
Deficit in profit and loss account / Retained earnings	9	7,819,914	663,701,931	-
Total Shareholders' equity		7,819,914	663,107,323	-
Total liabilities and Shareholders' equity		205,186,521	17,399,874,520	17,692,137,441



Notes	31 Dec. 2020		31 Dec. 2019
	USD	BDT	BDT
Off Balance Sheet Items	-	-	-
Contingent liabilities	35,466,298	2,975,622,399	2,975,622,399
Acceptances and endorsements	-	-	-
Letters of guarantee	35,466,298	2,975,622,399	2,975,622,399
Irrevocable letters of credit	-	-	-
Bills for collection	-	-	-
Other contingent liabilities	-	-	-
Other commitments	-	-	-
Documentary credits and short term trade -related transactions	-	-	-
Forward assets purchased and forward deposits placed	-	-	-
Undrawn note issuance and revolving underwriting facilities	-	-	-
Undrawn formal standby facilities, credit lines and other commitments	-	-	-
Liabilities against forward purchase and sale	-	-	-
Other commitments	-	-	-
Total Off-Balance Sheet exposures including contingent liabilities	35,466,298	2,975,622,399	2,975,622,399



United Commercial Bank Ltd.
Off-shore Banking Unit
Profit and Loss Account
for the Year ended 31 December 2020

	Notes	31 Dec. 2020		31 Dec. 2019
		USD	BDT	BDT
Interest income	10	10,841,660	920,150,104	1,089,537,375
Interest paid on deposits, borrowings, etc.	11	(3,878,196)	(329,149,047)	(557,650,394)
Net interest income		6,963,464	591,001,057	531,886,981
Investment income		-	-	-
Commission, exchange, brokerage, etc.	12	609,134	51,698,270	52,375,647
Other operating income	13	-	-	-
Total operating income (A)		7,572,599	642,699,328	584,262,628
Salaries and allowances	14	13,232	1,123,033	1,203,927
Rent, taxes, insurance, electricity, etc.		-	-	-
Legal expenses		-	-	-
Postage, stamp, telecommunication, etc.		-	-	-
Stationery, printing, advertisements, etc.		-	-	-
Auditors' fees		-	-	-
Depreciation and repair of Bank's assets		1,807	140,843	147,978
Other expenditure	15	1,910	162,136	1,689,046
Total operating expenses (B)		16,949	1,426,012	3,040,950
Profit / (loss) before provision (C=A-B)		7,555,649	641,273,316	581,221,678
Provision for loans and advances / investments		-	-	-
Specific provision		-	-	-
General provision		(325,000)	(27,583,303)	2,111,308
Provision for Off Balance Sheet Exposure		60,735	5,154,687	12,527,599
Total provision (D)		(264,265)	(22,428,616)	14,638,907
Total profit / (loss) before taxes (C-D)		7,819,914	663,701,931	566,582,771
Provision for taxation		-	-	-
Current tax		-	-	-
Deferred tax		-	-	-
Net profit / (loss) after taxation		7,819,914	663,701,931	566,582,771
Retained earnings brought forward from previous years		-	-	-
		7,819,914	663,701,931	566,582,771



UNITED COMMERCIAL BANK LTD
Off-shore Banking Unit
Cash Flow Statement
for the year ended 31 December 2020

	31 Dec. 2020		31 Dec. 2019
	USD	BDT	BDT
A) Cash flows from operating activities			
Interest receipts in cash	10,841,660	920,150,104	1,089,537,375
Interest payments	(3,878,196)	(329,149,047)	(557,650,394)
Fees and commission receipts in cash	609,134	51,698,270	52,375,647
Cash payments to employees	(13,232)	(1,123,033)	(1,203,927)
Cash payments to suppliers	-	-	-
Receipts from other operating activities	-	-	-
Payments for other operating activities	(1,910)	(162,136)	(1,689,046)
Cash generated from operating activities before changes in operating assets and liabilities	7,557,456	641,414,159	581,369,655
Increase / (decrease) in operating assets and liabilities			
Loans and advances to other banks	-	-	-
Loans and advances to customers	30,802,577	2,615,138,804	(293,463,941)
Other assets	59,555	5,056,260	8,091,436
Deposits from other banks / borrowings	(21,950,622)	(1,863,607,832)	(933,131,826)
Deposits from customers	-	-	-
Other liabilities	(317,900)	(26,989,690)	(44,189,261)
	8,593,611	729,597,542	(1,262,693,592)
Net cash from operating activities	16,151,067	1,371,011,700	(681,323,937)
B) Cash flows from investing activities			
Purchase / sale of property, plant and equipment	-	-	-
Proceeds from sale of property, plant and equipment	-	-	-
Net cash used in investing activities	-	-	-
C) Cash flows from financing activities			
Retained earnings sent to Central Operation	(7,819,914)	(663,701,931)	(566,582,771)
Net Cash from financing activities	(7,819,914)	(663,701,931)	(566,582,771)
D) Net increase / (decrease) in cash and cash equivalents (A+ B + C)	8,331,152	707,309,769	(1,247,906,707)
E) Effects of exchange rate changes on cash and cash equivalents	-	25,461,507	25,461,507
F) Cash and cash equivalents at beginning of the year	16,095,756	1,341,158,945	1,341,158,945
G) Cash and cash equivalents at end of the year (D+E+F)	24,422,060	2,073,930,220	118,713,744
Cash and cash equivalents at end of the year			
Cash in hand (including foreign currencies)	-	-	-
Balance with Bangladesh Bank and its agent bank (s) (including foreign currencies)	-	-	-
Balance with other banks and financial institutions	32,422,060	2,749,403,636	118,713,744
	32,422,060	2,749,403,636	118,713,744



Off-shore Banking Units
Notes to the Financial Statements
for the year ended 31 December 2020

1.1 Status of the units

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

1.1.1 Principal activities

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

1.2 Significant accounting policies and basis of preparation of financial statements

1.2.1 Basis of accounting

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

1.2.2 Use of estimates and judgments

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

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

1.2.3 Foreign currency transaction

a) Foreign currencies translation

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

b) Commitments

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

c) Translation gains and losses

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

1.2.4 Cash flow statement

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

1.2.5 Reporting period

These financial statements cover from January 01 to December 31, 2020.

2 General

- a) These financial statements are presented in Taka, which is the Bank's functional currency and figures appearing in these financial statements have been rounded off to the nearest Taka.
- b) Assets and liabilities & income and expenses have been converted into Taka currency @ US\$1 = Taka 84.8004 (closing rate as at 31st December 2020) and Tk. 84.8717 (average rate which represents the year end).



		31 Dec. 2020		31 Dec. 2019
		USD	BDT	BDT
3	Balance with other banks and financial institutions			
	In Bangladesh			
	Outside Bangladesh	32,422,060	2,749,403,636	118,713,744
		<u>32,422,060</u>	<u>2,749,403,636</u>	<u>118,713,744</u>
4	Loans and advances			
	i) Loans, cash credits, overdrafts, etc.			
	Loan (General)	-	-	-
	Hire purchase	-	-	-
	Lease finance	-	-	-
	Term Loan	29,022,239	2,461,097,506	2,975,377,228
		<u>29,022,239</u>	<u>2,461,097,506</u>	<u>2,975,377,228</u>
	ii) Bills purchased and discounted (note-5)			
	Payable Inside Bangladesh			
	Inland bills purchased	-	-	-
	Payable Outside Bangladesh			
	Foreign bills purchased and discounted	143,702,890	12,186,062,535	14,597,588,981
		<u>143,702,890</u>	<u>12,186,062,535</u>	<u>14,597,588,981</u>
		<u>172,725,129</u>	<u>14,647,160,041</u>	<u>17,572,966,209</u>
5	Fixed assets			
	Cost			
	Furniture & Fixtures	18,986	1,479,935	1,479,935
	Computer and equipments	809	63,027	63,027
		<u>19,794</u>	<u>1,542,962</u>	<u>1,542,962</u>
	Less: Accumulated Depreciation			
	Furniture & Fixtures	15,405	1,200,785	1,059,942
	Computer and equipments	808	62,949	62,949
		<u>16,212</u>	<u>1,263,734</u>	<u>1,122,891</u>
	Written down value (WDV)	<u>3,582</u>	<u>279,228</u>	<u>420,071</u>
6	Other assets			
	Advance deposits and advance rent	-	-	-
	Interest Receivable	-	-	-
	Foreign currency translation reserve	35,750	3,031,615	37,418
		<u>35,750</u>	<u>3,031,615</u>	<u>37,418</u>
7	Borrowings from other banks, financial institutions and agents			
	Borrowings from Head office	160,752,142	13,631,845,969	13,963,831,567
	International Finance Corporation	-	-	141,499,859
	PROPARCO	3,333,333	282,667,995	444,714,282
	Emirates NBD Bank PJSC-UAE	-	-	424,500,000
	First Gulf Bank	-	-	304,519,320
	National Bank of Ras Al-Khaimah, UAE	-	-	685,967,856
	DBS Bank Ltd	30,000,000	2,544,012,000	1,443,300,000
		<u>194,085,476</u>	<u>16,458,525,964</u>	<u>17,408,332,884</u>
8	Other liabilities			
	Interest payable	1,115,733	94,614,614	77,526,170
	Provision for Loans & Advances	1,750,000	148,400,700	176,167,500
	Provision for Off Balance Sheet Exposure	415,398	35,225,919	30,110,887
		<u>3,281,131</u>	<u>278,241,233</u>	<u>283,804,557</u>



	31 Dec. 2020		31 Dec. 2019
	USD	BDT	BDT
9 Retained earnings			
Balance 1 January 2019	-	-	-
Current year profit	7,819,914	663,701,931	566,582,771
Retained earnings transferred to central operation	(7,819,914)	(663,131,864)	(569,573,939)
Effect of changes in exchange rate	-	-	2,991,168
	-	570,067.45	-
10 Interest income			
Term Loan	1,490,432	126,495,459	170,979,989
Bills purchased & Discount	9,300,222	789,325,687	868,322,080
Others	-	-	-
Interest on loans and advances	10,790,654	915,821,147	1,039,302,069
Interest on balance with other banks and financial institutions	45,366	3,850,260	46,503,655
Interest received from foreign banks	5,640	478,698	3,731,651
Total Interest Income	10,841,660	920,150,104	1,089,537,375
11 Interest on deposits, borrowings, etc.			
Interest paid on deposits	-	-	-
Interest paid on local bank accounts	-	-	-
Interest paid on Borrowings	3,878,196	329,149,047	557,650,394
	3,878,196	329,149,047	557,650,394
12 Commission, exchange and brokerage			
LC, BC & BG (Others) Fees and Charges	538,658	45,716,820	42,377,434
Exchange Gain/(Loss)	70,476	5,961,450	9,998,212
Revaluation Gain/(Loss) on foreign currency	-	-	-
	609,134	51,698,270	52,375,647
13 Other operating income			
Reimbursement Charge	-	-	-
Miscellaneous earnings	-	-	-
	-	-	-
14 Salaries and allowances			
Basic pay	6,348	538,737	491,232
Allowances	3,736	317,066	473,889
Bonus	2,514	213,352	189,687
Unit's contribution to provident fund	635	53,877	49,118
	13,232	1,123,033	1,203,927
15 Other expenditure			
Foreign bank correspondence charges	1,910	162,136	1,689,046
Revaluation loss on foreign currency	-	-	-
	1,910	162,136	1,689,046



United Commercial Bank Limited
Islamic Banking Unit
Balance Sheet
As at 31 December 2020

	Notes	31 Dec. 2020 BDT	31 Dec. 2019 BDT
PROPERTY AND ASSETS			
Cash	3	24,163,750	-
In hand (including foreign currencies)		-	-
Balance with Bangladesh Bank and its agent bank (s) (including foreign currencies)		24,163,750	-
Balance with other Banks and Financial Institutions	4	475,000,000	-
In Bangladesh		475,000,000	-
Outside Bangladesh		-	-
Money at call or short notice		-	-
Placement with other banks and financial institutions		-	-
Investments in shares and securities	5	131,990,000	-
Government		131,990,000	-
Others		-	-
Investments	6	-	-
General Investment		-	-
Bills purchased and discounted		-	-
Fixed assets including premises, furniture and fixtures	7	50,151,810	-
Other assets	8	2,932,130	-
Non - banking assets		-	-
Total assets		684,237,690	-
LIABILITIES AND CAPITAL			
Liabilities			
Placement from other banks, financial institutions and agents	9	-	-
Deposits and other accounts	10	581,063,745	-
Al-wadeeah current and other deposits accounts, etc.		11,964,136	-
Bills Payable		-	-
Mudaraba Savings Deposits		212,537,188	-
Mudaraba term Deposits		356,562,420	-
Other liabilities	11	103,173,945	-
Total liabilities		684,237,690	-
Capital / Shareholders' equity			
Paid up capital		-	-
Statutory reserve		-	-
Foreign currency gain		-	-
Other reserve		-	-
Deficit in profit and loss account / Retained earnings	12	-	-
Total Shareholders' equity		-	-
Total liabilities and Shareholders' equity		684,237,690	-



Notes	31 Dec. 2020 BDT	31 Dec. 2019 BDT
Off Balance Sheet Items	-	-
Contingent liabilities	-	-
Acceptances and endorsements	-	-
Letters of guarantee	-	-
Irrevocable letters of credit	-	-
Bills for collection	-	-
Other contingent liabilities	-	-
Other commitments	-	-
Documentary credits and short term trade -related transactions	-	-
Forward assets purchased and forward deposits placed	-	-
Undrawn note issuance and revolving underwriting facilities	-	-
Undrawn formal standby facilities, credit lines and other commitments	-	-
Liabilities against forward purchase and sale	-	-
Other commitments	-	-
Total Off-Balance Sheet exposures including contingent liabilities	-	-



United Commercial Bank Limited
Islamic Banking Unit
Profit and Loss Account
for the Year ended 31 December 2020

	Notes	31 Dec. 2020 BDT	31 Dec. 2019 BDT
Investment income	13	169,630	-
Profit paid on deposits, borrowings, etc	14	(1,153,263)	-
Net investment Income		(983,633)	-
Profit on Investment with bank and financial institutions			
Commission, exchange, brokerage	15	192,906	-
Other operating income	16	2,962,325	-
Total operating income (A)		2,171,598	-
Salaries and allowances	17	8,950,029	-
Rent, taxes, insurance, electricity, etc.		-	-
Legal expenses		-	-
Postage, stamp, telecommunication, etc.		15,721,319	-
Stationery, printing, advertisements, etc.		-	-
Depreciation and repair of Bank's assets	18	4,531,087	-
Other expenditure	19	2,237,400	-
Total operating expenses (B)		31,439,835	-
Profit / (loss) before provision (C=A-B)		(29,268,238)	-
Provision for loans and advances / investments			
Specific provision		-	-
General provision		-	-
Provision for Off Balance Sheet Exposure		-	-
Total provision (D)		-	-
Total profit / (loss) before taxes (C-D)		(29,268,238)	-



1.1 Status of the Islamic Banking units

Islamic Banking refers to a system of Banking or Banking activity that is consistent with the principles of the Sharia's (Islamic rulings) and its practical application through the development of Islamic economics. Sharia's prohibits the payment or acceptance of interest or excess (Riba) for the Lending and Borrowing of money. It carries out trade and other real economic activities to generate income rather than earning through trade of money (Interest). It also avoids Gharar (ambiguity) in any dealings or contracts and also avoids Maisir (gambling) in all activities. The principle also emphasises moral and ethical values in all dealings.

The operation of our Islamic Banking is totally different from the Bank's conventional operation as the former operates their business on the basis of Islamic Shariah. Accounting system is vital for ensuring Shariah compliance in such banking operation. Our Islamic Banking operation is committed to follow the accounting principles that refrain from interest. In a nutshell, we follow under noted principles for accounting under its Islamic Banking umbrella, run through a separate Islamic Banking software namely FLEXCUBE.

1.1.1 Principal Activities and Nature of Business

The Islamic Banking units of UCB offers all kinds of Islamic Shari'ah based commercial Banking services to its customers through its windows following the provisions of the Bank Companies Act 1991 (as amended up to 2018), Bangladesh Bank's Directives and directives of other regulatory authorities and the principles of the Islamic Shari'ah.

1.2 Deposits Principles

1.2.1 Shariah principles for receiving deposits

Islamic banks receive deposits under two principles:

- i) Al-Wadeeah principle.
- ii) Mudaraba principle.

1.2.1.1 Al-Wadeeah:

Fund which is deposited with Banks by the depositors with clear permission to utilize/invest the same is called Al-Wadeeah. Islamic banks receive deposits in Current Accounts on the basis of this Al-Wadeeah Principle. Islamic banks obtain permission from the Al-Wadeeah depositors to utilise the Funds at its own responsibility and the depositors would not share any profit or loss earned/incurred out of using of this funds by the bank. The banks have to pay back the deposits received on the principle of Al-Wadeeah on demand of the holders. The depositors have to pay government taxes and other charges, if any.

1.2.1.2 Mudaraba:

Mudaraba is a partnership of labour and capital, where one partner provides full capital and the other one manages the business. The capital provider is called Sahib-Al-Maal and the user of the capital is called Mudarib. As per Shariah principles, the Mudarib will conduct the business independently following Shariah principles. The Sahib-Al-Maal may provide advice, if he deems fit but he can not impose any decision over the Mudarib. Profit, if any, is divisible between the Sahib-Al-Maal and the Mudarib at a predetermined ratio, while loss, if any, is borne by the Sahib-Al-Maal. The deposits, received by Islamic banks under this principle are called Mudaraba Deposits. Here, the depositors invest as Sahib-Al-Maal and the bank manages the business as Mudarib.

The Mudaraba deposits include:

- i) Mudaraba Savings Deposits (MSD)
- ii) Mudaraba Short Notice Deposits (MSND)
- iii) Mudaraba Term Deposits (MTD).

1.2.1.3 Income Sharing Ratio (ISR)

UCB Taqwa - Islamic banking declares Income Sharing Ratio (ISR) between Bank and Customer, which is applicable on its Bangladeshi Taka UCB Taqwa Mudaraba Savings Account, UCB Taqwa Mudaraba SMD Account, UCB Taqwa Mudaraba Term Deposit Account, UCB Taqwa Monthly Income Term Deposit, UCB Taqwa Monthly Deposit Scheme.

UCB Taqwa profit bearing accounts are operated under Shariah Mode "Mudaraba" where, it is a partnership business contract between Bank & Customer. Customer provides capital (Sahib Al Maal) and bank manages the business (Mudarib). Income generated is distributed between partners as per agreed Income Sharing Ratio (ISR).

- UCB Taqwa does not offer any provisional rate for any types of Mudaraba Accounts.
- Profit rate will be determined every month according to the Income Sharing Ratio (ISR) between Bank and Customer and Income from investment.

1.3 Investment Principles & Investment Products

Islamic banks do not directly deal in money. They run business with money. The funds of Islamic banking are mainly invested in the following modes:

- 1) Musharaka;
- 2) Bai-Murabaha (Murabaha to the purchase orders);
- 3) Salam and agency;
- 4) Ijarah Muntahia Bittamleek (Hire Purchase);
- 5) Hire Purchase Shirkat al Melk (HPSM);



1.4 Significant Accounting Policies

1.4.1 Basis of preparation of the Financial Statements

Islamic Banking unit of the Bank is being operated in strict compliance with the rules of Islamic Shari'ah. The financial statements of the unit have been prepared under the historical cost convention in accordance with International Financial Reporting Standards (IFRSs) and as per provisions of the "Guidelines for Islamic Banking" issued by Bangladesh Bank through BRPD Circular No. 15 dated 09 November 2009 with reference to the provisions of the Bank Companies Act, 1991 (as amended) and other circulars/ instructions of Bangladesh Bank, the Companies Act 1994, the Securities and Exchange Rules 1987 and Standards issued by the Accounting and Auditing Organization for Islamic Financial Institutions (AAOIFI), as a member of that organization.

In case any requirement of the Bank Companies Act 1991 (as amended) and provisions and circulars issued by Bangladesh Bank differ with those of IFRSs as adopted, the requirements of the Bank Companies Act 1991 and provisions and circulars issued by Bangladesh Bank shall prevail.

1.5 Income/ Revenue Recognition Principle

The bank earns income from various sources such as charges, fees, commission and investment income. To recognize all sorts of income, Islamic Banking units of UCB follows Shariah principle strictly. Usually charges, fees & commission etc. are recognized on actual basis. Recognition of income from investment follows principles as under:

1. Bai-Murabaha Investment;
2. Hire Purchase Shirkatul Meik (HPSM) Investment;
3. Musharaka Investment.

1.6 Cost Recognition Principle

Cost in respect of profit paid on deposit is recognized on accrual basis. Monthly accruals in this respect are calculated on the basis of Income Sharing Ratio. Other costs are also recognized on the accrual basis following the matching concept of Accounting.

1.7 Reporting period

These financial statements cover from January 01 to December 31, 2020.

2 General

- a) These financial statements are presented in Taka, which is the Bank's functional currency and figures appearing in these financial statements have been rounded off to the nearest Taka.



	31 Dec. 2020 BDT	31 Dec. 2019 BDT
3 Cash	24,163,750	-
Cash in hand		
Local currency	-	-
Cash in ATM	-	-
Foreign currency	-	-
Balance with Bangladesh Bank and its agent Bank(s)		
Local currency	24,163,750	-
Foreign currency	-	-
	24,163,750	-
4 Balance with other banks and financial institutions		
In Bangladesh	475,000,000	-
Outside Bangladesh	-	-
	475,000,000	-
5 Placement with other banks and financial institutions		
Islamic Bond	131,990,000	-
	131,990,000	-
6 Loans and advances		
I) Loans, cash credits, overdrafts, etc.		
Loan (General)	-	-
Hire purchase	-	-
Lease finance	-	-
Term Loan	-	-
II) Bills purchased and discounted (note-5)		
Payable Inside Bangladesh		
Inland bills purchased	-	-
Payable Outside Bangladesh		
Foreign bills purchased and discounted	-	-
	-	-
7 Fixed assets		
Cost		
Office equipments	17,650	-
Computer and equipments	850,000	-
Computer software	53,815,247	-
	54,682,897	-
Less: Accumulated Depreciation		
Office equipments	31,167	-
Computer and equipments	15,316	-
Computer software	4,484,604	-
	4,531,087	-
Written down value (WDV)	50,151,810	-
8 Other assets		
Advance deposits and advance rent	-	-
Advance Income Tax Paid	18,750	-
Income Receivable	2,913,380	-
Commission/Fees Receivable	-	-
Foreign currency translation reserve	-	-
	2,932,130	-



	31 Dec. 2020 BDT	31 Dec. 2019 BDT
9 Placement from other banks, financial institutions and agents		
Borrowings from Head office	-	-
Emirates NBD Bank PJSc-UAE	-	-
Emirates Islamic Bank	-	-
First Gulf Bank	-	-
Habib Bank UK	-	-
Commercial Bank of Qatar	-	-
National Bank of Ras Al-Khaimah, UAE	-	-
	<u>-</u>	<u>-</u>
10 Deposits and other accounts		
Inter Bank deposits	581,063,745	-
Other deposits	<u>581,063,745</u>	<u>-</u>
a. Al-Wadeeah Current and Other Deposits		
Current deposits	11,964,136	-
Foreign currency deposits	-	-
Sundry deposits (note - 11.1)	-	-
	<u>11,964,136</u>	<u>-</u>
b. Bills Payable		
Pay order	-	-
Demand draft payable	-	-
Others Payable	-	-
	<u>-</u>	<u>-</u>
c. Mudaraba Savings Deposits		
Savings Bank deposits	212,537,188	-
	<u>212,537,188</u>	<u>-</u>
d. Mudaraba Term Deposits		
Fixed deposits	316,596,286	-
Special notice deposits	39,966,134	-
Scheme Deposits	-	-
	<u>356,562,420</u>	<u>-</u>
11 Other liabilities		
Profit payable	984,636	-
Payable Tax, VAT and Excise Duty	319,629	-
Head Office General Account	101,869,680	-
	<u>103,173,945</u>	<u>-</u>
12 Retained earnings		
Opening Balance	-	-
Add: Transferred during for the year	-	-
Retained earnings transferred to central operation	-	-
Effect of changes in exchange rate	-	-
	<u>-</u>	<u>-</u>
13 Interest income		
Term Loan	-	-
Bills purchased & Discount	-	-
Others	-	-
Interest on loans and advances		
Interest on balance with other banks and financial institutk	-	-
Income on Term Placement Bank_Islami Banking	-	-
Islamic Bond_Islami Banking	118,611	-
Interest received from foreign banks	51,019	-
Total Interest income	<u>169,630</u>	<u>-</u>



	31 Dec. 2020 BDT	31 Dec. 2019 BDT
14 Profit paid on deposits, borrowings, etc.		
Profit paid on deposits	1,153,263	-
Profit paid on local bank accounts	-	-
Profit paid on Borrowings	-	-
	1,153,263	-
15 Commission, exchange and brokerage		
Exchange Gain/(Loss)	6	-
Account Maintenance Fee	29,850	-
Debit Card	161,950	-
Fees and Charges	1,100	-
Revaluation Gain/(Loss) on foreign currency	-	-
	192,906	-
16 Other operating income		
Cheque Book Issuance	31,075	-
Income from Others	2,931,250	-
	2,962,325	-
17 Salaries and allowances		
Basic pay	4,695,361	-
Allowances	2,386,120	-
Bonus	1,323,609	-
Unit's contribution to provident fund	544,939	-
	8,950,029	-
18 Depreciation and repair of Bank's assets		
Computer Equipment	15,316	-
Computer Software	4,484,604	-
Office Equipment	31,167	-
	4,531,087	-
19 Other expenditure		
Fees, Commission and Charges	15,000	-
Revaluation loss on foreign currency	-	-
Other expense	2,222,400	-
	2,237,400	-

