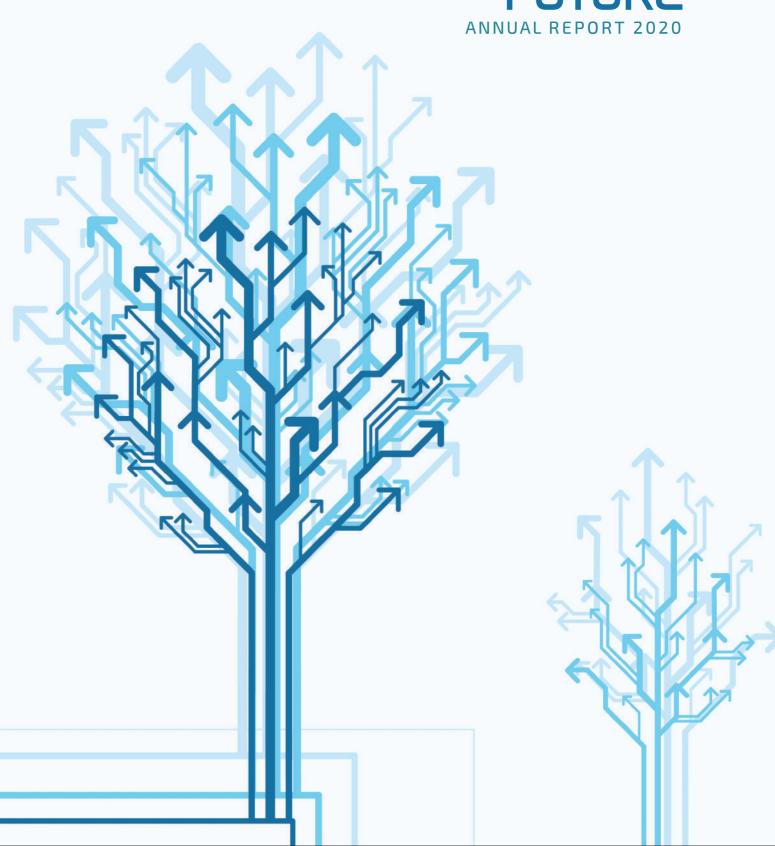


SUSTAINABLE





То

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

Subject: Annual Report for the year ended December 31, 2020

Dear Sir (s),

We are pleased to enclose a copy of the Annual Report of United Commercial Bank Limited together with the Audited Financial Statements as at December 31, 2020 for kind information and record.

Thanking you.

Sincerely yours,

ATM Tahmiduzzaman, FCS DMD & Company Secretary



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VISION

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

MISSION

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

CORE VALUES

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





UNITED COMMERCIAL BANK LIMITED (UCB) STARTED ITS HUMBLE JOURNEY IN MID 1983 WITH A FIRM COMMITMENT TO THE ECONOMIC AND SOCIAL DEVELOPMENT OF BANGLADESH AND HAS BEEN ABLE TO ESTABLISH ITSELF AS ONE OF THE LARGEST PRIVATE COMMERCIAL BANKS IN BANGLADESH TODAY.

To keep the promise unbroken, we dedicatedly spent more than three glorious decades and today we stand as one of the largest private commercial banks of Bangladesh. From the very inception, UCB had a steadfast determination towards ensuring optimum services and assistance. Aligned with our commitment to best financial services, we are continuously coming up with a number of diverse and customer friendly initiatives and products.

UCB has played a pivotal role in creating, nourishing and establishing leading entrepreneurs of the country and without these very special people (entrepreneurs) we wouldn't have the economically strong Bangladesh we have today. UCB is listed with Dhaka Stock Exchange Limited and Chittagong Stock Exchange Limited and in all parameters UCB is considered as one of the top listed companies in Bangladesh.

UCB offers a wide range of banking products and financial services to corporate, SME and retail customers through a variety of delivery channels and through its subsidiary companies. With a vast network of 204 branches along with Off-shore banking unit, Upay, Agent Banking, priority banking (UCB Imperial), remittance services, credit card business and with dedicated human capital of 4,900 the bank has already made a distinct mark in the realm of private sector banking through boutique service, innovative practices, dynamic problem solving approach and efficient management. The bank has very special focus on RMG, import-export, agriculture, SME sector and retail business with a view to leading nationwide financial inclusion and green banking initiatives. The Bank has four fully owned subsidiaries namely i.e. UCB Stock Brokerage Limited (provides brokerage services in the capital market), UCB Investment Limited (aims to carry out full-fledged merchant banking activities in Bangladesh), UCB Asset Management Limited (incorporated for both institutional and individual fund management) and UCB Fintech Company Limited (Mobile Financial Services known as Upay).

UCB's Board members include eminent individuals with industrial, financial and operational expertise. The Board consists of 20 members including 3 independent Directors and Managing Director. There are five committees under the Board which are Executive Committee, Audit Committee, Risk Management Committee, Shariah Supervisory Committee, Nomination and Remuneration Committee.

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

The foundation of our business is the commitment to excellence in everything we do. Our competitive advantage lies on Sustainable development based on continuous diversification of business. UCB's core competencies may be classified into two segments interest earning activities in the form of providing loans and advances and investment activities.

We are committed to provide our clients with the highest level of service for managing their wealth effectively by adopting international best practices and operating ethically and transparently. Our branding concept gives practical expression to the bank's aspiration to position the customer, and the customer's needs and financial well-being, as central which is depicted in our motto –

United We Achieve.

CORPORATE PROFILE



Registered Name Legal Status Date of Incorporation

Date of Commencement of Business

United Commercial Bank Limited

Public Limited Company

26 June 1983 27 June 1983



Chairman Vice Chairman

Chairman, Executive Committee Chairman, Audit Committee

Chairman, Risk Management Committee

Chairman, NRC

Chairman, Shariah Supervisory Committee

Rukhmila Zaman Bazal Ahmed

Anisuzzaman Chowdhury

Akhter Matin Chaudhury, FCA (E&W), FCA, FCS

M. A. Sabur

Dr. Aparup Chowdhury

Bazal Ahmed



Managing Director Company Secretary Head of Internal Audit Chief Financial Officer Mohammed Shawkat Jamil ATM Tahmiduzzaman, FCS Mohammed Khorshed Alam Faruk Ahammad, FCA



Date of Listing with DSE Date of Listing with CSE Authorized Capital Paid up Capital 30 November 1986 15 November 1995 BDT 15,000 Million BDT 12,175.20 Million.



Total Manpower Number of Branches Number of ATM Booths 4,900 (as on 31.12.2020)

204

556 (as on 31.12.2020)



Auditors

MABS & J Partners Chartered Accountants SMC Tower, Level - 7

33 Kamal Ataturk Avenue, Road # 17 Banani C/A, Dhaka-1213, Bangladesh



Tax Consultants

Md. Mosharrof Hossain, Advocate Room No-20, 28A, Kakrail (3rd Floor)

Dhaka



Rating Agency

Emerging Credit Rating Ltd. Shams Rangs, Level A1, A2 & A5

House 104, Park Road, Baridhara,

Dhaka 1212



Registered Office

Plot- CWS(A) -1, Road - 34, Gulshan Avenue Dhaka-1212, Bangladesh



Telephone E-mail Website SWIFT

0088-09611 999999/008802-55668070 info@ucb.com.bd

www.ucb.com.bd UCBL BDDH

UCB

Trading Symbol



nterest income nterest expense et interest income on-interest income* on-interest expenses ross Revenue* ross Profit* perating profit* arning before interest, depreciation and tax** rofit before tax et profit after tax* alance Sheet uthorized capital	2020	2019	2018	2017	2016
et interest income on-interest income* on-interest expenses ross Revenue* ross Profit* perating profit* arning before interest, depreciation and tax** rofit before tax et profit after tax* alance Sheet	27,306.96	30,948.75	25,266.93	21,034.16	20,832.15
on-interest income* on-interest expenses ross Revenue* ross Profit* perating profit* arning before interest, depreciation and tax** rofit before tax et profit after tax* alance Sheet	17,796.18	20,150.94	16,024.50	12,087.39	12,194.04
on-interest expenses ross Revenue* ross Profit* perating profit* arning before interest, depreciation and tax** rofit before tax et profit after tax* alance Sheet	9,510.78	10,797.81	9,242.44	8,946.77	8,638.11
ross Revenue* ross Profit* perating profit* arning before interest, depreciation and tax** rofit before tax et profit after tax* alance Sheet	10,977.44	9,911.08	9,050.08	8,435.50	7,703.97
ross Profit* perating profit* arning before interest, depreciation and tax** rofit before tax et profit after tax* alance Sheet	13,631.10	12,430.21	10,902.27	9,430.86	8,754.70
perating profit* arning before interest, depreciation and tax** rofit before tax et profit after tax* alance Sheet	38,284.39	40,859.83	34,317.01	29,469.66	28,536.12
arning before interest, depreciation and tax** rofit before tax et profit after tax* alance Sheet	20,488.21	20,708.89	18,292.52	17,382.27	16,342.08
rofit before tax et profit after tax* alance Sheet	6,857.12	8,278.68	7,390.25	7,951.41	7,587.38
et profit after tax* alance Sheet	7,764.02	7,501.33	6,685.52	6,744.42	6,474.45
alance Sheet	4,948.01	4,932.09	4,907.76	5,461.41	5,189.88
	2,857.20	2,772.04	2,368.95	2,433.91	2,628.63
uthorized capital					
	15,000.00	15,000.00	15,000.00	15,000.00	15,000.00
aid up capital	12,175.21	11,595.44	10,541.31	10,541.31	10,541.31
hareholders' equity*	35,066.23	32,783.02	29,900.25	26,510.26	25,756.32
orrowing	59,399.13	40,911.33	44,694.26	33,846.39	25,565.10
eposits	353,981.62	330,632.23	297,172.82	278,195.49	257,704.30
oans and advances	351,683.56	322,728.14	294,671.94	261,002.88	223,697.18
nvestments	65,323.45	57,800.97	50,830.84	42,911.75	55,475.64
xed assets	14,539.96	14,454.64	9,056.11	8,344.10	8,380.18
ff-balance sheet exposure	201,041.69	183,957.88	182,066.61	197,973.80	171,169.75
otal assets*	493,306.95	446,760.12	402,749.10	363,314.80	329,720.78
otal liabilities*	458,240.72	413,977.10	372,848.85	336,804.54	303,964.46
hare Information					
arket price per share	14.10	13.30	17.60	23.60	21.30
o. of shares outstanding (No. in million)	1,217.52	1,159.54	1,054.13	1,054.13	1,054.13
arnings per share (basic)	2.35	2.39	2.40	2.31	2.49
arnings per share (diluted)*	2.35	2.28	2.04	2.31	2.49
ividend (percent)	10.00	10.00	10.00	10.00	15.00
Cash Dividend (percent)	5.00	5.00	-	10.00	15.00
Stock Dividend (percent)	5.00	5.00	10.00	-	
et asset value per share*	28.80	28.27	28.36	25.15	24.43
rice earning ratio (times)*	6.01	5.56	8.61	10.22	8.55
ividend cover ratio (times)*	2.35	2.20	2.25	2.31	1.66
ividend Yield (percent)	2.55	2.39			
arket capitalization (BDT in million)	7.09	7.52	5.68	4.24	7.04
inancial Ratios (%)					
ost-income ratio*	7.09	7.52	5.68	4.24	
redit-deposit ratio	7.09	7.52	5.68	4.24	7.04 22,452.99 53.57

	2020	2019	2018	2017	2016
Debt equity ratio (times)*	11.79	11.34	11.43	11.77	11.00
Gross profit ratio*	53.52	50.68	53.30	58.98	57.27
Current Ratio (times)	1.15	1.13	1.15	1.16	1.16
Return on Capital Employed	3.40	3.74	3.80	4.36	5.50
Net interest income as a % of working funds; i.e,	32.80	39.46	32.78	31.71	30.99
Operating Cost-Efficiency Ratio					
Operating profit as % of working funds*	23.65	30.25	26.21	28.18	27.22
Return on assets*	0.61	0.65	0.62	0.70	0.84
Return on equity*	8.42	8.84	8.40	9.31	10.24
Burden coverage ratio*	80.53	79.73	83.01	89.45	88.00
CASA Deposit as % of Total Deposit	32.32	27.96	28.12	28.68	27.06
Cost of fund	7.42	8.57	7.58	6.79	7.60
Yield on advance	7.92	9.78	8.62	8.53	9.71
Spread	0.49	1.21	1.04	1.74	2.11
Foreign Business					
Import	259,241.13	246,212.60	248,969.80	217,858	194,847
Export	212,485.48	252,920.30	232,314.41	199,188	170,542
Remittance	45,283.20	48,763.90	32,206.00	5,595.48	11,807.10
No. of Foreign correspondents	596	581	547	535	548
Capital Measures					
Total Risk Weighted Assets	336,719.54	314,868.22	332,831.86	305,850.28	294,391.54
Tire I Capital*	28,848.43	27,254.27	25,012.30	23,595.90	23,026.98
Tire II Capital*	21,383.18	18,981.88	17,938.31	13,323.94	10,494.92
Total Capital*	50,231.61	46,236.15	42,950.61	36,919.84	33,521.90
Tire I Ratio (percent)*	8.57	8.66	7.51	7.71	7.82
Tire II Ratio (percent)*	6.35	6.03	5.39	4.36	3.56
Capital to RWA Ratio (percent)*	14.92	14.68	12.90	12.07	11.39
Required Capital	42,089.94	39,358.53	39,523.78	34,408.16	31,279.10
Capital Surplus/(Shortage)*	8,141.67	6,877.62	3,426.83	2,511.68	2,242.80
Liquidity Measures:					
Cash Reserve Requirement (percent)	4.30	5.59	5.67	6.99	6.87
Statutory Liquidity Ratio (percent)	16.53	15.92	15.39	15.28	22.11
Current Assets	226,648.94	242,112.95	219,304.65	203,705.05	
	· · · · · · · · · · · · · · · · · · ·		· · · · · · · · · · · · · · · · · · ·	•	197,342.86
Current liabilities	197,650.27	214,747.29 27,365.67	191,106.98	175,486.35	169,472.24
Net Current Assets	28,998.67	· · · · · · · · · · · · · · · · · · ·	28,197.67	28,218.70	27,870.62
Long term liabilities	260,590.45	194,446.48	181,969.40	161,318.19	134,492.22
Long term liabilities/ Current liabilities (%)	131.84	90.55	95.22	91.93	79.36
Asset Quality					
Non Performing Loans	8,983.56	11,711.23	20,021.63	19,268.09	17,920.57
% of NPL to Total Loans ad advances	2.55	3.63	6.79	7.38	8.01
Total provision for Classified loans and advances	7,239.86	6,430.06	4,940.01	5,020.94	4,160.12
Total provision for Unclassified loans and advances	5,406.04	4,005.39	3,727.76	2,396.52	1,741.87
Total provision for Investment	235.22	673.47		292.84	292.84
Total provision for Other assets	105.00	105.00	104.96	74.85	85.8
Total provision for Off BS Items	1,857.24	1,617.21	1,570.41	1,979.84	1,581.68
Othor Information					
Other Informations	20:	105	10=	170	4
No. of branches	204	195	187	178	168
No. of ATM	556	523	398	187	164

Operating Profit per employee (BDT in million)

^{*} Comparative numbers are restated in line with current year ** Earning before interest on long term debt, depreciation and tax



No. of employees

4,900

1.40

4,988

1.66

4,982

1.54

4,459

1.78

4,152

1.83



UCB EMPHASIZED THE IMPORTANCE OF AN EFFECTIVE CODE OF CONDUCT AND ETHICS POLICY TO THE PROMOTION OF FAIR AND ETHICAL PRACTICES BY ALL INDIVIDUALS INVOLVED WITHIN THE BANKING INSTITUTION AS THE POLICY IS A FUNDAMENTAL BASIS TO SUPPORT THE BANK'S MISSION AND ITS BUSINESS OPERATIONS.

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

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

Confidentiality

Confidential information about United Commercial Bank Ltd's business or business plans, products and services, marketing methods, technology or systems must never be disclosed to a third party except pursuant to a statute or regulations, or a valid court order. The Bank owes a strict suttee of confidentiality to their customers.

Conflicts of Interest

All employees of United Commercial Bank Ltd. should be scrupulous in avoiding any action or interest that conflicts or gives the appearance of a conflict with the Bank's interests.

Outside Pressure

Employee must refrain from bringing in outside pressure or influence to attain personal gains within the organization; any such attempt will be subject to disciplinary action.

Gifts and Entertainment

Employees are not permitted to accept gifts, entertainment, or other favors from existing or prospective customers of the bank. This is essential to keep the employees of the Bank from being prejudiced or influenced or showing lenient attitude keeping aside bank's interest.

Accuracy of Records and Reporting

Bank's books, records, accounts and reports must accurately reflect its transactions, and must be subject to an adequate system of internal controls and disclosure controls to promote the highest degree of integrity.

Fraud, Theft or Illegal Activities

Employees are to be alert and vigilant with respect to frauds, theft or significant illegal activity committed within the office. If any such activity comes into employee's attention, he/she must immediately report the same to his/her immediate superiors who will arrange for appropriate follow up action to be taken. Failure to report any such activity will be subject to disciplinary action.

Opportunities

Employees are prohibited from taking for themselves personally opportunities that arise through the use of corporate property information or position. They are further prohibited from using corporate property, information or position for personal gain and/or competing with the bank.

Compliance With Laws, Rules and Regulations

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

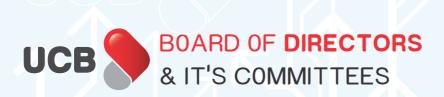
Equal Employment Opportunity

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

Discrimination or Harassment

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





Board of Directors					
Name of the Directors	Status in Board				
Rukhmila Zaman	Chairman				
Bazal Ahmed	Director & Vice-Chairman of the Board Chairman, Shariah Supervisory Committee				
Anisuzzaman Chowdhury	Director, Chairman of the Executive Committee				
Akhter Matin Chaudhury, FCA (E&W), FCA, FCS	Independent Director & Chairman, Audit Committee				
M. A. Sabur	Director, Chairman of the Risk Management Committee				
Hajee Yunus Ahmed	Director				
Hajee M. A. Kalam	Director				
Nurul Islam Chowdhury	Director				
Asifuzzaman Chowdhury	Director				
Syed Mohammed Nuruddin	Director				
Roxana Zaman	Director				
Bashir Ahmed	Director				
Afroza Zaman	Director				
Syed Kamruzzaman, FCMA	Director				
Muhammed Shah Alam, FCMA	Director				
Professor Dr. Md. Jonaid Shafiq	Director				
Kanak Kanti Sen	Director				
Dr. Aparup Chowdhury	Independent Director & Chairman, NRC				
Touhid Shipar Rafiquzzaman	Independent Director				
Mohammed Shawkat Jamil	Managing Director & CEO				
ATM Tahmiduzzaman, FCS	DMD & Company Secretary				

COMMITTEES OF BOARD OF DIRECTORS

Executive Committee

SI.	Name	Status in Committee
1	Anisuzzaman Chowdhury	Chairman
2	Bazal Ahmed	Member
3	M. A. Sabur	Member
4	Hajee Yunus Ahmed	Member
5	Nurul Islam Chowdhury	Member
6	Asifuzzaman Chowdhury	Member
7	Bashir Ahmed	Member
8	ATM Tahmiduzzaman, FCS	Secretary

Audit Committee

SI.	Name	Status in Committee
1	Akhter Matin Chaudhury, FCA (E&W), FCA, FCS	Chairman
2	Syed Mohammed Nuruddin	Member
3	Syed Kamruzzaman, FCMA	Member
4	Muhammed Shah Alam, FCMA	Member
5	Dr. Aparup Chowdhury	Member
6	ATM Tahmiduzzaman, FCS	Secretary

Risk Management Committee

SI.	Name	Status in Committee
1	M. A. Sabur	Chairman
2	Anisuzzaman Chowdhury	Member
3	Roxana Zaman	Member
4	Afroza Zaman	Member
5	Kanak Kanti Sen	Member
6	ATM Tahmiduzzaman, FCS	Secretary

Nomination and Remuneration Committee

SI.	Name	Status in Committee
1	Dr. Aparup Chowdhury	Chairman
2	Asifuzzaman Chowdhury	Member
3	Nurul Islam Chowdhury	Member
4	Roxana Zaman	Member
5	Prof. Dr. Md. Jonaid Shafiq	Member
6	ATM Tahmiduzzaman, FCS	Secretary

Shariah Supervisory Committee

SI.	Name	Status in Committee
1	Bazal Ahmed	Chairman
2	Hajee M.A. Kalam	Member
3	Mohammed Shawkat Jamil	Member
4	Dr. A.F.M. Akbar Hossain	Member
5	Dr. Mohammad Abdur Rashid	Member
6	Dr. K M Saiful Islam Khan	Member
7	Dr. Mohammed Nasir Uddin	Member
8	Dr. Mohammad Manjurur Rahman	Member
9	ATM Tahmiduzzaman, FCS	Secretary



BOARD OF DIRECTORS



Rukhmila Zaman Chairman



Bazal Ahmed Vice-Chairman of the BoD Chairman, Shariah Supervisory Committee



Anisuzzaman Chowdhury Director & Chairman Executive Committee



Akhter Matin Chaudhury Independent Director & Chairman, Audit Committee



M. A. Sabur Director & Chairman Risk Management Committee



Hajee Yunus Ahmed Director



Hajee M. A. Kalam Director



Nurul Islam Chowdhury Asifuzzaman Chowdhury Syed Mohammed Nuruddin Director



Director



Director



Roxana Zaman Director



Bashir Ahmed Director



Afroza Zaman Director



Syed Kamruzzaman Director



Muhammed Shah Alam Director



Prof. Dr. Md. Jonaid Shafiq Director



Kanak Kanti Sen Director



Dr. Aparup Chowdhury Independent Director Chairman, NRC



Independent Director



Touhid Shipar Rafiquzzaman Mohammed Shawkat Jamil Managing Director & CEO



ATM Tahmiduzzaman FCS DMD & Company Secretary



SENIOR MANAGEMENT



Mohammed Shawkat Jamil Managing Director & CEO







Nabil Mustafizur Rahman Deputy Managing Director



Abul Alam Ferdous Deputy Managing Director



N. Mustafa Tarek Deputy Managing Director



Md. Abdullah Al Mamoon Deputy Managing Director



Mohammed Habibur Rahman Deputy Managing Director



Md. Shah Alam Bhuiyan Deputy Managing Director



Mohammed Khorshed Alam DMD & Head of Internal Audit



ATM Tahmiduzzaman FCS DMD & Company Secretary



Faruk Ahammad FCA SEVP & Chief Financial Officer





Dear Shareholders,

As we look ahead with our commitment to provide finest banking service, we continue our focus on growing in relevance and creating value to our stakeholders. As you all know, the impact of corona virus pandemic has been largely disruptive in terms of economic activity as well as loss of human lives. Yet, we are privileged to come along with this report that has been unlike any other in our history. It gives me immense pleasure to present you the Annual Report along with the audited financial statements of the Bank, Auditors' Report and Directors' Report for the year 2020. On this occasion, I would like to express my gratitude and thanks to our esteemed shareholders and the members of the Board for their continued support and cooperation.

United Commercial Bank Limited is a successful, innovative bank that's growing in size and importance. The Bank is well capitalised, has a strong deposit base and a well-diversified client base, all of which we believe makes us well-positioned to take advantage of future business growth opportunities. It was difficult to predict at the start of 2020 how the year would turn out considering the prevailing uncertainties in face of global pandemic, but as a result of the great efforts of the management team and all employees, UCB continues to go from strength to strength.

I am very pleased to report that UCB achieved a magnificent performance in the year 2020. We have been able to secure 3.07% growth in 2020 compared to previous year. We made 8.97% growth in Loans & Advances, 7.06% growth in Deposits and 10.42% growth in Total Assets in year 2020 in comparison to year 2019. Moreover, in the year 2020, growth in EPS is 3.07%. Against the cruel backdrop of Corona crisis, it is undoubtedly a good progress on our strategy, delivering strong operating performance and cost efficiencies, as well as solid returns.

The year just gone has been one of significant economic, health, environmental and social challenges. Despite these challenges, we in UCB have stayed focused on our strategy of supporting and improving services to our clients. We continue to invest in technology and have added many new products that will allow to manage banking needs through mobile phone or computer. This reflects our commitment to delivering faster and simpler digital experiences, enhanced cybersecurity, competitive products and easy ways to connect with us. Accordingly, we have come up with various digital products like Uclick, Unet, Cards, Upay and many more that are providing the freedom of doing transaction at your ease; anytime, anywhere. No need to physically attend at the Bank.

UCB applies the highest ethical standards to the management of its business. Our principles are shaped by a series of codes and charters which form the ethical backbone of its management practices. I am tremendously delighted to inform that the Board of UCB is always highly concerned about the compliance issues of the regulators and the Bank management has extended their best endeavour to ensure and confirm the regulatory requirements.

Furthermore, UCB strives to be a good corporate citizen through our dedicated Corporate Social Responsibilities. Helping to build thriving communities wherever we operate is a vital part of the way we work. We stand together for social causes alongside accomplishing people's financial aspiration. We stand together with the communities we serve by continuing to make generous contributions to local charities and groups in need.

We must say UCB's achievements would of course not have been possible without the ongoing hard work, diligence and commitment of our excellent employees. We remain wholeheartedly committed to ongoing investment in training and developing our people to ensure that they are clear in their roles, have structured career progression, and enjoy their work, offering industry-leading employment. I would like to thank UCB's management team and all employees for their considerable efforts and dedication.

The year ahead will have its challenges as the world continues to face health, social and economic challenges. However, I am fully confident that UCB will continue to rise to these challenges by driving efficiency, providing even better products and customer service and delivering an altogether better future, meeting the expectations of our shareholders. We will embrace these challenges walking side-by-side with you for today and tomorrow. We have been, and always will be, stronger together which is firmly quoted in our Brand Promise – United We Achieve.

Thanking you.

Rukhmila Zaman

Chairman

Board of Directors



Bangladesh declared its independence from richer and more powerful Pakistan in March 1971. The country was born amid famine and war. Very few world leaders believed that the new country would be able to survive. From the bottomless basket scenario of the economy, GDP per capita of Bangladesh has grown consistently over last couple of decades, rising to \$2,227 leaving India and Pakistan behind.

The year 2020 emerged as the year of challenges and events for the entire sphere. The nation planned to celebrate the 100th birthday of the Father of the Nation Bangabandhu Sheikh Mujibur Rahman through extensive programmes, fanfare and gaiety. Bangladesh economy with more refined financial sector and robust private sector was prepared for leap to new height. But Covid-19 pandemic foiled all the arrangements and festivity. Productivity, trade operations, movements of capital remained almost stagnant in many countries and the global economy faced unprecedented downward pressure. People faced health hazards and an astounding number of people lost their beloved family members during pandemic. Thanks to world leaders including Her Excellency Prime Minister Sheikh Hasina for initiating timely actions for fighting the pandemic.

Bangladesh is trying to overcome the adversities with utmost positivity and to continue the pace of economic growth during this hazardous situation. The government has declared number of stimulus packages to keep the economy vibrant. The pandemic is not over yet but we do believe in our inner strength and resilience to fight against all odds. The interest rate bracket put the country's banking system into a new challenge. Thanks to Non Resident Bangladeshis who have overflown the remittance bucket and ensured adequate liquidity in the monetary market.

The global economy had negative growth in the year 2020 due to the ripple effect of the pandemic. Trade and Tariff conflicts between trade leaders caused uncertainty and harnessed the growth. Emerging markets around the globe showed macroeconomic instability. Despite the fact that world economy has a negative growth, Bangladesh economy enjoyed a growth of 5% in GDP by facing all the hurdles caused by the pandemic.

United Commercial Bank Limited (UCB) strongly believes in responsible and sustainable business growth which will ultimately contribute to the country's overall socio-economic development. In 2020 also, we continued our endeavour towards this goal. To reach the unbanked population of the country we have extended our footprints to new places through branches, sub branches, agent outlets and ATMs/CRMs. As usual, we gave priority to customer satisfaction.

UCB kept its promise of expanding business areas by establishing four subsidiaries named UCB Stock Brokerage Limited, UCB Fintech Company Limited (Upay), UCB Asset Management Limited and UCB Investment Limited. Services like Unet and CRM helped our customers enjoy banking services without physical presence at branches and sub branches. We are continuously focusing on bringing in new technologies to ensure hassle free banking experience for our customers and to be a trendsetter in the industry.

Though UCB has proven track record and strong footage in the financial eco-system of the country, Islamic Banking was an unexplored avenue for the Bank. In 2020, we have started our Islamic Banking operations (IBO) with 10 (ten) window branches under brand name UCB Taqwa. We believe that our shariah-compliant products will create a strong presence in the Islamic banking segment of the country.

UCB has always focused on ensuring the quality of its asset portfolio. Throughout the year, UCB Recovery Task Force (URTF) conducted integrated recovery drives which have reduced the non-performing loans to 2.55% from last year's 3.63%.

Despite the manifold challenges, in the global as well as domestic economy, caused by the COVID Pandemic, we have been able to maintain positive growth in several business parameters. Glimpses of performances of UCB in 2020:

- We continued to deliver growth across almost every aspect of the Bank's operations and registered 10.42% growth over the last year in the balance sheet size, which grew to BDT 49,331 crore in 2020.
- Funds Under Management (FUM) of the bank had a moderate growth of 7.06%. Bank's total deposit reached BDT 35,398 crore in 2020.
- Total loans and advances increased to BDT 35,168 crore in 2020 from BDT 32,273 crore in 2019 with 8.97% growth. In 2020, Corporate loan exposure was BDT 24,559 crore while Retail and SME loan exposures were BDT 8,592 crore and BDT 2,018 crore respectively;
- Import business registered a moderate growth of 5.29% and reached to USD 3,057 million in 2020.
- In this pandemic hit year, UCB's export business moved in line with the country's overall performance which saw 16% negative growth due to decrease in global demand of apparel products. Our export business stood at USD 2,506 million in 2020.
- In 2020, UCB disbursed loans and advances of BDT 2363 crore to its customers against Bangladesh Bank determined target of BDT 3264 crore under different stimulus packages announced by the Government to offset the COVID hit stagnancy of the country's economy.
- In the backdrop of sluggish economy and lending rate bracket, Bank's operating profit decreased to BDT 686 crore from BDT 828 crore of the previous year.
- Earnings Per Share (EPS) was BDT 2.35 in 2020;
- In 2020, our banking network further expanded through 204 Branches, 47 sub branches and 556 ATM/CRM Booths, along with 177 agent outlets.

Human Resources of UCB has always been the main driving force of its successes over time. We believe in training them well so that they can excel in their respective areas of banking. We have designed our strategies to equip the employees to serve our clients and communities in full capacities. Team UCB has played tremendous role as a front liner during current pandemic and kept the bank's business moving forward.

UCB always believes in the welfare of the communities and focuses on serving the underprivileged population of the country. In 2020, UCB contributed an amount of BDT 21.21 crore in CSR activities to promote education, health security, environment protection & disaster management.

Lastly, I am privileged to take this opportunity to express my gratitude to all of our stakeholders for their continuous cooperation and support. I am also grateful to our regulators, especially the Bangladesh Bank for their visionary and prudential guidance which enables us to carry on seamless operation towards serving customers' needs and to uphold the interest of our shareholders. I have the confidence that team UCB will overcome all challenges caused by the COVID 19 pandemic and take the Bank to a new height of excellence in the coming days.

Wishing another year of glories for UCB in 2021.

Mohammed Shawkat Jamil Managing Director & CEO





DIRECTORS' REPORT

Dear Stakeholders,

The Board of Directors is pleased to present the Annual Report and the audited financial statements of the bank for the year ended 31 December 2020 together with the Auditors' Report thereon. A snapshot of the world economic trend with the performance of Bangladesh economy along with economic prospect has also been provided in this report. A review of this report would reveal consolidation of growth of the bank in a very stiff competitive environment which will ultimately led the bank to the sustainability. This is a humble presentation for consideration and approval of our valued shareholders.

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

World Economy

Global prospects remain highly uncertain one year into the pandemic. New virus mutations and the accumulating human toll raise concerns, even as growing vaccine coverage lifts sentiment. Economic recoveries are diverging across countries and sectors, reflecting variation in pandemic-induced disruptions and the extent of policy support. The outlook depends not just on the outcome of the battle between the virus and vaccines—it also hinges on how effectively economic policies deployed under high uncertainty can limit lasting damage from this unprecedented crisis.

After an estimated contraction of -3.3 percent in 2020, the global economy is projected to grow at 6 percent in 2021, moderating to 4.4 percent in 2022. The contraction for 2020 is 1.1 percentage points smaller than projected in the October 2020 World Economic Outlook (WEO), reflecting the higher-than-expected growth outturns in the second half of the year for most regions after lockdowns were eased and as economies adapted to new ways of working. The projections for 2021 and 2022 are 0.8 percentage point and 0.2 percentage point stronger than in the October 2020 WEO, reflecting additional fiscal support in a few large economies and the anticipated vaccine-powered recovery in the second half of the year. Global growth is expected to moderate to 3.3 percent over the medium term—reflecting projected damage to supply potential and forces that predate the pandemic, including aging-related slower labour force growth in advanced economies and some emerging market economies.

Strong international cooperation is vital for achieving these objectives and ensuring that emerging market economies and low-income developing countries continue to narrow the gap between their living standards and those of high-income countries. On the health care front, this means ensuring adequate worldwide vaccine production and universal distribution at affordable prices—including through sufficient funding for the COVAX facility—so that all countries can quickly and decisively beat back the pandemic. The international community also needs to work together to ensure that financially constrained economies have adequate access to international liquidity so that they can continue needed health care, other social, and infrastructure spending required for development and convergence to higher levels of income per capita.

World GDP Growth

(year-on-year, in percent)

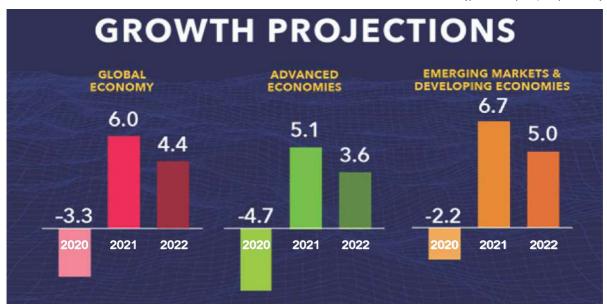
		Projection Years		
		2020	2021	2022
World Output	-	3.3	6.0	4.4
Advanced Economies	-	4.7	5.1	3.6
United States	-	3.5	6.4	3.5
Euro Area	-	6.6	4.4	3.8
Japan	-	4.8	3.3	2.5
United Kingdom	-	9.9	5.3	5.1
Canada	-	5.4	5.0	4.7
Other Advanced Economies	-	2.1	4.4	3.4
Emerging market and Developing Economies	-	2.2	6.7	5.0
Russia	-	3.1	3.8	3.8
China		2.3	8.4	5.6
India	-	8.0	12.5	6.9
ASEAN-5	-	3.4	4.9	6.1
Emerging and Developing Europe	-	2.0	4.4	3.9
Latin America and the Caribbean	-	7.0	4.6	3.1

Source: IMF, World Economic Outlook Update, April 2021

Advanced Economies

In advanced economies, occasional regional restrictions will likely be necessary at times to stem the progression of new strains of the virus. As the vulnerable population gets vaccinated, contact-intensive activities are expected to resume and drive a significant pickup in growth thanks to pent-up demand funded by accumulated savings in 2020. Recovery paths also vary within the group. The United States is projected to return to end-of-2019 activity levels in the first half of 2021 and Japan in the second half. In the euro area and the United Kingdom, activity is expected to remain below end-of-2019 levels into 2022. The gaps can be traced back to differences in behavioral and public health responses to infections, flexibility and adaptability of economic activity to low mobility, preexisting trends, and structural rigidities predating the crisis. With respect to the October 2020 WEO, projections for 2021 have been revised down in Europe and up in Japan and the United States. The downward revision in Europe is more than offset by stronger-thanexpected growth in the United States and Japan, reflecting additional fiscal support legislated in both countries at the end of 2020. In addition, the Biden administration's \$1.9 trillion rescue package is expected to further boost GDP over 2021-22, with significant spillovers to main US trading partners. European countries (for example, Cyprus, Italy, Malta, Portugal, Spain), were able to salvage part of the summer tourist season by reopening in mid-2020. But this was followed by a surge in infections that forced new lockdowns in the last months of 2020, carrying over to 2021. GDP growth for 2022 has been revised up by 0.7 percentage point to 3.8 percent in the euro area and by 1.9 percentage points in the United Kingdom to 5.1 percent.





Emerging Market and Developing Economies (EMDEs)

In emerging market and developing economies, vaccine procurement data suggest that effective protection will remain unavailable for most of the population in 2021. Lockdowns and containment measures may be needed more frequently in 2021 and 2022 than in advanced economies, increasing the likelihood of medium-term scarring effects on the potential output of these countries (see Chapter 2). Considerable differentiation is expected between China—where effective containment measures, a forceful public investment response, and central bank liquidity support have facilitated a strong recovery—and others. Tourism-based economies within this group (such as Fiji, Seychelles, Thailand) face particularly difficult prospects considering the expected slow normalization of cross-border travel. Recovery profiles vary, based on regional differences in the severity of the pandemic, economic structure (employment and GDP shares of contact-intensive sectors), exposure to specific shocks (for instance, due to reliance on commodity exports), and the effectiveness of the policy response to combat the fallout.

Bangladesh Economy

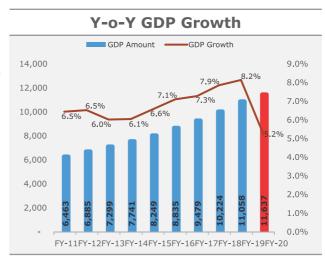
Bangladesh's progression path of the government's pursuit of an ascending trajectory of sustained inclusive, equitable and environmentally benign economic growth and social development proceeded broadly on track. The pace of economic activities continued its normal trend due to robust domestic demand aided by strong remittance inflows and higher government investment, while declared private credit growth and weak external demand suggested some moderation.

Due to the pandemic related devastation, the government's estimated real GDP growth for FY20 plunged to 5.20 percent from its target of 8.20 percent. The government has set the target of real GDP growth at 8.20 percent for FY 21 considering that the ongoing pandemic situation will improve soon and the economy will rebound strongly a V-shaped recovery.



GDP growth

Bangladesh Bureau of Statistics (BBS)



estimated real GDP growth of 5.2 percent in FY20, much lower from 8.2 percent in FY19. Though Bangladesh recorded robust growth rates during the last couple of years, the outbreak of COVID-19 pandemic during the last quarter of FY20 affected national economy adversely, leading to the fall in growth. Following negative impacts of COVID-19, all major sectors witnessed a lower growth. However, the growth rate in FY20 was highest in South Asian region. The outbreak of COVID-19 has created serious impediments in attaining key monetary program objectives. keeping annual average CPI inflation within 5.5 percent and achieving 8.2 percent real GDP growth target for FY20.

Inflation

The rapid transmission of the COVID-19 pandemic across the world has changed the global economic scenario along with losses of human lives and livelihoods. The surge of the COVID-19 in the third quarter of FY20 led lockdown across the globe and contracted the world economic activities, weakening demand condition. Reflecting these developments in the global commodity prices braced consumer price inflation in early 2020 in a number of economies. During the period, many emerging markets and developing economies including advanced economies experienced easing of inflation, although a sort of pressure from rising food prices triggered by the COVID-19 was also visible.

The twelve-month average inflation in Bangladesh has been showing an increasing trend in the last half of the 2020. Inflation which was 5.60 percent in January 2020 and increased to 5.69 percent in December 2020.



Imports

Import declined by 8.6 percent in FY20 against 1.8 percent increase in FY19. Import as percentage of GDP stood at 15.4 percent in FY20, while it was 18.3 percent in FY19. Food grains, mainly wheat, import payments rose by 7.8 percent in FY20. Other major import items which had increases in FY20, included crude petroleum, oil seeds, pulses, pharmaceutical products, spices and sugar. On the other hand, import of capital machinery, yarn, fertilizer and metals suffered drastic fall in the fiscal year under report.

During the same period the total import payments decreased to USD 54,784.7 million from USD 59,914.7 million in FY19.

Imports are also expected to grow faster as the implementation of large infrastructural projects picks up requiring huge imports of capital machineries and other raw materials.

Export

FY20 export earnings decreased by 16.9 percent. On the other hand, the preceding fiscal year had export earnings growth of 10.6 percent. Export as percentage of GDP fell to 10.2 percent in FY20 against 13.4 percent in FY19. Only six types of products, namely vegetables, fruits, tobacco, fish, raw jute, and jute goods had positive export growth in the fiscal year under report. Contrary to these items, the rest array of



products had decline in exports, of which petroleum bi-products, woven garments, knitwear, home textile and shrimps were notable.

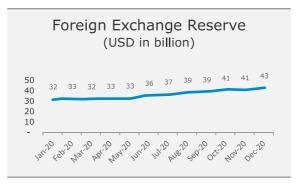
Foreign Exchange Reserve

Gross international foreign exchange reserves stood at USD 42,973 million at the end of December 2020 supported by a remarkable surplus in financial account and significant amount of inflows of remittances.

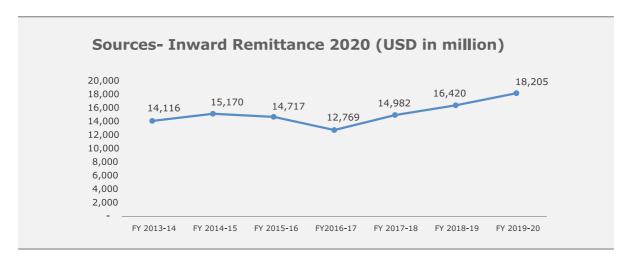
Foreign exchange reserve increased by USD 10.28 billion at the end of 2020 compare the same of 2019.

Remittances

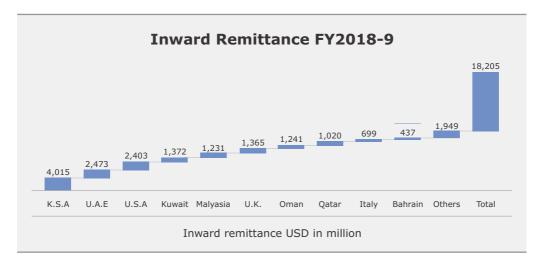
Remittance inflows increased by 10.9 percent at the end of FY20 compared with the growth of 9.6 percent in FY19. A record inflow of remittances at USD 18.2



billion in FY20. Moreover, public consumption grew by 7.2 percent during the same period. As a result, total consumption growth stood at 4.2 percent and it contributed 2.9 percentage points to the growth of GDP. On the other hand, total investment contributed to 2.3 percentage point to the growth. Contribution of net exports to GDP became zero as the contribution of exports was offset by the contribution of imports to GDP.



Remittance inflow increased significantly in FY 2020 from major contributing countries like K.S.A., U.A.E., U.S.A., Kuwait, U.K. and Malaysia. From these six countries remittance generated by USD 4,015 million, USD 2473 million, USD 2,403 million, USD 1,372 million, USD 1,365 million and USD 1,231 million respectively which contributed 71 percent of total remittance in FY2020.



Per Capita Income

GDP at current market price was BDT 27,963.8 billion for FY20 which was 10.0 percent higher compared to the preceding year. In FY20, per capita real GDP and GNI was estimated at BDT 69,452.1 and BDT 72,781.4 respectively. During the same period, per capita nominal GDP and GNI were estimated at BDT 166,888.2 (USD 1,970.1) and BDT174,888.2 (USD 2,064.6) respectively.

World Bank forecasts GDP growth of Bangladesh to be 3.6 percent in FY21 while Asian Development Bank forecasts the GDP growth to be 6.8 percent.

Overall Outlook

The economy of Bangladesh is a developing market economy. It's the 39th largest in the world in nominal terms, and 30th largest by purchasing power parity; it is classified among the Next Eleven emerging market middle income economies and a frontier market. Bangladesh has made steady albeit incremental progress toward greater economic freedom during the past years. Bangladesh has made remarkable progress in poverty reduction, supported by sustained economic growth. It has been among the fastest growing economies in the world over the past decade, thanks to a demographic dividend, strong ready-made garment (RMG) exports, and stable macroeconomic conditions.

The COVID-19 pandemic impacted Bangladesh profoundly. In addition to the impact on health, GDP growth decelerated, and poverty increased. The pandemic may also have long term economic implications as a result of reduced female labor force participation, learning losses, and heightened financial sector vulnerabilities.

Resolving longer term structural challenges could accelerate the post-COVID-19 recovery. Reform priorities include a diversification of exports beyond the RMG sector, deepening the financial sector, improving urbanization, and strengthening public governance. Addressing infrastructure gaps would accelerate growth and reduce spatial disparities in opportunities across regions and within cities. Human capital development remains a priority as well. While Bangladesh's ranking on the Human Capital Index is higher than the South Asian average, it is below the levels observed in comparator countries. Addressing vulnerability to climate risks would support the resilience of economic development to future shocks. Pivoting towards green growth could support the sustainability of development outcomes for the next generation. With the right policies and timely action, Bangladesh can accelerate its recovery from the economic downturn and continue to progress towards upper-middle income status.

Banking Industry Outlook

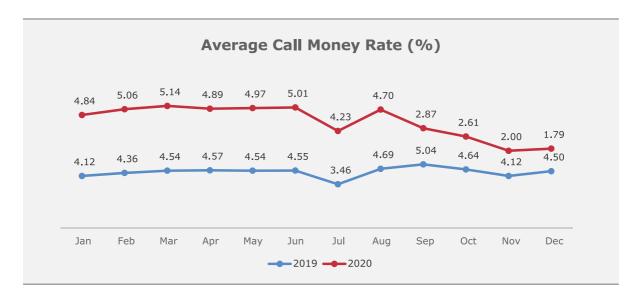
As a developing country, Bangladesh has made praiseworthy improvements in terms of financial inclusion and regulatory supervision in the banking sector. After the independence, banking industry in Bangladesh started its journey with only 6 nationalized commercial banks, 2 State owned specialized banks and 3 Foreign Banks. But now, there are 61 scheduled banks in Bangladesh which are controlled & supervised by Bangladesh Bank. There are 6 State Owned Commercial Banks (SOCBs), 3 Specialized Banks, 33 Conventional Private Commercial Banks, 10 Islami Shariah based Private Commercial Banks and 9 Foreign Commercial Banks. On the other hand, there are now 5 non-scheduled banks in Bangladesh established for some special and definite objective.

The performance of the banking sector of Bangladesh has been largely affected by the COVID-19 pandemic situation for the last four months of FY20. Almost all the large financial markets around the world have been extremely impaired due to the lockdown aiming at hindering the escalation of pandemic. Bangladesh has also lost huge export earnings and its pace of internal production has been reduced significantly due to 66 (sixty-six) days long countrywide lockdown. Both the internal and external situations of the financial market have created enormous pressure on the banking sector. Despite these, all scheduled banks of the country remained operational for specified time in every working day during the lockdown period to provide regular banking services to their customers. Moreover, to help the scheduled banks to survive in this critical situation and to continue their contribution in revamping the country's economy, Bangladesh Bank (BB) has announced a series of policies and prudential measures from the very beginning of the pandemic situation. These include but not limited to, re-fixation of the regulatory liquidity ratios to ensure additional liquidity in the banking sector, issuance of sufficient prudential guidelines to maintain proper office environment in the banks for continuing the business activities in a limited scale as well as compensation package for the employees as frontline workers during the lock down period, easing of foreign trade and foreign currency transaction regulations, temporary relaxation in the loan classification policy, modeling and



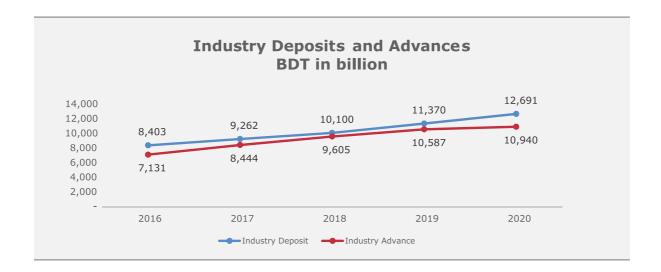
implementation of the Govt. stimulus packages for different segments of the economy and refinance schemes to provide liquidity support to those packages and introduction of special fund for capital market investment, etc. At the end of FY20, the overall NPL ratio and Capital to Risk Weighted Asset Ratio (CRAR) stood at 9.56 percent and 11.63 percent respectively.

During the year 2020, the call money rate has downward trend from 4.84 percent in January 2020 to 1.79 percent in December of the same year.

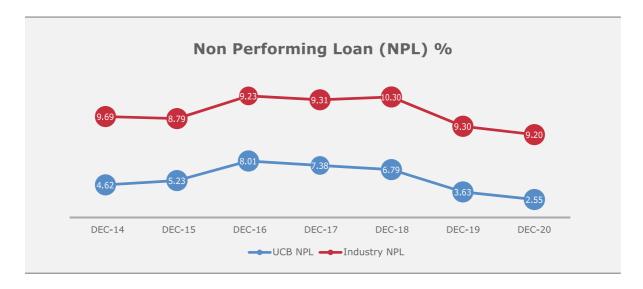


Banking industry has disbursed loans which were significantly higher than its deposit mobilization. Total deposits in banking industry increased to BDT 12,691 billion in 2020 as against BDT 11,370 billion in 2019 representing a growth of 11.62 percent. On the other hand, total bank's advance increased to BDT 10,940 billion in 2020 from BDT 10,587 billion in 2019 registering 3.33 percent growth.

	2016	2017	2018	2019	2020	Growth (%) 2017 vs 2018	Growth (%) 2019 vs 2020
Industry Deposit	8,403	9,262	10,100	11,370	12,691	9.05	11.62
Industry Advance	7,131	8,444	9,605	10,587	10,940	13.75	3.33



Gross non- performing loan has decreasing trend ended with 9.2 percent in 2020 from 9.3 percent in 2019. Aline with Private Commercial Banks, UCB's NPL has reduced from 3.63 percent to 2.55 percent in 2020.



Risk And Concerns for the Banking Industry

Although the year 2020 expected to be better for banking industry in Bangladesh but some uncertainty still remaining as follows;

- ✓ Banking industry may face hurdle for maintaining AD Ratio within the new regulatory limit which may lead to high cost of deposit for procurement of new deposit. Thus, yield on advance may also be higher.
- ✓ Maintaining the ongoing stability in political and economic activities is a challenge. Lack of consensus among political parties may any time lead to political agitation, which may ultimately affect the growth of private sector including banking industry.
- ✓ Growth of investment and business activities may not explore as per targets due to lack of initiatives for good governance in government and regulatory bodies' activities. Banking industry may not have sufficient good investment opportunities in private and public sectors.
- ✓ Implementation of various mega projects are in the process. Thus, to meet up the expenditure, government may borrow fund from banking sector which may some extend affect the liquidity scenario.
- ✓ In line with global practice of risk management, Bangladesh Bank also in phase of implementation of Basel III for the banks which will affect the capital adequacy of the banks. Banks need to maintain additional buffer capital of 2.50 percent by 2020 (each year additional requirement of 0.625 percent from 2016). This may increase pressure to banking industry to maintain additional capital requirement in coming years.

Capital Market Outlook

Capital market is considered the second largest segment of financial system in the country. It plays significant role in the economy by providing funds for the long term investment and development which contributes to economic growth. The market comprised of Dhaka Stock Exchange Limited (DSE) and Chittagong Stock Exchange Limited (CSE), where DSE is pioneering in the exploration of economic advancement of the country. The instruments in these exchanges are equity securities (shares), debentures and corporate bonds. The regulator body of capital market is Bangladesh Securities and Exchange Commission (BSEC). Bangladesh Bank has been playing proactive role also to steady functioning and development of the market as well. In collaboration with DSE, third and final workshop of technical series titled 'Practical tips for preparing your people familiar with the market said round-the-year liquidity crunch in the banking sector, gloomy macroeconomic outlook, soaring non-performing loans, some policy changes and foreign investors' pulling funds out of the market worsened the situation. The market even after nine years of a fragile journey failed to get a strong foothold, as investors were discouraged by one

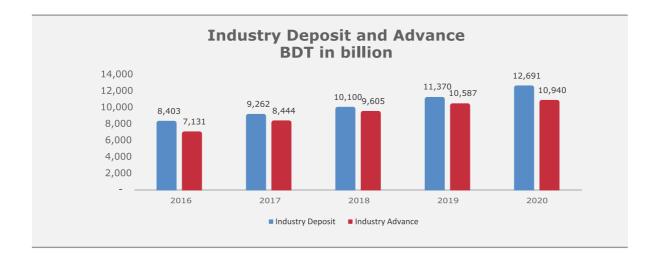


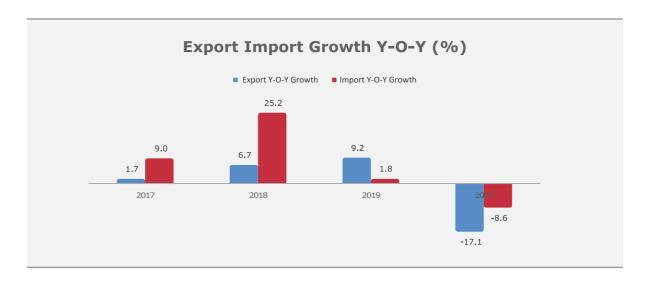
issue after another. The government's market supportive measures, including redefining the banks' capital market exposure and amending public issues rules, expecting boost the fund flow.



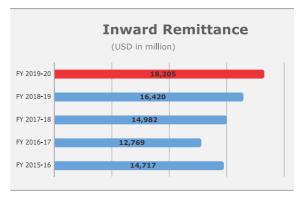
Bangladesh has achieved stable rating by Moody's (Ba3) and S&P (BB-) for the 11th consecutive year. GDP growth was **5.20%** in FY 2020

Average Inflation 5.69% in December 2020









Month End DSEX Index

The DSEX index has sharply increased to 5,402 at the end of December 2020 which was 4,453 in December 2019. The market capitalization significantly decreased by 8 percent in 2020. In December 2020 market capitalization was BDT 3,125 billion against BDT 3,396 billion in December 2019.



UCB Share Price (month on month)

Although the Profit after Tax and EPS of UCB both have increased by 3 percent but share price of UCB has also improved during the year 2020 due to market movement. It was BDT 14.10 at the end of December 2020 whereas it was BDT 13.30 in December 2019.





Brief History of UCB

UCB started its journey in the year 1983 with an initial paid up capital of Tk 35.50 million with the objective of excellence in customer service with pleasure and happiness. Its vision is to be the best in all terms; sustainable inclusive business growth by ensuring efficiency, regulatory compliance, good asset quality, combination of experience and professional talents, consistent profitability and of course good governance. The bank formally started its commercial operation on 27 June in the same year. During the year 2020 the bank set record indeed in terms of advance, deposit and expansion of business through its continuous diversification. Now, UCB is one of the top banks in Bangladesh among the private commercial banks in terms of operating performance.

United Commercial Bank was listed with Dhaka Stock Exchange Limited (DSE) in the year 1986 and with the Chittagong Stock Exchange Limited (CSE) in the year 1995. The bank obtained license to open offshore banking unit on 9 June 2010. The Bank also obtained permission for Islamic Banking Branch from Bangladesh Bank vide, letter no. BRPD (P-3) 745 (17)/2020-1453 dated 6 February 2020. As on 31 December 2020, the bank feels proud of having 204 branches and 556 ATM throughout the country.

Principal Activities

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

$\sqrt{}$ Interest Earning Activities

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

$\sqrt{}$ Local and Foreign Trade Activities

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

$\sqrt{}$ Remittance Activities

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

$\sqrt{}$ Guarantee Activities

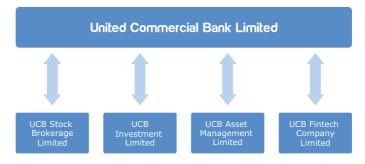
UCB provides financial guarantee to different individuals and organizations which also important source of commission earning of the bank.

$\sqrt{}$ Investment Activities

- Money market- the Bank invests in the treasury bills & bond which is considered as secured investment and ensures a certain amount of return of the Bank. Considering the liquidity position, the Bank also participates in the call money market;
- Capital market- the Bank has significant presence in capital market through direct investment. The Bank has also three subsidiaries with an aim to active participation in capital market through brokerage, portfolio management, investment banking etc.

Corporate Structure

The bank consists of four subsidiaries; UCB Stock Brokerage (former Capital Management) Limited which provides stock brokerage and margin loan service to the investors, 'UCB Investment Limited' established in August 2011 with a vision to be a leading merchant bank in the country for providing issue management service, underwriting, portfolio



management service and related advisory services, and 'UCB Asset Management Limited' established in February 2019 with a view to carry out various merchant banking activities in Bangladesh i.e. portfolio management, share transfer agent, fund management to issue in the capital and security market, underwrite, manage and distribute the issue of stock shares, bonds and other securities. UCB Fintech Company Limited (hereinafter referred to as "the Company" or "Upay") was incorporated in Bangladesh on 30 July 2020 vide registration no. C-162182 as a private company limited by shares under the Companies Act, 1994

Subsidiary & Associates

UCB has four subsidiaries as on the date of reporting; UCB Stock Brokerage Limited (former, Capital Management), UCB Investment Limited, UCB Asset Management Limited and UCB Fintech Company Limited as described below:

UCB Stock Brokerage Limited

UCB Stock Brokerage Limited (Former UCB Capital Management Limited) has emerged as one of the esteemed stock broker in Bangladesh. It is one of subsidiaries of United Commercial Bank Limited, a renowned market leading commercial Bank of the country. UCB Stock Brokerage Limited was incorporated in Bangladesh as a private limited company in accordance with the Companies Act 1994.

UCB Stock Brokerage Limited started providing its services in June 2013 with a highly experienced and proficient management team with the aim of offering a global standard service to the clients of home and abroad in relation to securities originating in Bangladesh. Recently, UCB Stock Brokerage Limited has opened its first Digital Booth in Dubai which was the first initiative in the Capital Market of Bangladesh.

UCB Stock is catalogued as TREC Holder with both the stock exchanges in Bangladesh; Dhaka Stock Exchange Limited (TREC No.: 181) and Chittagong Stock Exchanges Limited (TREC No.:015). It is also a Depository Participant (DP) of Central Depository of Bangladesh Limited and provides allied services under the Rules & Regulations of Bangladesh Securities and Exchange Commission.

The registered office of the company is located at Bulus Center, 17th Floor (west side), Plot: CWS-(A)-1, Gulshan Avenue, Gulshan, Dhaka – 1212. UCB Stock Brokerage Limited has already earned outshine reputation for eminent ethics and trusted service. The Company is devoted to perform relentless duties for the development of capital market of Bangladesh.

UCB Investment Limited

UCB Investment limited (UCBIL) is a fully owned subsidiary of United Commercial Bank Limited – one of the leading private commercial bank in Bangladesh. It was incorporated in Bangladesh with the Registrar of Joint Stock Companies & Firms (RJSC&F), vide registration number: C-94654/11 dated 3rd August, 2011 as a private limited company under the Companies Act (Act XVIII) of 1994. It obtained full-fledged Merchant Banker & Portfolio Management license (Reg No: MB- 97/2020) from Bangladesh Securities and Exchange Commission.

The company has been inaugurated on 29th November, 2020. The company aims to play a vital role in bridging the gap in professional financial management services in the country and the gap between investors and investment opportunities. The registered address of the company is Bulus Center, Road: 34, Plot: CWS- (A)-1, Gulshan avenue, Dhaka-1212.

With its group of versatile financial consultants, UCBIL covers all investment banking services, including Corporate Advisory, Fixed Income Securities, Syndicate Loans, IPO Management, and Portfolio Management. The entity aims at delivering top-class, customized investment solutions to its clients to cater to their specific needs and be their long-term growth partner.

The key strength of UCBIL comes from its people, who are highly talented investment managers with vast and versatile experience in the investment landscape, both locally and globally. Utilizing this knowledge and expertise, UCBIL intends to provide and promote unique financial solutions for some of the nation's most successful institutions and corporations. Keeping innovation and sustainable growth at the core of its operations, UCBIL intends to lead its clients and the country to a brighter and wealthier future.



UCB Asset Management Limited

Being a wholly-owned subsidiary of United Commercial Bank; UCB Asset Management Limited (UCB AML) has the unique advantage to offer a wide range of investment solutions. UCB Asset Management has a strong team of investment professionals who have a long track record of managing mutual funds in Bangladesh.

UCB Asset Management Limited was incorporated on 05 February 2019 and received its 'Asset Manager' license on 03 February 2020. The company is set to launch its very first open-end mutual fund named UCB AML First Mutual Fund in the first guarter of 2021 with an initial size of BDT 20 crore.

Trust is the core value of UCB Asset Management Limited and its mission is to gain people's confidence towards the capital market while maintaining an international standard-oriented services.

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.

UCB holds 99.99% of total shares of UCB Fintech Company Limited with face value of BDT.10 each.

Upon receiving the license from Bangladesh Bank, UCB Fintech Company Limited started its journey in March 2021, under the brand name "উপায়" ("upay" in English) and offering a broad range of mobile financial services to people from all walks of life.

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. Going forward, UCB Fintech aims to offer different types of innovative products and services to fulfill need of different customer segments.

Off-shore Banking Unit

Off-shore Banking Unit (OBU), a separate business unit of United Commercial Bank Limited, governed under the Rules and guideline of Bangladesh Bank. The Bank obtained the Off-shore Banking Unit permission vide letter no. BRPD (P-3) 744 (117)/2010-2577 dated 9th June 2010. The Bank commenced the operation of its Off-shore Banking Unit from November 10, 2010. Presently the Bank has 1 (One) unit in Dhaka operating under the Rules and guideline of Bangladesh Bank.

Since inception in 2010, OBU have registered remarkable growth in successive years in terms of both business and profit by providing FC Term Loan and Demand Loan to the On-shore entrepreneurs thus contributing in the industrialization of the country. OBU offers trade finance facilities in the form of Bill Discounting under UPAS LC and short term financing in FC.

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.

Islamic banking focuses on the production of wealth and welfare. It follows and fosters the principle of partnership with customers rather than pursuing a debtor-creditor relationship. Through implementation of Islamic Banking, a positive and qualitative impact of genuine public welfare becomes visible in the overall activities of the Bank.

Islamic Banking was an unexplored avenue for the Bank, whereas UCB has proven track record and strong footage in all the financial eco system of the country. This year we have started our Islamic Banking operations (IBO) with 10 (ten) window branches under brand name UCB Tagwa.

Management's Discussion and Analysis

1. Preparation of Financial Statements

The financial statements prepared by the management of the bank present fairly its state of affairs, the result of its operations, cash flows and changes in equity. These statements have been prepared in accordance with the "first Schedule (Selection 38) of the Bank Company Act 1991 as amended by BRPD circular no. 14 dated 25 June 2003, the rules and regulations issued by Bangladesh Bank, International Financial Reporting Standards (IFRS) as adopted by the ICAB in the name of Bangladesh Financial Reporting Standards (BFRS), the Securities and Exchange Rules 2020, Dhaka Stock Exchange Limited and Chittagong Stock Exchange Limited's listing regulations and other laws and rules applicable in Bangladesh.

The financial statements of 2020 have been reviewed by the Audit Committee of the Board of Directors of the Bank and then referred to the Board of Directors for its consideration. The external auditor, MABS & J partners, Chartered Accountants, appointed by the shareholders, have certified the fairness of the financial statements for the year ended 31 December 2020.

a. Maintaining Proper Books of Account

UCB maintained proper books of account for its financial transactions occurred during 2020. For recording the transactions, the bank has followed the International Accounting Standard (IAS). The books of account have also been reviewed by the external auditor, MABS & J Partners Chartered Accountants with an opinion that proper books of accounts as required by the law have been properly maintained.

b. Appropriate Accounting Policies

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

c. Follow up of IAS & IFRS in Preparation of Financial Statements

International Accounting Standards (IAS) and International Financial Reporting Standards (IFRS) as applicable in Bangladesh, have been followed in preparation of financial statements. However, in case the requirement of provisions and Circulars issued by Bangladesh Bank differs with those of other regulatory authorities and accounting standards, the provisions and Circulars issued by Bangladesh Bank shall prevail. As such the Group and the Bank has departed from certain requirements of BFRS in order to comply with the rules and regulations of Bangladesh Bank which are disclosed in notes to the financial statements.

2. World Economy and Journey of UCB

Despite the manifold challenges, in the global as well as domestic economy, caused by the COVID Pandemic, we have been able to maintain positive growth in several business parameters. Glimpses of performances of UCB in 2020:

- It is continued to deliver growth across almost every aspect of the Bank's operations and registered 10.42% growth over the last year in the balance sheet size, which grew to BDT 49,331 crore in 2020.
- Funds under management (FUM) of the bank had a moderate growth of 7.06%. Bank's total deposit reached BDT 35,398 crore in 2020.
- Total loans and advances increased to BDT 35,168 crore in 2020 from BDT 32,273 crore in 2019 with 8.97% growth. In 2020 corporate loan exposure was BDT 24,559 crore while Retail and SME loan exposures were BDT 8,592 crore and BDT 2,018 crore respectively;
- Import business registered a moderate growth of 5.29% and reached to USD 3,057 million in 2020.
- In this pandemic hit year, UCB's export business moved in line with the country's overall performance which saw 16% negative growth due to decrease in global demand of apparel products. Our export business stood at USD 2,506 million in 2020.
- In 2020, UCB disbursed loans and advances of BDT 2363 crore to its customers against Bangladesh Bank determined target of BDT 3264 crore under different stimulus packages announced by the Government to offset the COVID hit stagnancy of the country's economy.



- In backdrop of sluggish economy and lending rate bracket, Bank's operating profit decreased to BDT 686 crore from BDT 828 crore of the previous year.
- Earnings Per Share (EPS) was BDT 2.35 in 2020;
- In 2020, our banking network further expanded through 204 Branches, 47 sub branches and 556 ATM/CRM Booths, along with 177 agent outlets.

Besides, detail of World Economy and Banking industry considering domestic economy discussed earlier for better understanding.

3. Analysis of Key Operating and Financial Data for Last 5 (five) Years

UCB recorded a remarkable growth in last five years in term of business volume and profitability. At the end of 2016 total assets of the Bank was BDT 329,720.78 million whereas at the end of 2020 it stood at BDT 493,306.95 million recording a growth of more than 50 percent. During last five year deposits grew by 37 percent and loans & advances of the Bank grew by 57 percent.

Balance Sheet	Change	Change					
	(%)	(Taka)	2020	2019	2018	2017	2016
Authorized Capital	0.00%	0.00	15,000.00	15,000.00	15,000.00	15,000.00	15,000.00
Paid up Capital	5.00%	579.77	12,175.21	11,595.44	10,540.31	10,541.31	10,541.31
Shareholders' Equity	6.96%	2,283.21	35,066.23	32,783.02	29,900.25	26,510.26	25,756.32
Borrowing	45.19%	18,487.80	59,399.13	40,911.33	44,694.26	33,846.39	25,565.10
Deposits	7.01%	23,194.95	353,981.62	330,786.67	297,172.82	278,195.49	257,704.30
Loans and advances	8.97%	28,955.42	351,683.56	322,728.14	294,671.94	261,002.88	223,697.18
Investments	13.01%	7,522.49	65,323.45	57,800.97	50,830.84	42,911.75	55,475.64
Fixed Assets	0.59%	85.32	14,539.96	14,454.64	9,056.11	8,344.10	8,380.18
Off-Balance Sheet Exposure	9.29%	17,083.81	201,041.69	183,957.88	182,066.61	197,973.80	171,169.75
Total Assets	10.42%	46,546.83	493,306.95	446,760.12	402,749.10	363,314.80	329,720.78
Total Liabilities	10.69%	44,263.62	458,240.72	413,977.10	372,848.85	336,804.54	303,964.46

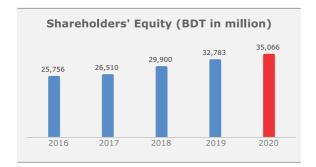
In line with the increased volume of the business, the Net Profit after tax of the Bank has also increased. In 2016, NPAT of the bank was BDT 2,628.63 million whereas it was BDT 2,857.20 million at the end of 2020 recording a growth of 9 percent whereas Bank's gross profit increased by 25 percent during last five years of time.

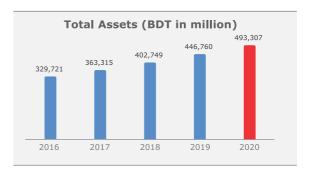
Results of	Change	Change					
Operation	(%)	(Taka)	2020	2019	2018	2017	2016
Interest Income	22.49%	5,681.81	30,948.75	25,266.93	21,034.16	20,832.15	22,434.57
Interest Expense	25.75%	4,126.44	20,150.94	16,024.50	12,087.39	12,194.04	14,711.18
Net interest Income	16.83%	1,555.37	10,797.81	9,242.44	8,946.77	8,638.11	7,723.38
Non-Interest Income	9.51%	861.00	9,911.08	9,050.08	8,435.50	7,703.97	7,824.62
Non-Interest Expense	14.01%	1,527.94	12,430.21	10,902.27	9,430.86	8,754.70	7,145.66
Gross Profit	13.21%	2,416.38	20,708.89	18,292.52	17,382.27	16,342.08	15,548.00
Operating Profit	12.02%	888.44	8,278.68	7,390.25	7,951.41	7,587.38	8,402.34
Profit before tax	0.50%	24.33	4,932.09	4,907.76	5,461.41	5,189.89	7,252.34
Net profit after tax	17.02%	403.09	2,772.04	2,368.95	2,433.91	2,628.63	3,977.34

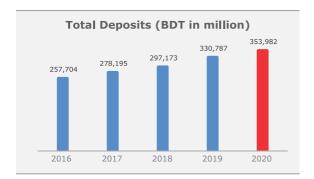
However, details of operating and financial data of UCB in last five years are shown separately in financial summary of annual report with charts and graphical presentation.

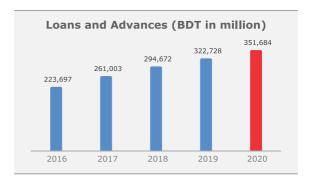
Key Performance Ratio	2020	2019	2018	2017	2016
Cost-Income Ratio (%)	66.53	60.02	59.60	54.26	53.57
Return on Assets (%)	0.61	0.65	0.62	0.70	0.84
Return on Equity (%)	8.42	8.94	9.45	9.31	10.24
Cost of Fund (%)	7.42	8.57	7.58	6.79	7.60

Key Performance Ratio	2020	2019	2018	2017	2016
Yield on Advance (%)	7.92	9.78	8.62	8.53	9.71
Spread (%)	0.49	1.21	1.04	1.74	2.11
Earnings per share (basic)	2.35	2.39	2.04	2.31	2.49
Earnings per share (restated)	2.35	2.28	2.04	2.31	2.49
Dividend (%)	5 C, 5 B	5 C, 5 B	10 B	10 C	15 C
Net asset value per Share (BDT)	28.80	28.27	25.79	25.15	24.43
Price earnings Ratio (Times)	6.01	5.56	8.61	10.22	8.55
Dividend cover ratio (%)	2.35	2.28	2.25	2.31	1.66
Dividend Yield (%)	7.09	7.52	5.68	4.24	7.04
* C =Cash. B = Bonus					

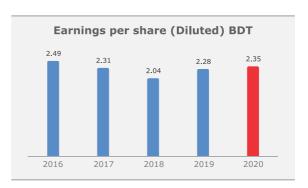






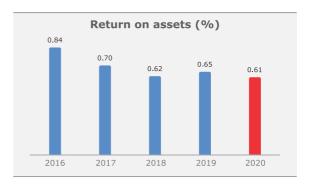












4. Significant Deviations from Operating Results of Last Year

Bank's operating performance was comparatively aggravating in the year 2020 due to the impact of pandemic. Significant deviations in key operating lines are described as follows:

Operating revenue: Bank's operating revenue (net interest income plus non-interest income) decrease by BDT 220.68 million from BDT 20,708.89 million in 2019 to BDT 20,488.21 million in 2020.

Profit from operation: Operating profit has decreased by 17 percent. It was BDT 6,857.12 million in 2020 and BDT 8,278.68 million in 2019.

Net profit after tax: During the year 2020, net performance line has increased by BDT 85.16 million. During the year 2020 net profit after tax was BDT 2,857.20 million, it was BDT 2,772.04 million during the year 2019.

5. Extraordinary Gains or Loss

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

6. Risk Based Capital Framework

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

From very beginning of implementation of Basel III in Bangladesh, UCB has been continuing to calculate minimum capital requirement (MCR) considering credit risk, market risk and operational risk considering the Capital Conservation Buffer @ 1.25 percent. The summary of pillar I (Minimum Capital Requirement) on solo basis of UCB as under:

(BDT in Million)

Particulars	2020	2019
Tier I Capital	28,848.43	27,254.27
Tier II Capital	21,383.18	18,981.88
Total Regulatory Capital	50,231.61	46,236.15
Risk Weighted Assets	336,719.54	314,868.22
Capital to Risk Weighted Asset Ratio (CRAR) (%)	14.92	14.68



UCB has strong Common Equity (Tier-1 Capital) base of BDT 28,848.43 million which was 8.57 percent of risk weighted assets as on December 31, 2020. Bank's Tier-2 Capital was BDT 21,383.18 million at the end of 2020, which was 6.35 percent of risk weighted assets. Against the minimum requirement of 10 percent, UCB is consistently maintaining above the requirement in last five years. In addition to minimum requirement of 10 percent, Bank needs to maintain buffer requirement of 2.50 percent in 2020. Thus Bank's minimum plus buffer requirement was 12.50 percent in 2020 which was deliberately maintained by the Bank.

7. Future Outlook

United Commercial Bank Limited is making progress on embedding sustainability into business. We still

believe that, we have a lot scope to do, a long way to go and will continue to build our program as a team in the year ahead. We are confident that we can make our slogan a success "United we achieve". However, due to the Covid-19 pandemic market conditions for our industry are as challenging and volatile as we have seen in recent times. We have a strong capital position and we have accumulated a good size of quality portfolio and diversity in our revenue and earning streams.

Our presence in the market is growing steadily and we have improved our presence in all areas of operations. We have professionals with profound managerial talents and perhaps most importantly, we have a hard earned reputation as one of the top service providers in our industry. We are convinced of our ability to continue to thrive in all areas of our business backed by around four decade of experience and driven by the ambition to continue reaching new heights in performance. Building on our strength, we are confident that the company will be able to present better results before our shareholders in the years ahead.

8. Focusing on the Future Requirement

Bangladesh Bank has issued the "Guidelines on Risk Based Capital Adequacy", a Revised Regulatory Capital Framework for banks in line with Basel III, on December 2014. Aiming to maintain capital above the required level as per this new guideline, UCB has issued of UCB Fourth Subordinated Bond of BDT 3,400 million in 2020. Though raising fund from external sources is a short term and costlier solution, the bank is emphasizing more on risk assets management and capital generation from internal sources like increasing reserve by generating profit. For risk assets management, the bank is emphasizing on completion of credit rating of all unrated corporate and medium customers by external credit rating agencies and also emphasizing on restructuring of asset portfolio to low risk based assets.

Internal Control & Compliance

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

Statement of Directors' Responsibility to Establish Appropriate System of Internal Control

The Directors acknowledge their overall responsibility for the Bank's systems of internal control for establishing efficiency, effectiveness, reliability, timeliness, completeness and compliance with the applicable laws and regulations. This process ensures that a system of internal control in accordance with best financial reporting practice was in place throughout the year and up to the date of the signing of these financial statements. It also involved an assessment of the ongoing process for the identification,



evaluation and management of individual risks and of the role of the various committees and bank's risk management functions.

Statement of Directors' on Adequacy of The System of Internal Control

The Directors confirm that the Board through its committees has reviewed the effectiveness of the bank's systems of internal control for the year ended 31 December 2020. The Board through the audit committee has supervised the policies and various parts of businesses to ensure an effective internal control system. The Board business strategy, significant policies for internal control system and risk management have been taken properly and internal audit and control has been accomplished as per requirement of the Bank Company Act, Bangladesh Bank guidelines, Corporate Governance guidelines of Bangladesh Securities and Exchange Commission etc.

Going Concern

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

Top Management

The Bank is led by Mohammed Shawkat Jamil, Managing Director & CEO. He is a prominent and professional banker with 38 years of rewarding multi-dimensional experience in banking and other fields of management. He started his career as "Probationary Officer" in United Commercial Bank Limited in 1983. There are some other veteran and prominent bankers serving the Bank and contributing their expertise to the continuous growth of the Bank.

	With UCB since dated
Managing Director & CEO	
Mohammed Shawkat Jamil	20 June 1983
Additional Managing Directors	
Arif Quadri	13 October 2015
Syed Faridul Islam	15 May 2019

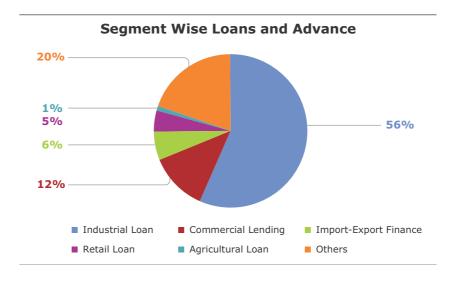
	With UCB since dated
Deputy Managing Directors	
Nabil Mustafizur Rahman	22 March 2018
Abul Alam Ferdous	27 May 1984
N. Mustafa Tarek	05 January 2012
Md. Abdullah Al Mamoon	01 March 2017
Mohammed Habibur Rahman	15 May 2019
Md. Shah Alam Bhuiyan	12 December 2017
Mohammed Khorshed Alam	05 August 2008
ATM Tahmiduzzaman, FCS	07 March 2010

Segment Business Analysis

Segment Wise Distribution of Loans and Advances of United Commercial Bank Limited.

Among total asset of BDT 493,306.95 million of United Commercial Bank Limited, loans and advances was BDT 351,683.56 million which was 76.75 percent of total assets. Below table shows the distribution of loans and advances at different segments.

Particulars	Dec 31 2020	Dec 31 2019	Change	Growth (%)
Industrial Loan	198,342.93	191,350.67	6,992.27	3.65%
Commercial Lending	43,603.55	48,558.32	-4,954.78	-10.20%
Import-Export Finance	20,831.91	24,097.98	-3,266.06	-13.55%
Retail Loan	16,040.04	17,029.57	-989.52	-5.81%
Agricultural Loan	3,279.97	4,407.62	-1,127.65	-25.58%
Others	69,585.16	37,283.99	32,301.17	86.64%
TOTAL	351,683.56	322,728.14	28,955.42	8.97%



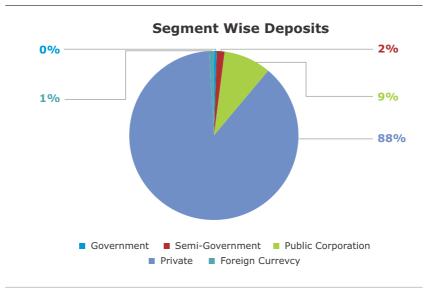
Among loans and advances, 56 percent was distributed in industrial area followed by 12 percent in commercial area. Others area of distribution of loans and advances were import-export, retail, agriculture and others where were 6 percent, 5 percent, 1 percent and 20 percent respectively. Among the above mentioned sector, the bank recorded highest growth in Industrial Loan.

Segment Wise Distribution of Deposit of United Commercial Bank Limited.

In total liabilities of BDT 458,240.72 million, 77.25 percent liabilities were in form of deposits which were BDT 353,981.62 million. Below table shows segment wise distribution of deposit of the bank as on December 31, 2020.

		(BDT in Million)
Particulars	Dec 31 2020	Dec 31 2019
Government	1,435.74	979.01
Semi-Government	5,311.63	6,993.93
Public Corporation	32,100.01	26,650.32
Private	311,909.79	293,039.99
Foreign Currency	3,224.44	2,968.99
TOTAL	353,981.62	330,632.23





At the end of 2020, total deposits of the bank stood BDT 353,981.62 million against BDT 330,632.23 million in 2019 registering a growth of 7.06 percent. The bank mostly concentrated to private deposit which was BDT 311,909.79 million at the end of 2020 against BDT 293,039.99 at the end of 2019. Others area of concentration of deposit were public corporation, semi-government, government which were 9.07 percent, 1.50 percent and 0.41 percent of total deposit.

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

Credit Rating

With a view to safeguard the interest of the prospective investors, depositors and creditors and to improve the functioning of the capital market of the country, Bangladesh Bank vide BRPD Circular No.06 dated July 05, 2006 has made it mandatory for the Bank's to have themselves credit rated. Accordingly, Credit Rating of United Commercial Bank Limited was done by Emerging Credit Rating Limited (ECRL) based on audited Financial Statements as on December 31, 2020. The rating report is summarized as under:

Particulars	Long Term	Short Term	
Entity Rating	AA	ST-2	
Date of Rating	May 07,	May 07, 2021	
Based on Financial Statement	December 31, 2020		
Validity Date	May 06, 2022		

ECRL has assigned AA (pronounced as Double A) the long term credit rating and ST-2 short term credit rating to the United Commercial Bank Limited based on audited financials from FY2015 to FY2019 and other available information up to the date of rating declaration. The outlook on the rating is Stable. The ratings are consistent with ECRL's methodology for this type of company. ECRL considered financial performance, capital base, asset quality, liquidity position, management experience and prospect of the industry while assigning the rating.

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

An institution rated ECRL-2 has a strong capacity to meet its financial commitments in a timely manner; however, it is somewhat susceptible to adverse developments in the economy, and in business and other external conditions.

Events Occurring After the Reporting Date

As at the date of this report, the Directors are not aware of any matter or circumstance that has arisen since the end of the year 2020 up to the date of approval of financial statements by the Board of Directors of the Bank that has significantly affected or may significantly affect the operations of the Bank, the results of its operations or its state of affairs. However, following event should be considered.

At 460th Meeting of the Board of Directors held on 08.06.2021 recommended Stock dividend 5 percent and Cash dividend 5 percent for the year 2020 subject to approval of the shareholders in the ensuring Annual General Meeting of the Bank to be held on August 5, 2021.

Corporate Social Responsibility

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

Corporate Governance

The Bank focuses on ethics, innovation and transparency. The establishment of well-founded corporate governance within the company will continue to be important in order to ensure a continuous profitable return to shareholders and a solid reputation amongst clients and partners. We strive to maintain full compliance with the laws, rules and regulations that govern our business. The main objective of UCB's corporate governance is to develop a strong, sustainable and competitive company in the best interest of its shareholders, employees, business associates and society at large. Successful value added business is profoundly dependent upon transparency, internal and external confidence and trust. UCB believes that this is achieved by developing a conspicuous reputation based on our financial performance, our business practices and our communication with the market with due care on transparency and ethical standards.

Compliance of the Conditions of BSEC's Notification

In exercise of the power conferred by section 2CC of the Bangladesh Securities and Exchange Ordinance, 1969 (XVII of 1969), Bangladesh Securities and Exchange Commission (BSEC) issued notification no. SEC/CMRRCD/2006-158/134/Admin/80 dated 3 June, 2018 to comply with certain conditions for corporate governance. The notification was issued for establishing a framework for ensuring good governance practices in the listed companies for the interest of the investors and the capital market. A statement on the compliance with the SEC's conditions has been attached with the Annual Report with compliance certificate.

Declaration on Compliance of Corporate Governance

Para 36 of the Dhaka Stock Exchange (Listing) Regulations, 2015, Notification dated 30 June 2015 requires the directors to declare on compliance of the conditions of Bangladesh Securities & Exchange Commission. The bank duly complied with the conditions of Bangladesh Securities & Exchange Commission (notification no. SEC/CMRRCD/2006-158/134/Admin/80 dated 3 June, 2018) on corporate governance. Moreover, as per requirement of Bangladesh Securities & Exchange Commission, a certificate from a professional Chartered Secretary, has been obtained and attached with the annual report.



Business Ethics and Compliance

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

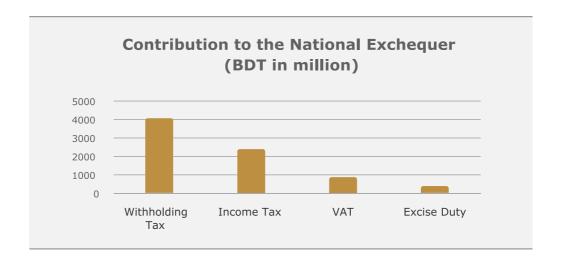
United Commercial Bank has a reputation for delivering innovation, performance and solutions. The key element to our long-term success is something less tangible and less easily illustrated with figures. These are integrity and honesty in our business dealings, a factor that contributes to our long-term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

Contribution to the National Exchequer and the Economy

United Commercial Bank Limited always upholds its responsibilities to the development of the society and the country as a whole. We aspire to be known as a bank that builds enduring relationship with and delivers value for our clients, shareholders, employees and the community where we work. During the year 2020, the bank has provided (provision for tax expense) an amount of BDT 2,090.82 million as tax expense as against BDT 2,160.05 million of previous year. We also pay VAT @ 15 percent on our fees and commission income. Moreover, we are abiding by the prevailing laws to deduct source tax and source VAT from all payments as per prescribed rate. Besides direct contribution to national economy in the form of payment of taxes UCB contributes to the economy in the following manner:

- ➤ Based on the financials as on 31 December 2020 the size of total credit exposure of UCB with 89,849 no. of clients was BDT 351,683.56 million (2019: 80,225 no. of clients, BDT 322,728.14 million). Providing such facility does not only mean to the financial support but also creates huge opportunity of employment in the society.
- > Direct economic impact by creating employment and a well-trained workforce. UCB employed as many as 4,900 employees as on 31 December 2020 (2019: 4,988). Significant amount of bank's earnings are expended for salary and employee benefits. During the year 2020, UCB paid total BDT 6,354.17 million for salary and employee benefits. UCB has also created the arrangement of provident fund and gratuity fund as a tool to reward for long term service with the bank.
- > We firmly believe that sustainable economic growth and a healthy environment are inter-linked. We take supportive role in terms of providing financial services by restricting and discouraging projects detrimental to the environment and health.
- > UCB deployed its all-out effort to make the slogan 'Green Banking' a success. Various initiatives have already been taken both in policy and practically at large.
- > We always agree in building prosperity by supporting a broad range of socio-economic issues through donation and sponsorship. We believe, in order to reach our potential, we need to earn the respect of our stakeholders. We have learned by last more than three decades that the best way to do that is to foster creativity, innovation and diversity throughout our ventures, of course aligning business practices with highest values. We dream to crafting a way of social business rather than commercial business objective only. During the year 2020 the bank expended around BDT 298.59 million for donation and sponsorship.

During the year 2020 United Commercial Bank Limited deposited BDT 7,703 million to the Government Exchequer out of which BDT 2,392 million as income tax, BDT 4,039 million of withholding tax, BDT 875 million of VAT and BDT 396 million of excise duty. According to the law of the country, bank pay tax and collects withholding tax and VAT and deposit the same to the Government Exchequer in due time.



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

Meeting of the Board of Directors and Attendance

During the year 2020 total 10 no. of Board of Director's meeting, 7 no. of Executive Committee meeting, 7 no. of Audit Committee meeting, 4 no. of Risk Management Committee meeting, 1 no. of NRC meeting and 1 no. of Shariah Supervisory committee were held. The status of the member along with the attendance is mentioned below:

Particulars of Board of Directors as on 31.12.2020

Board of Directors			
SI No	Name	Designation	
1	Rukhmila Zaman	Chairman	
2	Bazal Ahmed	Director & Vice-Chairman of the Board Chairman, Shariah Supervisory Committee	
3	Anisuzzaman Chowdhury	Director, Chairman of the Executive Committee	
4	Akhter Matin Chaudhury, FCA (E&W), FCA, FCS	Independent Director & Chairman, Audit Committee	
5	M. A. Sabur	Director, Chairman of the Risk Management Committee	
6	Hajee Yunus Ahmed	Director	
7	Hajee M. A. Kalam	Director	
8	Nurul Islam Chowdhury	Director	
9	Asifuzzaman Chowdhury	Director	
10	Syed Mohammed Nuruddin	Director	
11	Roxana Zaman	Director	
12	Bashir Ahmed	Director	
13	Afroza Zaman	Director	
14	Syed Kamruzzaman, FCMA	Director	
15	Muhammed Shah Alam, FCMA	Director	
16	Professor Dr. Md. Jonaid Shafiq	Director	
17	Kanak Kanti Sen	Director	
18	Dr. Aparup Chowdhury	Independent Director & Chairman, NRC	
19	Touhid Shipar Rafiquzzaman	Independent Director	
20	Mohammed Shawkat Jamil	Managing Director & CEO	
21	ATM Tahmiduzzaman, FCS	DMD & Company Secretary	



Particulars of Diffrent Committees of the Board of Directors as on 31.12.2020

Executive Committee

SI No	Name	Status
1	Anisuzzaman Chowdhury	Chairman
2	Bazal Ahmed	Member
3	M. A. Sabur	Member
4	Hajee Yunus Ahmed	Member
5	Nurul Islam Chowdhury	Member
6	Asifuzzaman Chowdhury	Member
7	Bashir Ahmed	Member
8	ATM Tahmiduzzaman, FCS	Secretary

Audit Committee

SI No	Name	Status
1	Akhter Matin Chaudhury, FCA (E&W), FCA, FCS	Chairman
2	Syed Mohammed Nuruddin	Member
3	Syed Kamruzzaman, FCMA	Member
4	Muhammed Shah Alam, FCMA	Member
5	Dr. Aparup Chowdhury	Member
6	ATM Tahmiduzzaman, FCS	Secretary

Risk Management Committee

SI No	Name	Status
1	M. A. Sabur	Chairman
2	Anisuzzaman Chowdhury	Member
3	Roxana Zaman	Member
4	Afroza Zaman	Member
5	Kanak Kanti Sen	Member
6	ATM Tahmiduzzaman, FCS	Secretary

Nomination and Remuneration Committee

SI No	Name	Status
1	Dr. Aparup Chowdhury	Chairman
2	Asifuzzaman Chowdhury	Member
3	Nurul Islam Chowdhury	Member
4	Roxana Zaman	Member
5	Prof. Dr. Md. Jonaid Shafiq	Member
6	ATM Tahmiduzzaman, FCS	Secretary

Shariah Supervisory Committee

SI No	Name	Status
1	Bazal Ahmed	Chairman
2	Hajee M.A. Kalam	Member
3	Mohammed Shawkat Jamil	Member
4	Dr. A.F.M. Akbar Hossain	Member
5	Dr. Mohammad Abdur Rashid	Member
6	Dr. K M Saiful Islam Khan	Member
7	Dr. Mohammed Nasir Uddin	Member
8	Dr. Mohammad Manjurur Rahman	Member
9	ATM Tahmiduzzaman, FCS	Secretary

Members Attendance in the Meetings of the Board of Directors During 2020

SL	Name of the Members	Status in the Board	Total Meeting held during the year	Total Meeting held during their period	Attended	Leave of Absence	Remarks
1	Rukhmila Zaman	Chairman	10	10	10	0	
2	Bazal Ahmed	Vice Chairman of the BoD & Chairman, Shariah Supervisory Committee	10	10	10	0	
3	Anisuzzaman Chowdhury	Chairman - Executive Committee	10	10	5	5	
4	Akhter Matin Chaudhury FCA (E&W), FCA, FCS	Independent Director & Chairman- Audit Committee	10	10	4	6	
5	M. A. Sabur	Chairman - Risk Management Committee	10	10	10	0	
6	Hajee Yunus Ahmed	Director	10	10	6	4	
7	Hajee M. A. Kalam	Director	10	10	5	5	
8	Nurul Islam Chowdhury	Director	10	8	8	0	8 nos of meeting held during his tenure
9	Asifuzzaman Chowdhury	Director	10	10	8	2	
10	Syed Mohammed Nuruddin	Director	10	10	2	8	
11	Roxana Zaman	Director	10	10	8	2	
12	Bashir Ahmed	Director	10	9	8	1	9 nos of meeting held during his tenure
13	Afroza Zaman	Director	10	10	8	2	
14	Syed Kamruzzaman, FCMA	Director	10	9	9	0	9 nos of meeting held during his tenure
15	Muhammed Shah Alam, FCMA	Director	10	9	9	0	9 nos of meeting held during his tenure
16	Prof. Dr. Md. Jonaid Shafiq	Director	10	10	8	2	
17	Kanak Kanti Sen	Director	10	3	3	0	3 nos of meeting held during his tenure
18	Dr. Aparup Chowdhury	Independent Director Chairman, NRC	10	10	8	2	
19	Touhid Shipar Rafiquzzaman	Independent Director	10	10	6	4	
20	Mohammed Shawkat Jamil	Managing Director & CEO	10	10	7	3	

Past Members Attendance Details

SL	Name of the Members	Position	Total Meeting held	Total Meeting held during their period	Attended	Leave of Absence	Remarks
1	Farid Uddin Ahmed	Member	10	4	3	1	4 nos of meeting held during his tenure

 $[\]ensuremath{^{**}}$ The Directors who could not attend the meeting were granted leave of absence.



Members Presence in the EC Meetings of the Board of Directors during 2020

SL	Name of the Members	Position	Total Meeting Held	Total Meeting held during their period	Attended	Leave of Absence	Remarks
1	Anisuzzaman Chowdhury	Chairman	7	7	5	2	
2	Bazal Ahmed	Member	7	7	6	1	
3	M. A. Sabur	Member	7	7	7	0	
4	Hajee Yunus Ahmed	Member	7	7	4	3	
5	Nurul Islam Chowdhury	Member	7	5	5	0	5 nos of meeting held during his tenure
6	Asifuzzaman Chowdhury	Member	7	7	5	2	
7	Bashir Ahmed	Member	7	7	6	1	

^{**} The Directors who could not attend the meeting were granted leave of absence.

Members Presence in the Audit Committee Meetings of the Board of Directors during 2020

SL	Name of the Members	Position	Total Meeting held during the year	Total Meeting held during their period	Attended	Leave of Absence	Remarks
1	Akhter Matin Chaudhury FCA (E&W), FCA, FCS	Chairman	7	7	6	1	
2	Syed Mohammed Nuruddin	Member	7	7	1	6	
3	Syed Kamruzzaman, FCMA	Member	7	7	6	1	
4	Muhammed Shah Alam, FCMA	Member	7	7	6	1	
5	Dr. Aparup Chowdhury	Member	7	3	1	2	3 nos of meeting held during his tenure

Past Members Attendance Details

SL	Name of the Members	Position	Total Meeting held during the year	Total Meeting held during their period	Attended	Leave of Absence	Remarks
1	Touhid Shipar Rafiquzzaman	Member	7	4	4	0	4 nos of meeting held during his tenure

 $[\]ensuremath{^{**}}$ The Directors who could not attend the meeting were granted leave of absence.

Members Presence in the Risk Management Committee Meetings during 2020

SL	Name of the Members	Position	Total Meeting held during the year	Total Meeting held during their period	Attended	Leave of Absence	Remarks
1	M. A. Sabur	Chairman	4	4	4	0	
2	Anisuzzaman Chowdhury	Member	4	4	3	1	
3	Roxana Zaman	Member	4	4	2	2	
4	Afroza Zaman	Member	4	4	2	2	
5	Kanak Kanti Sen	Member	4	1	1	0	1 nos of meeting held during his tenure

Past Members Attendance Details

SL	Name of the Members	Position	Total Meeting held during the year	Total Meeting held during their period	Attended	Leave of Absence	
1	Farid Uddin Ahmed	Member	4	1	1	0	1 nos of meeting held during his tenure

^{**} The Directors who could not attend the meeting were granted leave of absence.

Members Presence in the Nomination and Remuneration Committee Meetings during 2020

SL	Name of the Members	Status with the Board	Total Audit Meeting held during the year	Total Meeting held during their period	Attended	Leave of Absence	Remarks
1	Dr. Aparup Chowdhury	Chairman	1	1	1	0	
2	Asifuzzaman Chowdhury	Member	1	1	1	0	
3	Nurul Islam Chowdhury	Member	1	1	1	0	
4	Roxana Zaman	Member	1	1	1	0	
5	Prof. Dr. Md. Jonaid Shafiq	Member	1	1	0	1	

Members Presence in the Shariah Supervisory Committee meetings during 2020

SL	Name of the Members	Status with the Board	Total Audit Meeting held during the year	Total Meeting held during their period	Attended	Leave of Absence	Remarks
1	Bazal Ahmed	Chairman	1	1	1	0	
2	Hajee M.A. Kalam	Member	1	1	0	1	
3	Mohammed Shawkat Jamil	Member	1	1	1	0	
4	Dr. A.F.M. Akbar Hossain	Member	1	1	1	0	
5	Dr. Mohammad Abdur Rashid	Member	1	1	1	0	
6	Dr. K M Saiful Islam Khan	Member	1	1	1	0	
7	Dr. Mohammed Nasir Uddin	Member	1	1	1	0	
8	Dr. Mohammad Manjurur Rahman	Member	1	1	1	0	

Pattern of Shareholding of UCB

Fully paid up shares issued to	No. of Shares	Amount in Taka	% of Shares
Sponsors/Directors	446,583,038	4,465,830,380	36.67
Institution (Financial & Others)	260,773,429	2,607,734,290	21.42
General Public	500,289,381	5,002,893,810	41.10
Govt. of Peoples Republic of BD	9,875,056	98,750,560	0.81
Total	1,217,520,904	12,175,209,040	100.00



A. Share held by parent/subsidiary/associated companies

Name of the parent/subsidiary/associated companies	Status	Shareholding
UCB Stock Brokerage Limited	Subsidiary	Nil
UCB Investment Limited	Subsidiary	Nil
UCB Asset Management Limited	Subsidiary	Nil
UCB Fintech Company Limited	Subsidiary	Nil

B.i) Shareholdings of Directors, ii) Chief Executive Officer, iii) Company Secretary iv) Chief Financial Officer and v) Head of Internal Audit and their Spouses and Minor Children

SL	Name of Directors	Shares Held
i)	Directors	Total
	Rukhmila Zaman	24353532
	Bazal Ahmed	24399911
	Anisuzzaman Chowdhury	34074261
	Akhter Matin Chaudhury, FCA (E&W), FCA, FCS	0
	M.A. Sabur	26752885
	Hajee Yunus Ahmed	30599097
	Hajee M.A. Kalam	27991208
	Nurul Islam Chowdhury	24355337
	Asifuzzaman Chowdhury	34344196
	Syed Mohammed Nuruddin	24360000
	Roxana Zaman	24370500
	Bashir Ahmed	24488617
	Afroza Zaman	24370500
	Syed Kamruzzaman, FCMA	24960705
	Muhammed Shah Alam, FCMA	24370500
	Professor Dr. Md. Jonaid Shafiq	24370500
	Kanak Kanti Sen	24350865
	Dr. Aparup Chowdhury	0
	Touhid Shipar Rafiquzzaman	0
ii)	Mohammed Shawkat Jamil (Managing Director & CEO) and spouse	0
iii)	A T M Tahmiduzzaman, FCS (DMD & Company Secretary) and Spouse	0
iv)	Faruk Ahammad (SEVP & Chief Financial Officer) and Spouse	0
v)	Mohammed Khorshed Alam (DMD & Head of Internal Audit) and Spouse	0

C. Executives (Top five Salaried employees of the company, other than the Directors, Chief Executive Officer, Company Secretary, Chief Financial Officer and Head of Internal Audit)

SL.	Name of Executives	Shares Held
1	Arif Qudri (Additional Managing Director) and Spouse	0
2	Syed Faridul Islam (Additional Managing Director) and Spouse	0
3	Nabil Mustafizur Rahman (Deputy Managing Director) and Spouse	0
4	Abul Alam Ferdous (Deputy Managing Director) and Spouse	0
5	N. Mustafa Tarek (Deputy Managing Director) and Spouse	0
6	Md. Abdullah Al Mamoon (Deputy Managing Director) and Spouse	0
7	Mohammed Habibur Rahman (Deputy Managing Director) and Spouse	0
8	Md. Shah Alam Bhuiyan (Deputy Managing Director) and Spouse	0

D. Shareholders holding 10% or more voting interest in the company

N/A

Related Party Transactions

UCB had no credit directly to its Directors at the end of 2020. However, there were some related party contracts and transactions wherein the Directors had interest. The Bank got Bangladesh Bank's approval to make related party contracts. Details are as follows:

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

Nil

$Shares\ is sued\ to\ the\ Directors\ \&\ the\ Executives\ without\ consideration\ or\ exercisable\ at\ discount$

Nil

Related Party Transactions

Nil

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

Remuneration of Directors

At the end of 2020, UCB has 20 (Twenty) members in the Board of Directors including the Managing Director and 3 (three) Independent Directors. As per Bangladesh Bank's BRPD Circular No. 11 dated 04 October 2015, the members of Board of Directors (excluding Managing Director) received maximum BDT. 8000.00 (eight thousand) as honorarium for attending in a meeting. In the year, 2020, total honorarium was BDT. 2.20 million which was BDT. 2.30 million in 2019.

Rotation of Directors

As per clause 108 & 109 of Article of Association of the Bank, 1/3 of the Directors shall be retired in the ensuing Annual General Meeting and as per clause 110 of Article of Association of the Bank, they are eligible for /reelection/reappointment.

Resume of Re-appointed and Newly appointed Directors

1	
Name of the Director	Nurul Islam Chowdhury
Status in the Board	Director
Date of Birth	20.07.1962
Date of First Appointment	30.08.1987
Date of last Appointment	03.09.2020
Entities where they have interest	1. Islam Steel Mills Ltd.
	2. Eastern Engineers (CTG.) Ltd.
	3. NAMS Trading Corporation
	4. NAMS Shipping Lines
2	
Name of the Director	Bashir Ahmed
Status in the Board	Director
Date of Birth	25.12.1969
Date of First Appointment	28.09.1993
Date of last Appointment	03.09.2020
Entities where they have interest	Airmate Goodie Electrical Industries Limited



2. Goodie Accessories (Pvt) Limited

3. International Distribution Company Bangladesh (Pvt) Limited

	4. B & B Electronics
	5. B & B Food & Beverage
	6. B & B Electrical & Electronics
	7. Dhaka Electrical & Electronics
	8. Bard International
	9. Petal Enterprise
	10. Airmate Lighting & Electrical Solutaional Pvt. Ltd.
	11. Pioneer Electronics
	12. Mettle Emporium
3	
Name of the Director	Syed Kamruzzaman, FCMA
Status in the Board	Director
Date of Birth	21.02.1964
Date of First Appointment	10.08.2017
Date of last Appointment	03.09.2020
Entities where they have interest	N/A
4	
Name of the Director	Muhammed Shah Alam, FCMA
Status in the Board	Director
Date of Birth	01.03.1962
Date of First Appointment	10.08.2017
Date of last Appointment	03.09.2020
Entities where they have interest	N/A
5	
Name of the Director	Kanak Kanti Sen
Status in the Board	Director
Date of Birth	24.06.1965
Date of First Appointment	03.09.2020

Appropriation of Profit and Dividend Recommendation

N/A

Taking into account the profit available for distribution after complying with regulatory requirement, the Board in its 460th meeting held on 08.06.2021 recommended 5 percent cash dividend and 5 percent stock dividend for the year ended on December 31, 2020 which is subject to approval of shareholders in the next Annual General Meeting scheduled to be held on 5 August 2021.

Disclosure on Recommendation of Stock Dividend

Stock Dividend has been recommended to strengthen the capital base of the Bank to comply the regulatory requirements and to support the business growth.

Stock Dividend is declared out of accumulated profit, and Stock Dividend is not declared from capital reserve or revaluation reserve or any unrealized gain or out of profit earned prior to incorporation of the Company or through reducing paid-up capital or through doing anything so that the post-dividend retained earnings become negative or a debit balance.

Proposed appropriations are as follows:

(in million BDT)

	•
2020	2019
2,857.20	2,772.04
1,294.63	668.55
-	-
4,151.83	3,440.59
	2,857.20 1,294.63

Date of Last Appointment

Entities where they have interest

(in million BDT)

Proposed appropriations		
Transferred to statutory reserve	989.60	986.42
Proposed stock dividend	608.76	579.77
Proposed cash dividend	608.76	579.77
Retained earnings	1,944.70	1,294.63

Auditors Report

The Board of Directors reviewed the Auditors Report issued by the Bank's auditor MABS & J Partners, Chartered Accountants based on their audit of financial statements for the year ended 31 December 2020. The auditor didn't mention about any material misstatement or significant disagreement regarding review of the Bank's financial statements. The Board also reviews the auditors' suggestion which auditor provides through a separate management report and gives the strategic guidelines to the management for improvement.

Appointment of Auditors

MABS & J Partners Chartered Accountants was the auditor of the Bank for the year 2020. As the year 2021 is the third year of their audit, they are eligible for reappointment for the year 2021.

The Board recommends to reappoint MABS & J Partners Chartered Accountants as the auditor of the Bank for the year 2021 at a remuneration of Tk. 10 lacs only (excluding VAT). However, such appointment will be subject to approval of the shareholders in the next Annual General Meeting as per section 210 of the Companies Act, 1994.

Acknowledgement

The Bank closed the year 2020 recording excellent performance in all core areas of operation with relentless and dedicated efforts of the employees of the Bank and due to sincere cooperation of all concerned it was possible to achieve the excellent results during the year. Above all, strong liquidity base, prudent fund & credit management, continued guidance and inspiration to the Management by the members of the Board played a vital role in overall development.

I take this opportunity to thank my Board colleagues for their continued support and contributions in moving the Company to the right direction. I, of course, thank all the employees of the Company on whom we depend for our success. On behalf of the Board I also like to thank Bangladesh Bank, Bangladesh Securities and Exchange Commission, Dhaka and Chittagong Stock Exchanges, Central Depository Bangladesh Limited, borrowers, depositors and other stakeholders who were the partners in growth of your bank. We also look forward to their continuous support.

Last but not the least, I wish to thank our shareholders for their continued support and trust placed on us and UCB aspires to do better in future and with this expectation we are pleased to place the annual report, the audited financial statements for the year ended 31 December 2020 together with the auditor's report thereon for approval.

(On behalf of the Board of Directors)

Rukhmila Zaman

Chairman





1.0 Breaking down the 'Agency Problem'

The agency problem is a conflict of interest inherent in any relationship where one party is expected to act in another's best interests. It refers to the conflict between management and shareholders, i.e. managers (Agent) may not act in the best interest of shareholders (Principal). Corporate Governance is the system by which companies are directed and controlled to the best interest of the stakeholders, therefore highly regarded as a mechanism to resolve the 'Agency Problem'. United Commercial Bank Limited believes on good governance that refers a sync between agent and principal aiming to achieve a win-win situation from every end.

2.0 Corporate Governance Framework

"The Way of Life, rather a Mere Legal Compulsion"

Fairness, Transparency, Accountability and Independence are the minimum standard of acceptable corporate behavior today. The Bank, through its Board and Committees, endeavors to strike and deliver the highest governing standards for the benefit of its stakeholders. In fact, Corporate Governance leads a company to the standard corporate environment and it is an integral part of the sustainable economic development of a country. At UCB, due importance is given to major parameters of corporate governance such as Board system and its independence, function of Boards' Sub-Committees, internal control and compliance over financial reporting, transparency, disclosure etc.; all our Banking activities are guided by these key principles of good governance.

3.0 Vision, Mission and Values of the Bank

Vision, Mission, and Values statements are crucial to communicating the "who, what and why" for organization to corporate management, employees and to the users of the services. These are developed by leaders with inspiring words to convey the purpose, direction and driving forces of their organization clearly and concisely. By creating clear, meaningful and reflective statements, organizations powerfully communicate its intentions and motivate and inspire the employees to ensure proper understanding about the objectives of the organization, to make consistent everyday decisions and to step towards new directions. The Board of UCB approved its Vision, Mission, and Values; they believe in those and active to apply those in every possible business context.

4.0 Board of Directors

As at 31 December 2020, the Board consists of 20 (twenty) Directors including ex-officio Managing Director & CEO. The Managing Director & CEO is playing the role of ex-officio Director as per Articles of Association of the Bank. The Board members include persons of high caliber, with sound academic and professional qualification in the field of business and profession. This gives strength for effective discharge of duties and

responsibilities by the Board. The existing Board of Directors of the Bank includes three Independent Directors as prescribed in the Bank Company Act 1991 (amended up to 2018).

5.0 Appraisal of Board's Performance

The Board of Directors of UCB is guided by the Code of Conduct for the Directors. Though UCB does not have any policy for annual appraisal of Board's annual performance but the Bank is strictly abiding by the guidelines prescribed by the different regulators of the country including Bangladesh Bank. It is pertinent to mention here that a regular performance of the Bank is appraised by BoD through the implementation status of different project and proposal approved.

6.0 Director's Appointment/Election

Directors including Independent Directors are appointed considering relevant provision/clause of Companies Act 1994, Bank Company Act 1991 (amended up to 2018), Corporate Governance Guidelines of BSEC, Guidelines of Bangladesh Bank and Articles of Association of the Bank. With regards to nomination, removal and casual vacancy of the Directors, Bank follows all relevant rules and regulations of the respective regulatory bodies. The Managing Director & CEO is appointed for a minimum period of three years' subject to approval from Bangladesh Bank.

7.0 The Chairman of the Board of Directors

The Chairman of the Board of Directors of UCB has been elected through the direct participation of the Board of Directors. The Chairman of the BoD does not personally possess the jurisdiction to apply policy making or executive authority, she does not participate in or interfere into the administrative or operational and routine affairs of the Bank.

The Chairman may conduct on-site inspection of Bank-branch and financing activities under the purview of the oversight responsibilities of the Board. She may call for any information relating to Bank's operation and asks for investigation into any such affairs; she submits such information or investigation report to the meeting of the Board or the executive Committee and if deemed necessary, with the approval of the Board, she may take necessary actions thereon in accordance with the set rules through the CEO. However, any complaint against the Managing Director & CEO is to be appraised to Bangladesh Bank through the Board along with the statement of the CEO. Besides this, the Chairman may assume any other responsibility if the Board assigns within the purview of the Rules, Regulations, Acts and Articles of the Bank. The Chairman's responsibility is defined by the Board as directed by BRPD Circular No. 11 dated 27 October, 2013.

8.0 Non-Executive Director

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

9.0 Independent Directors and their Independence

In compliance with the Corporate Governance Guidelines issued by BSEC, Bank Company Act 1991 (amended up to 2018) and Corporate Governance Guidelines issued by Bangladesh Bank, the Board of Directors of the Bank has appointed 3 (three) number of Independent Directors in its Board and one of whom is the Chairman of the Board Audit Committee. The Independent Directors are conversant in the field of financial, regulatory and corporate laws; enjoy full freedom to carry out their assigned responsibilities.

In order to ensure a Director to be eligible as an Independent Director, the Board establishes that the Director has no substantial relationship with UCB either as a partner, shareholder or officer of an organization that has a relationship with UCB that would prevent that nominee from becoming an Independent Director. For the purpose of true independence, Board decided that its Independent Directors do not hold any share of the Bank; not associated with the Bank's Promoters or Directors or Shareholders who maintains one percent or more of the total paid up share of the Company; not related with the existing Directors or families; do not have any other relationship, whether monetary or otherwise with the company or its subsidiary/ associate companies; not a member, Director or officer of any Stock exchange, not a shareholder, Director or officer of any stock exchange or an intermediary of the capital market. The



Independent Directors are appointed for a period of three years which may be extended by one term only. The Board ensures that all these guidelines are strictly followed regarding the apointment of the Independent Directors of the Board.

As per Bangladesh Bank's regulations and corporate governance guidelines issued by BSEC, the Audit Committee is formed electing the Chair from the Independent Directors. As an Independent Director, the Chairman of the Audit Committee enjoys full freedom to carry out the Committees' assigned responsibilities.

10.0 Role of the Chairman and the Managing Director & CEO are separate

In compliance with Bangladesh Bank BRPD Circular No. 11 and Circular Letter No. 18 dated 27 October 2013 and as per corporate governance guideline issued by BSEC we report that the functional responsibilities of the Chairman of the Board and Managing Director & CEO are kept separate and independent of each other.

11.0 Induction & Training of the Directors

New Directors and existing Directors are likely to require some key information in case of first and consecutive appointment to have updated knowledge about the latest position of the Bank and all related rules and regulations. Provided key information will help the Directors for better understanding of their role and responsibilities. Provided key information includes introduction with the Board and Senior Management, Bank's current status, related strategic priorities and action plans, good governance practices, etc.

Besides, training of the Directors includes providing training and information on the latest update related to Banking business such as relevant laws, policy guidelines, circulars, rules and regulations issued by the regulatory authorities; so that they could effectively discharge the responsibilities as a Director of the Bank. Sometimes special discussion sessions are arranged with the experts on highly technical and complex issues. They also participate in the programs and seminars organized by various professional bodies at home and abroad on business, economic, technical, professional and corporate governance issues.

12.0 Code of Conduct of the Chairman

A chairperson of the Board of Directors of the Bank holds the most power and authority on the board of directors and provides leadership to the Bank. The chair of the board ensures that the firm's duties to shareholders are being fulfilled by acting as a link between the board and upper management.

Position filled up through

The position of the the Chairman is elected by the member of the Board of Directors.

Roles and Responsibilities of Chairman according to Code:

- a) Provides leadership and governance of the Board so as to create the conditions for overall Board's and individual Director's effectiveness, and ensures that all key and appropriate issues are discussed by the Board in a timely manner.
- b) Establish as good corporate governance practices and procedures and promotes the highest standards of integrity, probity and corporate governance throughout the Bank and particularly at Board level.
- c) Ensures that there is effective communication with shareholders, and that each Director develops and maintains an understanding of the stakeholders' views.
- d) Promotes effective relationships and open communication, and creates an environment that allows constructive debates regarding proposals aiming to the betterment of the Bank.
- e) As the chairman of the board of directors does not personally possess the jurisdiction to apply policy making or executive authority, he/she shall not participate in or interfere into the administrative or operational and routine affairs of the bank.
- f) The chairman may conduct on-site inspection of any bank-branch or financing activities under the

purview of the oversight responsibilities of the board. He may call for any information relating to bank's operation or ask for investigation into any such affairs; he may submit such information or investigation report to the meeting of the board or the executive committee and if deemed necessary, with the approval of the board, he shall effect necessary action thereon in accordance with the set rules through the CEO. However, any complaint against the CEO shall have to be apprised to Bangladesh Bank through the board along with the statement of the CEO.

- g) The Chairman shall establish the environment to nourish the sense of Corporate Governance within the organization.
- h) The Chairman shall guide the Bank to appear as an organization valuing business ethics and social responsibilities.

13.0 Code of Conduct of Chief Executive Officer/Managing Director

Chief Executive Officer/Managing Director is an ex-officio Board member as provided under the Articles of Association of the Bank and the directives of Bangladesh Bank. The issue of good governance is very important in bank management. In order to strengthen the financial base of the bank and obtain confidence of the depositors, appointing honest, efficient, experienced and suitable chief executive is one of the responsibilities of the Board of Directors. In order to ensure good governance, bank should follow the guidelines enumerated below while appointing the CEO and in devising the role-responsibilities and authorities of the CEO.

Rules and regulations for appointing CEO

13.1.Qualification

Moral Integrity

In case of appointment to the post of Chief Executive, satisfaction in respect of the concerned person should be ensured to the effects that. -

- a) He has not been convicted by any Criminal Court of Law;
- b) He has not been punished for violating any rules, regulations or procedures/norms set by any Controlling Authority;
- c) He was not associated with any such company/organization, registration or license of which has been cancelled.

Experience and Suitability

- a) For appointment as chief executive, the concerned person must have experience in banking profession for at least 15 (fifteen) years as an active officer and at least 02 (two) years' experience in a post immediate below the chief executive of a bank.
- b) He must at least have a Master's degree from any recognized university. Higher academic education in the field of Economics, Banking and Finance or Business Administration will be treated as additional qualification for the concerned person.
- c) In respect of service, the concerned person should have excellent record of performance.
- d) Satisfaction should be ensured that the concerned person was not dismissed from service when he was chairman/director/official of any company;
- e) Any director of any bank or financial institution or any person who has business interest in the bank concerned will not be eligible for appointment to the post of chief executive.

Transparency and Financial Integrity

Before appointment as chief executive, satisfaction should be ensured to the effects that:

- a) The concerned person was not involved in any illegal activity while performing duties in his own or banking profession;
- b) He has not suspended payment to creditors or has not compromised with his creditors to be relieved from debt or he is not a loan defaulter;



- c) He is not a tax defaulter;
- d) He has never been adjudicated as an insolvent.

Age limit: No person crossing the age of 65 years shall hold the post of CEO of a bank.

Tenure: The tenure of the chief executive shall be for at least 03 (three) years, which is renewable. If the candidate has less than 3 years left to attain 65 years, he/she can be appointed for that period.

13.2. Guidelines in fixing the salary and allowances

Banks are required to follow the guidelines stated below while determining the salary and allowances of the CEO and submitting such proposal to Bangladesh Bank: -

- a) In fixing the salary and allowances of the chief executive, financial condition, scope of operation, business-volume and earning capacity of the bank; qualifications, achievement of the candidate in the past, age and experience and the remuneration paid to the persons occupying same position in the peer banks shall have to be taken into consideration.
- b) Total salary shall be comprised of 'Basic Pay' and 'House Rent' and allowances as 'Others'. The allowances (e.g., provident fund, medical, utility bill, leave-fare assistance) in 'Others' head should be specified in amount/ceiling. Besides, other facilities (e.g., car, fuel, driver etc.), as far as possible, shall have to be monetized and thus determining monthly total salary, it shall have to be mentioned in the proposal to be submitted to Bangladesh Bank. In the proposal, Basic Pay, House Rent, Festival Allowance, other allowances and other facilities shall have to be specified in Taka amount.
- c) Terms of salary-allowances and other facilities as specified in the terms and conditions of appointment cannot be changed during the tenure. In case of renewal, proposal may be made for refixation of the salary considering the job performance of the incumbent chief executive.
- d) The Chief Executive so appointed shall not get any other direct or indirect facilities (e.g., dividend, commission, etc.) other than the salary-allowances and other facilities as enumerated in clause (b) above.
- e) The bank shall not pay any income tax for the chief executive, i.e., the chief executive so appointed shall have to pay it.

Incentive Bonus: Subject to the payment of incentive bonuses to all stuffs/employees, the CEO will be eligible to get such bonus. However, the amount of CEO's incentive bonus will not cross Taka 10.00 (ten) lacs per year.

Honorarium for Board Meeting: As CEO is a salaried official of the bank, he will not get any honorarium for attending the Board meeting or the meeting of any Committee formed by the Board.

Evaluation Report: While reappointing CEO, an evaluation report approved by the board of directors should be submitted to Bangladesh Bank by the chairman of the Board.

13.3. Prior approval from Bangladesh Bank

Prior approval from Bangladesh Bank is mandatory before appointing CEO as per section 15(4) & (5) of the Bank Company Act 1991 (Amended up to 2018). For processing such approval, along with the proposal signed by the chairman of the board, the selected person's complete resume, offer letter (mentioning the direct & indirect remuneration and facilities) and copy of board's approval must be submitted to Bangladesh Bank. The selected person must also submit declarations as per Annexure-Ka & Annexure-Kha to Bangladesh Bank.

Decision of Bangladesh Bank regarding appointment of CEO will be treated as final and such appointed CEO cannot be dismissed, released and removed from his office without prior approval from Bangladesh Bank. However

- a) In case the CEO desires to terminate the contract before expiry or resign from his office voluntarily, he shall serve at least one-month notice upon the Chairman of the Board stating the actual reason for such resignation, and, at the same time forward a copy of such notice to Bangladesh Bank.
- b) In case the Board of the Bank desires to terminate the contract before expiry or asks the CEO to tender resignation from his post, the Board shall serve at least one-month notice stating the reasons

- for such action; at the same time forward a copy of such notice to Bangladesh Bank and obtain approval of Bangladesh Bank for such removal.
- c) When the position of the CEO falls vacant due to resignation, expiry of contract, or any other reason, the bank shall immediately appoint a 'CEO In-charge' (for maximum 3 months) among the officials next to the CEO and notify Bangladesh Bank with details of such Officer In-charge.

13.4. Duties and Responsibilities of CEO

The CEO of the bank, whatever name called, shall discharge the responsibilities and affect the authorities as follows:

- a) In terms of the financial, business and administrative authorities vested upon him by the board, the CEO shall discharge his own responsibilities. He shall remain accountable for achievement of financial and other business targets by means of business plan, efficient implementation thereof and prudent administrative and financial management.
- b) The CEO shall ensure compliance of the Bank Company Act, 1991 and other relevant laws and regulations in discharging routine functions of the bank.
- c) At the time of presenting any memorandum in the Board Meeting or Board Committee Meeting, the CEO must point out if there is any deviation from the Bank Company Act, 1991 and other relevant laws and regulations.
- d) The CEO shall report to Bangladesh Bank any violation of the Bank Company Act, 1991 or of other laws/regulations.
- e) The recruitment and promotion of all staff of the bank except those in the two tiers below him shall rest on the CEO. He shall act in such cases in accordance with the approved service rules on the basis of the human resources policy and sanctioned strength of employees as approved by the board.
- f) The authority relating to transfer of and disciplinary measures against the staff, except those at two tiers below the CEO, shall rest on him, which he shall apply in accordance with the approved service rules. Besides, under the purview of the human resources policy as approved by the board, he shall nominate officers for training etc.
- g) The authority relating the preparation of financial statements along with different reports in line with the requirement of primary and related regulatory bodies. He has the authority to ensure publishing Annual Report maintaining true picture of the company's performance.
- h) The Managing Director is an executive ex-officio Director who can play a vital role to establish corporate governance within the organization by complying all respective rules and regulations.

14.0 Code of Conduct of the Board of Directors

United Commercial Bank Limited (UCB) has adopted this Director's Code (Code of Conduct) aiming to guide its Board of Directors in fulfilling their duties and responsibilities to the Bank. UCB believes that the Board is cooperatively responsible for promoting the success of the Bank by directing and supervising the Bank's affairs where code of conduct plays very vital role in broader aspect. This Code of Conduct is prepared in compliance with the mentioned guideline of Bangladesh Bank and it is neither conclusive nor final document; in contradiction with any laws, guideline, notification, there will be scope of changing, altering and addition time to time when it deems fit.

Foreword

Board of Directors of UCB should be comprised with competent and professionally skilled persons with a view to formulating policy-guidelines and supervising business activities of UCB efficiently as well as ensuring good governance in the bank management. The responsibilities of the board of directors of a bank-company are more important than those of other companies; because in case of a bank-company it is essential to earn and maintain confidence of the depositors as its business is mainly run with the depositors' money. The following directives are given for ensuring good governance regarding constitution of board of directors, their duties & responsibilities and other related activities:



Formation of Board of Directors

The newly amended Section 15 of the Bank Company Act, 1991 (Amended up to 2018) includes provisions for prior approval of Bangladesh Bank before the appointment of new directors, as well as dismissal, termination or removal of any director from the post; director's eligibility; maximum number of directors; appointment of independent directors; appointment of maximum 4(four) members from a family as director; etc.

Appointment of New Director

Under section 15(4) of the Bank Company Act, 1991 (amended up to 2018), Bank at the time of taking prior approval from Bangladesh Bank for appointing/reappointing directors should furnish the following documents along with the application:

- Personal information of the nominated person (Appendix-ka);
- Nominated person's declaration(Appendix-kha);
- 'Declaration for confidentiality' by the nominated person(Appendix-ga);
- In case of Independent director, the approval letter from Bangladesh Securities and Exchange Commission;
- In case of Independent director, a declaration of the directors concerns as Appendix-gha (he will also submit declaration under Appendix-ka, kha & qa);
- CIB report of the nominated person;
- Updated list of the directors.

Vacation of office of Director

- The office of director shall be vacated according to the instructions specified in Section 108(1) of the Companies Act, 1994. Besides, when a bank director becomes defaulter and does not repay the loan within two months after getting a notice under the section 17 of the Bank Company Act, 1991; provides false statement at the time of appointment; or fails to fulfil the minimum eligibility criteria, the office of the director will be vacated.
- If the office of a director is vacated by a notice under the section 17 of Bank Companies Act, the person will not be eligible to become a director of the bank for one year from the date of repayment of the total amount due to the bank. It is mentionable to here that the dues can be adjusted with the shares held by the director in that bank. When a director receives a notice under section 17 of Bank Company Act, 1991, he/she can't transfer his/her shares of that bank until he/she repays all the liabilities of the noticed bank or financial institution.
- Besides, Bangladesh Bank can remove a director or chairman of a bank, for conducting any kind of activities that is detrimental to the interest of the banks depositors or against the public interest under Section 46 and can supersede the board of a banking company under Section 47 of Bank Company Act, 1991.

Removal of Directors from Office

The newly amended Section 15 of the Bank Company Act, 1991 (Amended up to 2018) and Bangladesh Bank's Circular include provisions and instructions for prior approval of Bangladesh Bank before the appointment of new Bank Directors, as well as dismissal, termination or removal of any director from the post; Director's Eligibility. In this case, the removal will be effective from the date of Bangladesh Bank's approval.

Appointment of Alternate Director

Subject to compliance of section 101 of the Companies Act, 1994, an alternate director can be appointed to act for a director during his absence for a continuous period of not less than three months from Bangladesh. In this context, the following instructions should be followed:

 Bank has to collect and properly maintain the documentary evidences relating to departure and arrival of the original director. If there is any exception, the chief executive officer should immediately inform it to Bangladesh Bank.

- The copy of the decision of the board regarding appointment of alternate director, with original director's probable returning date from abroad should be sent to Bangladesh Bank within 7 days of taking the decision and the director's arrival date must be intimated to Bangladesh Bank immediately after his return.
- Any loan defaulter or any person who is not eligible to become a director as per any rules & regulation will not be appointed as an alternate director.
- As appointment of alternate director is a temporary measure; therefore, he/she will not be included in any kind of committee constituted by the board.
- While in the office, an alternate director or his/her affiliated organization will not get any kind of loan facilities from his bank. In case of previous loan, enhancement of limit or extension of time period or any kind of exemption or interest waiver will not be allowed. Moreover, all restrictions applicable to directors according to rules & regulations will also be applicable to the alternate director.

Information regarding Directors

Banks are advised to take the following steps regarding director information:

- Every bank should keep an updated list of bank directors;
- Banks should send a directors' list to other banks or financial institutions immediately after the appointment or release of director;
- Banks should display a list of directors in the website and update it on a regular basis.

Responsibilities of the Board of Directors

To ensure good governance in the bank management it is essential to have specific demarcation of responsibilities and authorities among controlling bodies over bank affairs. In the Bank Company Act, 1991 (amended up to 2018) the newly included Section 15(kha) & (ga) give responsibility to the board of directors for establishing policies for the bank company, for risk management, internal controls, internal audit and compliance and for ensuring their implementation.

Responsibilities and Authorities of the Board of Directors

Work-planning and strategic management

- i. The Board shall determine the objectives and goals and to this end shall chalk out strategies and work-plans on annual basis. It shall specially engage itself in the affairs of making strategies consistent with the determined objectives and goals and in the issues relating to structural change and reformation for enhancement of institutional efficiency and other relevant policy matters. It shall analyze/monitor, at quarterly rests, the development of implementation of the work-plans.
- ii. The Board shall have its analytical review incorporated in the Annual Report as regards to the success/failure in achieving the business and other targets as set out in its annual work-plan and shall apprise the shareholders of its opinions/ recommendations on future plans and strategies. It shall set the Key Performance Indicators (KPIs) for the CEO & officers immediate two tiers below the CEO, and have it evaluated from time to time.

Credit and Risk Management

- i. The policies, strategies, procedures etc. in respect of appraisal of loan/investment proposal, sanction, disbursement, recovery, reschedule and write-off thereof shall be made with the board's approval under the purview of the existing laws, rules and regulations. The board shall specifically distribute the power of sanction of loan/investment and such distribution should desirably be made among the CEO and his subordinate executives as much as possible. No director, however, shall interfere, direct or indirect, into the process of loan approval.
- ii. The Board shall frame policies for risk management and get them complied with and shall monitor the compliance at quarterly rests and review the concerned report of the risk management team and shall compile in the minutes of the board meeting. The board shall monitor the compliance of the quidelines of Bangladesh Bank regarding key risk management.

Internal control management

The board shall be vigilant on the internal control system of the bank in order to attain and maintain



satisfactory qualitative standard of its loan/investment portfolio. The board will establish such an internal control system so that the internal audit process can be conducted independently from the management. It shall review the reports submitted by its audit committee at quarterly rests regarding compliance of recommendations made in internal and external audit reports and the Bangladesh Bank inspection reports.

Human resources management and development

- i. Policies relating to recruitment, promotion, transfer, disciplinary and punitive measures, human resources development etc. and service rules shall be framed and approved by the board. The chairman or the directors shall in no way involve themselves or interfere into or influence over any administrative affairs including recruitment, promotion, transfer and disciplinary measures as executed under the set service rules. No member of the board of directors shall be included in the selection committees for recruitment and promotion to different levels. Recruitment, promotion, transfer & punishment of the officers immediate two tiers below the CEO shall, however, rest upon the board. Such recruitment and promotion shall have to be carried out complying with the service rules i.e., policies for recruitment and promotion.
- ii. The board shall focus its special attention to the development of skills of bank's staff in different fields of its business activities including prudent appraisal of loan/investment proposals, and to the adoption of modern electronic and information technologies and the introduction of effective Management Information System (MIS). The board shall get these programs incorporated in its annual work plan.
- iii. The board will compose Code of Ethics for every tier and they will follow it properly. The board will promote healthy code of conducts for developing a compliance culture.

Financial Management

- i. The annual budget and the statutory financial statements shall be finalized with the approval of the board. It shall at quarterly rests review/monitor the positions in respect of bank's income, expenditure, liquidity, non-performing asset, capital base and adequacy, maintenance of loan loss provision and steps taken for recovery of defaulted loans including legal measures.
- ii. The board shall frame the policies and procedures for bank's purchase and procurement activities and shall accordingly approve the distribution of power for making such expenditures. The maximum possible delegation of such power of expenditures shall rest on the CEO and his subordinates. The decision on matters relating to infrastructure development and purchase of land, building, vehicles etc. for the purpose of bank's business shall, however, be adopted with the approval of the board.
- iii. The board will review whether an Asset-Liability Committee (ALCO) has been formed and it is working according to Bangladesh Bank guidelines.

Meeting of Board

Board of directors may meet once or more than once in a month if necessary. But Board of directors shall meet at least once in every three months. Excessive meetings are discouraged.

Duality of Chairperson of the Board of Directors and Managing Director or Chief Executive Officer

- i. The positions of the Chairperson of the Board and the Managing Director (MD) and/or Chief Executive Officer (CEO) of the company shall be filled by different individuals;
- ii. The Managing Director (MD) and/or Chief Executive Officer (CEO) of a listed company shall not hold the same position in another listed company;
- iii. The Chairperson of the Board shall be elected from among the non-executive directors of the company
- iv. The Board shall clearly define respective roles and responsibilities of the Chairperson and the Managing Director and/or Chief Executive Officer;
- v. In the absence of the Chairperson of the Board, the remaining members may elect one of themselves from non-executive directors as Chairperson for that particular Board's meeting; the reason of absence of the regular Chairperson shall be duly recorded in the minutes.

Confidentiality

Each Director, during his or her term as a Director and after leaving the Board, must maintain the confidentiality of information entrusted to him or her by the Bank and its customers, except when disclosure is required by law or regulation, or is otherwise expressly authorized in advance by the Board or the Bank's Legal Department. Confidential information includes all non-public information that might be used by the Bank's competitors, or that, if disclosed, might be harmful or may affect the interests of the Bank and other parties who have business dealings with the Bank, or its customers. It also includes information that customers and vendors have entrusted to the Bank.

Independence of the Directors

There is broad consensus regarding the importance of active engagement of the Directors in guidance and formulation of policies for the Bank. Independence does not lend itself to precise definition. It is in large part dependent on the particular governance function being performed by the Directors. A corporate Director's role includes two principal functions: decision-making function and an oversight function. The decision-making function involves actions taken at a particular point of time, while the oversight function involves ongoing monitoring over a period of time. In the context of the Board's decision-making function, the question of independence necessarily requires a case-by-case evaluation based on the facts and circumstances surrounding the particular subject before the Board. Generally, the analysis focuses on whether the Director is able to base his or her decision on the corporate merits of the subject rather than extraneous considerations or influences.

Conflicts of Interest

Directors are expected to make business decisions on behalf of the Bank free from conflicting outside interests. It is a violation of this Code and of the Bank's policies to foster personal or business interests (or those of others with whom such persons have a personal or business relationship) at the expense of the Bank. Although it is impossible to cover every potential conflict of interest situation, a potential conflict exists whenever a Bank's Director has an outside interest, directly or indirectly, which conflicts with their duty to the Bank or adversely affects their judgment in the discharge of their responsibilities to the Bank. The appearance of a conflict of interest may be just as damaging to the Bank's reputation as a real conflict of interest and maybe difficult to discern. The Bank's Directors are expected to objectively assess their actions periodically to determine whether a reasonable, disinterested observer, a customer, a supplier, a shareholder, an acquaintance, or a government official would have grounds to believe a conflict of interest exists.

15.0 Independence of the Chairman of All Board Committees

All the Committees are formed with the Directors from the Board of Directors. The Chairman of the Committees shall be selected by Board of Directors. Each Committee has full freedom to carry out their coveted responsibilities. The Chairman of the Committees, with their own jurisdiction with the support of the Committee members, takes the necessary steps regarding different agenda as deems fit. But they do not participate in or interfere into the administrative or operational or routine affairs of the Bank. They strictly ensure confidentiality of the Bank's agenda papers, discussions at the Board/Committee Meetings, Notes and Minutes.

16. Role of the Managing Director & CEO

The Managing Director & CEO is responsible for overall activities of the business and for formulating and implementing Board strategy and policy. He has the control of the Bank on day to day basis and he is accountable to the Board for its financial and operational performances. It is pertinent to mention here that the Managing Director & CEO & CEO of UCB has been appointed and performed maintaining all regulations and guidelines i.e. Company Act 1994, Bank Companies Act 1991 (amended up to 2018), Bangladesh Bank's rules and regulations, circulars, and other regulatory bodies.

17.0 Evaluation of the CEO by the Board

There is one of Strategic Priorities & Action Plans for the evaluation of the CEO and Management on an annual basis and it is revised from time to time by the Board. The CEO is evaluated on an annual basis on given KPI's for the years ahead. The Board has the capability to evaluate the CEO of UCB whenever it wishes so. The CEO is evaluated after his term, and on the basis of his evaluation, reappointment for another term is considered by the Board. At the start of each year, the Board participates in extensive discussions with the Managing Director & CEO and fixes financial and non-financial objectives for the Bank. The annual financial



budget is considered and decided by the Board at the beginning of the financial year. The business and financial goals are assessed each quarter by the Board with actual accomplishments. The non-financial successes are also evaluated by the Board in each quarter. Furthermore, a yearly appraisal and assessment of the accomplishments of goals are made at the end of the year along with deviations.

18.0 Directors' Remuneration

The Directors do not receive any type of remuneration and incentive from the Bank. They are only paid Board meeting attendance fees, travelling and living expenses incurred for attending in the Board meeting and other Board's Committee meetings as per Articles of Association of the Bank and within the guidelines of Bangladesh Bank. Information regarding expenses relating to Directors is separately disclosed in the Annual Report.

19.0 Managing Director & CEO Remuneration

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

20.0 Delegation of Power

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

21. Directors' Shareholding Status

In compliance with BSEC Notifications dated 22 November 2011 and 07 December 2011, all the eligible Directors (other than Independent Directors) of UCB have been holding required percentage of shares individually and jointly.

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

The CEO, CFO, CS, and Head of ICCD do not hold any shares of UCB. In compliance with regulations and guideline of the regulatory bodies the detail shareholding structure and positions are provided in the part of Directors report.

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

Chief Financial Officer (CFO), Head of Internal Control & Compliance (ICCD) and Company Secretary (CS) have been appointed as per the policy of the Bank and other regulatory laws and regulations. They are well conversant in the field of financial, regulatory and corporate laws to carry out their assigned responsibilities. The Board of Directors of UCB clearly defined and approved the respective roles, responsibilities and duties of Chief Financial Officer (CFO), Company Secretary (CS) and Head of Internal Control & Compliance Division(ICCD). The CFO and the CS of the Bank attend the meetings of the Board of Directors, provided that the CFO/CS do not attend such part of a meeting which involves consideration of an agenda item relating to their personal matters.

24.0 Management and Its Committees

Management team of UCB is headed by the Managing Director & CEO. Several management Committees have been formed to handle the Banking operation and identify and manage the risk associated with the businesses. The following are the Key Management Committees: SMT, ALCO, Credit Committee, Anti Money Laundering Committee, Executive Risk Management Committee, Investment Committee, Basel Implementation Committee and so on.

25.0 Board of Directors' Meeting

The Board of Directors holds meeting on a regular basis. In each meeting, management provides information, references, and detailed working papers for each agenda to all the Directors for consideration well ahead of the meeting. The Chairman of the Board of Directors allocates sufficient time for the Directors to consider each agenda in a prudent way and allows them to freely discuss, inquire, and express opinions on the agenda. Directors who cannot attend the meeting(s) are granted leave of absence subject to their application to the Board.

26.0 Executive Committee of the Board

The Board has an Executive Committee which conducts their responsibility as per Terms of Reference (TOR) determined by the Board of Directors of the Bank. The Executive Committee reviews the policies and guidelines issued by Bangladesh Bank regarding credit and other operations of the Banking industry. The Committee ensures the implementation of the policies and guidelines through the management. The Executive Committee of the Board approves the credit proposals as per approved policy of the Board. The management ensures due diligence of the credit policy and Risk Management at the time of submitting the credit proposals. The status of the members along with the attendance is separately discussed in the Directors' Report

27.0 Audit Committee of the Board

Audit Committee is one of the sub Committees of the Board which plays a pivotal role in assisting the Board to perform its responsibilities. The Committee is guided by the TOR as set by the Board of Directors of the Bank in line with the direction of Bangladesh Bank and Bangladesh Securities & Exchange Commission. The Chairman of the Audit Committee is an Independent Director; the Company Secretary acts as the secretary of the Committee.

The role of the Audit Committee of UCB includes the followings:

- Oversee the financial reporting process.
- Monitor Internal Control Risk Management process.
- Oversee hiring and performance of external auditors. Meeting with the external auditors to discuss about the audit plan.
- Review along with the management, the annual financial statements before submission to the Board for approval.
- Review along with the management, the quarterly and half yearly financial statements before submission to the Board for approval.
- Review the adequacy of internal audit function.
- Review Management Letters/ Letter of Internal Control weakness issued by statutory auditors. The status of the member along with the attendance is separately discussed in the Directors' Report.

28.0 Report of the Board Audit Committee

A report of the Board Audit Committee is attached with this Annual Report separately.

29.0 Risk Management Committee of the Board

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

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

The status of the member along with the attendance is separately discussed in the Directors' Report.

30.0 Nomination and Remuneration Committee of the Board

As per the Corporate Governance Code issued by Bangladesh Securities and Exchange Commission, all listed companies should have a Committee named Nomination and Remuneration Committee having some specific objectives. On the other hand, the Bank is restricted by Bangladesh Bank to have more than three sub-Committees of the Board. Considering the situation, the Bank has already approached its primary regulator Bangladesh Bank for guidance and BB replied that the decision is under consideration of review. It is important to mention here that the Board already formed Nomination and Remuneration Committee in the year 2020 in response of BSEC's notification dated February 05, 2020.



31.0 Regulatory Compliance/Disclosure

The primary regulator of the Bank is Bangladesh Bank and other major regulator includes, Bangladesh Securities and Exchange Commission (BSEC), Dhaka Stock Exchange Limited (DSE), Chittagong Stock Exchange Limited (CSE), National Board of Revenue (NBR) etc. At UCB, our prime focus is on being compliant not only by mere legal terms but also by its inner substance with respect to applicable laws and regulations. The Bank has been following related guidelines on submission of financial statements and other statutory reports ensuring timeliness, completeness, transparency, accountability and accuracy. Any significant development in the business is forth-with disclosed through the adherence of proper rules/guidelines/directive in the form of price sensitive declarations. Board of Directors of the Bank ensures adequate disclosures for the shareholders through Annual Report or other specific disclosures if required.

32.0 Report on Going Concern

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

33.0 Audit by the Central Bank

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

34.0 External Audits

The external auditors are appointed by the shareholders with the recommendation of the Board of Directors. External auditors covered sufficient no. branches and Head Office as part of the annual audit program. Auditors covered 80% of risk weighted assets of the Bank. They have also discussed with the Management and Audit Committee of the Board on various issues including Internal Control and Compliance issues. Suggestions of the auditors (if any) are given due consideration and are implemented by the Management. Before presenting to the shareholders, the report is reviewed by the Audit Committee and the Board. Before recommending to the shareholders for appointment as auditors, Board considers the level of independence and integrity of the external auditors. Services not provided by External Auditors:

Complying with provision of BSEC guidelines, we declare that MABS AND J PARTNERS, Chartered Accountants, involved in statutory audit and was not engaged in any of following services during 2020:

- Appraisal or valuation services or fairness opinions
- Financial information system design and implementation
- Book keeping or other services related to accounting records or financial statements
- Broker-dealer service
- Actuarial services
- Internal audit services
- Audit/ certification services on compliance of corporate governance guidelines issued by BSEC

35.0 Review of Internal Control & Compliance System

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

36.0 Risk Management

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

37.0 Decision Making Process for Approving Related-party Transactions

The Bank disclosed the related party transaction in its financial statement. For making decision of related party transaction, the process is same as applicable to the other stakeholders. Same process of selection is applied to related party. The related party doesn't enjoy any preferred facility or concession from the view point of approval process, rate or cost charged, action taken for any non-compliance etc. The person, having interest with related party, refrains his/her presence in Board or Management Meeting while taking decisions; the chairman of the meeting strictly maintains the practice as a part of good governance.

38.0 Rules and Procedures Governing Extraordinary Transactions

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

39.0 Process for Holding Annual General Meetings

Process for holding Annual General Meeting is guided by the statute and regulatory guidelines of the country. All applicable guidelines are duly followed for holding Annual General Meeting of the Bank. In an AGM, generally some key decisions are approved by the shareholders i.e. financial statements, dividend, appointment of Directors, appointment of statutory auditors and fixation of their remuneration etc.

40.0 A Code of Conduct for Company Employees

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

41. Rules and Procedures Governing the Acquisition of Corporate Control in Capital Markets

Investment in Capital Market by the Bank is regulated by the Bank Companies Act 1991 (amended up to 2018). For acquisition of corporate control in Capital Market, Bank follows internal investment policy within the regulatory framework. Bank also discloses the invested amount in Capital Market in its financial statements.

42.0 Communication to Shareholders and other Stakeholders

- Policy on Communication with Shareholders and Other Stakeholders: The Board and Company Secretariat Division of the Bank play an instrumental role to make effective communication with its shareholders and other stakeholders. Shareholders and other stakeholders of the Bank may contact to this Department during office hour for any sort of information and queries. Furthermore, UCB provides updated information in its website from time to time for the shareholders and other stakeholders of the Bank.
- Mechanism to Provide Opinion, Recommendation by the Shareholder: UCB publishes Annual / Half Yearly Reports, quarterly financials and price sensitive information (PSI) in newspapers for its stakeholders in a complete, fair, accurate, timely and understandable manner. Shareholders can also use their query rights or can provide any recommendations or direction to the Board of Directors at the Annual General Meeting and the Board answers all questions of shareholders.
- Policy on Ensuring Participation of Shareholders at AGM: To ensure effective and efficient participation of shareholders in AGM, UCB publishes notice of AGM in daily newspapers with necessary details within reasonable time-frame. The arrangement of AGM normally takes place in a well-known place and at convenient time. Annual Reports are circulated as per the provision of Companies Act 1994, so that shareholders would get sufficient time to go through the report and freely provide their valuable comments and suggestions in the AGM.



43.0 Governance of Group Structure

Currently UCB has four subsidiaries: (1) UCB Stock Brokerage Limited (2) UCB Investment Limited (3) UCB Asset Management Limited and (4) UCB Fintech Company Limited. The Board of the parent company is aware of the material risks and issues that might affect both the Bank as a whole and its subsidiaries. It exercises adequate oversight over subsidiaries while respecting the independent legal and governance responsibilities that might apply to subsidiary Boards.

44. Disclosure on Governance under Secretarial Standard by Institute of Chartered Secretaries of Bangladesh (ICSB) for the Year 2018

(BSS-1)				
Particulars		Compliance Status		
1.0	Convening of a Meeting	Complied		
2.0	Frequency of Meetings	Complied		
3.0	Quorum	Complied		
4.0	Attendance at Meetings	Complied		
5.0	Chairman	Complied		
6.0	Passing of Resolution by Circulation	Not Required in the Year of 2020		
7.0	Minutes	Complied		
8.0	Attendance in Meetings and their Recording in the Minutes	Complied		
9.0	Preservation of Minutes and Supporting Papers	Complied		
10.0	Disclosure	Complied		
11.0	Effective Date	Complied		
	(BSS-2)			
Particulars		Compliance Status		
1.0	Convening a meeting	Complied		
2.0	Frequency of Meetings	Complied		
3.0	Quorum	Complied		
4.0	Presence of Directors and Auditors	Complied		
5.0	Chairman	Complied		
6.0	Voting	Complied		
7.0	Proxies	Complied		
8.0	Conduct of Poll	Not required in the Year of 2020		
9.0	Withdrawal of Resolutions	Not required in the Year of 2020		
10.0	Rescinding of Resolutions	Not required in the Year of 2020		
11.0	Modifications to Resolutions	Not required in the Year of 2020		
12.0	Reading of Report/Certificate	Complied		
13.0	Distribution of Gifts	Complied		
14.0	Adjournment of Meetings	Not required in the Year of 2020		

Minutes	Complied		
Recording in the Minutes	Complied		
Preservation of Minutes and other Records	Complied		
Disclosure	Complied		
(BSS-3)			
	Compliance Status		
Maintenance	Complied		
Contents	Complied		
Recording	Complied		
Alteration / Modification	Complied		
Finalization & Signing	Complied		
Inspection	Complied		
Preservation	Complied		
(BSS-4)			
	Compliance Status		
Declaration / Recommendation of Dividend	Complied		
Dividend Out of Profits	Complied		
Dividend Out of Reserves	Not required in the Year of 2020		
Entitlement to Dividend	Complied		
Payment of Dividend	Complied		
Unpaid / Unclaimed Dividend	Complied		
	Recording in the Minutes Preservation of Minutes and other Records Disclosure (BSS-3) Maintenance Contents Recording Alteration / Modification Finalization & Signing Inspection Preservation (BSS-4) Declaration / Recommendation of Dividend Dividend Out of Profits Dividend Out of Reserves Entitlement to Dividend Payment of Dividend		

45.0 Whistle Blower Policy

Whistle Blowing Policy is to create an environment by promoting a culture at UCB where the honest, dedicated and loyal staffs are encouraged to feel confident to reveal and report, without any fear of retaliation, subsequent discrimination and of being disadvantaged in any way, about any fraudulent, immoral, unethical or malicious activity or conduct of employees, which in their opinion may cause financial or reputational loss to the Bank. The Bank has formulated a Whistle Blower Policy. The policy of the Bank provides assurance to the Whistleblowers about secrecy and protection of their legitimate personal interests. It also provides incentives for the Whistleblowers on reporting of suspicious activities. It is the Bank's policy to support and encourage its honest, dedicated and loyal employees to report and disclose fraudulent, immoral, unethical or malicious activities and conduct investigation on such reports. The Corporate Whistle Blowing Policy assures that all reports under this Policy would remain strictly confidential and that the Bank is also committed to address reports (if any) that alleges acts of interference, revenge, retaliation, threats, against the Whistleblowers.

46.0 Corporate Social Responsibilities and Green Banking

Corporate social responsibility (CSR), in recent times, has become an integral part of business. The contribution of Banks in this regard is of paramount importance considering their unique position in the economy. UCB believes that CSR practice not only improves the Bank's own standard but also affects the socially responsible behaviors of its businesses. UCB maintains a standard CSR practices aligned with the CSR Guideline issued by the Bangladesh Bank. UCB focuses on education, health, disaster management, socio-economic development, sports etc. in case of CSR implementation. Besides this, UCB is practicing Green Banking. Separate reports on CSR and Green Banking are attached with the Annual Report.



47.0 Dividend Distribution Policy

UCB's Dividend Distribution Policy follows the Directive on Dividend Distribution of Bangladesh Securities and Exchange Commission (BSEC Directive no: BSEC/CMRRCD/2021-386/03 dated on January 14, 2021). The Company has also adopted all regulations in line with the prevailing laws and guidelines prescribed by the Regulatory Authorities in its policy. Moreover, UCB will ensure timely adaption of any directives and circulars prescribed by Bangladesh Securities and Exchange Commission, Bangladesh Bank, Dhaka Stock Exchange Limited, Chittagong Stock Exchange Limited and other regulatory bodies, regarding dividend distribution and management from time to time.

48.0 Statement of Compliance

Bangladesh Securities and Exchange Commission (BSEC) issued a Corporate Governance Guidelines (Notification No.SEC/CMRRCD/2006-158/207/Admin/80, dated 3 June 2018) for the companies listed with the Stock Exchanges in Bangladesh. Compliance status of the guidelines of Bangladesh Securities and Exchange Commission along with a certificate from a Chartered Secretaries in Practice Firm is attached separately with the Annual Report.

Status of compliance with the conditions imposed by the Commission's Notification No.SEC/CMRRCD/2006-158/207/Admin/80, dated 3 June 2018 issued under section 2CC of the Securities and Exchange Ordinance, 1969.

	Condition No.	Title	Compliance Status (Put ✓ in the appropriate column)		Remarks (if any)
			Complied	Not Complied	
1	Board of Di		1		
Size of the Board of Directors	1(1)	The total number of members of a company's Board of Directors (hereinafter referred to as "Board") shall not be less than 5 (five) and more than 20 (twenty).	√		
Independent Directors	1(2)(a)	All companies shall have effective representation of independent directors on their Boards, so that the Board, as a group, includes core competencies considered relevant in the context of each company; for this purpose, the companies shall comply with the following: At least one-fifth (1/5) of the total number of directors in the company's Board shall be independent directors; any fraction shall be considered to the next integer or whole number for calculating number of independent director(s);	*		As per section 15(9) of Bank Company Act, no. of independent director is limited to three. Besides, Corporate Governance Code-2018 is under review by the Bangladesh Bank vide letter no. BRPD (R-1) 717 /2020-3971 dated May 27, 2020.
	1(2)(b)(i)	For the purpose of this clause "independent director" means a director:	√		
		Who either does not hold any share in the company or holds less than one percent (1%) shares of the total paid-up shares of the company;			

	Condition No.	Title	Title Compliance Stat (Put ✓ in the appropriate colur	∕ in the	Remarks (if any)
			Complied	Not Complied	
1	Board of Di	rectors			
	1(2)(b)(ii)	Who is not a sponsor of the company or is not connected with the company's any sponsor or director or nominated director or shareholder of the company or any of its associates, sister concerns, subsidiaries and parents or holding entities who holds one percent (1%) or more shares of the total paid-up shares of the company on the basis of family relationship and his or her family members also shall not hold above mentioned shares in the company:	✓		
		Provided that spouse, son, daughter, father, mother, brother, sister, son-in-law and daughter-in-law shall be considered as family members;			
	1(2)(b)(iii)	Who has not been an executive of the company in immediately preceding 2 (two) financial years;	✓		
	1(2)(b)(iv)	Who does not have any other relationship, whether pecuniary or otherwise, with the company or its subsidiary or associated companies;	~		
	1(2)(b)(v)	Who is not a member or TREC (Trading Right Entitlement Certificate) holder, director or officer of any stock exchange;	√		
	1(2)(b)(vi)	Who is not a shareholder, director excepting independent director or officer of any member or TREC holder of stock exchange or an intermediary of the capital market;	√		
	1(2)(b)(vii)	Who is not a partner or an executive or was not a partner or an executive during the preceding 3 (three) years of the concerned company's statutory audit firm or audit firm engaged in internal audit services or audit firm conducting special audit or professional certifying compliance of this Code;	√		
	1(2)(b)(viii)	Who is not independent director in more than 5 (five) listed companies;	√		
	1(2)(b)(ix)	Who has not been convicted by a court of competent jurisdiction as a defaulter in payment of any loan or any advance to a bank or a Non-Bank Financial Institution (NBFI); and	√		
	1(2)(b)(x)	Who has not been convicted for a criminal offence involving moral turpitude;	✓		
	1(2)(c)	The independent director(s) shall be appointed by the Board and approved by the shareholders in the Annual General Meeting (AGM);	1		



	Condition No.	Title	Title Compliance (Put ✓ in appropriate c	∕ in the	Remarks (if any)
			Complied	Not Complied	
1	Board of Di	rectors			
	1(2)(d)	The post of independent director(s) cannot remain vacant for more than 90 (ninety) days; and	√		Complied as No such vacancy occurred
	1(2)(e)	The tenure of office of an independent director shall be for a period of 3 (three) years, which may be extended for 1 (one) tenure only:	√		
		Provided that a former independent director may be considered for reappointment for another tenure after a time gap of one tenure, i.e., three years from his or her completion of consecutive two tenures [i.e. six years]:			
		Provided further that the independent director shall not be subject to retirement by rotation as per the Companies Act, 1994.			
		Explanation: For the purpose of counting tenure or term of independent director, any partial term of tenure shall be deemed to be a full tenure.			
Qualification of Independent Director	1(3)(a)	Independent director shall be a knowledgeable individual with integrity who is able to ensure compliance with financial laws, regulatory requirements and corporate laws and can make meaningful contribution to the business;	✓		
	1(3)(b)	Independent director shall have following qualifications;			
	1(3)(b)(i)	Business Leader who is or was a promoter or director of an unlisted company having minimum paid-up capital of Tk.100.00 million or any listed company or a member of any national or international chamber of commerce or business association; or	√		
	1(3)(b)(ii)	Corporate Leader who is or was a top level executive not lower than Chief Executive Officer or Managing Director or Deputy Managing Director or Chief Financial Officer or Head of Finance or Accounts or Company Secretary or Head of Internal Audit and Compliance or Head of Legal Service or a candidate with equivalent position of an unlisted company having minimum paid-up capital of Tk.100.00 million or of a listed company; or Explanation: Top level executive includes Managing Director (MD) or Chief Executive Officer (CEO), Additional or Deputy Managing Director (AMD or DMD), Chief	Y		
		Operating Officer (COO), Chief Financial Officer (CFO), Company Secretary (CS), Head of Internal Audit and Compliance (HIAC), Head of Administration and Human Resources or equivalent positions and same level or ranked or salaried officials of the company.			

	Condition No.	Title	Compliance Status (Put ✓ in the appropriate column)		Remarks (if any)
			Complied	Not Complied	
1	Board of Di	rectors			
	1(3)(b)(iii)	Former official of government or statutory or autonomous or regulatory body in the position not below 5th Grade of the national pay scale, who has at least educational background of bachelor degree in economics or commerce or business or Law; or	√		
	1(3)(b)(iv)	University Teacher who has educational background in Economics or Commerce or Business Studies or Law; or	√		
	1(3)(b)(v)	Professional who is or was an advocate practicing at least in the High Court Division of Bangladesh Supreme Court or a Chartered Accountant or Cost and Management Accountant or Chartered Financial Analyst or Chartered Certified Accountant or Certified Public Accountant or Chartered Management Accountant or Chartered Secretary or equivalent qualification;	√		
	1(3)(c)	The independent director shall have at least 10 (ten) years of experiences in any field mentioned in clause (b);	✓		
	1(3)(d)	In special cases, the above qualifications or experiences may be relaxed subject to prior approval of the Commission.	√		
Duality of Chairperson of the Board of Directors and Managing	1(4)(a)	The positions of the Chairperson of the Board and the Managing Director (MD) and/or Chief Executive Officer (CEO) of the company shall be filled by different individuals;	√		
Director or Chief Executive Officer	1(4)(b)	The Managing Director (MD) and/or Chief Executive Officer (CEO) of a listed company shall not hold the same position in another listed company;	√		
	1(4)(c)	The Chairperson of the Board shall be elected from among the non-executive directors of the company;	√		
	1(4)(d)	The Board shall clearly define respective roles and responsibilities of the Chairperson and the Managing Director and/or Chief Executive Officer;	√		
	1(4)(e)	In the absence of the Chairperson of the Board, the remaining members may elect one of themselves from non- executive directors as Chairperson for that particular Board's meeting; the reason of absence of the regular Chairperson shall be duly recorded in the minutes.	√		



	Condition No.	Title	(Put	nce Status in the te column)	Remarks (if any)
			Complied	Not Complied	
1	Board of Di	rectors			
The Directors' Report to Shareholders	1(5)	The Board of the company shall include the disclosures in the Directors' Report preparact, 1994 (Act No. XVIII of 1994):			
	1(5)(i)	An industry outlook and possible future developments in the industry	✓		
	1(5)(ii)	The segment-wise or product-wise performance;	✓		
	1(5)(iii)	Risks and concerns including internal and external risk factors, threat to sustainability and negative impact on environment, if any;	√		
	1(5)(iv)	A discussion on Cost of Goods sold, Gross Profit Margin and Net Profit Margin, where applicable;	✓		
	1(5)(v)	A discussion on continuity of any extraordinary activities and their implications (gain or loss);	✓		No such extra ordinary gain or loss occurred
	1(5)(vi)	A detailed discussion on related party transactions along with a statement showing amount, nature of related party, nature of transactions and basis of transactions of all related party transactions;	√		
	1(5)(vii)	A statement of utilization of proceeds raised through public issues, rights issues and/or any other instruments;	√		
	1(5)(viii)	An explanation if the financial results deteriorate after the company goes for Initial Public Offering (IPO), Repeat Public Offering (RPO), Rights Share Offer, Direct Listing, etc.;	✓		
	1(5)(ix)	An explanation on any significant variance that occurs between Quarterly Financial performances and Annual Financial Statements;	✓		No variance occurred
	1(5)(x)	A statement of remuneration paid to the directors including independent directors;	✓		Notes available in the Financial Statements
	1(5)(xi)	A statement that the financial statements prepared by the management of the issuer company present fairly its state of affairs, the result of its operations, cash flows and changes in equity;	√		
	1(5)(xii)	A statement that proper books of account of the issuer company have been maintained;	✓		
	1(5)(xiii)	A statement that appropriate accounting policies have been consistently applied in preparation of the financial statements and that the accounting estimates are based on reasonable and prudent judgment;	~		

	Condition No.	Title	(Put	nce Status in the te column)	Remarks (if any)
			Complied	Not Complied	
1	Board of Di	rectors			
	1(5)(xiv)	A statement that International Accounting Standards (IAS) or International Financial Reporting Standards (IFRS), as applicable in Bangladesh, have been followed in preparation of the financial statements and any departure there from has been adequately disclosed;	√		
	1(5)(xv)	A statement that the system of internal control is sound in design and has been effectively implemented and monitored;	√		
	1(5)(xvi)	A statement that minority shareholders have been protected from abusive actions by, or in the interest of, controlling shareholders acting either directly or indirectly and have effective means of redress;	√		
	1(5)(xvii)	A statement that there is no significant doubt upon the issuer company's ability to continue as a going concern, if the issuer company is not considered to be a going concern, the fact along with reasons there of shall be disclosed;	✓		
	1(5)(xviii)	An explanation that significant deviations from the last year's operating results of the issuer company shall be highlighted and the reasons thereof shall be explained;	√		No Significant deviation occurred
	1(5)(xix)	A statement where key operating and financial data of at least preceding 5 (five) years shall be summarized;	✓		
	1(5)(xx)	An explanation on the reasons if the issuer company has not declared dividend (cash or stock) for the year;	✓		Not Applicable as dividend has been declared
	1(5)(xxi)	Board's statement to the effect that no bonus shares or stock dividend has been or shall be declared as interim dividend;	√		No interim dividend was declared
	1(5)(xxii)	The total number of Board meetings held during the year and attendance by each director;	✓		
	1(5)(xxiii)	A report on the pattern of shareholding dis (along with name-wise details where state			nber of shares
	1(5)(xxiii)(a)	Parent or Subsidiary or Associated Companies and other related parties (name-wise details);	✓		
	1(5)(xxiii)(b)	Directors, Chief Executive Officer, Company Secretary, Chief Financial Officer, Head of Internal Audit and Compliance and their spouses and minor children (name-wise details);	√		
	1(5)(xxiii)(c)	Executives; and	✓		
	•	•			



	Condition No.	Title	(Put	nce Status in the te column)	Remarks (if any)
			Complied	Not Complied	
1	Board of Di	rectors			
	1(5)(xxiii)(d)	Shareholders holding ten percent (10%) or more voting interest in the company (name-wise details); Explanation: For the purpose of this clause, the expression "executive" means top 5 (five) salaried employees of the company, other than the Directors, Chief Executive Officer, Company Secretary, Chief Financial Officer and Head of Internal Audit and Compliance.	√		No one has Ten percent (10%) or more voting interest
	1(5)(xxiv)	In case of the appointment or reappointment following information to the shareholders:	ent of a direc	tor, a disclosu	ire on the
	1(5)(xxiv)(a)	A brief resume of the director	✓		
	1(5)(xxiv)(b)	Nature of his or her expertise in specific functional areas; and	✓		
	1(5)(xxiv)(c)	Names of companies in which the person also holds the directorship and the membership of committees of the Board	✓		
	1(5)(xxv)	A Management's Discussion and Analysis s analysis of the company's position and ope changes in the financial statements, amon	erations along	g with a brief	
	1(5)(xxv)(a)	Accounting policies and estimation for preparation of financial statements	√		
	1(5)(xxv)(b)	Changes in accounting policies and estimation, if any, clearly describing the effect on financial performance or results and financial position as well as cash flows in absolute figure for such changes;	√		
	1(5)(xxv)(c)	Comparative analysis (including effects of inflation) of financial performance or results and financial position as well as cash flows for current financial year with immediate preceding five years explaining reasons thereof;	√		
	1(5)(xxv)(d)	Compare such financial performance or results and financial position as well as cash flows with the peer industry scenario;	✓		
	1(5)(xxv)(e)	Briefly explain the financial and economic scenario of the country and the globe;	√		
	1(5)(xxv)(f)	Risks and concerns issues related to the financial statements, explaining such risk and concerns mitigation plan of the company; and	√		
	1(5)(xxv)(g)	Future plan or projection or forecast for company's operation, performance and financial position, with justification thereof, i.e., actual position shall be explained to the shareholders in the next AGM	√		

	Condition No.	Title	(Put v	nce Status / in the te column)	Remarks (if any)
			Complied	Not Complied	
1	Board of Di	rectors			
	1(5)(xxvi)	Declaration or certification by the CEO and the CFO to the Board as required under condition No. 3(3) shall be disclosed as per Annexure-A; and	√		
	1(5)(xxvii)	The report as well as certificate regarding compliance of conditions of this Code as required under condition No. 9 shall be disclosed as per Annexure-B and Annexure-C.	√		
Meetings of the Board of Directors	1(6)	The company shall conduct its Board meetings and record the minutes of the meetings as well as keep required books and records in line with the provisions of the relevant Bangladesh Secretarial Standards (BSS) as adopted by the Institute of Chartered Secretaries of Bangladesh (ICSB) in so far as those standards are not inconsistent with any condition of this Code.	✓		
Code of Conduct for the Chairperson, other Board members and Chief	1(7)(a)	The Board shall lay down a code of conduct, based on the recommendation of the Nomination and Remuneration Committee (NRC) at condition No. 6, for the Chairperson of the Board, other board members and Chief Executive Officer of the company	1		Not Applicable as formation of NRC for Bank is restricted by Bangladesh Bank vide letter ref.no.BRPD (R- 1)717 /2021-
Executive Officer	1(7)(b)	The code of conduct as determined by the NRC shall be posted on the website of the company including, among others, prudent conduct and behavior; confidentiality; conflict of interest; compliance with laws, rules and regulations; prohibition of insider trading; relationship with environment, employees, customers and suppliers; and independency.	✓		5064 dated June 16, 2021 However, the Bank has already adopted its own code of conduct for its Chairman, BoD & Managing Director
2	Carramana	of Board of Divertors of Cubaidiams	'a		
2		e of Board of Directors of Subsidiary C			
	2(a)	Provisions relating to the composition of the Board of the holding company shall be made applicable to the composition of the Board of the subsidiary company.	√		
	2(b)	At least 1 (one) independent director on the Board of the holding company shall be a director on the Board of the subsidiary company;	√		In practice
	2(c)	The minutes of the Board meeting of the subsidiary company shall be placed for review at the following Board meeting of the holding company;	√		
	2(d)	The minutes of the respective Board meeting of the holding company shall state that they have reviewed the affairs of the subsidiary company also;	√		



	Condition No.	Title	(Put	nce Status / in the te column)	Remarks (if any)
			Complied	Not Complied	
2	Governance	of Board of Directors of Subsidiary C	ompany		
	2(e)	The Audit Committee of the holding company shall also review the financial statements, in particular the investments made by the subsidiary company.	✓		
3		Director (MD) or Chief Executive Office d of Internal Audit and Compliance (H			
Appointment	3(1)(a)	The Board shall appoint a Managing Director (MD) or Chief Executive Officer (CEO), a Company Secretary (CS), a Chief Financial Officer (CFO) and a Head of Internal Audit and Compliance (HIAC);	✓		
	3(1)(b)	The positions of the Managing Director (MD) or Chief Executive Officer (CEO), Company Secretary (CS), Chief Financial Officer (CFO) and Head of Internal Audit and Compliance (HIAC) shall be filled by different individuals;	*		
	3(1)(c)	The MD or CEO, CS, CFO and HIAC of a listed company shall not hold any executive position in any other company at the same time;	√		
	3(1)(d)	The Board shall clearly define respective roles, responsibilities and duties of the CFO, the HIAC and the CS;	✓		
	3(1)(e)	The MD or CEO, CS, CFO and HIAC shall not be removed from their position without approval of the Board as well as immediate dissemination to the Commission and stock exchange(s).	√		
Requirement to attend Board of	3(2)	The MD or CEO, CS, CFO and HIAC of the company shall attend the meetings of the Board:	✓		
Directors' Meetings		Provided that the CS, CFO and/or the HIAC shall not attend such part of a meeting of the Board which involves consideration of an agenda item relating to their personal matters.			
Duties of Managing Director (MD) or Chief Executive Officer (CEO) and Chief Financial Officer (CFO)	3(3)(a)(i)	The MD or CEO and CFO shall certify to the Board that they have reviewed financial statements for the year and that to the best of their knowledge and belief:	✓		
		these statements do not contain any materially untrue statement or omit any material fact or contain statements that might be misleading; and			
	3(3)(a)(ii)	these statements together present a true and fair view of the company's affairs and are in compliance with existing accounting standards and applicable laws;	√		
	3(3)(b)	The MD or CEO and CFO shall also certify that there are, to the best of knowledge	✓		

	Condition No.	Title	Compliance Status (Put ✓ in the appropriate column)		Remarks (if any)				
			Complied	Not Complied					
3	Managing Director (MD) or Chief Executive Officer (CEO), Chief Financial Officer (CFO), Head of Internal Audit and Compliance (HIAC) and Company Secretary (CS)								
		and belief, no transactions entered into by the company during the year which are fraudulent, illegal or in violation of the code of conduct for the company's Board or its members;							
	3(3)(c)	The certification of the MD or CEO and CFO shall be disclosed in the Annual Report.	√						
4	Board of Di	rectors' Committee							
		For ensuring good governance in the company, the Board shall have at least following sub-committees							
	4(i)	Audit Committee	✓						
	4(ii)	Nomination and Remuneration Committee	✓						
5	Audit Comr	nittee							
Responsibility to the Board of Directors	5(1)(a)	The company shall have an Audit Committee as a sub- committee of the Board;	✓						
	5(1)(b)	The Audit Committee shall assist the Board in ensuring that the financial statements reflect true and fair view of the state of affairs of the company and in ensuring a good monitoring system within the business;	✓						
	5(1)(c)	The Audit Committee shall be responsible to the Board; the duties of the Audit Committee shall be clearly set forth in writing.	√						
Constitution of the Audit	5(2)(a)	The Audit Committee shall be composed of at least 3 (three) members;	✓						
Committee	5(2)(b)	The Board shall appoint members of the Audit Committee who shall be non-executive directors of the company excepting Chairperson of the Board and shall include at least 1 (one) independent director;	✓						
	5(2)(c)	All members of the audit committee should be "financially literate" and at least 1 (one) member shall have accounting or related financial management background and 10 (ten) years of such experience;	√						
		Explanation: The term "financially literate" means the ability to read and understand the financial statements like statement of financial position, statement of comprehensive income, statement of changes in equity and cash flows statement and a person will be considered							



	Condition No.	Title	(Put v	nce Status / in the te column)	Remarks (if any)
			Complied	Not Complied	
5	Audit Comr	nittee	ı	I	
		to have accounting or related financial management expertise if he or she possesses professional qualification or Accounting or Finance graduate with at least 10 (ten) years of corporate management or professional experiences.			
	5(2)(d)	When the term of service of any Committee member expires or there is any circumstance causing any Committee member to be unable to hold office before expiration of the term of service, thus making the number of the Committee members to be lower than the prescribed number of 3 (three) persons, the Board shall appoint the new Committee member to fill up the vacancy immediately or not later than 1 (one) month from the date of vacancy in the Committee to ensure continuity of the performance of work of the Audit Committee;	√		No such incident occurred
	5(2)(e)	The company secretary shall act as the secretary of the Committee;	✓		
	5(2)(f)	The quorum of the Audit Committee meeting shall not constitute without at least 1 (one) independent director.	√		
Chairperson of the Audit Committee	5(3)(a)	The Board shall select 1 (one) member of the Audit Committee to be Chairperson of the Audit Committee, who shall be an independent director;	√		
	5(3)(b)	In the absence of the Chairperson of the Audit Committee, the remaining members may elect one of themselves as Chairperson for that particular meeting, in that case there shall be no problem of constituting a quorum as required under condition No. 5(4)(b) and the reason of absence of the regular Chairperson shall be duly recorded in the minutes.	√		
	5(3)(c)	Chairperson of the Audit Committee shall remain present in the Annual General Meeting (AGM).	✓		
		Provided that in absence of Chairperson of the Audit Committee, any other member from the Audit Committee shall be selected to be present in the annual general meeting (AGM) and reason for absence of the Chairperson of the Audit Committee shall be recorded in the minutes of the AGM.			
Meeting of the Audit Committee	5(4)(a)	The Audit Committee shall conduct at least its four meetings in a financial year: Provided that any emergency meeting in addition to regular meeting may be	√		

	Condition No.	Title	(Put	nce Status / in the te column)	Remarks (if any)
			Complied	Not Complied	
5	Audit Comr	nittee			
		convened at the request of any one of the members of the Committee;			
	5(4)(b)	The quorum of the meeting of the Audit Committee shall be constituted in presence of either two members or two-third of the members of the Audit Committee, whichever is higher, where presence of an independent director is a must.	√		
Role of Audit Committee	5(5)(a)	The Audit Committee shall oversee the financial reporting process	✓		
	5(5)(b)	Monitor choice of accounting policies and principles;	✓		
	5(5)(c)	Monitor Internal Audit and Compliance process to ensure that it is adequately resourced, including approval of the Internal Audit and Compliance Plan and review of the Internal Audit and Compliance Report;	✓		
	5(5)(d)	Oversee hiring and performance of external auditors;	✓		
	5(5)(e)	Hold meeting with the external or statutory auditors for review of the annual financial statements before submission to the Board for approval or adoption;	√		
	5(5)(f)	Review along with the management, the annual financial statements before submission to the Board for approval;	√		
	5(5)(g)	Review along with the management, the quarterly and half yearly financial statements before submission to the Board for approval;	√		
	5(5)(h)	Review the adequacy of internal audit function;	✓		
	5(5)(i)	Review the Management's Discussion and Analysis before disclosing in the Annual Report;	√		
	5(5)(j)	Review statement of all related party transactions submitted by the management;	√		
	5(5)(k)	Review Management Letters or Letter of Internal Control weakness issued by statutory auditors;	√		
	5(5)(I)	Oversee the determination of audit fees based on scope and magnitude, level of expertise deployed and time required for effective audit and evaluate the performance of external auditors; and	✓		



	Condition No.	Title	Compliance Status (Put ✓ in the appropriate column)		Remarks (if any)
			Complied	Not Complied	
5	Audit Comn	nittee			
	5(5)(m)	Oversee whether the proceeds raised through Initial Public Offering (IPO) or Repeat Public Offering (RPO) or Rights Share Offer have been utilized as per the purposes stated in relevant offer document or prospectus approved by the Commission:	✓		The Bank did not raise capital during the year through IPO or RPO.
		Provided that the management shall disclose to the Audit Committee about the uses or applications of the proceeds by major category (capital expenditure, sales and marketing expenses, working capital, etc.), on a quarterly basis, as a part of their quarterly declaration of financial results:			
		Provided further that on an annual basis, the company shall prepare a statement of the proceeds utilized for the purposes other than those stated in the offer document or prospectus for publication in the Annual Report along with the comments of the Audit Committee			
Reporting of the Audit	5(6)(a)(i)	The Audit Committee shall report on its activities to the Board.	√		
Committee Reporting to the Board of Directors	5(6)(a)(ii)(a)	The Audit Committee shall immediately report to the Board on the following findings, if any report on conflicts of interests	√		No such incident occurred
	5(6)(a)(ii)(b)	Suspected or presumed fraud or irregularity or material defect identified in the internal audit and compliance process or in the financial statements;	√		No such incident occurred
	5(6)(a)(ii)(c)	Suspected infringement of laws, regulatory compliances including securities related laws, rules and regulations; and	√		No such incident occurred
	5(6)(a)(ii)(d)	Any other matter which the Audit Committee deems necessary shall be disclosed to the Board immediately	✓		
Reporting to the Authorities	5(6)(b)	If the Audit Committee has reported to the Board about anything which has material impact on the financial condition and results of operation and has discussed with the Board and the management that any rectification is necessary and if the Audit Committee finds that such rectification has been unreasonably ignored, the Audit Committee shall report such finding to the Commission, upon reporting of such matters to the Board for three times or completion of a period of 6 (six) months from the date of first reporting to the Board, whichever is earlier.	✓		No such matters to report

	Condition No.	Title	(Put	nce Status / in the te column)	Remarks (if any)
			Complied	Not Complied	
5	Audit Comn	nittee			
Reporting to the Shareholders and General Investors	5(7)	Report on activities carried out by the Audit Committee, including any report made to the Board under condition No. 5(6)(a)(ii) above during the year, shall be signed by the Chairperson of the Audit Committee and disclosed in the annual report of the issuer company.	~		
6	Nomination	and Remuneration Committee (NRC)			
Responsibility to the Board of Directors	6(1)(a)	The company shall have a Nomination and Remuneration Committee (NRC) as a subcommittee of the Board	√		Not Applicable as formation of NRC for Bank is restricted by Bangladesh Bank vide letter ref.no.BRPD (R- 1)717 /2021- 5064 dated June 16, 2021
	6(1)(b)	The NRC shall assist the Board in formulation of the nomination criteria or policy for determining qualifications, positive attributes, experiences and independence of directors and top level executive as well as a policy for formal process of considering remuneration of directors, top level executive;	4		
	6(1)(c)	The Terms of Reference (ToR) of the NRC shall be clearly set forth in writing covering the areas stated at the condition No. 6(5)(b).			Terms of Reference of the committee shall be the same as mentioned in the Corporate Governance Code
Constitution of the NRC	6(2)(a)	The Committee shall comprise of at least three members including an independent director;	✓		
	6(2)(b)	All members of the Committee shall be non-executive directors;	✓		
	6(2)(c)	Members of the Committee shall be nominated and appointed by the Board;	✓		
	6(2)(d)	The Board shall have authority to remove and appoint any member of the Committee;	√		
	6(2)(e)	In case of death, resignation, disqualification, or removal of any member of the Committee or in any other cases of vacancies, the board shall fill the vacancy within 180 (one hundred eighty) days of occurring such vacancy in the Committee;	√		No such event occurred yet



	Condition No.	Title	(Put	nce Status / in the te column)	Remarks (if any)
			Complied	Not Complied	
6	Nomination	and Remuneration Committee (NRC)			
	6(2)(f)	The Chairperson of the Committee may appoint or co-opt any external expert and/or member(s) of staff to the Committee as advisor who shall be nonvoting member, if the Chairperson feels that advice or suggestion from such external expert and/or member(s) of staff shall be required or valuable for the Committee;	√		
	6(2)(g)	The company secretary shall act as the secretary of the Committee;	✓		
	6(2)(h)	The quorum of the NRC meeting shall not constitute without attendance of at least an independent director;	✓		
	6(2)(i)	No member of the NRC shall receive, either directly or indirectly, any remuneration for any advisory or consultancy role or otherwise, other than Director's fees or honorarium from the company.	√		
Chairperson of the NRC	6(3)(a)	The Board shall select 1 (one) member of the NRC to be Chairperson of the Committee, who shall be an independent director	✓		
	6(3)(b)	In the absence of the Chairperson of the NRC, the remaining members may elect one of themselves as Chairperson for that particular meeting, the reason of absence of the regular Chairperson shall be duly recorded in the minutes;	✓		No such event occurred yet
	6(3)(c)	The Chairperson of the NRC shall attend the annual general meeting (AGM) to answer the queries of the shareholders:	✓		Invited to remain present
Meeting of the NRC	6(4)(a)	The NRC shall conduct at least one meeting in a financial year;	✓		
	6(4)(b)	The Chairperson of the NRC may convene any emergency meeting upon request by any member of the NRC;	✓		No such event occurred yet
	6(4)(c)	The quorum of the meeting of the NRC shall be constituted in presence of either two members or two third of the members of the Committee, whichever is higher, where presence of an independent director is must as required under condition No. 6(2)(h);	√		
	6(4)(d)	The proceedings of each meeting of the NRC shall duly be recorded in the minutes and such minutes shall be confirmed in the next meeting of the NRC	√		

	Condition No.	Title	(Put v	nce Status in the te column)	Remarks (if any)
			Complied	Not Complied	
6	Nomination	and Remuneration Committee (NRC)			
Role of the NRC	6(5)(a)	NRC shall be independent and responsible or accountable to the Board and to the shareholders	√		Role of NRC shall be the same as mentioned in the Corporate Governance Code
	6(5)(b)(i)(a)	NRC shall oversee, among others, the following matters and make report with recommendation to the Board:	√		
		formulating the criteria for determining qualifications, positive attributes and independence of a director and recommend a policy to the Board, relating to the remuneration of the directors, top level executive, considering the following:			
		the level and composition of remuneration is reasonable and sufficient to attract, retain and motivate suitable directors to run the company successfully			
	6(5)(b)(i)(b)	The relationship of remuneration to performance is clear and meets appropriate performance benchmarks; and	✓		
	6(5)(b)(i)(c)	Remuneration to directors, top level executive involves a balance between fixed and incentive pay reflecting short and long-term performance objectives appropriate to the working of the company and its goals;	√		
	6(5)(b)(ii)	Devising a policy on Board's diversity taking into consideration age, gender, experience, ethnicity, educational background and nationality	~		
	6(5)(b)(iii)	Identifying persons who are qualified to become directors and who may be appointed in top level executive position in accordance with the criteria laid down, and recommend their appointment and removal to the Board	✓		
	6(5)(b)(iv)	Formulating the criteria for evaluation of performance of independent directors and the Board	✓		
	6(5)(b)(v)	Identifying the company's needs for employees at different levels and determine their selection, transfer or replacement and promotion criteria; and	✓		
	6(5)(b)(vi)	Developing, recommending and reviewing annually the company's human resources and training policies	✓		



	Condition No.	Title	Compliance Status (Put ✓ in the appropriate column)		Remarks (if any)	
			Complied	Not Complied		
6	Nomination	and Remuneration Committee (NRC)				
	6(5)(c)	The company shall disclose the nomination and remuneration policy and the evaluation criteria and activities of NRC during the year at a glance in its annual report				
7	External or	Statutory Auditors				
-	7(1)	The issuer company shall not engage its extra the following services of the company, nan		atutory audito	rs to perform	
	7(1)(i)	Appraisal or valuation services or fairness opinions	√			
	7(1)(ii)	Financial information systems design and implementation;	√			
	7(1)(iii)	Book-keeping or other services related to the accounting records or financial statements;	√			
	7(1)(iv)	Broker-dealer services;	✓			
	7(1)(v)	Actuarial services;	✓			
	7(1)(vi)	Internal audit services or special audit services;	√			
	7(1)(vii)	Any service that the Audit Committee determines;	✓			
	7(1)(viii)	Audit or certification services on compliance of corporate governance as required under condition No. 9(1); and	√			
	7(1)(ix)	Any other service that creates conflict of interest	✓			
	7(2)	No partner or employees of the external audit firms shall possess any share of the company they audit at least during the tenure of their audit assignment of that company; his or her family members also shall not hold any shares in the said company	√			
		Provided that spouse, son, daughter, father, mother, brother, sister, son-in-law and daughter-in-law shall be considered as family members.				
	7(3)	Representative of external or statutory auditors shall remain present in the Shareholders' Meeting (Annual General Meeting or Extraordinary General Meeting) to answer the queries of the shareholders.	1		Invited to join AGM	

	Condition No.			nce Status / in the te column)	Remarks (if any)
			Complied	Not Complied	
8	Maintaining	a website by the Company			
	8(1)	The company shall have an official website linked with the website of the stock exchange.	✓		
	8(2)	The company shall keep the website functional from the date of listing.	✓		
	8(3)	The company shall make available the detailed disclosures on its website as required under the listing regulations of the concerned stock exchange(s).	√		
9	Reporting a	and Compliance of Corporate Governa	псе		
	9(1)	The company shall obtain a certificate from a practicing Professional Accountant or Secretary (Chartered Accountant or Cost and Management Accountant or Chartered Secretary) other than its statutory auditors or audit firm on yearly basis regarding compliance of conditions of Corporate Governance Code of the Commission and shall such certificate shall be disclosed in the Annual Report. Explanation: "Chartered Accountant" means Chartered Accountant as defined in the Bangladesh Chartered Accountants Order, 1973 (President's Order No. 2 of 1973); "Cost and Management Accountant as defined in the Cost and Management Accountant as defined in the Cost and Management Accountants Ordinance, 1977 (Ordinance No. LIII of 1977); "Chartered Secretary" means Chartered Secretary as defined in the (Chartered Secretaries Act, 2010).	✓		
	9(2)	The professional who will provide the certificate on compliance of this Corporate Governance Code shall be appointed by the shareholders in the annual general meeting.	√		
	9(3)	The directors of the company shall state, in accordance with the Annexure-C attached, in the directors' report whether the company has complied with these conditions or not.	√		



CERTIFICATE ON

COMPLIANCE OF

CORPORATE GOVERNANCE



Report to the shareholders of United Commercial Bank Limited on compliance of Corporate Governance Code

We have examined the compliance status to the Corporate Governance Code by United Commercial Bank Limited for the year ended 31 December 2020. This Code relates to the Notification No. BSEC/CMRRCD/2006-158/207/Admin/80 dated 3 June 2018 of the Bangladesh Securities and Exchange Commission.

Such compliance with the Corporate Governance Code is the responsibility of the Company. Our examination was limited to the procedures and implementation thereof as adopted by the Management in ensuring compliance to the conditions of the Corporate Governance Code.

This is a scrutiny and verification and an independent audit on compliance of the conditions of the Corporate Governance Code as well as the provisions of relevant Bangladesh Secretarial Standards (BSS) as adopted by the Institute of Chartered Secretaries of Bangladesh (ICSB) in so far as those standards are not inconsistent with any condition of this Corporate Governance Code.

We state that we have obtained all the information and explanations, which we have required, and after due scrutiny and verification thereof, we report that, in our opinion:

- (a) The Company has complied with the conditions of the Corporate Governance Code as Stipulated in the above mentioned Corporate Governance Code issued by the Commission;
- (b) The company has complied with the provisions of the relevant Bangladesh Secretarial Standards (BSS) as adopted by the Institute of Chartered Secretaries of Bangladesh (ICSB) as required by this Code;
- (c) Proper books and records have been kept by the company as required under the Companies Act, 1994, the securities laws and other relevant laws; and
- (d) The governance of the company is satisfactory.

Dhaka, 20 June 2021

For: Itrat Husain & Associates

Itrat Husain FCMA, FCS Chief Executive

'THE GLASS HOUSE' 13TH FLOOR, 38 GULSHAN AVENUE, GULSHAN-1, DHAKA-1212, BANGLADESH Cell: 01713092222, 01819259703, E-mail: itratshahed@gmail.com

CE0's and CF0's

DECLARATION TO THE BOARD OF DIRECTORS

Date: June 08, 2021

The Board of Directors

United Commercial Bank Limited

Bulus Center, Plot - CWS- (A)-1, Road No - 34,

Gulshan avenue, Dhaka-1212

Subject: Declaration on Financial Statements for the year ended on 31st December, 2020 Dear Sir(s),

Pursuant to the condition No. 1(5)(xxvi) imposed vide the Commission's Notification No.BSEC/CMRRCD/2006-158/207/Admin/80 Dated 03 June, 2018 under section 2CC of the Securities and Exchange Ordinance, 1969, we do hereby declare that:

- The Financial Statements of United Commercial Bank Limited for the year ended on 31st December, 2020 have been prepared in compliance with International Accounting Standards (IAS) or International Financial Reporting Standards (IFRS), as applicable in the Bangladesh and any departure there from has been adequately disclosed;
- 2. The estimates and judgments related to the financial statements were made on a prudent and reasonable basis, in order for the financial statements to reveal a true and fair view;
- 3. The form and substance of transactions and the Company's state of affairs have been reasonably and fairly presented in its financial statements;
- 4. To ensure above, the Company has taken proper and adequate care in installing a system of internal control and maintenance of accounting records;
- 5. Our internal auditors have conducted periodic audits to provide reasonable assurance that the established policies and procedures of the Company were consistently followed; and
- 6. The management's use of the going concerns basis of accounting in preparing the financial statements is appropriate and there exists no material uncertainty related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern.

In this regard, we also certify that: -

- 1. We have reviewed the financial statements for the year ended on 31st December,2020 and that to the best of our knowledge and belief:
 - a. these statements do not contain any materially untrue statement or omit any material fact or contain statements that might be misleading;
 - b. these statements collectively present true and fair view of the Company's affairs and are in compliance with existing accounting standards and applicable laws.
- 2. There are, to the best of knowledge and belief, no transactions entered into by the Company during the year which are fraudulent, illegal or in violation of the code of conduct for the company's Board of Directors or its members.

Sincerely yours,

Faruk Ahammad, FCA
Senior Executive Vice President & CFO

Mohammed Shawkat Jamil
Managing Director & CEO



UNITED COMMERCIAL BANK LIMITED

Credit Rating Report

United Commercial Bank Limited has been rated as AA (Pronounced as 'Double A') long term credit rating and ST-2 short term credit rating by Emerging Credit Rating Limited (ECRL) based on audited financials of 2020 and other available information up to the date of rating declaration. The outlook on the rating is Stable.

Long Term Rating	Short Term Rating	Outlook	Date of Validity
AA	ST-2	Stable	May 06, 2022

ECRL considered financial performance, capital base, asset quality, liquidity position, management experience and prospect of the industry while assigning the rating. The affirmed rating reflects the strengths of the Bank which is backed by it's experienced management, divecified portfolio of loans and advances, complience with CRAR, SLR & CRR and wide network of branches.



1. Audit Committee of United Commercial Bank Limited

In compliance with BRPD Circular No.11, dated 27 October 2013, and Bangladesh Securities and Exchange Commission notification on Corporate Governance Code, dated 3 June 2018, an Audit Committee was constituted by the Board of Directors to assist it to overview the operations of an audit process that would ensure reliable financial reporting, transparency in corporate disclosures, effective internal controls, compliance with all applicable rules, laws and regulations as well as establish a strong and dependable banking system for the benefit of all stakeholders, especially depositors and shareholders.

2. Composition of the Committee & Qualifications of the Members

The Audit Committee of the Bank comprises of 5 (five) members with 2 (two) Independent Directors. The present members of the Audit Committee are:

SL.	Identification & Qualification	Status in the Committee	Status in the Board
1.	 Akhter Matin Chaudhury, FCA (E&W), FCA, FCS a) Date of Birth: 2.2.1951 b) Educational & Professional Qualifications: BA, FCA (England & Wales), FCA (Bangladesh), FCS c) Years of Experience: 49 d) Fields of Expertise: Accounting, Finance, Company Secretarial, General Management, Corporate Governance 	Chairman	Independent Director
2.	Syed Mohammed Nuruddin a) Date of Birth: 15.3.1957 b) Educational Qualifications: BA c) Years of Experience: 37 d) Fields of Expertise: Shipping, International Trade, Capital Market, Supply Chain Management, Freight Forwarding	Member	Director
3.	a) Date of Birth: 21.2.1964 b) Educational & Professional Qualifications: B.Com. (Honours) in Accounting, FCMA c) Years of Experience: 27 d) Fields of Expertise: Finance and Accounting	Member	Director



SL.	Identification & Qualification	Status in the Committee	Status in the Board
4.	Muhammed Shah Alam, FCMA a) Date of Birth: 01.03.1962 b) Educational & Professional Qualifications: M.Com. in Accounting, FCMA c) Years of Experience: 33 d) Fields of Expertise: Finance and Accounting	Member	Director
5.	Dr. Aparup Chowdhury a) Date of Birth: 01.11.1959 b) Educational & Professional Qualification: M.Sc (Zoology), MBA (Human Resources Management), Ph.D (USA) c) Year of Experience: 36 years d) Field of Expertise: Civil service & Administration	Member	Independent Director

In accordance with regulatory guidelines, the Company Secretary of the Bank, ATM Tahmiduzzaman FCS, DMD, is the Secretary of the Audit Committee.

3. Meetings of the Audit Committee

Bangladesh Bank has suggested that Audit Committees should hold at least four meetings per year. The Audit Committee of UCB held 7 (seven) meetings in 2020. The Committee had detailed discussions and review sessions with the Head of Internal Control & Compliance, Head of Audit and the external Auditors, with regard to Audit findings, observations and remedial actions. Audit Committee meeting dates were as follows:

Details of Audit Committee Meetings held in 2020					
SI. No.	Meeting No.	Date of Meeting			
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			

4. Particulars of Attendance of the Members of the Audit Committee

Name of the Directors	Position	Meetings held in 2020	Meetings held during member's tenure in 2020	Meetings Attended
Akhter Matin Chaudhury FCA (E&W), FCA, FCS	Chairman	7	7	6
Syed Mohammed Nuruddin	Member	7	7	1
Syed Kamruzzaman, FCMA	Member	7	7	6
Muhammed Shah Alam, FCMA	Member	7	7	6
Dr. Aparup Chowdhury	Member	7	3	1

Note: Directors unable to attend meetings were granted leave of absence

5. Particulars of Attendance of the Members who left the Committee due to reconstitution:

Name of the Directors	Position	Meetings held during member's tenure in 2020	Meetings Attended
Touhid Shipar Rafiquzzaman	Member	4	4

6. Roles and Responsibilities of the Audit Committee

Besides any other responsibilities that may be assigned by the Board of Directors from time to time, the roles and responsibilities of the Audit Committee are as follows:

A. Internal Control

- 1. The Audit Committee shall review major Internal Control issues identified in internal audit reports and refer these to the Board for rectification;
- 2. The Audit Committee shall assess the adequacy and efficacy of the prevailing Internal Control System and recommend necessary improvements to the Board;
- 3. The Audit Committee shall monitor progress in the computerization of the operations and records of the Bank and its Management Information Systems (MIS).

B. Reporting of Financial Statements

- 1. The Audit Committee shall oversee the financial reporting process of the Bank and review the appropriateness of accounting policies and principles, based on which the Financial Reports of the Bank are prepared;
- 2. The Audit Committee shall, along with the external Auditors and the management of the Bank, review the annual financial statements before the submission of these to the Board of Directors for approval.

C. Internal Audit

- 1. The Audit Committee shall consider and approve detailed Annual Audit Plans based on an assessment of the risks and exposures that may affect the organization. This should be done at least annually in order to reflect the most current strategies and directions of the organization;
- 2. The Audit Committee shall review internal audit reports and recommend measures to rectify major deficiencies to the Board:
- 3. The Audit Committee shall evaluate the adequacy and efficiency of the internal audit function;
- 4. The Audit Committee shall review the organizational framework and take steps to remove obstacles or limitations in the performance of the internal audit function;
- 5. The Audit Committee shall monitor whether the internal Audit function is able to work independently from management or not;
- 6. The Audit Committee shall examine whether the findings and recommendations made by the internal Auditors are duly acted upon by the management or not.

D. External Audit

- 1. The Audit Committee shall review the audit procedures and the audit reports of the external Auditors:
- 2. The Audit Committee shall examine whether the findings and recommendations made by the external Auditors are duly acted upon by the management or not;
- 3. The Audit Committee shall recommend the appointment of external Auditors.

E. Compliance with Laws, Rules and Regulations

The Audit Committee shall report on the status of compliance, as revealed by audits carried out by the internal audit team, with regulatory directives, relevant laws and rules and regulations of the Bank.



F. Reporting to Shareholders

The Audit Committee shall report to shareholders its activities during the year, including any reports made to the Board of Directors. The report shall be signed by the Chairman of the Audit Committee and shall appear in the Annual Report of the Bank.

G. Reporting to the Board of Directors

- 1. The Audit Committee shall report on its activities to the Board of Directors;
- 2. The Audit Committee shall immediately report to the Board of Directors any findings of conflicts of interest, fraud or forgeries in the internal control system and any suspected infringement of laws including securities related laws, rules and regulations.

H. Other Responsibilities

- 1. The Audit Committee shall report to the Board, at least quarterly, on all major issues, including errors, fraud and other irregularities, detected by external and internal Audits and Bangladesh Bank inspections;
- 2. The Audit Committee shall perform any other supervisory activity entrusted to it by the Board;
- 3. The Audit Committee shall appraise its own performance and report its conclusions to the Board;
- 4. The Audit Committee shall review the statement of significant related party transactions submitted by the management;
- 5. The Audit Committee shall review Management Letters and Letters of Internal Control Weakness issued by the statutory auditors;
- 6. The Audit Committee shall disclose the uses and applications of funds by major category (e.g. capital expenditure, sales and marketing expenses, working capital) raised through IPO, RPO or Right Issues, along with quarterly financial results.

I. Special Responsibilities of the Chairman

The Chairman of the Audit Committee shall remain present at all Annual General Meetings (AGMs) of the Bank. Provided that in absence of Chairman of the Audit Committee, any other member from the Audit Committee shall be selected to be present in the annual general meeting (AGM) and reason for absence of the Chairperson of the Audit Committee shall be recorded in the minutes of the AGM.

7. Major issues reviewed by the Audit Committee during 2020

- a) Risk Based Internal Audit Findings;
- b) Recommendation for the Appointment of Professionals to Provide the Certificate on Compliance as per Corporate Governance Code;
- c) Recommendations and findings of the external Auditors;
- d) Follow up of Recommendations made to the Board of Directors;
- e) Compliance of Surprise Inspection Report of Bangladesh Bank;
- f) Efficiency and adequacy of the Internal Audit Function;
- a) Discussion on Self-Assessment on Anti-Fraud Internal Controls:
- h) Discussion on Submission of "Annual Health Report" of the Bank.

8. Acknowledgement

The members of the Audit Committee expressed their gratitude to the Board of Directors, the Management of the Bank and the internal and external Auditors, for their cooperation which enabled it to effectively perform its duties and discharge its responsibilities during the year 2020.

(On behalf of the Audit Committee of the Board)

Akhter Matin Chaudhury, FCA (E & W) FCA FCS

Chairman of the Audit Committee of the Board



Preamble

Use of excessive leverage, gradual erosion of level and quality of capital base, insufficient liquidity buffer, pro-cyclicality and excessive interconnectedness among systematically important banks are identified as reasons of bank failures. Bank for International Settlements (BIS) came up, in response, with a new set of capital and liquidity standards in the name of Basel III. In compliance with the 'Revised Guidelines on Risk Based Capital Adequacy (RBCA)' issued by Bangladesh Bank in December 2014, banks in Bangladesh have formally entered into Basel III regime from 1 January 2015. The new capital and liquidity standards have greater business implications for banks.

This is the official disclosure of the activities that the United Commercial Bank Limited (UCB) had undertaken to manage its Risk Based Capital Adequacy and other requisites throughout the year 2020 under the purview of the Basel III regulation. Although this disclosure conforms to the requirements of the 3rd Pillar of the Basel III regulation meant for 'Market Discipline', this may well be viewed as UCB's earnest effort to uphold its commitment to corporate transparency.

Consistency and Validation

The quantitative disclosures are made on the basis of consolidated audited financial statements of UCB and its subsidiaries as at and for the year ended 31 December 2020. Those are prepared under relevant International Accounting and Financial Reporting Standards and related circulars/instructions issued by Bangladesh Bank from time to time. The assets, liabilities, revenues and expenses of the subsidiaries are combined with those of the parent company (UCB), eliminating intercompany transactions. Assets of the subsidiaries are risk weighted and equities of subsidiaries are crossed out with the investment of UCB while consolidating. So, information presented in the 'Quantitative Disclosures' section can easily be verified and validated with corresponding information presented in the consolidated and separate audited financial statements of UCB. The report is prepared once a year and is available in the website of the bank (www.ucb.com.bd).

It may be befitting if a brief discussion on the prevailing 3rd edition of Basel (Basel III) regulation precedes the intended disclosure for a better grasp of the matter by the stakeholders. The Basel III regime, like the 2nd edition, is also composed of three-mutually reinforcing pillars or fundamentals i.e. Minimum Capital Requirement, Supervisory Review Process and Market Discipline but at an enhanced level to cope up with the ever evolving threats present in the financial market. Moreover, it introduces a non-risk based Leverage Ratio and a global standard Liquidity Ratio. All the attributes of the regulation may be viewed at a glance in the following diagram:



	Pillar 1		Pillar 2	Pillar 3	Liquidity
Stringent Capital Standards & Requirements	Wide Risk Coverage	Non-Risk Based Leverage	Robust Risk Mgt. & Supervision	Market Discipline	Liquidity Standards
Quality & level of	Securitizations	Leverage ratio	Supplemental	Revised Pillar	Liquidity
capital	Trading book		pillar 2 requirements	3 disclosure requirements	coverage ratio
"Gone concern" contingent capital	Counterparty credit risk		requirements	requirements	Net stable funding ratio
Capital conservation buffer	or care riok				Principles for sound Liquidity &
Countercyclical buffer					Risk Mgt. Supervision
					Supervisory monitoring

UCB Approaches to the three Pillars and the Liquidity Standards

Pillar-1: Credit Risk, Market Risk & Operational Risk are considered under this Pillar for maintenance of the level of capital. Among the three approaches available to measure the Credit Risk, UCB employs 'Standardized Approach'. The same approach has been used for Market Risk measurement. As for Operational Risk, Basic Indicator Approach is followed. UCB is also maintaining the non-risk based Leverage Ratio at a healthy level.

Pillar-2: All other risks as well as the entire Risk Management framework from both the internal and external (Supervisory) perspective are covered under this pillar. UCB has developed a comprehensive ICAAP (Internal Capital Adequacy Assessment Process) manual/module to capture the risks minutely. The regular SRP-SREP interaction ensures compliance to the Pillar-2 regulations.

Pillar-3: This pillar ensures necessary disclosures intended for market participants to assess key information about the Bank's exposure to various risks and to provide a consistent and understandable disclosure framework for easy comparison among the banks operating in the market under the banner of Market Discipline.

Liquidity Standards: UCB has successfully adopted and is maintaining the standards set for the two key Liquidity Ratios; the Liquidity Coverage Ratio (LCR) and the Net Stable Funding Ratio (NSFR).

1. Scope of Application

The disclosure made in the following sections has addressed UCB as a single entity (Solo Basis) as well as a consolidated entity (Consolidated Basis), the scope of which is asunder:

- 'Solo' disclosure refers to only the affairs of the Bank but considering the Offshore Banking Unit and Islamic Banking as an integral part.
- On the other hand, 'Consolidated' disclosure incorporates the affairs of its subsidiaries with the Bank. The consolidated disclosure of UCB is composed of the affairs of UCB and its four subsidiaries, namely:
 - 1. United Commercial Bank Limited
 - 2. UCB Stock Brokerage Limited
 - 3. UCB Investment Limited
 - 4. UCB Asset Management Limited
 - 5. UCB Fintech Company Limited

A brief description of the Bank and its subsidiaries is given below

> United Commercial Bank Limited

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 June 28, 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.

• Off-shore Banking Unit (OBU)

Off-shore Bank is a Bank located outside the country of residence of depositors, typically in the low tax jurisdiction (or tax heaven) that provides financial and legal advantage. Off-shore Banking Unit (the unit) a separate business unit of United Commercial Bank Ltd, governed under the rules and guideline of Bangladesh Bank. The Bank obtained the Off-shore Banking Unit permission vide letter no. BRPD (P-3)744(117)/2010-2577 dated 9th June, 2010. The Bank commenced the operation of its Off-shore Banking Unit from November 10, 2010. Presently, the Bank has 01 (One) unit in Dhaka operating under the Rules and guideline of Bangladesh Bank.

• 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.

> Subsidiaries of United Commercial Bank Limited

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

• 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.

United Commercial Bank Limited holds 99.99% shares of UCB Stock Brokerage Limited.

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 agent, fund management to issue in the capital and security market, underwrite, manage and distribute the issue of stock shares, bonds and other securities.

United Commercial Bank Limited holds 99.99% shares of UCB Investment Limited.

UCB Asset Management Limited

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

United Commercial Bank Limited holds 99.99% shares of UCB Asset Management Limited.



• 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. UCB Fintech Company Limited is a subsidiary of the United Commercial Bank Limited. Upon receiving the license from Bangladesh Bank, under the brand name "উপায়" ("upay" in English) and offering a broad range of mobile financial services to people from all walks of life.

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. United Commercial Bank Limited holds 99.99% shares of UCB Fintech Company Limited.

2. Capital Structure

Qualitative Disclosures

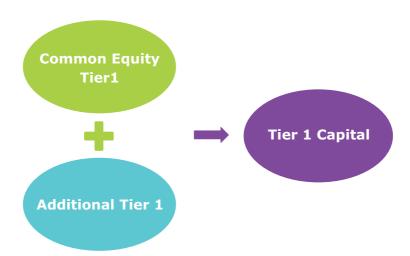
Capital serves as a buffer to absorb unexpected losses as well as to fund ongoing activities of the firm. It can be defined as "the buffer storage of cash and safe assets that banks hold and to which they need access in order to protect creditors in case the bank's assets are liquidated". The bank's capital ratio is a measure of its financial health. Capital is the funds – traditionally a mix of equity and debt – that banks have to hold in reserve to support their business.

The capital structure of the Bank is categorized into two tiers – Tier I and Tier II capital; as per the Risk Based Capital Adequacy guidelines (December 2014) of Bangladesh Bank. The components of the total regulatory capital are enumerated as under:

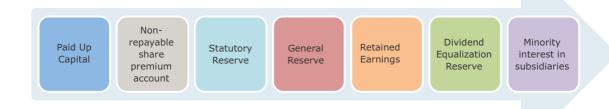
- 1. Tier 1 Capital (going-concern capital)
 - a) Common Equity Tier 1
 - b) Additional Tier 1
- 2. Tier 2 Capital (gone-concern capital)

Tier 1 Capital: (Going-Concern Capital)

Going-concern capital is the capital which can absorb losses without triggering bankruptcy of the bank. Thereby, Tier 1 capital is the core measure of a bank's financial strength from a regulator's point of view.



Tier 1 Capital is comprised of Common Equity Tier 1 (CET1) and Additional Tier 1 (AT1). The components of Common Equity Tier 1 (CET1) capital is given below:



Additional Tier 1 (AT1) capital consists of the following items:

- a) Non-cumulative Irredeemable Preference Shares
- b) Instruments issued by the banks that meet the qualifying criteria for AT1 (The instrument is perpetual i.e. there is no maturity date)
- c) Minority Interest, i.e., AT1 issued by consolidated subsidiaries to third parties

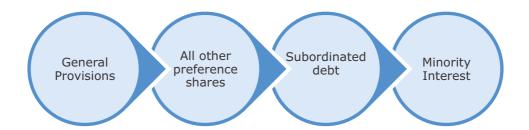
Perpetual Bond

After global economic turmoil in 2010, the global financial regulators are more concerned to enhance risk resilience capacity of the banks and introduced more risk sensitive capital adequacy framework namely Basel III. With the view to strengthening capital base of the bank and subsequently to meet up the capital adequacy ratio as per Bangladesh Bank's instruction in line with BASEL-III Accord, UCB got permission to issue Perpetual Bond, as per Bangladesh Bank Banking Regulation and Policy Department (BRPD) letter no. BRPD(BFIS)/661/14B(P)/2020/9990 dated 23rd November, 2020 & letter No. BRPD(BFIS)/661/14B(P)/2021/33 dated 31st January, 2021 and subsequent Bangladesh Securities and Exchange Commission (BSEC) letter no. BSEC/CI/DS-130/PB/2020/294 dated 14th December, 2020 & letter No. BSEC/CI/DS-130/2020/318 dated 27th January,2021. Subscription of the Perpetual Bond is under process.

Tier 2 Capital: (Gone-Concern Capital)

Gone-concern capital is the capital which will absorb losses only in a situation of liquidation of the bank. Gone-concern capital also called Tier 2 capital. Gone-Concern Capital represents other elements which fall short of some of the characteristics of the core capital but contribute to the overall strength of a bank.

Tier 2 capital consists of the following items:



As per the guidelines of Bangladesh Bank, Tier-1 Capital of UCB comprises (i) Fully Paid-up Capital, (ii) Non-repayable Share Premium Account, (iii) Statutory Reserve, (iv) General Reserve, and (v) Retained Earnings.

And Tier-2 Capital comprises (i) General Provision, (ii) Subordinated debt/subordinated bond as approved by Bangladesh Bank etc.



Quantitative Disclosures

The amount of Regulatory capital of the Bank as on December 31, 2020 is stated below;

(BDT in million)

SI.	Particulars	Solo	Consolidated
1.0	Tier-1 (Going-Concern Capital)		
1.1	Common Equity Tier 1 (CET1)		
1.1.1	Paid-up Capital	12,175.21	12,175.21
1.1.2	Non-repayable Share premium account	1,454.98	1,454.98
1.1.3	Statutory Reserve	13,424.99	13,424.99
1.1.4	General Reserve	26.58	26.58
1.1.5	Retained Earnings	5,191.76	5,864.05
1.1.6	Dividend Equalization Reserve	0.00	0.00
1.1.7	Minority Interest in subsidiaries	0.00	0.00
	Sub-Total:	32,273.51	32,945.80
1.1.8	Regulatory Adjustments:	3,425.08	3,427.02
1.1.8.1	Goodwill and all other Intangible Assets	436.34	438.19
1.1.8.2	Deferred Tax Assets (DTA)	2,838.12	2,838.12
1.1.8.3	Reciprocal crossholdings and excess investment above limit	101.95	114.17
1.1.8.3	Others	48.67	36.54
	Sub-Total:	28,848.43	29,518.78
1.2	Additional Tier 1 (AT1)		
1.2.1	Non- cumulative Irredeemable Preference Shares	0.00	0.00
1.2.2	Instruments (Perpetual in nature)	0.00	0.00
1.2.3	Minority Interest; i.e., AT1 issued by consolidated subsidiaries	0.00	0.00
	Sub-Total:	0.00	0.00
1.3	Total Tier 1 Capital	28,848.43	29,518.78
2.0	Tier-2 (Gone-Concern Capital)		
2.1	General Provision	7,263.28	7,363.28
2.2	Subordinated debt	14,600.00	14,600.00
	Sub-Total:	21,863.28	21,963.28
		480.11	442.54
2.4	Regulatory Adjustments:	400.11	442.54
2.4.1	Regulatory Adjustments: Reciprocal crossholdings in the T-2 Capital of BNBFIs & Insurance Entities	4.37	112.77
2.4.1	Reciprocal crossholdings in the T-2 Capital of BNBFIs & Insurance Entities	4.37	112.77

3. Capital Adequacy

Methodology of Capital Adequacy Determination

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

- a. Standardized Approach for Credit Risk to compute Capital Adequacy under Basel III, using the following methods recommended by Bangladesh Bank:
 - Accepting the credit rating agencies as external credit assessment institutions (ECAI) for claims on Corporate & eligible SME Customers;
 - Accepting Credit Risk Mitigation (CRM) against the financial securities.
- b. Standardized (Rule Based) Approach for Market Risk; and
- c. Basic Indicator Approach for Operational Risk.

Assessment of the adequacy of capital: For assessing Capital Adequacy, the Bank has adopted Standardized Approach for Credit Risk measurement, standardized (Rule Based) Approach for Market Risk measurement and Basic Indicator Approach for Operational Risk measurement.

The Bank focuses on strengthening risk management and control environment rather than increasing capital to cover up weak risk management and control practices. UCB has been generating most of its incremental capital from retention of profit (stock dividend and statutory reserve transfer etc.) and issuance of Subordinated Bond to support incremental growth of Risk Weighted Assets (RWA). Besides meeting regulatory capital requirement, the Bank maintains adequate capital to absorb material risks foreseen. Therefore, the Bank's Capital to Risk Weighted Asset Ratio (CRAR) remains consistently within the comfort zone. During the year 2020, the CRAR ranges from **14.77% to 14.94% on consolidated basis and from 14.51% to 14.92% on solo basis** against the regulatory requirement (with Buffer) of 12.50% of RWA. Risk Management Division (RMD) under the guidance of the Board of Directors/Risk Management Committee of the Board of Directors, the SRP Team/Executive Risk Management Committee and Basel implementation Unit of the Bank is taking active measures to identify, quantify, manage and monitor all risks to which the Bank is exposed to.

The Minimum Capital Requirement and Capital to Risk-weighted Asset Ratio (CRAR) of the Bank as on December 31, 2020 are as under:

(BDT in million)

Particulars	Solo	Consolidated
Capital requirement for Credit Risk	29,426.46	29,635.51
Capital requirement for Market Risk	905.00	1,123.14
Capital requirement for Operational Risk	3,340.49	3,414.33
Total Capital Requirement under Pillar-I	33,671.95	34,172.97
Capital to Risk-weighted Asset Ratio (CRAR)	14.92%	14.94%
Requirement of Capital to Risk-weighted Asset Ratio (CRAR) with Capital Conservation Buffer	12.50%	12.50%
Common Equity Tier 1 Capital to Risk-weighted Asset Ratio	8.57%	8.64%
Requirement of Common Equity Tier 1 Capital Ratio	4.50%	4.50%
Tier 1 Capital to Risk-weighted Asset Ratio	8.57%	8.64%
Requirement of Tier 1 Capital Ratio with Capital Conservation Buffer	8.50%	8.50%
Tier 2 Capital to Risk-weighted Asset Ratio	6.35%	6.30%
Capital Conservation Buffer	2.57%	2.64%
Available Capital under Pillar 2 Requirement	16,559.65	16,866.55



4. Credit Risk

Qualitative Disclosures

General Disclosure

The possibility of incurring loss due to inability of a borrower or counterparty to honor its obligations or fulfilling their commitment in accordance with the agreed terms and conditions is termed as credit risk. In other words, it is the loss associated with degradation in the credit quality of borrowers or counterparties. In a Bank's portfolio, losses stem from outright default due to the inability or unwillingness of the customer or counterparty to meet commitments in relation to lending, trading, settlement and other financial transactions. Alternatively, losses result from reduction in portfolio value arising from actual or perceived deterioration in credit quality. Credit risk emanates from a bank's on and off-balance sheet dealings with an individual, firm, company, corporate entity, bank, financial institution or a sovereign.

Credit risk management has been independent of origination of business functions to establish better control and to reduce conflicts of interest. The Head of Credit Risk Management (HoCRM) has well defined responsibility for management of credit risk. Final authority and responsibility for all activities that expose the bank to credit risk rests with the Board of Directors. The Board however delegated authority to the Managing Director and CEO or other executives/officers of the credit risk management division.

The Board of Directors (BoD) sets credit policies and delegates authority to the management for setting procedures, which together has structured the credit risk management framework in the bank. The Credit Policy Manual contains the core principles for identifying, measuring, approving, and managing credit risk in the bank and is designed to meet the organizational requirements that exist today as well as to provide flexibility for future. These policies represent the minimum standards for credit extension by the bank, and are not a substitute of experience and good judgment.

Past Due/Impaired Loans

Bank classifies loans and advances (loans and bill discount in the nature of an advance) into performing and non-performing loans (NPL) in accordance with the Bangladesh Bank guidelines in this respect.

To define past due and impairment through classification and provisioning, the bank follows Bangladesh Bank Circulars and Guidelines. General provisions @ 0.25% to 1% under different categories on unclassified loans (standard/SMA) and @ 0.5% to 1% on certain off balance-sheet exposures, and specific provisions @ 20%, 50% & 100% on classified (substandard/doubtful/bad-loss) and some rescheduled loans are made on the basis of quarter end review by the management and in compliance with BRPD Circular no. 14 dated 23 September 2012, BRPD circular no 8 dated 2 August 2015, BRPD circular no 12 dated 20 August 2017, BRPD circular no 15 dated 27 September 2017, BRPD circular letter no 1 dated 03 January 2018 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 21 April 2019, BRPD Circular no. 16 dated 21 July 2020 ,BRPD Circular Letter no. 52 dated 20 October 2020 and BRPD Circular Letter no. 56 dated 10 December 2020. The summary of some objective criteria for loan classification and provisioning requirement is as below:

Classified loans are categorized under following 03 (three) categories:

- 1. Sub-Standard
- 2. Doubtful
- 3. Bad & Loss

Loans Classification					
Type of Facility	Sub Standard (Overdue Period)	Doubtful (Overdue Period)	Bad & Loss (Overdue Period)		
Continuous Loan & Demand Loan	3 months or more but less than 9 months	9 months or more but less than 12 months	12 months or more		
Fixed Term Loan	9 months or more but less than 15 months	15 months or more but less than 18 months	18 months or more		
Short Term Agricultural & Micro Credit	12 months or more but less than 36 months	36 months or more but less than 60 months	60 months or more		

Type of Facility	Sub Standard (Overdue Period)	Doubtful (Overdue Period)	Bad & Loss (Overdue Period)
Short Term Agricultural	12 months or more but less than 36 months	36 months or more but less than 60 months	60 months or more
Cottage, Micro Credit & Small (Continuous Loan & Demand Loan)	6 months or more but less than 18 months	18 months or more but less than 30 months	30 months or more
Cottage, Micro Credit & Small (Fixed Term Loan)	12 months or more but less than 24 months	24 months or more but less than 36 months	36 months or more

Approaches followed for Specific & General Allowances and Statistical Methods

As per the guideline of Bangladesh Bank regarding the provisioning of loans & advances, the Bank has followed the following approaches in calculating the Specific & General Allowances:

Types of Loans & Advances		Rate of Provision Requirement					
			UC	SMA	SS	DF	BL
Consumer Professionals & Credit card		2%	2%	20%	50%	100%	
	Hous	e Building	1%	1%	20%	50%	100%
Other than Housing Finance & Professionals to setup business		2%	2%	20%	50%	100%	
Brokerage House, Merchant Banks, Stock Dealers, etc.		2%	2%	20%	50%	100%	
Short term Agri. Credit		1%	1%	5%	5%	100%	
Enterprise Finance		Cottage, Micro Credit & Small	0.25%	0.25%	5%	20%	100%
		Medium Enterprise Finance	0.25%	0.25%	20%	50%	100%
All Other Credit		1%	1%	20%	50%	100%	

Methods used to measure Credit Risk

As per Central Bank's Guidelines, the Bank follows Standardized Approach for measurement of Credit Risk adopting the credit rating agencies as External Credit Assessment Institutions (ECAIs) for claims on Bank & Non-banking Financial Institutions (BNBFIs), Corporate & eligible SME Customers and Credit Risk Mitigation (CRM) against the financial securities & guarantees of loan exposure.

Credit Risk Management

Credit risk arises while the borrowers or counterparty to a financial transaction fails to discharge an obligation as per agreed covenants, resulting in financial loss to the Bank. Credit exposures may arise from both the banking and trading books as well as Off-Balance sheet exposures. Credit risk is managed in the UCBL through a framework that spell out policies and procedures covering the measurement and management of credit risk. There is a clear segregation of duties between transaction originators in the businesses and approvers in the Risk function. All credit exposure limits are approved within a defined credit approval authority framework. Credit policies and standards are considered and approved by the Board of Directors.

Credit Risk Measurement

Risk measurement plays a central role, along with judgment and experience, in informing risk taking and portfolio management decisions. The standard Internal Credit Risk Rating (ICRR) is used in both Corporate and SME Banking. The grading is used to assess the client along with a range of quantitative and qualitative factors. Our credit grades against Corporate & eligible SME clients are supported by external credit grades, and ratings assigned by external ratings agencies.



Credit Approval

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

Credit Monitoring

We regularly monitor credit exposures, portfolio performance, and external trends through relationship and credit administration team at Branch and Corporate Office. Internal risk management reports containing information on key environmental, political and economic trends across major portfolios; portfolio delinquency and loan impairment performance; as well as credit grade migration are presented to the respective divisions. The divisions meet regularly to assess the impact of external events and trends on the credit risk portfolio and to define and implement our response in terms of appropriate changes to portfolio shape, underwriting standards, risk policy and procedures. Accounts or portfolios are placed on Early Alert (EA) when they display signs of weakness or financial deterioration. Such accounts and portfolios are subjected to a dedicated process overseen by the Special Asset Management Division. Account plans are reevaluated and remedial actions are agreed and monitored. In Retail/Consumer Banking, portfolio delinquency trends are monitored continuously at a detailed level. Individual customer behavior is also tracked and informed in lending decisions. Accounts which are past due are subject to a collections process, monitored in collaboration with the Relationship manager by the Risk function. Charged-off accounts of the Bank are managed by specialist recovery teams of Special Asset Management Division.

Concentration Risk

Credit concentration risk is managed within concentration limit/boundary set for counterparty or groups of connected counterparty, for industry sector; and for product. Additional targets are set and monitored for concentrations by credit committee. Credit concentrations are monitored by the responsible risk committees in each of the businesses and concentration limits that are material to the Bank are reviewed and approved at least annually by the Board of Directors.

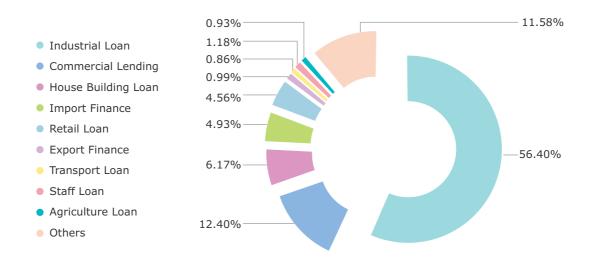
Credit Risk Mitigation

Potential credit losses from any given account, customer or portfolio are mitigated using a range of tools such as collateral, netting agreements, insurance, and other guarantees. The reliance that can be placed on these mitigates is carefully assessed in light of issues such as legal certainty and enforceability, market valuation correlation and counterparty risk of the guarantor. Risk mitigation policies determine the eligibility of collateral types. Collateral types which are eligible for risk mitigation include: cash; residential, commercial and industrial property; fixed assets such as motor vehicles, plant and machinery; marketable securities; commodities; bank guarantees; and letters of credit. Collateral is valued in accordance with our Methodology for Valuation of Security/Collateral Assets, which prescribes the frequency of valuation for different collateral types, based on the level of price volatility of each type of collateral. Collateral held against impaired loans is maintained at fair value.

Quantitative Disclosures

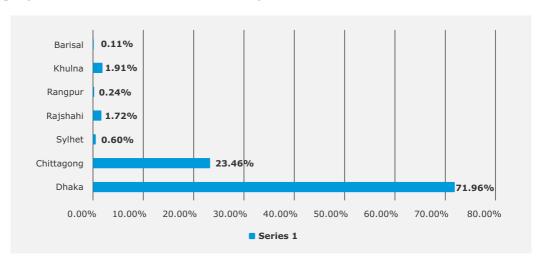
Distribution of Credit Exposure by Major Types			
Types of Credit Exposure	BDT in Million	In %	
Commercial Lending	43,603.55	12.40%	
Import Finance	17,335.08	4.93%	
Export Finance	3,496.83	0.99%	
House Building Loan	21,696.88	6.17%	
Transport Loan	3,020.44	0.86%	
Retail Loan	16,040.04	4.56%	
Staff Loan	4,138.69	1.18%	
Industrial Loan	198,342.93	56.40%	

Types of Credit Exposure	BDT in Million	In %
Agricultural Loan	3,279.97	0.93%
Others	40,729.15	11.58%
Total	351,683.56	100.00%



Geographical Location Wise Credit Exposure			
Division	BDT in Million	In %	
Dhaka	253,066.47	71.96%	
Chittagong	82,502.73	23.46%	
Sylhet	2,106.68	0.60%	
Rajshahi	6,064.10	1.72%	
Rangpur	837.78	0.24%	
Khulna	6,703.72	1.91%	
Barisal	402.08	0.11%	
Total	351,683.56	100.00%	

Geographical Distribution of Credit Exposure





Types of Credit Exposure	BDT in Million	In %
RMG & Accessories	62,515.45	17.78%
Textile Industries	18,327.44	5.21%
Agriculture	3,279.97	0.93%
Food Products & Processing	16,340.90	4.65%
Jute Industries	224.19	0.06%
Leather & Leather Products	1,152.54	0.33%
Paper & Paper Products Industries	7,331.20	2.08%
Wood & Wooden Products	2,690.55	0.77%
Chemical & Chemical Products	3,167.75	0.90%
Cement Industries	10,482.24	2.98%
Brick Field, Auto Bricks, Tiles	978.94	0.28%
Engineering, Basic Metal & Products	20,703.99	5.89%
Ship Re-cycling	4,971.36	1.41%
Ship Manufacturing	3,844.33	1.09%
Educational Institute, Hotel, Restaurant	1,957.06	0.56%
Telecommunication	1,886.16	0.54%
Transport & Communication	3,020.44	0.86%
Diagnostic/Medical/Clinic	3,614.65	1.03%
Housing Industry	21,696.88	6.17%
Construction (Other than Housing)	31,789.43	9.04%
Electronics Media	372.99	0.11%
Power & Energy	9,914.02	2.82%
Commercial Trade Financing	64,435.46	18.32%
Glass & Glassware Product Industries	4.08	0.001%
Tea Manufacturing	533.52	0.15%
Others	56,448.02	16.05%
Total	351,683.56	100.00%

Residual Contractual Maturity Wise Distribution of Exposure		
Particulars	BDT in Million	
On demand	37,085.42	
Not more than three months	59,335.90	
More than three months but less than one year	107,139.37	
More than one year but less than five years	88,472.28	
More than five years	59,650.59	
Total	351,683.56	

(BDT in million)

Loans & Advances and Provision				
Particulars	Loans & Advances	Provision against Loans & Advances		
Total Loans and Advances	351,683.56	12,645.90		
Performing Loans & Advances	342,700.00	5,406.04		
Classified Loans and Advances	8,983.56	7,239.86		
Substandard (SS)	461.95	37.87		
Doubtful (DF)	279.13	32.26		
Bad/Loss (BL)	8,242.48	7,169.73		
Off-Balance Sheet Items	201,041.69	1,857.24		

Gross Non-Performing Assets (NPAs)		
Particulars	BDT in Million	
Gross Non-Performing Assets (NPAs)	8,983.56	
Total Loans and Advances	351,683.56	
NPAs to outstanding Loans & Advances	2.55%	

Movement of Non-Performing Assets (NPAs)		
Particulars	BDT in Million	
Opening Balance	11,711.23	
Additions		
Reductions	2,727.67	
Closing Balance	8,983.56	

Movement of Specific Provisions for NPLs	
Particulars	BDT in Million
Opening Balance	6,430.06
Adjustment due to Write-off	
Provisions made during the period	809.80
Transferred from surplus provision	
Write off transfer from interest suspense account	
Closing Balance	7239.86

5. Equities: Disclosures for Banking Book Positions

 $The \ major \ portion \ of the \ Bank's \ holding \ of \ equity \ exposure \ is \ mainly \ with \ the \ purpose \ of \ capital \ gain.$

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

The general qualitative disclosure requirement with respect to equity risk, including:

Differentiation between holdings on which capital gains are expected and those taken under other objectives including for relationship and strategic reasons; and



Discussion of important policies covering the valuation and accounting of equity holdings in the banking book. This includes the accounting techniques and valuation methodologies used, including key assumptions and practices affecting valuation as well as significant changes in these practices.

Bank's investment in equity securities are broadly categorized into two categories:

Quoted Securities: The instruments are quoted in active markets. These securities include Common shares, Mutual funds listed with Stock Exchanges. These instruments are categorized as trading book assets. Investment in trading book includes securities holding for capital gains, dividend income and securities holding for strategic reasons.

Unquoted Securities: Unquoted Securities have no active market for price quotation. These instruments are categorized as banking book assets. Once unquoted securities get listed in secondary market, are reclassified as quoted and trading book assets.

Discussion of important policies covering the valuation and accounting of equity holdings in the banking book.

Investment class	Initial recognition	Measurement after initial recognition	Recording of changes
Shares (Quoted)	Cost	Lower of cost or market value (overall portfolio)	Loss (net off gain) to profit and loss account but no unrealized gain booking.
Shares (Unquoted)	Cost	Lower of cost or Net Asset Value (NAV)	Loss to profit and loss account but no unrealized gain booking.
Mutual fund (Closed-end)	Cost	Lower of cost and (higher of market value and 85% of NAV)	Loss (net) to profit and loss account but no unrealized gain booking.

As per Bangladesh Bank circular (ref: BRPD circular number -14 dated June 25, 2003), the quoted shares are valued as per market price in the stock exchange(s). Equity securities holdings in the banking book or unquoted are recognized at cost price.

Provisions for shares are maintained for unrealized loss (gain net off) arising from diminution in value of investments. Provision for shares against unrealized loss (gain net off) has been made according to DOS circular number-04 dated 24 November 2011 and for mutual funds (closed-end) according to DOS circular letter no. 3 dated 12 March 2015 of Bangladesh Bank.

(BDT in million)

Particulars	Cost Price	Market Price
Investment in Quoted Share	4,607.32	4,361.75

Particulars	BDT in Million
Realized Gains	1,435.72
Unrealized Gains	713.86
Unrealized Losses	(468.29)
Net Unrealized Gains/(Loss)	245.57
Capital requirement for Equity Risk (Specific & General)	862.66
Supervisory Provision against Classified Equity Investment	235.22

Capital Requirement as per Grouping of Equity:

					BDT in Million
			Capital		
Sector	Cost Price	Market price	Specific Risk	General Market Risk	Total Capital Charge
Pharmaceuticals & Chemicals	652.68	762.22	76.22	76.22	152.44
Textile	691.71	484.55	48.46	48.46	96.91
Telecommunication	474.96	533.09	53.31	53.31	106.62
Fuel & power	336.65	246.63	24.66	24.66	49.33
Mutual Fund	210.58	145.95	14.60	14.60	29.19
Bank	874.19	762.08	76.21	76.21	152.42
Financial Institutions	147.38	337.52	33.75	33.75	67.50
Engineering	57.79	21.04	2.10	2.10	4.21
Miscellaneous	1,038.48	1,001.09	100.11	100.11	200.22
Travel & Leisure	87.26	45.82	4.58	4.58	9.16
Insurance	35.64	21.75	2.18	2.18	4.35
Total	4,607.32	4,361.75	436.17	436.17	872.35
Deduction from Capital	0.00	48.67	4.86	4.86	9.72
Total	4,607.32	4,313.08	431.31	431.31	862.62

6. Interest Rate Risk in the Banking Book

Interest Rate Risk in the Banking Book reflects the shocks to the financial position of the Bank including potential loss that the bank may face in the event of adverse change in market interest rate. This has an impact on earning of the bank through Net Interest Earning as well as on Market Value of Equity or net worth. Thus this risk would have an impact on both earning potential and economic value of the Bank.

The Bank uses following measures for deriving value of capital requirement for interest rate risk.

- i) Modified duration gap
- ii) Simulation on market value of equity
- iii) Impact of average interest rate fluctuation demonstrated in last 12 months from the date of computation. In the event of lack of data for last twelve months the bank considers data of maximum period available.

The Bank ensures that interest rate risk is not included within the market risk. The Bank has calculated the rate sensitive assets and liabilities with maturity up to 12 months' bucket and applied the sensitivity analysis to measure the level of interest rate shock on its capital adequacy.

The general qualitative disclosure requirement including the nature of Interest Rate Risk in Banking Book (IRRBB) and key assumptions, including assumptions regarding loan prepayments and behavior of non-maturity deposits, and frequency of IRRBB measurement.

Interest Rate Risk: Interest Rate Risk is the risk which affects the Bank's financial condition due to changes of market interest rates. Changes in interest rates affect both the current earnings (earnings perspective) and also the net worth of the Bank (economic value perspective). Bank assesses the interest rate risk both in earning and economic value perspective.

Interest Rate Risk Management: Interest Rate Risk Management policy, targets and controls are comprehended in Asset Liability Management Policy of the Bank. Interest rate risk in banking book is measured through the following approaches:



1. Interest Rate Sensitivity analysis (Gap Analysis): Interest Rate Sensitivity (or Interest Rate Gap) Analysis is used to measure and manage interest rate risk exposure specifically, bank's repricing and maturity imbalances. Gap reports is the bank's rate sensitive assets, liabilities, and off-balance-sheet instruments into maturity segments (time bands) based on the instrument's next re-pricing or maturity date. This analysis is conducted on monthly basis.

The Bank uses the following approach to manage interest rate risks inherent in the Balance sheet: Traditional Gap analysis of on-balance sheet Asset Liability Management (ALM) involves careful allocations of assets and liabilities according to re-pricing/maturity buckets. This approach quantifies the potential change in net interest income using a specified shift in interest rates, e.g. 1% or 2%, or 3% of interest rates.

Assumptions: For Gap analysis, bank considers the following:

- For fixed-rate contract, remaining maturity is considered.
- For contracts with provision of re-pricing, time remaining for next re-pricing is considered.
- Deposits that are already matured but not withdrawn yet are considered to be fall under overnight bucket.
- Contractual repayment schedule is met.
- Re-pricing of assets and liabilities takes place in the midpoint of time bucket.
- The expectation that loan payment will occur in schedule.
- No early encashment is considered in term and recurring deposit.
- Non maturity deposit withdrawal is considered based on past withdrawal behavior etc.
- **2. Duration Analysis on Economic Value of Equity:** A weighted maturity/re-pricing schedule is used to evaluate the effects of changing interest rates on bank's economic value by applying sensitivity weights to each time band. Such weights are based on estimates of the duration of the assets and liabilities that fall into each time band. The duration analysis is conducted on quarterly basis.
- **3. Stress Testing:** It is used for measuring the Interest rate risk on its Balance Sheet exposure for estimating the impact on the Capital to Risk Weighted Assets Ratio. Stress Testing is conducted on quarterly basis

(BDT in million)

Particulars Up to 3 months		3 - 6 months	6 - 12 months
Rate Sensitive Assets (RSA)	133,540.78	69,477.45	54,393.99
Rate Sensitive Liabilities (RSL)	97,150.66	50,091.78	79,850.05
Gap (RSA – RSL)	36,390.12	19,385.67	(25,456.06)
Cumulative Gap	36,390.12	55,775.79	30,319.73

Interest Rate Shock on Capital:			
Total Regulatory Capital			50,231.61
Total Risk Weighted Assets (RWA)			336,719.54
Capital to Risk-weighted Asset Ratio (CRAR	.)		14.92%
Assumed Increase in Interest Rate	1%	2%	3%
Earnings Impact on Cumulative Gap	303.20	606.40	909.60
Capital After Shock	50,534.81	50,838.01	51,141.21
CRAR after Shock	15.01%	15.10%	15.19%
Increase in CRAR	0.09%	0.18%	0.27%

7. Market Risk

Market risk is a trading book concept. It may be defined as the risk of losses in on and off-balance sheet positions arising from movements in market prices. The market risk positions subject to the risks pertaining to interest rate related instruments and equities in the trading book and Foreign exchange risk and commodities risk throughout the Bank. This signifies the risk of loss due to decrease in market portfolio arising out of market risk factors. It may be mentioned that the Bank considers Interest Rate Risk on Banking Book separately.

The Board approves all policies related to market risk, sets limits and reviews compliance on a regular basis. The objective is to provide cost effective funding to finance asset growth and trade related transaction.

Market Risk: Market Risk is defined as the possibility of loss due to changes in the market variables. It is the risk that the value of on/off-balance sheet positions will be adversely affected by movements in equity price, interest rate and currency exchange rates. The objective of our market risk policies and processes is to obtain the best balance of risk and return whilst meeting customers' requirements. The primary categories of market risk for the bank are:

Interest rate risk: Arising from changes in yield curves, credit spreads and implied volatilities on interest rate options.

Currency exchange rate risk: Arising from changes in exchange rates and implied volatilities on foreign exchange options.

Equity price risk: Arising from changes in the prices of equities, equity indices, equity baskets and implied volatilities on related options.

Bank has a comprehensive Treasury Trading Policy, Asset-Liability Management Policy, Investment Policy approved by the BoD to assess, monitor and manage all the above market risks. Various internal limits have set to monitor market risk and capital requirement is assessed as per standardized approach of BASEL III Accord.

Methods used to measure Market Risk:

Standardized (Rule Based) Approach is used to measure the Market Risk of the Bank whereas for Interest Rate Risk and Equity Risk both general and specific risk factors are applied for calculating capital charge and for Foreign Exchange and Commodities only general risk factor is applied.

Bank applies maturity method in measuring interest rate risk in respect of securities in trading book. The capital charge for entire market risk exposure is computed under the standardized approach using the maturity method and in accordance with the guideline issued by Bangladesh Bank.

Market risk management system:

To manage the interest rate risk, ALCO regularly monitors various ratios and parameters. Of the ratios, the key ratios that ALCO regularly monitors are liquidity coverage ratio (LCR), net stable funding ratio (NSFR), and maximum cumulative outflow (MCO), liquid asset to total assets, volatile liability dependency ratio, snap liquidity ratio and short term borrowing to liquid assets ratio. ALCO also regularly monitors the interest rate sensitive gap and duration gap of total portfolio.

To manage foreign exchange risk of the bank, the bank has adopted the limit set by central bank to monitor foreign exchange open positions. Foreign exchange risk is computed on the sum of net short positions or net long positions, whichever is higher.



Capital Charges for Market Risk

	BDT in Million
Market Risk	
Interest Rate Related instruments	14.49
Equities	862.62
Foreign Exchange Position	27.90
Commodities	0.00
Total	905.01

8. Operational Risk

Operational Risk is the risk of loss resulting from inadequate or failed internal processes, people and systems or from external events. Recognizing the importance of information technology in banking business, the Bank has considered information technology risk as an independent risk.

Operational risk is the risk of loss arising from fraud, unauthorized activities, error, omission, inefficiency, systems failure or external events. It is inherent in every business organization and covers a wide spectrum of issues.

Views of BoD on system to reduce Operational Risk

The responsibility of mitigating the operational risk of the Bank lies with Risk Management Division under the guidance of Board Risk Management Committee. The Board Risk Management Committee delivers policies and directions from time to time to keep the operating efficiency of the Bank up to the mark.

The policy for measuring and managing operational risks is approved by the Board in line with the relevant guidelines of Bangladesh Bank. Board Risk Management Committee directly oversees the activities of Risk Management Division to protect against all operational risks. As a part of continued surveillance, the Executive Risk Management Committee (ERMC) and Risk Management Division (RMD) regularly review different aspects of operational risks and suggest formulating appropriate policies, tools & techniques for mitigation of operational risk of the bank.

Potential external event

No potential external event is expected to expose the Bank to significant operational risk. The Bank has a separate Operational Risk Management Policy addressing specific issues involving Operational Risk.

The overall environment within which a bank operates creates certain externalities which could affect business performance directly such as:

Fraud Risk: is the risk of incurring losses as a result of an intentional act or omission by a third party involving dishonesty, for personal and/or business gain, to avoid personal and/or business loss, or to conceal improper or unauthorized activity. This includes facilitation, misrepresentation, money laundering, terrorist financing, theft, forgery and cyber-crime.

Business Continuity Risk: is the risk of incurring losses resulting from the interruption of normal business activities, i.e. interruptions to our infrastructure as well as to the infrastructure that supports our businesses.

Information Security Risk: is the risk of an event which could result in the compromise of organizational assets, including, but not limited to, unauthorized use, loss, damage, disclosure or modification of organization's IT assets. It includes the risk of cyber threats on the organization.

Regulatory Compliance Risk: is the risk of incurring regulatory sanctions (including restrictions on business activities, fines or enhanced reporting requirements), financial and/or reputational damage arising from our failure to comply with applicable laws, rules and regulations.

Vendor Risk: arises from adverse events and risk concentrations due to failures in vendor selection, insufficient controls and oversight over a vendor and/or services provided by a vendor and other impacts to the vendor itself.

Methods used to measure Operational Risk:

Basic Indicator Approach is used to measure Operational Risk where capital charge is 15% on last three years average positive gross income of the Bank.

Capital Charges for Operational Risk

					BDT in Million
Basis	Operational Risk	2018	2019	2020	Capital Charge
Solo	Gross Income	20,394.08	22,801.01	23,614.67	3,340.49
Consolidated	Gross Income	20,762.66	23,306.93	24,217.03	3,414.33

9. Liquidity Ratio

As per the BRPD Circular no. 18 dated December 21 of 2014, Bangladesh Bank has strengthened the liquidity framework by developing two minimum standards for liquidity. These standards have been developed to achieve two separate but complementary objectives.

The first objective is to promote short-term resilience of a bank's liquidity risk profile by ensuring that it has sufficient high quality liquid resources to survive an acute stress scenario lasting for one month. Liquidity Coverage Ratio (LCR) addresses this objective.

The second objective is to promote resilience over a longer time horizon by creating additional incentives for a bank to fund its activities with more stable sources of funding on an ongoing structural basis. The Net Stable Funding Ratio (NSFR) has a time horizon of one year and has been developed to provide a sustainable maturity structure of assets and liabilities.

Views of BoD on system to reduce liquidity Risk

United Commercial Bank Limited maintains diversified and stable funding base comprising of core retail, corporate and institutional deposits to manage liquidity risk. The prime responsibility of the liquidity risk management of the bank rests with Treasury Division under the supervision of ALCO Committee, which maintains liquidity based on current liquidity position, anticipated future funding requirement, sources of fund, options for reducing funding needs, present and anticipated asset quality, present and future earning capacity, present and planned capital position, etc.

Methods used to measure Liquidity risk

Liquidity measurement involves assessing all of a bank's cash inflows against its outflows to identify the potential for any net shortfalls including funding requirements for off balance sheet commitments.

An important aspect of measuring liquidity is making assumptions about future funding needs, both in the very short-term and for longer time periods. Another important factor is the critical role a bank's reputation plays in its ability to access funds readily and at reasonable terms. Several key liquidity risk indicators monitored on a regular basis to ensure healthy liquidity position are as follows:





Liquidity risk management system

The intensity and sophistication of liquidity risk management process depend on the nature, size and complexity of a bank's activities. Sound liquidity risk management employed in measuring, monitoring and controlling liquidity risk is critical to the viability of the bank.

The Asset Liability Committee (ALCO), which meets at least once in a month, is responsible for managing and controlling liquidity of the bank. Treasury Front Office closely monitors and controls liquidity requirements on a daily basis by appropriate coordination of funding activities and they are primarily responsible for management of liquidity in the bank. A monthly projection of fund flows is reviewed in ALCO meeting regularly.

Policies and processes for mitigating liquidity risk

In order to develop comprehensive liquidity risk management framework, the bank has Board approved Contingency Funding Plan (CFP), a set of policies and procedures that serves as a blueprint for the bank to meet its funding needs in a timely manner and at a reasonable cost. In this sense, a CFP is an extension of ongoing liquidity management and formalizes the objectives of liquidity management by ensuring:

- a) Maintenance of a reasonable amount of liquid assets;
- b) Measurement and projection of funding requirements; and
- c) Management of access to funding sources.

CFP also provides directions for plausible actions in distress and emergency situations. In case of a sudden liquidity stress, it is important for the bank to be seemed organized and efficient to meet its obligations to the stakeholders.

Maturity ladder of cash inflows and outflows are effective tool to determine the bank's cash position. A maturity ladder estimates a bank's cash inflows and outflows and thus net deficit or surplus (GAP) on a day to day basis and different buckets (e.g. call, 2-7 days, 1 month, 1-3 months, 3-12 months, 1-5 years, over 5 years).

Liquidity Coverage Ratio (LCR)

The Liquidity Coverage Ratio (LCR) refers to highly liquid assets held by financial institutions in order to meet short-term obligations. The Liquidity coverage ratio is designed to ensure that financial institutions have the necessary assets on hand to ride out short-term liquidity disruptions. Banks are required to hold an amount of highly-liquid assets, such as cash, Balance with other Bank and financial institutions or Treasury bonds, equal to or greater than their net cash over a 30-day period (having at least 100% coverage).

$$LCR = \frac{Stock ext{ of High Quality Liquid Assets}}{Total ext{ net cash outflows over the next 30 calendar days}}$$

The minimum standard for LCR is greater than or equal to 100. However, the bank's status as on 31 December 2020 in this ratio is as follows:

		BDT in Million
Particulars	Regulatory Standard	As on 31 December, 2020
Total Stock of High Quality Liquid Assets		81,975.12
Total Net cash outflows over the next 30 calendar days		53,881.37
Liquidity Coverage Ratio (LCR)	Greater than or equal to 100	152.14%

Net Stable Funding Ratio (NSFR)

Net Stable Funding Ratio (NSFR) is another new liquidity standard introduced by the Basel Committee. The NSFR aims to limit over-reliance on short-term wholesale funding during times of abundant market liquidity and encourage better assessment of liquidity risk across all on- and off-balance sheet items.

The NSFR presents the proportion of long term assets funded by stable funding and is calculated as the amount of Available Stable Funding (ASF) divided by the amount of Required Stable Funding (RSF) over a one-year horizon.

The minimum acceptable value of this ratio is 100 percent, indicating that available stable funding (ASF) should be at least equal to required stable funding (RSF). ASF consists of various kinds of liabilities and capital with percentage weights attached given their perceived stability. RSF consists of assets and off-balance sheet items, also with percentage weights attached given the degree to which they are illiquid or "long-term" and therefore requires stable funding. The time horizon of the NSFR is one year. Like the LCR, the NSFR calculations assume a stressed environment.

The status of Net Stable Funding Ratio (NSFR) as on 31 December, 2020 is as under:

		BDT in Million
Particulars	Regulatory Standard	As on 31 December, 2020
Available amount of stable funding (ASF)		439,260.76
Required amount of stable funding (RSF)		369,585.14
Net Stable Funding Ratio (NSFR)	Greater than 100	118.85%

10. Leverage Ratio

Views of BOD on system to reduce excessive leverage

Leverage ratio is the ratio of Tier 1 capital to total on and off balance sheet exposures. It was introduced into the Basel III framework as a non-risk based bac kstop limit, to supplement risk-based capital requirements. UCBL has embraced this ratio along with Basel III guideline as a credible supplementary measure to risk based capital requirement and assess the ratio periodically.

Policies and processes for managing excessive on and off-balance sheet leverage

Revised guideline of RBCA based on Basel III as provided by BRPD of Bangladesh Bank is followed by UCBL while managing excessive on and off-balance sheet leverage of the bank. As per RBCA leverage ratio shall be Tier I Capital divided by Total Exposure after related deductions.

In order to avoid building-up excessive on- and off-balance sheet leverage in the banking system, a simple, transparent, non-risk based leverage ratio has been introduced by the Bangladesh Bank as per BRPD Circular no. 18 dated December 21 of 2014.

The leverage ratio is calibrated to act as a credible supplementary measure to the risk based capital requirements. The leverage ratio is intended to achieve the following objectives:

- constrain the build-up of leverage in the banking sector which can damage the broader financial system and the economy
- reinforce the risk based requirements with an easy to understand and a non-risk based measure
- UCBL calculates leverage ratio on quarterly basis and submits it to the Department of Off-site Supervision (DOS), Bangladesh Bank along with CRAR (Capital to Risk Weighted Asset Ratio) Report.

The Approaches for calculating exposure

The Bank has calculated the regulatory leverage ratio as per the guideline of Basel III. The numerator, capital measure, is calculated using the new definition of Tier I capital applicable from 01 January 2015. The denominator, exposure measure, is calculated on the basis of the Basel III leverage ratio framework as adopted by Bangladesh Bank.

A minimum Tier-1 leverage ratio of 3% has been prescribed by Bangladesh Bank to maintain by the Banks both at solo and consolidated level. Accordingly, UCBL maintains leverage ratio on quarterly basis. The formula for calculating leverage ratio is as under:



Leverage Ratio = Tier-1 Capital (after related deductions)/ Total Exposure (after related deductions)

The status of Leverage Ratio as on 31 December, 2020 is as under:

BDT in Million

Particulars		As on 31 December, 2020
	Solo Basis	Consolidated Basis
Tier 1 Capital*	28,848.43	29,518.78
On Balance Sheet Exposure*	486,131.78	491,405.52
Off-Balance Sheet Exposure*	117,869.96	117,869.96
Total Deductions	3,424.82	3,426.73
Total Exposure	600,576.92	605,848.74
Leverage Ratio	4.80%	4.87%

^{*} Considering all regulatory adjustment

11. Remuneration

Qualitative Disclosures:

a)	Information relating to the bodies that ov	ersee remuneration.
	i. Name of the bodies that oversee remuneration	At the management level, primarily the Human Resources Management Division oversees the 'remuneration' in line with its Human Resources Management strategy/policy under direct supervision and guidance of the Senior Management of the Bank.
	ii. Composition of the main body overseeing remuneration	The Managing Director and CEO along with other top executives of the Corporate Office.
	iii. Mandate of the main body overseeing remuneration	The Senior Management is the main body for overseeing the Bank's remuneration. The Senior Management also review the position of remuneration and associated matters and recommend to the Board for approval of its restructuring, rearrangement and modification commensurate with the industry best practices.
-	iv. External consultants whose advice has been sought, the body by which they were commissioned, and in what areas of the remuneration process.	The Bank has no External Consultant regarding remuneration and its process.
-	v. A description of the scope of the bank's remuneration policy (e.g. by regions, business lines), including the extent to which it is applicable to foreign subsidiaries and branches.	The Bank does not have any differentiated Pay Structure and employee benefits by regions/business line/activity. As of 31 December 2020, the Bank had no foreign subsidiaries and branches outside Bangladesh.
_	vi. A description of the types of employees considered as material risk takers and as senior managers, including the number of employees in each group.	We consider the members of the senior management, branch managers and the employees engaged in different functional divisions at Corporate Office and branches (except the employees involved in internal control & compliance and risk management) as the material risk takers of the Bank.

b) Information relating to the design and structure of remuneration processes.

i. An overview of the key features and objectives of remuneration policy.

We target a fair human resources management by using a performance based system. Remuneration and other associated matters are guided by the Banks Service Rule as well as instruction, guidance from the Board from time to time in line with the industry practices.

The objective of the Bank's remuneration policy is to establish a framework for attracting, retaining and motivating employees, and creating incentives for delivering long-term performance within established risk limits.

ii. Whether the remuneration committee reviewed the bank's remuneration policy during the past year, and if so, an overview of any changes that was made. The Senior Management under direct supervision and guidance of the Board of Directors reviewed the Bank's remuneration in 2016 by overseeing the Banks remuneration position in the Banking industry.

iii. A discussion of how the bank ensures that risk and compliance employees are remunerated independently of the businesses they oversee. The risk and compliance employees are carrying out the activities independently as per job allocated to them. Regarding remuneration of the risk and compliance employees, Human Resources Management Division does not make any difference with other regular employees and sets the remuneration as per the prevailing service rule of the Bank.

Description of the ways in which current and future risks are taken into account in the remuneration processes.

 An overview of the key risks that the bank takes into account when implementing remuneration measures. The business risk including credit/default risk, compliance, reputational, financial and liquidity risk are mostly considered when implementing the remuneration measures.

ii. An overview of the nature and type of the key measures used to take account of these risks, including risks difficult to measure. Different set of measures are in practice based on the nature & type of business lines/segments etc. These measures are primarily focused on the business target/goals set for each area of operation, branch vis-a-vis the actual results achieved as of the reporting date. The most vital tools & indicators used for measuring the risks are the asset quality (NPL ratio), Net Interest Margin (NIM), provision coverage ratio, credit deposit ratio, cost-income ratio, growth of net profit, as well the non-financial indicators, namely, the compliance status with the regulatory norms, instructions has been brought to all concerned of the Bank from time to time.

iii. A discussion of the ways in which these measures affect remuneration.

While evaluating the performance of each employee, all the financial and non-financial indicators as per pre-determined set criteria are considered; and accordingly the result of the performance varies from one to another and thus affect the remuneration as well.

iv. A discussion of how the nature and type of these measures has changed over the past year and reasons for the change, as well as the impact of changes on remuneration. No material change has been made during the year 2020 that could the affect the remuneration.



d) Description of the ways in which the bank seeks to link performance during a performance measurement period with levels of remuneration.

 i. An overview of main performance metrics for bank, top-level business lines and individuals The Board sets the Key Performance Indicators (KPIs) while approving the business target/budget for each year for the Bank and business lines/segments. The management sets the appropriate tools, techniques and strategic planning (with due concurrence/approval of the Board) towards achieving those targets. The most common KPIs are the achievement of loan, deposit and profit target with the threshold of NPL ratio, cost-income ratio, cost of fund, yield on loans liquidity position etc.

ii. A discussion of how amounts of individual remuneration are linked to bank-wide and individual performance. Yearly incentive bonus, salary increment, Employee house building loan facilities, Employee car facilities, leave fair facilities and promotion are directly linked with employee's individual performance.

iii. A discussion of the measures the bank will in general implement to adjust remuneration in the event that performance metrics are weak. This should include the bank's criteria for determining "weak" performance metrics.

Variance performances like yearly incentive bonus, salary increment, Employee house building loan facilities, Employee car facilities, Leave fair facilities and promotion are determined by the outcome of scorecard in prescribed Key Performance Indicators of the individual.

e) Description of the ways in which the bank seeks to adjust remuneration to take account of longer-term performance.

- i. A discussion of the bank's policy on deferral and vesting of variable remuneration and, if the fraction of variable remuneration that is deferred differs across employees or groups of employees, a description of the factors that determine the fraction and their relative importance.
- ii. A discussion of the bank's policy and criteria for adjusting deferred remuneration before vesting and (if permitted by national law) after vesting through claw back arrangements.

The remuneration policy of the Bank does not allow any discrimination between male and female employees. UCBL has variety of market-competitive Benefits schemes designed to motivate the employees.

However, employees are eligible for variable remuneration arrangements in the form of Incentive Bonus (non-deferred cash awards), as per their Performance appraisal Report.

Not Applicable

f) Description of the different forms of variable remuneration that the bank utilizes and the rationale for using these different forms.

A summary of Short-term and Long-term compensation packages of the Bank are as follows:

Short-Term Incentives / Rewards

- 1. Yearly incentive bonus;
- 2. Yearly Increment;
- 3. Special Increment for especial achievement;
- Car, fuel and car maintenance allowance for executives;
- 5. Cash Risk allowance for cash cadre;
- 6. Leave Fair Facilities etc.

Long-Term Incentives/Rewards

- Provident fund;
- 2. Gratuity;
- 3. Employees welfare Fund
- 4. Employee house building loan facilities
- 5. Provident fund loan

f) Description of the different forms of variable remuneration that the bank utilizes and the rationale for using these different forms.

- 6. Periodically salary review (enhancement)
- 7. Group insurance coverage;
- 8. Employee Car facilities etc.

Others Form:

- 1. Study leave.
- 2. Foreign training etc.

Quantitative Disclosures

g) Number of meetings held by the main body overseeing remuneration during the financial year and remuneration paid to its member The Senior Management of the bank overseeing the remuneration of the Bank.

 h) i. Number of employees having received a variable remuneration award during the financial year. The variable remuneration award during the financial year as under:

Particulars	BDT in Million
Incentive Bonus	725.65
Ex-gratia	62.10
Total	787.75

 Number and total amount of guaranteed bonuses awarded during the financial year. Number of total festival bonus: 02

Total amount of festival bonus as under:

Particulars	BDT in Million
Festival Bonus	519.20
Ex-gratia	82.60
Total	601.80

- iii. Number and total amount of sign-on awards made during the financial year.
- iv. Number and total amount of severance payments made during the financial year.

Number of severance payments: 179

Total amount of severance payments: BDT. 1,184.44 Million

(Provident fund, gratuity fund, retirement benefit and leave encashment)

 i) i. Total amount of outstanding deferred remuneration, split into cash, shares and share-linked instruments and other forms No deferred remuneration was paid out in the financial year of 2020

- ii. Total amount of deferred remuneration paid out in the financial year.
- **j)** Breakdown of amount of remuneration awards for the financial year to show:
- Breakdown of Remuneration for the year-2020 is as under:

(BDT in Million):

- fixed and variable.
- deferred and non-deferred.
- different forms used (cash, shares and share

linked instruments, other forms).

Particulars	Amount
Basic salary	2,961.78
Allowances	1,370.84
Bonus	1,248.91
Provident fund contribution	292.64
Gratuity	480.00
Total	6,354.17



k)	Quantitative information about employees' exposure to implicit (e.g. fluctuations in the value of
	shares or performance units) and explicit adjustments (e.g. claw backs or similar reversals or
	downward revaluations of awards) of deferred remuneration and retained remuneration.

i.	Total amount	of outstand	ding deferred
	remunerati	on and	retained
	remuneration	exposed	to ex post
	explicit and/or i	mplicit adju	ustments.

No amount is outstanding of deferred remuneration and retained remuneration exposed to ex post explicit and/or implicit adjustments.

Total amount of reductions during the financial year due to ex post explicit adjustments. There were no reductions during the financial year 2020 due to ex post explicit adjustments

iii. Total amount of reductions during the financial year due to ex post implicit adjustments. There were no reductions during the financial year 2020 due to expost implicit adjustments



United Commercial Bank Limited is committed to responsible business practices to its employees, customers and community. Our commitment to society is deeply rooted in our values, and forms an integral part of our strategy. Corporate Social Responsibility (CSR) is the continuing commitment by the business to behave ethically and contribute to economic development while improving the standard of life of employees as well as the local community and society at large. We have adopted CSR practices in a formal, structured manner in line with our organizational vision to help the disadvantaged population of our country by social initiatives. We firmly believe in the promotion of socio-economic development of the community, welfare of our employees, the satisfaction of customers and the protection of environment. We have always been focused on responsible business practice with emphasis to Corporate Social Responsibility activities. As a business, we have always prioritized our social and environmental responsibilities.

Sustainability is a commitment to the future. It means operating in a way that considers people, profit and planet. And, as a values-driven bank, it's important that this is clearly demonstrated. As one of the largest private commercial banks of the country, we are proud to be using our business as a force for good. Our organisation has a responsibility to support, engage and be active in our local communities. That's why the board of UCB has placed a strong focus on addressing the key social challenges in relation to Corporate Social Responsibility.

United Commercial Bank Limited is pleased to present Corporate Social Responsibility Report for the year 2020. The Bank continues to hold governance, transparency and stakeholder engagement as fundamental pillars of its operating culture disclosures by way of sustainability reporting are welcomed as part of that overall approach.

The year 2020 was an eventful year for UCB in terms of CSR activities. In the year 2020, our total expenditure in CSR was approximately an amount of BDT 212.15 Million. A detail of UCB's CSR effort comes as follows:

Education

Access to education is a must for development, keeping this in our CSR commitment, UCB is firmly contributing for the acceleration of educational sector of the country. For the development of educational sector, UCB has been contributing in many ways like scholarship for poor and brilliant students, education



promotion scheme, education for underprivileged children, donation to educational institutions etc. In the year 2020, UCB has contributed almost an amount of BDT 1.02 Million in the education sector.

Health

Health is increasingly becoming a concern of CSR, largely due to the recognition that a healthy community is fundamental to the success of economy and society. Moreover, the impact of Corona Virus pandemic has been largely disruptive in terms of economic activity as well as loss of human lives. Accordingly, we are very keen about promoting healthcare as a major part of social responsibility activities. UCB has continuously been contributing in health sector of Bangladesh. In the year 2020, UCB contributed approximately an amount of Taka 80.25 Million. Our interventions in the health sector for the year 2020 are donation to Bangladesh Thalassemia Hospital, donation for people suffering from Corona Virus, donation to Prime Minister's Relief Fund for COVID 19, donation to Bangladesh Police for PPE to fight against Corona Virus, donation of 2 high flow Nasal Canola to a hospital, donation to various individuals for medical treatment and many more.



Disaster Management

UCB always plays a pivotal role in contribution to disaster management. UCB always comes forward when the country is stricken by massive natural calamity, tragic accident etc. We try to contribute in a way so that the economic and human costs of natural disaster can be reduced. In the year 2020, almost an amount of BDT 87.95 Million has been contributed in Disaster Management sector. Some of the contributions are donation to Honourable Prime Minister's Relief Fund for flood affected people, donation of Blankets to cold affected people etc.

Others

Apart from regular conventional philanthropic approaches, UCB always try to intervene in various diverse areas to contribute towards sustainable development. UCB extended its radius of contribution in many other sectors of socio-economic development in the year 2020. The contribution is approximately BDT 42.93 million. We assisted to Sylhet City Corporation for their beautification project, distribution of clothings to poor & destitute people, donation to Satarkul Protibondhi Unnayan Sangstha and many more.



United Commercial Bank Limited will continue to provide support in the arena of sustainability and CSR. We are committed to progress through responsibilities.





In line with the "Green Initiative" taken in previous years, United Commercial Bank Ltd has continued financing in eco-friendly business activities and energy efficient industries. The Bank has automated a number of services that not only environment friendly but also saves a lot of time, money and energy of the customers. The Bank is the pioneer in introducing Block Chain Technology in digital payment system UPAY and always committed to serve its large base of clients the state of the art technologies to facilitate prompt and eco-friendly services. Apart from the above, other key services include internet-banking, U-Net (online banking), SMS banking, UCB Express etc. which help reduce carbon emission.

In addition to safeguarding the environment, United Commercial Bank Ltd. has been also vigilant in protection of the portfolio while serving the requirements of the customers. In this regard, the Bank has already entered into agreement with Bangladesh Bank to participate in several refinancing schemes, e.g. Green Transformation Fund (GTF), Green Finance Refinancing, Technology Development/ Up-gradation Fund (TDUF), etc.

In the year 2020, the Bank disbursed BDT 816.10 million (38.18% increase from the previous year) worth investment in different projects under several green initiative or products, e.g. Green Industry, Green Brick Manufacturing, Waste Management, etc. Apart from the above mentioned categories, Ready Made Garments received significantly higher investment in projects related to ensure Work Environment and Security of Workers (Structural, Electrical & Fire Safety issues) of Textile and Garments Industry by guaranteeing the installation of firefighting equipment i.e. fire sprinkler, fire detection & alarm, fire hydrant system, fire door, fire proof cable and pipe. The Bank's green finance outstanding stood at BDT 7,737.40 million by the end of the year 2020, with an increase of 18.60% from the outstanding of the previous year of BDT 6,524.09 million. United Commercial Bank Ltd is thankful to its stakeholders for actively participating in the Green initiative and seek their continued support for implementation of the green initiative.

The Bank is expecting to enhance financing in this segment as well as to incorporate several other sectors like agricultural financing and socially responsible financing under the coverage of Green Finance and Sustainable Finance to serve the society as well as the stakeholders in the upcoming years.

Incorporation of Environment & Social Risk in CRM

UCB has adapted 'Guidelines on Environmental & Social Risk Management (ESRM)' to understand and manage risks arising from environmental & social concerns as per directives of Bangladesh Bank from the very beginning of 2018. Subsequently, it has been made this guideline an integral part of its CRM policy. This will bring a focus on planning and implementing policies and procedures to mitigate environmental & social risks associated with financing decisions. Environmental & Social risks are to be considered as part of the existing credit risk methodology of the bank to assess a prospective borrower.



FINANCIAL STATEMENTS

Independent Auditors' Report

To the Shareholders of United Commercial Bank Limited

Report on the Audit of the Consolidated and Separate Financial Statements

Opinion

We have audited the consolidated financial statements of United Commercial Bank Limited, and its subsidiaries ("the Group") as well as the Separate Financial Statements of United Commercial Bank Limited ("the Bank"), which comprise the Consolidated and the Separate Balance Sheet as at31 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

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: -

- 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

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.

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.

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.

How the matter was addressed in our audit

We tested the design and operating effectiveness of key controls focusing on the following:

- 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);

Our substantive procedures in relation to the provision for loans and advances portfolio comprised the following:

- 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

Recognition of interest income has significant and wide influence on financial statements;

Recognition and measurement of interest income has followed circulars of Bangladesh Bank and also involvement of complex IT environment.

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

How the matter was addressed in our audit

We tested the design and operating effectiveness of key controls over recognition and measurement of interest on loan and advances:

- 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;

Key Audit Matter by managements to meet specific target and expectations. • 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

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.

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.

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.

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.

Finally, we have assessed the appropriateness and presentation of disclosures against relevant accounting standards and Bangladesh Bank guidelines.

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

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.

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.

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.

We also assessed the completeness and accuracy of the data used for the estimations of future taxable income.

We involved our own tax specialists to assess tax strategies that the bank expects successful recovery of recognized deferred tax assets.

Finally, We have assessed the appropriateness and presentation of disclosures against IAS 12 Income Tax.



5.Legal and Regulatory Matters

See notes no 2.1 to the financial statements

Key Audit Matter

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.

These uncertainties inherently affect the amount and timing of potential outflows with respect to the provisions which have been established and other contingent liabilities.

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.

How the matter was addressed in our audit

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.

6. IT Systems and Controls

See notes no 2.10.54.6 to the financial statements

Key Audit Matter

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.

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.

How the matter was addressed in our audit

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.

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.

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 9to the financial statements

Key Audit Matter

How the matter was addressed in our audit

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.

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.

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.

We have reviewed Management's analysis of impairment assessment and recoverable value calculation of subsidiaries in accordance with IAS 36

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.

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 28June2020.

Other Information

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

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

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

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



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

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

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

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

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

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

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

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

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

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

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

Report on other Legal and Regulatory Requirements

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

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

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

Place: Dhaka, Bangladesh

Dated: 08 June 2021

Consolidated Balance Sheet

As at 31 December 2020

		Amoun	t in BDT
	Notes	31 Dec. 2020	31 Dec. 2019
PROPERTIES & ASSETS			
Cash	3	24,947,748,071	26,403,568,309
Cash in hand (Including foreign currencies) Balance with Bangladesh Bank & its agent bank(s) (Including foreign currencies)		5,701,337,402 19,246,410,669	6,352,613,006 20,050,955,303
Balance with other banks & financial institutions	4	23,063,846,826	12,766,950,360
In Bangladesh Outside Bangladesh		19,948,278,566 3,115,568,260	11,090,666,245 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 Non-banking assets	9	11,959,691,841	9,427,818,614
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
Denosite and ather assessmen	11		
Deposits and other accounts Current accounts & other accounts	11	352,313,500,149 69,335,920,773	330,416,266,815 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	12,175,209,040	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)	5,864,047,022	5,092,915,557
Total Shareholders' Equity		35,738,514,569	33,363,651,769
Non controlling interest		220	200
Total Shareholders' Equity with		35,738,514,789	33,363,651,969
non-controlling interest			
Total Liabilities and Shareholders Equity		498,578,729,391	449,513,764,514



Off Balance Sheet Items

As at 31 December 2020

	Notes	Amou	nt in BDT
	Notes	31 Dec. 2020	31 Dec. 2019
Contingent Liabilities:			
	18	200,799,582,943	183,938,872,954
Acceptances & Endorsements Letters of Guarantee Irrevocable Letters of Credit Bills for Collection Other Contingent Liabilities	18.1 18.2 18.3 18.4	78,153,489,715 49,877,297,665 58,643,781,573 14,125,013,990	70,853,038,511 57,393,933,584 39,892,932,238 15,798,968,621
Other Commitments: Documentary credit 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		242,106,790 - 242,106,790 -	19,010,212 - 19,010,212 -
Total Off-Balance sheet items including		201,041,689,733	183,957,883,166
contingent liabilities			

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 MABS & J Partners
Chartered Accountants

Dhaka, 08 June 2021

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

ICAB Enrollment No: 535 DVC No: 2106090535AS356626

Consolidated Profit and Loss Account For the year ended 31 December 2020

	Notes	Amoui	nt in BDT
	Notes	31 Dec. 2020	31 Dec. 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
r		1,330,0,3,232	1,0,1,001,000
Attributable to:		4 000 675 075	1 071 001 501
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
Forming Boy Chave (FBC)	20/-1	2.42	2.25
Earnings Per Share (EPS)	39(a)	2.42	2.35

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

ICAB Enrollment No: 535 DVC No: 2106090535AS356626



Dhaka, 08 June 2021

Consolidated Cash Flow Statement For the year ended 31 December 2020

	Notes	Amou	ınt in BDT
	Notes	31 Dec. 2020	31 Dec. 2019
A. Cash flows from operating activities			25 520 262 562
Interest Receipts in cash Interest Payments		33,166,876,163 (21,449,958,134)	35,528,362,568 (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 asse	ets		
and liabilities. Increase/Decrease in operating assets and liabilities:		1,371,377,576	7,676,103,832
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 Deposit from customers		(2,001,251,985)	(3,002,733,534)
Other Liabilities		25,386,599,234 5,882,340,682	36,557,990,260 16,786,069
Other Elabilities			
		(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		10.026.062.420	(2.110.602.046)
Receipts from borrowings Sub-Ordinated Bond		19,036,963,420 900,000,000	(3,118,603,046)
Dividends paid		(579,771,860)	50,000,000
Cash received from Issuing of Right Shares		(3/3,//1,000)	-
Net cash from financing activities (C)		19,357,191,561	(3,068,603,046)
D. Net Increase/(Decrease) in cash (A+B+C) Effects of the changes of exchange rate on cash and		6,759,001,465	(666,388,314)
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

As per our report of same date.

Consolidated Statement of Changes in Equity

For the year ended 31 December 2020

									T .	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					1		1		1	
Restated Balance	11,595,437,190	1,454,976,750	12,435,385,300	26,577,961	2,534,101,559 198,573,847	198,573,847	200	25,683,605	5,092,915,459	33,363,651,871
Surplus/deficit on accounts of					ı				ı	1
revaluation of properties										
Surplus/deficit on accounts of revaluation of investments					ı	34,915,340	ı	ı	ı	34,915,340
Currency translation difference (OBU)		1		1	1	1	1	(558,453)	1	(558,453)
Net Profit for the year	1	ı		1	ı	1	ı	ı	2,920,277,890	2,920,277,890
Transferred to statutory reserve		1	989,602,598	1	1	1	1		(989,602,598)	
Dividend (Bonus Share Issued)	579,771,850				1		1		(579,771,850)	
Dividend (Cash) for 2019					1		1		(579,771,860)	(579,771,860)
Transfer to Retained Earnings		1			1	1	1		1	1
Non Controlling Interest		1		1	1	1	20		(20)	
Balance as at 31 December 2020	12,175,209,040	1,454,976,750	13,424,987,898	26,577,961	2,534,101,559	233,489,187	220	25,125,152	5,864,047,022	35,738,514,789
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	198,573,847	200	25,683,605	5,092,915,557 33,363,651,969	33,363,651,969

The annexed notes $01\ \text{to}\ 48\ \text{form}$ an integral part of these financial statements.

Managing Director

Director

Director

ector

| Why Chu Director

As per our report of same date.

Balance Sheet

As at 31 December 2020

	Notes	Amount	in BDT
	Notes	31 Dec. 2020	31 Dec. 2019
PROPERTIES & ASSETS			
Cash	3	24,947,578,071	26,403,416,203
Cash in hand (Including foreign currencies) Balance with Bangladesh Bank & its agent bank(s) (Including foreign currencies)		5,701,167,402 19,246,410,669	6,352,460,900 20,050,955,303
Balance with other banks & financial institutions In Bangladesh	4	20,468,428,322 17,352,860,062	12,123,383,064 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 Government Others	6	65,323,451,207 57,027,607,862 8,295,843,345	48,419,211,843 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 Bills Payable		71,004,039,389 8,280,264,992	57,996,087,635 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 Share Premium Statutory Reserve General Reserve Other Reserve Retained Earnings	13 13.3 14 15 16	12,175,209,040 1,454,976,750 13,424,987,898 26,577,961 2,792,715,898 5,191,763,156	11,595,437,190 1,454,976,750 12,435,385,300 26,577,961 2,758,359,011 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
		,,,	

Off Balance Sheet Items

As at 31 December 2020

	Notes	Amou	int in BDT
	Notes	31 Dec. 2020	31 Dec. 2019
Contingent Liabilities:			
	18	200,799,582,943	183,938,872,954
Acceptances & Endorsements Letters of Guarantee Irrevocable Letters of Credit Bills for Collection Other Contingent Liabilities	18.1 18.2 18.3 18.4	78,153,489,715 49,877,297,665 58,643,781,573 14,125,013,990	70,853,038,511 57,393,933,584 39,892,932,238 15,798,968,621
Other Commitments:		242,106,790	19,010,212
Documentary credit and short term trade related transaction	ıs	-	-
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 com	mitments	-	-
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 MABS & J Partners
Chartered Accountants

Dhaka, 08 June 2021

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

ICAB Enrollment No: 535 DVC No: 2106090535AS356626



Director

Profit and Loss Account

For the year ended 31 December 2020

Tot the year ended 31 December 2020		Amou	nt in BDT
	Notes	31 Dec. 2020	31 Dec. 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 Investment income Commission, exchange and brokerage Other Operating Income	22 23 24	9,510,778,439 6,135,364,289 4,693,984,605 148,087,150	10,797,809,142 4,853,217,348 4,920,063,091 137,801,845
Total Operating Income (A)		20,488,214,483	20,708,891,426
OPERATING EXPENSES			
Salary and allowances Rent, taxes, insurance, electricity etc. Legal expenses Postage, stamps, telecommunications etc. Stationery, printing, advertisements etc. Chief Executive's salary and fees Directors' fees Auditors' fees Depreciation and repair of banks assets Other expenses	25 26 27 28 29 30 31 32 33	6,354,171,912 995,871,932 94,175,130 174,621,217 1,482,822,745 15,018,400 2,705,176 1,725,000 1,609,935,434 2,900,050,892	5,912,081,692 997,997,217 67,210,548 189,263,635 1,227,388,405 13,744,000 3,462,118 1,150,000 1,437,606,054 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 Provision for diminution in value of investments Other provisions	35 36 37	2,107,288,564 (438,249,731) 240,064,820	2,626,557,644 673,470,630 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 Current Tax Deferred Tax	38	2,090,815,148 2,632,946,342 (542,131,193)	2,160,045,587 2,783,077,663 (623,032,076)
Net Profit after Taxation		2,857,197,844	2,772,040,725
Appropriations			
Statutory Reserve Start-Up Fund Retained Surplus		989,602,598 1,839,023,267	986,417,262 28,571,978 - 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.

As per our report of same date.

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

Director

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

> ICAB Enrollment No: 535 DVC No: 2106090535AS356626

Dhaka, 08 June 2021

Managing Director

Cash Flow Statement

As at 31 December 2020

		Netce	Amount	in BDT
		Notes	31 Dec. 2020	31 Dec. 2019
A.	Cash flows from operating activities			
	Interest receipts Interest payments Dividend receipt Fees & Commision receipt Recoveries from previously written off advances Payments to employees Payments to suppliers Payment for Advance Income Tax Receipt from other operating activities Payment for other activities		32,708,437,544 (21,279,655,125) 206,565,597 3,381,909,843 103,345,832 (6,369,190,312) (3,290,804,221) (2,392,309,601) 544,012,599 (2,426,332,347)	35,123,536,839 (17,536,520,681) 260,050,966 3,137,987,275 169,291,686 (7,142,813,808) (2,973,555,452) (2,319,841,585) 302,268,590 (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 liabilitie	s:		
	Statutory Deposit Purchase/Sale of trading securities Loans and advances to customers Other Assets Deposit from Banks Deposit from customers Other liabilities		(8,713,147,707) 481,095,979 (28,955,417,614) (2,949,673,643) (2,001,251,985) 25,372,566,647 3,728,529,761	(6,596,317,246) (1,070,675,389) (28,056,203,474) (1,797,490,296) (3,002,733,534) 36,616,580,256 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
В.	Cash flows from investing activities Purchase/Sale of Securities Purchase of Property, Plant & Equipments Net Cash from investing activities (B)		100,000,000 (1,349,577,256) (1,249,577,256)	804,554,210 (1,358,853,957) (554,299,747)
	Net Cash from investing activities (b)		(1,249,577,250)	(554,299,747)
C.	Cash flows from financing activities Receipt from borrowing Sub-Ordinated Bond Cash received from issuing of Right shares Cash dividend payment Net cash from financing activities (C)		17,587,800,232 900,000,000 - (579,771,860) 17,908,028,373	(3,782,933,426) - - - - (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* Cash and Cash equivalents at beginning of the year		1,312,074,764 40,226,799,267	1,787,447,455 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) Balance with Bangladesh bank and its agent bank Balance with other banks & financial institution Money at call on short notice	3.1 3.2 4 5	5,701,167,402 19,246,410,669 20,468,428,322 930,000,000	6,352,460,900 20,050,955,303 12,123,383,064 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



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	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	1		1		1		1	1	1
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	1		1			,	ı		1
Surplus/deficit on accounts of revaluation of investments	ı	1	1		1	34,915,340	ı	ı	34,915,340
Currency translation difference (OBU)	1	1	1		1		(558,453)		(558,453)
Net Profit for the period	ı	1	1		1	,	ı	2,828,625,865	2,828,625,865
Transferred to statutory reserve	ı	1	989,602,598		1		1	(989,602,598)	
Dividend (Bonus Share Issued for 2019)	579,771,850	1	1		1		ı	(579,771,850)	1
Dividend (Cash for 2019)	ı	1	1		1	,	ı	(579,771,860)	(579,771,860)
Issue of share capital			1		1		1	1	,
Balance as at 31 December 2020	12,175,209,040	1,454,976,750	13,424,987,898	26,577,961	2,534,101,559	233,489,187	25,125,152	5,191,763,156	35,066,230,703
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.

Director

Managing Director

Director

Director

As per our report of same date.

Liquidity Statement

Asset and Liability Maturity Analysis

As at 31 December 2020

						Amount In BDI
Particulars	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	000'000'086					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

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 June 28, 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 di¬fferent 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 (UCB). 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.

UCB 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

2.1Statement of Compliance

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

- The Bank Company Act, 1991 and amendment thereon;
- The Companies Act, 1994;
- Circulars, Rules and Regulations issued by Bangladesh Bank (BB) time to time;
- Bangladesh Securities and Exchange Rules 2020, 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 substandard 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 dated15 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 collaterallised repo arrangements with Bangladesh Bank. Here the selling bank accounts for the arrangement as a loan, thereby continuing to recognise the asset.

viii. Financial guarantees

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

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

ix. Cash and cash equivalent

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

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

x. Non-banking asset

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

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

xi. Cash flow statement

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

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

xii. Balance with Bangladesh Bank: (CRR)

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

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

xiii. Presentation of intangible asset

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



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

xiv. Off-balance sheet items

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

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

xv. Disclosure of appropriation of profit

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

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

xvi. Loans and advance net of provision

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

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

xvii. Provision on undrawn loan commitments

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

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

2.1.1 Going Concern

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

2.2 Basis of Measurement

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

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

2.3 Basis of Consolidation

The consolidated financial statements include the financial statements of United Commercial Bank Limited and its subsidiaries 'UCB 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 December 31, 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	Stated maturity/observed behavioral trend
institutions, money at call and short notice etc.	
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	Maturity/repayment term
institutions	
Deposits and other accounts	Maturity and behavioral trend (non-maturity
	products)

Particulars	Basis of Use
Other long term liability	Maturity term
Provision and other liability	Settlement/adjustment schedule basis

2.10 Significant accounting policies

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

Accounting Policies of Subsidiaries

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

A. ASSETS AND THE BASIS OF THEIR VALUATION

2.10.1 Cash and Cash Equivalents

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

2.10.2 Investments

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

2.10.3 Held to Maturity (HTM)

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

2.10.4 Held for Trading (HFT)

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

2.10.5 REPO and Reverse REPO:

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

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

2.10.6 Investment in Listed/Quoted Securities

These securities are bought and held primarily for the purpose of selling them in the future or holding for



dividend income. These are reported at cost. Unrealized gains are not recognized in the profit and loss account. But provision for diminution in value of investment is recognized in the profit and loss account.

2.10.7 Investment in Unquoted Securities

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

Investment class	Initial recognition	Measurement after initial recognition	Recording of changes
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

- a) Loans and advances are stated at gross amount.
- b) 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
- c) 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.
- d) Commission and discounts on bills purchased and discounted are recognized at the time of realization.
- e) 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
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 Assets

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 (BDT in	Outstanding Amount	Issue Date	Tenure	Interest Rate	Range of Interest Rate	Redemption of Principal
Bollu	Million)	As on 31 Dec 2020 (BDT in Million)				Rate	
UBC 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

Name of the Subordinated Bond	Issued Amount (BDT in Million)	Outstanding Amount As on 31 Dec 2020 (BDT in Million)	Issue Date	Tenure	Interest Rate	Range of Interest Rate	Redemption of Principal
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 2020 in its meeting no. 460 held on 8 June 2021.

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	20	N/A
Government Assistance		Applied
The Effects of Changes in Foreign Exchange Rates	21	N/A
Borrowing Costs	23	
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 IAS	IFAS 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.

N/A= Not Applicable

New Accounting Standards Not Yet Adopted:

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

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

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



^{**} 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.

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 though 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, Liquidity Coverage Ratio (LCR), Net Stable Funding Ratio (NSFR), Leverage ratio etc. ALCO also monitors concentration of deposits of large institutional depositors which is volatile in nature.

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

Risks	Statement
Liquidity Risk	Structural liquidity profileDynamic liquidity profileKey Management RatiosCash flow projection
Interest Rate Risk	 Traditional Gap Analysis (up to 1 Year) Traditional Gap Analysis (Total A-L) Duration Gap Analysis Balance Sheet VaR Stress Testing
Currency Risk	Currency wise ExposureValue at Risk (VaR)

2.10.54.4 (i) Internal Control and Compliance Risk:

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

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

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

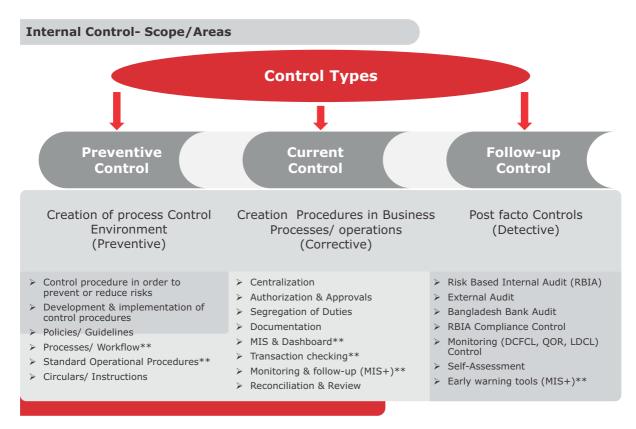
UCBL develops and maintains a robust internal control framework comprising the following internal control features:

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

Control activities and segregation of duties

- Information and communication
- · Monitoring activities and correcting deficiencies

Typically, Internal Controls may be defined as under:



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

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

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

2.10.55 Internal Audit

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



2.10.56 General

Functional and presentation currency

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

Comparative information

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

		Consolidated		United Commercial Bank Limited		
		31 Dec. 2020	31 Dec. 2019	31 Dec. 2020	31 Dec. 2019	
3	Cash	24,947,748,071	26,403,568,309	24,947,578,071	26,403,416,203	
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	45,150,612	
	,	5,701,337,402	6,352,613,006	5,701,167,402	6,352,460,900	
3.2	Balance with Bangladesh Bank arits agent Bank(s)	nd				
	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	24,947,748,071	26,403,568,309	24,947,578,071	26,403,416,203	
	balance with Bangladesh Bank & its agent Bank's					
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 Foreign currency	64,619	6,006	64,619	6,006	
	i oreign currency	64,619	6,006	64,619	6,006	
		04,015		04,013		

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, prize bond & excess of CRR. In year end position of CRR & SLR $maintained \ by \ UCB \ clearly \ reflects \ that, both \ the \ reserve \ are \ excess \ over the \ requirement. \ Details \ are \ as \ follows:$

3.3.1 Cash Reserve Requirement (CRR) (4% of average Demand & Time Liabilities)

Required reserve Actual reserve held (note - 3.2.1) Surplus/(Deficit)	15,274,849,536 16,371,746,975 1,096,897,440	18,797,535,851 19,308,849,603 511,313,752				
3.3.2 Statutory Liquidity Ratio (SLR) (13% of average Demand & Time Liab	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-3.3.3)	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				
Cash in hand (note- 3.1) Balance with Sonali Bank (agent Bank) (note-3.2.2)	5,701,167,402 64,619	6,352,460,900 6,006				
,	, , ,					



				Amount in BDT		
		Consolidated		United Comme	ercial Bank Limited	
		31 Dec. 2020	31 Dec. 2019	31 Dec. 2020	31 Dec. 2019	
	Govt. Treasury Bond (HFT) (note: 6.1) Reverse Repo with other Bank (note: Bangladesh Bank Bills (note: 6.1)	•		2,069,648,879	2,013,998,000	
	Stock of Prize Bond (note: 6.1) Excess Reserve of CRR (note: 3.3.1)			8,247,200 1,096,897,440	8,438,300 511,313,752	
				63,825,737,323	55,282,992,501	
4	Balance with other banks and finan	ncial institution				
	In Bangladesh (note - 4.1) Outside Bangladesh (Annexure-A)	19,948,278,566 3,115,568,260	11,090,666,245 1,676,284,115	17,352,860,062 3,115,568,260	10,447,098,949 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 Janata Bank Limited. Agrani Bank Limited. Rupali Bank Limited. Sonali Bank Limited.			39,583,531 9,694,306 26,758 1,340,046,649	44,225,464 10,004,183 29,562 1,064,655,693	
	Standard Chartered Bank			45,173,618 1,434,524,862	9,862,147 1,128,777,049	
	B. Fixed Deposits			, , ,		
	Industrial and Infrastructure Developm Peoples Leasing and Financial Services National Finance & Investment Limited Uttara Finance & Investment Limited Aviva Finance Modhumoti Bank Limited Investment Corporation of Bangladesh Lanka Bangla Finance Limited Meridian Finance & Investment Limited Mutual Trust Bank Limited Shahjalal Islami Bank Limited International Leasing and Financial Ser Phonix Finance and Investment Limited National Credit and Commerce Bank Limited NRB Bank Limited Agrani Bank Limited Midland Bank Limited Mercantile Bank Limited Mercantile Bank Limited The City Bank Ltd. Premier Bank Limited Meghna Bank Limited Meghna Bank Limited	Limited I vices Limited	ny Limited	4,800,000 3,800,000 250,000,000 650,000,000 270,000,000 1,450,000,000 250,000,000 424,002,000 1,865,608,800 402,310,000 500,000,000 1,848,004,000 80,000,000 - 508,802,400 1,200,000,000 500,000,000	450,000,000 4,800,000 4,000,000 550,000,000 650,000,000 509,400,000 400,000,000 500,000,000 500,000,000 500,000,000 100,000,000 84,900,000 339,600,000 11,121,900 	
	B. Fixed Deposits					
	Southbangla Agricultural & Commerce Southeast Bank Limited Commercial Bank of Ceylon Prime Bank Limited One Bank Ltd	Bank Limited		800,000,000 1,000,000,000 1,272,006,000 424,002,000 1,000,000,000 15,443,335,200	9,318,321,900	
	Islamic Banking Exim Bank Limited Social Islami Bank Limited			135,000,000 340,000,000 475,000,000	-	
	Total (A+B)			17,352,860,062	10,447,098,949	

	Cons	olidated	United Comme	ercial Bank Limited
	31 Dec. 2020	31 Dec. 2019	31 Dec. 2020	31 Dec. 2019
4.2 Maturity grouping of balance v	vith other banks &	financial institution	ons	
On demand			2,491,634,862	7,683,661,160
Upto 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 or	ie year		17.252.000.002	
E Managara da al la característica			17,352,860,062	12,123,383,060
5 Money at call on short notice				
Jamuna Bank Limited			-	80,000,000
NRB Commercial Bank Limited Midland Bank Limited			-	150,000,000 150,000,000
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 Developme	nt		-	110,000,000
Lanka Bangla Finance Limited			190,000,000	150,000,000
Delta Brac Housing Finance Corporate				190,000,000
			930,000,000	1,700,000,000
6 Investments				
Government Securities	57,027,607,862	48,419,211,843	57,027,607,862	48,419,211,843
Other Investments	9,959,373,802	10,772,224,183	8,295,843,345	9,381,753,764
	66,986,981,664	59,191,436,026	65,323,451,207	57,800,965,607
a) Government Securities				
Treasury Bills				
28 days Treasury bills			-	-
91 days Treasury bills			-	-
182 days Treasury bills			-	-
364 days Treasury bills			1,484,740,526	5,140,318,891
Total Treasury Bills			1,484,740,526	5,140,318,891
Government Bonds				
Prize 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			55,542,867,336	43,278,892,952
Total Government Securities			57,027,607,862	48,419,211,843
b) Other investments				
Shares in listed companies			4,607,321,792	4,593,232,211
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 Total Investments (a+b)			8,295,843,345 65,323,451,207	9,381,753,764 57,800,965,607
Total Investments (a+b)			03,323,431,207	37,000,903,007
C.1. Consumerant Committies and Cla	saified as you Day	aladaah Bauli Cirar	de	
6.1 Government Securities are Cla Treasury Bond - HTM	ssified as per Ban	giadesh Bank Circu	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 (Prize Bond)			8,247,200	8,438,300
			57,027,607,862	48,419,211,843



	Consolidated		United Commercial Bank Limite	
	31 Dec. 2020	31 Dec. 2019	31 Dec. 2020	31 Dec. 2019
6.2 Maturity grouping of investme	ents			
On demand			4,615,568,992	8,438,300
Up to three months			2,446,492,697	1,127,955,904
More than three months but less then one year			5,157,627,988	12,865,456,598
More than one year but less then five	years		14,500,645,687	12,769,113,671
Over five years			38,603,115,843	31,030,001,132
			65,323,451,207	57,800,965,605

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
Grameenphone 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 Itd.	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
Shasha 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.	94,063,716	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	Cost Price	Cost Price
,			
	On 31.12.2020	On 31.12.2020	On 31.12.2019
United Power Generation & Distribution Company Limited	On 31.12.2020 173,910,000	On 31.12.2020 175,623,670	On 31.12.2019 453,931,281
United Power Generation & Distribution Company Limited Navana CNG Limited	On 31.12.2020 173,910,000 16,760,111	On 31.12.2020 175,623,670 29,175,282	On 31.12.2019
United Power Generation & Distribution Company Limited Navana CNG Limited CRYSTALINS	On 31.12.2020 173,910,000	On 31.12.2020 175,623,670	On 31.12.2019 453,931,281 36,811,784
United Power Generation & Distribution Company Limited Navana CNG Limited CRYSTALINS Confidence Cement Limited	On 31.12.2020 173,910,000 16,760,111	On 31.12.2020 175,623,670 29,175,282	On 31.12.2019 453,931,281 36,811,784 - 82,564,121
United Power Generation & Distribution Company Limited Navana CNG Limited CRYSTALINS Confidence Cement Limited The IBN SINA Pharmaceuticals Industry Limited	0n 31.12.2020 173,910,000 16,760,111 428,853	On 31.12.2020 175,623,670 29,175,282 109,010	On 31.12.2019 453,931,281 36,811,784 - 82,564,121 44,262,106
United Power Generation & Distribution Company Limited Navana CNG Limited CRYSTALINS Confidence Cement Limited The IBN SINA Pharmaceuticals Industry Limited Khulna Power Company Limited	0n 31.12.2020 173,910,000 16,760,111 428,853 - 25,685,100	On 31.12.2020 175,623,670 29,175,282 109,010 - 64,856,932	On 31.12.2019 453,931,281 36,811,784 - 82,564,121
United Power Generation & Distribution Company Limited Navana CNG Limited CRYSTALINS Confidence Cement Limited The IBN SINA Pharmaceuticals Industry Limited Khulna Power Company Limited Singer Bangladesh Limited	0n 31.12.2020 173,910,000 16,760,111 428,853	On 31.12.2020 175,623,670 29,175,282 109,010	453,931,281 36,811,784 82,564,121 44,262,106 64,856,932
United Power Generation & Distribution Company Limited Navana CNG Limited CRYSTALINS Confidence Cement Limited The IBN SINA Pharmaceuticals Industry Limited Khulna Power Company Limited Singer Bangladesh Limited Meghna Petroleum	0n 31.12.2020 173,910,000 16,760,111 428,853 - 25,685,100 97,307,335	0n 31.12.2020 175,623,670 29,175,282 109,010 - 64,856,932 97,318,799	On 31.12.2019 453,931,281 36,811,784 - 82,564,121 44,262,106
United Power Generation & Distribution Company Limited Navana CNG Limited CRYSTALINS Confidence Cement Limited The IBN SINA Pharmaceuticals Industry Limited Khulna Power Company Limited Singer Bangladesh Limited Meghna Petroleum Walton Hil	0n 31.12.2020 173,910,000 16,760,111 428,853 - 25,685,100 97,307,335 - 22,903,069	0n 31.12.2020 175,623,670 29,175,282 109,010 - 64,856,932 97,318,799 - 7,238,176	453,931,281 36,811,784 82,564,121 44,262,106 64,856,932 26,988,034
United Power Generation & Distribution Company Limited Navana CNG Limited CRYSTALINS Confidence Cement Limited The IBN SINA Pharmaceuticals Industry Limited Khulna Power Company Limited Singer Bangladesh Limited Meghna Petroleum Walton Hil Paramount Textile Limited	0n 31.12.2020 173,910,000 16,760,111 428,853 - 25,685,100 97,307,335 - 22,903,069 216,729,508	0n 31.12.2020 175,623,670 29,175,282 109,010 - 64,856,932 97,318,799 - 7,238,176 247,085,784	453,931,281 36,811,784 82,564,121 44,262,106 64,856,932 - 26,988,034 - 267,997,160
United Power Generation & Distribution Company Limited Navana CNG Limited CRYSTALINS Confidence Cement Limited The IBN SINA Pharmaceuticals Industry Limited Khulna Power Company Limited Singer Bangladesh Limited Meghna Petroleum Walton Hil Paramount Textile Limited IFAD Autos Limited	0n 31.12.2020 173,910,000 16,760,111 428,853 - 25,685,100 97,307,335 - 22,903,069 216,729,508 29,680,776	0n 31.12.2020 175,623,670 29,175,282 109,010 - 64,856,932 97,318,799 - 7,238,176 247,085,784 69,778,710	453,931,281 36,811,784 82,564,121 44,262,106 64,856,932 - 26,988,034 - 267,997,160 74,589,084
United Power Generation & Distribution Company Limited Navana CNG Limited CRYSTALINS Confidence Cement Limited The IBN SINA Pharmaceuticals Industry Limited Khulna Power Company Limited Singer Bangladesh Limited Meghna Petroleum Walton Hil Paramount Textile Limited IFAD Autos Limited BBS Cables Limited	0n 31.12.2020 173,910,000 16,760,111 428,853 - 25,685,100 97,307,335 - 22,903,069 216,729,508 29,680,776 11,091,520	0n 31.12.2020 175,623,670 29,175,282 109,010 - 64,856,932 97,318,799 - 7,238,176 247,085,784 69,778,710 16,246,001	453,931,281 36,811,784 82,564,121 44,262,106 64,856,932 26,988,034
United Power Generation & Distribution Company Limited Navana CNG Limited CRYSTALINS Confidence Cement Limited The IBN SINA Pharmaceuticals Industry Limited Khulna Power Company Limited Singer Bangladesh Limited Meghna Petroleum Walton Hil Paramount Textile Limited IFAD Autos Limited BBS Cables Limited BATBC	0n 31.12.2020 173,910,000 16,760,111 428,853 - 25,685,100 97,307,335 - 22,903,069 216,729,508 29,680,776 11,091,520 495,936,000	0n 31.12.2020 175,623,670 29,175,282 109,010 - 64,856,932 97,318,799 - 7,238,176 247,085,784 69,778,710 16,246,001 440,769,926	453,931,281 36,811,784 82,564,121 44,262,106 64,856,932 - 26,988,034 - 267,997,160 74,589,084
United Power Generation & Distribution Company Limited Navana CNG Limited CRYSTALINS Confidence Cement Limited The IBN SINA Pharmaceuticals Industry Limited Khulna Power Company Limited Singer Bangladesh Limited Meghna Petroleum Walton Hil Paramount Textile Limited IFAD Autos Limited BBS Cables Limited BATBC Reneta	0n 31.12.2020 173,910,000 16,760,111 428,853 - 25,685,100 97,307,335 - 22,903,069 216,729,508 29,680,776 11,091,520	0n 31.12.2020 175,623,670 29,175,282 109,010 - 64,856,932 97,318,799 - 7,238,176 247,085,784 69,778,710 16,246,001	453,931,281 36,811,784 82,564,121 44,262,106 64,856,932 26,988,034 267,997,160 74,589,084 27,249,840
United Power Generation & Distribution Company Limited Navana CNG Limited CRYSTALINS Confidence Cement Limited The IBN SINA Pharmaceuticals Industry Limited Khulna Power Company Limited Singer Bangladesh Limited Meghna Petroleum Walton Hil Paramount Textile Limited IFAD Autos Limited BBS Cables Limited BATBC Reneta Active Fine Chemicals Limited	0n 31.12.2020 173,910,000 16,760,111 428,853 - 25,685,100 97,307,335 - 22,903,069 216,729,508 29,680,776 11,091,520 495,936,000	0n 31.12.2020 175,623,670 29,175,282 109,010 - 64,856,932 97,318,799 - 7,238,176 247,085,784 69,778,710 16,246,001 440,769,926	453,931,281 36,811,784 82,564,121 44,262,106 64,856,932 26,988,034 267,997,160 74,589,084 27,249,840
United Power Generation & Distribution Company Limited Navana CNG Limited CRYSTALINS Confidence Cement Limited The IBN SINA Pharmaceuticals Industry Limited Khulna Power Company Limited Singer Bangladesh Limited Meghna Petroleum Walton Hil Paramount Textile Limited IFAD Autos Limited BBS Cables Limited BATBC Reneta Active Fine Chemicals Limited Jamuna Oil Company Limited	0n 31.12.2020 173,910,000 16,760,111 428,853 - 25,685,100 97,307,335 - 22,903,069 216,729,508 29,680,776 11,091,520 495,936,000	0n 31.12.2020 175,623,670 29,175,282 109,010 - 64,856,932 97,318,799 - 7,238,176 247,085,784 69,778,710 16,246,001 440,769,926	0n 31.12.2019 453,931,281 36,811,784 82,564,121 44,262,106 64,856,932 26,988,034 267,997,160 74,589,084 27,249,840 39,313,011 14,663,919
United Power Generation & Distribution Company Limited Navana CNG Limited CRYSTALINS Confidence Cement Limited The IBN SINA Pharmaceuticals Industry Limited Khulna Power Company Limited Singer Bangladesh Limited Meghna Petroleum Walton Hil Paramount Textile Limited IFAD Autos Limited BBS Cables Limited BATBC Reneta Active Fine Chemicals Limited Jamuna Oil Company Limited SS Steel Limited	0n 31.12.2020 173,910,000 16,760,111 428,853 - 25,685,100 97,307,335 - 22,903,069 216,729,508 29,680,776 11,091,520 495,936,000	0n 31.12.2020 175,623,670 29,175,282 109,010 - 64,856,932 97,318,799 - 7,238,176 247,085,784 69,778,710 16,246,001 440,769,926	0n 31.12.2019 453,931,281 36,811,784 82,564,121 44,262,106 64,856,932 26,988,034 267,997,160 74,589,084 27,249,840 39,313,011 14,663,919 11,835
United Power Generation & Distribution Company Limited Navana CNG Limited CRYSTALINS Confidence Cement Limited The IBN SINA Pharmaceuticals Industry Limited Khulna Power Company Limited Singer Bangladesh Limited Meghna Petroleum Walton Hil Paramount Textile Limited IFAD Autos Limited BBS Cables Limited BATBC Reneta Active Fine Chemicals Limited Jamuna Oil Company Limited SS Steel Limited Genex Infosys Limited	0n 31.12.2020 173,910,000 16,760,111 428,853 - 25,685,100 97,307,335 - 22,903,069 216,729,508 29,680,776 11,091,520 495,936,000	0n 31.12.2020 175,623,670 29,175,282 109,010 - 64,856,932 97,318,799 - 7,238,176 247,085,784 69,778,710 16,246,001 440,769,926	453,931,281 36,811,784 82,564,121 44,262,106 64,856,932 26,988,034 267,997,160 74,589,084 27,249,840 39,313,011 14,663,919 11,835 26,180
United Power Generation & Distribution Company Limited Navana CNG Limited CRYSTALINS Confidence Cement Limited The IBN SINA Pharmaceuticals Industry Limited Khulna Power Company Limited Singer Bangladesh Limited Meghna Petroleum Walton Hil Paramount Textile Limited IFAD Autos Limited BBS Cables Limited BATBC Reneta Active Fine Chemicals Limited Jamuna Oil Company Limited SS Steel Limited Genex Infosys Limited BD Submarine Cable	0n 31.12.2020 173,910,000 16,760,111 428,853 - 25,685,100 97,307,335 - 22,903,069 216,729,508 29,680,776 11,091,520 495,936,000	0n 31.12.2020 175,623,670 29,175,282 109,010 - 64,856,932 97,318,799 - 7,238,176 247,085,784 69,778,710 16,246,001 440,769,926	453,931,281 36,811,784
United Power Generation & Distribution Company Limited Navana CNG Limited CRYSTALINS Confidence Cement Limited The IBN SINA Pharmaceuticals Industry Limited Khulna Power Company Limited Singer Bangladesh Limited Meghna Petroleum Walton Hil Paramount Textile Limited IFAD Autos Limited BBS Cables Limited BATBC Reneta Active Fine Chemicals Limited Jamuna Oil Company Limited SS Steel Limited Genex Infosys Limited	0n 31.12.2020 173,910,000 16,760,111 428,853 - 25,685,100 97,307,335 - 22,903,069 216,729,508 29,680,776 11,091,520 495,936,000	0n 31.12.2020 175,623,670 29,175,282 109,010 - 64,856,932 97,318,799 - 7,238,176 247,085,784 69,778,710 16,246,001 440,769,926	453,931,281 36,811,784 82,564,121 44,262,106 64,856,932 26,988,034 267,997,160 74,589,084 27,249,840 39,313,011 14,663,919 11,835 26,180

An	10unt in BD1
31 Dec. 20	20 31 Dec. 2019

Name of the Company	Market Price On 31.12.2020	Cost Price On 31.12.2020	Cost Price On 31.12.2019
Runner Automobiles	173,161,800	145,800,000	145,800,000
New Line Clothing Limited	-	-	40,011
Silco	-	-	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
D BH 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
NLI First Mutual Fund	-	-	39,696,800
Trust Bank 1st Mutual Fund	-	-	48,492,506
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	4,593,232,211
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
IAMCL 2nd NRB UF	30,415,000	40,985,161	40,985,161
Sub total (b)	177,951,392	188,521,553	288,521,553
C) Bond in non-listed companies			
Best Holdings Limited	-	-	1,000,000,000
Sub total (c)	-	-	1,000,000,000
Total (a +b + C)	4,539,699,825	4,795,843,345	5,881,753,764

		Amount in BDT	
		31 Dec. 2020	31 Dec. 2019
6.3 (a) Cost and market value of investment as on 31 December 2020			
	Cost Price (Taka)	Market Value/ Amortized Cost	Market Value/ Amortized Cost
Government securities:			
Treasury Bills (Govt. Securities)	1,438,528,000	1,484,740,526	5,140,318,891
Govt. Treasury Bond (HTM)	2,020,910,994	2,069,648,879	41,256,456,652
Treasury Bond - HFT	-	-	2,013,998,000
Reverse Repo with Other Bank	-	-	-
Stock of Prize Bond	8,247,200	8,247,200	8,438,300
	3,467,686,194	3,562,636,605	48,419,211,843
Investment in Shares, Bond & Debenture:	Market Value/	Cost	Cost
	Amortized Cost	Price	Price
Quoted Shares	4,361,748,214	4,607,321,792	4,593,232,211
Un-Quoted Shares	177,951,612	188,521,553	288,521,553
Total investment in shares	4,539,699,826	4,795,843,345	4,881,753,764



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

	Counter party Name	Agreement Date	Reversal Date	(1st leg cash con	Amount sideration)
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	12,617,228,780	3,983,046,463

	31 Dec. 2020	31 Dec. 2019	31 Dec. 2020	31 Dec. 2019
7 Loans and Advances	356,065,739,658	325,483,775,615	351,683,559,403	322,728,141,789
7.1 Maturity grouping of Loans & Advances (including bills purchased and discounted)				
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	111,521,546,112	105,156,828,040	107,139,365,857	105,156,828,040
less than one year				
More than one year but less	88,472,283,317	77,240,893,535	88,472,283,317	77,240,893,535
than five years				
More than five years	59,650,588,251	44,416,458,703	59,650,588,251	44,416,458,703
	356,065,739,658	325,483,775,615	351,683,559,403	322,728,141,789

Consolidated

7.2 Loans & Advances

i) Loans, Cash credit & overdraft etc

a) Within Bangladesh

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

340,985,337,566 306,814,012,807 336,603,157,311 304,058,378,981

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

b) Payable outside Bangladesh

Foreign bills purchased & discounted 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 18,669,762,808 356,065,739,658 325,483,775,615 351,683,559,403 322,728,141,789

7.3 Net Loans & Advances

Gross Loans & Advances (note- 7.2) 351,683,559,403 322,728,141,789 **Less**: Non Performing Loans & Advances (**note-7.10 b**) 15,304,850,232 17,098,936,674 Interest suspense (note- 12.17) 11,594,608,601 8,468,148,993 Provision for Loans & Advances (note- 7.11)

12,645,899,012 10,435,448,117 **39,545,357,845 36,002,533,784**

312,138,201,558 286,725,608,005

United Commercial Bank Limited

	Conso	lidated	United Comme	ercial Bank Limite
31	Dec. 2020	31 Dec. 2019	31 Dec. 2020	31 Dec. 2019
7.4 Loans & Advances according to sign	ificant concen	tration		
a) Advances to the companies or firms in wh	ich the Directo	rs of the Bank are	interested -	
b) Advances to Chief Executive and other se	nior executives		-	78,441,009
c) Advances to customers group				
i) Commercial Lending			43,603,546,941	48,558,322,306
ii) Import Finance			17,335,079,656	19,466,681,27
iii) Export Finance			3,496,833,470	4,631,296,54
iv) House Building Loan			21,696,876,534	19,768,303,82
v) Transport Loan			3,020,436,166	3,564,692,94
vi) Retail Loan			16,040,043,801	17,029,567,71
vii) Staff Loan			4,138,694,349	3,889,309,69
viii) Industrial Loan			198,342,932,056	164,049,917,70
x) Agricultural Loan			3,279,965,990	4,407,618,37
x) Others			40,729,150,440	37,283,990,39
Total Loans & Advances			351,683,559,403	322,728,141,78
			Amou	nt in BDT
			31 Dec. 2020	31 Dec. 2019
				31 200. 2013
7.5 Industry wise Loans and Advances				
RMG & Accessories			62,515,449,692	44,946,878,81
Textile Industries			18,327,435,620	22,651,862,13
Agriculture			3,279,965,989	4,407,618,37
Food Products & Processing			16,340,896,582	13,848,972,26
Jute Industries			224,193,408	209,098,02
Leather & Leather Products			1,152,539,648	1,043,189,05
Paper & Paper Products Industries			7,331,200,429	6,842,640,92
Wood & Wooden Products			2,690,550,710	2,521,294,27
Chemical & Chemical Products			3,167,747,693	2,579,632,14
Cement Industries			10,482,244,648	9,440,207,97
Brick Field, Auto Bricks, Tiles			978,940,459	813,484,258
Engineering, Basic Metal & Products			20,703,994,701	21,091,695,45
Ship Re-cycling			4,971,358,112	2,818,279,85
Ship Manufacturing			3,844,326,395	3,275,858,45
Educational Institute, Hotel, Restaurant			1,957,061,686	1,045,664,490
Telecommunication			1,886,155,481	2,070,507,24
Transport & Communication			3,020,436,166	3,564,692,940
Diagnostic/Medical/Clinic			3,614,654,436	3,326,665,58
Housing Industry			21,696,876,534	19,768,303,822
Construction (Other than Housing)			31,789,433,864	29,923,380,65
Electronics Media			372,992,024	374,198,54
Power & Energy			9,914,024,298	9,914,198,952
Commercial Trade Financing			64,435,460,067	72,656,300,133
Glass & Glassware Product Industries			4,083,208	
Tea Manufacturing			533,516,992	
Others			56,448,020,560	43,593,517,44
			351,683,559,403	322,728,141,789
7.6 Geographical Location wise Loans &	Advances			
Urban branches				
Dhaka			244,460,754,039	223,937,542,54
Chattogram			79,794,914,452	72,896,024,69
Sylhet			1,772,395,994	1,632,078,91
Rajshahi			5,823,365,786	6,597,053,710
Rangpur			781,111,043	876,482,42
31.				
Khulna			6,679,825,602	6,116,407,79
			6,679,825,602 402,083,034	6,116,407,793 316,019,74



	Consc	Consolidated		ercial Bank Limited
	31 Dec. 2020	31 Dec. 2019	31 Dec. 2020	31 Dec. 2019
Rural branches				
Dhaka			8,605,714,578	7,125,062,555
Chattogram			2,707,815,897	2,640,866,952
Sylhet			334,287,144	294,854,002
Rajshahi			240,729,714	244,516,790
Rangpur			56,669,661	45,836,822
Khulna			23,892,459	5,394,841
Barisal			-	-
			11,969,109,453	10,356,531,962
			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.

(Figure in crore)

Name of the Borrower	Outsta	anding as on 31 Dece	mber 2020 31 l	December 2019
	Funded	Non-Funded	Total	Total Taka
Four H group	722.65	970.01	1,692.66	1,201.50
Smart Group	79.97	190.09	270.06	190.49
kabir 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	6.65	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
Toma Group	153.10	559.27	712.37	814.92
Bashundhara Group	622.85	323.88	946.73	786.27
Baishakhi Group	55.10	86.49	141.59	-
Chaina Railway Major Bridge	-	-	-	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	551.53
LIZ GROUP	137.51	357.33	494.84	345.25
DIRD GROUP	439.32	167.31	606.63	504.84
Palmal Group	-	-	-	108.44
Thermax Group	-	-	-	271.92
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

(Figure in crore)

Name of the Borrower	Outsta	nding as on 31 Dec	ember 2020 31	December 2019
	Funded	Non-Funded	Total	Total Taka
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
Omera Group	289.68	73.04	362.73	371.01
B Trac Group	84.64	505.07	589.70	-
Total	8,733.20	11,692.37	20,425.57	18,125.85

	Amount in BDT	
	31 Dec. 2020	31 Dec. 2019
Disclosure of Particulars of Advances		
i) Loans considered good in respect of which the banking company is fully $\&$ partly secured.	288,450,404,510	253,548,052,811
ii) Loans considered good against which the banking company holds no security than the debtors personal guarantee. $ \\$	38,762,489,959	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.		
	351,683,559,403	322,728,141,789
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:	8,242,481,055	10,858,340,112
 a) (Decrease)/ Increase in provision b) Amount realized against loan previously written off c) Amount of provision kept against loan classified as Bad /Loss on the 	1,810,450,895 103,345,832	1,126,510,759 (169,291,686)
balance sheet date d) Interest credited to the interest suspense account.	2,287,122,289 4,9.91,464,304	3,236,775,851 5,666,704,492
xi) Cumulative amount of the written off loan	13,428,471,919	13,531,817,751
xii) Amount written off during the year	-	2,114,228,552
xiii) Amount of written off loan for which law suit filed	15,299,660,502	15,299,660,502



7.9

	Amount in BDT		
	31 Dec. 2020	31 Dec. 2019	
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)	2,549,310,181	2,027,090,026	
Standard (Consumer Finance-House Finance)	3,293,005,587	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 (Agri 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	175,064,009,886	
	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	10,858,340,112	
SMA-Special RSDL (BRPD-5)	6,321,288,173	5,387,704,014	
	15,304,850,232	17,098,936,674	
Total	351,683,559,403	322,728,141,789	

7.11 Particulars of required provision for Loans & Advances

Particulars	Base for	Rate of	Provision required	
	Provision	Provision		
General Provision (a)				
Special Mention Account	3,001,851,258	0.25% - 5%	26,513,973	46,204,638
Small & Medium Enterprise	102,455,174,935	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 BHs/MBs/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		5,406,041,128	4,005,392,853
Specific Provision (b)				
Sub - Standard	461,948,967	20% & 5%	37,865,610	56,088,884
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 Bangaldesh Bank Derectives	-		3,137,762,500	1,464,700,000
	15,304,850,231		7,239,857,884	6,430,055,264
Required provision for Loans & Ad	dvances (A+B)		12,645,899,012	10,435,448,117
Total provision held for Loans & Advar	nces		12,645,899,012	10,435,448,117
Excess/(Short) Provision				-

Amount in BDT

	31 Dec. 2020	31 Dec. 2019
Suit filed by different branches against defaulted b	orrowers during the year	
(Branch wise details) Khatungong branch	_	63,554,418
Agrabad branch	196,056,463	213,816,437
Amborkhana branch	-	72,209,712
Azadi Bazar	-	492,870
Feni branch	-	47,560,844
Jessore branch	3,526,534	-
Nayabazar branch	-	365,958,680
Naogaon branch	5,122,074	-
Serajgonj 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	-	-
Dilkusha Branch	-	6,082,374
Pabna branch	10 524 270	35,758,384
Sylhet branch	10,524,378	22 626 101
Bhatiary branch Brahmanbaria branch	-	33,626,101
Barisal branch		12,992,458 19,000,000
Chowdhuryhat Branch	692,153	614,620
Chuadanga Branch	-	24,658,096
Chowkbazar 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
Kamrangichar 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
Moulavibazar-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	7 446 200	16,820,916
Jhawtala Branch O.R Nizam Road branch	7,446,200	19,510,886
Jubilee Road branch	10,497,027	10,332,684 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
Mohammadpur branch	19,686,060	52,184,253
Mohakhali Branch	1,141,220	-
Modunaghat branch	-	3,253,873
Halishahor Branch	4,055,940	-
Uttarkhan branch	· · · · · -	40,666,692
Kadamtali branch	-	82,383,530
Kaligonj Branch	-	4,346,976
Karnafuly Branch	-	427,264
Kathgor Branch	-	530,763
Kushtia Branch	-	41,655,000
Nabiganj Branch	3,451,908	2,153,755
Nikunjo Branch	-	416,758
Port Branch	-	36,046,750
Rajbari Branch Tongi Branch	-	12,843,646 40,090,380



			Amount in BDT	
			31 Dec. 2020	31 Dec. 2019
	Cons	solidated	United Comme	ercial Bank Limited
	31 Dec. 2020	31 Dec. 2019	31 Dec. 2020	31 Dec. 2019
Tongi Station Road Ullahpara Branch			-	29,448,863 5,403,970
Zindabazar Branch			- -	4,606,346
Uttara Branch			-	123,471,302
Bogra Branch			-	339,475,267
Pragati Sarani Branch			66,349,500	-
Subid Bazar Branch			11,695,964	-
Anderkilla branch			-	68,966,108
		_	816,266,891	2,810,190,002
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
b) Tayable datatae bangiadesii		-	15,080,402,092	18,669,762,808
		=	13/000/102/032	20,003,702,000
7.13.1 Maturity grouping of bills purcha	sed and discounte	d		
Payable within one month			4,981,800,000	1,222,200,000
Over one month but less than three n	nonths		5,441,957,475	3,751,517,237
Over three months but less than six n	nonths		2,944,825,887	7,644,163,806
Six months or more			1,711,818,730	6,051,881,766
		-	15,080,402,092	18,669,762,809
		-		
Fixed assets including premises, furniture & fixture.				
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	2,559,698,620	
		2,390,073,003	2,339,090,020	2,559,698,620
Furniture and fixtures	2,146,476,170	1,965,834,417	2,107,660,250	2,559,698,620 1,930,456,117
Furniture and fixtures Office equipments	2,146,476,170 2,496,500,042			
Office equipments Computer & equipments	2,496,500,042 1,468,867,288	1,965,834,417	2,107,660,250 2,483,921,697	1,930,456,117
Office equipments Computer & equipments Vehicles	2,496,500,042 1,468,867,288 508,460,273	1,965,834,417 1,867,729,296 1,281,659,003 505,460,273	2,107,660,250 2,483,921,697 1,457,701,212 496,004,413	1,930,456,117 1,856,554,676 1,272,130,152 496,004,413
Office equipments Computer & equipments	2,496,500,042 1,468,867,288	1,965,834,417 1,867,729,296 1,281,659,003	2,107,660,250 2,483,921,697 1,457,701,212	1,930,456,117 1,856,554,676 1,272,130,152
Office equipments Computer & equipments Vehicles	2,496,500,042 1,468,867,288 508,460,273	1,965,834,417 1,867,729,296 1,281,659,003 505,460,273	2,107,660,250 2,483,921,697 1,457,701,212 496,004,413	1,930,456,117 1,856,554,676 1,272,130,152 496,004,413
Office equipments Computer & equipments Vehicles	2,496,500,042 1,468,867,288 508,460,273 550,723,785	1,965,834,417 1,867,729,296 1,281,659,003 505,460,273 540,859,003	2,107,660,250 2,483,921,697 1,457,701,212 496,004,413 549,975,035	1,930,456,117 1,856,554,676 1,272,130,152 496,004,413 540,859,003
Office equipments Computer & equipments Vehicles Capital Expenditure Work in Progress	2,496,500,042 1,468,867,288 508,460,273 550,723,785	1,965,834,417 1,867,729,296 1,281,659,003 505,460,273 540,859,003	2,107,660,250 2,483,921,697 1,457,701,212 496,004,413 549,975,035 14,050,015,510	1,930,456,117 1,856,554,676 1,272,130,152 496,004,413 540,859,003
Office equipments Computer & equipments Vehicles Capital Expenditure Work in Progress Intangible assets	2,496,500,042 1,468,867,288 508,460,273 550,723,785 14,156,155,506	1,965,834,417 1,867,729,296 1,281,659,003 505,460,273 540,859,003 13,146,669,940	2,107,660,250 2,483,921,697 1,457,701,212 496,004,413 549,975,035 14,050,015,510	1,930,456,117 1,856,554,676 1,272,130,152 496,004,413 540,859,003 13,050,757,264
Office equipments Computer & equipments Vehicles Capital Expenditure Work in Progress Intangible assets Computer software Lease Asset Right of Use assets (ROU)	2,496,500,042 1,468,867,288 508,460,273 550,723,785 14,156,155,506	1,965,834,417 1,867,729,296 1,281,659,003 505,460,273 540,859,003 13,146,669,940	2,107,660,250 2,483,921,697 1,457,701,212 496,004,413 549,975,035 14,050,015,510	1,930,456,117 1,856,554,676 1,272,130,152 496,004,413 540,859,003 13,050,757,264
Office equipments Computer & equipments Vehicles Capital Expenditure Work in Progress Intangible assets Computer software Lease Asset	2,496,500,042 1,468,867,288 508,460,273 550,723,785 14,156,155,506 1,218,577,002 5,203,580,012	1,965,834,417 1,867,729,296 1,281,659,003 505,460,273 540,859,003 13,146,669,940 959,195,720 5,133,695,408	2,107,660,250 2,483,921,697 1,457,701,212 496,004,413 549,975,035 14,050,015,510 1,214,706,002 5,203,580,012	1,930,456,117 1,856,554,676 1,272,130,152 496,004,413 540,859,003 13,050,757,264 955,389,025 5,133,695,408
Office equipments Computer & equipments Vehicles Capital Expenditure Work in Progress Intangible assets Computer software Lease Asset Right of Use assets (ROU)	2,496,500,042 1,468,867,288 508,460,273 550,723,785 14,156,155,506 1,218,577,002	1,965,834,417 1,867,729,296 1,281,659,003 505,460,273 540,859,003 13,146,669,940 959,195,720	2,107,660,250 2,483,921,697 1,457,701,212 496,004,413 549,975,035 14,050,015,510 1,214,706,002 5,203,580,012	1,930,456,117 1,856,554,676 1,272,130,152 496,004,413 540,859,003 13,050,757,264 955,389,025
Office equipments Computer & equipments Vehicles Capital Expenditure Work in Progress Intangible assets Computer software Lease Asset Right of Use assets (ROU) as per IFRS 16	2,496,500,042 1,468,867,288 508,460,273 550,723,785 14,156,155,506 1,218,577,002 5,203,580,012 20,578,312,520	1,965,834,417 1,867,729,296 1,281,659,003 505,460,273 540,859,003 13,146,669,940 959,195,720 5,133,695,408	2,107,660,250 2,483,921,697 1,457,701,212 496,004,413 549,975,035 14,050,015,510 1,214,706,002 5,203,580,012	1,930,456,117 1,856,554,676 1,272,130,152 496,004,413 540,859,003 13,050,757,264 955,389,025 5,133,695,408

Fixed Assets Schedule:

A schedule of Fixed assets is given in **Annexure - B**

		Conco	olidated	United Commo	rcial Bank Limited
		31 Dec. 2020	31 Dec. 2019	31 Dec. 2020	31 Dec. 2019
9. Other assets					
Investmen	t in share of	-	_	3,754,092,847	817,592,757
	companies.			-,,	,,
	t against Right share	-	-	-	1,486,500,000
	ry companies*			22.165.041	767.021
	from Subsidiary Company tationery & Stamps	63,508,454	- 43,651,077	22,165,841 63,508,454	767,021 43,651,077
	ith Stock Broker	2,256,077,339	410,289,235	1,932,141,834	379,638,012
Advance Pa		2,325,220,207	2,018,425,992	2,325,220,207	2,018,425,992
Advance D	•	8,246,730	132,737,498	8,246,730	8,266,730
Suspense /	Account (note - 9.1)	1,448,977,905	1,871,646,026	1,448,977,905	1,871,646,026
	ncome Tax Paid (note - 9. 2	2) 1,293,168,267	1,174,048,714	1,293,168,267	1,164,968,259
Interest Re		1,536,869,555	1,367,725,344	1,536,869,555	1,367,725,344
Income Re		50,815,674	107,468,716	50,815,674	88,567,498
	e General Account (note -	9.3) 71,031	-	71,031	-
	ent as Security Deposit ax Asset (n ote - 9.4)	2,836,159,182	2,295,986,456	2,838,117,649	2,295,986,456
Others (no	,	140,577,497	5,839,556	140,577,502	5,839,556
others (iie	_	11,959,691,841	9,427,818,614	15,413,973,496	11,549,574,728
	=	 -			
			_	Amou	nt in BDT
			_	31 Dec. 2020	31 Dec. 2019
9.1 Suspense	accounts				
Advance a	gainst expenses			384,364,633	514,379,797
	gainst others			44,096	100,000
Advance a	gainst Foreign Remittance	Settlement		18,293,197	25,509,818
Claims on	Sanchaypatra			437,859,314	760,037,689
	n sanchaypatra			217,128,477	283,832,559
Excise duty	,			3,189,660	5,119,050
Protested b	ceivable ATM			78,818,894 235,626,589	79,607,607 123,529,203
Cash in Tra				255,020,505	26,400,000
Card suspe				70,931,759	44,572,653
Upay suspe				918,786	2,761,150
Cash in Ex	cess/(Short) ATM			1,802,500	5,796,500
			=	1,448,977,905	1,871,646,026
9.2 Advance i	income tax				
Opening ba				1,164,968,259	1,346,549,251
	nce Tax paid during the ye			2,392,309,601	2,319,841,585
	ance Tax adjustment with t the end of the year	ax Provision	_	(2,264,109,593) 1,293,168,267	(2,501,422,577) 1,164,968,259
	,,,,		=	,,,	, , , , , , , , ,
9.2.1 Advance	income tax paid				
A) Assess	sment year wise break ı	up is as follows:			
	able Up to the year 2009			119,691,400	119,691,400
2011-201				1,317,582,056	1,311,692,098
2012-201				2,300,895,593	2,300,895,593
2013-201				1,801,862,346	1,801,862,346
2014-201 2015-201				2,645,092,879	2,343,175,995 2,645,092,879
2016-201				3,091,606,166	3,091,606,166
2017-201				2,324,701,311	2,324,701,311
2018-201				2,380,903,375	2,380,903,375
2019-202	0			2,025,122,577	2,001,422,577
2020-202	1			2,021,302,249	927,841,585



	Amount in BDT	
	31 Dec. 2020	31 Dec. 2019
2021-2022	1,026,446,634	-
	21,055,206,586	21,248,885,325
Less: Advance Tax Adjusted with tax provision up to the year 2018	(19,762,038,319)	(20,083,917,066)
	1,293,168,267	1,164,968,259
Head Office General Account		
This is made up as follows:		
Due from branches	160,741,917,587	137,692,602,980
Due to branches	160,741,846,556	137,692,711,466
	71.031	(108.486)

9.4 Deferred Tax Asset

9.3

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 Deferred Tax Asset (a) Deferred Tax Liability (b)					2,497,761,415 (201,774,959)
Balance as at 31 December, 2020 Deferred Tax Asset (a) Deferred Tax Liability (b)					3,070,996,119 (232,878,470)
Net Deferred Tax Asset as at 31 December, 2020 (a+b)					2,838,117,649
Provision Opening (Specific) Provision During the Year (Specific) Provision Opening (Dilution of Investment)	6,430,055,264 1,579,675,551 673,470,630	- - -	6,430,055,264 1,579,675,551 673,470,630	37.50% 37.50% 10.00%	2,411,270,724 592,378,332 67,347,063
Deferred tax asset (a)					3,070,996,119
Property, Plant and Equipment'z Provision During the	5,266,930,613 438,249,731	4,762,787,956	(504,142,658) (438,249,731)	37.50% 10.00%	(189,053,497)
Year(Dilution of Investment) Deferred tax liabilities (b)	130,243,731		(130,243,731)	10.00 /0	(232,878,470)

	Amount in BDT		
	31 Dec. 2020	31 Dec. 2019	
Others			
UCB International school project	3,042,606	3,042,606	
Receivable from Others	-	100	
COVID-19 Receivable	137,534,896	-	
Input VAT & Clearing Adjustment Account	-	2,796,850	
	140,577,502	5,839,556	
	Others UCB International school project Receivable from Others COVID-19 Receivable Input VAT & Clearing Adjustment Account	Others UCB International school project 3,042,606 Receivable from Others - COVID-19 Receivable 137,534,896 Input VAT & Clearing Adjustment Account -	

income generating other ass of Stationery & Stamps nt with Stock Broker nce Payment nce Deposit nce Income Tax Paid nnse Account Office General Account red Tax Asset s owings from other banks, cial institutions & agent ngladesh (note - 10.1) ide Bangladesh (note - 10.2)		olidated 31 Dec. 2019	63,508,454 1,932,141,834 2,325,220,207 8,246,730 1,293,168,267 1,448,977,905 71,031 2,838,117,649 140,577,502 10,050,029,579 United Comme 31 Dec. 2020	43,651,077 379,638,012 2,018,425,992 8,266,730 1,164,968,259 1,871,646,026 - 2,295,986,456 5,839,556 7,788,422,108 rcial Bank Limited 31 Dec. 2019
of Stationery & Stamps Int with Stock Broker Ince Payment Ince Deposit Ince Income Tax Paid Ince Income Tax Paid Ince General Account Ince Tax Asset Ince Tax Asset Ince Tax Asset Ince Income Tax Paid Ince Ince Ince Ince Ince Ince Ince Ince	Conso 31 Dec. 2020 59,414,244,142		1,932,141,834 2,325,220,207 8,246,730 1,293,168,267 1,448,977,905 71,031 2,838,117,649 140,577,502 10,050,029,579 United Comme	379,638,012 2,018,425,992 8,266,730 1,164,968,259 1,871,646,026 - 2,295,986,456 5,839,556 7,788,422,108 rcial Bank Limited
of Stationery & Stamps Int with Stock Broker Ince Payment Ince Deposit Ince Income Tax Paid Ince Income Tax Paid Ince General Account Ince Tax Asset Ince Tax Asset Ince Tax Asset Ince Income Tax Paid Ince Ince Ince Ince Ince Ince Ince Ince	Conso 31 Dec. 2020 59,414,244,142		1,932,141,834 2,325,220,207 8,246,730 1,293,168,267 1,448,977,905 71,031 2,838,117,649 140,577,502 10,050,029,579 United Comme	379,638,012 2,018,425,992 8,266,730 1,164,968,259 1,871,646,026 - 2,295,986,456 5,839,556 7,788,422,108 rcial Bank Limited
nt with Stock Broker ace Payment ace Deposit ace Income Tax Paid anse Account Office General Account and Tax Asset actions by Stock Broker actions act	31 Dec. 2020 59,414,244,142		1,932,141,834 2,325,220,207 8,246,730 1,293,168,267 1,448,977,905 71,031 2,838,117,649 140,577,502 10,050,029,579 United Comme	379,638,012 2,018,425,992 8,266,730 1,164,968,259 1,871,646,026 - 2,295,986,456 5,839,556 7,788,422,108 rcial Bank Limited
nce Payment nce Deposit nce Income Tax Paid nnse Account Office General Account red Tax Asset s owings from other banks, cial institutions & agent ngladesh (note - 10.1) ide Bangladesh (note - 10.2)	31 Dec. 2020 59,414,244,142		2,325,220,207 8,246,730 1,293,168,267 1,448,977,905 71,031 2,838,117,649 140,577,502 10,050,029,579 United Comme	2,018,425,992 8,266,730 1,164,968,259 1,871,646,026 - 2,295,986,456 5,839,556 7,788,422,108
nce Deposit nce Income Tax Paid nnse Account Office General Account red Tax Asset s owings from other banks, cial institutions & agent ngladesh (note - 10.1) ide Bangladesh (note - 10.2)	31 Dec. 2020 59,414,244,142		8,246,730 1,293,168,267 1,448,977,905 71,031 2,838,117,649 140,577,502 10,050,029,579 United Comme	8,266,730 1,164,968,259 1,871,646,026 - 2,295,986,456 5,839,556 7,788,422,108
nce Income Tax Paid ense Account Office General Account red Tax Asset s owings from other banks, cial institutions & agent ngladesh (note - 10.1) ide Bangladesh (note - 10.2)	31 Dec. 2020 59,414,244,142		1,293,168,267 1,448,977,905 71,031 2,838,117,649 140,577,502 10,050,029,579 United Comme	1,164,968,259 1,871,646,026 - 2,295,986,456 5,839,556 7,788,422,108
onse Account Office General Account red Tax Asset s owings from other banks, cial institutions & agent ngladesh (note - 10.1) ide Bangladesh (note - 10.2)	31 Dec. 2020 59,414,244,142		1,448,977,905 71,031 2,838,117,649 140,577,502 10,050,029,579 United Comme	1,871,646,026 - 2,295,986,456 5,839,556 7,788,422,108 rcial Bank Limited
Office General Account red Tax Asset s wings from other banks, cial institutions & agent ngladesh (note - 10.1) ide Bangladesh (note - 10.2)	31 Dec. 2020 59,414,244,142		71,031 2,838,117,649 140,577,502 10,050,029,579 United Comme	2,295,986,456 5,839,556 7,788,422,108 rcial Bank Limited
red Tax Asset s rewings from other banks, cial institutions & agent ngladesh (note - 10.1) ide Bangladesh (note - 10.2)	31 Dec. 2020 59,414,244,142		2,838,117,649 140,577,502 10,050,029,579 United Comme	5,839,556 7,788,422,108 rcial Bank Limited
owings from other banks, cial institutions & agent agladesh (note - 10.1) ide Bangladesh (note - 10.2)	31 Dec. 2020 59,414,244,142		140,577,502 10,050,029,579 United Comme	5,839,556 7,788,422,108 rcial Bank Limited
owings from other banks, cial institutions & agent ngladesh (note - 10.1) ide Bangladesh (note - 10.2)	31 Dec. 2020 59,414,244,142		10,050,029,579 United Comme	7,788,422,108
rigladesh (note - 10.1) ide Bangladesh (note - 10.2) ingladesh	31 Dec. 2020 59,414,244,142		United Comme	rcial Bank Limited
rigladesh (note - 10.1) ide Bangladesh (note - 10.2) ingladesh	31 Dec. 2020 59,414,244,142			
rigladesh (note - 10.1) ide Bangladesh (note - 10.2) ingladesh	31 Dec. 2020 59,414,244,142			
rigladesh (note - 10.1) ide Bangladesh (note - 10.2) ingladesh				
ide Bangladesh (note - 10.2) ngladesh				
ide Bangladesh (note - 10.2) ngladesh		38,680,554,819	56,572,445,993	37,466,824,439
ngladesh	_, , _ , _ , _ , _ , _ ,	3,444,501,317	2,826,679,995	3,444,501,317
-	62,240,924,137	42,125,056,136	59,399,125,988	40,911,325,756
-				
Subordinated Bond (note - 10.)	1.1)		16,300,000,000	15,400,000,000
adesh Bank IPFF Fund			4,982,987,574	4,752,167,240
orrowings from Bangladesh Bar	nk		25,019,396,664	16,850,130,114
wing from Bangladesh Bank Ref	inancina scheme		10,270,061,755	464,527,085
east Bank Limited	3		-	-
			56,572,445,993	37,466,824,439
SL Subordinated Bond 1st Subordinated Bond 2nd Subordinated Bond 3rd Subordinated Bond 4th Subordinated Bond Side Bangladesh national Finance Corporation ARCO tes NBD Bank PJSC-UAE			2,000,000,000 6,300,000,000 8,000,000,000 16,300,000,000	800,000,000 3,000,000,000 7,000,000,000 4,600,000,000 15,400,000,000 141,499,859 444,714,282 424,500,000
tes Islamic Bank			_	-
Gulf Bank			-	304,519,320
			_	-
			_	_
•	E		_	685,967,856
	L		2 544 012 000	1,443,300,000
ard Chartered Bank, Singapore			-	-
			2.826.679.995	3,444,501,317
rod			59,399,125,988	- 40,911,325,756
red cured				40,911,325,756
red cured				
Si E N	ulf Bank Bank UK Bank Spain al Bank of Ras Al-Khaimah, UA ank Limited ırd Chartered Bank, Singapore	ulf Bank Bank UK Bank Spain al Bank of Ras Al-Khaimah, UAE ank Limited ard Chartered Bank, Singapore	ulf Bank Bank UK Bank Spain al Bank of Ras Al-Khaimah, UAE ank Limited ard Chartered Bank, Singapore	ulf Bank - Bank UK - Bank UK - Bank Spain - Bank Spain - Bank of Ras Al-Khaimah, UAE - Bank Limited - Cank Chartered Bank, Singapore - Canada Can



Payable on demand

Payable within one month

Over one month but within six months Over six month but within one year

3,801,268,281 16,862,000,000

1,730,023,867

3,927,007,578 24,674,570,482

8,641,228,551

Control of pear but within five years Con					Amou	ınt in BDT
New Private					31 Dec. 2020	31 Dec. 2019
New Private		Over the state of			10 225 204 200	12.645.240.077
Page						
Page		Over five years but within ten years				
						10/311/020/100
			Como	olidatod	United Commo	wein! Dank Limited
Inter Bank deposits						
New Internation	11	Deposits and other accounts		-		
		Inter Bank deposits	23,950,085	2,025,202,070	23,950,085	2,025,202,070
a. Current accounts & other accounts Current deposits Foreign currency deposits Foreign currency deposits (3,224,438,806 2,968,993,502 3,224,438,806 2,968,993,502 3,224,438,806 2,968,993,502 3,224,438,806 2,968,993,502 3,224,438,806 2,968,993,502 3,224,438,806 2,968,993,502 3,224,438,806 2,968,993,502 3,224,438,806 2,968,993,502 3,224,438,806 2,968,993,502 3,224,9349,148 27,562,601,973 22,349,349,148 27,562,563,		Other deposits	352,289,550,064	328,391,064,745	353,957,668,680	328,607,031,452
Current deposits 38,548,879,994 32,461,778,278 40,216,998,610 32,677,744,985			352,313,500,149	330,416,266,815	353,981,618,765	330,632,233,522
Foreign currency deposits (note - 11.1)		a. Current accounts & other acco	unts			
Sundry deposits (note - 11.1)		Current deposits	38,548,879,994	32,461,778,278	40,216,998,610	32,677,744,985
B. Bills Payable Pay order 8,272,547,152 9,406,083,310 8,272,547,152 9,406,083,310 8,272,547,152 9,406,083,310 8,272,547,152 9,406,083,310 8,272,547,152 9,406,083,310 8,272,547,152 9,406,083,310 8,203,645 7,717,840 8,203,645 7,717,840 8,203,645 7,717,840 8,203,645 7,717,840 8,280,264,992 9,414,290,455 8,280,204,202 4,233,342,902 8,280,204,202 4,233,342,902 8,280,204,202 4,233,342,902 8,280,204,202 4,233,342,902 8,280,204,202 4,233,342,902 8,280,204,202 4,233,342,902 8,280,204,202 4,233,342,902 8,280,204,202 4,233,342,902			, , ,	, , ,	, , ,	
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 c. Savings Bank deposits 8,280,264,992 9,414,290,455 8,280,264,992 9,414,290,455 c. Savings Bank deposits 70,999,776,995 56,655,943,326 70,999,776,995 56,655,943,326 A Fixed deposits 124,519,750,307 143,296,855,887 124,519,750,307 143,296,855,887 Special notice deposits 124,519,750,307 143,296,855,887 124,519,750,307 143,296,855,887 Special notice deposits 1,538,548,928 33,291,964,033 31,538,548,928 33,291,964,033 37,639,238,154 29,977,092,186 Total Deposits and other accounts (a+b+c+d) 352,313,500,149 330,416,266,815 353,981,618,765 330,632,233,522 Sundry creditors 8,630,350 7,928,800 Debit & Credit card 2,5654,210 23,721,630		Sundry deposits (note - 11.1)				
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 - 3,500 50,914,290,455 8,280,264,992 9,414,290,455 52 xings Bank deposits 50,999,776,995 56,655,943,326 70,999,776,995 56,655,943,326 70,999,776,995 56,655,943,326 70,999,776,995 56,655,943,326 4 Fixed deposits 124,519,750,307 143,296,855,887 124,519,750,307 143,296,855,887 Special notice deposits 124,519,750,307 143,296,855,887 33,291,964,033 41,538,548,928 33,291,964,033 41,538,548,928 33,291,964,033 41,538,548,928 33,291,964,033 41,538,548,928 33,291,964,033 41,538,548,928 33,291,964,033 41,538,548,928 33,291,964,033 41,538,548,928 33,291,964,033 41,538,548,928 33,291,964,033 41,538,548,928 33,291,964,033 41,538,548,928 33,291,964,033 41,538,548,928 33,291,964,033 <t< td=""><td></td><td></td><td>69,335,920,773</td><td>57,780,120,928</td><td>71,004,039,389</td><td>57,996,087,635</td></t<>			69,335,920,773	57,780,120,928	71,004,039,389	57,996,087,635
Demand draft payable 7,717,840 8,203,645 3,500 - 3,500 3,500		b. Bills Payable				
Others Payable - 3,500 - 3,500 c. Savings Bank deposits 8,280,264,992 9,414,290,455 8,280,264,992 9,414,290,455 Savings Bank deposits 70,999,776,995 56,655,943,326 70,999,776,995 56,655,943,326 d. Fixed deposits Fixed deposits 124,519,750,307 143,296,855,887 124,519,750,307 143,296,855,887 Special notice deposits 1,538,548,928 33,291,964,033 41,538,548,928 33,291,964,033 41,538,548,928 33,291,964,033 41,538,548,928 33,291,964,033 41,538,548,928 33,291,964,033 41,538,548,928 33,291,964,033 41,538,548,928 33,291,964,033 41,538,548,928 33,291,964,033 41,538,548,928 33,291,964,033 41,538,548,928 33,291,964,033 41,538,548,928 33,291,964,033 41,538,548,928 33,291,964,033 41,538,548,928 33,291,964,033 41,538,548,928 33,291,964,033 41,538,548,928 33,291,964,033 41,538,548,928 33,291,964,033 41,538,548,928 33,291,964,033 41,538,548,928 33,291,964,033 41,538,548,928 33,291,964,033		Pay order	8,272,547,152	9,406,083,310	8,272,547,152	9,406,083,310
8,280,264,992 9,414,290,455 8,280,264,992 9,414,290,455 c. Savings Bank deposits 70,999,776,995 56,655,943,326 70,999,776,995 56,655,943,326 70,999,776,995 56,655,943,326 70,999,776,995 56,655,943,326 d. 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 Total Deposits and other accounts (a+b+c+d) 352,313,500,149 330,416,266,815 353,981,618,765 30,632,233,522 Sundry deposits Scurity 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 FC held against deemed export LC FC held against BTB LC 17,505,288,057 13,689,987,826 Margin Letter of guarantees 2,172,736,457 1		• •	7,717,840	8,203,645	7,717,840	8,203,645
c. Savings Bank deposits Savings Bank deposits 70,999,776,995 56,655,943,326 70,999,776,995 56,655,943,326 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 Total Deposits and other accounts (a+b+c+d) 352,313,500,149 330,416,266,815 353,981,618,765 30,632,233,522 Sundry creditors 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 grarantees 5,025,534,022 4,323,342,902 SME Time Loan 8,090,170 14		Others Payable				
Savings Bank deposits			8,280,264,992	9,414,290,455	8,280,264,992	9,414,290,455
Total Deposits and other accounts (a+b+c+d) Total Deposits Sundry creditors Sundry creditors Security deposits Sec		c. Savings Bank deposits				
A. 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 41,538,548,928 33,291,964,033 41,538,548,928 33,291,964,033 41,538,548,928 33,291,964,033 41,538,548,928 33,291,964,033 41,538,548,928 33,291,964,033 41,538,548,928 33,291,964,033 41,538,548,928 33,291,964,033 41,538,548,928 33,291,964,033 41,538,548,928 33,291,964,033 41,538,548,928 33,291,964,033 41,538,548,928 32,977,092,186 203,697,537,389 206,565,912,106 203,697,		Savings Bank deposits				
Fixed deposits Special notice deposits Special notice deposits Special notice deposits Scheme			70,999,776,995	56,655,943,326	70,999,776,995	56,655,943,326
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 Total Deposits and other accounts (a+b+c+d) 352,313,500,149 330,416,266,815 353,981,618,765 30,632,233,522 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		d. Fixed deposits				
Scheme Deposits 37,639,238,154 29,977,092,186 37,639,238,154 29,977,092,186 Total Deposits and other accounts (a+b+c+d) 352,313,500,149 330,416,266,815 353,981,618,765 330,632,233,522 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 2,172,736,457 1,797,164,630 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		Fixed deposits				
203,697,537,389 206,565,912,106 203,697,537,389 206,565,912,106		·				
Total Deposits and other accounts (a+b+c+d) 352,313,500,149 330,416,266,815 353,981,618,765 330,632,233,522 11.1 Sundry deposits Sundry creditors Security deposits Debit & Credit card Others FC held against deemed export LC FC held against BTB LC Margin Letter of guarantees Letter of grarantees Letter of credit SME Time Loan Export Proceed 352,313,500,149 330,416,266,815 353,981,618,765 353,982,233,522 399,277,407 399,279,207 399,277,407 399,27,207 399,27,207 399,277,407 399,277,407 399,279,207 399,277,407 3		Scheme Deposits				
### accounts (a+b+c+d) ### 11.1 Sundry deposits Sundry creditors Security deposits Debit & Credit card Others FC held against deemed export LC FC held against BTB LC #### Account			203,697,537,389	206,565,912,106	203,697,537,389	206,565,912,106
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		-	352,313,500,149	330,416,266,815	353,981,618,765	330,632,233,522
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		,				
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	11.1	•				
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						
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						
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						
Margin 17,505,288,057 13,689,987,826 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						
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						
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		_			2 172 736 457	1 797 164 630
SME Time Loan 8,090,170 14,534,641 Export Proceed 117,275,916 192,870,463		_				
Export Proceed 117,275,916 192,870,463						
<u></u>						
<u> </u>					27,562,601,973	44,349,349,148

		Amou	Amount in BDT	
		31 Dec. 2020	31 Dec. 2019	
11.2	Maturity analysis of deposits & other accounts			
	Inter- Bank Deposits			
	Payable on demand	18,784,235	20,129,031	
	Payable within one month	-	5,073,039	
	Over one month but within six months	-	-	
	Over six month but within one year	-	-	
	Over one year but within five years	5,165,850	2,000,000,000	
	Over five years but within ten years			
		23,950,085	2,025,202,070	
	Other Deposits			
	Payable on demand	2,974,210,741	2,245,670,969	
	Payable within one month	46,215,919,707	36,865,796,914	
	Over one month but within six months	99,613,466,667	103,214,903,581	
	Over six month but within one year	46,065,033,333	38,094,012,250	
	Over one year but within five years	155,302,738,232	63,102,637,332	
	Over five years but within ten years	3,786,300,000	85,084,010,406	
		353,957,668,680	328,607,031,452	
		353,981,618,765	330,632,233,522	
11.3	Sector-wise deposits			
	Government	1,435,744,616	979,008,170	
	Semi-Government	5,311,631,416	6,993,928,711	
	Public	32,100,014,297	26,650,317,324	
	Private	311,909,789,632	293,039,985,815	
	Foreign Currency Deposits	3,224,438,804		
		353,981,618,765	330,632,233,522	

		Consolidated		United Commercial Bank Limited	
		31 Dec. 2020	31 Dec. 2019	31 Dec. 2020	31 Dec. 2019
12 Other Liabilities					
Provision for classified loans & advances	(note - 12.1)	7,239,857,885	6,430,055,264	7,239,857,885	6,430,055,264
Provision for diminution in value of investment	(note - 12.2)	235,220,899	673,470,630	235,220,899	673,470,630
Provision for classified fixed assets	(note - 12.3)	3,972,000	3,972,000	3,972,000	3,972,000
Provision for classified other assets	(note - 12.4)	105,000,000	105,000,000	105,000,000	105,000,000
Provision for standard loans & advance	(note - 12.5)	4,028,873,830	3,302,602,791	4,028,873,830	3,302,602,791
Provision for special mention account	(note - 12.6)	26,513,973	46,204,637	26,513,973	46,204,637
Provision for small & medium enterprise (SME)	(note - 12.7)	256,137,937	272,680,367	256,137,937	272,680,367
Provision for consumer finance (Credit Card)	(note - 12.8)	50,986,204	40,541,801	50,986,204	40,541,801
Provision for consumer finance (House Finance)	(note - 12.9)	32,930,056	35,133,701	32,930,056	35,133,701
Provision for consumer finance (L.p)	(note - 12.10)	7,473,013	5,751,887	7,473,013	5,751,887
Provision for consumer finance (Others)	(note - 12.11)	110,638,865	284,031,315	110,638,865	284,031,315
Provision for short term agri micro finance	(note - 12.12)	11,713,004	14,046,927	11,713,004	14,046,927
Provision for off-balance sheet exposure	(note - 12.13)	1,857,239,989	1,617,214,824	1,857,239,989	1,617,214,824



			Co	nsolidated	United Comme	rcial Bank Limited
			31 Dec. 2020	31 Dec. 2019	31 Dec. 2020	31 Dec. 2019
BHs	vision for s/MBs/SDs/against	(note - 12.14)	40,774,248	4,399,426	40,774,248	4,399,426
sha			5,856,555,783	5,415,922,456	5,580,668,803	5,211,832,053
Pro	vision for current tax vision for UCB ndation	(note - 12.15) (note - 12.16)	75,000,000	75,000,000	75,000,000	75,000,000
Inte	erest suspense ount	(note - 12.17)	11,594,608,601	8,468,148,993	11,594,608,601	8,468,148,993
Spe	cial General vision for COVID_19	(note - 12.18)	840,000,000	-	840,000,000	-
Hea	d office general		-	108,486	-	108,486
Unc	laimed Dividend		176,363,248	154,433,832	176,363,248	154,433,832
Sun	dry liabilities		6,094,005,635	3,304,061,467	2,944,075,262	2,332,904,735
Inte	erest payable		5,019,025,340	8,502,502,217	5,019,025,340	8,502,502,217
	se Liabilities as per S 16		4,594,327,828	4,853,506,573	4,594,327,829	4,853,506,573
Sta	rt-Up Fund		28,571,978	-	28,571,978	
			48,285,790,316	43,608,789,594	44,859,972,964	42,433,542,459
12.1	Provision for class Opening balance Add: Write off transf	er from interest su			6,430,055,264	4,940,005,021 442,828,786
	Less: Adjustment du Provision made durir Transferred from sur	ng the year	sion heads		809,802,621 -	(2,114,228,552) 3,161,450,009
					7,239,857,885	6,430,055,264
12.2	Provision for dimi	nution in value o	of investment			
	Opening balance Provision made/(rev	ersed) during the y	/ear		673,470,630 (438,249,731)	- 673,470,630
					235,220,899	673,470,630
12.3	Provision for class	ified fixed assets	5			
	Opening balance Provision made durin	ng the year			3,972,000	3,972,000
					3,972,000	3,972,000
12.4	Provision for class	sified other asset	ts			
	Opening balance Provision made durin				105,000,000	104,964,661 35,339
	Transferred the surp	lus to other provisi	ion heads			
					105,000,000	105,000,000
12.5	Provision for stan	dard loans & adv	rance			
	Opening balance				3,302,602,791	3,727,755,019
	Provision made durir	ng the year			726,454,536	(427,213,421)
	Transferred from sur Adjustment during the	plus of other provi	sion heads		(183,497)	2,061,193
					4,028,873,830	3,302,602,791



		Amount in BDT	
		31 Dec. 2020	31 Dec. 2019
12.6	Provision for special mention account		
	Opening balance Provision made during the year Transferred the surplus to other provision heads	46,204,637 (19,690,664)	75,968,997 (29,764,360)
		26,513,973	46,204,637
12.7	Provision for small & medium enterprise(SME)		
	Opening balance Provision made during the year Transferred the surplus to other provision heads	272,680,367 (16,542,430)	221,345,711 51,334,656 -
		256,137,937	272,680,367
12.8	Provision for consumer finance (Credit Card)		
	Opening balance Provision made during the year	40,541,801 10,444,403	32,796,713 7,745,088
		50,986,204	40,541,801
12.9	Provision for consumer finance (House Finance)		
	Opening balance Provision made during the year	35,133,701 (2,203,645)	51,581,733 (16,448,032)
		32,930,056	35,133,701
12.10	Provision for consumer finance (Loan Professionals)		
	Opening balance Provision made during the year Transferred the surplus to other provision heads	5,751,887 1,721,126 -	2,814,141 2,937,746
		7,473,013	5,751,887
12.1	1 Provision for consumer finance (Others)		
	Opening balance Provision made during the year	284,031,315 (173,392,450)	239,654,652 44,376,663
		110,638,865	284,031,315
12.1	2 Provision for short term agri micro finance		
	Opening balance Provision made during the year Transferred the surplus to other provision heads	14,046,927 (2,333,923) -	16,077,497 (2,030,570) -
		11,713,004	14,046,927
12.13	3 Provision for off-balance sheet exposure		
	Opening balance Provision made/(reversed) during the year Adjustment during the year	1,617,214,824 240,064,820 (39,655)	1,570,407,545 46,534,544 272,735
	Augustance during the year	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/MBs/SDs/against share

	40,774,248	4,399,426
Addition during the year	36,374,822	3,461,551
Opening balance	4,399,426	937,875



	Amou	ınt in BDT
	31 Dec. 2020	31 Dec. 2019
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	2,783,077,663
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 2013-2014	2,183,460,319 2,152,935,623	2,183,460,319 2,152,935,623
2014-2015	2,132,333,023	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	(19,762,038,318)	(20,083,917,066)
advance Tax up to the year 2018	5,580,668,803	5,211,832,053
12.16 Provision for UCB Foundation		
Opening halance	75,000,000	63,165,000
Opening balance 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
12.17 Interest suspense account		
On anting halaman	0.460.440.002	6 276 020 274
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 Less: Interest waiver/remission allowed	(1,845,778,074) (19,226,622)	(2,877,588,192)
Less: Amount written off during the year	(19,220,022)	(254,168,892) (442,828,786)
Less. Amount written on during the year	11,594,608,601	8,468,148,993
12.18 Special General Provision for COVID_19		0,100,110,000
Opening balance	-	-
Provision made during the year	840,000,000	-
	840,000,000	
13 Share Capital	11 505 427 100	10 541 306 540
Opening balance Add: Bonus shares issue	11,595,437,190 579,771,850	10,541,306,540 1,054,130,650
Aud. Dollus Stidles Issue		
42.4 Authorized Coulted	12,175,209,040	11,595,437,190
13.1 Authorized Capital	4F 000 000 000	15 000 000 000
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	11 808 108 155	10 511 001 515
1,159,543,719 ordinary shares @ Taka 10.00 each	11,595,437,190	10,541,306,540
57,977,185 ordinary shares @ Taka 10.00 each issued as bonus share	579,771,850	1,054,130,650
	12,175,209,040	11,595,437,190

Shareholding Position:

Particulars	Decemb	ber 2020 December 2019		ber 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	Number of	Value of Shares	Total Holdings
	Shareholders	Shares	in BDT	%
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	50,206	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.

Capital of Taka 50,231,608,452 ther	reby an excess of capital of Tak	a 8,141,666,1	66 at that date.	
Details are shown below:				
Tier-I Capital :				
Common Equity Tier-1 capital (CET1):			
Paid-up Capital (note: 13.2)			12,175,209,040	11,595,437,1
Share Premium (note: 13.3)			1,454,976,750	1,454,976,7
Statutory Reserve (note: 14)			13,424,987,898	12,435,385,3
General Reserve (note : 15)			26,577,961	26,577,9
Retained Earnings (note : 17)			5,191,763,156	4,512,283,5
			32,273,514,805	30,024,660,7
Less: Regulatory Adjustments				
Goodwill and all other Intangi	ible Assets		436,341,502	312,986,1
Deferred Tax Assets (DTA)			2,838,117,649	2,295,986,4
Reciprocal crossholdings and	excess investment above lim	it	101,950,990	120,383,0
Others			48,672,172	41,036,6
			3,425,082,313	2,770,392,2
Total Common Equity Tier-1 Cap	pital		28,848,432,492	27,254,268,5
Additional Tier-1 Capital (AT-1)			-	
Total Tier-1 Capital			28,848,432,492	27,254,268,5
Tier-II Capital:				
General Provision				5,622,607,6
Revaluation Reserve (note: a)	=			
Subordinated Bond			14,600,000,000	14,000,000,0
			21,863,281,119	19,622,607,6
Less: Regulatory Adjustments:				
Revaluation Reserve			_	
Reciprocal crossholdings in th	e T-2 Capital of BNBFIs		4,365,950	169,218,6
& Insurance Entities			, ,	, , ,
Any investment exceeding the	e approved limit under sectio	n 26(2) of	-	
Bank Company Act, 1991 (50	% of Investment)	. ,		
Others	,		475,739,208	471,509,4
Total Admissible Tier-2 Capita	al		21,383,175,961	18,981,879,5
Total Regulatory Capital		50,231,608,453	46,236,148,0	
rotal regulator, capital			-0,230,140,U3	
Risk Weighted Assets (note-13.8)			336,719,538,288	314,868,224,2
Minimum Capital Requirement	Minimum Capital Requirement with Capital Conservation			39,358,528,0
Buffer (12.5% of Risk Weighted Assets)				
Capital Surplus/(Shortfall)			8,141,666,167	6,877,619,9
Composition of Capital	Required	Held	Required	H
	•		<u> </u>	
Common Equity Tier -I	4.50%	8.57%	4.50%	8.66

8.66%

6.03%

7.51%

14.68%

Tier-I Capital

Tier-II Capital

Total CRAR

Tier-I Capital with Buffer

6.00%

8.50%

12.50%

8.57%

6.35%

8.57%

14.92%

6.00%

7.88%

11.88%

				Amou	nt in BDT
				31 Dec. 2020	31 Dec. 2019
	_		olidated		rcial Bank Limited
	_	31 Dec. 2020	31 Dec. 2019	31 Dec. 2020	31 Dec. 2019
13.8	Computation of Risk Weighted Asso	ets			
	On- Balance Sheet Off-Balance sheet Credit Risk (A) Market Risk (B) Operational risk (C) Total: Risk Weighted assets (A	A+B+C)		238,110,024,639 56,154,619,930 294,264,644,569 9,050,011,345 33,404,882,374 336,719,538,288	8,118,341,094 30,860,057,689
14	Statutory Reserve				
	As per section 24(1) of the Bank compa profit before taxes for the year has been				ent to 20% of the
	Opening Balance Add : Transferred during the year	12,435,385,300 989,602,598	11,448,968,038 986,417,262	12,435,385,300 989,602,598	11,448,968,038 986,417,262
	=	13,424,987,898	12,435,385,300	13,424,987,898	12,435,385,300
15	General Reserve				
	Opening Balance Add: Transferred during for the year	26,577,961 -	26,577,961 -	26,577,961	26,577,961
		26,577,961	26,577,961	26,577,961	26,577,961
16	Other Reserve Asset Revaluation Reserve (notes: 16. Foreign currency translation gain/(loss) Revaluation Reserve on HTM Securities (notes: 16.2.1) Revaluation Reserve on HFT Securities	25,125,152	2,534,101,559 25,683,605 198,489,847 84,000	2,534,101,559 25,125,152 93,738,160 139,751,027	2,534,101,559 25,683,605 198,489,847 84,000
	(notes: 16.2.2)	2,792,715,898	2,758,359,011	2,792,715,898	2,758,359,011
16.1	Asset Revaluation Reserve				
	In terms of Bangladesh Accounting State Circular No. 10 dated 25 November 20 revalued as at 27.12.2012 by Padma Teathe country based on market survey. Accounted as asset revaluation reserve at Opening Balance	002 issued by Band chno Consult & Surv ccordingly, revaluat	gladesh Bank, all the rey Ltd. an independe ion surplus of Tk. 2,5	e immovable properti ent professionally qual	es of the Bank were ified valuation firm o
	Reserve made for the year —	-	-		-
	=	2,534,101,559	2,534,101,559	2,534,101,559	2,534,101,559
16.2	Revaluation Reserve				
	HTM Securities (notes 16.2.1) HFT Securities (notes 16.2.2)			93,738,160 139,751,027	198,489,847 84,000
				233,489,187	198,573,847
	As per the DOS Circular Letter # 05 date amortized on yearly basis.	ed 26 May 2008, HF	T securities are reval	ued on weekly basis a	nd HTM securities are
16.2	1 Revaluation Reserve on HTM Secu	rities			
	Opening Balance Net Revaluation gain/adjustment during	g the year		198,489,847 (104,751,687)	90,800,364 107,689,483
				93,738,160	198,489,847



Table			Conso	lidated	United Comme	rcial Bank Limited
Popening Balance Revaluation gain/adjustment during the year 139,667,027 84,000 139,675,027 84,000 139,751,027 84,000 139,751,027 84,000 139,751,027 84,000 139,751,027 84,000 139,751,027 84,000 139,751,027 84,000 139,751,027 13			31 Dec. 2020	31 Dec. 2019	31 Dec. 2020	31 Dec. 2019
Net Revaluation gain/adjustment during the year 130,607,00 84,000 17 Retained Earnings	16.2	.2 Revaluation Reserve on HFT Sec	curities			
Net Revaluation gain/adjustment during the year 130,607,00 84,000 17 Retained Earnings		Opening Balance			84.000	_
Part			ring the year			84,000
Part					139,751,027	84,000
Opening Balance	17	Retained Earnings			<u> </u>	
Add: Transferred during for the year Add: Add: Addi stdment for Deferred Tax Asset		Opening Balance			A 512 283 508	3 780 790 785
Add: Adjustment for Deferred Tax Asset						
Less. Issuance of Cash Dividend (579,771,860) (579,718,60)					-	-
Total Dalance of retained earnings Less: Non controlling Interest Total Dalance of retained earnings Total Dalance of retained earnings attributable to the ordinary Share holders. Total Dalance of retained earnings attributable to the ordinary Share holders. Total Dalance of retained earnings attributable to the ordinary Share holders. Total Dalance of retained earnings attributable to the ordinary Share holders. Total Dalance of retained earnings attributable to the ordinary Share holders. Total Dalance of retained earnings attributable to the ordinary Share holders. Total Dalance of retained earnings attributable to the ordinary Share holders. Total Dalance of retained earnings attributable to the ordinary Share holders. Total Dalance of retained earnings attributable to the ordinary Share holders. Total Dalance of retained earnings attributable to the ordinary Share holders. Total Dalance of retained earnings attributable to the ordinary Share holders. Total Dalance of retained earnings attributable to the ordinary Share holders. Total Dalance of retained earnings attributable to the ordinary Share holders. Total Dalance of retained (note-18.1) Total Dalance of retained (note-18.1) Total Dalance of retained (note-18.1) Total Dalance of retained (note-18.2) Total Dalance of retained (note-18.3) Total Dalance		Less. Issuance of Stock Dividend			(579,771,850)	(1,054,130,650)
17(a) Consolidated Retained Earnings		Less. Issuance of Cash Dividend			(579,771,860)	-
United Commercial Bank Ltd. 5,191,763,156 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. (65,690) − 5,856,136 (36,236) UCB Fintech Company Limited (65,690) − 5,864,047,241 5,092,915,657 Less: Non controlling Interest 219 100 Total balance of retained earnings attributable to the ordinary Share holders. 5,864,047,022 5,092,915,557 Non controlling interest 220 200 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) 5,644,645,645,645,645 14,125,013,990 15,798,686,621 Other Commitments 242,106,790 15,798,686,621 Other Commitments 242,106,790 15,798,686,621 14,125,013,990 15,798,686,					5,191,763,156	4,512,283,598
United Commercial Bank Ltd. 5,191,763,156 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. (65,690) - 5,856,136 (36,236) UCB Fintech Company Limited (65,690) - 5,864,047,241 5,092,915,657 Less: Non controlling Interest 219 100 Total balance of retained earnings attributable to the ordinary Share holders. 5,864,047,022 5,092,915,557 Non controlling interest 220 200 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) 78,153,489,715 70,853,038,511 Cherromorphisments 242,106,790 15,798,686,621 Other Commitments 242,106,790 15,798,686,621 Other Commitments 242,106,790 15,901,012,12 242,106,790 15,901,012,12 242,106,790 15,901,012,12 242,106,790 16,634,585,797 18,434,420,439 16,436,585,799 16,436,585,799 16,436,585,799 16,436,585,799 16,436,585,799 16,436,585,799						
UCB Capital Management Ltd.	17 (a) Consolidated Retained Earnings				
UCB Investment Ltd. 62,194,085 66,366,321 UCB Asset Management Ltd. 5,856,136 (36,236) (36,236) (25,266) (25,660) (25,664,047,241 5,092,915,657 (25,864,047,241 5,092,915,657 (25,864,047,022 5,092,915,557 (25,864,047,022 5,092,915,557 (25,864,047,022 5,092,915,557 (25,864,047,022 5,092,915,557 (25,864,047,022 25,092,915,557 (25,864,047,022 25,092,915,557 (25,864,047,022 25,092,915,557 (25,864,047,022 25,092,915,557 (25,864,047,022 25,092,915,557 (25,864,047,022 25,092,915,557 (25,864,047,022 25,092,915,357 (25,864,047,022 25,092,915,357 (25,864,047,022 25,992,915,357 (25,864,047,022 25,864,047,047,047,047,047,047,047,047,047,04		United Commercial Bank Ltd.	5,191,763,156	4,512,283,598		
UCB Asset Management Ltd.						
UCB Fintech Company Limited (65,690) 5,864,047,241 5,092,915,657 Less: Non controlling Interest 219 100 Total balance of retained earnings attributable to the ordinary Share holders. 5,864,047,022 5,092,915,557 Non controlling interest 220 200						
Sest Non controlling Interest 219 100 10		_		(36,236)		
Less: Non controlling Interest 219 100 Total balance of retained earnings attributable to the ordinary Share holders. 5,864,047,022 5,092,915,557		UCB Fintech Company Limited				
Total balance of retained earnings attributable to the ordinary Share holders.			5,804,047,241	5,092,915,657		
Non controlling interest 220 200 2			219	100		
Non controlling interest 220 200 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 19,010,212 201,041,689,733 183,957,883,166 18.1 Acceptances & endorsements 61,518,903,918 52,418,618,072 Bankers liabilities for accepted against usance LC Bankers liabilities for accepted against BB usance 61,518,903,918 52,418,618,072 18.2 Letters of guarantee 78,153,489,715 70,853,038,511 18.2 Letters of guarantee 40,787,503,022 48,461,692,476 Bankers liabilities for letters of guarantee (Inland) Bankers liabilities for letters of guarantee (Foreign) 9,089,794,643 8,932,241,108						
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 19,010,212 201,041,689,733 183,957,883,166 18.1 Acceptances & endorsements 52,418,618,072 Bankers liabilities for accepted against usance LC Bankers liabilities for accepted against BB usance 61,518,903,918 52,418,618,072 18.2 Letters of guarantee 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) A0,787,503,022 48,461,692,476 8,932,241,108		_	5,864,047,022	5,092,915,557		
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 19,010,212 201,041,689,733 183,957,883,166 18.1 Acceptances & endorsements 52,418,618,072 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 40,787,503,022 48,461,692,476 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						
Acceptances & endorsement (note- 18.1) Letters of guarantee (note- 18.2) Irrecoverable letters of credit (note- 18.3) Bills for collection (note-18.4) Other Commitments Bankers liabilities for accepted against usance LC Bankers liabilities for accepted against BB usance Bankers liabilities for letters of guarantee (Inland) Bankers liabilities for letters of guarantee (Foreign) Acceptances & endorsements 8		Non controlling interest	220	200		
Acceptances & endorsement (note- 18.1) Letters of guarantee (note- 18.2) Irrecoverable letters of credit (note- 18.3) Bills for collection (note-18.4) Other Commitments Bankers liabilities for accepted against usance LC Bankers liabilities for accepted against BB usance Bankers liabilities for letters of guarantee (Inland) Bankers liabilities for letters of guarantee (Foreign) Acceptances & endorsements 8						
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 19,010,212 201,041,689,733 183,957,883,166 Bankers liabilities for accepted against usance LC Bankers liabilities for accepted against BB usance 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 40,787,503,022 48,461,692,476 Bankers liabilities for letters of guarantee (Inland) Bankers liabilities for letters of guarantee (Foreign) 9,089,794,643 8,932,241,108	18	Contingent liabilities & commitment	ent			
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 19,010,212 201,041,689,733 183,957,883,166 Bankers liabilities for accepted against usance LC Bankers liabilities for accepted against BB usance 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) Bankers liabilities for letters of guarantee (Foreign) 9,089,794,643 48,461,692,476		Acceptances & endorsement (note-	18.1)		78,153,489,715	70,853,038,511
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 19,010,212 201,041,689,733 183,957,883,166 Bankers liabilities for accepted against usance LC Bankers liabilities for accepted against BB usance 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) Bankers liabilities for letters of guarantee (Foreign) 9,089,794,643 48,461,692,476			,		49,877,297,665	
Other Commitments 242,106,790 19,010,212 201,041,689,733 183,957,883,166 18.1 Acceptances & endorsements Bankers liabilities for accepted against usance LC Bankers liabilities for accepted against BB usance 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 40,787,503,022 48,461,692,476 Bankers liabilities for letters of guarantee (Foreign) 9,089,794,643 8,932,241,108		Irrecoverable letters of credit (note-	18.3)		58,643,781,573	
201,041,689,733 183,957,883,166 18.1 Acceptances & endorsements		Bills for collection (note-18.4)			14,125,013,990	15,798,968,621
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		Other Commitments				
Bankers liabilities for accepted against usance LC Bankers liabilities for accepted against BB usance 61,518,903,918 152,418,618,072 16,634,585,797 18,434,420,439 178,153,489,715 178,153,153,153,153,153,153,153,153,153,153					201,041,689,733	183,957,883,166
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	18.1	Acceptances & endorsements				
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		Bankers liabilities for accepted again	st usance LC		61,518,903,918	52,418,618,072
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					16,634,585,797	18,434,420,439
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					78,153,489,715	70,853,038,511
Bankers liabilities for letters of guarantee (Foreign) 9,089,794,643 8,932,241,108	18.2	Letters of guarantee				
Bankers liabilities for letters of guarantee (Foreign) 9,089,794,643 8,932,241,108		Bankers liabilities for letters of quara	antee (Inland)		40,787,503,022	48,461,692,476
		_	, ,			
		-				57,393,933,584



				Amou	nt in BDT
				31 Dec. 2020	31 Dec. 2019
18.3	Irrecoverable letters of credit				
	Letters of credit (Inland) Letters of credit (Foreign) Back to back L/C Letters of credit EDF Letters of credit EPZ			406,516,821 34,819,548,138 20,269,175,401 3,100,266,461 48,274,752 58,643,781,573	369,519,179 24,870,627,481 12,119,008,679 2,513,636,310 20,140,589 39,892,932,238
				38,043,781,373	39,892,932,238
18.4	Bills for collection				
	Bills for collection Foreign Bills for collection			9,482,409,741 4,642,604,249	10,073,683,919 5,725,284,702
	Toreign bills for collection			14,125,013,990	
19	Income Statement				
	Income				
	Interest, discount and similar income Dividend income Fees, commission and brokerage Gain less losses arising from dealing			32,839,829,930 206,565,597 3,381,909,841	35,407,971,409 260,050,966 3,137,987,275
	Gain less losses arising from investm			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
	other operating meanic			38,284,392,730	40,859,827,348
	Expenses				
	Interest paid on deposits and borrow	ings 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 Depreciation on banks assets			2,900,050,892	2,580,303,288
	Depreciation on banks assets			1,334,144,094 31,427,276,085	1,094,023,437 32,581,142,879
				6,857,116,645	8,278,684,469
19.1	Interest, discount and similar inc	ome			
	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 Legal expenses			995,871,932 94,175,130	997,997,217 67,210,548
	Postage, stamps, telecommunications	s 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 Auditors' fees			2,705,176 1,725,000	3,462,118
	Repair of banks assets			275,791,340	1,150,000 343,582,617
				9,396,902,852	8,755,880,232
		Conse	olidated	United Comme	rcial 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	727,325,863	1,081,921,052	727,325,863	1,081,921,052
	other banks & Fin Ins. Interest on money at	82,829,445	94,921,389	82,829,445	94,921,389
	call on short notice		,- ,	, = = , = =	,- ,- <u>,</u>
	Interest on balance with foreign Bank		75,958,347	59,085,257	75,958,347
	:	27,690,575,955	31,336,849,217	27,306,956,686	30,948,745,064



		Cons	olidated	United Commo	rcial Bank Limited
	_	31 Dec. 2020	31 Dec. 2019	31 Dec. 2020	31 Dec. 2019
21	Interests Paid on deposits and bo	rrowings 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
	_	17,891,661,906	20,269,076,814	17,796,178,247	20,150,935,922
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
				15,401,031,887	17,451,515,971
21.2	Interest paid on borrowings				
	Borrowing from Bangladesh Bank			278,754,799	210,855,367
	Borrowing from other Bank & financial	l institution		52,424,339	12,743,969
	Interest Paid on Subordinated Bond			1,481,865,383 138,047,593	1,475,218,799
	F.C borrowings Interest Exp. On Other Bank repo borr	rowings		138,047,393	298,550,545 843,458
	Interest on money at call on short not			12,281,944	17,289,306
	Interest on EDF borrowings from Bang	gladesh Bank		431,572,864	683,918,507
	Re-issued/Buy Bonds			2,395,146,360	2,699,419,951
			:	2,393,140,300	2,099,419,931
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)		393,991,003	602,491,045	393,991,003
	=	6,170,676,976	4,898,010,675	6,135,364,289	4,853,217,348
22.1	Interest income from investments	;			
	Government treasury bill/bond Bangladesh Bank Bill			4,541,938,522	3,696,362,090
	Sub-ordinated Bond			316,606,251	331,580,249
	Reverse Repo with Other Bank			145,954,276	48,051,543
	Income from Investment Gain/(Loss) on revaluation on govt. se	ecurities (note - 22 .	.2.1)	169,630 528,204,565	383,232,463
			,		
		_		5,532,873,244	4,459,226,345
22.2	Non interest income from investm	ents			
	Dividend on shares			206,565,597	260,050,966
	Gain/(Loss) on sale of share (note - 2	22.22)		395,875,448	133,920,037
	Prize money on prize bond.			50,000	20,000
				602,491,045	393,991,003
				6,135,364,289	4,853,217,348
22.2.	1 Gain/(Loss) on revaluation on go	ovt. securities	:		
				600 000 042	202 511 654
	Gain on revaluation on govt. securities Less : Loss on revaluation on govt. se			609,996,043 (81,791,477)	392,511,654 (9,279,191)
	Loss on revaluation on govt. Se	.5311665		528,204,565	383,232,463
22.7	2 Gain/(Loss) on sale of shares				
	Gain on sale of shares			ADE 110 007	101 025 002
	Less : Loss on sale of shares			496,119,807 (100,244,359)	181,825,892 (47,905,855)
				395,875,448	133,920,037
				· · ·	



		Conso	lidated	United Commer	cial Bank Limited
	_	31 Dec. 2020	31 Dec. 2019	31 Dec. 2020	31 Dec. 2019
23	Commission, Fees, Exchange & Bro	okerage			
	Commission (note - 23.1)	2,176,367,006	1,948,622,690	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	5,109,884,966	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 Undertaki	ng		-	-
	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 Clearance			185,584,937 1,829,576	165,351,303 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 Arrangement Fees			344,391,262 57,743,721	372,845,772
	ABS fees & charges			7,392,358	49,413,334 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 cur	rency		(9,749,383)	23,413,092
	FX Deal Discount Income	rency		48,057,293	133,470,522
			-	1,312,074,764	1,782,075,816
	Less : Exchange loss (general)			-	-
	Less : Exchange loss (dealing room)			-	<u>-</u>
			=	1,312,074,764	1,782,075,816
24	Other Operating Income				
	Locker	12 060 150	14,726,750	13,960,150	14,726,750
	Premises rent	13,960,150 415,395	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		<u> </u>	<u> </u>	
	=	150,859,502	139,141,937	148,087,150	137,801,845



		Conso	lidated	United Commerc	cial Bank Limited
		31 Dec. 2020	31 Dec. 2019	31 Dec. 2020	31 Dec. 2019
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
	Bonu	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
	,	6,560,470,134	6,047,643,391	6,354,171,912	5,912,081,692
26	Rent, taxes, insurance, electricity	y 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	1,009,676,445	995,871,932	997,997,217
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, telecommunica	tions 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	116,513,350	83,629,031	113,510,778
		178,461,860	192,266,207	174,621,217	189,263,635
29	Stationery, printing & advertisen	nents 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	1 002 634 156	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

_	Consolidated		United Commercial	cial Bank Limited
_	31 Dec. 2020	31 Dec. 2019	31 Dec. 2020	31 Dec. 2019
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 (traveling expense	s) 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	1,853,500	1,253,500	1,725,000	1,150,000
			,,		,,
33	<u> </u>	,622,227,426	1,447,349,699	1,609,935,434	1,437,606,054
	of bank's assets				
33.1	Depreciation				
	Furniture/fixtures	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	110,939,805	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)	465,433,617	410,148,404	465,433,617	410,148,404
	as per IFRS 16	245 247 742	1 102 522 202	1 224 144 004	1 004 022 427
		,345,247,742	1,102,522,303	1,334,144,094	1,094,023,437
33.2	Repair renovation & maintenance				
	Furniture /fixtures	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
		276,979,684	344,827,396	275,791,340	343,582,617
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 Dabit Card	, ,	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
	Liveries & uniforms	117 126	20 520 627	117 126	20 520 627
	Operational Loss	117,136 827,148	20,529,637 1,040,000	117,136 827,148	20,529,637 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
	255 5 5416 61 455665	0,520,500	323,303	0,320,300	323,303



	Conso	lidated	United Commer	cial Bank Limited
	31 Dec. 2020	31 Dec. 2019	31 Dec. 2020	31 Dec. 2019
Write off of assets	-	3	_	3
BATCH/BEFTN 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	268,343,328	245,879,125	268,343,328	245,879,125
liability as per IFRS 16				
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	<u> </u>
=	2,923,458,480	2,597,662,274	2,900,050,892	2,580,303,288
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 enterprise (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/MBs/SDs/against sh	nare 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)
=	2,148,188,564	2,674,166,693	2,107,288,564	2,626,557,644
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
37 Other Provision				
Provision for other assets	-	-	-	-
Provision for nostro account	-	-	-	-
Provision for branch adjustment accord	unt -	-	-	-
Provision for other assets	-	35,339	-	35,339
Provision for off-balance sheet exposu	ures 240,064,820	70,193,602	240,064,820	46,534,544
Provision for UCB foundation fund	_	_	_	_

Provision for Off-Balance Sheet Exposure

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)
	2,294,688,044	2,309,184,768	2,090,815,148	2,160,045,587

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 2,857,197,844 2,772,040,725 Number of Ordinary shares 1217520905 1,217,520,905 1,217,520,905 1,217,520,905 outstanding (Denominator) Earning Per Share (EPS) 2.42 2.35 2.35 2.28

		Conso	lidated	United Comme	rcial Bank Limited
		31 Dec. 2020	31 Dec. 2019	31 Dec. 2020	31 Dec. 2019
40	Receipt from other operating act	ivities			
	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
	. 5	1,874,554,042	2,344,555,094	1,856,087,363	1,971,013,734
41	Payment for other operating acti	vities			
	Logal sympanes	04 175 130	67,210,548	04 175 120	67,210,548
	Legal expenses Directors fees & other expenses	94,175,130 2,705,176	3,462,118	94,175,130 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	2,078,772,240	1,166,968,916	2,051,935,705	1,147,962,752
	Other experialture	2,453,168,882	1,582,374,199	2,426,332,347	1,563,368,035
42	Increases / Degreeses of other acc	ota -			
42	Increase / Decrease of other ass	ets			
	Closing other assets			9,549,162,581	6,599,488,938
	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			557,364,042	(522,351,289)
43	Increase / Decrease of other liab	oilities			
	Closing other liabilities			37,170,763,715	31,751,629,359
	Provision for classified loans & advan	ices		(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 & adv	ances		(4,028,873,830)	(3,302,602,791)
	Provision for special mention account	t (SMA)		(26,513,973)	(46,204,637)
	Provision for small & medium enterp	rise (SME)		(256,137,937)	(272,680,367)
	Provision for consumer finance (Cred	lit Card)		(50,986,204)	(40,541,801)
	Provision for consumer finance (Hou	•		(32,930,056)	(35,133,701)
	Provision for consumer finance (L.p)	,		(7,473,013)	(5,751,887)
	Provision for consumer finance (Other	ers)		(110,638,865)	(284,031,315)
	Provision for short term agri micro fi	-		(11,713,004)	(14,046,927)
	Provision for others			(40,774,248)	(4,399,426)
	Provision for off-balance sheet expos	sures		(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			3,948,200,384	1,881,838,339
44	Net Operating Cash Flows Per Sh	are (NOCFPS)			
	Not Cach from operating activities	(11,335,608,675)	3 020 020 620	(11,851,318,755)	3 570 726 077
	Net Cash from operating activities Number of Ordinary shares	1,217,520,905	3,020,938,638 1,217,520,905	1,217,520,905	3,579,736,977 1,217,520,905
	outstanding (Denominator)	1,217,520,905	1,217,520,905	1,217,520,905	1,217,520,905
	Net Operating Cash Flows	(9.31)	2.48	(9.73)	2.94
	Per Share (NOCFPS)	(5:52)		(2.7.2)	
45	Net Asset Value Per Share (NAVF	PS)			
	Net Asset Value	-	33 363 651 760	35 066 230 702	32 783 010 810
		35,738,514,569	33,363,651,769	35,066,230,703	32,783,019,810
	Number of Ordinary shares	1,217,520,905	1,217,520,905	1,217,520,905	1,217,520,905
	outstanding (Denominator) Net Asset Value Per Share (NAVPS)	29.35	27.40	28.80	26.93
			271-10	20.00	



46 Audit Committee of the Board

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 (E&W), FCA, FCS
Syed Mohammed Nuruddin	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 date wise:

Details of the Audit Committee Meeting in the year 2020

SI. 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

- a) Internal Audit Plan 2021.
- b) Audited Financial Statements of the Bank for the year ended 31, December 2019, and the Auditors report thereon.
- c) Unaudited Financial Statements for the 1st, 2nd and 3rd quarters of the Bank for the year 2020, before submission for approval to the Board of Directors.
- d) Annual Health Report as on 31 December 2019.
- e) Self-assessment on antifraud internal controls.

47 Related Party Disclosers:

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 of the Board of Directors & Chairman, Shariah Supervisory Committee	23238012	24399911
Anisuzzaman Chowdhury	Chairman-Executive Committee	32451678	34074261
Akhter Matin Chaudhury FCA (E&W), FCA, FCS	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

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
Nurul Islam Chowdhury	Director	23195560	24355337
Asifuzzaman Chowdhury	Director	32708759	34344196
Syed Mohammed Nuruddin	Director	23200000	24360000
Roxana Zaman	Director	23210000	24370500
Bashir Ahmed	Director	23322494	24488617
Afroza Zaman	Director	23210000	24370500
Syed Kamruzzaman, FCMA	Director	23772100	24960705
Muhammed Shah Alam, FCMA	Director	23210000	24370500
Professor Dr. Md. Jonaid Shafiq	Director	23210000	24370500
Kanak Kanti Sen	Director	23191300	24350865
Dr. Aparup Chowdhury	Independent Director Chairman, NRC	-	-
Touhid Shipar Rafiquzzaman	Independent Director	-	-
Mohammed Shawkat Jamil	Managing Director & CEO	-	-

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

Name of the 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
		7. Aramit Footwear Limited
		8. North West Securities Limited
Bazal Ahmed	Vice-Chairman of the Board of	1. Taj Accessories (Pvt.) Ltd.
	Directors & Chairman, Shariah Supervisory Committee	2. Saikat Textile Ind. Ltd.
Anisuzzaman Chowdhury	Chairman-Executive Committee	1. Ronny Chemical Industries Limited
		2. Navana Pharmaceuticals Ltd.
Akhter Matin Chaudhury, FCA (E&W), FCA, FCS	Chairman-Audit Committee (Independent Director)	None
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



Name of the Directors	Status	Entities where they have interest.
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. Ynunusco (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
		13. Consolidated Agencies
		14. SSI Yunusco (BD) Ltd.
Haico M. A. Valam	Director	1. M/s. M. A. Kalam Limited
Hajee M. A. Kalam	Director	2. M/s. United Overseas (BD) Limited
		3. Arab Plantation Limited
		I. Islam Steel Mills Ltd.
Nurul Islam Chowdhury	Director	
		2. Eastern Engineers (CTG.) Ltd.
		3. NAMS Trading Corporation
		4. NAMS Shipping Lines
Asifuzzaman Chowdhury	Director	1. Synthetic Rezin Products (Pvt) Limited
		Ronny Chemical Industries Limited
Syed Mohammed Nuruddin	Director	 ACS Logistics Limited JV with ACS, UK
		Allport Cargo Srvices (Ocean) Ltd. JV with ACS, UK
		Mariners Cargo Services Ltd. JV with Princetonhall Limited
		4. Mariners Trading Corp. Ltd.
		Sundaram Tiles Ltd.
Roxana Zaman	Director	1. Volkart Trading Limited
		2. Janata Insurance Limited
Bashir Ahmed	Director	1. Airmate Goodie Electrical Industries Limited
		2. Goodie Accessories (Pvt) Limited
		3. International Distribution Company
		Bangladesh (Pvt) Limited
		4. B & B Electronics
		5. B & B Food & Beverage
		6. B & B Electrical & Electronics
		7. Dhaka Electrical & Electronics
		Bard International Petal Enterprise
		10 Airmate Lighting & Electrical Solutaional Pvt. Ltd.
		11. Pioneer Electronics
		12. Mettle Emporium
		<u> </u>
Afroza Zaman	Director	Janata Insurance Limited Volkart Trading Limited
Syed Kamruzzaman, FCMA	Director	None
Muhammed Shah Alam, FCMA	Director	None
Professor Dr. Md. Jonaid Shafiq	Director	1. Navana Pharmaceuticals Ltd.
		2. Japan Bangladesh Friendship Hospital
		Japan Bangladesh Friendship Medical Services Ltd.
		Japan Bangladesh Medical Associates Ltd. Amda Agro Farm Ltd.
		6. Viston Electronics Ltd.
		7. Dhaka Specialist Pain Management and Research Center Ltd.
Kanak Kanti Sen	Director	8. Dhaka Evergreen Retirement Homes Ltd. None
Dr. Aparup Chowdhury	Independent Director	None
Touhid Shipar Rafiquzzaman	Chairman, NRC Independent Director	None
Mohammed Shawkat Jamil	Managing Director & CEO	None
rionalilileu Shawkat Jallill	managing Director & CEO	INOTIC

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

SI. 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:
 - .

47.8 Investment in securities of Directors and their related concern:

Nil 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

As per our report of same date.



UNITED COMMERCIAL BANK LTD.

Balance with Nostro Accounts As on 31 December 2020

As on 31 December 2020								(Annexure-A)
				2020			2019	
Nostro Bank	Name of the Country	Currency	Amount in FC	Rate	Amount in BDT	Amount in FC	Rate	Amount in 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

(Annexure-A)

				2020			2019	
Nostro Bank	Name of the Country	Currency	Amount in FC	Rate	Amount in BDT	Amount in FC	Rate	Amount in BDT
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	K	GBP	1	ı	1	(43,562.81)	111.35	(4,850,930)
UBL 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	ı	ı	ı	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	1	1	ı
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 LTD.

Schedule of Fixed AssetsAs on 31 December 2020

Amount in BDT

		COST	ST				DEP	DEPRECIATION		
Particulars	Opening Balance at Cost as on 01 Jan. 2020	Addition during the year	Adjustment during the year	Total Cost as on 31 Dec. 2020	Rate	Charged up to 1 Jan. 20	Adjustment during the year	Charged during the year	Total Depreciation as on 31 Dec. 2019	Written downvalue as on 31 Dec. 2019
Land	4,395,054,283			4,395,054,283						4,395,054,283
Building	2,559,698,620	ı		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	1	ı	496,004,413	20.0%	374,050,402	1	40,164,740	414,215,142	81,789,271
Computer Software	955,389,025	259,316,977	ı	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 Progress	540,864,803	1,358,107,938	1,348,997,707	549,975,033			1	1		549,975,033
Total as on 31 Dec. 2020	19,139,847,495 2,779,819,637	2,779,819,637	1,451,365,608	1,451,365,608 20,468,301,524		4,685,201,541 91,002,033 1,334,144,094	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	80,953,642 1	,094,023,435	4,685,201,538	14,454,640,156

UNITED COMMERCIAL BANK LIMITED

Highlights on Overall Activities

	Amou	nt 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	8,983,562,059	11,711,232,660
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



Non-banking assets

As per provision of section 33(5) and 33(7) of the Artha Rin Adalat Ain, 2003, the Bank has obtained certificate of possession/certificate of ownership of few mortgaged properties through the order of the court. These properties are recorded as non banking assets a list of which are given below.

1 Banani Brai 2 Banani Brai 3 Bangshal B 4 Beanibazar 5 Beanibazar 6 Elephant R 8 Branch 7 Elephant R 8 Goalabazar 8 Goalabazar	Banani Branch Banani Branch Bangshal Branch Beanibazar Sylhet Beanibazar Sylhet Elephant Road Branch Elephant Road	M/s Anacon Overseas M/s Nadira Rahman and Nahinur Rahman M/s. Isamoti Enterprise M/s Misira Traders M/s New Islamia Library M/s. Maruf Sharee Fashion	1,18,03,673.38 55,74,531.38 36,64,323.86 32,45,735.50 24,35,592.00	33(7) 33(7) 33(5) 33(5) 33(5)	4/13/2015 1/20/2014 8/31/2006	Land Aera:31.4 Decimals, Mouza: Sreekhandia, Savar, Dhaka 1700 sft flat being no. A/7 at , Nekation. Gulshan-1	Physical Possession is yet to be completed. RS Mutation Completed but BS mutation not completed as yet.
	Branch all Branch azar Sylhet azar Sylhet nt Road	M/s Nadira Rahman and Nahinur Rahman M/s. Isamoti Enterprise M/s Misira Traders M/s New Islamia Library M/s. Maruf Sharee Fashion	55,74,531.38 36,64,323.86 32,45,735.50 24,35,592.00	33(7) 33(5) 33(5) 33(5)	1/20/2014 8/31/2006	1700 sft flat being no. A/7 at , Nekation. Gulshan-1	
	azar Sylhet azar Sylhet nt Road	M/s. Isamoti Enterprise M/s Misira Traders M/s New Islamia Library M/s. Maruf Sharee Fashion	36,64,323.86 32,45,735.50 24,35,592.00 27,57,152.06	33(5) 33(5) 33(5)	8/31/2006		State Bank of India also got certificate under section 33(7) on the same property. Physical Possession is yet to be completed.
	azar Sylhet azar Sylhet nt Road nt Road	M/s Misira Traders M/s New Islamia Library M/s. Maruf Sharee Fashion	32,45,735.50 24,35,592.00 27,57,152.06	33(5)	6/22/2019	Land Area:59, 495.25, 245.25 Decimlas, Mouza: Kisnopur, Betakhit Gagurghati, Tangail.	Physical Possession is yet to be completed
	azar Sylhet nt Road nt Road	M/s New Islamia Library M/s. Maruf Sharee Fashion	24,35,592.00	33(5)	111111111111111111111111111111111111111	Land Aera: 50 decimals, Mouza:Khasir,Beanibazar, Sylhet.	Physical Possession is yet to be completed
	nt Road nt Road	M/s. Maruf Sharee Fashion	27,57,152.06	33(7)	9/17/2019	Land Aera: 16 decimals, Mouza: Chandgoa,B eanibazar, Sylhet.	Physical Possession is yet to be completed
	nt Road	4 1 1 2 2 2 2 2 2 2 2 2 2 2 2 2 2 2 2 2			10/23/2013	19.75 decimal Landat Diabari, PS- Mirpur, Dist- Dhaka.	Civil suit filed No.417/2019 has been filed for record correction. Physical Possession is yet to be completed
		M/s. Dolly Resort	54127258.47	33(7)	06/13/2016	R.M of 438.50 dec land. Acquisition by RHD-220.81 dec land=rest 217.61 dec land value Tk.870.47 lac	Branch applied to Roads and Highway, Comilla for NOC regarding mutation of the subject property in the name of the Bank, as the subject land is situated beside Dhaka-Chittagong 4(four) lane Road. NOC not yet issued. Physical Possession is yet to be completed
	Goalabazar Branch Sylhet	M/S Ratul Enterprise	19,45,559.00	33(7)	01/07/20	Land Area:2 Decimlas, Mouza: Bramogram, Osmananigar, Sylhet	Physical Possession is yet to be completed
9 Islampu	Islampur Branch	M/s. Faridpur Medicine Store	16,85,108.00	33(7)	3/16/2008	Land Aera:6 Decimals, Mouza; Badda, Guslhan, Dhaka	Physical Possession is yet to be completed
10 Islampu	Islampur Branch	M/s. A. N. Enterprise	43,96,833.00	33(7)	19.01.2009	Land Aera: 4.12 Decimals Mouza; Ramna, Dhaka.	Physical Possession is yet to be completed
11 Khatungonj	ıgonj Br.	M/s. Albia Trading	81,65,065.33	33(7)	06/21/17	Equitable Mortgage of 7.50 decimal land Mouza-Bakalia.Ctg	Physical Possession is yet to be completed
12 Khatung	Khatungonj Br.	M/s. Kushum Metal Works Prop: Mr. Adhir Joy Dhar,	37,64,594.23	33(5)	30.06.2005	1. Land Aera: 12 Decimals, Mouza: Bakila, Chattrogram. 2. Land Aera: 5 decimals, Mouza: Motherbari, Chattrogram	Physical Possession is yet to be completed
13 Mohamr	Mohammadpur Br.	M/s. L. J. Enterprise & Nilco Contracting & Trading	1,47,26,090.97	33(7)	11.03.2008	Land Aera: 5.08 Decimals, Mouza: Matiayal, Dhaka. Land Aera: 4.18 decimals, Mouza: Mohammadpur, Dhaka (NBL)	Physical Possession is yet to be completed

SF.	Branch Name	Name of the account & Key Person	AR Suit Value Ex. Case Value	Catagories	Obtained certificate on	Land Area	Legal Status
14	Moulvi Bazar (D)	M/s. Hanif Traders	25,28,115.00	33(7)	6/14/2010	0.0057 Ozutangso with 3 Storied Building at Savar, Dhaka.	Physical Possession is yet to be completed. Branch submitted an application to D.C office for certified copy of RS Khatian. Filing of Civil Suit under process.
15	Nawabpur Br.	M/s. Radio Palace	65,40,917.75	33(7)	03.08.2010	Land Aera:93 Decimals, Mouza:77 Louhogon, Munshigonj	Physical Possession is yet to be completed.
16	Nayabazar Br.	M/s. Haque Steel Complex Ltd.	17,45,07,853.35	33(7)	30.05.2011	104.25 decimal land situated within Dist- Narayangonj, Mouza-Dpa Idrakpur, PS & Sub- registry office: Fatullah	HSBC got the decree on 08/03/2009.Certificate of ownership of the mortgaged property U/S 33(7) was issued in favour of Banks. A vendor was appointed to get the mutation problem solved. HSBC will execute and we are entitled to get the proportionate share of the property of the sale proceeds on pair passu sharing agreement. We are cooperating HSBC and following up the matter.
17	Principal Branch	M/s. Himalaya Marble,	14,21,55,623.65	33(7)	02/14/08	01)Quantum of Land: 1) 1.60 katha land, Hatirpool, Dhaka.2) 6.32 khata land 3) 6.06 katha land 4) 7.67 khatha land 5) 5 katha land 51 Sabarbahara, Dhaka.6) 13.63 khatha Paritra, Dhaka.	Physical Possession is yet to be completed. Parthly muatated the property but, 2nd execution case pending.
18	Principal Branch	M/s. Jenesis Fashions,	8,77,66,843.93	33(7)	07/27/2009	Land Aera:25.68, 44, 50.00, decimals, Mouza; Faridpur Teghoria Teghoria, Faridpur Dhaka	The property has been acquired by RAJUK for Jhilmil Project. So there is no scope of mutation of the property in Bank's name.
19	Principal Branch	M/s. Apparel King Ltd,	2,99,13,172.24	33(5)		Land Aera:14.5, 15 Decimals. Mouza:Dapa Indrapur Dapa Indrapur, Narayangonj.	Physical Possession is yet to be completed
20	Uttara Branch	Md.Farhad Hossain	41,13,805.41	33(7)	11/07/18	Land Aera:910Stf & 0495 Ajutangsha , Mouza:Bailjuri, Dhaka Rajuk.	Do
21	Elephant Road Branch	M/s. Vision Corporation.	7424376.28	33(7)	10/23/2014	41.00 decimals Land at Nandipara, Sabujbagh, Dhaka.	Physical Possession is yet to be completed. Civil suit No. 64/2019 has been filed for record correction.
22	Elephant Road Branch	M/s. Bengal Jutex Ltd.	1024868	33(7)	1/2/2007	18.864 bigha Landat Mouza- Bawnia, PS-Pollabi, Dist-Dhaka	Physical Possession is yet to be completed. Fresh application for mutation in the Bank's name will be submitted.
23	Elephant Road Branch	M/s. Samiya Enterprise	4959712.99	33(7)	9/27/2011	20.21 decimal & 46.00 dec.02. at Mouza-Ibrahim Pur, PS-Kafrul & Mouza-Ulon, PS-Gulshan, Dist- Dhaka.	Physical Possession is yet to be completed. Civil suit No.109/2019 has been filed for record correction.
24	Elephant Road Branch	M/s. Shipu Enterprise.	13,42,025	33(7)	4/28/2014	4.50 katha Land at Mouza-Choto sayek, PS-Mirpur, Dist- Dhaka.	Physical Possession is yet to be completed. Civil suit No.79/2019 has been filed for record correction.
25	New Eskaton	M/s Catena Computers.	54,04,002.30	33(7)	4/16/2014	1550 sft. Flat (along with undivided and un-demarcated 0.44 decimal land)	Physical Possession is yet to be completed. Civil Suit No. 892/2015 has been filed record correction.
26	Principal Branch	M/s. Business Mart. Prop: Ayub Hassain.	29,77,179.00	33(7)	6/19/2006	29.50 dec land, at Nandipara, Shobujbagh, Dhaka.	Physical Possession is yet to be completed. City Jarip Khatian has not been recorded in the name of Mortgagor. After collection all necessary documents and information, civil suit will be filed.



S.	branch Name	Name of the account & Key Person	AK Suit Value Ex. Case Value	Catagones	certificate on		
27	Principal Branch	M/s. Crystal Trading	1,48,01,256.00	33(7)	12/1/2014	i) 12 Dec. of Land at Bakalia, Chittagongii) 98 Dec. of Land at Kachkura, Uttara, Dhaka	Physical Possession is yet to be completed. Branch already filed mutation case No. 1-316/18 on 18.03.2018 . The mutation case of Dhaka has been rejected and the mutation case of Chittagong is pending.
28	Gulshan Branch	M/s Shah Alam & Nasrin Alam	28,84,855.20	33(7)	11/25/2014	0087.50 Ajutangsha of land along with Flat no.6/C on the 6th floor of the 10th storied building constructed thereon measuring 1,025 sft, Dhaka city corporation Holding No. 33/6/C, Chamelibagh, 1st lane,	Physical Possession is yet to be completed. Civil suit No. 275/17 has been filed record correction.
29	Noapara (Jessore) Branch	M/s. Mayur Enterprise.	59,78,810.45	33(7)	11/22/2012	16.60 decimal land with building	Physical Possession is yet to be completed. Civil Suit no 50/12 is pending
30	Khatungonj Br.	Solaiman & Brothers. Prop: Md. Solaiman	41,28,133.17	33(7)	5/19/2013	8.00 dec and 10.00 dec atM ouza- West Solasahar, P.s-Panchlaish, Dist-Chittagong	Physical Possession is yet to be completed. After getting possession bank will file Misc case for mutation before AC (Land).
31	Faridpur Branch	M/s National Electric	37,99,110.87	33(7)	12/1/2014	16.04 Dec at North Alipur, PO- Ambikapur, Faridpur	Physical Possession is yet to be completed. After getting possession bank will file Misc case for mutation before AC (Land).
32	O.R. Nizam Road	M/s Monowara Corporation	3,07,37,129.40	33(7)	2/12/2018	0.10 acre of Land and 0.53 acre of Land at East Nasirabad, Panchlaish, Chittagong and Fultoli, Anowara, Chittagong.	Mutation against 2(two) mortgaged properties measuring 53 decimals and 10 decimal land have been obtained in favour of the Bank. 0.10 acre of Land has been sold at Tk. One crore and loan account has been adjusted. On the other hand Branch is trying to sell the other property.
33	Khatungonj Br.	M/s. S. L. Enterprise Prop: Mr. Liakot Ali,	44,9,78,158.68	33(7)	2/13/2018	65 dec. vacant land, Hathazari, Chattagram. 8 dec. vacant land, Bayejid, Chattagram.6.62dec. land with 6 storied building, Chandgaon, Ctg.	As per decision of Board of Directors of the Bank in its meeting held on 24/12/2018 liability of the borrower has been settled amicably on receipt of Tk. 4,05,40,698.87only (suit value of A.R. suit No. 08/2009) waving of 100% unapplied interest of Tk. 8,05 crore only. Mortgaged property has been released. Withdrawal of Ex. Case No. 20/2010 filed by the Bank is under process.
34	O.R. Nizam Road	M/s. R.S.N. Fabric House	13,62,00,000.00	33(7)	6/23/2016	I) RM of 8.75 Dec land at Nasirabad Housing Society owned by Rubaiyet-E-HasnathII) RM of 8 decimal land at jalalabad	Branch filed a petition to the court in connection with Ex. Case No. 38/2013 for correction of B.S parcha. Next date is fixed on 23/09/2019 for petition hearing.
35	Bogra Branch	M/s. Huq & Hossain	4,24,345.85	33(5)	11/9/2007	Land Aera:1.5 Decimals, Mouza:Nishidara, Bogura.	Physical Possession is yet to be completed Physical Possession is vet to be completed
36	Mohammadpur Br.	M/s. Total Trade & Construction.	14,58,687.62	33(7)	13.07.2009	Land Aera: 6.44 Decimals, Mouza: Uttrakhan, Dhaka	Physical Possession is yet to be completed
37	Dinajpur	M/s D.D Auto Rice Mill	5,89,35,121	33(7)	23.11.2014	Land Aera: 155 Decimal, Mouza: Vhuipara Dinaj pur	Physical Possession is yet to be completed Already sold and partly adjusted. but Artha rin Execution
38	Khulna	M/s. Sundarban Knitters (Pvt.) Ltd. Prop: Firoz Ahmed	45,64,704	33(5)	23.11.2004	Land Aera: 39 Decimals Mouza; Ramnagar, Khulna	case revived as per Court order. Ejmali Property. No partition deed executed among the
39	O.R. Nizam Road	M/s. Parag Enterprise.	50,17,854.29	33(7)	09.10.2013	Land Aera:1.70 Decimals, Mouza: Immagonj, Chottrogram.	sharerar.
40	Principal Branch	M/s. Chowdhury International	5,82,88,844.89	33(5)	28.11.2018	Land Area:a) 5 decimals b) 3 katha Ejmali Property at Basupara, Mirpur	



Islamic banking, a new genre of the Shari'ah based banking system, has been able to prove its proficiency and augur its potentials in recent years locally and globally. The COVID-19 pandemic has set off an unprecedented chain reaction of global economic disruption. Although businesses, investors, as well as governments across the global and Islamic economy found themselves embroiled in this financial crisis, Islamic finance assets were estimated to have reached \$2.88 trillion in 2019 from \$2.44 trillion in 2017 according to "State of the Global Islamic Economy Report".

The Islamic banks have been making significant contributions to the process of poverty reduction, inclusive growth and economic development of Bangladesh from its inception in 1983 as well. Public demand and market share of this approach are growing by degrees. Islamic banking is set about implementing a balanced and consistent economic policy based on fair or equitable distribution of resources and for ensuring justice in sync with the Islamic ideals and principles. Banks in this system, founded on principles of non-discrimination, establishing justice and creating the socio-economic infrastructure and generating employment opportunities.

Islamic banking focuses on the production of wealth and welfare. It follows and fosters the principle of partnership with customers rather than pursuing a debtor-creditor relationship. Through implementation of Islamic Banking, a positive and qualitative impact of genuine public welfare becomes visible in the overall activities of the Bank.

Islamic Banking was an unexplored avenue for the Bank, whereas UCB has proven track record and strong footage in all the financial eco system of the country. This year we have started our Islamic Banking operations (IBO) with 10 (ten) window branches under brand name **UCB Taqwa**.

Key strengths:

- 1. Strict Shariah Adherence: We have a strong Shariah Supervisory Committee (SSC) with five (5) eminent Shariah scholars among other members having outstanding strength in the field of the Quran, Hadith & Fiqh al-Muamalat. Shariah Supervisory Committee (SSC) ensures that all the processes and products meet strict Shariah adherence supported by local and international Shariah standard setting organizations like, Accounting and Auditing Organization for Islamic Financial Institutions (AAOIFI). The Bank has also appointed a Muraqib (Shariah Auditor) to perform Shariah review process.
 - We have introduced updated profit distribution system, known as Income Sharing Ratio (ISR), where we offer income sharing ratio to our Mudaraba depositors rather than a provisional rate. Bank calculates rate of deposit every month based on income generated from Investment of the particular month.
- **2. Wide range of products:** We have a wide range of financing scheme based on Shariah approved mode Musharaka, Murabaha, Bai-Salam, HPSM (Hire-Purchase Shirkatul Melk) and Bai-As-Sorf to cater the need for providing finance under Retail, SME and Corporate segment customers.
- **3. Digital Initiative:** We have state of art robust core banking software, FCUBS-Islamic Version to handle the Islamic Banking operation. Customer can access all account information through UNET, ibanking facility. Customers can also avail Islamic Banking service from any branches of the Bank with real time online banking platform.



Islamic Banking Unit Balance Sheet As at 31 December 2020

		31 Dec. 2020	31 Dec. 2019
	Notes	BDT	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 Outside Bangladesh		475,000,000 -	-
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 Payabl 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	

Islamic Banking Unit Off Balance Sheet As at 31 December 2020

Notes	31 Dec. 2020	31 Dec. 2019
notes	BDT	BDT
Off Balance Sheet Items	-	-
Contingent liabilities	-	
Acceptances and endorsements	-	-
Letters of guarantee Irrevocable letters of credit	-	-
Bills for collection		-
Other contingent liabilities	_	_
other contingent habilities		
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	-	-
Tabal Off Balance Chart annual including	-	
Total Off-Balance Sheet exposures including contingent liabilities	-	



Islamic Banking Unit Profit and Loss Account for the year ended 31 December 2020

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

Islamic Banking Unit Notes to the Financial Statements for the year ended 31 December 2020

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 intetest (Riba). In a nutshell, we follow under noted principles for accounting under its Islamic Banking umbrella, run through a separate Islamic Banking software namely FLEXCUBE.

1.1.1Principal 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-Wadiah principle.
- ii) Mudaraba principle.

1.2.1.1 Al-Wadiah:

Fund which is deposited with Banks by the depositors with clear permission to utilize /invest the same is called Al-Wadiah. Islamic banks receive deposits in Current Accounts on the basis of this Al-Wadiah Principle. Islamic banks obtain permission from the Al-Wadiah 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-Wadiah 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 provideadvices, 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 SND Account, UCB Taqwa Mudaraba Term Deposit Account.



UCB Taqwa profit bearing accounts are operated under Shariah Mode ""Mudaraba"" where, it is a partnership business contract between Bank & Customer. Customer provides capital (Shaheb 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) Hire Purchase Shirkat al Melk (HPSM);
- 5) Bai As Sorf (Currency exchange);

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) Musharaka Investment;
- 2) Bai-Murabaha (Murabaha to the purchase orders) Investment;
- 3) Bai-Salam and agency Investment;
- 4) Hire Purchase Shirkat al Melk (HPSM) investment;
- 5) Bai-As Sorf (Currency exchange);

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	31 Dec. 2019
	Notes	BDT	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 Investments in shares and securities		
	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		
	roreign bills purchased and discounted		
7	Fixed assets		
	Cost		
	Office equipments	17,650 850,000	-
	Computer and equipments Computer software	53,815,247	- -
		54,682,897	-
	Less: Accumulated Depreciation		
	Office equipments	31,167	-
	Computer and equipments Computer software	15,316 4,484,604	- -
	·	4,531,087	-
	Written down value (WDV)	50,151,810	<u>-</u>
8	Other assets		
	Advance deposits and advance rent	-	-
	Advance Income Tax Paid Income Receivable	18,750 2,913,380	-
	Commission/Fees Receivable Foreign currency translation reserve	-	-
	Toroigh currency translation reserve	2,932,130	



	Notes	31 Dec. 2020	31 Dec. 2019
	Notes	BDT	BDT
9	Placement from other banks, financial institutions and agents	<u> </u>	
	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	-	-
		-	_
10	Deposits and other accounts		
	Inter Bank deposits	581,063,745	-
	Other deposits	581,063,745	-
	a. Al-Wadeeah Current and Other Deposits		
	Current deposits	11,964,136	
	Foreign currency deposits Sundry deposits (note - 11.1)	-	
	Sundity deposits (note - 11.1)	11.004.126	-
		11,964,136	-
	b. Bills Payable		
	Pay order Demand draft payable	-	
	Others Payable	-	-
	•	-	_
	c. Mudaraba Savings Deposits		
	Savings Bank deposits	212 527 100	
	Savings Bank deposits	212,537,188	
		212,537,188	-
	d. Mudaraba Term Deposits		
	Fixed deposits Special notice deposits	316,596,286	-
	Scheme Deposits	39,966,134	-
		356,562,420	-
		, ,	
11	Other liabilities		
	Profit payable	984,636	-
	Payable Tax, VAT and Excise Duty	319,629	-
	Head Office General Account	101,869,680	
		103,173,945	
12	Retained earnings		
	Opening Balance		
	Add: Transferred during for the year	-	-
	Retained earnings transferred to central operation	-	-
	Effect of changes in exchange rate	-	
		-	
12	Interest income		
13			
	Term Loan Bills purchased & Discount		
	Others		
	Interest on loans and advances	-	-
	Interest on balance with other banks and financial institutions		
	Interest on balance with other banks and financial institutions Income on Term Placement Bank_Islami Banking		-
	Islamic Bond _Islami Banking	118,611	-
	Interest received from foreign banks Total Interest income	51,019 169,630	<u> </u>
	. Stat. ESi doc incomo	105/050	

	Notos	31 Dec. 2020	31 Dec. 2019
	Notes —	BDT	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 Fees and Charges		161,950 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 Bonus		2,386,120 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		15,000	-
Other expense		2,222,400	
		2,237,400	-
	_		



Off-shore Banking Unit Balance Sheet As at 31 December 2020

	Natas	31 De	c. 2020	31 Dec. 2019
	Notes -	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	_	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. Bills purchased and discounted		29,022,239 143,702,890	2,461,097,506 12,186,062,535	2,975,377,228 14,597,588,981
Fixed assets including premises, furniture and fixtures	5	3,582	279,228	420,071
Other assets Non - banking assets	6	35,750 -	3,031,615	37,418
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 Capital / Shareholders' equity	-	197,366,607	16,736,767,197	17,692,137,441
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 Total liabilities and Shareholders' equity	- -	7,819,914 205,186,521	663,107,323 17,399,874,520	17,692,137,441

Off-shore Banking Unit

Makes	31 De	c. 2020	31 Dec. 2019
Notes -	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 Irrevocable letters of credit	35,466,298 -	- 2,975,622,399 -	2,975,622,399 -
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



Off-shore Banking Unit Profit and Loss Account for the Year ended 31 December 2020

	Notes —	31 Dec	. 2020	31 Dec. 2019
	Notes —	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. Other operating income	12 13	609,134 -	51,698,270 -	52,375,647 -
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	5			
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) Provision for taxation		7,819,914	663,701,931	566,582,771
Current tax Deferred tax	_	-	-	-
		-	-	-
Net profit / (loss) after taxation	NIC VOORC	7,819,914	663,701,931	566,582,771
Retained earnings brought forward from previo	ous years	7,819,914	663,701,931	566,582,771
	_			

Off-shore Banking Unit Cash Flow Statement

for the year ended $\,$ 31 December 2020 $\,$

		31 De	c. 2020	31 Dec. 2019
		USD	BDT	BDT
A)	Cash flows from operating activities			
	Interest receipts in cash Interest payments Fees and commission receipts in cash Cash payments to employees Cash payments to suppliers	10,841,660 (3,878,196) 609,134 (13,232)	920,150,104 (329,149,047) 51,698,270 (1,123,033)	1,089,537,375 (557,650,394) 52,375,647 (1,203,927)
	Receipts from other operating activities Payments for other operating activities Cash generated from operating activities before	(1,910)	(162,136)	(1,689,046)
	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 Other assets Deposits from other banks / borrowings Deposits from customers Other liabilities	30,802,577 59,555 (21,950,622) - (317,900)	2,615,138,804 5,056,260 (1,863,607,832) - (26,989,690)	(293,463,941) 8,091,436 (933,131,826) (44,189,261)
	Net cash from operating activities	8,593,611 16,151,067	729,597,542 1,371,011,700	(1,262,693,592) (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 Net Cash from financing activities	(7,819,914) (7,819,914)	(663,701,931) (663, 701,931)	(566,582,771) (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)	24,426,908	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 32,422,060	2,749,403,636	118,713,744
	=	32,422,060	2,749,403,636	118,713,744



Off-shore Banking Unit 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 D	ec. 2020	31 Dec. 2019
		USD	BDT	BDT
3	Balance with other banks and financial institutions			
	In Bangladesh	-	-	-
	Outside Bangladesh	32,422,060 32,422,060	2,749,403,636 2,749,403,636	118,713,744 118,713,744
	=	. , . ,	,,,	
4	Loans and advances			
	i) Loans, cash credits, overdrafts, etc.			
	Loan (General) Hire purchase	-	-	-
	Lease finance	-	-	-
	Term Loan	29,022,239 29,022,239	2,461,097,506 2,461,097,506	2,975,377,228 2,975,377,228
	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
	_	143,702,890 172,725,129	12,186,062,535 14,647,160,041	14,597,588,981 17,572,966,209
	_			
5	Fixed assets			
	Cost Furniture & Fixtures	18,986	1,479,935	1,479,935
	Computer and equipments	809	63,027	63,027
	_	19,794	1,542,962	1,542,962
	Less: Accumulated Depreciation			
	Furniture & Fixtures Computer and equipments	15,405 808	1,200,785 62,949	1,059,942 62,949
		16,212	1,263,734	1,122,891
	Written down value (WDV)	3,582	279,228	420,071
6	Other assets			
Ŭ	Advance deposits and advance rent	_	_	_
	Interest Receivable	-	-	-
	Foreign currency translation reserve	35,750 35,750	3,031,615 3,031,615	37,418 37,418
	-	35,750	3,031,015	37,418
7	Borrowings from other banks, financial institutions and agents			
	Borrowings from Head office International Finance Corporation	160,752,142	13,631,845,969	13,963,831,567 141,499,859
	PROPARCO Emirates NBD Bank PJSc-UAE	3,333,333	282,667,995	444,714,282 424,500,000
	First Gulf Bank	-	-	304,519,320
	National Bank of Ras Al-Khaimah, UAE DBS Bank Ltd	30,000,000	- 2,544,012,000	685,967,856 1,443,300,000
	—	194,085,476	16,458,525,964	17,408,332,884
	=	. ,		
8	Other liabilities			
8	Interest payable	1,115,733	94,614,614	77,526,170
8		1,115,733 1,750,000 415,398	94,614,614 148,400,700 35,225,919	77,526,170 176,167,500 30,110,887

	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	45,366	3,850,260	46,503,655	
financial institutions	,	, ,	, ,	
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	5,981,450	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	-	-	-	
riscellaneous currings	-		-	
		-	-	
14 Salaries and allowances				
Basic pay	6,348	538,737	491,232	
Allowances	3,736	317,066	473,889	
Bonus Unit's contribution to provident fund	2,514 635	213,352 53,877	189,687 49,118	
Offics contribution to provident fund	13,232	1,123,033	1,203,927	
15 Other expenditure				
Foreign bank correspondence charges Revaluation loss on foreign currency	1,910	162,136	1,689,046	
,	1,910	162,136	1,689,046	





UCB Stock Brokerage Limited



Dear Shareholders,

The Directors of UCB Stock Brokerage Limited take the pleasure in presenting the Annual Report together with the Audited Financial Statements for the year ended December 31, 2020.

A Stellar Year for UCB Stock Brokerage Limited

UCB Stock Brokerage Limited passed an impressive year despite pandemic induced challenges bagging some noteworthy achievements that fuelled profitability of the company as well as created further diversified growth opportunities to enter into higher growth trajectory.

The company has taken several initiatives throughout the year to retain and increase its customer base. Different departments focusing on specific customer segments (e.g. retail, high net worth individuals, local and foreign institutions) ensured specialized services.

Core focus on service quality and strategy to diversify customer segments yielded stellar result increasing the client base. New customer account increased by 34.0% during 2020 compared to last year. Apart from increasing the customer base, the company has increased the retention rate of customers and per customer trade volume.

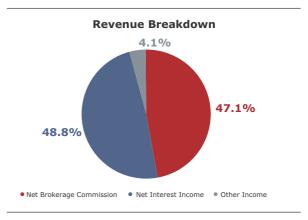
Such customer centric strategy helped the company expand its market share to 4.41% by end of 2020 from 3.81% last year securing 2nd spot among all the brokerage firms in terms of trade value, a major accomplishment for the company. Daily average turnover for UCB Stock Brokerage increased by 62.0% compared to last year whereas market's daily average turnover increased by 35.0% in the same period signifying the company's faster growth.

Meanwhile, the company has made substantial progress in venturing into foreign client segment with the objective to diversify its customer portfolio. The company has entered into a partnership with U.S. broker, Rosenblatt Securities Inc. The reputed U.S. broker provides UCB Stock Brokerage access to major U.S. institutional investors who have exposure to frontier markets. To get foothold in the foreign client segment, UCB Stock Brokerage conducted virtual roadshows throughout the year 2020 for several blue chip

companies. These initiatives will help the company to achieve its goal to have a wide and diversified customer portfolio.

Apart from business growth, the company puts strong emphasis on compliance. A dedicated compliance team deploys risk management tools to ensure strong financial health and sustainable growth for the company.

UCB Stock Brokerage Limited is committed to increase long-term value for shareholders through successful execution of strategic priorities and action plan. Against various odds, the company





succeeded to deliver good financial results. UCB Stock Brokerage Limited registered a net profit of BDT 89.99 million in 2020 compared to a net profit of BDT 66.47 million in 2019. Operating Profit stood at BDT 330.34 million in 2020 compared to BDT 282.75 million in 2019.

Key Financials

Particulars	2016	2017	2018	2019	2020
Shareholders' Equity	2,047,554,575	2,269,520,658	2,447,842,000	2,514,301,973	2,604,299,552
Total Assets	2,424,548,482	3,970,040,665	4,086,670,754	5,043,651,437	9,355,783,150
Total Liabilities	376,993,907	1,700,520,007	1,638,828,754	2,529,349,463	6,751,483,598
Net Revenue from Brokerage	48,142,160	148,722,797	137,986,067	189,821,875	275,731,395
Net Interest Income	27,111,294	152,471,268	234,198,149	269,963,261	285,776,209
Net Profit After Tax	-10,095,013	221,966,083	178,321,342	66,472,767	89,997,578
Return on Assets	-0.57%	6.94%	4.43%	1.46%	1.25%
Return on Equity	-0.77%	10.28%	7.56%	2.68%	3.52%
No. of Shares	5,135,000	5,135,000	5,135,000	5,135,000	20,000,000
Adjusted EPS* (BDT)	-0.50	11.10	8.92	3.32	4.50

^{*}During 2020, number of shares increased to 20,000,000 from 5,135,000 and adjusted EPS is calculated based on current number of shares

World Economy

In 2020, Emerging Markets and Developing Economies (EMDE) along with advanced economies experienced unprecedented challenges as the world went through lockdown measures to limit the spread of covid-19. In most countries economic activity slowed down significantly. However, most countries adopted expansionary monetary policy and fiscal stimulus to recover from such significant dip in the economy. As the countries eased their lockdown measures gradually, their economies began to recover.

World Bank projects that most economies will experience strong rebound in the coming years.

EMDE capital inflows remained soft with significant weakness in both foreign direct investment (FDI) and portfolio flows. Along with this, drop in export volume put pressure on external balance of most emerging and developing economies. Global GDP edged down to negative growth territory in 2020, negative 4.30% down from positive 2.30% previous year. However, recent data is suggesting that economic activity throughout the world has strongly rebounded. According to World Bank's projections, continued expansionary monetary policy and fiscal support would lift the economic activities in most EMDEs and advanced economies.

Country	2017	2018	2019	2020E	2021F	2022F
World	3.20%	3.00%	2.30%	-4.30%	4.00%	3.80%
Advanced Economies	2.40%	2.20%	1.60%	-5.40%	3.30%	3.50%
Emerging Markets and Developing Economies	4.50%	4.30%	3.60%	-2.60%	5.00%	4.20%

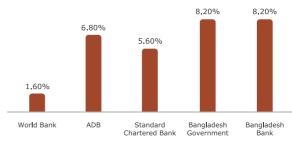
Source: World Bank

Bangladesh Economy

Bangladesh economy remained resilient amid challenges imposed by covid-19 pandemic that swept through almost every economy of the world. Supported by prudent policies of Bangladesh Government and Bangladesh Bank (e.g. stimulus packages and expansionary monetary policy) the economy of Bangladesh ended the Fiscal Year (FY) 2021 with 5.24% GDP growth. Especially, RMG (Ready Made Garments) sector that was hit hard during Pandemic showed signs of strong recovery. Meanwhile, strong growth in remittance and solid recovery in major sectors will help Bangladesh make resumption to higher growth trajectory.

Foreign exchange reserves stood at USD 43.0bn in Dec'20, sufficient to cover 10.0 months' import payment. Strong growth in remittance on the back of 2.0% cash incentive from Bangladesh Government and limitation in cross border movement helped Balance of Payment (BoP) register significant surplus. As a result Net Foreign Asset (NFA) grew substantially which fuelled money supply as well. As on December 2020, NFA grew by 30.2% YoY. Meanwhile, Broad Money (M2) grew by 14.2% YoY.

Inflation remained tamed during 2020 as food production was buoyant. Moreover, energy prices remained in the lower bound during 2020. Average FY21 GDP Growth Forecast of Bangladesh



Source: Different Sources of Related Organization

inflation stood at 5.69% during 2020 up from 5.59% previous year.

A number of mega projects are currently under construction namely, The Padma Multipurpose Bridge, Payra Deep Sea Port, Rooppur Nuclear Power Plant, Padma Bridge Rail Link, Dhaka Metro Rail, Matabari 1200MW Power Plant, Payra 1320MW Thermal Power Plant, Special Economic Zones and IT Parks etc. Timely implementation of ongoing mega projects would boost the GDP of Bangladesh rapidly.

Key Challenges

Rising Commodity Price: As the economies hope demand recovery in 2021 on the back of vaccine rollout, commodity prices already started picking up amid supply disruptions. Price hike will increase the production costs. Hence, businesses with low pass-through ability might face margin contraction.

Inflationary Pressure: Inflation rate increased during Jul- Oct of 2020 mainly due to disruption of food supply locally, stemming from flood. The inflation rate moved down to the normal level after supply chain was restored. However, increasing money supply may increase inflation if demand rises. Moreover, global commodity price hike may also push inflation upward.

Low Private Sector Credit Growth: Private sector credit growth has been on lower bound for a while. If the deceleration of private sector credit growth continues, economy may not recover to normal growth trajectory as expected.

Slow Recovery in Overseas Jobs: Some 0.38mn workers returned home, losing their jobs, since April 2020. Moreover, 0.15mn workers who came in holiday could not return. On top of that, overseas employment dropped by nearly 0.5mn in 2020 over 2019. Economic uncertainties in key labor markets might defer or slow down overseas job recovery.

Capital Market

Capital market of Bangladesh underwent an impressive year despite the challenges imposed by covid-19 pandemic. DSEX, the broad index, advanced by 21.31% in 2020 and average daily turnover stood at BDT 6,489mn, increasing 35.1% from last year. Strong external balance driven by substantial remittance inflow,



Source: Bloombera

expansionary monetary stance and expectation of economic recovery led the market register such return.

Market experienced volatility during 2020 as covid-19 pandemic triggered economic uncertainty. As the country went through lockdown, the market experienced significant sell off. However, imposition of floor price by Bangladesh Securities and Exchange Commission (BSEC) halted the abrupt downfall of the market. Afterwards, the market remained closed from 29 March 2020 to 28 May 2020.



On the back of fiscal stimulus from Bangladesh Government, expansionary monetary policy of central bank, strong external balance and expectation of economic recovery helped the market to revive. Finally, the market closed the year with 21.31% return, the highest in the region.

The outlook of capital market in 2021 is positive. Strong external balance, increased money supply and lower interest rate regime will make the equity market more attractive. Meanwhile, the economy is rebounding and the successful vaccine rollout throughout the world will help the economy to get back to its normal growth trajectory.

Date	Turnover (BDT bn)*	Market Cap (BDT bn)	DSEXC	hange YoY	DSES	Change YoY	DS30	Change YoY
31-Dec-2020	1,350	4,482	5,402	21.3%	1,242	24.2%	1,964	29.8%
31-Dec-2019	1,138	3,396	4,452	-17.3%	999	-19.0%	1,513	-19.6%
31-Dec-2018	1,334	3,873	5,386	-13.8%	1,233	-11.4%	1,881	-17.6%
31-Dec-2017	2,170	4,229	6,245	24.0%	1,391	16.7%	2,283	26.1%

^{*}Total annual turnover

Source: Dhaka Stock Exchange Limited

State of the Company's Affair

UCB Stock Brokerage Limited is currently the fastest growing brokerage house in Bangladesh. The company started its commercial operation in 2013 with a highly experienced and proficient management team with the aim of offering top quality brokerage service to the institutional and individual investors (including NRBs) in Bangladesh as well as foreign institutions and individuals of home and abroad. Despite a late start, UCB Stock Brokerage Limited has established a sizeable customer base and a solid reputation within the industry. Currently, the company is the second largest brokerage company in terms of trade volume. The company is a TREC holder with both the stock exchanges in Bangladesh; Dhaka Stock Exchange Limited (TREC No.: 181) and Chittagong Stock Exchanges Limited (TREC No.:015).

The company is also a Depository Participant of Central Depository of Bangladesh Limited and provides allied services under the Rules & Regulations of Bangladesh Securities and Exchange Commission. Moreover, the company provides top quality equity research and margin facilities for clients. UCB Stock Brokerage Limited has a branch network covering Dhaka and Chattogram, the two largest cities in Bangladesh.

Business Operation

The key operation of UCB Stock Brokerage Limited is to provide brokerage service to its clients both under Dhaka Stock Exchange Limited (DSE) and Chittagong Stock Exchange Limited (CSE).

Role and Responsibility of the Board

The Board is devoted to the Company and enthusiastic for achieving sustainable long-term prosperity by meeting stakeholders' expectations. The Board is determined to ensure the best practices in accordance with statutory requirements.

Board of Directors	Status in Board	Status in Parent Company
Mohammed Shawkat Jamil	Chairman	Managing Director & CEO
Akhter Matin Chowdhury, FCA (E&W), FCA, FCS	Director	Independent Director
Syed Faridul Islam	Director	Additional Managing Director
Faruk Ahammad, FCA	Director	Chief Financial Officer
ATM Tahmiduzzaman, FCS	Director	DMD & Company Secretary

Credit Rating

With a view to safeguarding the interest of the prospective investors, depositors and creditors and improving the functioning of the capital market of the country, we assigned ARGUS Credit Rating Limited for conducting the credit rating on UCB Stock Brokerage Limited.

Credit Rating was conducted based on Audited Financial Statements current as on November 25, 2020 and previous November 25, 2019. The rating report is summarized as under;

Credit Rating	Current	Previous
Long-Term	А	А
Short-Term	ST-3	ST-3
Publishing date	25 Nov 2020	25 Nov 2019

Operating Performance

Particulars	2016	2017	2018	2019	2020
Income	84,815,746	416,474,444	413,490,314	469,500,494	585,541,580
Expenditure	36,561,956	115,378,025	110,481,620	186,747,949	255,199,017
Operating Profit	48,253,790	301,096,419	303,008,693	282,752,544	330,342,564

Observance of BAS, BFRS & Applicable Laws

The Company keeps accounting records which disclose with reasonable accuracy of the financial position of the Company and it is the responsibility of the directors to ensure that the financial statements comply with the Companies Act 1994 and the Securities and Exchange Rules 1987. The Directors also confirm that the financial statements have been prepared in accordance with the Bangladesh Accounting Standards, Bangladesh Financial Reporting Standards and other applicable rules and regulations.

Accounting Policies and Maintenance of Books of Accounts

As required by the regulators the company prepared financial statements, used appropriate accounting policies, consistently applied and supported by reasonable and prudent judgments and estimates and that all International Accounting Standards as adopted by the institute of Chartered Accounts of Bangladesh (ICAB) have been followed. In preparing financial statements, information has been obtained from the books of accounts which have been maintained properly as required by the applicable rules and regulations.

Auditors Appointment

Pursuant to Section 210 of the Companies Act, 1994, the Company's statutory auditor 'MABS & J Partners' was appointed as the independent auditor of the Company for the year 2020 in its Annual General Meeting.

Acknowledgement

On behalf of the Board of Directors, I take the opportunity to express our heart-felt appreciation and gratitude to our customers, business partners and shareholders for their continuous support and confidence in UCB Stock Brokerage Limited. A special note of appreciation goes to the Management team and all the employees for their devotion, integrity, hard work and professionalism. My sincere thanks also go to Bangladesh Securities and Exchange Commission, Bangladesh Bank, Dhaka and Chittagong Stock Exchanges, retail & institutional investors, and all other regulatory bodies who were involved in the growth of this Company for their invaluable assistance, support, guidance and counsel.

(On behalf of the Board of Directors)

Mohammed Shawkat Jamil

Chairman

UCB Stock Brokerage Limited



Independent Auditors' Report

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of UCB Stock Brokerage Limited, which comprise the statement of financial position as at 31 December 2020, and the statement of profit or loss and other comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements give a true and fair view of the financial position of the company as at 31 December 2020, and its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRSs), the Companies Act 1994 and other applicable laws and regulations.

31 December 2020, and its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRSs), the Companies Act 1994 and other applicable laws and regulations.

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 Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Company in accordance with the ethical requirement that is relevant to our audit of the financial statements in Bangladesh, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Responsibilities of Management and Those Charged with Governance for the Financial Statements

Management is responsible for the preparation of financial statements that give a true and fair view in accordance with IFRSs, the Companies Act 1994 and other applicable laws and regulations and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Company'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 Company or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Company's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the 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 financial statements.

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

- Identify and assess the risks of material misstatement of the 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, but not for the purpose of expressing an opinion on the effectiveness of the organization's internal control.
- 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 Company'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 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 organization to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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.

Report on Other Legal and Regulatory Requirements

In accordance with the Companies Act 1994, we also report the following:

- a. we have obtained all the information and explanation which to the best of our knowledge and belief were necessary for the purpose of our audit and made due verification thereof;
- b. in our opinion, proper books of account as required by law have been kept by the Company so far as it appeared from our examination of those books; and
- c. the statement of financial position and statement of profit or loss and other comprehensive income dealt with by the report are in agreement with the books of account.

Dated: Dhaka, 07 March 2021

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

J C Biswas FCA

Partner ICAB Enrollment No: 0199 DVC No.:2104060199AS528470



Statement of Financial Position As at 31 December 2020

Particulars	Note	Amount in BDT			
Particulars	Note	31-Dec-2020	31-Dec-2019		
ASSETS					
Non-Current Assets (A)		559,440,018	563,556,940		
Property, plant and equipment	2.00	78,858,574	83,649,447		
Intangible asset	3.00	2,599,938	1,925,987		
Investments	4.00	477,981,506	477,981,506		
Current Assets (B)		8,796,343,132	4,480,094,499		
Advances, deposits and prepayments	5.00	120,617,887	124,470,768		
Loan to customers	6.00	4,908,797,412	2,935,259,429		
Investment in marketable securities	7.00	852,869,721	611,839,524		
Accounts receivable	8.00	161,455,330	18,901,219		
Cash and Cash equivalents	9.00	2,752,602,782	789,623,558		
Total Assets (A+B)		9,355,783,150	5,043,651,438		
EQUITY AND LIABILITIES					
Capital and Reserves					
Share Capital	10.00	2,000,000,000	513,500,000		
Share money deposit	10.03	-	1,486,500,000		
Retained earnings		604,299,552	514,301,975		
Shareholders equity (C')		2,604,299,552	2,514,301,975		
Non Current Liabilities(D)		-	-		
Current Liabilities (E)		6,751,483,598	2,529,349,463		
Short term loan	11.00	3,368,415,306	1,392,588,962		
Accounts payable	12.00	2,982,348,859	826,290,100		
Provisions	13.00	147,280,000	106,379,999		
Provision for Taxation	14.00	253,439,433	204,090,402		
Total Equity and Liabilities (C+D+E)		9,355,783,150	5,043,651,438		

The annexed notes 01 to 20 form an integral part of these financial statements.

Chairman

Director

Director

Managing Director

As per our report of same date

Dhaka, Date: 07 March 2021

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

> J C Biswas FCA Partner

ICAB Enrollment No: 0199 DVC No.:2104060199AS528470

Statement of Profit or Loss and Other Comprehensive Income For the period ended 31 December, 2020

Particulars	Notes Amou		unt in BDT	
Particulars	Notes —	31- Dec-2020	31-Dec-2019	
Operating Income:				
Brokerage Commission	15.00	275,731,395	189,821,876	
Interest Income Net Investment Income	16.00 17.00	285,776,209 21,261,624	269,963,261 8,375,265	
Other Operating Income	18.00	2,772,352	1,340,092	
Total operating income (A)		585,541,580	469,500,494	
Operating Expenses:				
Operating expenses	19.00	235,526,580	169,414,649	
Other expenses	20.00	19,672,437	17,333,300	
Total operating expenses (B)		255,199,017	186,747,949	
Profit/(Loss) before provision C=(A-B)		330,342,564	282,752,544	
Provision for negative equity on margin loans and investme	ent	40,900,000	71,268,107	
Total provision (D)		40,900,000	71,268,107	
Operating profit before taxation E=(C-D)		289,442,563	211,484,437	
Provision for Taxation (F)		199,444,986	145,011,669	
Current Tax		199,444,986	145,011,669	
Net profit after tax [G=E-F]		89,997,578	66,472,768	
Earnings per share (EPS)		4.50	3.32	

The annexed notes 01 to 20 form an integral part of these financial statements.

Chairman Director Director

As per our report of same date.

Dhaka,

Date: 07 March 2021

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

Managing Director

J C Biswas FCA

Partner ICAB Enrollment No: 0199 DVC No.:2104060199AS528470



Statement of Changes in Equity

For the period ended 31 December, 2020

Particulars	Share capital	Share Money Deposit	Retained earnings/ (Accumulated	Share capital
Balance as at January 1, 2020	513,500,000	1,486,500,000	514,301,975	2,514,301,975
Profit/(Loss) during the period			89,997,578	89,997,578
Share money convert to paid up capital	1,486,500,000	(1,486,500,000)		
Balance as at December 21, 2020	2,000,000,000	-	604,299,552	2,604,299,552
Balance as at January 01,2019	513,500,000	1,486,500,000	447,829,207	2,447,829,207
Profit/(Loss) during the year 2019	-	-	66,472,768	66,472,768
Balance as at Decmber 31, 2019	513,500,000	1,486,500,000	514,301,975	2,514,301,975

Chairman

8

Director

Director

Managing Director

Statement of Cash Flows

For the period ended 31 December, 2020

		Amount in BDT			
Particulars	Notes	31-Dec-2020	31-Dec-2019		
A. Cash Flow from Operating Activities					
Net Profit/(Loss) before taxation, and extra ordinary item.		330,342,564	282,752,544		
Adjustment for: Depreciation & amortization Income Tax Expenses Increase/(Decrease) of other assets Increase/(Decrease) of other liability		10,760,620 (147,907,693) (381,919,689) 2,156,058,759	8,498,866 (107,579,520) 178,319,247 (12,754,799)		
Net Cash flow/(used) in operating activities		1,967,334,561	349,236,339		
B. Cash Flow from Investing Activities Acquisition of Fixed Assets Acquisition of Intengible Assets Sale of Fixed Assets Investment in equity		(5,830,644) (813,055) -	(64,278,159) (1,806,695) - -		
Net cash flows/(used) in Investing activities		(6,643,699)	- (66,084,854)		
C. Cash Flow from Financing Activities Margin Loan to customer Adjustment of Retain earings Received/(Payment) of Long Term Loan Share Money Deposit Increased/ decreased of Paid up capital Browing/(Paid) bank Loan		(1,973,537,982) - (1,486,500,000) 1,486,500,000 1,975,826,344	(1,029,702,243) - - 843,188,962		
Net cash flows from Financing activities		2,288,362	(186,513,281)		
D. Net increase in cash and cash equivalent (A+B+C)		1,962,979,224	96,638,204		
E. Opening cash and bank balances		789,623,558	692,985,354		
F. Closing cash and bank balances (D+E)		2,752,602,782	789,623,558		
Closing cash and bank balances					
Cash and Cash equivalent		2,752,602,782	789,623,558		
		2,752,602,782	789,623,558		

Chairman

Director

Director

Managing Director



UCB Stock Brokerage Limited

Notes to the Financial Statements For the period ended 31 December 2020

1.1 Status of the Company

UCB STOCK BROKERAGE LIMITED (the "Company"), was reformed dated November 22, 2020 by the former UCB CAPITAL MANAGEMENT LIMITED (DSE TRECNo-181, CSE TREC No-015) was incorporated in Bangladesh and registered with the Register of Joint Stock Companies vide its registration number C-69039(1551)/07 on November 20, 2007 as a Private Limited Company. The Company has commenced business in the name of UCB capital Management Limited on 19th June 2013. The registered office of the Company is located at 06, Dilkusha, C/A, Dhaka-1000. The company has one branch out of Dhaka located at Muntasir Center (5th Floor), 253 Wasa Circle, Dampara, Khulshi, Chattogram.

1.2 Nature of Business

The principal objectives of the Company are to act as a TREC Holder of Dhaka Stock Exchange Ltd. and Chittagong Stock Exchange Ltd. to carry on the business of stock brokers in relation to shares and securities dealings and other services as mentioned in the Memorandum and Articles of Association of the Company.

The Company is also registered with the Bangladesh Securities and Exchange Commission (BSEC) to act as Stock Dealer for carrying its own investments in the capital market. It also extends margin loan to its clients against investments in the listed securities.

UCB Stock Brokerage Limited encompasses a wide range of services having registered with the Bangladesh Securities and Exchange Commission to act as "Depository participant" of Central Depository of Bangladesh Limited (CDBL).

1.3 Basis of preparation of financial statements and significant accounting policies

1.3.1 Statement of Compliance

The financial statements have been prepared on a going concern basis following accrual basis of accounting except for statement of cash flows in accordance with International Accounting standards (IASs) and International Financial Reporting Standard (IFRSs), the Securities and Exchange Commission Rules 1987, Companies Act 1994, and other laws & rules applicable in Bangladesh.

1.3.2 Basis of Measurement

These financial statements have been prepared on a going concern basis under historical cost convention in accordance with International Financial Reporting Standards (IFRS).

1.3.3 Components of Financial Statements

According to International Accounting Standard (IAS-1)" Presentation of Financial statements" the complete set of Financial statements includes the following components:

- a) Statement of Financial Position;
- b) Statement of Profit or Loss and Other Comprehensive Income;
- c) Statement of Changes in Equity;

- d) Statement of Cash Flows and
- e) Notes to the Financial Statements.

1.3.4 Functional and presentational currency

These financial statements are presented in Bangladesh Taka (BDT), which is the functional currency of the Company. The amounts in these financial statements have been rounded off to the nearest integer.

1.3.5 Use of estimates and judgments

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. It also requires disclosures of contingent assets and liabilities at the date of the financial statements. Actual results may differ from these estimates. Estimates and underlying assumptions are reviewed through ongoing concern basis.

1.3.6 Branch Accounting

The company has been operating one branch located at Muntasir Center (5th Floor), 253 Wasa Circle, Dampara, Khulshi, Chattogram and accordingly the accounting consolidation is being maintain through Head Office.

1.3.7 Statement of Cash flows

Statement of cash flows has prepared in accordance with the International Accounting Standard-7 "Statement of Cash Flows" classifying the activities by operating activities, investing and financing activities and the cash flows from operating activities have been prepared and presented under indirect method.

1.3.8 Reporting period

These Financial Statements have prepared from 01 January 2020 to 31 December 2020.

1.4 Assets and basis of their valuation

1.4.1 Cash and Cash equivalents

Cash and cash equivalents include notes and coins on hand, unrestricted balances held with Banks which are subject to insignificant risk of changes in their fair value, and are used by the Company management for its day to day business purpose and to meet its short-term commitments.

1.4.2 Investments

Investment in DSE, CSE Shares:

In accordance with section 8(Gha) of the Exchanges Demutualization Act, 2013, both the stock exchange membership has been converted into shares through the issuance of "Trading Right Entitlement Certificate (TREC)" by the DSE & CSE. Currently fair value of Trading Right Entitlement Certificate is not ascertainable with reasonableness due to stock exchanges not issuing any TREC other than existing members. Accordingly, investment is measured at cost which is considered as fair value.

Investment in Securities:

Investment in quoted shares and unquoted shares are initially recognized at cost plus transaction costs that are directly attributable to the acquisition of the shares. After initial recognition, investment in quoted shares has been revalued at cost at reporting date. However, adequate provision has made if market value considers as down trend of the reported cost but no unrealized gain is recognized in the profit and loss account.

1.4.3 Loan to Customers

UCB Stock Brokerage Limited extends credit facilities to its approved clients for securities transactions against the respective investor account as per margin rules 1999. Margin loan to customers are stated in the balance sheet on gross outstanding basis.



1.4.4 Property, Plant and Equipment

All Property, Plant and equipment are stated at cost, together with any incidental expenses of acquisition less accumulated depreciation as per IAS-16 "Property, Plant and Equipment". Expenditure incurred after the assets have been put into operation, such as repairs and maintenance is normally charged off as revenue expenditure in the period in which it is incurred.

Depreciation on fixed assets acquired during the current year to be charged from the month of acquisition (Full month depreciation will be charged irrespective of the date of purchase during the month). The rates and bases used are as follows:

Category of assets	Rate (%)	Basis
Building	2.5%	Straight Line Method
Furniture Fixtures	10%	Straight Line Method
Office Equipment	20%	Straight Line Method
Computer Equipment	20%	Straight Line Method
Vehicles	20%	Straight Line Method
Software	25%	Straight Line Method

1.4.5 Advance, Deposits and Prepayments

Advances are initially measured at cost. After initial recognition, advances are carried at cost less deductions, adjustments or charges to statement of comprehensive income or other account heads.

- Security deposits are measured at payment value.

1.4.6 Advance Income tax

The amount of advance income tax is mainly Tax deduction at sources by DSE and CSE on daily turnover of brokerage operation and Tax deduction at sources on dividend and interest income.

1.4.7 Intangible assets and amortization of intangible assets

Software

Costs incurred to procure software as intangible assets. Subsequent expenditure on intangible assets is capitalized only when it increases the future economic benefits in the specifications to which it relates. All other expenditure is treated as expense as incurred. Software is amortized @ 25% (Twenty-Five percent) per annum in a straight line method.

1.5 Bank Guarantee

United Commercial Bank Limited has sanctioned the following Bank Guarantee to UCB Stock Brokerage Limited for maintaining additional member's margin as specified in sub- regulation (3) of regulation (4) of DHAKA STOCK EXCHANGE LIMITED (TREC HOLDER'S MARGIN) REGULATIONS, 2013:

Guarantee No.	Guarantee issue date	Guarantee Amount (BDT)	Validity
36/2017	21.09.2017	75.00 crore	20.09.2024

1.6 Provision for Taxation

Current Tax

Provision for taxation consists of provision for current tax and provision for deferred tax. Provision for taxation has been made as per the Income Tax Ordinance 1984, latest finance act, relevant SROs etc. While computing taxable operating income, total operating expenses has been claimed as allowable expenses. Due consideration also has been given for admissible and inadmissible expenditures as per the Income Tax

Ordinance 1984. Provision for current tax has been adjusted with the advance tax by the lower amount of Tax Provision and Gross tax payable as per return.

Deferred Tax

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

1.7 Accrued Expenses and Other Liabilities:

Liabilities are recognized for the expenses incurred, whether the bill paid or not. Payables are not interest bearing and are stated at their nominal values.

1.8 Provisions

Provision is recognized in the Statement of Financial Position when the company has a legal and constructive obligation as a result of past events and it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and are liable estimate thereof can be made.

1.9 Share capital

(a) Authorized capital

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

(b) Paid-up capital

Paid-up Capital represents total amount of shareholder capital that has been paid in full by the ordinary shareholders. Ordinary shares holders 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 are fully entitled to any residual proceeds of liquidation.

1.10 Revenue Reorganization

1.10.1 Brokerage commission

 $Brokerage\ commission\ is\ recognized\ as\ income\ at\ the\ same\ time\ of\ selling\ or\ buying\ order\ executed.$

1.10.2 Interest income on margin loan

Interest income on margin loan is recognized on accrual basis. Such income is calculated on daily margin loan balance of the respective customers. Income is recognized on monthly but realized quarterly. No interest charged on negative equity balances this year.

1.10.3 Other Operating Income

Dividend income is recognized when right to receive or payment is established whereas profit or loss arising from the sale of securities is accounted for only when shares are sold in the market and profit is realized or loss is incurred.

Other operating income arises on services provided by the Company are recognized on accrual basis.

1.11 Interest paid and other expenses

Interest expenses are generally recognized on accrual basis taking into account of daily balance outstanding at the applicable rate. The interest expense is related to the interest charged into the overdraft account with related banks. Other expenses are also recognized and recorded on accrual basis.



1.12 Related party transaction

Parties are considered to be related if there is any relationship by means of shareholding, common ownership or by any other means who can or may influence the financial and operational decisions. Here the related party transactions are the loan from United Commercial Bank Limited (if any) and the brokerage transactions carried out by the Company for its own investment as its client, within the financial period.

1.13 Disclosure of departure

The departures from IFRS in the financial statements for 31 December 2020 are stated below:

SI No.	Nature of Departure	Title of the IFRS	Treatment of the IFRS	Treatment adopted as per regulator	Financial or presentation effect of departure
1	Valuation of Investments in quoted and unquoted shares	IFRS 9 "Financial Instruments"	IFRS 9 requires all equity investments to be measured at fair value. At initial recognition an entity can make an irrecoverable election to present in other comprehensive income subsequent changes in fair value of an investment in an equity instrument that is held for trading. In all other cases, investments in equity instruments measured at fair value are recognized through profit or loss. In limited circumstances, cost can be an appropriate estimate of fair value for investments in unquoted shares.	As per FID circular No. 08 dated 03 August 2002 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 to align with parent company's adopted policy. Provision should be made for any loss arising from diminution in value of investment; however in case of any unrealized gain, no such gain can be recognized and investments are recognized at cost only. As per circular of Bangladesh Securities and Exchange Commission circular SEC/CMRRCD/2009 -193/203) and	If the IFRS 9 would be followed value of investments presented would be higher by BDT 92,453,190 and the same figure would be for 'Unrealized Loss'. Provision has been made of BDT 47,280,000 which is 51% (appx) of unrealized loss as per BSEC circular.

SI No.	Nature of Departure	Title of the IFRS	Treatment of the IFRS	Treatment adopted as per regulator	Financial or presentation effect of departure
				dated 28 December 2017, and subsequent BSEC 732th Press Release dated 16 July 2020, the required provisions may be maintained within the year 2023 starting from 2020. As such the required provision for the year is at 25%.	
2	Provision for Margin Loan (Loans and receivables)	IFRS 9 "Financial Instruments"	An entity shall measure the loss allowance for a financial instrument at an amount equal to the lifetime expected credit losses if the credit risk on that financial instrument has increased significantly since initial recognition. The objective of the impairment requirements is to recognize lifetime expected credit losses for all financial instruments for which there have been significant increases in credit risk since initial recognition - whether assessed on an individual or	As per circular of Bangladesh Securities and Exchange Commission circular SEC/CMRRCD/2009 -193/203) and dated 28 December 2017, and subsequent BSEC 732th Press Release dated 16 July 2020, the required provisions may be maintained within the year 2023 on principal portion of margin loan starting from 2020. As such the required provision for the year is at 25% .	As on 31 December 2019 provision on margin loan is amounting Tk. 100,000,000/- which is 89.4% of unrealized loss as per BSEC 732th Press Release dated 16 July 2020



SI	Nature of	Title of the	Treatment of the	Treatment	Financial or
No.	Departure	IFRS	IFRS	adopted as per	presentation
				regulator	effect of
				_	departure

collective basis considering all
reasonable and
supportable
information,
including that which
is forward-looking.

If, at the reporting date, the credit risk on a financial instrument has not increased significantly since initial recognition, an entity shall measure the loss allowance for that financial instrument at an amount equal to 12-month expected credit losses.

Expected credit losses are a probabilityweighted estimate of credit losses (ie present value of all cash shortfalls) over the expected life of the financial instrument. For a financial asset, a credit loss is the present value of the difference between the contractual cash flows that are due to an entity under the contract and the cash flows that the entity expects to receive.

	31- Dec-2020	31-Dec-2019
2.00 Property, Plant and Equipment		
This is composed as follows:		
Cost(A):		
Building & Construction	30,375,045	30,375,045
Furniture and Fixture	38,815,920	35,378,300
Computer Equipment Office Equipment	10,518,150 12,578,345	9,528,851 11,174,620
Vehicles	9,455,860	9,455,860
Vermoiss	101,743,320	95,912,676
	101,743,320	95,912,070
Accumulated Depreciation(B):		
Building & Construction	1,328,908	569,532
Furniture and Fixture	7,299,404	3,542,384
Computer Equipment	5,240,251	3,375,571
Office Equipment	4,128,780	1,728,449
Vehicles	4,887,403	3,047,293
	22,884,745	12,263,229
Written down value (A-B)	78,858,574	83,649,447
A schedule of property, plant and equipment is given in Annexure-A		
3.00 Intangible Assets		
This is composed as follows:		
Software	3,871,000	2,146,000
Intangible Assets working progress	748,750	1,660,695
Cost of Intangible (A)	4,619,750	3,806,695
cost of intaligible (A)	4,019,730	3,800,093
Accumulated Amortization (B)		
Software	2,019,812	1,880,708
	2,019,812	1,880,708
Written down value (A-B)	2,599,938	1,925,987
4.00 Tourselment		
4.00 Investment		
This is composed as follows:		
Investment in DSE Shares*	353,270,683	353,270,683
Investment in CSE Shares*	124,610,823	124,610,823
Investment in shares of UCB Investment Ltd.	100,000	100,000
	477,981,506	477,981,506

As per the Scheme of Demutualization of both DSE and CSE in accordance with the Exchange Demutualization Act 2013 (the 'Scheme"), the Company being the initial shareholders of DSE and CSE, is entitled to receive the following numbers of shares as well as "Trading Right Entitlement Certificate (TREC)" against membership.

Stock Exchange No of Shares

	31-Dec-20	31-Dec-19
Dhaka Stock Exchange Limited Chittagong Stock Exchange Limited	5,411,329 4,287,330	5,411,329 4,287,330
Total number and value of shares	9,698,659	9698659
Book value of shares	477,881,506	477,881,506

	31-Dec-20	31-Dec-19
5.00 Advances, Deposits and Prepayments:		
This is composed of following:		
Security deposit on	225,000	225,000
Advance against Expenses	344,470	1,159,887
Advance Office Rent	478,800	1,436,400
ECF Loan	11,990,063	11,881,667
Advance Income Tax (Note 5.01)	107,579,554	109,767,815
	120,617,887	124,470,768



			31-Dec-20	31-Dec-19
5.01 Advance Income Tax			_	
Opening balance			109,767,815	44,377,291
Add: Advance Tax paid during th	e year		111,475,125	107,579,520
Less: Advance Tax Adjustment w			(113,663,386)	42,188,997
Balance at the end of the year			107,579,554	109,767,815
6.00 Loan to Customer:				
Opening Balance			2,935,259,429	1,905,557,186
Add: disbursed/(Realised) during	the year		1,973,537,982	1,029,702,243
Closing Balance			4,908,797,412	2,935,259,429
7.00 Investment in marketable see	curities			
Investment in quoted share*			847,870,041	542,193,844
Investment in Open end mutual	fund		4,999,680	69,645,680
			852,869,721	611,839,524
*Details has been shown in Ann	exure-"B"			
8.00 Accounts Receivable:				
This is composed as follows:				
Receivable from DSE (Stock Brok	•		95,090,246	6,516,318
Receivable from DSE (Buy Limit)			50,000,000	-
Investment in pre-IPO			11,003,000	11,000,000
Receivable from DSE (Stock Dea	ler)		3,853,538	- 000 404
Other Assets Receivable from CSE (Stock Brok	(Or)		309,494 1,199,052	809,494 575,407
Receivable Holli CSL (Stock Blok	(er)		161,455,330	18,901,219
9.00 Cash and cash Equivalents				
Bank Name	Account No.	Туре	31-Dec-20	31-Dec-19
United Commercial Bank Limited	0011301000001346	CCA	105,592,764	130,182,824
One Bank Limited	203000000289	CCA	917,237,461	571,081,503
Standard Chartered Bank, Bd	02130772101	CCA	326,542,296	71,258,546
IFIC Bank Limited	0180038218021	CCA	608,655,829	, , , ₋
Midland Bank Ltd.	0001-1090000705	CCA	309,549,914	14,912
Mutual Trust Bank Ltd	460320001427	CCA	429,969,567	-
The City Bank Limited	1101434764001	CCA	404,745	-
One Bank Limited	203000000291	DCCA	3,035,288	1,212,335
United Commercial Bank Limited	11101000011642	DCCA	5,219,877	8,960,490
United Commercial Bank Limited	0011301000001335	IPO	16,046,724	754,178
United Commercial Bank Limited	1221301000000230	Strategic	16,465,357	1,973,272
United Commercial Bank Limited	11301000001379	GA	11,998,314	3,994,437
United Commercial Bank Limited	11101000008535	GA	38,265	38,955
United Commercila Bank Ltd Cash in hand	0721301000000620	BB scheme	1,676,381	- 1E2 107
Casii iii iiaiiu			170,000	152,107
			2,752,602,782	789,623,558

^{*} This amount represents customer IPO subscription money for Energypac Power Generation limited of Tk. 8,078,600 and Mir Akhter Hossain Limited of Tk. 7,932,600.00 as well as IPO Commission.

10.00 Share Capital

Total	100%	20,000,000
Mohammed Shawkat Jamil	0.000005%	1
United Commercial Bank Limited	99.999995%	19,999,999
Shareholders	% of Share	No. of Shares
10.01 Share Holding Status		
	2,000,000,000	513,500,000
20,000,000 Ordinary Shares of Tk. 100 each	2,000,000,000	513,500,000
Subscribed and Paid-up Capital		
	3,000,000,000	1,560,000,000
30000000 Ordinary Shares of Tk. 100 each	3,000,000,000	1,560,000,000
Authorized Capital		

	31- Dec-2020	31-Dec-2019
· · · · · · · · · · · · · · · · · · ·		

10.02 Directors

United Commercial Bank Ltd has nominated below mentioned personnel as Director.

Name	Position	Occupation
Mohammed Shawkat Jamil	Chairman	Banker
Akhter Matin Chaudhury, FCA (E&W), FCA, FCS	Independent Director	Business
ATM Tahmiduzzaman, FCS	Director	Banker
Syed Faridul Islam	Director	Banker
Faruk Ahmmad, FCA	Director	Banker

10.03 Share Money Deposit:

10.03 Share Money Deposit:		
	-	1,486,500,000
11.00 Short Term Loan:		
This is composed as follows:		
Bank Overdraft-UCB	1,665,251,540	178,858,582
Bank Overdraft-MTB	583,414,283	-
Bank Overdraft-SCB	392,028,875	311,949,949
Bank Overdraft-UCB-BB scheme	336,370,500	-
Bank Overdraft-Midland	201,103,451	12,895,433
Bank Overdraft-ONE	190,246,656	30,851,988
Loan from LankaBangla	-	258,033,010
Loan from IIDFC	-	450,000,000
Loan from United Finance.	-	150,000,000
	3,368,415,306	1,392,588,962
12.00 Accounts Payable		
This is composed as follows:		
Payable to Clients	2,586,186,721	703,413,036
Payable to DSE (Stock Broker)	76,352,258	12,958,057
Payable to DSE (Stock Dealer)	3,268	,,
Payable to CSE	-	-
Payable to CDBL	10,143,549	3,509,276
Other Liabilities (Note 12.01)	309,663,063	106,409,730
	2,982,348,859	826,290,100
12.01 Other Liabilities		
Interest suspense	214,690,537	69,549,331
Interest payable on browings	-	12,492,362
VAT payable	4,031,601	156,660
TDS payable	1,323,772	685,438
Prov. for expenses	57,500	275,607
Prov. For Employee Benefit	63,721,440	19,124,261
Accounts payable*	25,838,213	4,126,071
	309,663,063	106,409,730

^{*} This amount represents customer IPO subscription money for Energypac Power Generation limited of Tk. 8,078,600 and Mir Akhter Hossain Limited of Tk. 7,932,600.00.

13.00 Provisions:

This is composed as follows:

Opening balance	106,379,999	35,111,892
Less: Adjustment Add: Provision for the year (Note 13.01 &13.02)	40,900,000	- 71,268,107
Closing balance	147,280,000	106,379,999

As per BSEC 732th Press Release dated July 16, 2020 the company has the option to make 100% provision within december 2023 and also have the option not to make any additional provision for the year on 2020. The company has made 51% provision on dealer account and 89.4% provision for unrealized loss negative equity.



	31- Dec-2020	31-Dec-2019
13.01 Provision for Loan to customers		
Opening balance Add: Provision for the year Less: Adjustment	59,100,000 40,900,000	11,490,950 47,609,049 -
Closing balance	100,000,000	59,100,000
13.02 Provision for diminution in value of investment		
Opening balance Provision for the year	47,280,000 -	23,620,942 23,659,058
Closing balance	47,280,000	47,280,000
14.00 Provision for Taxation		
Opening Balance Add: Provision made for the current year (Note-14.01 & 14.02) Less: Adjustment with advance Tax up to the year 2019	204,090,402 161,091,593 (111,742,562)	101,267,730 145,011,669 42,188,997
	253,439,433	204,090,402

14.01 Provision for Current Tax

Provision for Corporate Income Tax has made on various sources of income as applicable tax rates on those Income as per Tax laws complied as under.

14.02 Provision for deferred Tax	Opening Balance Add: Provision made for the current year Less: Adjustment with advance Tax up to the year 2019	202,078,436 161,400,000 (111,742,562)	100,267,433 144,000,000 42,188,997
Opening Balance 2,011,967 (308,407) 1,000,298 (308,407) 1,011,669 1,703,560 2,011,967 1,011,669 15.00 Brokerage Commission 368,695,861 (247,291,963 (27,291,963)) 247,291,963 (27,470,087) Less: Brokerage commission expense (Note-15.01) 92,964,466 (57,470,087) 15.01 Brokerage Commission expense 275,731,395 (189,821,876) 15.01 Brokerage Commission expense 29,549,076 (20,815,209) CDBL Expense 15,094,315 (10,480,690) CONTRACT Charge-CSE 15,560 (20,815,209) Commission Charge-CSE 849,120 (20,815,209) Sales Associate Commission 47,456,396 (25,217,711) 92,964,466 57,470,087 16.00 Interest Income 386,847,835 (370,609,082) Income from Margin Loan 386,847,835 (370,609,082) Income from SND account 69,231,383 (34,216,647) 456,079,218 (404,825,729) 404,825,729 Less: Interest Expense 170,303,009 (13,486,466) 17.00 Net Investment Income 285,776,209 (269,963,261) 17.00 Net Investment Income (Note 17.01) 19,498,333 (18,329,242)		251,735,874	202,078,436
Add: provision made for the current year (308,407) 1,011,669 1,703,560 2,011,967 1,703,560 2,011,967 1,703,560 2,011,967 1,703,560 2,011,967 1,703,560 2,011,967 1,703,560 2,011,967 1,703,560 2,011,967 1,703,560 2,011,967 1,703,360 2,72,791,963 2,92,964,466 5,7470,087 1,703,379 1,	14.02 Provision for deferred Tax		
15.00 Brokerage Commission			
Brokerage commission income Less: Brokerage commission expense (Note-15.01) 368,695,861 92,964,466 247,291,963 57,470,087 15.01 Brokerage Commission expense 275,731,395 189,821,876 15.01 Brokerage Commission expense This is composed as follows: Laga Charge 29,549,076 20,815,209 CDBL Expense 15,094,315 10,480,690 Contract Charge-CSE 849,120 956,477 Commission Charge-CSE 849,120 956,477 Sales Associate Commission 47,456,396 25,217,711 92,964,466 57,470,087 16.00 Interest Income This is composed as follows: Income from Margin Loan 386,847,835 370,609,082 Income from SND account 69,231,383 34,216,647 456,079,218 404,825,729 Less: Interest Expense 170,303,009 134,862,468 285,776,209 269,963,261 17.00 Net Investment Income This is composed as follows: Capital Gain/(loss) from Investment in Shares 1,763,292 (9,953,977) Dividend Income (Note 17.01)		1,703,560	2,011,967
Less: Brokerage commission expense (Note-15.01) 92,964,466 57,470,087 275,731,395 189,821,876 15.01 Brokerage Commission expense This is composed as follows: Laga Charge CDBL Expense 15,094,315 10,480,690 COntract Charge-CSE 15,560 Commission Charge-CSE 849,120 956,477 Sales Associate Commission 47,456,396 25,217,711 92,964,466 57,470,087 16.00 Interest Income This is composed as follows: Income from Margin Loan Income from Margin Loan Income from SND account 69,231,383 34,216,647 456,079,218 404,825,729 Less: Interest Expense 170,303,009 134,862,468 285,776,209 269,963,261 17.00 Net Investment Income This is composed as follows: Capital Gain/(loss) from Investment in Shares Dividend Income (Note 17.01) 19,498,333 18,329,242	15.00 Brokerage Commission		
15.01 Brokerage Commission expense	<u> </u>		
This is composed as follows: Laga Charge 29,549,076 20,815,209 CDBL Expense 15,094,315 10,480,690 Contract Charge-CSE 15,560 - Commission Charge-CSE 849,120 956,477 Sales Associate Commission 47,456,396 25,217,711 Page 4,466 57,470,087 16.00 Interest Income This is composed as follows: Income from Margin Loan 386,847,835 370,609,082 Income from SND account 69,231,383 34,216,647 Less: Interest Expense 170,303,009 134,862,468 285,776,209 269,963,261 17.00 Net Investment Income This is composed as follows: Capital Gain/(loss) from Investment in Shares 1,763,292 (9,953,977) Dividend Income (Note 17.01) 19,498,333 18,329,242		275,731,395	189,821,876
Laga Charge 29,549,076 20,815,209 CDBL Expense 15,094,315 10,480,690 Contract Charge-CSE 15,560 - Commission Charge-CSE 849,120 956,477 Sales Associate Commission 47,456,396 25,217,711 92,964,466 57,470,087 16.00 Interest Income This is composed as follows: Income from Margin Loan 386,847,835 370,609,082 Income from SND account 69,231,383 34,216,647 456,079,218 404,825,729 Less: Interest Expense 170,303,009 134,862,468 285,776,209 269,963,261 17.00 Net Investment Income This is composed as follows: Capital Gain/(loss) from Investment in Shares 1,763,292 (9,953,977) Dividend Income (Note 17.01) 19,498,333 18,329,242	15.01 Brokerage Commission expense		
CDBL Expense 15,094,315 10,480,690 Contract Charge-CSE 15,560 - Commission Charge-CSE 849,120 956,477 Sales Associate Commission 47,456,396 25,217,711 92,964,466 57,470,087 16.00 Interest Income This is composed as follows: Income from Margin Loan 386,847,835 370,609,082 Income from SND account 69,231,383 34,216,647 456,079,218 404,825,729 Less: Interest Expense 170,303,009 134,862,468 285,776,209 269,963,261 17.00 Net Investment Income This is composed as follows: Capital Gain/(loss) from Investment in Shares 1,763,292 (9,953,977) Dividend Income (Note 17.01) 19,498,333 18,329,242	This is composed as follows:		
16.00 Interest Income	CDBL Expense Contract Charge-CSE Commission Charge-CSE	15,094,315 15,560 849,120	10,480,690 - 956,477
16.00 Interest Income This is composed as follows: 386,847,835 370,609,082 Income from SND account 69,231,383 34,216,647 456,079,218 404,825,729 Less: Interest Expense 170,303,009 134,862,468 285,776,209 269,963,261 17.00 Net Investment Income This is composed as follows: 1,763,292 (9,953,977) Capital Gain/(loss) from Investment in Shares 1,763,292 (9,953,977) Dividend Income (Note 17.01) 19,498,333 18,329,242	Sales Associate Commission		
This is composed as follows: Income from Margin Loan Income from SND account 456,079,218 Less: Interest Expense 170,303,009 134,862,468 285,776,209 269,963,261 17.00 Net Investment Income This is composed as follows: Capital Gain/(loss) from Investment in Shares Dividend Income (Note 17.01) 19,498,333 18,329,242		92,964,466	57,470,087
Income from Margin Loan Income from SND account 886,847,835 Income from SND account 69,231,383 34,216,647 456,079,218 404,825,729 170,303,009 134,862,468 285,776,209 269,963,261 17.00 Net Investment Income This is composed as follows: Capital Gain/(loss) from Investment in Shares Dividend Income (Note 17.01) 19,498,333 18,329,242			
Income from SND account 69,231,383 34,216,647 Less: Interest Expense 170,303,009 134,862,468 285,776,209 269,963,261 17.00 Net Investment Income This is composed as follows: Capital Gain/(loss) from Investment in Shares 1,763,292 (9,953,977) Dividend Income (Note 17.01) 19,498,333 18,329,242	•	386 847 835	370 600 082
Less: Interest Expense 170,303,009 134,862,468 285,776,209 269,963,261 17.00 Net Investment Income This is composed as follows: Capital Gain/(loss) from Investment in Shares 1,763,292 (9,953,977) Dividend Income (Note 17.01) 19,498,333 18,329,242			, ,
17.00 Net Investment Income This is composed as follows: Capital Gain/(loss) from Investment in Shares Dividend Income (Note 17.01) 19,498,333 18,329,242	Less: Interest Expense		, ,
This is composed as follows: Capital Gain/(loss) from Investment in Shares Dividend Income (Note 17.01) 1,763,292 1,763,292 19,498,333 18,329,242		285,776,209	269,963,261
Capital Gain/(loss) from Investment in Shares 1,763,292 (9,953,977) Dividend Income (Note 17.01) 19,498,333 18,329,242	17.00 Net Investment Income		
Dividend Income (Note 17.01) 19,498,333 18,329,242	This is composed as follows:		
21,261,624 8,375,265			
		21,261,624	8,375,265

	31- Dec-2020	31-Dec-2019
17.01 Dividend Income		
Cash dividend received from DSE & CSE Cash dividend received from quoted shares	4,849,330 14,649,003	4,849,330 13,479,913
	19,498,333	18,329,242
18.00 Other Operating Income		
This is composed as follows:		
BO Opening Fee	309,250	244,950
BO Annual Fees	1,964,700	381,800
CDBL Operations Fee	159,116	215,569
Margin Loan Processing Fee Other Income	116,500 222,786	142,000 355,773
	2,772,352	1,340,092
19.00 Operating Expenses		
This is composed as follows:		
Salary and allowances	199,273,035	135,561,699
Rent, taxes, insurance, electricity etc. (Note-19.01)	15,391,731	11,679,228
Legal expenses	479,889	160,550
Postage, stamps, telecommunications etc.	2,784,230	3,002,572
Stationery, printing, advertisements etc. (Note-19.02) Training, Seminar & Meeting	4,762,354 828,877	7,619,777 1,589,679
Auditors fees	57,500	57,500
Depreciation and repair of assets (Note-19.03)	11,948,964	9,743,645
	235,526,580	169,414,649
19.01 Rent, taxes, insurance, electricity etc.		
Office Rent	5,456,700	6,373,185
Electricity and room Rent	607,941	259,759
Electricty, water & Gas	3,613,571	3,268,347
Car Parking Expense Rent Rate Taxes	27,000 4,829,859	44,000 858,770
Insurance	856,660	875,167
	15,391,731	11,679,228
19.02 Stationery, printing, advertisements etc.		
Advertising and business Promotion exps.	3,477,317	5,570,133
Printing & Stationery	1,285,037	2,049,643
	4,762,354	7,619,777
19.03 Depreciation and repair of assets		
Depreciation Building & Construction	759,376	569,532
Depreciation On furniture	3,757,020	2,838,087
Depreciation On Computer Equipment	1,864,680	1,657,558
Depreciation On Electronic Equipment Depreciation On Vehicales	2,400,331 1,840,110	1,349,155 1,682,992
Amortization on Software	139,104	401,542
	10,760,620	8,498,866
Repair & Maintenance (Note 19.03.1)	1,188,344	1,244,779
	11,948,964	9,743,645
19.03.1 Repair & Maintenance		
Software Maintenance	417,124	571,334
Repairs & Maintenance-General	771,220	673,445
	1,188,344	1,244,779



20.00 Other Expenses

This is composed as follows:

Car Expenses
Bank Guarantee Commission
Entertainment
Petrol,oil & lubricant
Registration and Renewal
Bank Charge and others
Medical Expenses
Traveling & Conveyance
Office Maintenance
Loss on disposal of assets
Write off Negative Balance
Regulating Expenses
Newspapers & Periodicals
Investor Protection Fund
Misc. Expenses

31- Dec-2020	31-Dec-2019
3,973,333	3,571,667
4,140,000	4,140,000
1,165,485	2,044,028
2,094,347	2,482,323
2,791,892	1,286,574
1,394,016	366,087
361,732	617,185
298,452	1,426,965
256,860	363,425
56,945	377,110
113,524	60,467
2,700,835	51,000
-	15,880
70,345	109,465
254,669	421,124
19,672,437	17,333,300

UCB STOCK BROKERAGE LIMITED

Fixed assets Schedule For the year ended on 31 December 2020

		Cos	st				Depre	Depreciation		
l Particulars o.	Opening Balance as on 01.01.2020	Addition during the period	Disposal during the period	Total Before Dep. Charge	Dep. Rate	Opening Balance	Depreciation during the period	Disposal/ Adjustment during the period	Accumulated Depreciation	Net Book Value at 31.12.2020
Building & Construction	30,375,045	ı		30,375,045	2.5%	569,532	759,376		1,328,908	29,046,137
Furniture & Fixture	35,378,300	3,437,620		38,815,920	10%	3,542,384	3,757,020	ı	7,299,404	31,516,516
Computer Equipment	9,528,851	989,299		10,518,150	70%	3,375,571	1,864,680	1	5,240,251	5,277,899
Office Equipment	11,174,620	1,403,725		12,578,345	70%	1,728,449	2,400,331	1	4,128,780	8,449,565
Vehicles	9,455,860	ı		9,455,860	20%	3,047,293	1,840,110	ı	4,887,403	4,568,458
Total	95,912,676	5,830,644		101,743,320		12,263,229	10,621,516		22,884,745	78,858,575



UCB STOCK BROKERAGE LIMITED

Schedule of Investment quoted shares For the year ended on 31 December 2020

Annexure-B

Particulars	Holding No. of Share	Avg. Rate	Purchase price	Closing Price/Nav	Market Value as on 31 Dec. 20	Unrealize Gain/(Loss)
		Taka	Taka	Taka	Taka	·
Own Portfolio:						
AAMLUF	250,000	10.00	2,500,000	13.64	3,410,000	910,000
BCBICLGF	500,000	10.00	5,000,000	10.43	5,215,000	215,000
CAPITEC	500,000	10.00	5,000,000	10.03	5,015,000	15,000
CAPITECPLUF	500,000	10.00	5,000,000	10.59	5,295,000	295,000
CONSTELLATIONUF	500,000	10.00	5,000,000	10.71	5,355,000	355,000
CRYSTALINS	10,800	10.00	108,000	39.40	425,520	317,520
CWTEBDFGFUF	500,000	10.00	5,000,000	13.54	6,770,000	1,770,000
CWTSBGF	500,000	10.00	5,000,000	10.85	5,425,000	425,000
DOMINAGE	1,985	9.26	18,380	34.50	68,483	50,103
EDGEAMCGF	663,450	10.00	6,634,500	11.53	7,649,579	1,015,079
EDGEBMF	500,000	10.00	5,000,000	11.47	5,735,000	735,000
EKUSHFUF	500,000	10.00	5,000,000	12.66	6,330,000	1,330,000
ESQUIREICLAF	500,000	10.00	5,000,000	11.64	5,820,000	820,000
PRAGATILIF	36,010	15.00	540,150	88.30	3,179,683	2,639,533
	,		,			, ,
ROBI	271,000	10.00	2,710,000	29.80	8,075,800	5,365,800
SEAPEARL	1,865	9.53	17,764	79.10	147,522	129,757
SFIUF	87,873	11.38	999,995	12.72	1,117,745	117,750
SHANTASFUF	50,000	10.23	511,500	12.15	607,500	96,000
VANGAMLGF	2,000,000	10.00	20,000,000	11.70	23,400,000	3,400,000
WALTONHIL	10,000	352.00	3,520,000	1,113.80	11,138,000	7,618,000
CITYBANK	600,200	45.58	27,354,595	24.80	14,884,960	(12,469,635)
CONFIDCEM	115,481	163.23	18,850,252	121.30	14,007,845	(4,842,407)
GP	264,000	425.93	112,446,418	347.10	91,634,400	(20,812,018)
IDLC	765,000	68.96	52,757,996	63.40	48,501,000	(4,256,996)
IFADAUTOS	56,000	110.89	6,210,086	47.20	2,643,200	(3,566,886)
PRIMEBANK	696,268	20.04	13,956,135	17.10	281,851,235	(18,328,400)
SINGERBD	70,000	170.55	11,938,458	175.60	560,292,471	(37,566,801)
SOUTHEASTB	893,535	15.63	13,963,629	12.50	11,169,188	(2,794,441)
SQURPHARMA	585,000	245.87	143,833,599	219.50	128,407,500	(15,426,099)
UPGDCL	4,000	265.76	1,063,048	263.50	1,054,000	(9,048)
Total Investment in own	Portfolio (a)		484,934,505		1,264,625,629	(92,453,190)
Strategic Investment A/	′c:					
DBH	10,000	92.74	927,377	92.60	926,000	(1,377)
UPGDCL	3,375	264.10	891,345	263.50	889,313	(2,033)
ACMELAB	94,459	78.02	7,369,927	74.70	7,056,087	(313,840)
BATBC	74	1,069.71	79,158	1,180.80	87,379	8,221
CONFIDCEM	5,000	109.89	549,457	121.30	606,500	57,043
GENEXIL	500	53.46	26,731	55.00	27,500	770
GP	5,000	301.55	1,507,751	347.10	1,735,500	227,749
IDLC	48,600	60.72	2,951,075	63.40	3,081,240	130,165
SINGERBD	10,000	166.54	1,665,416	175.60	1,756,000	90,584
SQURPHARMA	40,000	197.35	7,893,964	219.50	8,780,000	886,036
Total Investment in Stra		137.33	23,862,201	213.30	24,945,519	000,030
Investment under special DBH	607,321	93.34	56,687,221	92.60	56,237,925	(449,296)
UPGDCL	282,609	268.87	75,985,083	263.50	74,467,472	(1,517,611)
ACMELAB	42,600	75.14	3,200,994	74.70	3,182,220	(18,774)
ADVENT	5,500	20.76	114,194	22.80	125,400	11,206
BATBC	27,232	1,180.93	32,159,012	1,180.80	32,155,546	(3,467)
CONFIDCEM	800,000	25.29 114.35	20,233,520	24.80	19,840,000	(393,520)
CONFIDCEM GENEXIL	1,100	114.35	125,783 10,093,138	121.30	133,430	7,647
	172,197	58.61		55.00	9,470,835	(622,303)
GP	114,688	333.05	38,197,251	347.10	39,808,205	1,610,954
IDLC	50,000	56.78	2,839,190	63.40	3,170,000	330,810
SINGERBD	346,000	173.00	59,858,623	175.60	60,757,600	898,977
SQURPHARMA	120,000	195.50	23,460,204	219.50	26,340,000	2,879,796
SUMITPOWER	311,188	40.56	12,620,976	38.90	12,105,213	(515,763)
WALTONHIL	3,600	971.71	3,498,146	1,113.80	4,009,680	511,534
Tabel Towns of 12	and along the second		339,073,335		341,803,525	
Total Investment in quo	ted shares (a+b)		847,870,041		306,796,754	

আপনার স্বপ্নযাত্রার সঙ্গী



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Management Limited

UCB Asset Management Limited



DIRECTORS' REPORT UCB ASSET MANAGEMENT LIMITED

Dear Shareholders,

The Directors of UCB Asset Management Limited takes the pleasure in presenting the Directors' Report together with the Audited Financial Statements for the year ended 31 December 2020.

1. An Eventful Public Equity Market in 2020

2020 has been an eventful ride for Bangladesh Capital Market where the country has come out resilient and thriving. The prime bourse Dhaka Stock Exchange Limited (DSE) was highly vibrant averaging a daily turnover of BDT 648.9 crore in 2020 compared to 480.3 crore in 2019 - while DSE posted a Year-to-Date (YTD) return of 21.3% in 2020.

The year 2020 saw seven Initial Public Offerings (IPO) raising a total of BDT 767.9 crore. The year also saw the introduction of four new asset management companies totaling 54 and eleven new open-end funds (including one Shariah fund), standing at 64. The number of closed-end funds remained at 37, the same as in 2019 while the number of Shariah funds stood at 9.

In this regard, UCB Asset Management Ltd. got its "Asset Manager" license in February 2020 while swiftly getting the consent letter for its first open-end fund by December 2020 despite the disruptions brought forth by the pandemic.

The news of the first COVID-19 case in Bangladesh announced on March 8, 2020, left the stock market in shambles with the prime bourse subsequently dipping to a 10-year low (3603 pts) posting a -19.1% YTD return.

The government announced a nationwide lockdown and the stock market remained closed for 66 days from 25 March to 30 May 2020. Bangladesh Securities & Exchange Commission (BSEC) announced floor price regulations on 19 March 2020 to prevent a panic-induced market freefall.

Riding on the Bangladesh Bank's expansionary monetary policy declared on 29th July 2020, the capital market saw an influx of funds reinforced by an all-time low private sector credit growth of 8.6% (June 2020) and excess liquidity in the banking sector. Under the new management of BSEC, the prime index posted a return of 15.8% in August 2020 which was the highest among all the major economies in the world even under trying times.

The prime index, for the period of August 2020 - December 2020 saw an average daily turnover of an astounding BDT 931.8 crore which is 147% higher than that of the same period last year. Large-cap stocks performed better than small caps, reflected in the 31% YTD return of DS30 compared to 21.3% of DSEX for the year 2020.

2. Business Performance

The key operation of UCB Asset Management Limited is to provide fund management services to its clients in the areas of Mutual Fund, Discretionary Portfolio Management and Advisory Services. Soon after obtaining the Asset Manager license in February 2020, business operation of the company was almost held up till May 2020. Despite minimal capital market activity until the third quarter and gradually deteriorating



treasury market yield towards the end of 2020, the company produced satisfactory return by taking certain preemptive investment decisions.

The company is set to launch its first ever mutual fund - UCB AML First Mutual Fund in the first quarter of 2021.

3. Business Ethics and Compliance

Sincerity honesty and integrity contributes to our long-term relationships with the clients. Our expectations from our employees are set out in ethical principles. The objective of the policy is to maintain our reputation for exceptional client service and ethical business dealings.

4. Role and Responsibility of the Board

The Board is devoted to the Company for achieving sustainable long-term prosperity by meeting stakeholders' expectations. The Board is determined to ensure the best practices in accordance with statutory requirements.

Board of Directors

Name	Status in the Board
Arif Quadri	Chairman
Abul Alam Ferdous	Director, representing of UCB
Nabil Mustafizur Rahman	Director, representing of UCB
Mohammed Khorshed Alam	Director, representing of UCB
Dr. Aparup Chowdhury	Independent Director

5. Financial Performance of UCB Asset Management Limited

UCB Asset Management Limited is committed to increase long-term value for its shareholders through successful execution of strategic priorities and action plans. Against various odds, the company succeeded to deliver satisfactory financial results in 2020 by posting an operating profit of BDT 8.9 million against an operating loss of BDT 36,236 in 2019.

6. Observance of BAS, BFRS & Applicable Laws

The Company keeps accounting records which disclose with reasonable accuracy of the financial position of the Company and it is the responsibility of the directors to ensure that the financial statements comply with the Companies Act 1994 and the Securities and Exchange Rules 1987. The Directors also confirm that the financial statements have been prepared in accordance with the Bangladesh Accounting Standards, Bangladesh Financial Reporting Standards and other applicable rules and regulations.

Key Financial Indicators	BDT
Investment Income	15,798,021
Interest Income	2,359,401
Total Income	18,563,255
Profit from Operations	8,898,367
Net Profit after Tax	6,022,373
Total Assets	509,805,293
Total Shareholders' Equity	505,986,136
Number of shares	50,000,000
Earning Per Share (EPS)	0.12

7. Accounting Policies and Maintenance of Books of Accounts

As required by the regulators the company prepared financial statements, used appropriate accounting policies, consistently applied and supported by reasonable and prudent judgments and estimates and that all International Accounting Standards as adopted by the Institute of Chartered Accountants of Bangladesh (ICAB) have been followed. In preparing financial statements, information has been obtained from the books of accounts which have been maintained properly as required by the applicable rules and regulations.

8. Retained Earnings

The retained earnings of the Company as of 31 December 2020 stood at BDT 6.0 million, details of which are given in the Statement of Changes in Equity of the consolidated financial statement.

9. Report on Going Concern

The Directors are satisfied with the present and potential business growth, annual budget, performance, liquidity position, plans and financing arrangement of the company. The Company has adequate resources to continue to operate in the foreseeable future and confirm that there is no material issue threatening to the going concern of the company. For this reason, Directors continue to adopt the going concern basis in preparing these financial statements.

10. Dividend Declaration

UCB Asset Management Ltd.declared 'no dividend' for its shareholders for the year ended 31 December 2020.

11. Challenges Ahead

a)Market Condition: The uncertainty regarding the COVID-19 pandemic and its overarching aftermath poses a major challenge to the business and economic landscape, hence the stock market. Low demand in credit coupled with deteriorating asset quality of banks and financial institutions remains a big concern for the market.

- b) Liquidity Risk: The year 2020 saw multiple cuts in CRR and Repo rate as part of the Government's expansionary monetary policy. The T-Bill rates for 91-day, 182-day, and 364-day as of June 2020 were respectively 6.5%, 6.7%, and 7.2% whereas by December 2020, the rates fell down to 0.59% (-591 bps), 1.23% (-547 bps), and 1.87% (-533 bps). The call money rate as of June 2020 was 5.0% which fell down to 2.1% (-290 bps) by December 2020.
- c) These rate cuts are a testament to the increased liquidity in the banking sector. Coupled with an all-time low private sector credit growth rate hovering around 8.4% (October 2020- December 2020), the stock market saw a huge influx of funds. These conditions, if not held in the future, can be detrimental to the overall liquidity of our capital market.
- d) Regulatory Risk: From capping of lending rate at 9% to putting a ceiling in NSC investment for individuals helped flow new capital to the stock market. However, a price floor on stocks still remains a concern for investors who believe in free market economics. We think that further regulatory changes, which may impact the market adversely, can be an area of big concern for all the capital market intermediaries.

12. Auditors' Report

The auditor didn't mention any material misstatement or significant disagreement regarding the review of the financial statements of the company. The Board of Directors reviewed the Auditors Report issued by the auditors of the company, MABS & J Partners Chartered Accountants based on their audit of financial statements for the year ended 31 December 2020. The Board also reviews the auditors' suggestion which the auditor provides through a separate management report and gives the strategic guidelines to the management for improvement.

13. Auditors' Appointment

Pursuant to Section 210 of the Companies Act, 1994, the Company's statutory auditor 'MABS & J Partners' was re-appointed as the independent auditor of the Company for the year 2021 in its Annual General Meeting.



14. Acknowledgement

On behalf of the Board of Directors, I take the opportunity to express our heart-felt appreciation and gratitude to our business partners and shareholders for their continuous support and confidence in UCB Asset Management Limited. A special note of appreciation goes to the Management team and all the employees for their devotion, integrity, hard work and professionalism to mold this young brand as a shining star in the capital market of Bangladesh. My sincere gratitude also goes to Bangladesh Securities and Exchange Commission, Dhaka and Chittagong Stock Exchanges, and all other regulatory bodies involved in the growth of this Company for their invaluable assistance, support, guidance and counsel.

(On behalf of the Board of Directors)

Arif Quadri

Chairman
UCB Asset Management Limited

Independent Auditors' Report

To the shareholders of UCB Asset Management Limited

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of UCB Asset Management Limited, which comprise the statement of financial position as at 31 December 2020, and the statement of profit or loss and other comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements give a true and fair view of the financial position of the company as at 31 December 2020, and its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRSs), the Companies Act 1994 and other applicable laws and regulations.

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 Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Company in accordance with the ethical requirement that are relevant to our audit of the financial statements in Bangladesh, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Responsibilities of Management and those Charged with Governance for the Financial Statements

Management is responsible for the preparation of financial statements that give a true and fair view in accordance with IFRSs, the Companies Act 1994 and other applicable laws and regulations and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Company'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 Company or to cease operations, or has no realistic alternative but to do so.

 $Those \ charged \ with governance \ are \ responsible \ for \ overseeing \ the \ Company's \ financial \ reporting \ process.$

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the 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 financial statements.

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

- Identify and assess the risks of material misstatement of the 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, but not for the purpose of expressing an opinion on the effectiveness of the organization's internal control.
- 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 Company'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 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 organization to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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.

Report on Other Legal and Regulatory Requirements

In accordance with the Companies Act 1994, we also report the following:

- a. We have obtained all the information and explanation which to the best of our knowledge and belief were necessary for the purpose of our audit and made due verification thereof;
- b. In our opinion, proper books of account as required by law have been kept by the Company so far as it appeared from our examination of those books; and
- c. The statement of financial position and statement of profit or loss and other comprehensive income dealt with by the report are in agreement with the books of account.

Dated: 22 March 2021

Place: Dhaka

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

S H Talukder FCA Partner

ICAB Enrollment No: 1244 DVC No: 2104071244AS695838

AUDITORS' REPORT & AUDITED FINANCIAL STATEMENTS

of

UCB Asset Management Limited For the Year Ended 31 December 2020



Statement of Financial Position As on 31 December 2020

Particulars	Notes —	Amou	ount in BDT	
Particulars	Notes —	31-Dec-20	31-Dec-19	
Assets				
Non-Current Assets				
Property, Plant and Equipment	3.00	3,061,950	-	
Total Non-Current Assets		3,061,950	-	
Current Assets				
Advances, Prepayments and Receivables	4.00	2,288,491	-	
Investments	5.00 6.00	138,799,770	- 49,986,764	
Cash and Cash Equivalents	6.00	365,655,082		
Total Current Assets		506,743,343	49,986,764	
Total Assets	_	509,805,293	49,986,764	
Shareholders' Equity and Liabilities				
Shareholders' Equity				
Share Capital	7.00	500,000,000	50,000,000	
Retained Earnings/ (Accumulated Loss)	8.00	5,856,136	(36,236)	
Total Shareholders' Equity		505,856,136	49,963,764	
Other Liabilities				
Other Liability	9.00	3,949,157	23,000	
Total Liabilities & Shareholders' Equity		509,805,293	49,986,764	

The annexed notes 01 to 18 form an integral part of these financial statements.

Chairman

Director

As per audit report of same date

Managing Director & CEO

Dhaka

Date: 22 March 2021

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

S H Talukder FCA Partner

ICAB Enrollment No: 1244 DVC No: 2104071244AS695838

Statement of Profit or Loss and Other Comprehensive Income For the Year Ended 31 December 2020

Particulars	Notes	Amou	Amount in BDT	
Particulars	Notes	31-Dec-20	31-Dec-19	
Income				
Investment Income	10.00	15,798,021	-	
Fee Income	11.00	405,833		
Total Operating Income		16,203,854	-	
Interest Income	12.00	2,359,401	-	
Total Income		18,563,255	-	
Operating Expenses				
Salaries & Allowances	13.00	6,035,996	-	
Marketing and Promotional Expenses	14.00	2,030,829	-	
Administrative Expenses	15.00	1,056,413	13,236	
Other Expenses	16.00	207,000	23,000	
Depreciation Expenses	17.00	334,650	-	
Total Operating Expenses		9,664,888	36,236	
Profit/(Loss) from Operations		8,898,367	(36,236)	
Provision for Income Tax	18.00	2,751,087	-	
Provision for Deferred Tax Expense	9.01	254,907	-	
Net Profit/(Loss) after Income Tax		5,892,373	(36,236)	

The annexed notes 01 to 18 form an integral part of these financial statements.

Chairman

Managing Director & CEO

As per audit report of same date

Dhaka

Date: 22 March 2021

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

S H Talukder FCA **Partner**

ICAB Enrollment No: 1244 DVC No: 2104071244AS695838



Statement of Changes in Equity For the Year Ended 31 December 2020

Particulars	Share Capital	Retained Earnings/ (Accumulated Loss)	Amount in Taka
Balance as on 01 January 2020	50,000,000	(36,236)	49,963,764
Issued Capital (Rights Share)	450,000,000	-	450,000,000
Net Profit (Loss) during the Year	-	5,892,373	5,892,373
Balance as on 31 December 2020	500,000,000	5,856,136	505,856,136

For the year ended 31 December 2019

Particulars	Share Capital	Retained Earnings/ (Accumulated Loss)	Amount in Taka
Opening Balance as on 01 January 2019	50,000,000	-	50,000,000
Net Profit (Loss) during the period	-	(36,236)	(36,236)
Balance as on 31 December 2019	50,000,000	(36,236)	49,963,764

Chairman

Director

As per audit report of same date

Managing Director & CEO

Dhaka Date: 22 March 2021

Statement of Cash Flows

For the Year Ended 31 December 2020

Postfordere	Amount in BDT		
Particulars	31-Dec-20	31-Dec-19	
Cash Flows from Operating Activities			
Interest Receipts in Cash Dividend Receipts	2,359,401 1,179,900	-	
Fees & Commission Receipts in Cash	323,333	-	
Receipt from Operating Activities Payment for Operating Activities	13,931,038 (5,658,989)	(13,236)	
Operating Profit before Changes in Operating Assets and Liabilities	12,134,683	(13,236)	
Increase/Decrease in Operating Assets and Liabilities:			
Purchase/Sales of Trading Securities	(138,799,770)	-	
Other Assets Other Liabilities	(1,518,908) (2,751,087)	-	
	(143,069,765)		
Net Cash from Operating Activities (A)	(130,935,082)	(13,236)	
Cash Flows from Investing Activities			
Acquisition of Fixed Assets	(3,396,600)	-	
Net Cash from Investing Activities (B)	(3,396,600)	-	
Cash Flows from Financing Activities			
Issuance of Share Capital	450,000,000	50,000,000	
Net Cash from Financing Activities (C)	450,000,000	50,000,000	
Net Increase/(Decrease) in Cash (A+B+C)	315,668,318	49,986,764	
Cash and Cash Equivalents at the Beginning of the Year	49,986,764	-	
Cash and Cash Equivalents at the End of the Year	365,655,082	49,986,764	
Cash in Hand	22,862	-	
	22,862		

Chairman

Director

Managing Director & CEO

As per audit report of same date

Dhaka Date: 22 March 2021



UCB Asset Management Limited

Notes to the Financial Statements For the Year Ended 31 December 2020

1.0 Significant Accounting Policies and Other Material Information

1.1 Legal Status of the Company

UCB Asset Management Limited (the "Company") was incorporated in Bangladesh as a private limited company with limited liability on February 05, 2019 under the Companies Act 1994. The company is a wholly owned subsidiary of United Commercial Bank Limited (UCBL) and has obtained its' licence (BSEC/Asset Manager/2020/46) as an Asset Management Company from Bangladesh Securities & Exchange Commission (BSEC) on February 03, 2020.

1.2 Address of Registered Office and Principal Place of Business

The principal place of business and the registered office is located at Plot# CWS(A)-1, Road# 34, Gulshan Avenue, Dhaka -1212.

1.3 Nature of the Business Activities

- 1. Mutual Fund Management
- 2. Institutional Fund Management
- 3. Alternative Investment Management

1.4 Authorized Capital

The Authorized Share Capital of the company is taka 500,000,000 (Fifty Crore) divided into 50,000,000 (Five Crore) Ordinary Shares of taka 10 (Ten) each with power to increase or reduce the capital and to divide the shares into different classes and to attach there to any special right or privileges or conditions as regards dividends, repayment of capital, voting or otherwise or to consolidate or sub-divide the shares.

2.0 Significant Accounting Policies

2.1 Basis of Preparation of Financial Statements

The Financial Statements have been prepared on a going concern basis under historical cost convention in accordance with International Accounting Standard (IAS) and International Financial reporting Standard (IFRS), the Companies Act 1994, Securities and Exchange Rules,1987 and other laws & rules applicable in Bangladesh.

2.2 Property, Plant & Equipment

All Property, Plant and Equipment are stated at cost, together with any incidental expenses of acquisition less accumulated depreciation as per IAS-16 "Property, Plant and Equipment". Expenditure incurred after the assets have been put into operation, such as repairs and maintenance are normally charged off as Revenue Expenditure in the period in which it is incurred. Depreciation on fixed assets acquired during the current year to be charged from the month of acquisition (full month depreciation is charged irrespective of the date of purchase during the month). The rates and bases used are as follows:

Category of Asset	Rate (%)	Basis
Vehicle	20%	Straight Line
Computer Equipment	20%	Straight Line
Office Equipment	20%	Straight Line
Furniture & Fixture	10%	Straight Line
Software	25%	Straight Line

2.3 Components of Financial Statements

According to International Accounting Standard (IAS-1) "Presentation of Financial Statements" the complete set of Financial Statement includes the following components:

- (i) Statement of Financial Position
- (ii) Statement of Comprehensive Income
- (iii)Statement of Cash Flows
- (iv)Statement of Changes in Equity and
- (v) Related Notes for Each of the above items.

2.4 Reporting Currency

The figure in the Financial Statements represents Bangladesh Currency (Taka) which has been rounded off to the nearest Taka.

2.5 Going Concern

The accompanying financial statements have been prepared on a going concern assumption that the Company will continue in operation for the foreseeable future. The Company has neither any intention or any legal or regulatory compulsion to liquidate or curtail materially the scale of any of its operations. The key financial parameters of the Company continued to show a healthy trend for couple of years. Besides, the management is not aware of any material uncertainties that may cast significant doubt upon the Company's ability to continue as a going concern.

2.6 Changes in Presentation

- (i) Audit Fee, in 2019, was presented under the accounting head 'Audit Fee' amounting BDT 23,000, which has been reclassified under the accounting head 'Other Expenses' from the financial year 2020.
- (ii) Administrative Expenses, in 2019, was presented under the accounting head 'Other Expenses' amounting BDT 13,236, which has been reclassified under the accounting head 'Administrative Expenses' from the financial year 2020.

2.7 Reporting Period

The financial statements cover the period from 01 January 2020 to 31 December 2020.



	Amount	ווו שטו
	31-Dec-20	31-Dec-19
3.00 Property, Plant and Equipment		
Cost(A):		
Vehicles Computer Equipment	3,000,000	-
Computer Equipment	396,600	
	3,396,600	-
Accumulated Depreciation(B):		
Vehicles	300,000	-
Computer Equipment	34,650	-
	334,650	-
Written Down Value (A-B)	3,061,950	
A schedule of property, plant and equipment is given in Annexure-A		
4.00 Advances, Prepayments and Receivables		
Advance to UCB AML 1STMF	475,000	-
Receivable from UCB Stock Brokerage Ltd. Interest Income from FDRs	82,500 687,083	-
Advance Income Tax [Note:4.01]	1,043,908	-
	2,288,491	_
= 4.01 Advance Income Tax		
	225.000	
AIT on Dividend Income AIT on Capital Gain - Treasury Securities	235,980 430,685	-
Interest from SND Account	353,910	-
Income from Advisory Services	23,333	
	1,043,908	-
5.00 Investments		
Investment in Listed Equity at Cost Price [Annexure-B]	70,299,770	-
Investment in UCB AML 1ST Mutual Fund	20,000,000	-
Investment in FDR	48,500,000	-
	138,799,770	-
6.00 Cash & Cash Equivalents		
UCBL- Corporate Branch (Current A/C)	689	49,986,764
UCBL- Corporate Branch (SND A/C)	365,630,990	-
Cash in BO Account - UCB Capital Cash in Hand	541 22,862	-
-	365,655,082	49,986,764
-		15/500/701
7.00 Share Capital		
Authorized Capital 50,000,000 Ordinary Shares of Tk. 10 each	500,000,000	500,000,000
50,000,000 Ordinary Shares of Tr. 10 each		
=	500,000,000	500,000,000
Subscribed and Paid-up Capital		
5,000,000 Ordinary Shares of Tk. 10 each	50,000,000	50,000,000
45,000,000 Rights Shares of Tk. 10 each	450,000,000	-
	500,000,000	50,000,000
7.01 Share Holding Position		
Name of the Shareholders	No. of Shares	No. of Shares
United Commercial Bank Limited Arif Quadri	49,999,999 1	4,999,999 1
Total	50,000,000	5,000,000
		2,000,000

	31-Dec-20	30-Jun-19
Directors		
Nominee Directors of United Commercial Bank Limited:		
Name		Occupation
Arif Quadri		Banker
Abul Alam Ferdous		Banker
Nabil Mustafizur Rahman		Banker
Mohammed Khorshed Alam		Banker
Dr. Aparup Chowdhury	Retir	red Government Officer
8.00 Retained Earnings		
Opening Balance	(36,236)	_
Add: Profit/(Loss) for The Year	5,892,373	(36,236)
	5,856,136	(36,236)
9.00 Other Liability		
Audit Fee Payable	23,000	23,000
Payable to JSS Services Ltd.	40,338	-
VAT Payable on JSS Services Ltd. TDS Payable on JSS Services Ltd.	3,016 603	-
Current Provision for Tax	2,751,087	-
Other Payable - Employee Salary TDS payable on Employees Salary	703,992	-
Deffered Tax Liability [Note 9.01]	172,213 254,907	-
	3,949,157	23,000
9.01 Provision for Deferred Tax Expense		
Deferred Tax on Asset:		
Fixed Asset at Accounting Base	3,061,950	-
Fixed Asset at Tax Base	2,277,620	-
Temporary Difference	784,330	-
Tax Rate @32.50% on Temporary Difference	254,907	
10.00 Investment Income		
Dividend Income	1,179,900	-
Gain/(Loss) on Sale of Share Income from Treasury Bill	3,831,821 10,099,217	-
Interest Income on FDR	687,083	-
	15,798,021	-
11.00 Fee Income		
Income from Advisory Service	405,833	-
	405,833	-
12.00 Interest Income		
UCBL- Corporate Branch (SND A/C)	2,359,401	-
	2,359,401	-
13.00 Salaries & Allowances		
Salary and Allowances to Permanent Employees	6,015,996	_
Salary to Contractual Employee	20,000	-
	6,035,996	-
14.00 Marketing and Promotional Expenses		
Marketing and Promotional Expenses	2,030,829	-
	2,030,829	-



15.00 Administrative Expenses		31-Dec-20	30-Jun-19
Mobile bill 38,600	15.00 Administrative Expenses		
Bank Charge 1,313 1,075 BO Charge 950 - Excise duty 80,000 12,000 VAT Expenses 26,201 161 Office Entertainment 66,410 - Office General Expense 35,760 - Miscellaneous 349,112 - Vehicles Operation 435,370 - Total Colspan="2">Total Colspan="2">Tota	Conveyance	22,698	-
BO Charge Stoke duty B0,000 12,000 12,000 12,000 12,000 12,000 12,000 12,000 12,000 12,000 12,000 12,000 12,000 12,000 12,000 12,000 12,000 12,000 16,000 16,410 161 161 161 161 162	Mobile bill	38,600	-
Excise duty	Bank Charge		1,075
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1,056,413 13,236		•	-
16.00 Other Expenses	Vehicles Operation	435,370	
BSEC Registration & Annual Fee		1,056,413	13,236
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Tax on Income from Advisory Services 131,896 - Tax on Accrued Income from FDR 223,302 -		383,182	-
Tax on Accrued Income from FDR 223,302 -			-
· ·	Tax on Income from Advisory Services		-
2,751,087	Tax on Accrued Income from FDR	223,302	
		2,751,087	

Fixed Assets Schedule

for the year ended 31 December 2020

			Cost	st				Depre	Depreciation		
	Particulars	Opening Balance as on 01.01.2020	Addition during the period	Disposal during the period	Total Before Dep. Charge	Dep. Rate	Opening Balance	Depreciation Disposal/ during the Adjustment period during the period	Disposal/ Adjustment during the period	Accumulated Depreciation	Net Book Value at 31.12.2020
	Vehicles	ı	3,000,000	ı	3,000,000	20%	1	300,000	1	300,000	2,700,000
	Computer Equipment	1	396,600	1	396,600	70%	1	34,650	ı	34,650	361,950
1	Total	ı	3,396,600		3,396,600		•	334,650	1	334,650	3,061,950

Annexure-A

UCB ASSET MANAGEMENT LIMITED

Fixed Assets Schedule Under Tax Base

for the year ended 31 December 2020

			Cost	st				Depreciation	ciation		
No.	Particulars	Opening Balance as on 01.01.2020	Addition during the period	Disposal during the period	Total Before Dep. Charge	Dep. Rate	Opening Balance	Depreciation Disposal/ during the Adjustment period during the period	Disposal/ Adjustment during the period	Accumulated Depreciation	Net Book Value at 31.12.2020
	Vehicles		2,500,000		2,500,000	20%	'	200,000	1	200,000	2,000,000
2	Computer Equipment	ı	396,600		396,600	30%	1	118,980		118,980	277,620
Total	_	1	2,896,600		2,896,600		1	618,980	1	618,980	2,277,620

Annexure-A

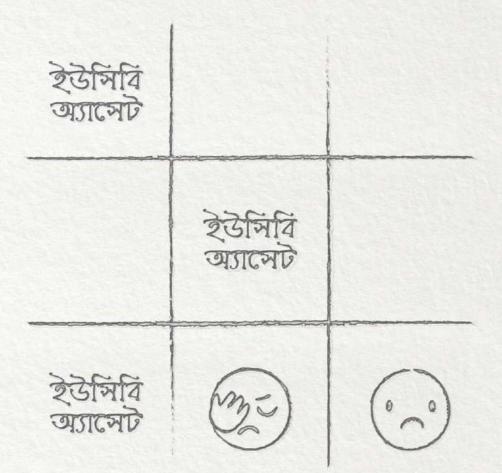
Investment in Capital Market As on 31 December 2020

Annexure-B

Instrument	Quantity	Average Cost (BDT)	Total Cost (BDT)	Market Price (BDT)	Total Market Value (BDT)	Unrealized Gain/Loss (BDT)
CRYSTALINS	10,878	10.00	108,780	39.40	428,593	319,813
ROBI	271,253	10.00	2,712,530	29.80	8,083,339	5,370,809
BATBC	30,130	1,004.08	30,252,921	1,180.80	35,577,504	5,324,583
GP	64,270	331.63	21,314,162	347.10	22,308,117	993,955
SINGERBD	60,000	174.73	10,483,524	175.60	10,536,000	52,476
SQURPHARMA	29,060	186.78	5,427,853	219.50	6,378,670	950,817
Total			70,299,770		83,312,224	13,012,453



উদ্যোগে, উৎসাহে



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UCB Investment Limited

INVESTMENT Limited



DIRECTORS' REPORT UCB INVESTMENT LIMITED

Dear Shareholders,

The Directors of UCB Investment Limited take the pleasure in presenting the annual report together with the Audited Financial Statements for the year ended December 31, 2020.

1. Corporate Information

UCB Investment Limited (UCBIL) is a fully owned subsidiary of United Commercial Bank Limited – one of the leading private commercial banks in Bangladesh. It was incorporated in Bangladesh with the Registrar of Joint Stock Companies & Firms (RJSCF), vide registration number: C-94654/11 dated 3rd August, 2011 as a private limited company under the Companies Act (Act XVIII) of 1994. It obtained full-fledged Merchant Banker & Portfolio Management license (Reg No: MB- 97/2020) from Bangladesh Securities and Exchange Commission (BSEC) on 5th October, 2020.

The company has been inaugurated on 29th November, 2020 and Mr. Tanzim Alamgir is appointed as the founding Chief Executive Officer of the company. The company aims to play a vital role in bridging the gap in professional financial management services in the country and the gap between investors and investment opportunities. The registered address of the company is Bulus Center, Road: 34, Plot: CWS- (A)-1, Gulshan avenue, Dhaka-1212.

With its group of versatile financial consultants, UCBIL covers all investment banking services, including Corporate Advisory, Fixed Income Securities, Syndicate Loans, IPO Management, and Portfolio Management. The entity aims at delivering top-class, customized investment solutions to its clients to cater to their specific needs and be their long-term growth partner.

The key strength of UCBIL comes from its people, who are highly talented investment managers with vast and versatile experience in the investment landscape, both locally and globally. Utilizing this knowledge and expertise, UCBIL intends to provide and promote unique financial solutions for some of the nation's most successful institutions and corporations. Keeping innovation and sustainable growth at the core of its operations, UCBIL intends to lead its clients and the country to a brighter and wealthier future.

2. World Economy

2020, the year started with a battle with an invisible enemy named Coronavirus. Emerging Markets and Developing Economies (EMDE) along with advanced economies experienced an unprecedented challenge as the world went through lockdown measures to limit the spread of covid-19. In most countries economic activity slowed down significantly. However, most countries adopted expansionary monetary policy and fiscal stimulus to recover from such significant dip in the economy. As the countries eased their lockdown measures gradually, their economies began to recover.

World Bank projects that most economies will experience strong rebound in the coming years. EMDE capital inflows remained soft with significant weakness in both foreign direct investment (FDI) and portfolio flows. Along with this, drop in export volume put pressure on external balance of most emerging and developing economies. Global GDP edged down to negative growth territory in 2020, negative 4.30% down from positive 2.30% previous year. However, recent data is suggesting that economic activity throughout the world has strongly rebounded. According to World Bank's projections, continued expansionary monetary policy and fiscal support would lift the economic activities in most EMDEs and advanced economies.



3. Bangladesh Economy

Bangladesh economy remained resilient amid challenges imposed by covid-19 pandemic that swept through almost every economy of the world. However, being a resilient economy and supported by prudent policies of Bangladesh Government and Bangladesh Bank (e.g. stimulus packages and expansionary monetary policy) the economy of Bangladesh ended the Fiscal Year (FY) 2021 with 5.24% GDP growth.

Bangladesh remains the fastest growing economy among its peers. GDP per capita of Bangladesh grew at a CAGR of 11.2% during 2012-19, highest among the neighboring countries such as India, Pakistan, Sri Lanka, Vietnam, and China. This implies that living standard of Bangladesh has been growing faster than that of neighbors.

International Monetary Fund projected that Bangladesh would surpass India in terms of GDP per capita by end of 2020. Such strong growth of Bangladesh economy is a testament to the fact that strong internal economy and external balance is bearing the fruit for the economy. However, slower private credit growth, slower than expected economic growth, rising commodity prices in the international market and inflationary pressure are major challenges for the economy.

A number of mega projects are currently under construction namely, The Padma Multipurpose Bridge, Payra Deep Sea Port, Rooppur Nuclear Power Plant, Padma Bridge Rail Link, Dhaka Metro Rail, Matarbari 1200MW Power Plant, Payra 1320MW Thermal Power Plant, Special Economic Zones and IT Parks etc. Timely implementation of ongoing mega projects would boost the GDP of Bangladesh rapidly.

Inflation remained tamed during 2020 as food production was buoyant. Moreover, energy prices remained in the lower bound during 2020. Average inflation stood at 5.69% during 2020 up from 5.59% previous year. Rising commodity prices and increased money supply may put some inflationary pressure going forward.

Foreign exchange reserves stood at USD 43.0bn in Dec'20, sufficient to cover 10.0 months' import payment. Strong growth in remittance on the back of 2.0% cash incentive from Bangladesh Government and limitation in cross border movement helped Balance of Payment (BoP) register significant surplus. As a result, Net Foreign Asset (NFA) grew substantially which fueled money supply as well. As on December 2020, NFA grew by 30.2% YoY. Meanwhile, Broad Money (M2) grew by 14.2% YoY.

4. Capital Market

Capital market of Bangladesh underwent an impressive year despite the challenges imposed by covid-19 pandemic. DSEX, the broad index, advanced by 21.31% in 2020 and average daily turnover stood at BDT 6,489mn, increasing 35.1% from last year. Strong external balance driven by substantial remittance inflow, expansionary monetary stance and expectation of economic recovery led the market register such return.

Market experienced volatility during 2020 as covid-19 pandemic triggered economic uncertainty. As the country went through lockdown, the market experienced significant sell off. However, imposition of floor price by Bangladesh Securities and Exchange Commission (BSEC) halted the abrupt downfall of the market. Afterwards, the market remained closed from 29 March 2020 to 28 May 2020. On the back of fiscal stimulus from Bangladesh Government, expansionary monetary policy of central bank, strong external balance and expectation of economic recovery helped the market to revive. Finally, the market closed the year with 21.31% return.

The outlook of capital market in 2021 is positive. Strong external balance, increased money supply and lower interest rate regime will make the equity market more attractive. Meanwhile, the economy is rebounding and with the successful vaccine rollout throughout the world, it will to get back to its normal growth trajectory.

5. Investment Banking Services

Bond Issuance

UCBIL has fully dedicated team of experts to provide the debt market services like Bond rate determination, Bond structuring, negotiating with investors, managing the other stakeholders and effective project management to successful closing. It thrives to provide maximum return to the investors and ensure growth of the company. The team of experts works directly with issuers, i.e. corporations, banks and other

organizations seeking funds and advises the clients on different strategies of debt financing and bond structuring.

If we look at the current trends, Bangladesh has invested billions of dollars in mega infrastructure projects that are expected to start operation within a few years. But, rolling these hard infrastructures on a consistent basis is only possible when the country simultaneously pursues development of soft infrastructures like developing of financial markets such as the bond markets. Despite the multi-varied ways our growing economy and its participants can benefit from a vibrant bond market, various market barriers still exist which restraints the sectoral development.

Here, in order to develop a flourishing bond market, UCBIL aims to develop a clear road-map to ensure vibrant bond market exists for the benefits of all the market participants and potentially open doors for substantial fund flow through bonds from savers to investors.

Corporate Advisory

The goal of any good business endeavor demands the right combination of vision and focus through practical strategies & realistic tactics and UCBIL thrives to make our clients' corporate endeavor a success with our innovative and comprehensive solutions.

Our corporate advisory helps the clients through adversity, i.e. situations of disruption, circumstance driven events, financial distress, crisis of significant underperformance. Here we work closely to address these challenges and provide the clients tailor-made solutions.

UCBIL aims to provide the potential clients with the service of preparing/ reviewing business plans, turnover and performance analysis, option analysis, financial restructuring, crisis management, interim management, operational restructuring, liquidity management, financial management, transaction advisory, valuation advisory, pre-IPO advisory, strategic financial advisory under corporate advisory segment.

Mergers and Acquisitions

The proficient corporate team of UCBIL aims to provide substantial merger and acquisition advisory to its clients. Thus it helps the clients to meet the high growth expectations and expansion through acquisition.

Many privately owned organizations can struggle to either grow or realize value from their business. Buying a company or selling your business may be a once in a lifetime opportunity with only one chance to get it right. UCBIL has high-quality people, connectivity and innovation. Whether the client has a business in sight or looking for guidance, our market-leading M&A team has expertise in executing the best deals. The advisor team at UCBIL help clients steer through profitable opportunities throughout the acquisition process.

The team has efficiency in project management and assisting with negotiating commercial agreements, identifying potential targets for acquisitions and mergers, evaluating the commercial benefits and risks of a transaction, financial modeling of the transactions, managing due diligence, assistance with raising finance, tax and structuring advice and optimal structuring of the acquisition.

6. Primary Market Services

Issue Management Services

With a team of merchant bankers of requisite professional skills and competence, UCBIL provides quality services to potential clients and assist them through Initial Public Offering (IPO), Right Offering and Private Placement issues. Our team of professional experts with deep industrial knowledge and extensive experience in issue management enables us to deliver a consistently high quality of issue management to the potential clients. We offer services to publicly traded companies alongside privately owned companies.

Our scope of issue services includes: Analysis of the financial and capital structure of the Issuer Company, determination of capital structure and the means of finance, determination of the public offering and the offer for subscription through Pre-IPO private placement (if any), preparation and filing of prospectus to BSEC, obtaining approval from BSEC within the stipulated time, preparation of the company brief for the underwriters, selection of underwriters/bankers to the issue, coordination of the post issue work.



Underwriting

UCBIL provides underwriting services for public issues to accelerate the capital market and reduce risk for new, repeat and right issues. Our team of efficient professionals supports us in this service by three main stages in the underwriting or capital raising process by planning, assessing the timing and demand for the issue, and issue structure, respectively.

Capital Raising and Private Placement

To meet up the financial goals of an entity, they often require some form of debt or equity capital. UCBIL aims to fully understand the financing needs of the client, explain all the probable funding options, create a fundraising plan and then execute to help the client to secure the most cost-effective form of capital. Our team provides the value-add capital raising services by taking the holistic approach to assist the clients.

Capital raising through private placement includes a minimum issue size stipulation as far as public offerings are concerned, but the transactions associated with private placements are generally smaller compared to initial public offerings (IPOs). Investors involved in private placements can include large banks, mutual funds, insurance companies, provident funds, pension funds, corporates, primary dealers, Non-Resident Bangladeshis and individuals.

UCBIL facilitates capital raising through private placement by preparing the Information Memorandum of respective Issuer and due Diligence Certificate of agreements, coordinate the documentation for issuance of the securities, assist Issuer in fund raising, coordinate works with various regulatory authorities and provide post Issue Management Services.

7. Secondary Market Services

Portfolio Management

UCBIL's vision is to lead the Portfolio Management through premium services. We have a team of experienced Portfolio Managers who have expertise in managing huge funds curtailing the hurdles of the investors and providing the best investment advisory.

Our portfolio managers with extensive experience and expertise in the investment industry mainly aiming to focus on the Discretionary Portfolio Management services which will free the clients from the burden of day to day investment decisions. Thus clients can delegate the hassles of the investment decisions to our team attuned to the market vagaries and get the optimum investment solutions.

Non- Discretionary Portfolio Management services will also be provided by our team, where the experts will do all the backend research and recommendation of the investment process for the esteemed clients and the end decision will be retained by the clients.

8. Business Operation

The key operation of UCB Investment Limited is to provide advisory services to its clients and customers. UCBIL with its highly skilled team aims to provide all kind of advisory services both debt and equity to its clients and customers. The entity also aims at delivering top-class, customized investment solutions to its clients to cater to their specific needs and be their long-term growth partner.

9. Business Ethics & Compliance

Sincerity honesty and integrity contributes to our long-term relationships with the clients. Our expectations to all of our employees are set out in ethical principles. The objective of the policy is to maintain our reputation for exceptional client service and ethical business dealings.

10. Role & Responsibility of the Board

The Board is devoted to the Company and enthusiastic for achieving sustainable long-term prosperity by meeting stakeholders' expectations. The Board is determined to ensure the best practices in accordance with statutory requirements.

Board of Directors as on 31.12.2020	Status in Board
Mohammed Habibur Rahman	Chairman
Md. Sohrab Mustafa	Director, representing of UCB
Md. Shah Alam Bhuiyan	Director, representing of UCB
Touhid Shipar Rafiquzzaman	Independent Director

11. Financial Highlights

UCB investment Limited. is formed back in 2011 and has received the license to operate as a fully-fledged merchant bank this year. The company has started with a vision to be in the leading position within the next three years. The key financial highlights of the company are given below:

Amounts in BDT Crore

Financial Position	2019	2020
Total Assets	356,363,997	370,404,705
Total Liabilities	39,997,676	58,210,620
Operating Revenue	36,418,063	(1,746,958)
Operating Expense	35,450	4,571,721
Net Profit Before Tax	23,449,125	(2,750,320)
Net Profit After Tax	19,321,612	(4,172,236)
Paid-up Capital	25,00,00,000	250,000,000
Shareholders' Equity	316,366,321	312,194,085

12. Observance of BAS, BFRS & Applicable Laws

The Company keeps accounting records which disclose with reasonable accuracy of the financial position of the Company and it is the responsibility of the directors to ensure that the financial statements comply with the Companies Act 1994 and the Securities and Exchange Rules 1987. The Directors also confirm that the financial statements have been prepared in accordance with the Bangladesh Accounting Standards, Bangladesh Financial Reporting Standards and other applicable rules and regulations.

13. Accounting Policies & Maintenance of Books of Accounts

As required by the regulators the company prepared financial statements, using appropriate accounting policies, consistently applied and supported by reasonable and prudent judgments and estimates and that all International Accounting Standards as adopted by the Institute of Chartered Accountants of Bangladesh (ICAB) have been followed. In preparing financial statements, information has been obtained from the books of accounts which have been maintained properly as required by the applicable rules and regulations.

14. Report on Going Concern

The Directors are satisfied with the present and potential business growth, annual budget, performance, liquidity position, plans and financing arrangement of the company. The Company has adequate resources to continue to operate in the foreseeable future and confirm that there is no material issue threatening to the going concern of the company. For this reason, Directors continue to adopt the going concern basis in preparing these financial statements.

15. Dividend Declaration

UCB Investment Limited declared 'no dividend' for its shareholders for the year ended 31 December 2020.

16. Auditors Report

The Board of Directors reviewed the Auditors Report issued by the auditors of the company, MABS & J Partners Chartered Accountants based on their audit of financial statements for the year ended 31 December 2020. The auditor didn't mention any material misstatement or significant disagreement regarding the review of the financial statements of the company. The Board also reviews the auditors'



suggestion provide through a separate management report and strategic guidelines to the management for improvement.

17. Auditors Appointment

Pursuant to Section 210 of the Companies Act, 1994, the Company's external auditors 'MABS & J Partners' was re-appointed as the independent auditor of the Company for the year 2020 in its Annual General Meeting.

18. Acknowledgement

On behalf of the Board of Directors, I take the opportunity to express our heart-felt appreciation and gratitude to our business partners and shareholders for their continuous support and confidence in UCB Investment Limited. A special note of appreciation goes to the Management team and all the employees for their devotion, integrity, hard work and professionalism to mold this young brand as a shining star in the capital market of Bangladesh. My sincere gratitude also goes to Bangladesh Securities and Exchange Commission, Dhaka and Chittagong Stock Exchanges, and all other regulatory bodies who were involved in the growth of this Company for their invaluable assistance, support, guidance and counsel.

(On behalf of the Board of Directors)

Mohammed Habibur Rahman

sante.

Chairman

UCB Investment Limited

Independent Auditors' Report

To the shareholders of UCB Investment Limited

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of UCB Investment Limited, which comprise the statement of financial position as at 31 December 2020, and the statement of profit or loss and other comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements give a true and fair view of the financial position of the company as at 31 December 2020, and its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRSs), the Companies Act 1994 and other applicable laws and regulations.

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 Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Company in accordance with the ethical requirement that are relevant to our audit of the financial statements in Bangladesh, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Responsibilities of Management and those Charged with Governance for the Financial Statements

Management is responsible for the preparation of financial statements that give a true and fair view in accordance with IFRSs, the Companies Act 1994 and other applicable laws and regulations and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Company'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 Company or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Company's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the 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 financial statements.



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

- Identify and assess the risks of material misstatement of the 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, but not for the purpose of expressing an opinion on the effectiveness of the organization's internal control.
- 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 Company'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 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 organization to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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.

Report on Other Legal and Regulatory Requirements

In accordance with the Companies Act 1994, we also report the following:

- a. We have obtained all the information and explanation which to the best of our knowledge and belief were necessary for the purpose of our audit and made due verification thereof;
- b. In our opinion, proper books of account as required by law have been kept by the Company so far as it appeared from our examination of those books; and
- c. The statement of financial position and statement of profit or loss and other comprehensive income dealt with by the report are in agreement with the books of account.

Dated: 22 March 2021

Place: Dhaka

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

S H Talukder FCA Partner

Sight.

ICAB Enrollment No: 1244 DVC No.: 2103311244AS519483

Statement of Financial Position As at 31 December 2020

Postfordore	Neter	Amount in	Taka
Particulars	Notes	31-Dec-2020	31-Dec-2019
Assets			
Non-Current Assets			
Property, plant and equipment	3.00	242,948	-
Total Non-Current Assets (A)		242,948	20,075,787
Current Assets			
Cash and cash equivalents	4.00	145,489,946	20,075,787
Investments in equity instruments Other assets	5.00 6.00	193,879,459 30,792,352	300,749,389 35,538,821
Total Current Assets (B)	0.00	370,161,757	356,363,997
Total Assets (A+B)		370,404,705	356,363,997
Liabilities and Capital			
Shareholders Equity			
Paid up capital Retained earnings	7.00	250,000,000 62,194,085	250,000,000 66,366,321
Total Shareholders' Equity (C)		312,194,085	316,366,321
Non-Current Liabilities	8.1	512/25 1/555	
Provision for diminution in value of investment	0.1	9,365,129	12,933,488
Total Non-Current Liabilities (i)		9,365,129	12,933,488
Current Liabilities	8.2		
Accrued expenses		92,000	69,000
Payable to UCBL Tax Provision		17,005,516 27,650,083	767,021 26,228,167
Other Liabilities		4,097,892	-
Total Current Liabilities (ii)		48,845,491	27,064,188
Total Liabilities [D= i+ii]	8.00	58,210,620	39,997,676
	0.00	55/225/525	33,337,070
Total Liabilities & Shareholders' Equity (C+D)		370,404,705	356,363,997

The annexed notes 01 to 12 from an integral part of these financial statements.

Mohammed Habibur Rahman Chairman

Date: 22 March 2021

Dhaka

Md. Shah Alam Bhuiyan Director

As per audit report of same date

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

Tanzim Alamgir

Chief Executive Officer

and a

S H Talukder FCA Partner

ICAB Enrollment No: 1244 DVC No: 2103311244AS519483



Statement of Profit or Loss and other Comprehensive Income For the year ended 31 December 2020

Darticulare	Particulars Notes —		Amount in Taka	
Particulars	Notes	31-Dec-2020	31-Dec-2019	
Income			_	
Interest income		-	-	
Investment income	9.00	(1,746,958)	36,418,063	
Total Income (A)		(1,746,958)	36,418,063	
Expenses				
Salary and allowances	10.00	989,192	-	
Depreciation and Repair expenses	11.00	8,378	-	
Other expenses	12.00	3,574,151	35,450	
Total operating Expenses (B)		4,571,721	35,450	
Profit/ (Loss) before Provision [C= A-B]		(6,318,679)	36,382,613	
Provision for diminution in value of investment (D)		3,568,359	12,933,488	
Net Profit/ (Loss) after provision [E= C-D]		(2,750,320)	23,449,125	
Provision for income tax (F)		1,421,916	4,127,512	
Net Profit/(Loss) after Income Tax [G=E-F]		(4,172,236)	19,321,612	

The annexed notes 01 to 12 from an integral part of these financial statements.

Mohammed Habibur Rahman Chairman

DirectorAs per audit report of same date

Md. Shah Alam Bhuiyan

Dhaka

Date: 22 March 2021

Tanzim Alamgir Chief Executive Officer

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

S H Talukder FCA Partner

ICAB Enrollment No: 1244 DVC No: 2103311244AS519483

Statement of Changes in Equity For the year ended 31 December 2020

(Amount in BDT)

Particulars	Paid up capital	Retained earnings/ (Accumulated Loss)	Total
Opening Balance as on 01 January 2020	250,000,000	66,366,321	316,366,321
Net Profit (Loss) for the period	-	(4,172,236)	(4,172,236)
Balance as at 31 December 2020	250,000,000	62,194,085	312,194,085

Mohammed Habibur Rahman Chairman

Md. Shah Alam Bhuiyan Director Tanzim Alamgir Chief Executive Officer

As per audit report of same date

Dhaka

Date: 22 March 2021

Statement of Cash Flows

For the year ended on 31 December 2020

Particulars	Amount	in Taka
Particulars	31-Dec-2020	31-Dec-2019
A. Cash flows from operating activities		
Interest Receipts in cash	-	-
Dividend Receipts	7,109,580	4,981,136
Fees & Commission Receipts in cash Income taxes paid	(17,199,058)	- (996,227)
(Payment)/Receipt from other operating activities	(8,856,538)	31,436,926
Cash Payments to employees	(866,699)	- · · · · · · · · · · · · · · · · · · ·
Payment for other operating activities	(79,000)	(12,450)
Operating profit before changes in operating assets and liabilities.	(19,891,716)	35,409,385
Increase/Decrease in operating assets and liabilities:		
Purchase/Sales of trading Securities	109,582,470	(41,917,803)
Loans and advances to Customers Other assets	- 21 04E E27	10 401 220
Other lassets Other Liabilities	21,945,527 503,249	10,481,328
	132,031,246	(31,436,475)
Net Cash from operating activities (A)	112,139,530	3,972,910
P. Cach flows from investing activities		
B. Cash flows from investing activities Purchase/Sale of Securities	(2,712,540)	_
Proceeds from sale of fixed Assets	(2,712,340)	-
Acquisition of Fixed Assets	(251,326)	-
Net Cash from investing activities (B)	(2,963,866)	-
C. Cash flows from financing activities		
Issuance of Share capital	-	-
Receipts/(Paid) from borrowings	16,238,495	-
Dividends Paid Net cash from financing activities (C)	16,238,495	-
Net Increase/(Decrease) in cash (A+B+C)	125,414,159	3,972,910
Cash and Cash equivalents at beginning of the year	20,075,787	16,102,877
Cash and cash equivalents at the end of the year	145,489,946	20,075,787
Cash and cash Equivalents at end of the year	, ,	
cash and cash Equivalents at end of the year		
Cash in hand	145 400 045	-
Balance with other banks & financial institutions	145,489,946	20,075,787
	145,489,946	20,075,787

Mohammed Habibur Rahman Chairman

Md. Shah Alam Bhuiyan Director Tanzim Alamgir Chief Executive Officer

As per audit report of same date

Dhaka

Date: 22 March 2021

Notes to the Financial Statements For the year ended 31 December 2020

1.00 Significant accounting policies and other material information

1.01 Legal status of the Company

UCB Investment Limited (hereinafter referred to as "UCBIL" or "the Company") was incorporated in Bangladesh with the Registrar of Joint Stock Companies and Firms (RJSC) vide registration no. C-94654/11 dated 03 August 2011 as a private limited company under the Companies Act, 1994. The Company has obtained Merchant Banking license (registration certificate no. MB-97/2020) from the Bangladesh Securities and Exchange Commission on 05 October 2020. The registered and corporate office of the Company is BULU'S Centre, Plot- CWS-(A)-1, Road No- 34, Gulshan Avenue, Dhaka-1212. This Company is a fully owned subsidiary of United Commercial Bank Limited.

Currently the company has following licenses, Membership and legal approvals:

SI No.	License/ Membership	Registration/ Membership No.	Date of Issue	Issuing Authority	Renewed up to
1	Registration Number	C-94654/11	03 August 2011	Registrar of Joint Stock Companies and Firms (RJSC)	N/A
2	Trade License	170697	04 March 2020	Dhaka North City Corporation (DNCC)	FY 2020-2021
3	Merchant Banking License	MB-97/2020	05 October 2020	Bangladesh Securities and Exchange Commission (BSEC)	N/A
4	Tax Identification Number (e-TIN)	652925295368	25 March 2014	National Board of Revenue (NBR)	N/A

1.02 Address of Registered office and principal place of business

The principal place of business and the registered office is located at Plot# CWS(A)-1, Road# 34, Gulshan Avenue, Dhaka -1212.

1.03 Nature of the Business Activities

- Portfolio Management
- Share Transfer Agent
- Fund Management to Issue in the Capital and Security Market
- Underwrite, Manage and Distribute the Issue of Stock Shares, Bonds and Other Securities

2.00 Significant Accounting Policies

2.01 Basis of preparation of Financial Statements

The Financial Statements have been prepared on a going concern basis under historical cost convention in accordance with International Accounting Standard (IAS) and International Financial Reporting Standard (IFRS), the Companies Act 1994, Securities and Exchange Rules, 1987 and other laws & rules applicable in Bangladesh.



2.02 Components of Financial Statements

According to International Accounting Standard (IAS-1) "Presentation of Financial Statements" the complete set of Financial Statement includes the following components:

- (i) Statement of Financial Position
- (ii) Statement of Profit or Loss and other Comprehensive Income
- (iii) Statement of Cash Flows
- (iv) Statement of Changes in Equity and
- (v) Notes to the Financial Statements

2.03 Investment in Shares and Securities

As per requirements of IFRS 9 (Financial Instruments) investments in equity instruments (except those accounted for under the equity method of accounting or those related to a consolidated investee) to be measured at fair value, with changes in fa ir value recognized in profit or loss, except for a qualifying investment (1) that is not held for trading and (2) that the holder elects at initial recognition to account for at fair value through other comprehensive income (FVTOCI). An investment in an equity instrument that has been designed as FVTOCI cannot be reclassified to fair value gains and losses recognized in other comprehensive income (OCI) for such investments cannot be subsequently transferred to profit or loss.

2.04 Property, Plant and Equipment and Depreciation

All Property, Plant and equipment are stated at cost, together with any incidental expenses of acquisition less accumulated depreciation as per IAS-16 "Property, Plant and Equipment". Expenditure incurred after the assets have been put into operation, such as repairs and maintenance is normally charged off 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 Company. In all cases depreciation is calculated on the straight line method. Charging depreciation commences from the month of acquisition (for full month) and ceases at the month when the assets are disposed. No depreciation has been charged on land. Rate and method of charging depreciation/ amortization of fixed assets are mentioned below:

Name of the Assets	Rate of Depreciation	Method of charging depreciation/ amortization
Land	NILL	Not applicable
Building	2.50%	Straight Line Method
Furniture & Fixtures	10.00%	Straight Line Method
Office Equipment	20.00%	Straight Line Method
Computer Equipment's	20.00%	Straight Line Method
Computer Software	25.00%	Straight Line Method
Vehicle	20.00%	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.

2.05 Reporting Currency

The figure in the Financial Statements represents Bangladesh Currency (Taka) which has been rounded off to the nearest Taka.



Amount in Taka

	31-Dec-20	31-Dec-19
3.00 Property, Plant and Equipment		
Cost(A):		
Building & Construction	-	-
Furniture and Fixture	-	-
Computer Equipment	251,326	-
	251,326	-
Intangible assets		
Computer software	-	
	-	-
	251,326	-
Accumulated Depreciation(B):		
Building & Construction	_	_
Furniture and Fixture	-	_
Computer Equipment	8,378	-
	8,378	-
Written down value (A-B)	242,948	-

4.00 Balance with Banks & Financial institutions

The Company maintained a Bank Account in the Corporate Branch of United Commercial bank Ltd in the name of UCB Investment Limited.

UCBL- Corporate Branch	145,489,946	20,075,787
	145,489,946	20,075,787
5.00 Investments		
Investment in listed shares	101 166 010	200 740 200
Other Investment in IPO	191,166,919 2,712,540	300,749,389
Other Investment in IPO		
	193,879,459	300,749,389
6.00 Other assets		
Advance Income Tax Paid	26,279,513	9,080,455
Account with stock Broker	1,976,073	26,458,366
Dividend Receivable	2,536,766	-
	30,792,352	35,538,821
7.00 Share Capital		
·		
Authorized Capital		
100,000,000 Ordinary Shares of Tk. 10 each	1,000,000,000	1,000,000,000
	1,000,000,000	1,000,000,000
Subscribed and Paid-up Capital		
25,000,000 Ordinary Shares of Tk. 10 each	250,000,000	250,000,000
	250,000,000	250,000,000
7.01 Share Holding Position		
Shareholders	% of Share Holdings	No. of Shares
United Commercial Bank Limited	99.999996%	24,999,999
Mohammed Habibur Rahman	0.00004%	24,999,999
Pionamined Habibar Ramman		
		25,000,000
Directors		
Directors of UCB Investment Limited:		
Name	Position	Occupation
Mohammed Habibur Rahman	Chairman	Private Service
Nurul Mustafa Tarek	Director	Private Service
Md. Abdullah Al Mamoon	Director	Private Service
Md. Shah Alam Bhuiyan	Director	Private Service
Touhid Shipar Rafiquzzaman	Independent Director	Retired Banker

Amount in Taka

	31-Dec-20	31-Dec-19
8.00 Liability		
8.1 Non-Current Liabilities (A)		
Provision for diminution in value of investment	9,365,129	12,933,488
	9,365,129	12,933,488
8.2 Current Liabilities (B)		
Accrued expenses	92,000	69,000
Payable to UCBL	17,005,516	767,021
Tax provisions Other Liabilities(8.2.1)	27,650,083 4,097,892	26,228,167
otter Elabitates(0.2.1)	48,845,491	27,064,188
	10,013,131	27,001,100
8.2.1 Other Liabilities		
TDS Payable Salary	57,008	-
Provision for PF and GF Provision for expenses	65,485 3,975,399	-
Trovision for expenses	4,097,892	
Total Liability	58,210,620	39,997,676
•	33,223,625	
9.00 Investment Income		
Dividend Income Gain/(Loss) on sale of Share	7,109,580 (8,856,538)	4,981,136 31,436,926
dalif (£033) off sale of Strate		
	(1,746,958)	36,418,063
10.00 Salary and Allowances		
Salary and Allowances	989,192	<u> </u>
	989,192	
11.00 Depreciation and Repair expenses		
Depreciation and Repair of Fixed Assets	8,378	-
	8,378	
12.00 Other Expenses		
Audit Fee	23,000	23,000
Excise Duty	40,000	12,450
BSEC Registration Fee	25,000	-
IPO Expense Business Commencement Expense	14,000 3,472,151	
business commencement expense		
	3,574,151	35,450



Fixed assets Schedule For the year ended on 31 December 2020

		Cost	st				Depre	Depreciation		
Particulars	Opening Balance at Cost as on 01.01.2020	Addition during the year	Disposal during the year	Total Before Dep. Charge	Dep. Rate	Opening Balance	Disposal/ Adjustment during the period	Charged during the year	Accumulated Depreciation	Written down value as on 31.12.2020
Computer Equipment	1	251,326	,	251,326 20.00%	20.00%	1	1	8,378	8,378	242,948
Total		251,326	1	251,326.00		1	1	8,378	8,378	242,948

Annexure-A

<u>≅</u> .



ABOUT UCB INVESTMENT LIMITED

UCB Investment limited (UCBIL) is a fully owned subsidiary of United Commercial Bank Limited - one of the leading private commercial banks in Bangladesh.

Incorporated in Bangladesh dated 3rd August, 2011 as a Private Limited Company.

Obtained full-fledged Merchant Banker & Portfolio Management License on 5th October, 2020.

Inaugurated on 29th November, 2020 with registered address, Bulus Center (17th floor), Road: 34, Plot: CWS- (A)-1, Gulshan Avenue, Dhaka-1212.

> Founding & Current CEO Mr. Tanzim Alamgir



OUR FOOTPRINTS

PRIMARY MARKET SERVICES

- Issue Management Services Public Offering and Right Issues Service to Investors
- **Underwriting Services** Commitment in Fund raising for Public Offering

SECONDARY MARKET SERVICES

- Non Discretionary Portfolio Management Portfolios are managed under the Client's Discretion
 - Margin Account
 - Non Margin Account
- Discretionary Portfolio Management Portfolios are managed under the discretion of Portfolio Managers

STRUCTURED FINANCE SOLUTIONS

- Fixed Income Securities
- Local and Foreign currency loan Syndication
- Corporate Advisory
- Merger and Acquisition.
- Private equity Arrangement

CONTACT US

Bulus Center (17th Floor), Road: 34, Plot: CWS - (1, Gulshan Avenue, Dhaka 1212. **OUR VALUED CLIENTS**

































DIRECTORS' REPORT

Dear Shareholders,

The Board of Directors of UCB Fintech Company Limited is pleased to present the Directors' Report along with Auditors Report and Audited Financial Statements for the year ended December 31, 2020.

The Directors' Report has been prepared in compliance with the Companies Act 1994, guidelines of Bangladesh Bank and other applicable rules and regulations of different regulatory bodies. Moreover, the Directors are pleased to disclose some issues which they consider relevant to ensure more transparency in this regard.

World Economy

Despite amidst of COVID-19 pandemic which has caused a great toll to human lives not only but also shaped significant stagnation in global economy. The global economy is predicted to contract even more severely as a result of the pandemic than it did during the 2008-2009 financial crisis. Global growth is projected at 5.2 percent in 2021, reflecting the more moderate downturn projected for 2020 and consistent with expectations of persistent social distancing. Following the contraction in 2020 and recovery in 2021, the level of global GDP in 2021 is expected to be a modest 0.6 percent above that of 2019. The growth projections imply wide negative output gaps and elevated unemployment rates this year and in 2021 across both advanced and emerging market economies. Undoubtedly these are difficult times, yet there are some reasons to be hopeful. And recent data suggests that many economies have started to recover at a faster pace than anticipated after reopening from the Great Lockdown. Turning the global economy around in 2021 depends on how quickly the pandemic can be brought under control and build consumer and investor confidence.

Source: World Economic Outlook, October, 2020

Bangladesh Economy

Bangladesh economy shows early signs of recovery amid uncertainties arising out from worldwide COVID-19 pandemic. According to a world Bank report, Bangladesh's economy is showing emerging signs of recovery backed by a rebound in exports, strong remittance inflows and the ongoing vaccination program.

After being severely affected by the COVID 19 pandemic—which slowed growth and for the first time in two decades reversed the poverty reduction trend—the economy is recovering gradually.

"Despite the uncertainty created by COVID-19, the outlook for Bangladesh's economy is positive. Much of the pace of recovery will depend on how fast mass vaccination can be achieved," said Mercy Miyang Tembon, World Bank Country Director for Bangladesh and Bhutan. "The World Bank will support a resilient recovery, helping Bangladesh achieve green, smart, and inclusive growth."

In FY21, growth will be supported by a recovery in manufacturing as export demand strengthens, a rebound in construction supported by accelerating public investment, and robust service sector growth as the vaccination campaign progress. Inflation is projected to remain close to Bangladesh Bank's 5.5 percent target, and the fiscal deficit is projected to remain at 6 percent of GDP.



Risks to the outlook remain elevated. A fragile global economic recovery could dampen demand for RMG products and limit job opportunities for migrant workers. The COVID-19 pandemic has exacerbated financial sector risks stemming from nonperforming loans and weaknesses in governance and risk management.

"The COVID-19 pandemic has led to an unpreceded global recession," said Bernard Haven, World Bank Senior Economist, and co-author of the report. "Protecting households affected by the pandemic remains an urgent priority, while structural reforms can help accelerate the recovery."

Source: World Bank

Mobile Financial Services (MFS) in Bangladesh

Since the inception of MFS in 2011, Bangladesh experienced a robust growth in number of account holders, volume and amount of transactions in MFS. With a view to providing an orderly, enabling and competitive environment for optimal utilization of the new windows of opportunity for extension of the traditional financial services, the Bangladesh Bank issued Bangladesh MFS Regulations 2018 replacing the Guidelines on MFS for Banks, issued in September 2011 and its subsequent amendments. The new MFS Regulations has been in effect along with the Bangladesh Payment and Settlement Systems Regulations, 2014 or any other law(s) shall come into effect regarding these regulations.

The MFS regulation 2018 allowed only bank-led mobile banking aiming to provide financial services to the poor and unbanked community under a regulatory framework. Around 15 banks, including two subsidiaries of banks have been providing MFS in Bangladesh under the regulatory supervision of the Payment Service Department (PSD) of Bangladesh Bank.

The Mobile Financial Service (MFS) Technological innovations contribute to improvement in performance of the distribution channels of financial transactions over the time and innovations in mobile banking sector with the use of Mobile Networks are collectively referred to as Mobile Banking. The abundance of cellular communication has promoted the idea of transactions using mobile phones without the need of internet connectivity at the user level ultimately has brought about a revolutionary change in the outlook of financial transactions over the time.

Mobile Financial Services (MFS) is a method of providing financial services that integrates banking with mobile wireless networks and allows users to perform banking and other financial activities through their mobile devices. Simply put, it enables users to transact money or funds via mobile accounts. Mobile financial services are often facilitated by agents who enable mobile account holders to transact in the place of individual agents outside the bank branches. Generally, MFS comprises – Cash In/Out at agent point, Cash out at ATM, Balance Inquiry, Airtime Purchase, Utility Bill Payment, P2P Fund Transfer, P2B Payment, B2P Fund Transfer, G2P Fund Transfer, Merchant payment by Customer, Inward Foreign Remittance Disbursement, Wallet Activation, Bank Account to MFS Wallet Fund Transfer, MFS Wallet to Bank Account Fund Transfer, Fund Transfer from Card to MFS Wallet, Statement check, etc.

Mobile financial service is growing at an exponential rate in Bangladesh in terms of customer numbers, and transaction volume. MFS transaction grew by 30 percent year-on-year to Tk. 560,000 crore in the year 2020 compared to previous year, according to Bangladesh Bank data. The number of registered MFS customers reached to 9.93 crore at the end of year. The number of MFS agents were 10.54 lakh. Since the CIVID-19 Pandemic hit the country in March, the digital payment initially went to dip due to countrywide lockdown forcing businesses to shut down. However, shortly after that, the payments rose steadily. The rise in the MFS payments is the most noticeable as more people shifted to MFS payment for buying grocery, medicine and other essentials avoiding physical contacts. Besides, the government has also used MFS to disburse stimulus package to needy people helping MFS to spur the growth.

A Brief Overview of UCB Fintech Company Limited

UCB Fintech Company Limited, a fully owned subsidiary of United Commercial Bank Limited has been incorporated in the year of 2020 aiming to provide digital financial services to the people of the country. In December 2020, the company received a license from Bangladesh Bank to start its commercial operation which thereafter leads through launching and creating a new brand name "উপায়" in the MFS industry of our country. উপায় (upay) is offering a broad range of mobile financial services to people from all walks of life.

With the firm commitments to become a trusted companion of the mass people in the arena of financial transactions that make customers journey simple, secured and convenient, while availing financial services.

Built on cutting-edge block-chain technology, upay product and services include fund transfer, utility bill payment, in-store and e-commerce payment, QR code payment, inward remittance, salary disbursement, airtime recharge and other value-added financial services. Customers can avail upay services from its nationwide agent and merchant network at an affordable charge. The platform will ensure a greater sense of security and confidence to the customers. Driven by the 'Digital Bangladesh' vision, উপায় (upay) aims to actively contribute in transforming the financial landscape of the country. উপায় (upay) offers easy access to seamless digital financial solution, touching the lives of millions of people, and thus driving financial inclusion in the country.

Preparation of Financial Statements

The financial statements prepared by the management of upay present fairly its state of affairs, the result of its operations, cash flows and changes in equity. These statements have been prepared in accordance with the MFS Guidelines as well the related rules and regulations issued by Bangladesh Bank, International Financial Reporting Standards (IFRS) as adopted by the ICAB in the name of Bangladesh Financial Reporting Standards (BFRS), and other applicable rules and regulations of the land.

The financial statements of 2020 have been reviewed by the Board of Directors of UCB Fintech Company Limited and then referred to the Board of Directors for its parent company for consideration and adoption. The external auditor, MABS & J partners Chartered Accountants appointed by the shareholders, have certified the fairness of the financial statements for the year ended 31 December 2020.

Maintaining Proper Books of Account

upay maintained proper books of account for its financial transactions occurred during 2020. For recording the transactions, it has followed the International Accounting Standard (IAS). The books of account have also been reviewed by the external auditor, MABS & J Partners Chartered Accountants with an opinion that proper books of accounts as required by the law have been properly maintained.

Appropriate Accounting Policies

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

Follow up of IAS & IFRS in Preparation of Financial Statements

International Accounting Standards (IAS) and International Financial Reporting Standards (IFRS) as applicable in Bangladesh, have been followed in preparation of financial statements.

Going Concern

After reviewing the company's present and potential business growth, annual budget, performance, liquidity position, plans and financing arrangement, the Directors of Fintech are satisfied that the Company has adequate resources to continue to operate in the foreseeable future and confirm that there is no material issue threatening to the going concern of the company. For this reason, the Board of Directors of the company continues to adopt the going concern basis in preparing these financial statements. There are no significant doubts upon the company's ability to continue as a going concern.

Business Ethics and Compliance

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

UCB Fintech Company Limited is committed to delivering innovation, performance and even better experience while performing any financial transaction with a great care and robust timing with secured technological platform. The key element to our long-term success is something less tangible and less easily illustrated with figures. These are integrity and honesty in our business dealings, a factor that contributes to



our long-term relationships with clients. All of our employees are expected to behave ethically in their work, and our expectations to them are set out in ethical principles. The objective of the policy is to make it a good Company to work for; to maintain our reputation for exceptional customer service and ethical business dealings, to compete ethically and to ensure that the business is managed to a high standard consistently.

Board of Directors of UCB Fintech Company Limited

The Board of Directors of UCB Fintech Company Limited comprises as under:

SI.	Name	Status
1	Anisuzzaman Chowdhury	Chairman
2	Bashir Ahmed	Director
3	Mohammed Shawkat Jamil	Director
4	Arif Quadri	Director
5	ATM Tahmiduzzaman, FCS	Director
6	Ashraf Bin Taj	Independent Director
7	Sydul H Khandaker	Managing Director & CEO

Auditors' Report

The Board of Directors of UCB Fintech Company Limited reviewed the Auditors Report issued by the auditor MABS & J Partners Chartered Accountants based on their audit of financial statements for the year ended 31 December 2020. The auditor didn't mention about any material misstatement or significant disagreement regarding review of the Company's financial statements. The Board of the Company also reviews the auditors' suggestion which auditor provides.

Appointment of Auditors

MABS & J Partners Chartered Accountants was the auditor of the company for the year 2020. As 2020 is the first year of audit and eligible for reappointment for the year 2021.

The Board of the Company recommended to reappoint MABS & J Partners, Chartered Accountants, as the auditors of the Bank for the year 2021. However, such appointment will be subject to approval of the shareholders in the ensuing Annual General Meeting as per Section 201 of the Company Act. 1994.

Acknowledgement

I take this opportunity to thank my Board of Directors and colleagues for their continued support and contributions in moving the company to the right direction.

I would like to convey my gratitude to all the employees of the company on whom we depend for our success. On behalf of the Board, I would also like to thank Bangladesh Bank and other stakeholders for their guidance and support in the growth of the company. I also look forward to continued support from them.

Besides, I whole heartedly believe UCB Fintech Company Limited will to do better in future and with this expectation we are pleased to place the Directors' Report, the Audited Financial Statements for the year ended 31 December 2020.

(On behalf of the Board of Directors)



Anisuzzaman Chowdhury

Chairman

UCB Fintech Company Limited

Independent Auditors' Report

To the shareholders of UCB Fintech Company Limited

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of UCB Fintech Company Limited, which comprise the statement of financial position as at 31 December 2020, and the statement of profit or loss and other comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements give a true and fair view of the financial position of the company as at 31 December 2020, and its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRSs), the Companies Act 1994 and other applicable laws and regulations.

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 Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Company in accordance with the ethical requirement that are relevant to our audit of the financial statements in Bangladesh, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Responsibilities of Management and those Charged with Governance for the Financial Statements

Management is responsible for the preparation of financial statements that give a true and fair view in accordance with IFRSs, the Companies Act 1994 and other applicable laws and regulations and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Company'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 Company or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Company's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the 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 financial statements.



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

- Identify and assess the risks of material misstatement of the 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, but not for the purpose of expressing an opinion on the effectiveness of the organization's internal control.
- 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 Company'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 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 organization to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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.

Report on Other Legal and Regulatory Requirements

In accordance with the Companies Act 1994, we also report the following:

- a. we have obtained all the information and explanation which to the best of our knowledge and belief were necessary for the purpose of our audit and made due verification thereof;
- b. in our opinion, proper books of account as required by law have been kept by the Company so far as it appeared from our examination of those books; and
- c. the statement of financial position and statement of profit or loss and other comprehensive income dealt with by the report are in agreement with the books of account.

Dated: 12 April 2021 Place: Dhaka Signed for & on behalf of MABS & J Partners
Chartered Accountants

J C Biswas FCA

ICAB Enrollment No: 0199 DVC No.: 2015040199AS232709

Statement of Financial Position As at 31 December 2020

Particulars	Notes	Amount in Taka
Particulars	Notes	31-Dec-2020
Assets		
Non-Current Assets		
Pre-operating Expenses	8	4,688,593
Total Non-Current Assets		4,688,593
Current Assets		
Cash and Cash Equivalents	9	999,959,310
Total Current Assets		999,959,310
Total Assets		1,004,647,903
Shareholders' Equity and Liabilities		
Shareholders' Equity		
Share Capital	10	1,000,000,000
Retained Earnings	11	(65,690)
Total Shareholders' Equity		999,934,310
Liabilities		
Others Payable	12	4,688,593
Provision for Expenses	13	25,000
Total Liabilities		4,713,593
Total Liabilities & Shareholders' Equity		1,004,647,903

The annexed notes 01 to 14 from an integral part of these finacial statements.

Chairman

As per audit report of same date

Director

Managing Director & CEO

Dated: 12 April 2021 Place: Dhaka

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

J C Biswas FCA **Partner**

ICAB Enrollment No: 0199 DVC No.: 2015040199AS232709



Statement of Profit or loss and other Comprehensive Income For the year ended 31 December 2020

Particulars	Notes	Amount in Taka		
	Notes	31-Dec-2020		
Gross revenue VAT		-		
Revenue		-		
Cost of services		-		
Gross profit/(loss)		-		
Operating Expenses				
General and Administrative Expenses	14	65,690		
Total Operating Expenses		65,690		
Profit/(loss) from Operations		(65,690)		
Income Tax Expenses		-		
Net profit/(loss) after income tax	(65,690)			

The annexed notes 01 to 14 from an integral part of these finacial statements.

Chairman

As per audit report of same date

Managing Director & CEO

Dated: 12 April 2021 Place: Dhaka

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

J C Biswas FCA

Partner ICAB Enrollment No: 0199 DVC No.: 2015040199AS232709

Statement of Changes in Equity For the year ended 31 December 2020

Particulars	Share Capital	Retained Earnings	Total
Balance as on 01 January 2020	-	-	-
Share issued during the year	1,000,000,000		1,000,000,000
Net profit/(loss) during the Year		(65,690)	(65,690)
Balance as on 31 December 2020	1,000,000,000	(65,690)	999,934,310

Chairman

Director

Managing Director & CEO

Dated: 12 April 2021 Place: Dhaka

Statement of Cash Flows

For the year ended 31 December 2020

Particulars	
i di dicalais	,

Cash flows from operating activities

Cash paid to suppliers and others

Cash generated from operating activities (A)

Cash flows from investing activities

Amount Received from inter-company

Net cash (used in)/flow from investing activities (B)

Cash flows from financing activities

Proceeds from Issue of Shares (Paid-up Capital)

Net cash from financing activities (C)

Net changes in cash and cash equivalenst (A+B+C)

Opening cash and cash equivalents

Cash and cash equivalents at the end of the year

Cash in Hand

Balance with Banks & Financial Institutions

Amount in Taka

31-Dec-2020

(4,729,283) (4,729,283)

4,688,593 **4,688,593**

1,000,000,000

1,000,000,000

999,959,310

999,959,310

999,959,310

999,959,310

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Chairman



Director

July .

Managing Director & CEO

Dated: 12 April 2021 Place: Dhaka

Notes to the Financial Statements For the year ended 31 December 2020

1 Reporting entity

1.1 Legal status of the Company

"UCB Fintech Company Limited (hereinafter referred to as "the Company" or "Upay") a subsidiary of United Commercial Bank Limited, was incorporated in Bangladesh on 30 July 2020 vide registration no. C-162182 as a private company limited by shares under the Companies Act, 1994 having its registered office in Plot - CWS- (A)-1, Road - 34, Gulshan Avenue, Dhaka - 1212.

The Company has obtained permission from Bangladesh Bank to commence its' commercial activity via letter reference no# PSD(MFS)/33/2020-1886 dated 28 December 2020 under "Bangladesh Mobile Financial Services (MFS) Regulations, 2018."

1.2 Nature of the Business Activities

"UCB Fintech Company Limited is a subsidiary of the United Commercial Bank Limited. Upon receiving the license from Bangladesh Bank, UCB Fintech Company Limited started its journey in March 2021, under the brand name "উপায়" ("upay" in English) and offering a broad range of mobile financial services to people from all walks of life 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 Going forward, UCB Fintech aims to offer different types of innovative products and services to fulfill need of different customer segments."

2 Basis of Accounting

2.1 Statement of Compliance

The Financial Statements have been prepared in accordance with International Financial Reporting Standards (IFRSs) which also cover International Accounting Standards (IASs), the Companies Act 1994 and other applicable laws and regulations.

The titles and format of these Financial Statements follow the requirements of IFRSs which are to some extent different from the requirements of the Companies Act, 1994. However, such differences are not material and in the view of management, IFRS titles and format gives a better presentation to its intended users.

2.2 Basis of Measurement

The Financial Statements are prepared on historical cost basis.

2.3 Date of Authorisation

The Financial Statements for the year ended 31 December 2020 were authorized by the Board of Directors on 12 April 2021.

3 Components of Financial Statements

Followings are the components of these Financial Statements:

- (i) Statement of Financial Position as at 31 December 2020;
- (ii) Statement of Profit or Loss and Other Comprehensive Income for the year ended on 31 December 2020;
- (iii) Statement of Changes in Equity for the year ended on 31 December 2020;
- (iv) Statement of Cash Flows for the year ended on 31 December 2020;
- (v) Explanatory notes to the above Financial Statements which also describe the accounting policies adopted and followed by the company.



4 Functional and presentational currency

The Financial Statements are presented in Bangladeshi Taka (BDT), which is the functional and presentational currency of the company and rounded off to the nearest integer.

5 Use of estimates and judgements

The preparation of Financial Statements in conformity with IFRS requires the use of certain critical accounting estimates. It also 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. Revision to accounting estimates are recognised in the year in which the estimates are revised and in any future years affected.

6 Going Concern

The accompanying Financial Statements have been prepared on a going concern assumption that the Company will continue in operation for the foreseeable future. The Company has neither any intention nor any legal or regulatory compulsion to liquidate or curtail materially the scale of any of its operations.

7 Reporting Period

The Financial Statements of the Company cover a period of one (01) year ending on 31st December.

8 Pre-operating Expenses

Pre-operating expenses include incorporation expenses of the Company of Tk. 46,88,593. The pre-operating expense will be amortized in 5 equal installments and over a period of 5 years commencing from the year in which the company commences its operations. As the operation of the company yet commence, amotization expense has not been charged to the Statement of Profit or Loss and Other Comprehensive Income.

999,959,310 -999,959,310

10Share Capital

Cash in Hand

Authorized Capital

9 Cash & Cash Equivalents UCBL- Corporate Branch

500,000,000 Ordinary Shares of Tk. 10 each

Paid-up Capital

100,000,000 Ordinary Shares of Tk. 10 each

Note- 10.1

1,000,000,000 **1,000,000,000**

5,000,000,000

5,000,000,000

10.1 Share Holding Position

Shareholders	No. of Shares	% of shares	Year 2020
United Commercial Bank Limited	99,999,999	99.999999%	999,999,990
UCB Capital Management Limited	1	0.000001%	10
Total	100,000,000	100.00%	1,000,000,000

11 Retained Earnings		
Opening balance Profit/(loss) for the year		- (65,690)
Closing balance		(65,690)
12 Others Payable		
Inter-company payable		4,688,593
		4,688,593
13 Provision for Expenses		
Audit fee		25,000
		25,000
14 General and Administrative Expenses		
Audit fee Bank charges No	ote- 14.1	25,000 40,690

14.1 Bank Charges

Bank charges include account maintenance fee of Tk. 690 and excise duty of Tk. 40,000.



65,690



United Commercial Bank Limited



Corporate Head Office, CWS(A)-1 Road#34, Gulshan Avenue, Dhaka-1212 Phone:+880-2-55668070 Email:bsd@ucb.com.bd

Website: www.ucb.com.bd

NOTICE OF THE 38[™] ANNUAL GENERAL MEETING (VIRTUAL PLATFORM)

Notice is hereby given to all respected Members of United Commercial Bank Limited that the 38th Annual General Meeting (AGM) of the Bank will be held on **August 05, 2021 (Thursday) at 3.00 P.M.** through **Virtual Platform** to transact the following businesses in accordance with the BSEC's Order No.SEC/SRMIC/94-231/91 dated March 31, 2021.

AGENDA OF 38TH ANNUAL GENERAL MEETING

ORDINARY BUSINESS:

- A. To receive, consider and adopt the Financial Statements, Directors' Report and Auditors' Report of the Bank for the year ended 31 December 2020
- B. To declare 5% Stock and 5% Cash Dividend for the year ended 31 December 2020 as recommended by the Board of Directors.
- C. To elect/re-elect Directors of the Bank.
- D. To appoint/reappoint Auditors for the Bank for the term until next AGM & fix their remuneration for the year of 2021.
- E. To appoint Professionals to provide Certificate on Compliance as per Corporate Governance Code-2018 for the year of 2021.

SPECIAL BUSINESS:

To adopt the change of registered name of the Bank to 'United Commercial Bank PLC' from 'United Commercial Bank Limited' in accordance with the Companies Act 1994 amendment 2020 and to amend in the relevant clauses of the Memorandum and Articles of Associations of the Bank by adopting the following special resolution:

"Resolved that the proposal of changing of registered name of the Bank to 'United Commercial Bank PLC' from 'United Commercial Bank Limited' in accordance with the Companies Act 1994 amendment 2020 and amendment in the relevant clauses of the Memorandum and Articles of Associations of the Bank be and is hereby approved subject to approval of regulatory authorities."

By order of the Board of Directors

ATM Tahmiduzzaman, FCS
Company Secretary

Dated: 14 July, 2021

Notes:

- The 'Record Date' in lieu of Book Closure was 30 June 2021 (Wednesday).
- Members whose names appeared in the Register of Members of the Bank or in the Central Depository Bangladesh Limited (CDBL) on the Record Date i.e. 30 June 2021 will be eligible to attend the meeting and qualified for Stock and Cash Dividend for the year 2020.
- A member, eligible to attend the AGM, may appoint a Proxy to attend and vote on his/her behalf. The instrument
 appointing Proxy to be duly signed and affixed by the members with a revenue stamp of Tk.20 must be
 submitted to the registered office of the Bank at least 72 hours before AGM. Members may download Proxy
 Form from the Bank's website (i.e. www.ucb.com.bd).
- Link for joining in AGM through Digital Platform is http://ucbl.capmark.com.bd. Members can join the Virtual
 Annual General Meeting using their laptop, PC, Mobile or Tab providing their respective Name, 16-Digit BO ID,
 and No. Shares. Full login/participation process of AGM through Digital Platform will be available in the Bank's
 website i.e.www.ucb.com.bd. Members can easily find the link by scanning the QR Code given.
- In Compliance with BSEC Notification No. BSEC/CMRRCD/2006-158/208/Admin/81 dated 20 June 2018:
 - Annual Report, Attendance Slip and Proxy Form along with the Notice are being sent in soft Form to the Members' registered e-mail address linked with their respective BO ID as on record date.
 - ii. The members, who don't have e-mail address linked with their BO ID, are requested to send their respective e-mail address to bsd@ucb.com.bd to enable us to send the e-Annual Report 2020 or can download the same by scanning the QR Code given.
 - iii. Members are requested to inform us in writing who want to collect the printed copy of the Annual Report from the Company Secretariat of the Bank.
 - iv. The Annual Report is also available in the Bank's website linked with the websites of both Dhaka and Chittagong Stock Exchange Limited.



- Valued Members were requested to update their Bank Account Number, email address, Cell Number through their respective Depository Participants (DP) before the Record Date.
- The concerned Brokerage Houses were requested to provide us with a statement with the details (Shareholders' name, BO ID number, client-wise shareholding position) of their margin account holders (if any) who hold UCB shares, as on the 'Record Date' along with the name of the contact person in this connection, to the Company Secretariat of the Bank on or before 07.07.2021. We would further request the Brokerage houses to provide us with their Bank name & Account number, Routing number etc. within the stipulated time to enable us to disburse the sales proceeds of fractional stock dividend to their respective accounts.



To join the AGM 2021



United Commercial Bank Limited

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

PROXY	FORM
/We	
of	
eing a member of United Commercial Bank Ltd. do hereby appo s my / our PROXY to attend and vote for me/us and on my / our b	
Thursday) at 3.00 P.M. and at any adjournment thereof.	beriall at the 30° AGNI of the ballk to be field off August 03, 2021
As witness my/our hand thisday of2021.	
Signature of Shareholder(s)	Signature of PROXY
No. of Shares held	Revenue
Folio No.	Stamp
Or	
BO ID No.	
Note: A member entitled to attend at the General Meeting may appoint a deposited at the Registered Office of the Bank at least 72 hours before	PROXY to attend on his/her behalf. The Proxy Form, duly stamped, must be fore the time for the meeting.
	Authorized Signatory
JCB 🦠	United Commercial Bank Limited

SHAREHOLDER / PROXY ATTENDANCE SLIP

I hereby record my attendance at the 38th AGM of the Bank to be held on August 05, 2021 (Thursday) at 3.00 P.M. and at any adjournment thereof.

Name of the Shareholder								
No. of Shares								
Folio No.								
BO ID No.								
Name of the Proxy (if any)								

Signature of Shareholder/Proxy

Signature verified by

Corporate Head Office

Dhaka-1212

CWS (A)-1, Road No-34, Gulshan Avenue

Notes: Please present this Slip at the Reception Desk. Children and non-Shareholders will not be allowed at the meeting.





Glimpses of 37th Annual General Meeting





















Plot-CWS (A)-1, Road No-34, Gulshan Avenue, Dhaka-1212 Phone: +880-2-55668070







