

ANNUAL REPORT 2019

LETTER OF TRANSMITTAL

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, 2019

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, 2019 for kind information & record.

Sincerely yours,

ATM Tahmiduzzaman, FCSCompany Secretary

CONTENTS

	Page
General Information Vision, Mission and Core Values Corporate Profile Five Years' Financial Summary Code of Conduct & Ethics	4 5 7 9
The Board of Directors and the Senior Management Board of Directors & Its Committees Senior Management	11 14
Message from the Chairman and the Managing Director Message from the Chairman Managing Director & CEO's Round Up	15 16
Corporate Governance Directors' Report Report on Corporate Governance CEO's & CFO's Declaration to the Board of Directors Credit Rating Report of the Audit Committee	19 49 85 86 87
Risk Management and Sustainability Analysis Disclosures on Risk Based Capital Adequacy (Basel III) Report on Corporate Social Responsibility (CSR) Report on Green Banking	92 116 119
Financial Statements of United Commercial Bank Limited Auditors' Report Consolidated Balance Sheet Off Balance Sheet Items Consolidated Profit and Loss Account Consolidated Cash Flow Statement Consolidated Statement of Changes in Equity Balance Sheet Profit and Loss Account Cash Flow Statement Statement of Changes in Equity	122 130 131 132 133 134 135 137
Liquidity Statement	140

CONTENTS

	Page
Notes to the Financial Statement	141
Financial Statements of Offshore Banking Unit Balance Sheet Profit and Loss Account Cash Flow Statement Notes to the Financial Statements	222 224 225 226
Directors' Report on Subsidiary Companies Directors' Report on Subsidiary Companies	230
Financial Statements of UCB Capital Management Limited Auditors' Report Statement of Financial Position Statement of Profit or Loss and Other Comprehensive Income Statement of Changes in Equity Statement of Cash Flow Notes to the Financial Statements	235 237 238 239 240 24
Financial Statements of UCB Investment Limited Auditors' Report Statement of Financial Position Statement of Profit or Loss and other Comprehensive Income Statement of Changes in Equity Statement of Cash Flow Notes to the Financial Statements	256 258 259 260 260 262
Financial Statements of UCB Asset Management Limited Auditors' Report Statement of Financial Position Statement of Profit or Loss and other Comprehensive Income Statement of Changes in Equity Statement of Cash Flow Notes to the Financial Statements	265 267 268 269 270 27
Supplementary Information Notice of the 37 th AGM Proxy Form	274 275





VISION

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

MISSION

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

CORE VALUES

We put our customers first

We emphasize on professional ethics

We maintain quality at all levels

We believe in being a responsible corporate citizen

We say what we believe in

We foster participative management



CORPORATE PROFILE

UNITED COMMERCIAL BANK LIMITED (UCB) STARTED ITS HUMBLE JOURNEY IN MID 1983 WITH A FIRM COMMITMENT OF 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.

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 the bank had been included in DSE30 Index, formulated by world renowned S&P, considering the bank as one of the top 30 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 195 branches along with Off-shore banking unit, mobile financial service (UCash), Upay, Agent Banking, priority banking (UCB Imperial), remittance services, credit card business and with dedicated human capital of 4,988 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 three fully owned subsidiaries namely i.e. UCB Capital Management Limited (provides brokerage services in the capital market), UCB Investment Limited (aims to carry out full-fledged merchant banking activities in Bangladesh) and UCB Asset Management Limited (incorporated for both institutional and individual fund management).

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 three committees under the Board which are Executive Committee, Audit Committee and Risk Management 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 potential 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.

CORPORATE PROFILE

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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

Rukhmila Zaman Bazal Ahmed

Anisuzzaman Chowdhury

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

M. A. Sabur



Managing Director
Company Secretary
Chief Financial Officer

Mohammed Shawkat Jamil ATM Tahmiduzzaman, FCS 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 11,595.44 Million



Total Manpower
Number of Branches
Number of ATM Booths

4,988 (As on 31.12.19)

195

523 (As on 31.12.19)



Auditors

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

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

9

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 Trading Symbol 0088 09611 999999/008802 55668070

info@ucb.com.bd www.ucb.com.bd UCBL BDDH

UCB



FIVE YEARS' FINANCIAL SUMMARY

Results of operation	2019	2018	2017	2016	201
Interest income	30,948.75	25,266.93	21,034.16	20,832.15	22,434.5
Interest expense	20,150.94	16,024.50	12,087.39	12,194.04	14,711.18
Net interest income	10,797.81	9,242.44	8,946.77	8,638.11	7,723.38
Non-interest income*	9,911.08	9,050.08	8,435.50	7,703.97	7,824.6
Non-interest expenses	12,430.21	10,902.27	9,430.86	8,754.70	7,145.6
Gross Revenue*	40,859.83	34,317.01	29,469.66	28,536.12	30,259.1
Gross Profit*	20,708.89	18,292.52	17,382.27	16,342.08	15,548.0
Operating profit*	8,278.68	7,390.25	7,951.41	7,587.38	8,402.3
Earning before interest, depreciation and tax**	7,501.33	6,685.52	6,744.42	6,474.45	8,254.7
Profit before tax	4,932.09	4,907.76	5,461.41	5,189.88	7,252.3
Net profit after tax*	2,772.04	2,368.95	2,433.91	2,628.63	3,977.3
Balance Sheet					
Authorized capital	15,000.00	15,000.00	15,000.00	15,000.00	15,000.0
Paid up capital	11,595.44	10,541.31	10,541.31	10,541.31	10,039.3
Shareholders' equity*	32,783.02	29,900.25	26,510.26	25,756.32	25,588.8
Borrowing	40,911.33	44,694.26	33,846.39	25,565.10	10,705.5
Deposits	330,786.67	297,172.82	278,195.49	257,704.30	220,866.4
Loans and advances	322,728.14	294,671.94	261,002.88	223,697.18	197,413.6
Investments	57,800.97	50,830.84	42,911.75	55,475.64	44,345.7
Fixed assets	14,454.64	9,056.11	8,344.10	8,380.18	8,586.7
Off-balance sheet exposure	183,957.88	182,066.61	197,973.80	171,169.75	150,713.7
Total assets*	446,760.12	402,749.10	363,314.80	329,720.78	293,847.2
Total liabilities*	413,977.10	372,848.85	336,804.54	303,964.46	268,258.4
Share Information					
Market price per share	13.30	17.60	23.60	21.30	21.3
No. of shares outstanding (No. in million)	1,159.54	1,054.13	1,054.13	1,054.13	1,003.9
Earnings per share (basic)	2.39	2.40	2.31	2.49	3.9
Earnings per share (restated)*	2.39	2.04	2.31	2.49	3.9
Dividend (percent)	10.00	10.00	10.00	15.00	25.0
Cash Dividend (percent)	5.00	-	10.00	15.00	20.0
Stock Dividend (percent)	5.00	10.00	-		5.0
Net asset value per share*	28.27	28.36	25.15	24.43	25.4
Price earning ratio (times)*	5.56	8.61	10.22	8.55	5.3
Dividend cover ratio (times)*	2.39	2.25	2.31	1.66	1.5

Dividend Yield (percent)	7.52	5.68	4.24	7.04	11.74
Market capitalization (BDT in million)	15,421.93	18,552.71	24,877.49	22,452.99	21,383.79
Figure 1 matica (00)					
Financial ratios (%) Cost-income ratio*	60.02	59.60	54.26	53.57	45.96
Credit-deposit ratio	83.79	79.64	80.34	75.97	80.1
	11.34	11.43	11.77	11.00	9.36
Debt equity ratio (times)*					
Gross profit ratio*	50.68	53.30	58.98	57.27	51.38
Current Ratio (times)	1.13 3.74	1.15 3.80	1.16 4.36	1.16 5.50	1.14 12.27
Return on Capital Employed	39.46	32.78	31.71	30.99	40.46
Net interest income as a % of working funds; i.e, Operating Cost-Efficiency Ratio	39.46	32.78	31./1	30.99	40.46
Operating profit as % of working funds*	30.25	26.21	28.18	27.22	44.02
Return on assets*	0.65	0.62	0.70	0.84	1.42
Return on equity*	8.84	8.40	9.31	10.24	16.54
Burden coverage ratio*	79.73	83.01	89.45	88.00	109.50
CASA Deposit as % of Total Deposit	27.95	28.12	28.68	27.06	25.14
Cost of fund	8.57	7.58	6.79	7.60	9.18
Yield on advance	9.78	8.62	8.53	9.71	11.75
Spread	1.21	1.04	1.74	2.11	2.57
Foreign business					
Import	246,212.60	248,969.80	217,858.20	194,846.90	169,577.70
Export	252,920.30	232,314.41	199,188.00	170,541.50	148,229.30
Remittance	48,763.90	32.206.00	5,595.48	11.807.10	11,098.50
No. of Foreign correspondents	581	547	535	548	537
Capital measures	71100000	770 071 00	705.050.00	20170151	
Total Risk Weighted Assets	314,868.22	332,831.86	305,850.28	294,391.54	273,327.1
Tire Capital*	27,254.27	25,012.30	23,595.90	23,026.98	22,406.2
Tire II Capital*	18,981.88	17,938.31	13,323.94	10,494.92	10,820.24
Total Capital*	46,236.15	42,950.61	36,919.84	33,521.90	33,226.45
Tire Ratio (percent)*	8.66	7.51	7.71	7.82	8.20
Tire II Ratio (percent)*	6.03	5.39	4.36	3.56	3.96
Capital to RWA Ratio (percent)*	14.68	12.90	12.07	11.39	12.16
Required Capital	39,358.53	39,523.78	34,408.16	31,279.10	27,332.7
Capital Surplus/(Shortage)*	6,877.62	3,426.83	2,511.68	2,242.80	5,893.74
Liquidity Measures					
Cash Reserve Requirement (percent)	4.14	5.67	6.99	6.87	6.82
Statutory Liquidity Ratio (percent)	15.92	15.39	15.28	22.11	19.68
Current Assets	242,112.95	219,304.65	203,705.05	197,342.86	156,194.8
Current liabilities	214,747.29	191,106.98	175,486.35	169,472.24	137,106.88
Net Current Assets	27,365.67	28,197.67	28,218.70	27,870.62	19,087.93
Long term liabilities	194,446.48	181,969.40	161,318.19	134,492.22	131,151.53
Long term liabilities/ Current liabilities (%)	90.55	95.22	91.93	79.36	95.66
Accet Quality					
Asset Quality Non Performing Loans	11,711.23	20,021.63	19,268.09	17,920.57	10,324.69
% of NPL to Total Loans ad advances	3.63	6.79	7.38	8.01	5.23
Total provision for Classified loans and advances	6,430.06	4,940.01	5,020.94	4,160.12	2,730.27
Total provision for Unclassified loans and advances		3,727.76	2,396.52	1,741.87	1,672.98
Total provision for Investment	673.47	5,727.70	292.84	292.84	292.84
Total provision for Other assets	105.00	104.96	74.85	85.85	97.44
Total provision for Off BS Items	1,617.21	1,570.41	1,979.84	1,581.68	1,252.10
	,	,	,	,	,
A.I. I.A. II					
Other informations					
No. of branches	195	187	178	168	
No. of branches No. of ATM	523	398	187	164	158 15
No. of branches					

^{*} Comparative numbers are restated in line with current year



^{**} Earning before interest on long term debt, depreciation and tax

CODE OF CONDUCT AND ETHICS

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** & IT'S COMMITTEES

Board of Directors as on 30.12.2019

Name of the Directors	Status in Board
Rukhmila Zaman	Chairman
Bazal Ahmed	Vice Chairman
Anisuzzaman Chowdhury	Director & Chairman-Executive Committee
Akhter Matin Chaudhury, FCA (E&W), FCA, FCS	Chairman- Audit Committee (Indenpendent Director)
M. A. Sabur	Director & Chairman- 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
Farid Uddin Ahmed	Director
Muhammed Shah Alam, FCMA	Director
Prof. Dr. Md. Jonaid Shafiq	Director
Dr. Aparup Chowdhury	Independent Director
Touhid Shipar Rafiquzzaman	Independent Director
Mohammed Shawkat Jamil	Managing Director & CEO
ATM Tahmiduzzaman, FCS	Company Secretary

BOARD OF DIRECTORS & IT'S COMMITTEES

Executive Committee

Name	Status
Anisuzzaman Chowdhury	Chairman
Bazal Ahmed	Member
M. A. Sabur	Member
Hajee Yunus Ahmed	Member
Nurul Islam Chowdhury	Member
Asifuzzaman Chowdhury	Member
Bashir Ahmed	Member

Audit Committee

Name	Status
Akhter Matin Chaudhury, FCA (E&W), FCA, FCS	Chairman
Syed Mohammed Nuruddin	Member
Syed Kamruzzaman, FCMA	Member
Muhammed Shah Alam, FCMA	Member

Risk Management Committee

Name	Status
M. A. Sabur	Chairman
Anisuzzaman Chowdhury	Member
Roxana Zaman	Member
Afroza Zaman	Member
Farid Uddin Ahmed	Member
ATM Tahmiduzzaman, FCS	Company Secretary

BOARD OF **DIRECTORS**



Rukhmila Zaman



Bazal Ahmed Vice-Chairman



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



Nurul Islam Chowdhury Director



Asifuzzaman Chowdhury Director



Syed Mohammed Nuruddin Director



Roxana Zaman Director



Bashir Ahmed Director



Afroza Zaman Director



Syed Kamruzzaman Director



Farid Uddin Ahmed Director



Muhammed Shah Alam Director



Prof. Dr. Md. Jonaid Shafiq



Dr. Aparup Chowdhury Independent Director



Touhid Shipar Rafiquzzaman Independent Director



Mohammed Shawkat Jamil Managing Director & CEO



ATM Tahmiduzzaman Company Secretary

SENIOR MANAGEMENT



Mohammed Shawkat Jamil Managing Director & CEO



Arif Quadri Additional Managing Director



Mohammad Mamdudur Rashid Additional Managing Director



Syed Faridul Islam Additional Managing Director



Md. Sohrab Mustafa **Deputy Managing Director**



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



ATM Tahmiduzzaman SEVP and Company Secretary



Faruk Ahammad SEVP and Chief Financial Officer



Mohammed Khorshed Alam SEVP and Head of Internal Audit



Md. Shah Alam Bhuiyan SEVP and Head of Special Assets Management Division

MESSAGE FROM THE CHAIRMAN

Dear Shareholders,

On behalf of the Board of Directors, it gives me immense pleasure to present you the Annual Report of United Commercial Bank Limited for the financial year 2019 along with the audited financial statements that reflect the results and achievements of UCB. Over the glorious journey of more than three decades, UCB today undoubtedly is the author of valuable financial activities to ensure the growth and the development of the private sector, as well as its strong integration into global trade. With our rich, unique and innovative products and services, we are contributing a pivotal role ranging from SMEs to large corporate clients.

We have a plethora of regular banking products to cater the best suited financial services to valued clients. But, over the time, with the advancement of information & communication technology, banking has got more technological evolutions. Similarly, UCB believes in the financial freedom of people. UCB has commenced a number of services to make financial transactions available for people where many digital services are included to keep pace with the current trend of information and technology. As a result, banking has become safer, sophisticated and customer friendly. Cash Recycler Machine, Ucash, Upay, Unet, Cards, etc are few facilities of UCB digital banking. We expect to move forward with a robust digital financial services in coming years to more data driven convenient customer experience.

All through, the year 2019 was an outstanding year for us. Despite some sluggishness in economy, we remained confident and optimistic about our competitive position and our ability to generate attractive financial results. We are following effective growth strategy with proper market insight to drive innovation for exploring opportunity and value for our clients and stakeholders. In year 2019, we achieved total deposit of Taka 33,079 Crore, total loans & advances of Taka 32,273 Crore and operating profit of Taka 828 Crore which is a growth of 11.3%, 9.5% and 12.0% respectively in comparison to year 2018.

We are always guided by the philosophy of good governance, transparency and responsibility. The Board of Directors of UCB is committed to maintaining the highest standards of corporate governance. The prudent Board believes that the very notion of good governance is a must to be implemented in Bank's everyday activities. We have a set of values and behaviours intended to guarantee transparency, just and protection of the interest of our esteemed stakeholders such as customers, shareholders, employees and the community. Along with Corporate Governance, UCB has long been practising Green Banking and Corporate Social Responsibility (CSR) into its core strategic business planning and translated it into action across different areas and community of the country. We have adopted CSR practises in a structured manner in line with our organizational vision to help the disadvantaged population of the country. We have contributed an amount of Taka 202.56 Million in year 2019 on CSR activities.

It is very evident now that next year is going to be volatile. Global uncertainty and fluctuations will continue for some more time to come. But, I am confident that by dint of efficiency and strategy UCB will distinguish itself from the competition with its sustainable growth and increase the added value that it offers to stakeholders.

To conclude, I would like to extend my gratitude and appreciation for the management and all level of employees at the Bank. It is their valuable contributions and efforts that have allowed us to achieve the desired goals for the year 2019. Again, on behalf of the Board of Directors, please accept my sincere thanks for your commitment to making UCB better. I also express my sincere appreciation to Bangladesh Bank for their continued guidance and support.

Thanking you.

Rukhmila ZamanChairman
Board of Directors.

CE0's Round up 2019

The year 2019 emerged as the year of reform for the stumbling financial sector of the country and window to escape from the grid of non-performing loan, capital short fall and sluggish recovery procedure. Government set priorities for resolution of fragile banking & financial sector through implementation of regulatory reforms. Ministry of Finance in collaboration with Bangladesh Bank manifested special policies to benumb the high NPL ratio and capital short fall. Mainly the objectives were improvement of asset quality, capital adequacy and revitalize the economic activity through mainstream banking to promote good governance, accountability and healthy competition within financial sector.

The Bangladesh economy sustained strong growth in 2019 led by rising exports and record remittances. Net export growth was positive as garments and non-garments sector results impressively, specially export of agriculture and pharmaceuticals improved significantly. GDP growth was above 8% with per capital income over 1900 USD. Net foreign direct investment (FDI) also increased from a low baseline with investments in the power, food, and textile sectors. The government is also patronizing the foreign investors by easing all formalities and assure all facilities to do business. To continue the robust growth, we need human capital development, generation of employment based on modern technology, sound macroeconomic fundamentals and progress in structural reforms.

The global economy grew by about 2.9 percent compared to the previous year and recorded its weakest pace since the global financial crisis a decade ago. Trade and Tariff conflicts between trade leaders caused uncertainty and harnessed the growth. Emerging markets around the globe showed macroeconomic instability. Besides BREXIT, geopolitical tensions, social unrest in Latin America and Middle East rounded out the difficult picture. Whereas over the course of the year central banks including the US Federal Reserve, the European Central Bank (ECB) and other large emerging market central banks introduced several schemes to avert deeper slowdown.

At the end of 2019, unfortunately the world has collapsed by the heavy blow from the sudden COVID-19 outbreak. This pandemic spreads in every corner of the world and hinders normal life completely. Productivity, trade operation, movements of capital remain completely stagnant and economy is facing mounting downward pressure. Bangladesh is trying to adjust the adversity with utmost positivity to continue the pace of economic growth during this hazardous situation. We must keep in mind that the economic fundamentals for sustainable growth have not changed, with strong resilience, great potential and ample leeway.

United Commercial Bank Limited (UCB) firmly believes in responsible growth, no compromise. And we continued our endeavour in 2019. Client activities were strong across all business lines, allowing the benefits of our growth in loans and deposits to offset the rasping impacts of the industry. We encompassed our voyager to every part of our country through our branches, sub branches, agent outlets and ATMs. We have grown deposits by launching various campaigns and succeeded to drain a handsome amount into our satchel.

This year we focused on SME financing in addition to our corporate and RMG business. We always encourage young entrepreneurs and small business owners with innovation and great service. As a developing nation we need to endorse the promising youngs and ensure easy access to financial market. We are helping to empower economic mobility for our clients and small businesses in every locations and communities that offers resources tailored to meet their needs. Our strategy is designed to connect

clients with products and services, employment opportunities and capital to increase financial resilience and help our local communities flourish. That means being focused on the needs of diverse communities. Besides, our consumer banking and card business also mark a good position and acquired a smart steak in this year. We have also continued our partnership in various development projects. We are proud to participate in country's infrastructural developments and capabilities building.

UCB is also offering clients the convenience of digital platform through an integrated high-tech and high-touch approach. We have mobile financial service "UCash", internet banking app "Unet" & "Upay" and receive tremendous response from our clientele. We are making our Bank ready to embrace with the technology based modern banking and we excel it all with a passion for client care that extends throughout our organization.

UCB Recovery Task Force (URTF) conducted planned recovery drives around the year to improve asset quality by mastering non-performing loans. From 6.79% at the end of 2018 we trimmed the NPL to 3.63% at the end of 2019 successfully.

Glimpses of performances of UCB in 2019:

- We continued to deliver growth across almost every aspect of the Bank's operations and registered 10.9% growth over the last year in the balance sheet size, which grew to BDT 44,676 crore in 2019;
- Funds under Management (FUM) of the Bank had a moderate growth of 11.3%. Bank's total deposit reaches 33,079 crore including 15,752 crore of low cost fund in 2019;
- Total loans & advance increased to BDT 32,273 crore in 2019 from BDT 29,467 crore with 9.5%t growth. In 2019 corporate loan exposure was BDT 21,110 crore while Retail & SME loan exposures were BDT 2,100 crore and BDT 9,063 crore respectively;
- Bank's operating profit increased to BDT 828 crore from 739 crore of the previous year representing a growth of 12%;
- Earnings Per Share (EPS) was 2.39 in 2019;
- UCB played an important role in local and international trade business. Total export and import businesses of the Bank for the year 2019 were USD 2,979 million and USD 2,900 million respectively;
- Wage earners remittance jumped to USD 351 million in 2019 from 61 million in 2018 and Bank is focusing more on remittance business to become a hub within upcoming years;
- As a consequence of the above, fee-based income of the Bank stood at BDT 492 crore in 2019 from BDT 448 crore in 2018. This position was achieved through promoting and effectively expanding the RMG business of the Bank; all front-ranking large RMG groups in the country are now banking with us with full confidence;
- We operated through a network of 195 Branches and 523 ATM/CRM Booths along with 123 agent banking outlets in 2019 devoted for customer services across the country;

Environmental, social and governance (ESG) have significant relevance with sustainable growth and become essential theme when considering long term management into the future. Our Bank is working to set a framework for measuring economic performance of a company in relation to environmental, social and corporate governance indicators. Our desire is to inculcate the sense of ESG in the values of our stakeholders so these may become common objectives to achieve sustainable, long-term growth and prosperity.

Human Resources form our team of human capital. The energy of each & every employee is absolutely essential for our organization. We are designing our strategies and equipping our employees to enable our employees to perform in full capacities. The more capable they become, the more we can do for our clients and communities. We are also focusing on a balance relation between Head Office and Branches to carry out unified business management while also combining individual strengths.

At the same time, we are focused on strengthening our communities, because responsible growth needs to be both shared and sustainable. In 2019 UCB contributed an amount of BDT 20.26 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 customers 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 customers and uphold the interest of our shareholders. I have the confidence that we will again overcome all challenges caused by current COVID 19 epidemic including health hazard and economic downtrend. Team UCB will strives utmost effort to achieve its aspirations and missions as it strides toward the future.

Mohammed Shawkat Jamil

Managing Director & CEO

DIRECTORS' REPORT

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 2019 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 guidelines, 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 growth the year 2019 recorded its weakest pace since the global financial crisis a decade ago, reflecting common influences across countries and country-specific factors. Rising trade barriers and associated uncertainty weighed on business sentiment and activity globally. In some cases (advanced economies and China), these developments magnified cyclical and structural slowdowns already under way. With the economic environment becoming more uncertain, firms turned cautious on long-range spending and global purchases of machinery and equipment decelerated. Household demand for durable goods also weakened, although there was a pick up in the second quarter of 2019.

The COVID-19 pandemic is inflicting high and rising human costs worldwide, and the necessary protection measures are severely impacting economic activity. As a result of the pandemic, the global economy is projected to contract sharply by -4.9 percent in 2020, much worse than during the 2008-09 financial crisis. In a baseline scenario-which assumes that the pandemic fades in the second half of 2020 and containment efforts can be gradually unwound—the global economy is projected to grow by 5.4 percent in 2021 as economic activity normalizes, helped by policy support. The risks for even more severe outcomes, however, are substantial. Effective policies are essential to forestall the possibility of worse outcomes, and the necessary measures to reduce contagion and protect lives are an important investment in long-term human and economic health. Because the economic fallout is

acute in specific sectors, policymakers will need to implement substantial targeted fiscal, monetary, and financial market measures to support affected households and businesses domestically. And internationally, strong multilateral cooperation is essential to overcome the effects of the pandemic, including to help financially constrained countries facing twin health and funding shocks, and for channeling aid to countries with weak health care systems

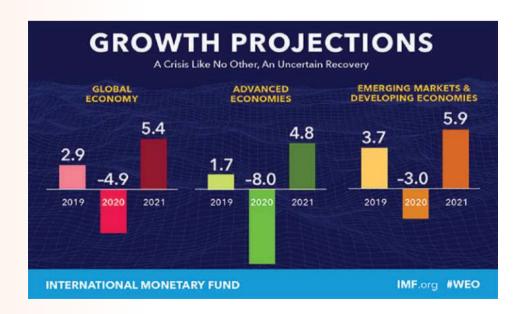
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	Estimate		Projection	
	2018	2019	2020	2021
World Output	3.7	2.9	-4.9	5.4
Advanced Economies	2.3	1.7	-8.0	4.8
United States	2.9	1.3	-10.2	6.0
Euro Area	1.8	1.2	-7.5	4.7
Japan	0.9	0.7	-5.8	2.4
United Kingdom	1.4	1.4	-10.2	6.3
Canada	2.1	1.7	-8.4	4.9
Other Advanced Economies	2.8	1.7	-4.8	4.2
Emerging market and Developing Economies	4.6	3.7	-3.0	5.9
Russia	1.7	1.3	-6.6	4.1
China	6.6	6.1	1.0	8.2
India	7.3	4.2	-4.5	6.0
ASEAN-5	5.2	4.9	-2.0	6.2
Emerging and Developing Europe	3.8	2.1	-5.8	4.3
Latin America and the Caribbean	1.1	0.1	-9.4	3.7

Source: IMF, World Economic Outlook Update, June 2020

Advanced Economies

More than a decade after the global financial crisis, the world is struggling with the health and economic effects of a profound new crisis caused by the COVID-19 pandemic. Advanced economies entered this crisis with interest rates at historical lows and public debts, on average, higher than they had been over the past 60 years. They will come out from the crisis with even higher public debts. With interest rates at or near zero in advanced economies, the scope for further conventional rate cuts is limited. But central banks may still use unconventional monetary policy tools more intensively—like large-scale asset purchases—to deliver additional support, as they have recently in response to the pandemic. However, relying on monetary policy alone to respond to shocks might not be enough and also raises questions about side effects on future financial stability and threats to central bank independence.



Emerging Market and Developing Economies (EMDEs)

The COVID-19 pandemic is impacting emerging markets through an unprecedented combination of domestic and external shocks. Among the latter, the pandemic has led to a sharp increase in global risk aversion and an abrupt retrenchment in foreign capital flows. Based on historical experience, these types of global financial shocks can significantly affect macroeconomic conditions in emerging markets, even if the exchange rate is flexible. These negative effects become less pronounced in countries with tighter levels of macro prudential regulation. In fact, if the level of regulation is sufficiently stringent, global financial shocks do not seem to have a significant impact on GDP growth in emerging markets.

Bangladesh Economy

At a time when the global economic outlook is challenging, and growth is expected to moderate across most of developing Asia at 5.7 percent in 2019 and 5.6 percent in 2020, Bangladesh will continue to be the fastest growing economy in the Asia-Pacific region.

According to the Bangladesh Bureau of Statistics (BBS), gross domestic product (GDP) of Bangladesh grew by 8.15 percent during FY19, compared to 7.9 percent in FY18. The services sector accounts for the largest share of GDP, although the share is gradually diminishing. In FY19, 51.4 percent of GDP came from this sector which was 52.1 percent in FY18.

Industry sector contributed 35.0 percent of GDP, and grew by 12.7 percent in FY19, up from 12.1 percent in FY18. This growth was supported by strong growth of manufacturing and electricity, gas and water supply sub-sectors.

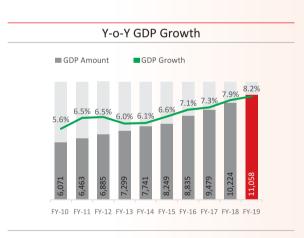
Agriculture sector contributed 13.6 percent of GDP in FY19 and growth of this sector moderated from a high base of 4.2 percent in FY18 to 3.9 percent in FY19. This growth was mainly supported by the growth of fishing, forest related services and animal farming sub-sector.

Macroeconomic Trends:

GDP Growth

Robust growth momentum continues in the Bangladesh economy amid tepid global growth environment, with 8.15 percent real GDP growth published by Bangladesh Bureau of Statistics (BBS) for FY19 against growth projection averaging 3.9 percent for 2019 in emerging market and developing economies.

The economy will likely contract sharply. Since 26 March 2020, Bangladesh has been under lockdown to curb the spread of Covid-19, curtailing all but essential economic activity. Economic growth is currently seen recovering in FY 2021, which starts in July, likely due to expectations of eased lockdown measures in Bangladesh and abroad leading to a gradual normalization of activity. However, the clear downside risk is longer-than-expected lockdowns.



Inflation

The twelve-month average inflation in Bangladesh has been showing an increasing trend in the last half of the 2019. Inflation which was 5.51 percent in January 2019 and increased to 5.59 percent in December 2019.

CPI inflation edged down to 5.5 percent in June 2019 with low volatility, well below the targeted ceiling of 5.6 percent mainly supported by a good crop harvest and lower global food prices. After June 2019, inflation rate was increased to 5.59 percent from 5.48 percent.

Rate of Inflation (%) 5.83 5.82 5.82 5.80 5.78 5.78 5.76 5.74 5.68 5.63 5.58 5.59 5.56 5.54 5.51 5.50 5.49 5.49 5.48 5.48 5.48 5.48 5.48 5.47 Jan Feb Mar Apr May Jul Sep Oct Nov Dec lun Aug 2018 — 2019

Imports

Imports grew at a rate of 1.8 percent in FY19 compared with the 25.2 percent growth in FY18. Import payments as percentage of GDP decreased to 19.4 percent in FY19 from 21.5 in FY18. Import payments for oil seeds, clinker, fertilizer, POL, spices, crude petroleum, milk and cream, dyeing and tanning materials, plastic and rubber articles thereof, iron, steel and other base metals, pulses, textile and textile articles thereof, and staple fiber rose in FY19 compared to FY18 while those for food grains specially rice, sugar, edible oil, raw cotton and pharmaceutical products declined during the same period.

During the same period the total import payments increased to USD 59,914.7 million from USD 58,865.3 million in FY18.

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

In FY19, export grew faster than import. Export grew by 10.1 percent while growth of import was 1.8 percent. Exports stood at USD 39,945.0 million in FY19 which was USD 36,285.0 million in FY18. The services and income account along with primary and secondary income registered a surplus of USD 10,240.0 million.

Among the major export items, petroleum bi-products, chemical products, agricultural products, specialised textiles, cotton and cotton products, plastic products, woven garments, knitwear, and footwear products experienced a higher growth in FY19, while raw jute, leather and leather products, jute goods, engineering products, home textile, and frozen food experienced a negative growth leading to slow down of the pace of export performance.

Foreign Exchange Reserve

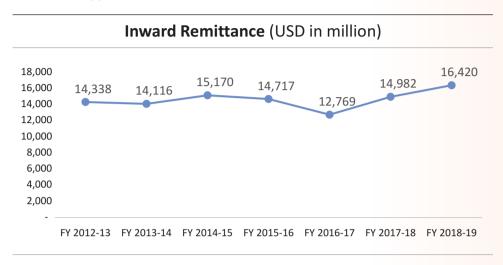
Gross international foreign exchange reserves stood at USD 32,689 million at the end of December 2019 representing around 6.3 months of prospective import coverage supported by a remarkable surplus in financial account and significant amount of inflows of remittances.

Foreign exchange reserve increased by USD 1.41 billion at the end of 2019. In FY19, exchange rate depreciated by 2.3 percent compared to 3.6 percent depreciation in FY18.

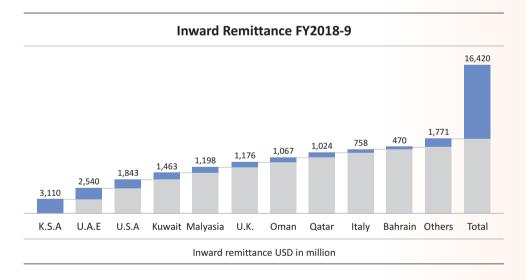


Remittances

Remittance inflows increased by 9.6 percent at the end of FY19 compared with the growth of 17.3 percent in FY18. Current account balance slightly improved to USD (-) 5,254.0 million in FY19 from USD (-) 9,567.0 million in FY18. The capital and financial account surplus reached to USD 5,861.0 million in FY19 from USD 9,342.0 million in FY18. The overall balance of payments surplus turned into USD 12.0 million, which was USD (-) 857.0 million in FY18.



Remittance inflow increased significantly in FY 2019 from major contributing countries like K.S.A., U.A.E., Kuwait and Malaysia. From these four countries remittance increased by USD 518 million, USD 110 million, USD 263 million, and USD 91 million respectively which contributed 51 percent of total remittance in FY2019.



Per Capita Income

GDP per capita of Bangladesh grew at a CAGR of 10.2 percent during 2011-18, highest among the neighbouring countries such as India, Pakistan, Sri Lanka, Vietnam, and China. This implies that living standard of Bangladesh has been growing faster than that of neighbours. World Bank Forecasts GDP growth of Bangladesh to be 1.6 percent in FY20 while Asian Development Bank forecasts the GDP growth to be 4.5 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 five years. Although its economy has remained stuck in the mostly unfree category, its GDP growth during the same period has been robust. A welcoming attitude toward foreign investment and restraint on the growth of government may partially explain the discrepancy.

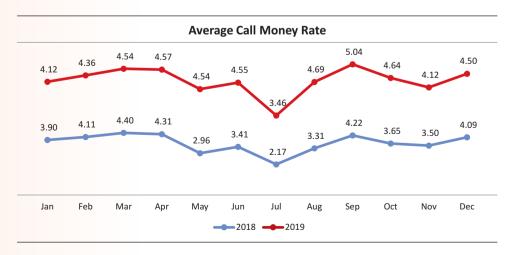
The economy will likely contract sharply by the impact of Covid-19. Since 26 March 2020, Bangladesh has been under lockdown to curb the spread of Covid-19, curtailing all but essential economic activity. To help struggling consumers and businesses, the government has expanded social security protections and support for business loans. The government is also in talks with the IMF over financial support, after borrowing USD 100 million from the World Bank in April 2020.

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 60 scheduled banks in Bangladesh which are controlled a supervised by Bangladesh Bank. There are 6 State Owned Commercial Banks (SOCBs), 3 Specialized Banks, 34 Conventional Private Commercial Banks, 8 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.

After a rally of growth over the past few years, the banking sector of Bangladesh has passed the FY19 as a period of internal consolidation to sustain the achievements. Bangladesh Bank (BB) has also amended and adopted some prudential policies and regulatory measures to help the banking sector in its quest to attain sustainability. The major prudential policies and regulatory measures taken, but not limited to, were as follows: adaptation of Guidelines for Internal Credit Risk Rating System, re-fixation of educational qualification of CEO, policy for Off-shore banking operation of banks, policy for investment in long term infrastructure projects and policy for investment in non-listed securities by banks, amendments of loan/investment write-off policy, loan classification and provisioning policy, policy to provide incentive to good borrowers, Risk Management Guidelines for Banks and regulation regarding investment in capital market by banks.

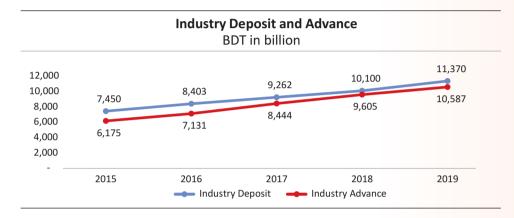
It is expected that amendments and adaptation of these policies and regulatory measures will help to overcome the limitations and enhance the strive towards the stability of the banking sector. The performance of the Risk Management Committee at the board level of banks is being evaluated regularly by BB. As a part of supervisory activities, regular and special on-site inspections have been conducted throughout the year. Moreover, special monitoring has been conducted by BB to oversee the liquidity level of the banking sector which results in a sufficient level of aggregate excess liquidity at the end of the FY19. Besides, as a part of continual effort, steps have been taken to reduce the overall NPL of the sector. At the end of the FY19, the overall Capital to Risk Weighted Asset Ratio (CRAR) stood at satisfactory level which indicates a more resilient banking sector.



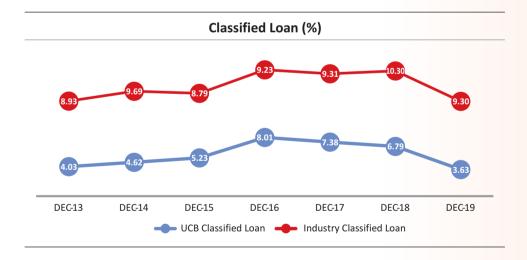
During the year 2019, the call money rate has upward trend from 4.12 percent in January 2019 to 4.50 percent in December of the same year.

Banking industry has disbursed loans which were significantly higher than its deposit mobilization. Total deposits in banking industry increased to BDT 11,370 billion in December 2019 as against BDT 10,100 billion in December 2018 representing a growth of 12.57 percent. On the other hand, total bank's advance increased to BDT 10,587 billion in 2019 from BDT 9,605 billion in 2018 registering 10.22 percent growth.

	2015	2016	2017	2018	2019	Growth (%) 2016 vs 2017	Growth (%) 2018 vs 2019
Industry Deposit	7,450	8,403	9,262	10,100	11,370	10.22	12.57
Industry Advance	6,175	7,131	8,444	9,605	10,587	18.41	10.22



Gross non- performing loan has decreasing trend ended with 9.3 percent in December 2019 from 10.3 percent in December 2018. Aline with Private Commercial Banks, UCB's NPL has reduced from 6.79 percent to 3.63 percent in 2019.



Risk and Concerns for the Banking Industry

Although the year 2019 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 2019 (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

The capital market passed yet another gloomy year as the core index of the Dhaka Stock Exchange (DSE) lost 18.5 percent year-on-year in 2019, after hitting a 42-month low. After the stock market crash in 2010-2011, the government came up with some instant market supportive measures. The index was hovering between 4,390 and 5, 950 points during the year. The index reached highest at 5,950 on January 24 while dipping to 42-month low to 4,390 on December 24 amid lack of institutional investor participation.

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.

ECONOMY AT A GLANCE

Bangladesh has achieved stable rating by Moody's (Ba3) and S&P (BB-) for the 10 consecutive year. GDP growth was

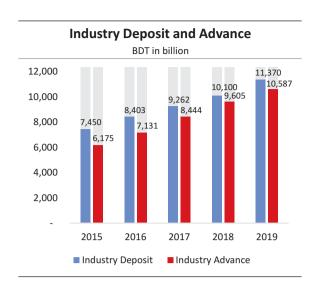
8.16%

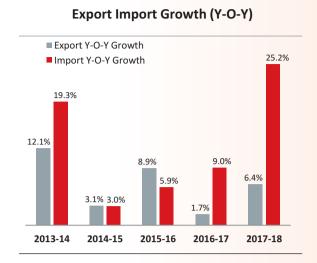
in FY 2019

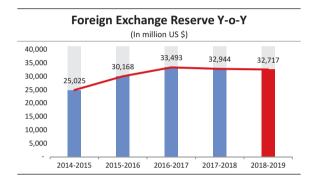
Average Inflation

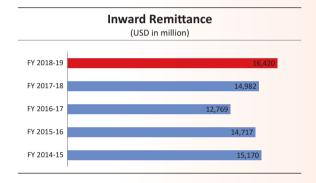
5.59%

in December 2019



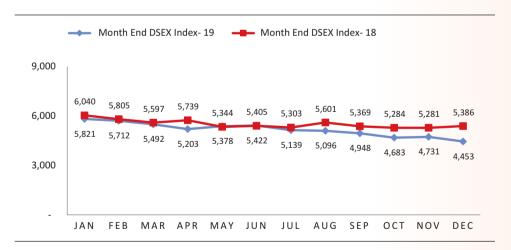






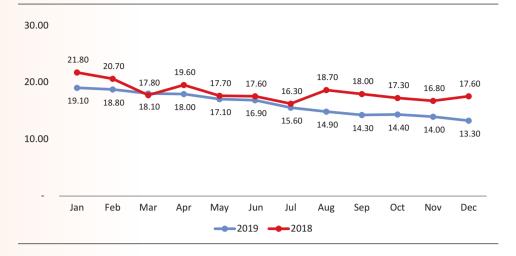
Month End DSEX Index

The DSEX index has sharply decreased to 4,453 at the end of December 2019 which was 5,386 in December 2018. The market capitalization significantly decreased by 12 percent in 2019. In December 2019 market capitalization was BDT 3,396 billion against BDT 3,2873 billion in December 2018.



UCB Share Price (month on month)

Although the Profit after Tax and EPS of UCB both have increased by 17 percent but share price of UCB has also declined during the year 2019 due to market movement. It was BDT 13.30 at the end of December 2019 whereas it was 17.60 in December 2018.



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 2019 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 (DSE) in the year 1986 and with the Chittagong Stock Exchange (CSE) in the year 1995. The bank obtained license to open offshore banking unit on 9 June 2010. As on 31 December 2019, the bank feels proud of having 195 branches and 521 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.

✓ 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.

✓ 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.

✓ Remittance activities:

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

✓ Guarantee activities:

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

✓ 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.

√ Mobile Financial Services; UCash

With the view to bring the unbanked people to the banking facilities UCB started full-fledged operation of Mobile Banking Services under the brand name "UCash" in the year 2013. Presently, the Bank has substantial market share in Mobile Banking Services of Bangladesh which is growing further over the time. Bank has dedicated agents for providing the Mobile Banking Services countrywide.

Corporate Structure

The bank consists of three subsidiaries; UCB 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.

Subsidiary & Associates:

UCB has three subsidiaries as on the date of reporting; UCB Capital Management Limited, UCB Investment Limited and UCB Asset Management Limited as described below:

UCB Capital Management Limited

UCB Capital Management Limited (UCB Capital) is one of the major subsidiary companies of the Bank. UCB Capital is a modern, professional and prominent securities brokerage house in Bangladesh Capital Market. TREC holders with both Dhaka Stock Exchange (DSE TREC No. 181) and Chittagong Stock Exchange (CSE TREC No. 015), UCB Capital is currently the fastest growing stock broker and dealer in the country. UCB Capital started commercial operation in 2013. Despite a late start, UCB Capital has established a sizeable customer base and a solid reputation within the industry. As a full-service brokerage house, UCB Capital offers a full range of professional stock brokerage services for the institutional and individual investors (including NRBs) in Bangladesh as well as foreign institutions and individuals. It has a branch network covering Dhaka and Chittagong, the two largest cities in Bangladesh.

UCB Investment Limited

UCB Investment Limited, another subsidiary of United Commercial Bank Limited was incorporated in Bangladesh as a private limited company with limited liability as on 3 August of 2011 under Companies Act 1994. The principal objective of the company is to carry out full-fledged merchant banking activities in Bangladesh i.e. portfolio management, share transfer agent, fund management to issue in the capital and security market, underwrite, manage and distribute the issue of stock shares, bonds and other securities, credit syndication. To commence its operation, the company has already applied for the license to Bangladesh Securities and Exchange commission which is under consideration of BSEC.

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, invests 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.

Off-shore Banking Unit

Offshore 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.

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 1987, Dhaka and Chittagong Stock Exchange's listing regulations and other laws and rules applicable in Bangladesh.

The financial statements of 2019 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 2019.

Maintaining Proper Books of Account

UCB maintained proper books of account for its financial transactions occurred during 2019. 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.

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.

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.

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.

A separate report on internal control and compliance is enclosed with the annual report.

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 2019. 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 (amended) Act 2013, 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. He is a prominent and professional banker with 36 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	
Mohammed Shawkat Jamil	20 June 1983
Additional Managing Director	
Arif Quadri	13 October 2015
Mohammad Mamdudur Rashid	01 March 2018
Syed Faridul Islam	17 May 2019
Deputy Managing Director	
Md. Sohrab Mustafa	01 June 2010
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	17 May 2019

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 2015 total assets of the Bank was BDT 293,847.23 million whereas at the end of 2019 it stood at BDT 446,760.12 million recording a growth of more than 50 percent. During last five year deposits grew by 50 percent and loans & advances of the Bank grew by 63 percent.

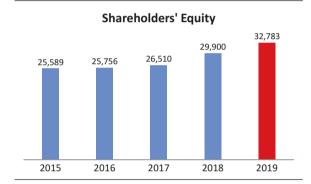
Balance Sheet	Change	Change					
	(%)	(Taka)	2019	2018	2017	2016	2015
Authorized Capital	0.00%	0.00	15,000.00	15,000.00	15,000.00	15,000.00	15,000.00
Paid up Capital	10.01%	1,055.13	11,595.44	10,540.31	10,541.31	10,541.31	10,039.34
Shareholders' Equity	9.64%	2,882.77	32,783.02	29,900.25	26,510.26	25,756.32	25,588.82
Borrowing	-8.46%	-3,782.93	40,911.33	44,694.26	33,846.39	25,565.10	10,705.57
Deposits	11.31%	33,613.85	330,786.67	297,172.82	278,195.49	257,704.30	220,866.48
Loans and advances	9.52%	28,056.20	322,728.14	294,671.94	261,002.88	223,697.18	197,413.64
Investments	13.71%	6,970.13	57,800.97	50,830.84	42,911.75	55,475.64	44,345.73
Fixed Assets	59.61%	5,398.53	14,454.64	9,056.11	8,344.10	8,380.18	8,586.73
Off-Balance Sheet Exposure	1.04%	1,891.27	183,957.88	182,066.61	197,973.80	171,169.75	150,713.79
Total Assets	10.93%	44,011.02	446,760.12	402,749.10	363,314.80	329,720.78	293,847.23
Total Liabilities	11.03%	41,128.25	413,977.10	372,848.85	336,804.54	303,964.46	268,258.41

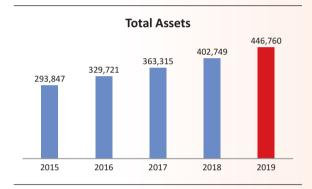
In line with the increased volume of the business, the Net Profit after tax of the Bank has also increased. In 2015, NPAT of the bank was BDT 3,977.34 million whereas it was BDT 2,772.04 million at the end of 2019 recording de-growth of 30 percent whereas Bank's gross profit increased by 33 percent during last five years of time.

Results of Operation	Change (%)	Change (Taka)	2019	2018	2017	2016	2015
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

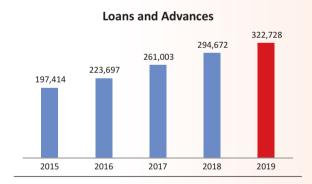
However, details of operating and financial data of UCB in last five years are shown separately in financial summary of annual report with charts and graphical presentation.

Key Performance Ratio	2019	2018	2017	2016	2015
Cost-Income Ratio	60.02	59.60	54.26	53.57	45.96
Return on Assets	0.65	0.62	0.70	0.84	1.42
Return on Equity	8.94	9.45	9.31	10.24	16.54
Cost of Fund	8.57	7.58	6.79	7.60	9.18
Yield on Advance	9.78	8.62	8.53	9.71	11.75
Spread	1.21	1.04	1.74	2.11	2.57
Earnings per share (basic)	2.39	2.04	2.31	2.49	3.96
Earnings per share (restated)	2.39	2.04	2.31	2.49	3.96
Dividend (percent)	5 C, 5 B	10 B	10 C	15 C	20 C, 5 B
Net asset value per Share	28.27	25.79	25.15	24.43	25.49
Price earnings Ratio (Times)	5.56	8.61	10.22	8.55	5.38
Dividend cover ratio (percent)	2.39	2.25	2.31	1.66	1.58
Dividend Yield (percent)	7.52	5.68	4.24	7.04	11.74
* C = Cash. B = Bonus					



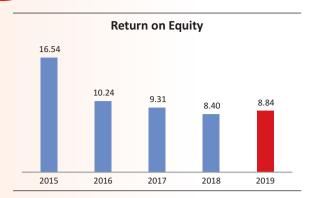


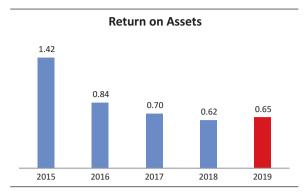












Significant Deviations from Operating Results of Last Year

Bank's operating performance was comparatively better in the year 2019 mainly increase of fees, commission and other income. During the 2019, yield on advance and cost of fund were 9.78 percent and 8.58 percent respectively, which represents spread 1.20 percent. On the other hand, during the year 2018, yield on advance and cost of fund were 8.62 percent and 7.58 percent respectively, which represents spread 1.04. Except the above deviation, the indicators are uptrend during the year 2019 in almost all key areas of business. Significant deviations in key operating lines are described as follows:

Operating revenue: Bank's operating revenue (net interest income plus non-interest income) increased by BDT 2,416.38 million from BDT 18,292.52 million in 2018 to BDT 20,708.89 million in 2019.

Profit from operation: Operating profit has increased by 12.02 percent. It was BDT 8,278.68 million in 2019 and BDT 7,390.25 million in 2018.

Net profit after tax: During the year 2019, net performance line has increased by BDT 403.09 million. During the year 2019 net profit after tax was BDT 2,772.04 million, it was BDT 2,368.95 million during the year 2018.

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.

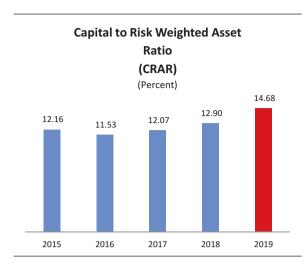
Risk Based Capital Framework

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	2019	2018
Tier I Capital	27,254.27	25,012.30
Tier II Capital	18,981.88	17,938.31
Total Regulatory Capital	46,236.15	42,950.61
Risk Weighted Assets	314,868.22	332,831.86
Capital to Risk Weighted Asset Ratio (CRAR) (%)	14.68	12.90



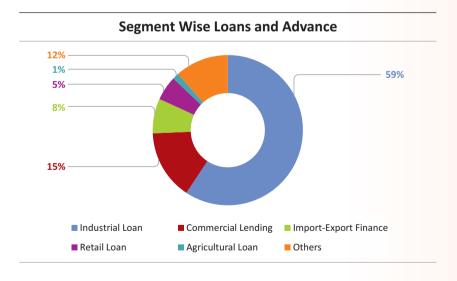
UCB has strong Common Equity (Tier-1 Capital) base of BDT 27,254.26 million which was 8.65 percent of risk weighted assets as on December 31, 2019. Bank's Tier-2 Capital was BDT 18,981.88 million at the end of 2019, which was 6.03 percent of risk weighted assets. Against the minimum requirement of 10 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 2019. Thus Bank's minimum plus buffer requirement was 12.50 percent in 2019 which was deliberately maintained by the Bank. (BDT in Million)

Segment Business Analysis

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

Among total asset of BDT 446,760.12 million of United Commercial Bank Limited, loans and advances was BDT 322,728.14 million which was 72.24 percent of total assets. Below table shows the distribution of loans and advances at different segments.

Particulars	Dec 31 2019	Dec 31 2018	Change	Growth (%)
Industrial Loan	191,350.67	139,865.42	51,485.25	36.81%
Commercial Lending	48,558.32	51,195.46	-2,637.14	-5.15%
Import-Export Finance	24,097.98	21,507.49	2,590.49	12.04%
Retail Loan	17,029.57	20,040.00	-3,010.43	-15.02%
Agricultural Loan	4,407.62	3,899.70	507.92	13.02%
Others	37,283.99	58,163.85	-20,879.86	-35.90%
TOTAL	322,728.14	294,671.92	28,056.22	9.52%

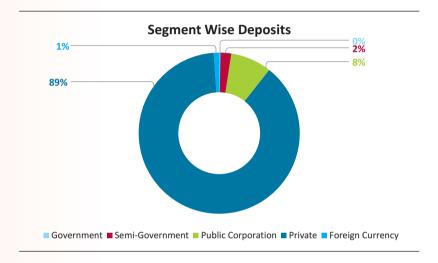


Among loans and advances, 59 percent was distributed in industrial area followed by 15 percent in commercial area. Others area of distribution of loans and advances were import-export, retail, agriculture and others where were 8 percent, 5 percent, 1 percent and 12 percent respectively. Among the above 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 413,977.10 million, 79.90 percent liabilities were in form of deposits which were BDT 330,786.67 million. Below table shows segment wise distribution of deposit of the bank as on December 31, 2019.

Particulars	Dec 31 2019	Dec 31 2018	Change	Growth (%)
Government	979.01	927.62	51.39	5.54%
Semi-Government	6,993.93	5,514.33	1,479.60	26.83%
Public Corporation	26,650.32	36,486.38	-9,836.07	-26.96%
Private	293,194.42	250,394.78	42,799.64	17.09%
Foreign Currency	2,968.99	3,849.71	-880.72	-22.88%
TOTAL	330,786.67	297,172.82	33,613.85	11.31%



At the end of 2019, total deposits of the bank stood BDT 330,786.67 million against BDT 297,172.82 million in 2018 registering a growth of 11.31 percent. The bank mostly concentrated to private deposit which was BDT 293,194.42 million at the end of 2019 against BDT 250,394.78 at the end of 2018. Others area of concentration of deposit were public corporation, semi-government, government which were 8.06 percent, 2.11 percent and 0.30 percent of total deposit.

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 1,600 million in 2019. Though raising fund from external sources is a short term and more costly 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.

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, 2019. The rating report is summarized as under;

Particulars	Long Term	Short Term					
Entity Rating	AA	ST-2					
Date of Rating	May 07	May 07, 2020					
Based on Financial Statement	December	31, 2019					
Validity Date	May 06	, 2021					

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 FY2014 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 posses 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 2019 upto the date of approval of financial statements by the Board of Directors of the Bank that has significantly affected or may significantly affect the operations of the Bank, the results of its operations or its state of affairs. However, following events should be considered.

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

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

At 450th Meeting of the Board of Directors held on 28.06.2020 recommended Stock dividend 5 percent and Cash dividend 5 percent for the year 2019 subject to approval of the shareholders in the ensuing Annual General Meeting of the Bank to be held on September 3, 2020.

Corporate Social Sesponsibility

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 SEC's Notification

In exercise of the power conferred by section 2CC of the Securities and Exchange Ordinance, 1969 (XVII of 1969), Bangladesh Securities and Exchange Commission (BSEC) issued notification no. SEC/CMRRCD/2006-158/207/Admin/80 dated June 3, 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/2006-158/207/Admin/80 dated June 3, 2018) on corporate governance. Moreover, as per requirement of Bangladesh Securities & Exchange Commission, a certificate from a professional Chartered Accountants 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 2019, the bank has provided (provision for tax expense) an amount of BDT 2,160.05 million as tax expense as against BDT 2,538.81 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 2019 the size of total credit exposure of UCB with 80,225 no. of clients was BDT 322,728.14 million (2018: 73,152 no. of clients, BDT 294,671.94 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 and its subsidiary employed as many as 4,988 employees as on 31 December 2019 (2018: 4,982). Significant amount of bank's earnings and expended for salary and employee benefits. During the year 2019, UCB paid total BDT 7,142.81 million for salary and employee benefits. UCB has also has provident fund and gratuity fund as a tool to reward 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 2019 the bank expended around BDT 48.57 million for donation and sponsorship.

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 2019 total 14 no. of Board of Director's meeting, 11 no. of Executive Committee meeting, 08 no. of Audit Committee meeting and 04 no. of Risk Management Committee meeting were held. The status of the member along with the attendance is mentioned below:

Members Presence in the Meetings of the Board of Directors during 2019

SI No	Name	Designation	Total Meeting	Total Meetings held during their tenure	Attended	Absent	Remarks
1	Rukhmila Zaman	Chairman	14	14	12	2	
2	Bazal Ahmed	Vice Chairman	14	14	14	0	
3	Anisuzzaman Chowdhury	Chairman - Executive Committee	14	14	8	6	

SI No	Name	Designation	Total Meeting	Total Meetings held during their tenure	Attended	Absent	Remarks
4	Akhter Matin Chaudhury FCA (E&W), FCA, FCS	Independent Director & Chairman- Audit Committee	14	14	11	3	
5	M. A. Sabur	Chairman - Risk Management Committee	14	14	10	4	
6	Hajee Yunus Ahmed	Director	14	14	9	5	
7	Hajee M. A. Kalam	Director	14	14	9	5	
8	Nurul Islam Chowdhury	Director	14	14	14	0	
9	Asifuzzaman Chowdhury	Director	14	14	7	7	
10	Syed Mohammed Nuruddin	Director	14	13	8	5	
11	Roxana Zaman	Director	14	14	12	2	
12	Bashir Ahmed	Director	14	14	12	2	
13	Afroza Zaman	Director	14	14	10	4	
14	Syed Kamruzzaman, FCMA	Director	14	14	13	1	
15	Farid Uddin Ahmed	Director	14	14	13	1	
16	Muhammed Shah Alam, FCMA	Director	14	14	14	0	
17	Prof. Dr. Md. Jonaid Shafiq	Director	14	9	9	0	
18	Dr. Aparup Chowdhury	Independent Director	14	5	5	0	
19	Touhid Shipar Rafiquzzaman	Independent Director	14	0	0	0	He was appointed on 31st December 2019
20	Mohammed Shawkat Jamil	Managing Director	14	14	14	0	

Past Members Attendance Details

SI No	Composition	Total Meeting Held	Total Meeting held during their tenure	Total Attended	Total Absent	Remarks
1	Md. Tanvir Khan	14	7	7	0	
2	Dr. Salim Mahmud	14	5	5	0	

^{**} 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 2019

SI No	Composition	Position	Total Meeting held	Total Meeting held during their tenure	Attended	Absent	Remarks
1	Anisuzzaman Chowdhury	Chairman	11	11	7	4	
2	Bazal Ahmed	Member	11	11	11	0	
3	M. A. Sabur	Member	11	11	6	5	
4	Hajee Yunus Ahmed	Member	11	11	7	4	
5	Nurul Islam Chowdhury	Member	11	11	11	0	
6	Asifuzzaman Chowdhury	Member	11	11	5	6	
7	Bashir Ahmed	Member	11	5	3	2	

Past Members Attendance Details

SI No	Composition	Position	Total Meeting held	Total Meeting held during their tenure	Attended	Absent	Remarks
1	Md. Tanvir Khan	Member	11	6	6	0	

 $[\]ensuremath{^{**}}$ 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 2019

SI No	Name of the Members	Status with the Board	Total Audit Meeting held during the year	Total Meeting held during their tenure	Attended	Absent	Remarks
1	Akhter Matin Chaudhury FCA (E&W), FCA, FCS	Chairman	8	8	8	0	
2	Syed Mohammed Nuruddin	Member	8	8	4	4	
3	Syed Kamruzzaman, FCMA	Member	8	8	7	1	
4	Muhammed Shah Alam, FCMA	Member	8	8	8	0	

Past Members Attendance Details

SI No	Composition	Position	Total Audit Meeting held during the year	Total Meeting held during their tenure	Total Attended	Absent	Remarks
1	Bashir Ahmed	Member	8	3	3	0	

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



Members Presence in the Risk Management Committee Meetings of the Board of **Directors during 2019**

SL No	Composition	Position	Total RMC Meeting held during the year	Total Meeting held during their tenure	Total Attended	Absent	Remarks
1	M. A. Sabur	Chairman	4	4	4	0	
2	Anisuzzaman Chowdhury	Member	4	4	1	3	
3	Roxana Zaman	Member	4	4	4	0	
4	Afroza Zaman	Member	4	3	3	0	
5	Farid Uddin Ahmed	Member	4	4	3	1	

Past Members Attendance Details

SI No	Composition	Position	Total Audit Meeting held during the year	Total Meeting held during their tenure	Total Attended	Absent	Remarks
1	Bazal Ahmed	Member	4	1	1	0	

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

Pattern of Shareholding

Fully paid up shares issued to	No of Shares	Amount in Taka	% of Shares
Sponsors/Directors	425317192	4253171920	36.67
Institution (Financial & Others)	234497882	2344978820	20.22
General Public	490323829	4903238290	42.30
Govt. of Peoples Republic of Bangladesh	9404816	94048160	0.81
Total	1159543719	11595437190	100

A) Share held by parent/subsidiary/associated companies

Name of the parent/subsidiary/associated companies	Status	Shareholding
UCB Capital Management Limited	Subsidiary	Nil
UCB Investment Limited	Subsidiary	Nil
UCB Asset Management Limited	Subsidiary	Nil

B) Shareholding of Directors, Chief Executive Officer, Chief Financial Officer and Head of Internal Audit and their Spouses and Minor Children

SI. No.	Name of Directors	Shares Held
i)	Directors	Total
	Rukhmila Zaman	23193841
	Bazal Ahmed	23238012
	Anisuzzaman Chowdhury	32451678
	Akhter Matin Chaudhury, FCA (E&W), FCA, FCS	0
	M.A. Sabur	25478942
	Hajee Yunus Ahmed	29141998
	Hajee M. A. Kalam	26658295
	Nurul Islam Chowdhury	23195560
	Asifuzzaman Chowdhury	32708759
	Syed Mohammed Nuruddin (Representative of Aromatic Properties Ltd.)	23200000
	Roxana Zaman (Representative of Volkart Trading Limited)	23210000
	Bashir Ahmed	23322494
	Afroza Zaman (Representative of Legendary Assets Management Limited)	23210000
	Syed Kamruzzaman, FCMA (Representative of Aramit Thai Aluminium Limited)	23772100
	Farid Uddin Ahmed (Representative of Nahar Metals Limited)	23191300
	Muhammed Shah Alam, FCMA (Representative of Ardent Asset Management Limited)	23210000
	Professor Dr. Jonaid Shafiq (Representative of Splendid Trading Limited)	23210000
	Dr. Aparup Chowdhury	0
	Touhid Shipar Rafiquzzaman	0
ii)	Mohammed Shawkat Jamil	0
iii)	ATM Tahmiduzzaman, FCS (SEVP & Company Secretary) and Spouse	0
iv)	Faruk Ahammad (SEVP and Chief Financial Officer) and Spouse	0
v)	Mohammed Khorshed Alam (SEVP and Head of Internal Audit) and Spouse	0

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

SI. No.	Name of Executives	Shares Held
1	Arif Qudri (Additional Managing Director) and Spouse	0
2	Mohammad Mamdudur Rashid (Additional Managing Director) and Spouse	0
3	Syed Faridul Islam (Additional Managing Director) and Spouse	0
4	Md. Sohrab Mustafa (Deputy Managing Director) and Spouse	0
5	Nabil Mustafizur Rahman (Deputy Managing Director) and Spouse	0
6	Abul Alam Ferdous (Deputy Managing Director) and Spouse	0
7	N. Mustafa Tarek (Deputy Managing Director) and Spouse	0
8	Md. Abdullah Al Mamoon (Deputy Managing Director) and Spouse	0
9	Mohammed Habibur Rahman (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 2019. However, there were some related party contacts and transactions wherein the Directors had interest. The Bank got Bangladesh Bank's approval to make related party contact. Details are as follows:

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

Nil

Shares issued to the Directors & the Executives without consideration or exercisable at discount

Nil

Related Party Transactions

SI. No.	Name of the Party	Relationship	Nature of Transaction
Nil			

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

Remuneration of Directors

At the end of 2019, 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, 2019, total honorarium was BDT. 2.3 million which was BDT. 3.00 Million in 2018.

Rotation of Directors

As per Section 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 Section 110 of the Bank they are eligible for /re-election/reappointment.

Resume of Re-appointed and Newly appointed Directors:

1

Name of the Director	Anisuzzaman Chowdhury
Status in the Board	Chairman, Executive Committee
Date of Birth	13.05.1972
Date of First Appointment	14.02.2012
Date of last Appointment	30.06.2019
Entities where they have interest	1. Ronny Chemical Industries Ltd.

2

Name of the Director	Hajee M. A. Kalam	
Status in the Board	Director	
Date of Birth	02.01.1946	
Date of First Appointment	29.06.1983	
Date of last Appointment	30.06.2019	
Entities where they have interest	1. M/s. M. A. Kalam Ltd. 2. M/s. United Overseas (BD) Ltd. 3. Arab Plantation Ltd.	
3		
Name of the Director	Asifuzzaman Chowdhury	
Status in the Board	Director	
Date of Birth	07.07.1978	
Date of First Appointment	11.11.2012	
Date of last Appointment	30.06.2019	
Entities where they have interest	1. Synthetic Regin Products (Pvt.) Ltd. 2. Ronny Chemical Industries Ltd.	
4		
Name of the Director	Bazal Ahmed	
Status in the Board	Director	
Date of Birth	12.04.1969	
Date of First Appointment	21.01.1989	
Date of last Appointment	30.06.2019	
Entities where they have interest	1. Taj Accessories (Pvt.) Ltd.	
	2. Saikat Textile Ind. Ltd.	
5		
Name of the Director	Professor Dr. Md. Jonaid Shafiq (Representative of Spelendid Trading Ltd.)	
Status in the Board	Director	
Date of Birth	13.12.1960	
Date of First Appointment	08/05/2019	
Date of last Appointment	30/06/2019	
Entities where they have interest	 Japan Bangladesh Friendship Hospital Japan Bangladesh Friendship Medical Services Ltd. Japan Bangladesh Medical Associates Ltd. Amda Agro Farm Ltd. Viston Electronics Ltd. Dhaka Specialist Pain Management and Research Center Ltd. Dhaka Evergreen Retirement Homes Ltd. 	

6

Name of the Directors	Syed Mohammed Nuruddin (Representative of Aromatic Properties Ltd.)
Status in the Board	Director
Date of Birth	15.03.1957
Date of First Appointment	29.06.2013
Date of last Appointment	30.06.2019
Entities where they have interest	 ACS Logistics Ltd. JV with ACS, UK Allport Cargo Services (ocean) Ltd. JV with ACS, UK Mariners Cargo Services Ltd. JV with ACS, UK Mariners Trading Corp. Ltd. Mariners (Bangladesh) Ltd. Sundaram Tiles Ltd. American Education Council Ltd

Name of the Director	Akhter Matin Chaudhury, FCA (E&W), FCA, FCS
Status in the Board	Independent Director
Date of Birth	02.02.1951
Date of First Appointment	23.08.2016
Date of last Appointment	23.08.2019
Entities where they have interest	-

Dr. Aparup Chowdhury
Independent Director
01.11.1959
19.08.2019
N/A
-

Name of the Director	Touhid Shipar Rafiquzzaman
Status in the Board	Independent Director
Date of Birth	23.07.1959
Date of First Appointment	31.12.2019
Date of last Appointment	N/A
Entities where they have interest	-

Appropriation of Profit and Dividend Recommendation

Taking into account the profit available for distribution after complying with regulatory requirement, the Board in its 450th meeting held on 28.06.2020 recommended 5 percent cash dividend and 5 percent stock dividend for the year ended on December 31, 2019 which is subject to approval of shareholders in the ensuing Annual General Meeting.

Proposed appropriations are as follows:

(BDT in million)

668.55

Particulars	2019	2018
Net profit after tax for the year	2,772.04	2,368.95
Retained earnings at the beginning	668.55	335.28
Transfer from General Reserve	-	-
Profit available for appropration	3,440.59	2,704.23
Proposed appropriations		
Transferred to statutory reserve	986.42	981.55
Proposed stock dividend	579.77	1,054.13
Proposed cash dividend	579.77	_

Auditors Report

Retained earnings

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 2019. 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.

1.294.63

Appointment of Auditors

MABS & J Partners Chartered Accountants was the auditor of the Bank for the year 2019. As 2020 is the second year of audit and eligible for reappointment for the year 2020.

Section 210 of the Companies Act, 1994 gives authority to the shareholders to fix the appointment of the auditor and its remuneration. Hence, the Board recommended to reappoint MABS & J Partners Chartered Accountants as the auditor of the Bank for the year 2020 at a remuneration of Tk. 10 lacs only (excluding VAT). However, such appointment will be subject to approval of the shareholders in the ensuing Annual General Meeting.

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, Market conditions for our industry are as challenging and volatile as we have seen in recent times. We have a strong capital position and we have accumulated a good size of quality portfolio and diversity in our revenue and earning streams.

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

Acknowledgement

The Bank closed the year 2019 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 the overall development.

I take this opportunity to thank my Board colleagues for their continued support and contributions in moving the Company to the right direction. I, of course, thank all the employees of the Bank 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 the growth of your bank. We also look forward to continued support from them.

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 2019 together with the auditors' report thereon for approval.

(On behalf of the Board of Directors.)

Rukhmila Zaman

Chairman

REPORT ON CORPORATE GOVERNANCE

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 Responsibility 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 the 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 2019, 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. Above all, an evaluation of the Board has been taken place through the Annual General Meeting (AGM) with the direct participation of the shareholders of the Bank.

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, and 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 conducts on-site inspection of Bank-branch and financing activities under the purview of the oversight responsibilities of the Board. She calls 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 takes 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; does 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 and who is not a shareholder, Director or officer of any stock exchange or an intermediary of the capital market. The Independent Director is appointed for a period of three years which may be extended by one term only. A person cannot be appointed Independent Director who has already been appointed such Director of five other listed companies. The Board ensures that all these guidelines are strictly followed by the Independent Directors appointed by them.

As per Bangladesh Bank's regulations, 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 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 Chairman needs to be 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 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 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 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) Without improving the bank's major economic indicator like- CAMELS annual salary increment will not be payable.
- d) 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 re-fixation of the salary considering the job performance of the incumbent chief executive.
- e) The Chief Executive so appointed shall not get any other direct or indirect facilities (e.g., dividend, commission, club expense, etc.) other than the salary-allowances and other facilities as enumerated in clause (b) above.
- f) 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 fit & proper criteria; 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 Security 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 & ga);
- 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 BCA, 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 BCA, 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 fit & proper criteria. 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 guidelines 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 nonexecutive 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. (Created)

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 of the Board of Directors. The Chairman of the Committees be elected 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 2013), 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

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

21. Director's 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) are being 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 Committee

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, Risk Management Unit, Investment Committee, Basel Implementation Committee and so on.

25.0 Board of Director's 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 by the Board.

26.0 Executive Committee

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 chaired by an Independent Director; the Company Secretary acts as the secretary of the Committee.

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

- 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 recordkeeping 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

As per 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 (DSE), Chittagong Stock

Exchange (CSE), RJSC&F, CDBL, 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. 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 2019:

- 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. A detail review of internal control system has been presented in "Directors' Report" of this Annual Report.

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.

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 Ethics. For more on Code of 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 three subsidiaries: (1) UCB Capital Management Limited and (2) UCB Investment Limited (3) UCB Asset Management 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 2019

(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 2019			
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 2019			
9.0	Withdrawal of Resolutions	Not required in the Year of 2019			
10.0	Rescinding of Resolutions	Not required in the Year of 2019			
11.0	Modifications to Resolutions	Not required in the Year of 2019			
12.0	Reading of Report/Certificate	Complied			
13.0	Distribution of Gifts	Complied			

14.0	Adjournment of Meetings	Not required in the Year of 2019	
15.0	Minutes	Complied	
16.0	Recording in the Minutes	Complied	
17.0	Preservation of Minutes and other Records	Complied	
18.0	Disclosure	Complied	
	(BSS-3)		
Particulars	Compliance Status		
1.0	Maintenance	Complied	
2.0	Contents	Complied	
3.0	Recording	Complied	
4.0	Alteration / Modification	Complied	
5.0	Finalisation & Signing	Complied	
6.0	Inspection	Complied	
7.0	Preservation	Complied	
	(BSS-4)		
Particulars	Compliance Status		
1.0	Declaration / Recommendation of Dividend	Complied	
2.0	Dividend Out of Profits	Complied	
3.0	Dividend Out of Reserves	Not required in the Year of 2019	
4.0	Entitlement to Dividend	Complied	
5.0	Payment of Dividend	Complied	
6.0	Unpaid / Unclaimed Dividend	Complied	

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 staff is encouraged and feels 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 affect 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 Statement of Compliance

Bangladesh Securities and Exchange Commission (BSEC) issued a Corporate Governance Guidelines (Notification no. EC/CMRRCD/2006-158/134/Admin/44 dated August 07, 2012) 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 D	irectors			
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);	N/A		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 /2019-3971 dated May 27, 2019.
	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;			
	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	√		

Condition No.	Title		Compliance Status (Put ✓ in the appropriate column)		Remarks (if any)
			Complied	Not Complied	
1	Board of Dire	ectors			
		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(2)(d)	The post of independent director(s) cannot remain vacant for more than 90 (ninety) days; and	√		No such vacancy occurred
	1(2)(e)	The tenure of office of an independent director shall be for a period of 3 (three)	√		

Condition No.	Title		Compliance Status (Put √ in the appropriate column)		Remarks (if any)
			Complied	Not Complied	
1	Board of Dir	ectors			
		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	qualification	ns	
	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	√		
		includes Managing Director (MD) or Chief Executive Officer (CEO), Additional or Deputy Managing Director (AMD or DMD), Chief 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 Dire	ectors			
	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	N/A		
	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.	N/A		
Duality of Chairperson of the Board of Directors and Managing Director or Chief Executive Officer	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	√		
	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.	√		
The Directors' Report to Shareholders	1(5) The Board of the company shall include the following additional statements of disclosures in the Directors' Report prepared under section 184 of the Companies Act, 1994 (Act No. XVIII of 1994):				

Condition No.	Title		Compliance Status (Put √ in the appropriate column)		Remarks (if any)
			Complied	Not Complied	
1	Board of Di	rectors			
	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);	N/A		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;	N/A		
	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.;	N/A		
	1(5)(ix)	An explanation on any significant variance that occurs between Quarterly Financial performances and Annual Financial Statements;	N/A		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 ✓	ce Status in the te column)	Remarks (if any)
			Complied	Not Complied	
1	Board of Dire	ectors			
	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;	√		No doubts upon UCBL's ability to continue as a going concern
	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;	N/A		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;	N/A		Not Applicable as dividend was 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;	N/A		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 shareholdin shares (along with name-wise details whe			ate number of
	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 v	nce Status in the te column)	Remarks (if any)
			Complied	Not Complied	
1	Board of Dire	ctors			
	1(5)(xxiii)	Shareholders holding ten percent (10%) (name-wise details);	or more vot	ing interest ir	n the company
	1(5)(xxiii)(d)	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.	N/A		No one has Ten percent (10%) or more voting interest
	1(5)(xxiv)	In case of the appointment or reappoin following information to the shareholders		lirector, a dis	closure 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 Analy detailed analysis of the company's pos discussion of changes in the financial stat	ition and op	erations alor	ng 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 ✓	nce Status in the te column)	Remarks (if any)
			Complied	Not Complied	
1	Board of Dire	ectors			
	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	√	Ay as of U(ur by Ba Ba let Bf 1): 35 Ma	Not Applicable as formation of NRC for UCBL is under review by the
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,			Bangladesh Bank vide letter no. BRPD (R- 1)717/ 2019- 3971 dated May 27, 2019.
		employees, customers and suppliers; and independency.			However, the Bank ha already adopted its own code o conduct for its Chairman BoD & Managing Director

2	Governa	Governance of Board of Directors of Subsidiary Company					
	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	✓				

Condition No.		Title		Compliance Status (Put √ in the appropriate column)	
			Complied	Not Complied	
2	Governa	nce of Board of Directors of Subsidiary Comp			
		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;	✓		
	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		Managing Director (MD) or Chief Executive Officer (CEO), Chief Financial Officer (CFO), Head of Internal Audit and Compliance (HIAC) and Company Secretary (CS)						
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).	N/A		No such incident occurred			
Requirement to attend	3(2)	The MD or CEO, CS, CFO and HIAC of the company shall attend the meetings of the Board:	✓					
Board of 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	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:	✓					
Officer (CEO) and Chief Financial Officer (CFO)		these statements do not contain any materially untrue statement or omit any material fact or contain statements that might be misleading; and						

Condition No.	Title		(Put ✓	nce Status in the te column)	Remarks (if any)
			Complied	Not Complied	_
3		Director (MD) or Chief Executive Officer (Cernal Audit and Compliance (HIAC) and Ce		inancial Offi	cer (CFO),
	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 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		irectors' Committee			
	4(i)	For ensuring good governance in the company, the Board shall have at least following sub-committees	√		
		Audit Committee			
	4(ii)	Nomination and Remuneration Committee	✓		
5	Audit Com	mittee			
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 Committee	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;	√		

Condition No.		Title		nce Status ⁄ in the ite column)	Remarks (if any)
			Complied	Not Complied	
5	Audit Com				
		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 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;	N/A		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 least1(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.			

Condition No.	Title		(Put ✓	ce Status in the te column)	Remarks (if any)
			Complied	Not Complied	
5	Audit Com	nittee			
Meeting of the Audit Committee	5(4)(a)	The Audit Committee shall conduct at least its four meetings in a financial year:	✓		
Committee		Provided that any emergency meeting in addition to regular meeting may be 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)(l)	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	(Put v	nce Status ⁄ in the te column)	Remarks (if any)	
			Complied	Not Complied	
5	Audit Commit	tee			
	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:	N/A		The Bank did not raise capital 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	N/A		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;	N/A		No such incident occurred
	5(6)(a)(ii)(c)	Suspected infringement of laws, regulatory compliances including securities related laws, rules and regulations; and	N/A		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	N/A		No such matters to report

Condition No.	Title		Compliance Status (Put ✓ in the appropriate column)		Remarks (if any)
			Complied	Not Complied	
5	Audit Committee				
Reporting to the Shareholders and General Investors	Audir made 5(6)(be si Audir	ort on activities carried out by the t Committee, including any report to the Board under condition No. (a)(ii) above during the year, shall igned by the Chairperson of the t Committee and disclosed in the al report of the issuer company.	V		

6	Nominatio	n 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 sub-committee of the Board	N/A	
	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;		Not
	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).		Applicate as formatic of NRC for UCBL is
Constitution of the NRC	6(2)(a)	The Committee shall comprise of at least three members including an independent director	N/A	under review b the
	6(2)(b)	All members of the Committee shall be non-executive directors;		Banglad h Bank vide lett
	6(2)(c)	Members of the Committee shall be nominated and appointed by the Board;		no. BRPD(R 1)717/20
	6(2)(d)	The Board shall have authority to remove and appoint any member of the Committee;		3971 dat May 27, 2019.
	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;		Howeve to comp the BSE Notifical n dated Feb, 202 the Bank has form
	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;		NRC in i 448th B Meeting
	6(2)(g)	The company secretary shall act as the secretary of the Committee;		

Condition No.	Title		(Put v	nce Status in the te column)	Remarks (if any)
			Complied	Not Complied	
6	Nomination a	nd Remuneration Committee (NRC)			
	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	N/A		
	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;			
	6(3)(c)	The Chairperson of the NRC shall attend the annual general meeting (AGM) to answer the queries of the shareholders:			
Meeting of the NRC	6(4)(a)	The NRC shall conduct at least one meeting in a financial year;	N/A		
	6(4)(b)	The Chairperson of the NRC may convene any emergency meeting upon request by any member of the NRC;			
	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			
Role of the NRC	6(5)(a)	NRC shall be independent and responsible or accountable to the Board and to the shareholders	N/A		
	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:			

Condition No.		Title		ice Status in the te column)	Remarks (if any)
			Complied	Not Complied	
6	Nomination a	nd Remuneration Committee (NRC)			
		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			
	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 St	atutory Auditors			
	7(1	The issuer company shall not engage its e the following services of the company, na		atutory audit	ors to perfor
	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;			

Condition No.	Title		(Put v	nce Status ⁄ in the te column)	Remarks (if any)
			Complied	Not Complied	
7	External or	Statutory Auditors			
	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.	✓		
3	Maintainine	g 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	Penorting	and Compliance of Corporate Governance			
3		•	√		
	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.	v		

Condition No.		Title		Compliance Status (Put ✓ in the appropriate column)	
			Complied	Not Complied	
9	Reporting	g and Compliance of Corporate Governance			
		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" means 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 2019. This Code relates to the Notification No. BSEC/CMRRCD/2006-1S8/207/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, 1 June 2020

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



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, 2019

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, 2019 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 concern 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, 2019 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.
- 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

Date: June 25, 2020

Mohammed Shawkat JamilManaging Director



CREDIT RATING

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 2019 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, 2021

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.



REPORT OF THE AUDIT COMMITTEE

Audit Committee of the Board

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 operation of an audit process that would ensure reliable financial reporting, transparent non-financial and 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.

Composition & Qualifications

The present members of the Audit Committee are:				
Name of the Directors	Status in the Committee	Status in the Board		
Akhter Matin Chaudhury FCA (England & Wales), FCA, FCS	Chairman	Independent Director		
Syed Mohammed Nuruddin	Member	Director		
Syed Kamruzzaman, FCMA	Member	Director		
Muhammed Shah Alam, FCMA	Member	Director		

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

Members Information

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

Date of Birth: 02.02.1951

Educational & Professional Qualifications: BA, FCA (England & Wales), FCA (Bangladesh), FCS

Years of Experience: 48

Fields of Expertise: Accounting, Finance, Company Secretarial, General Management, Corporate

Governance

Syed Mohammed Nuruddin

Date of Birth: 15.03.1957
Educational Qualifications: BA
Years of Experience: 36

Fields of Expertise: Shipping, International Trade, Capital Market, Supply Chain Management, Freight

Forwarding.

Syed Kamruzzaman, FCMA

Date of Birth: 21.02.1964

Educational & Professional Qualifications: B.Com. (Honours) in Accounting, FCMA

Years of Experience: 26

Fields of Expertise: Finance and Accounting

Muhammed Shah Alam, FCMA

Date of Birth: 01.03.1962

Educational & Professional Qualifications: M.Com. in Accounting, FCMA

Years of Experience: 31

Fields of Expertise: Finance and Accounting

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 8 (eight) meetings in 2019. 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	l in 2019
SI. No.	Meeting No.	Date of Meeting
1	100 th	24.01.2019
2	101 st	30.04.2019
3	102 nd	14.05.2019
4	103 rd	25.07.2019
5	104 th	26.09.2019
6	105 th	15.10.2019
7	106 th	26.11.2019
8	107 th	24.12.2019

Particulars of Attendance of the Members of the Audit Committee are given below:						
Present Members:						
Name of the Directors	Position	Meetings held in 2019	Meetings Attended	Remarks		
Akhter Matin Chaudhury FCA (E & W), FCA, FCS	Chairman	8	8	-		
Syed Mohammed Nuruddin	Member	8	4	-		
Syed Kamruzzaman, FCMA	Member	8	7	-		
Muhammed Shah Alam, FCMA	Member	8	8	-		

Past Members:			
Name of the Directors	Position	Number of Meetings held during their tenure in 2019	Total Attended
Bashir Ahmed	Member	3	3

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

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

- 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

- 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
- 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

- 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 (AGM) of the Bank. In the absence of the Chairman of the Audit Committee, some other member of the Audit Committee shall selected to officiate at Annual General Meetings and the reason for the absence of the Chairman of the Audit Committee shall be recorded in the minutes of the AGM.

Major issues reviewed by the Audit Committee during 2019

- 1. Findings of Internal Audit Reports
- 2. Recommendations and Findings of the internal Auditors
- 3. Follow up of Recommendations made to the Board of Directors
- 4. Security of Computerized Systems



- 5. Efficiency and Adequacy of the Internal Audit Function
- 6. Impediments to Internal Audit Performance
- 7. Special Investigations

Acknowledgement

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

On behalf of the Audit Committee

Akhter Matin Chaudhury, FCA (England & Wales), FCA, FCS

Independent Director & Chairman of the Audit Committee

UCB '

Disclosures on Risk Based Capital (Basel III)

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 2019 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 2019. 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:

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

UCB Approaches to the three Pillars and the Liquidity Standards:

Pillar-I: 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-II: 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-III: 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 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 three subsidiaries, namely:
 - 1. UCB Capital Management Limited
 - 2. UCB Investment Limited
 - 3. UCB Asset Management Limited

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

United Commercial Bank Limited

United Commercial Bank Limited (UCB) was incorporated in Bangladesh as a public limited company with limited liability on 26 June 1983 under Companies Act 1994 to carry out banking business in Bangladesh. Bangladesh Bank gave the permission for commencement of its business on 13 November 1983. The Bank presently has a business network comprising 195 branches, 123 agent banking outlets, 01 (One) Off-shore Banking Unit and 03 (Three) subsidiaries as on 31 December 2019. It is a conventional commercial bank. The bank offers services for all commercial banking needs of the customers, which include 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.

Subsidiaries of United Commercial Bank Limited:

UCB Capital Management Limited

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

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

UCB Investment Limited

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

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

UCB Asset Management Limited

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 Road #34, Gulshan Avenue, Dhaka-1212. The company was formed aiming to manage portfolio and fund of both individuals and institutions, underwrite the securities, invests pooled funds from clients into a variety of securities and assets, handle high-networth 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.



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

Tier I Capital: (Going-Concern Capital)

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

Tier-I Capital is comprised of Common Equity Tier-I (CET-I) and Additional Tier-I (AT-I). The components of Common Equity Tier-I (CET-I) capital is given below:

- a) Paid up capital
- b) Non-repayable share premium account
- c) Statutory reserve
- d) General reserve
- e) Retained earnings
- f) Dividend equalization reserve
- g) Minority interest in subsidiaries, i.e., common shares issued by consolidated subsidiaries of the bank and held by third parties

Additional Tier-I (AT-I) capital consists of the following items:

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

Tier-II 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-II 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-II capital consists of the following items:

- a) General Provisions;
- b) All other preference shares
- c) Subordinated debt/Instruments issued by the banks that meet the qualifying criteria for Tier-II capital; (Minimum original maturity of at least five years)
- d) Minority Interest i.e. Tier-II issued by consolidated subsidiaries to third parties;

As per the guidelines of Bangladesh Bank, Tier-I 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-II Capital comprises (i) General Provision, (ii) Subordinated debt/subordinated bond as approved by Bangladesh Bank etc.

Quantitative Disclosures

			(BDT in million)
SI.	Particulars	Solo	Consolidated
1.0	Tier-I (Going-Concern Capital)		
1.1	Common Equity Tier-I (CET-I)		
1.1.1	Paid-up Capital	11,595.44	11,595.44
1.1.2	Non-repayable Share premium account	1,454.98	1,454.98
1.1.3	Statutory Reserve	12,435.39	12,435.39
1.1.4	General Reserve	26.58	26.58
1.1.5	Retained Earnings	4,512.28	5,092.92
1.1.6	Dividend Equalization Reserve	0.00	0.00
1.1.7	Minority Interest in subsidiaries	0.00	0.00
	Sub-Total:	30,024.66	30,605.29
1.1.8	Regulatory Adjustments:	2,770.39	2,799.49
1.1.8.1	Goodwill and all other Intangible Assets	312.99	314.91
1.1.8.2	Deferred Tax Assets (DTA)	2,295.99	2,295.99
1.1.8.3	Reciprocal crossholdings and excess investment above limit	120.38	145.95
1.1.8.3	Others	41.04	42.64
	Sub-Total:	27,254.27	27,805.80
1.2	Additional Tier-I (AT-I)		
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
1.3	Sub-Total:	0.00	0.00
2.0	Total Tier-I Capital	27,254.27	27,805.80
2.1	Tier-II (Gone-Concern Capital)		
2.2	General Provision	5,622.61	5,681.71
	Subordinated debt	14,000.00	14,000.00
2.4	Sub-Total:	19,622.61	19,681.71
2.4.1	Regulatory Adjustments:	640.73	598.52
2.4.2	Reciprocal crossholdings in the T-2 Capital of BNBFIs & Insurance Entities	169.22	169.22
2.5	Others	471.51	429.30
3.0	Total Tier-II Capital	18,981.88	19,083.19
	Total Regulatory Capital (Sl. 1.3+2.5)	46,236.15	46,888.99

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 2019, the CRAR ranges from 12.67% to 14.89% on consolidated basis and from 12.61% to 14.68% 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, 2019 are as under:

(BDT in million)

Particulars	Solo	Consolidated
Capital requirement for Credit Risk	27,588.98	27,407.69
Capital requirement for Market Risk	811.83	956.91
Capital requirement for Operational Risk	3,086.01	3,129.73
Total Capital Requirement under Pillar-I	31,486.82	31,494.33
Capital to Risk-weighted Asset Ratio (CRAR)	14.68%	14.89%
Capital to Risk-weighted Asset Ratio (CRAR) Requirement with Capital Conservation Buffer	12.50%	12.50%
Common Equity Tier-I Capital to Risk-weighted Asset Ratio	8.66%	8.83% 4.50%
Common Equity Tier-I Capital Requirement Ratio	4.50%	4.3070
Tier-I Capital to Risk-weighted Asset Ratio	8.66%	8.83%
Tier-I Capital Requirement Ratio with Capital Conservation Buffer	8.50%	8.50%
Tier-II Capital to Risk-weighted Asset Ratio	6.03%	6.06%
Capital Conservation Buffer	2.66%	2.83%
Available Capital under Pillar II Requirement	14,749.33	15,394.66

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. An impaired NPA is defined as a loan or an advance where interest and/ or installment of principal remain overdue for more than 60 days in respect of Continuous loan, Demand loan or Term Loan etc.

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

- Sub-standard
- 2. Doubtful
- 3. Bad & Loss

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

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%
	House Building	1%	1%	20%	50%	100%
	Other than Housing Finance & Professionals to setup business	5%	5%	20%	50%	100%
Brokerage H Dealers, etc.	House, Merchant Banks, Stock	2%	2%	20%	50%	100%
Short term A	Agri. Credit and Micro Credit	1%	1%	5%	5%	100%
Small & Med	lium Enterprise Finance	0.25%	0.25%	20%	50%	100%
All Other Cr	edit	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 counterparties to a financial transaction fail 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 rating 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 re-evaluated 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 camps 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.

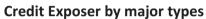
Credit Risk Mitigation

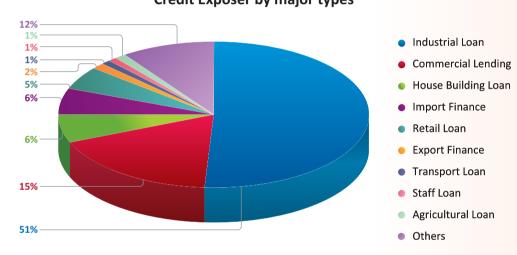
Potential credit losses from any given account, customer or portfolio are mitigated using a range of tools such as collateral, netting agreements, insurance, and other guarantees. The reliance that can be placed on these mitigates is carefully assessed in light of issues such as legal certainty and enforceability, 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 prescribe 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

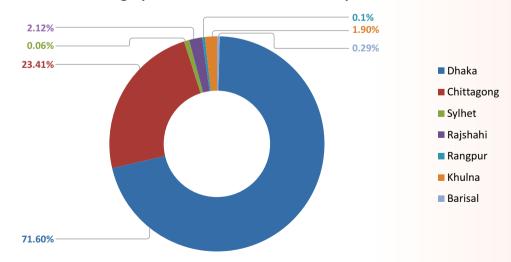
Distribution of Credit Exposure by Major Types			
Types of Credit Exposure	BDT in Million	In %	
Industrial Loan	164,049.92	50.83	
Commercial Lending	48,558.32	15.05	
House Building Loan	19,768.30	6.13	
Import Finance	19,466.68	6.03	
Retail Loan	17,029.57	5.28	
Export Finance	4,631.30	1.44	
Transport Loan	3,564.69	1.10	
Staff Loan	3,889.31	1.21	
Agricultural Loan	4,407.62	1.37	
Others	37,283.99	11.55	
Total	322,728.14	100.00	

Geographical Distribution of Credit Exposure			
Division	BDT in Million	In %	
Dhaka	231,062.61	71.60	
Chittagong	75,536.89	23.41	
Sylhet	1,926.93	0.60	
Rajshahi	6,841.57	2.12	
Rangpur	922.32	0.29	
Khulna	6,121.80	1.90	
Barisal	316.02	0.10	
Total	322,728.14	100.00	





Geographical Distribution of Credit Exposure in %



Industry Type Distribution of Exposure		
Types of Credit Exposure	BDT in Million	ln %
RMG & Accessories	44,946.88	13.93
Textile Industries	22,651.86	7.02
Agriculture	4,407.62	1.37
Food Products & Processing	13,848.97	4.29
Jute Industries	209.10	0.06
Leather & Leather Products	1,043.19	0.32
Paper & Paper Products Industries	6,842.64	2.12
Wood & Wooden Products	2,521.29	0.78
Chemical & Chemical Products	2,579.63	0.80
Cement Industries	9,440.21	2.93
Brick Field, Auto Bricks, Tiles	813.48	0.25
Engineering, Basic Metal & Products	21,091.70	6.54
Ship Re-cycling	2,818.28	0.87
Ship Manufacturing	3,275.86	1.02
Educational Institute, Hotel, Restaurant	1,045.66	0.32
Telecommunication	2,070.51	0.64
Transport & Communication	3,564.69	1.10
Diagnostic/Medical/Clinic	3,326.67	1.03
Housing Industry	19,768.30	6.13
Construction (Other than Housing)	29,923.38	9.27
Electronics Media	374.20	0.12
Power & Energy	9,914.20	3.07
Commercial Trade Financing	72,656.30	22.51
Others	43,593.52	13.51
Total	322,728.14	100.00

Residual Contractual Maturity Wise Distribution of Exposure			
Division	BDT in Million		
On demand	3,627.77		
Not more than three months	92,286.20		
More than three months but less than one year	105,156.83		
More than one year but less than five years	77,240.89		
More than five years	44,416.46		
Total	322,728.15		

Loans & Advances and Provision				
		BDT in Million		
Particulars	Loans & Advances	Provision against Loans & Advances		
Total Loans and Advances	322,728.14	10,435.45		
Performing Loans & Advances	311,016.91	5,635.55		
Classified Loans and Advances	11,711.23	4,799.90		
Substandard (SS)	592.59	56.09		
Doubtful (DF)	260.30	42.34		
Bad/Loss (BL)	10,858.34	4,701.48		
Off-Balance Sheet Items	183,957.88	1,617.21		

Gross Non-Performing Assets (NPAs)			
Particulars	BDT in Million		
Gross Non-Performing Assets (NPAs)	11,711.23		
Total Loans and Advances	322,728.14		
NPAs to outstanding Loans & Advances	3.63%		

Movement of Non-Performing Assets (NPAs)		
Particulars	BDT in Million	
Opening Balance	20,021.63	
Additions	6,517.40	
Reductions	14,827.80	
Closing Balance	11,711.23	

Movement of Specific Provisions for NPLs		
Particulars	BDT in Million	
Opening Balance	4,940.00	
Adjustment due to Write-off	(2,114.23)	
Provisions made during the period	3,161.45	
Transferred from surplus provision	-	
Write off transfer from interest suspense account	442.83	
Closing Balance	6,430.06	

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	4,593.23	3,867.06

Particulars	BDT in Million
Realized Gains	1,331.85
Unrealized Gains	323.41
Unrealized Losses	(1,049.58)
Net Unrealized Gains/(Loss)	(726.17)
Capital requirement for Equity Risk (Specific & General)	765.21
Supervisory Provision against Classified Equity Investment	673.47

Capital Requirement as per Grouping of Equity:

BDT in Million

		Capital Charge			
Sector	Cost Price	Market price	Specific Risk	General Market Risk	Total Capital Charge
Pharmaceuticals & Chemicals	1,035.81	928.04	92.80	92.80	185.61
Textile	725.16	522.94	52.29	52.29	104.59

Telecommunication	166.42	183.90	18.39	18.39	36.78
Fuel & power	750.54	544.60	54.46	54.46	108.92
Mutual Fund	451.65	339.11	33.91	33.91	67.82
Bank	808.56	722.13	72.21	72.21	144.43
Financial Institutions	78.49	204.96	20.50	20.50	40.99
Engineering	278.19	252.28	25.23	25.23	50.46
Miscellaneous	169.65	119.66	11.97	11.97	23.93
Travel & Leisure	80.04	25.40	2.54	2.54	5.08
Insurance	48.74	24.04	2.40	2.40	4.81
Total	4,593.23	3,867.06	386.71	386.71	773.41
Deduction from Capital	0.00	41.04	4.10	4.10	8.20
Total	4,593.23	3,826.02	382.61	382.61	765.21

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:

- 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 stratify 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.
- 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)	160,534.10	47,198.30	61,755.50
Rate Sensitive Liabilities (RSL)	85,024.40	43,082.30	67,357.80
Gap (RSA - RSL)	75,509.70	4,116.00	(5,602.30)
Cumulative Gap	75,509.70	79,625.70	74,023.40

Interest Rate Shock on Capital:				
			BDT in Million	
Total Regulatory Capital			46,236.15	
Total Risk Weighted Assets (RWA)			314,868.22	
Capital to Risk-weighted Asset Ratio (CRAR)			14.68%	
Assumed Increase in Interest Rate	1%	2%	3%	
Earnings Impact on Cumulative Gap	740.23	1,480.47	2,220.70	
Capital After Shock	46,976.38	47,716.62	48,456.85	
CRAR after Shock	14.92%	15.15%	15.39%	
Increase in CRAR	0.24%	0.47%	0.71%	

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.

Management System of Market Risk:

The duties of managing the market risk including liquidity, interest rate and foreign exchange risk lies with the Treasury Division under the supervision of ALCO. The ALCO is comprised of senior executives of the Bank, who meets at least once in a month. The committee evaluates the current position of the Bank and gives directions to mitigate the market risk exposure to a minimum level.

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.

Capital Charges for Market Risk			
Market Risk	BDT in Million		
Interest Rate Related instruments	25.17		
Equities	765.21		
Foreign Exchange Position	21.45		
Commodities	0.00		
Total	811.83		

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	2017	2018	2019	Capital Charge
Solo	Gross Income	18,525.02	20,394.08	22,801.01	3,086.01
Consolidated	Gross Income	18,525.02	20,762.66	23,306.93	3,129.73

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:

- Cash Reserve Ratio (CRR)
- Statutory Liquidity Requirement (SLR)
- Advance to Deposit Ratio (ADR)
- Liquidity Coverage Ratio (LCR)
- Net Stable Funding Ratio (NSFR)
- Structural Liquidity Profile (SLP)
- Maximum Cumulative Outflow (MCO)
- Volatile Liability Dependency Ratio
- Liquid Asset to Total Deposit Ratio
- Liquid Asset to Short Term Liabilities, etc.

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).

The minimum standard for LCR is greater than or equal to 100. However, the bank's status as on 31 December 2019 in this ratio is as follows:

BDT in Million

Particulars	Regulatory Standard	As on 31 December, 2019
Total Stock of High Quality Liquid Assets		74,823.60
Total Net cash outflows over the next 30 calendar days		57,021.50
Liquidity Coverage Ratio (LCR)	Greater than or equal to 100	131.22%

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, 2019 is as under:

BDT in Million

Particulars	Regulatory Standard	As on 31 December, 2019
Available amount of stable funding (ASF)		394,241.00
Required amount of stable funding (RSF)		337,173.90
Net Stable Funding Ratio (NSFR)	Greater than 100	116.93%

10. Leverage Ratio

Views of BOD on system to reduce excessive leverage

Leverage ratio is the ratio of Tier-I capital to total on and off balance sheet exposures. It was introduced into the Basel III framework as a non-risk based backstop 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 1 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-I 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-I Capital (after related deductions)/ Total Exposure (after related deductions)

The status of Leverage Ratio as on 31 December, 2019 is as under:

		BDT in Million
Particulars	As on 31	December, 2019
	Solo Basis	Consolidated Basis
Tier-I Capital*	27,254.27	27,805.80
On Balance Sheet Exposure*	435,091.50	437,792.34
Off-Balance Sheet Exposure*	111,611.41	111,611.41
Total Deductions	2,770.39	2,799.49
Total Exposure	543,932.51	546,604.26
Leverage Ratio	5.01%	5.09%

^{*} Considering all regulatory adjustments

11. Remuneration

Qualitative Disclosures

a)	Information relating to the bodies that ove	rsee the processes of remuneration:				
	i. Name the processes of the bodies that oversee remuneration	At the management level, primarily the Human Resour Management Division oversees the 'remuneration' in with its Human Resources Management strategy/po under direct supervision and guidance of the Ser Management of the Bank.				
-	ii. Composition of the main body overseeing the process remuneration	The Managing Director and CEO along with other top executives of the Corporate Office.				
	iii. Mandate of the main body overseeing remuneration the process	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 differentiate Pay Structure and employee benefits by regions/business line/activity. As of 31 December 2019, 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 keeping the remuneration status of the Banking industry under consideration.				
	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 visavis 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, costincome 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 predetermined 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 2019 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.

Description of the ways in which the bank seeks to adjust remuneration to take account of longerterm 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. Bank's provides its Employees incentive compensation delivered in the form of deferred cash awards, subject to performance based on Key Performance Indicators (KPI).

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. 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

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

i. Number of employees having received a variable remuneration award during the financial year.

The following Number of Employees were received a variable remuneration during the year 2019:

Particulars	Number
Number of employees having received a variable remuneration award during the year 2019	

Number and total amount of guaranteed bonuses awarded during the financial year. Nil

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

Nil

iv. Number and total amount of severance payments made during the financial year.

Nil

 i. Total amount of outstanding deferred remuneration, split into cash, shares and share-linked instruments and other forms Nil

UNITED COMMERCIAL UCB

	ii. Total amount of deferred remuneration paid out in the financial year.	Nil		
j)	Breakdown of amount of remuneration awards for the financial year to show:	Breakdown of Remuneration for the year-2019 is as under:		
			BDT in Million	
		Particulars	Amount	
		Basic salary	2,734.58	
		Allowances	2,434.26	
		Bonus	1,208.65	
		Provident fund contribution	270.62	
		Gratuity	424.80	
		Welfare fund	56.16	
		Total	7,129.07	
k)			in the value of	
	i. Total amount of outstanding deferred remuneration and retained remuneration exposed to ex post explicit and/or implicit adjustments.	djustments (e.g. claw backs or similar i	reversals or	
	i. Total amount of outstanding deferred remuneration and retained remuneration exposed to ex post	djustments (e.g. claw backs or similar i rred remuneration and retained remune	reversals or	

REPORT ON CORPORATE SOCIAL RESPONSIBILITY (CSR)

United Commercial Bank Limited, one of the largest private commercial banks of the country believes in the corporate vision to create value and promote economic development. As part of our commitment to ensure value in the changing world; we always intend to strengthen our role of supporting trade and economy which is fully backed by awareness of responsibility to society. Certainly, we have moral debt for society to integrate social, environmental and economic concerns into our values and day to day activities. In regards to sustainability, UCB's objective is to support and contribute towards meaningful development in Bangladesh.

UCB has taken different initiatives in mainstreaming CSR into its core business. We use the power of our brand, energy and passion of our people with our business to create meaningful changes in society. We systematically cultivate the concept of Social Responsibility as one of our key priorities and incorporating it into our strategy. Accordingly, we undertake initiatives and implement actions that meet a wide range of important needs and requirements, thereby enhancing the overall contribution to society. We have adopted CSR practices in a formal, structured manner in line with our organizational vision to help the disadvantaged population of our country. UCB's CSR comes as investment in the community continued through various projects and activities.

UCB has intervened in various sectors of CSR in the year 2019. Our total expenditure in CSR was an amount of Taka 202.56 Million.

Education

UCB has always been a key player in support of various educational initiatives. For the development of educational sector, UCB has been contributing in many ways like scholarship for poor and brilliant students, education support for under privileged, donation to educational institutions etc. In the year 2019, UCB has contributed almost Taka 3.00 Million in the Education sector. Some of the contributions are as donation to Dr. S K Majumder Krishi O Karigori College, donation to SOS Children's Village, Mirpur, donation to Mokbul Ali Uccha Biddalay, Financial assistance to school feeding program, Raozan, Chattogram, Financial assistance to Birshreshtha Munshi Abdur Rouf Public College.



Health

Health issues are rapidly increasing and getting more and more complicated. In such a situation, support of various organizations would undoubtedly be beneficial for the underprivileged segment of our country. Accordingly, UCB has always directly or indirectly been involved in initiatives for contribution to the health sector. We are always very keen to promote health as a basic part of our CSR activities to contribute towards well-being of society. In the year 2019, UCB contributed almost Taka 3.16 Million in health. Some of the contributions are donation to a cancer patient, donation to a lady suffering from breast cancer, donation for two individuals suffering from heart disease, financial support the Association of Medical Doctors in Asia and Japan Bangladesh Friendship Hospital in their medical relief activities and many more.

Environment

The aim of social responsibility of UCB is to create higher sustainable standards of living, while preserving the profitability of the organization. We are always very cautious to enhance economic growth while ensuring environment protection and promoting social responsibility. The areas we finance and in our operational activities as well, we are fully concern about environmental impacts and comply according to ensure sustainable development. We also support organizations working for environmental causes. In the year 2019, UCB donated an amount of Taka .05 Million to an organization named Eco-Concern Association which is working for forestation and other environmental issues.

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 disasters can be reduced. In the year 2019, almost an amount of Taka 148.18 Million has been contributed in the Disaster Management sector. Some of the contributions are distribution of blankets amount poor people suffering from cold, donation to Prime Minister's Relief Fund for Churihatta Fire accident, donating of fire safety cushion to Prime Minister's Relief Fund etc.



Art & Culture

United Commercial Bank Limited has been patronizing art & culture for years which includes donation to different cultural institutions, assistance to artists, promoting cultural activities in grass root level etc. UCB has donated an amount of Taka 0.5 Million in art & culture for the year 2019. Some of the contributions are donation in a documentary film project named Our Poetry Book, financial assistance to Fulki, a child development organization for celebrating Bengali New Year.

Others:

UCB is not confined to only some specific areas of contribution. We judged different cases with their merit in terms of social well-being. UCB extended its radius of contribution in many other sectors of socio-economic development. In the year 2019, UCB contributed almost an amount of Taka 47.65 Million in other social and economic causes. Some of our involvements in this area are donating to an organization working for financially underprivileged rural women, donation to law and order surveillance project of Gulshan, assistance for wedding of a poor girl, donation of cloths to poor people

Looking into the future, we are clearly aware that fulfilling social responsibility is the only way to forge a lasting brand and to maintain sustainable development of an enterprise. We shall firmly initiate effective projects ahead to embed the concept of sustainable social responsibility into our strategy to shoulder responsibility.

REPORT ON GREEN BANKING

Introducing Green Finance

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 many products which are automated and time savings for the customers. United Commercial Bank Ltd. has state of the art technologies which can provide prompt and environment friendly customer services. The products include internet-banking, U-cash, U-Pay, U-Net (online banking), SMS banking, UCB Express and ATM services which help reduce carbon emission. The Bank already circulated a set of general instructions to the employees for efficient use of electricity, water, paper and re-use of equipment.

United Commercial Bank Ltd. is one of the partners of Bangladesh Bank's refinance facilities in green sector.

In the year 2019, the Bank disbursed Tk. 590.59 million 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. At present, outstanding of the Bank's green finance portfolio stands at Tk. 6,206.72 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.

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, this guideline has been made an integral part of the bank's CRM policy. This will bring a focus on planning and implementing policies and procedures to mitigate environmental & social risks associated with financing decisions. With a view to incorporating environmental & social risks as part of existing credit risk methodology to assess a prospective borrower, Bank's ESRM Policy has been designed in line with Bangladesh Bank guidelines. Environmental & Social risks are to be considered as part of the existing credit risk methodology of the bank to assess a prospective borrower. In this connection, specific checklist has been introduced which will help review possible sources of environmental & social risk.



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 at 31 December 2019 and the Consolidated and Separate Profit & Loss Accounts, consolidated and separate Statements of Changes in Equity and Consolidated and Separate Cash Flow Statements for the year then ended, and notes to the Consolidated and Separate Financial Statements, including a summary of significant accounting policies.

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

Basis for opinion

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

Key Audit Matters

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



1. Measurement of provision for loans and advances;

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

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 325,4834.78 million (2018: BDT 296,577.50 million) and BDT 322,728.14 Million (2018: BDT 294,671.94 million) respectively and provision for loans and advances of BDT 10,435.45 million (2018: BDT 9,308.94 million) and BDT 10,435.45 million (2018: BDT 9,308.94 million) respectively.

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 and specific 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. 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

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.

How the matter was addressed in our audit

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 assessed the appropriateness and presentation of disclosures against relevant accounting standards and Bangladesh Bank guidelines.

3. Measurement of Deferred Tax Assets

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

Key Audit Matter

The Group and the Bank reports net deferred tax assets to totaling BDT 2,295.98 million (BDT 1,672.95 million as at 31 December 2018) and BDT 2,295.98 million as at 31 December 2019 (BDT 1,672.95 million as at 31 December 2018) respectively.

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.

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 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 tax specialists to assess key assumptions, controls, recognition and measurement of DTA's.

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

4. Implementation of IFRS 16 Leases

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

Key Audit Matter

IFRS 16 modifies the accounting treatment of operating leases at inception, with the recognition of a right of use (ROU) on the leased asset and of a liability for the lease payments over the lease contract term. With respect to operating leases of premises used by the Bank, at inception of the lease, the lessor receives a right of using the premises, in exchange of a lease debt, using an implicit discount rate.

Our key audit matter was focused on all leasing arrangements within the scope of IFRS 16 are identified and appropriately included in the calculation of the transitional impact and specific assumptions applied to determine the discount rates for lease are inappropriate.

How the matter was addressed in our audit

In responding to the identified key audit matter, we completed the following audit procedures:

Assessed the design and implementation of key

controls pertaining to the determination of the IFRS 16 Leases impact on the financial statements of the Bank:

Assessed the appropriateness of the discount rates applied in determining lease liabilities;

Verified the accuracy of the underlying lease data by agreeing to original contract and checked the accuracy of the IFRS 16 calculations through recalculation of the expected IFRS 16 adjustment and;

Assessed whether the disclosures within the financial statements are appropriate in light of the requirements of IFRS.

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") operates in a legal and regulatory environment that is exposed to significant litigation and similar risks arising from disputes and regulatory proceedings. Such matters are subject to many uncertainties and the outcome may be difficult to predict.

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 also received formal confirmations from external counsel. We assessed the methodologies on which the provision amounts are based, recalculated the provisions, and tested the completeness and accuracy of the underlying information. We also assessed the Group's provisions and contingent liabilities disclosure.

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

Key Audit Matter

The Bank has invested in equity shares of its subsidiary namely UCB Capital Management Limited, UCB Investment Limited and UCB Asset Management Limited. As at 31 December 2019 the carrying value of this investment is BDT 2304.09 million.

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 Capital Management Limited, UCB Investment Limited and UCB Asset Management Limited in accordance with IAS 36 as there is no impairment indication for investment in subsidiaries.

How the matter was addressed in our audit

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 2018 were audited by another auditor who expressed an unmodified opinion on those statements on 30 April 2019.

Other Information

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

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

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

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

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

Management is responsible for the preparation and fair presentation of the Consolidated Financial Statements of the Group and also Separate Financial Statements of the Bank in accordance with IFRSs as explained in note # 02, and for such internal control as management determines is necessary to

enable the preparation of Consolidated and Separate Financial statements that are free from material misstatement, whether due to fraud or error. The Bank Company Act, 1991 and the Bangladesh Bank Regulations require the Management to ensure effective internal audit, internal control and risk management functions of the Bank. The Management is also required to make a self-assessment on the effectiveness of anti-fraud internal controls and report to Bangladesh Bank on instances of fraud and forgeries.

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

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

Auditors' Responsibilities for the Audit of the Consolidated and Separate Financial Statements

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

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

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

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

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

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

Report on other Legal and Regulatory Requirements

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

- I. We have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purpose of our audit and made due verification thereof;
- II. to the extent noted during the course of our audit work performed on the basis stated under the Auditor's Responsibility section in forming the above opinion on the consolidated financial statements of the Group and the separate financial statements of the Bank and considering the reports of the Management to Bangladesh Bank on anti-fraud internal controls and instances of fraud and forgeries as stated under the Management's Responsibility for the financial statements and internal control:
 - a. internal audit, internal control and risk management arrangements of the Group as disclosed in the financial statements appeared to be materially adequate;
 - nothing has come to our attention regarding material instances of forgery or irregularity or administrative error and exception or anything detrimental committed by employees of the Group and its related entities;
- III. financial statements for the year ended 31 December 2019 of three subsidiaries namely, UCB Capital Management Limited, UCB Investment Limited and UCB Asset Management Limited have been audited by us and have been properly reflected in the consolidated financial statements;
- IV. in our opinion, proper books of accounts as required by law have been kept by the Group and the Bank so far as it appeared from our examination of those books;
- V. the records and statements submitted by the branches have been properly maintained and consolidated in the financial statements;
- VI. the Consolidated Balance Sheet and Consolidated Profit and Loss account together with the annexed notes dealt with by the report are in agreement with the books of account and returns;
- VII. the expenditures incurred were for the purpose of the Bank's business for the year;
- VIII. the consolidated financial statements of the Group and the Separate Financial Statements of the Bank have been drawn up in conformity with prevailing rules, regulations and accounting standards as well as related guidance issued by Bangladesh Bank;
- IX. adequate provisions have been made for advance and other assets which are in our opinion, doubtful of recovery;

- Χ. the information and explanations required by us have been received and found satisfactory;
- we have reviewed over 80% of the risk weighted assets of the Bank and spent over 7760 person XI. hours; and
- XII. Capital to Risk-weighted Asset Ratio (CRAR) as required by Bangladesh Bank has been maintained adequately during the year.

Dhaka, 28 June 2020

Senior Partner

Consolidated Balance Sheet As at 31 December 2019

	Notes	Amount i	n BDT
		31 Dec. 2019	31 Dec. 2018
PROPERTIES & ASSETS			
Cash	3(a)	26,403,568,309	22,790,805,977
Cash in hand (Including foreign currencies)	3(4)	6,352,613,006	5,210,062,815
Balance with Bangladesh Bank & its agent bank(s (Including foreign currencies))	20,050,955,303	17,580,743,162
Balance with other banks & financial institutions	4(a)	12,766,950,360	16,808,653,551
In Bangladesh		11,090,666,245	15,878,993,805
Outside Bangladesh		1,676,284,115	929,659,746
Money at Call on short notice	5	1,700,000,000	150,000,000
Investments	6(a)	59,191,436,026	52,157,763,306
Government		48,419,211,843	41,715,205,114
Others		10,772,224,183	10,442,558,192
Loans and Advances	7(a)	325,483,775,615	296,577,495,501
Loans, Cash Credits, Overdrafts etc	- (/	306,814,012,807	277,089,605,629
Bills purchased and discounted		18,669,762,808	19,487,889,872
Fixed assets including premises, furniture & fixtur	e 8(a)	14,540,215,590	9,084,103,674
Other assets	9(a)	9,427,818,614	7,065,645,263
Non-banking assets		-	-
Total Assets		449,513,764,514	404,634,467,272
LIABILITIES AND CAPITAL			
Liabilities:			
Borrowings from other banks, financial institution	ons		
and agents	10(a)	42,125,056,136	45,243,659,182
Deposits and other accounts	11(a)	330,570,700,647	297,016,343,921
Current accounts & other accounts		57,934,554,760	48,838,638,845
Bills Payable		9,414,290,455	7,520,067,273
Savings Bank Deposits		56,655,943,326	52,032,663,276
Fixed Deposits		206,565,912,106	188,624,974,527
Bearer Certificates of Deposits Other Deposits		-	
Other Liabilities	12(a)	43,454,355,762	31,979,338,263
Total Liabilities	.=(4)	416,150,112,545	374,239,341,366
		110,100,112,040	37 1,200,041,000
Capital / Shareholders' Equity			
Paid up Capital	13	11,595,437,190	10,541,306,540
Share Premium	13.3	1,454,976,750	1,454,976,750
Statutory Reserve	14	12,435,385,300	11,448,968,038
General Reserve	15	26,577,961	26,577,961
Other Reserve	16	2,758,359,011	2,647,631,817
Retained Earnings	17(a)	5,092,915,557	4,275,664,612
Total Shareholders' Equity		33,363,651,769	30,395,125,718
Non controlling interest	_	200	188
Total Shareholders' Equity with non-controlling	interest	33,363,651,969	30,395,125,906
Total Liabilities and Shareholders Equity		449,513,764,514	404,634,467,272



Off Balance Sheet Items As at 31 December 2019

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

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

Managing Director

Director

As per our report of same date.

Dhaka, 28 June 2020

Nasir Uddin Ahmed FCA

Senior Partner

Consolidated Profit and Loss Account For the year ended 31 December 2019

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

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

Managing Director

Director

As per our report of same date.

Dhaka, 28 June 2020

Nasir Uddin Ahmed FCA

Director

Senior Partner

Consolidated Cash Flow Statement For the year ended 31 December 2019

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

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

Managing Director

As per our report of same date.

Nasir Uddin Ahmed FCA

Senior Partner

Consolidated Statement of Changes in Equity For the year ended 31 December 2019

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

For the year ended 31 December 2018

Particulars	Paidup	Share	Statutory	General	Assets	Investment	L CON	Foreign Currency	Retained	Total
	Capital	Premium	Reserve	Reserve	Revaluation Reserve	Revaluation Reserve	Controlling Interest	translation gain/(loss)	Earnings	
Balance as at 01 January 2018	10,541,306,540	1,454,976,750	10,467,416,183	26,577,961	2,534,101,559	76,878,998	153	19,591,419	1,750,915,952	26,871,765,515
Adjustment for Deferred Tax Asset		•			•				2,058,117,466	2,058,117,466
Restated Balance	10,541,306,540	1,454,976,750	10,467,416,183	26,577,961	2,534,101,559	76,878,998	153	19,591,419	3,809,033,418	28,929,882,981
Surplus/deficit on accounts of revaluation of properties			1				ı	1		1
Surplus/deficit on accounts of revaluation of investments	•	•	•	•	•	13,921,366	ı	•	ı	13,921,366
Currency translation difference (OBU)				•	•			3,138,475	•	3,138,475
Net Profit for the year				•	•	٠		•	2,502,313,738	2,502,313,738
Transferred to statutory reserve	•	•	981,551,855		•	•		•	(981,551,855)	•
Dividend (Bonus Share Issued)										
Dividend (Cash) for 2017		•			•			•	(1,054,130,654)	(1,054,130,654)
Transfer to Retained Earnings					•			•		
Non Controlling Interest	•	•			•	•	35	•	(32)	
Balance as at 31 December 2018	10,541,306,540	1,454,976,750	11,448,968,038	26,577,961	2,534,101,559	90,800,364	188	22,729,894	4,275,664,612	30,395,125,906

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





Director





Balance Sheet As at 31 December 2019

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

Off Balance Sheet Items

As at 31 December 2019

Notes	Amount	in BDT
	31 Dec. 2019	31 Dec. 2018
18	183,938,872,954	182,066,614,059
18.1	70,853,038,511	69,188,473,619
18.2	57,393,933,584	65,251,091,309
18.3	39,892,932,238	34,639,116,428
18.4	15,798,968,621	12,987,932,703
	-	-
	19,010,212	
	-	-
	19,010,212	-
	-	-
	-	-
jent		
	183,957,883,166	182,066,614,059
	18 18.1 18.2 18.3 18.4	31 Dec. 2019 18 183,938,872,954 18.1 70,853,038,511 18.2 57,393,933,584 18.3 39,892,932,238 18.4 15,798,968,621 - 19,010,212 - 19,010,212

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

Managing Director

As per our report of same date.

Dhaka, 28 June 2020

Nasir Uddin Ahmed FCA

Senior Partner

Profit and Loss Account
For the year ended 31 December 2019

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

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

Managing Director

Director¹

Director

As per our report of same date.

Dhaka, 28 June 2020

Nasir Uddin Ahmed FCA

Senior Partner

Cash Flow Statement
For the year ended 31 December 2019

		Notes	Amoun	t in BDT
			31 Dec. 2019	31 Dec. 2018
A.	Cash flows from operating activities			
	Interest receipts		35,123,536,839	28,724,115,277
	Interest payments		(17,536,520,681)	(13,398,306,273)
	Dividend receipt		260,050,966	303,129,439
	Fees & Commision receipt		3,137,987,275	2,811,872,013
	Recoveries from previously written off advances		169,291,686	267,641,572
	Payments to employees		(7,142,813,808)	(6,501,519,508)
	Payments to suppliers Payment for Advance Income Tax		(2,973,555,452) (2,319,841,585)	(2,495,994,592) (2,361,320,271)
	Receipt from other operating activities	40	302,268,590	582,028,450
	Payment for other activities	41	(1,563,368,034)	(1,339,569,667)
	Operating profit before changes in	••	7,457,035,796	6,592,076,440
	operating assets and liabilities.		, , , , , , , , ,	,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,
	Increase/Decrease in operating assets			
	and liabilities:			
	Statutory Deposit		(6,596,317,246)	(2,734,254,380)
	Purchase/Sale of trading securities		(1,070,675,389)	(702,283,204)
	Loans and advances to customers		(28,056,203,474)	(35,199,857,538)
	Other Assets	42	(1,797,490,296)	(15,273,423)
	Deposit from Banks		(3,002,733,534)	4,978,773,803
	Deposit from customers Other liabilities	43	36,616,580,256 29,540,864	13,998,560,997 2,603,200,829
	Other habilities	43		
			(3,877,298,819)	(17,071,132,916)
	Net Cash from operating activities (A)		3,579,736,977	(10,479,056,476)
В.	Cash flows from investing activities			
	Purchase/Sale of Securities		804,554,210	(982,553,810)
	Purchase of Property, Plant & Equipments		(1,358,853,957)	(1,277,197,337)
	Net Cash from investing activities (B)		(554,299,747)	(2,259,751,147)
C.	Cash flows from financing activities		(7.700.077.400)	10.047.005.040
	Receipt from borrowing		(3,782,933,426)	10,847,865,048
	Sub-Ordinated Bond Cash received from issuing of Right shares		-	(3,500,000,000)
	Cash dividend payment		-	(1,054,130,654)
	Net cash from financing activities (C)		(3,782,933,426)	6,293,734,394
	Net Increase/(Decrease) in cash (A+B+C)		(757,496,196)	(6,445,073,229)
	Effects of the changes of exchange rate on cash and cash equivalents*		1,787,447,455	1,668,745,145
	Cash and Cash equivalents at beginning of the ye		39,196,848,008	43,973,176,092
	Cash and cash equivalents at the end of the year	r	40,226,799,267	39,196,848,008
	Cash and cash Equivalents at end of the year			
	Cash in hand (including foreign currencies)	3.1	6,352,460,900	5,209,962,375
	Balance with Bangladesh bank and its agent bank		20,050,955,303	17,580,743,162
	Balance with other banks & financial institution	4	12,123,383,064	16,256,142,471
	Money at call on short notice	5	1,700,000,000	150,000,000
			40,226,799,267	39,196,848,008
	The annexed notes 01 to 48 form an integral part	of that	co financial stateme	ntc

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

Managing Director

Director



Statement of Changes in EquityFor the year ended 31 December 2019

Paid up Capital 10,541,306,540 10,541,306,540 ion of properties ion of investments								
10,541,306,540 - 10,541,306,540	Share Premium	Statutory Reserve	General Reserve	Assets Revaluation Reserve	Investment Revaluation Reserve	Foreign Currency translation gain/(loss)	Retained Surplus	Total
10,541,306,540	1,454,976,750	11,448,968,038	26,577,961	2,534,101,559	90,800,364	22,729,894		3,780,790,785 29,900,251,891
Surplus/deficit on accounts of revaluation of properties Surplus/deficit accounts of revaluation of investments	1,454,976,750	11,448,968,038	26,577,961	2,534,101,559	90,800,364	22,729,894	3,780,790,785	3,780,790,785 29,900,251,891
Surplus/deficit on accounts of revaluation of investments								'
O 1100 / 000 001 100 000 000 000 100 0000		•	1		107,773,483			107,773,483
	•	•	1	•		2,953,711	•	2,953,711
Net Profit for the period		•	•		•		2,772,040,725	2,772,040,725
Transferred to statutory reserve		986,417,262	•		•		(986,417,262)	
Dividend (Bonus Share Issued)	•		1	1	•	ı	(1,054,130,650)	•
Balance as at 31 December 2019 1,454	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	4,512,283,598 32,783,019,810

For the year ended 31 December 2018

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

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

Director

Director

Director

Managing Director

Liquidity StatementAsset and Liability Maturity Analysis

As at 31 December 2019

						Amount in BDT
Particulars	Up to 1 Month	1-3 Months	3-12 Months	1-5 Years	More than 5 years	Total
Assets						
Cashin hand	7,094,566,601	•			19,308,849,602	26,403,416,203
Balance with other banks & financial institutions	7,683,661,159	4,439,721,905				12,123,383,064
Money at call on short notice	1,700,000,000					1,700,000,000
Investment	8,438,300	1,127,955,904	12,865,456,599	12,769,113,671	31,030,001,133	57,800,965,607
Loans and Advances	42,180,677,776	53,733,283,735	105,156,828,039	77,240,893,535	44,416,458,704	322,728,141,789
Fixed assets including premises, furniture & fixture	57,000,000	114,000,000	513,000,000	2,736,000,000	11,034,640,156	14,454,640,156
Other Assets	486,443,306	2,826,390,272	2,125,530,007	3,762,970,818	2,348,240,325	11,549,574,728
Non banking assets			•	•	•	
Total Assets (A)	59,210,787,142	62,241,351,816	120,660,814,645	96,508,978,024	108,138,189,920	446,760,121,547
Liabilities						
Borrowing from Bangladesh bank, other banks, financial institutions and agents	3,801,268,281	6,124,731,937	12,467,291,931	14,090,063,359	4,427,970,248	40,911,325,756
Deposits	39,136,669,953	49,626,554,345	91,682,361,486	65,257,071,160	85,084,010,410	330,786,667,354
Provisions and other liabilities	1,979,424,746	506,227,994	9,422,757,003	24,164,857,968	6,205,840,916	42,279,108,627
Total Liabilities (B)	44,917,362,980	56,257,514,276	113,572,410,420	103,511,992,487	95,717,821,574	413,977,101,737
Net Liquidity Gan (A-B)	14.293.424.162	5 983 837 540	7.088.404.225	(7,003,014,463)	12 420 368 346	32,783,019,810

UNITED COMMERCIAL BANK LIMITED Notes to the Financial Statements

As at and for the year ended 31 December 2019

United Commercial Bank Limited

Notes to the Financial Statements

As at and for the year ended 31 December 2019

1. The Bank & its Activities

1.1 Status of the Bank

United Commercial Bank Limited ('UCBL' or the 'Bank') was incorporated in Bangladesh as a public limited company with limited liability on 26 June 1983 under the Companies Act 1994 to carry on banking business in Bangladesh. It obtained permission from Bangladesh Bank on 13 November 1983 to commence its business. The Bank has 195 branches and 123 agent banking outlets as on 31 December 2019. All the branches of the Bank run on Commercial Conventional basis. The Bank offers services for all commercial banking needs of the customers, which includes deposit banking, loans & advances, export import financing, inland and international remittance facility etc. The Bank is listed with Dhaka Stock Exchange Limited and Chittagong Stock Exchange Limited as a publicly traded Company.

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

1.2 Off-shore Banking Unit

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

1.3 Mobile Financial Services; UCash

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

1.4 Subsidiary Company

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

1.4.1 UCB Capital Management Limited

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

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

1.4.2 UCB Investment Limited

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

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

1.4.3 UCB Asset Management Limited

UCB 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, invests 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.

1.5 Separate and consolidated Financial Statements

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

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

Basis of preparation

2.1 Statement of Compliance

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

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

In case of any requirement of the Bank Companies Act 1991, and provisions and circulars issued by Bangladesh Bank (BB) differ with those of IFRSs, the requirements of the Bank Companies 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: High Frequency Trading 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. Held to maturing securities which have not matured as at the balance sheet date are amortised at the year end and gains or losses on amortisation are recognised in other reserve as a part of equity.

iii. Provision on loans and advances

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

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

iv. Recognition of interest in suspense

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

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

v. Other comprehensive income

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

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

vi. Financial instruments - presentation and disclosure

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

vii. Repo and Reverse Repo transactions

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

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

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

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

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



2.1.1 Going Concern

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

2.2 Basis of Measurement

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

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

2.3 Basis of Consolidation

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

Basis of consolidation are as follows:

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

Loss of control: Upon the loss of control of a subsidiary the group derecognizes the assets (including any goodwill) and liabilities of the subsidiary at carrying amount, any non-controlling interests and the other components of equity related to the subsidiary. Any surplus or deficit arising on the loss of control is recognized in profit and loss account. If the group retains any interest in the former/previous/ex subsidiary, such interest is measured at fair value at the date that the control is lost.

2.4 Use of Estimates and Judgments

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

Key estimates include the following:

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

2.5 Consistency

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

2.6 Foreign Currency Transactions and Translations

Functional and Presentation Currency

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

Foreign Currency Transactions

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

Foreign currency translations

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

2.7 Cash Flow Statement

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

2.8 Statement of Changes in Equity

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

2.9 Statement of Liquidity

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

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

2.10 Significant Accounting Policies

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

Accounting policies of subsidiaries

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

A. ASSETS AND THE BASIS OF THEIR VALUATION

2.10.1 Cash and cash equivalents

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

2.10.2 Investments

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

2.10.3 Held to Maturity (HTM)

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

2.10.4 Held for Trading (HFT)

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

2.10. 5REPO 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 resale price is treated as interest received and accrued evenly over the life of Repo agreement.

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

2.10.6 Investment in listed/quoted securities

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

2.10.7 Investment in unquoted securities

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

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

2.10.8 Investment in subsidiaries

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

2.10.9 Loans, Advances and provisions

- 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 consists 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 and BRPD circular no. 13 dated 18 October 2018.

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%
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 05 (five) years as per guidelines of Bangladesh Bank. However, the write off will not reduce the claim against the borrower. Detailed memorandum records for all such write off accounts are maintained carefully and followed up.
 - As per BRPD circular no. 14 September 2012 and BRPD Circular No.05 dated 29 May 2013 a general provision at 1% to 5% under different categories of unclassified loans (good/standard loans) have to be maintained. However, such general provision cannot satisfy the conditions of

provision as per IAS 37. At the year end the company has recognized an accumulated general provision of Tk. 4,005.39 million in the balance sheet under liabilities as per Bangladesh Bank's requirement.

2.10.10 Property, Plant and Equipment and depreciation

Recognition

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

Initial Measurement

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

- 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 on the straight line method. Charging depreciation commences from the month of acquisition (for full month) and ceases at the month when the assets are disposed. No depreciation has been charged on land. Rate and method of charging depreciation/amortization of fixed assets are mentioned below:

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

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

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

Capital work in progress

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

De-recognition of fixed assets

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

Revaluation of Property, Plant and Equipment

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

2.10.11 Accounting under lease operations:

2.10.11.1 Assets obtained under Lease Agreements

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

2.10.11.2 Assets given on operating and finance lease arrangements

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

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

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

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

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

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

2.10.12 Intangible Asset

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

2.10.13 Impairment of Assets

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

2.10.14 Other Assets

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

2.10.15 Receivables

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

2.10.16 Non-banking Assets

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

Recognition of non-banking Assets

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

- a) Certification of ownership u/s 33(7) of the 'Artharin Adalat Act 2003' obtained
- b) Registration from the Sub Registry Office completed



- c) DCR & Mutation form the concerned AC Land office completed
- d) Land Rent tax and Municipal tax (if any) Paid
- e) Valuation of the property done
- f) Physical possession obtained

Measurement of the Non-Banking Assets:

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

B. LIABILITIES AND PROVISIONS

2.10.17 Borrowings from other banks, financial institutions and agents

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

2.10.18 Debt securities (Subordinated Bond):

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

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

2.10.19 Deposits and other accounts

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

2.10.20 Other liabilities

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

2.10.21 Dividend payments

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

2.10.22 Provision for loans and advances

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

2.10.23 Provision for investment in capital market

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

2.10.24 Provision for off-balance sheet exposures

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

2.10.25 Provision for other assets

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

2.10.26 Provision for Nostro accounts

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

2.10.27 Provision for liabilities and accrued expenses

In compliance with IAS 37, provisions for other liabilities and accrued expenses are recognized in the financial

statements when the Bank has a legal or constructive obligation as a result of past event, it is probable that an outflow of economic benefit will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation.

2.10,28 Retirement Benefit Schemes

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

Provident fund

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

Gratuity fund

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

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

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

Welfare fund

Employees' Welfare fund was established in June 18, 2009. The UCBL policy on Employees' Welfare Fund, 2009, governs the fund and the day-to-day affairs are run by a duly constituted Board of Trustee.

The fund is held and administered by a Board of Trustee and invested according to the rules of the Fund framed as per applicable laws of Bangladesh.

Workers' Profit Participation Fund (WPPF)

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

2.10.29 Taxation

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

i) Current Tax

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

ii) Deferred Tax

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

C. CAPITAL / SHAREHOLDERS' EQUITY

2.10.30 Capital

(a) Authorized capital

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

(b) Paid-up capital

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

2.10.31 Statutory reserve

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

2.10.32 Asset revaluation reserve

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

2.10.33 Reserve for Amortization/revaluation of securities

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

2.10.34 Retained Earnings

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

2.10.35 Share Premium

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

2.10.36 Contingent asset and Contingent liability

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

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

2.10.37 Accounting of Derivative Financial Instruments

Derivatives

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



- 1. whose value changes in response to the change in price of an underlying security, commodity, currency, index or other financial instruments;
- 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.

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

D. REVENUE RECOGNITION

2.10.38 Interest income

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

2.10.39 Fees and commission income

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

2.10.40 Interest income from investments

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

2.10.41 Income from exchange

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

2.10.42 Dividend income

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

2.10.43 Interest paid on borrowings and deposits

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

2.10.44 Management and other expenses

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

E. Others

2.10.45 Materiality and aggregation

Each material class of similar items has been presented separately in the financial statements. Items of dissimilar nature have also been presented separately unless they are immaterial in accordance with IAS1'Presentation of Financial Statements'.

2.10.46 Offsetting

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

2.10.47 Earnings Per Share (EPS)

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

Basic Earnings Per Share

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

Weighted average number of ordinary shares outstanding during the year

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

Diluted Earnings Per Share

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

2.10.48 Related Party Transactions

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

Bank & BSEC guidelines. Details of the related party transactions have been disclosed in notes 47.1 to 47.8.

2.10.49 Reconciliation of books and account

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

2.10.50 Events after the reporting period

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

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

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

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

2.10.51 Credit rating

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

Year	Long Term Rating	Short Term Rating
2018	AA	ST-2
2017	AA	St-2

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

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

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

are still applicable. While preparing the financial statements, UCB applied all the applicable IAS and IFRS as adopted by ICAB. Details are given below:

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

Name of the IFRS	IFRS No.	Status
First time adoption of Bangladesh Financial Reporting Standards	1	N/A
Share Based Payment	2	N/A
Business Combinations	3	N/A
Insurance Contract	4	N/A
Non-current Assets Held for Sale and Discontinued Operations	5	N/A
Exploration for and Evaluation of Mineral Resources	6	N/A
Financial Instruments: Disclosure	7	Applied *
Operating Segments	8	Applied

Name of the IFRS	IFRS No.	Status
Financial Instruments	9	Applied *
Consolidated Financial Statements	10	Applied
Joint Arrangement	11	N/A
Disclosure of Interest in other entities	12	N/A
Fair Value Measurement	13	Applied
Regulatory deferral accounts	14	N/A
Revenue from contractors with customers	15	Applied
Leases	16	Applied

- In order to comply with certain specific rules and regulations of the local Central Bank (Bangladesh Bank) which are different to IAS/IFRS, some of the requirements specified in these IAS/IFRSs are not applied. Refer below for such recognition and measurement differences that are most relevant and material to the Bank and the Group.
- ** This Standard regards a retirement benefit plan as a reporting entity separate from the employers of the participants in the plan. Therefore, it is not applicable for the Bank's annual report as it is the employer and not the retirement benefit plan itself.
- *** The objective of IAS 34 is to prescribe the minimum content of an interim financial report and to prescribe the principles for recognition and measurement in complete or condensed financial statements for an interim period and hence it is not applicable for annual financial statements. However, the Bank being a listed entity in Dhaka and Chittagong Stock Exchanges regularly publishes Interim Financial Report complying with IAS 34.

N/A= Not Applicable

New accounting standards not yet adopted:

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

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

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

IFRS 17 Insurance Contracts

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

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

2.10.53 Operating segments:

Business segments report consists of products and services whose risks and returns are different from

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

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 have issued guidelines on six core risk areas and accordingly scheduled banks operating in Bangladesh has implemented the guidelines for better risk management practice. Implementation of core risk management guidelines by United Commercial Bank Limited and its status are discussed below.

2.10.54.1 Credit Risk Management

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

other risks. The effective management of credit risk is a critical component of a comprehensive approach to risk management and essential to the long term success of any banking organization.

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

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

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

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

2.10.54.2 Foreign Exchange Risk Management

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

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

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

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

2.10.54.3 Asset Liability Management Risk

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

The Asset Liability Management Committee (ALCO) of UCB headed by the Managing Director of the Bank meets at least once in every month to look after the financial market activities, manage liquidity

risk, interest rate risk and FX or currency risk. Asset Liability Management (ALM) desk of the Treasury is primarily responsible for management of liquidity risk on a daily basis by appropriate coordination of funding activities.

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

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

Risks	Statement
Liquidity Risk	Structural liquidity profile
Interest Rate Risk	 Dynamic liquidity profile
Currency Risk	Key Management RatiosCash flow projection
	 Traditional Gap Analysis (up to 1 Year) Traditional Gap Analysis (Total A-L) Duration Gap Analysis Balance Sheet VaR Stress Testing
	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.

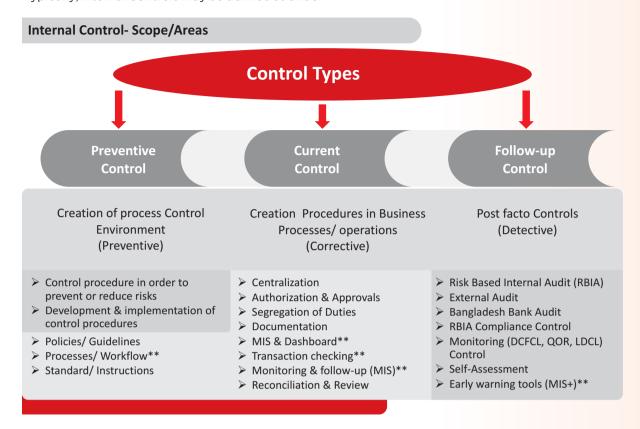
UCBL develops and maintains a robust internal control framework comprising the following internal control features:

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

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

- Compliance
- Information Security
- Internal Audit
- Risk Management

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

2.10.54.4 (ii) Fraud and Forgeries Risk

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

2.10.54.5 Money Laundering Risk

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

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

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

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

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

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

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

2.10.54.6 Information Communication Technology Risk

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

ICT Risk management is a systematic approach for the identification, assessment and management of information security related risks in Bank. It encompasses not only the negative impacts of operations

and service delivery which can bring destruction or reduction of the value of the Bank, but also the risk associated with opportunities losses to explore the technological benefits with adverse business impact.

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

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

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

- Vulnerability Assessment and Penetration Testing (VA/PT) solution introduced.
- Optimization of SWIFT System has been successfully completed.
- Internet Banking Solution with two factor authenticator (2FA) mechanisms and OTP.
- Anti-Money Laundering (AML) solution implemented.
- National Identity Card (NID) Verification System Introduced for avoiding duplicated NID use in Customer Account Opening.
- Two Factor Authentication (2FA), SMS, E-mail alerts for Credit card transactions.
- Anti-Skimming devices have been 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 capabilities to monitor fraudulent transaction based on defined rules. This solution can identify and manage risks properly.
- Call Centre Solution has been implemented as a result: Customers who are calling UCB call center for any emergency help (card activation, deactivation, lost, transactions details etc) will be served accordingly which helps to reduce risk and improve customer services.
- Human Resource Management Information System (HRMIS) Solution has been implemented. So to maintain and control HR related issues faster and accurately (Employee screening, recruitment, promotions, benefits, retirement, etc) which also reduce the employee risks.
- Optimization of CORE Banking Software and Database.
- ICT Risks Management Policy, Process up gradation as per the latest Bangladesh Bank ICT guideline. It can reduce Regularity & Compliance related risks.
- Improvement in ICT Awareness Risk: ITD has continuously conducting ICT awareness related training for employee which are aligned with Learning and Development Center.

2.10.55 Internal Audit

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

2.10.56 General

Functional and presentation currency

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

Comparative information

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

Reporting period

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

Approval of financial statements

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



UNITED COMMERCIAL BANK LIMITED

Notes to the Financial Statements

Amount in BDT

		31 Dec. 2019	31 Dec. 201 8
3	Cash	26,403,416,203	22,790,705,537
3.1	Cash in Hand		
	Local currency	4,958,623,788	4,141,551,671
	Cash in ATM	1,348,686,500	987,276,500
	Foreign currency	45,150,612	81,134,204
		6,352,460,900	5,209,962,375
3.2	Balance with Bangladesh Bank and its Agent Bank(s)		
	Local currency	19,308,855,609	17,477,680,438
	Foreign currency	742,099,694	103,062,724
		20,050,955,303	17,580,743,162
	Total Cash in Hand Including Balance with	26,403,416,203	22,790,705,537
	Bangladesh Bank & its Agent Bank's		
3.2.1	Balance with Bangladesh Bank		
	Local currency	19,308,849,603	17,477,672,089
	Foreign currency	742,099,694	103,062,724
		20,050,949,297	17,580,734,813

^{*} 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	6,006	8,349
Foreign currency	-	-
	6,006	8,349

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 Company 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:

		Amount in BDT		
		31 Dec. 2019	31 Dec. 2018	
3.3.1	Cash Reserve Requirement (CRR) (5.50% of average Demand & Time Liabilities)			
	Required reserve	18,797,535,851	16,953,922,109	
	Actual reserve held (note - 3.2.1)	19,308,849,603	17,477,672,089	
	Surplus/(Deficit)	511,313,752	523,749,980	
3.3.2 Statutory Liquidity Ratio (SLR) (13% of average Demand & Time Liabilities)				
	Required reserve	44,430,539,284	40,072,906,803	
	Actual reserve held (note-3.3.3)	55,282,992,501	47,448,925,818	
	Surplus/Deficit	10,852,453,217	7,376,019,015	
3.3.3	Held for Statutory Liquidity Ratio			
	Cash in hand (note- 3.1)	6,352,460,900	5,209,962,375	
	Balance with Sonali Bank (agent Bank) (note-3.2.2)	6,006	8,349	
	Govt. Securities (Treasury Bills) (note:6.1)	5,140,318,891	983,579,726	
	Govt. Treasury Bond (HTM) (note : 6.1)	41,256,456,652	39,229,209,308	
	Govt. Treasury Bond (HFT) (note : 6.1)	2,013,998,000	-	
	Reverse Repo with other Bank (note : 6.1)	-	1,496,272,880	
	Bangladesh Bank Bills (note : 6.1)	-	-	
	Stock of Prize Bond (note : 6.1)	8,438,300	6,143,200	
Excess Reserve of CRR (note : 3.3.1)		511,313,752	523,749,980	
		55,282,992,501	47,448,925,818	
3(a)	Consolidated Cash			
	United Commercial Bank Ltd.	26,403,416,203	22,790,705,537	
UCB Capital Management Ltd. UCB Investment Ltd. UCB Asset Management Limited.		152,106	100,440 -	
		-		
		-		
		26,403,568,309	22,790,805,977	
4 Ba	lance with Other Banks and Financial Institutions			
In Ba	ingladesh (note - 4.1)	10,447,098,949	15,326,482,725	
Outs	ide Bangladesh (Annexure-A)	1,676,284,115	929,659,746	
- 413	_	12 127 707 064	10 050 140 471	
Jacs		12,123,383,064	16,256,142,471	
4.1	In Bangladesh	12,123,363,064	16,256,142,471	
	In Bangladesh A. Current account	12,123,363,064	16,256,142,471	
		44,225,464	93,847,134	
	A. Current account			
	A. Current account Janata Bank Limited.	44,225,464	93,847,134	
	A. Current account Janata Bank Limited. Agrani Bank Limited.	44,225,464 10,004,183	93,847,134 108,030	
	A. Current account Janata Bank Limited. Agrani Bank Limited. Rupali Bank Limited.	44,225,464 10,004,183 29,562	93,847,134 108,030 41,596	

	31 Dec. 2019	31 Dec. 2018	
B. Fixed Deposits			
Industrial and Infrastructure Development Finance Company Limited	450,000,000	550,000,000	
Peoples Leasing and Financial Services Limited	4,800,000	250,000,000	
National Finance Limited	4,000,000	50,000,000	
Dhaka Bank Limited	-	1,550,000,000	
Uttara Finance & Investment Limited	550,000,000	550,000,000	
Reliance Finance	650,000,000	650,000,000	
Jamuna Bank Limited	-	1,390,000,000	
Modhumoti Bank Limited	509,400,000	209,750,000	
IPDC Finance Limited	-	240,000,000	
Investment Corporation of Bangladesh	1,950,000,000	1,950,000,000	
Lanka Bangla Finance Limited	400,000,000	400,000,000	
Meridian Finance & Investment Limited	250,000,000	250,000,000	
NRB Bank Limited	-	335,600,000	
Mutual Trust Bank Limited	500,000,000	1,500,000,000	
Shahjalal Islami Bank Limited	-	500,000,000	
International Leasing and Financial Services Limited	600,000,000	620,000,000	
Phonix Finance and Investment Limited	500,000,000	500,000,000	
Social Islami Bank Limited	-	- 500,000,000	
National Credit and Commerce Bank Limited	-	- 1,300,000,000	
Islami Bank Bangladesh Limited	-	- 839,000,000	
National Housing Finance and Investment Limited - 100,00		100,000,000	
Bay Leasing and investment Limited	vestment Limited 100,000,000 200,000,000		
NRB Bank Limited	84,900,000	-	
Agrani Bank Limited	339,600,000	-	
Midland Bank Limited	11,121,900	-	
Exim Bank Limited	990,000,000	-	
The City Bank Ltd.	424,500,000	-	
Premier Bank Limited	1,000,000,000	-	
Standard Bank Limited	-	-	
	9,318,321,900	14,434,350,000	
Total (A+B)	10,447,098,949	15,326,482,725	
Maturity grouping of balance with other banks & financial institutions			
On demand	7,683,661,164	1,642,132,725	
Upto three months	4,439,721,900	14,614,009,746	
More than three months but less than six months	-	-	
More than six months but less than one year	-	-	
	12,123,383,064	16,256,142,471	

4.2

		Alliount in BD1		
		31 Dec. 2019 31 Dec.		
4 (a) Consolidated Balance with Other Banks			
	& Financial Institutions			
	In Bangladesh			
	United Commercial Bank Ltd. (note-4.1)	10,447,098,949	15,326,482,725	
	UCB Capital management Ltd.	789,471,452	692,884,914	
	UCB Investment Ltd.	20,075,787	16,102,877	
	UCB Asset Management Limited	49,986,764	-	
		11,306,632,952	16,035,470,516	
	Less: Inter Company balance eliminated	215,966,707	156,476,711	
		11,090,666,245	15,878,993,805	
	Outside Bangladesh			
	United Commercial Bank Ltd.	1,676,284,115	929,659,746	
	UCB Capital Management Ltd.	-	-	
	UCB Investment Ltd.	+	-	
	UCB Asset Management Limited		_	
	· ·	1,676,284,115	929,659,746	
		12,766,950,360	16,808,653,551	
5	Money at call on short notic			
3	Jamuna Bank Limited	80,000,000	50,000,000	
	NRB Commercial Bank Limited		30,000,000	
		150,000,000	_	
	Midland Bank Limited	150,000,000	-	
	NRB Bank Limited	270,000,000	-	
	Modhumoti Bank Limited	250,000,000	-	
	Industrial Promotion & Development	60,000,000	-	
	IDLC Finance Limited	290,000,000	-	
	Industrial & Infrastructure Development	110,000,000	-	
	Lanka Bangla Finance Limited	150,000,000	100,000,000	
	Delta Brac Housing Finance Corporate	190,000,000	-	
		1,700,000,000	150,000,000	
6	Investments			
	Government Securities (note-6.a)	48,419,211,843	41,715,205,114	
	Other Investments (note-6.b)	9,381,753,764	9,115,632,584	
		57,800,965,607	50,830,837,698	
	a) Government Securities			
	Treasury Bills			
	28 days Treasury bills	-	-	
	91 days Treasury bills	-	-	
	182 days Treasury bills	-	-	
	364 days Treasury bills	5,140,318,891	983,579,726	
	Total Treasury Bills	5,140,318,891	983,579,726	

		31 Dec. 2019	31 Dec. 2018	
(Government Bonds			
F	Prize Bonds	8,438,300	6,143,200	
F	Reverse Repo with other Bank	-	1,496,272,880	
E	Bangladesh Bank Bills	-	-	
(Government Bonds	43,270,454,652	39,229,209,308	
1	Total Government Bonds	43,278,892,952	40,731,625,388	
1	Total Government Securities	48,419,211,843	41,715,205,114	
k	o) Other Investments			
9	Shares in listed companies (note- 6.3)	4,593,232,211	4,017,742,382	
9	Shares in non-listed companies (note- 6.3)	288,521,553	597,890,202	
E	Bond in non-listed companies (note- 6.3)	1,000,000,000	1,000,000,000	
5	Sub-ordinated Bond	3,500,000,000	3,500,000,000	
1	Total other investments	9,381,753,764	9,115,632,584	
1	Total Investments (a+b)	57,800,965,607	50,830,837,698	
	Government Securities are Classified as per Bangladesh Bank Circular			
7	Treasury Bond - HTM	41,256,456,652	39,229,209,308	
7	Treasury Bond - HFT	2,013,998,000	-	
7	Treasury Bills - HTM	5,140,318,891	983,579,726	
F	Reverse Repo with Other Bank	-	1,496,272,880	
Е	Bangladesh Bank Bills - HTM	-	-	
Е	Bangladesh Bank Bills - HFT	-	-	
(Other Securities (Prize Bond)	8,438,300	6,143,200	
		48,419,211,843	41,715,205,114	
6.2 N	Maturity Grouping of Investments			
(On demand	8,438,300	6,143,200	
Į	Jp to three months	1,127,955,904	1,797,185,137	
	More than three months but less then one year	12,865,456,598	7,666,173,330	
	More than one year but less then five years	12,769,113,671	13,599,247,898	
(Over five years	31,030,001,134	27,762,088,133	
		57,800,965,607	50,830,837,698	

6.3 Other Investments

	Name of the Company	Market Price on 31.12.2019	Cost Price on 31.12.2019	Cost Price on 31.12.2018
A)	Shares in listed companies			
	Square Pharmaceuticals Ltd.	178,018,980	173,603,901	172,784,406
	Grameenphone Ltd.	152,903,000	114,442,758	124,613,694
	Brac Bank Ltd.	342,711,002	288,273,126	357,901,402
	Linde Bangladesh Limited	124,042,809	98,456,621	102,676,122

	_		IN BDT
		31 Dec. 2019	31 Dec. 2018
Name of the Company	Market Price on 31.12.2019	Cost Price on 31.12.2019	Cost Price on 31.12.2018
BSRM Steels Limited	19,404,000	57,790,980	57,790,980
Envoy Textiles Limited	26,531,050	43,058,682	40,694,867
Matin Spinning Mills Itd.	121,056,728	158,543,377	157,390,917
Meghna Life Insurance Co. Ltd.	24,040,500	48,736,185	22,901,343
National Housing Fin. and Inv. Ltd.	179,776,406	44,648,491	44,648,491
Powergrid Company of Bangladesh L	td. 57,221,800	87,963,678	80,919,818
Titas Gas Transmission & dist. Co. Ltd	. 28,315,184	65,321,150	65,321,150
Unique Hotel & Resorts Limited	25,242,500	79,999,980	79,999,980
ACI Limited	94,099,764	178,752,378	178,752,378
Bata Shoe Ltd.	35,501,100	59,685,354	151,116,795
Square Textile Limited	43,669,049	95,713,543	95,713,543
Shasha Denims Limited	72,868,804	147,310,426	102,518,000
The ACME Laboratories Limited	476,980,676	501,420,638	492,715,507
Eastern Bank Ltd.	88,387,065	108,652,693	90,726,532
Prime Bank Limited	178,632,818	200,711,324	51,009,775
The City Bank Limited	112,398,561	210,918,662	206,580,362
Fortune Shoes Limited	-	-	8,638,378
Kattali Textile Limited	-	-	100,640
United Power Generation &	380,413,448	453,931,281	401,666,547
Distribution Company Limited			
SK Trims & Industries Limited	-	-	55,001
Navana CNG Limited	19,608,000	36,811,784	32,008,952
VFS Thread Dyeing Limited	-	-	44,783
M.L. Dyeing Limited	-	-	45,303
Confidence Cement Limited	65,453,514	82,564,121	28,894,650
The IBN SINA Pharmaceuticals	35,791,054	44,262,106	49,546,266
Industry Limited			
Khulna Power Company Limited	26,478,900	64,856,932	165,387,921
Singer Bangladesh Limited	-	-	63,890,748
Meghna Petroleum	20,759,848	26,988,034	-
Silva Pharmaceuticals Limited	-	-	91,930
Paramount Textile Limited	249,024,309	267,997,160	5,831
Indo Bangla Pharmaceuticals Limited	-	-	10,700
IFAD Autos Limited	30,445,800	74,589,084	41,953,125
BBS Cables Limited	18,147,326	27,249,840	23,731,264
Active Fine Chemicals Limited	19,110,000	39,313,011	21,195,790
Jamuna Bank Limited	-	-	32,980,354
Jamuna Oil Company Limited	11,799,978	14,663,919	5,112,128
SS Steel Limited	11,565	11,835	134,920

			71 Dec. 2010
Name of the Company	Market Price	31 Dec. 2019 Cost Price	31 Dec. 2018 Cost Price
Name of the Company	on 31.12.2019	on 31.12.2019	on 31.12.2018
Bangladesh Export Import Co	mpany Ltd	-	-
Genex Infosys Limited	202,874	26,180	-
BD Submarine Cable	30,811,424	51,404,513	-
Esquire Knit Composite	8,013,145	10,985,737	-
IDLC Finance Ltd.	25,180,202	33,845,003	-
Runner Automobiles	202,419,000	145,800,000	-
New Line Clothing Limited	63,374	40,011	-
RAK Ceramics (Bangladesh) l	_imited -	-	-
MJL Bangladesh Limited	-	-	-
Silco	243,097	72,940	-
Copper Tech	116,983	47,410	-
Salvo Chemical	-	-	-
Sea Pearl	161,731	37,300	-
Ring Shine Textile Limited	1,711,232	1,510,600	-
AND Tel	189,680	569,040	
Oimex Electrode Limited	-	-	-
Nahee Aluminium Composite	-	-	-
DBH First Mutual Fund	61,144,196	83,937,835	73,417,946
EBL First Mutual Fund	17,727,600	43,473,982	43,473,982
EBL NRB Mutual Fund	13,044,162	20,713,530	20,713,530
ICB AMCL 2nd Nrb Mutual Fu	nd -	-	40,985,161
ICB AMCL Second Mutual Fur	nd 16,938,845	27,242,375	27,242,375
MBL 1st Mutual Fund	46,412,838	72,508,591	72,253,179
NLI First Mutual Fund	47,700,000	39,696,800	39,696,800
Trust Bank 1st Mutual Fund	33,553,613	48,492,506	48,492,506
Asian Tiger Sandhani Life Gro	wth Fund -	-	8,909,309
NCCBL Mutual Fund-1	21,851,152	23,320,048	16,358,625
LR Global Bangladesh Mutual	Fund -1 80,732,632	92,264,756	73,927,676
Sub Total (a)	3,867,063,318	4,593,232,211	4,017,742,382
B) Shares in Non-listed Compan	ies		
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	100,000,000	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	300,000,000
Fiber shine	10,000,000	10,000,000	10,000,000
SWIFT	8,258,622	8,258,622	8,258,622
Esquire Knit Composite Limit	ed -	-	1,880,100
AND Telecom Limited	-	-	569,040

		31 Dec. 2019	31 Dec. 2018
Name of the Company	Market Price	Cost Price	Cost Price
	on 31.12.2019	on 31.12.2019	on 31.12.2018
Genex Infosys Limited	-	-	104,670
Runner Automobiles	-	-	145,800,000
IAMCL 2nd NRB UF	30,415,000	40,985,161	-
Sub total (b)	277,951,392	288,521,553	597,890,202
C) Bond in non-listed companies			
Best Holdings Limited	1,000,000,000	1,000,000,000	1,000,000,000
Sub total (c)	1,000,000,000	1,000,000,000	1,000,000,000
Total (a +b + C)	5,145,014,710	5,881,753,764	5,615,632,584

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

	Cost Price (Taka)	Market Value/ Amortized Cost	Market Value/ Amortized Cost
Government securities:			
Treasury Bills (Govt. Securities)	5,032,464,500	5,140,318,891	983,579,726
Govt. Treasury Bond (HTM)	41,642,229,774	41,256,456,652	39,229,209,308
Treasury Bond - HFT	2,023,137,000	2,013,998,000	-
Reverse Repo with Other Bank	-	-	1,496,272,880
Stock of Prize Bond	8,438,300	8,438,300	6,143,200
	48,706,269,574	48,419,211,843	41,715,205,114
Investment in Shares, Bond & Debenture:	Market Value/ Amortized Cost	Cost Price	Cost Price
Quoted Shares	3,867,063,318	4,593,232,211	4,017,742,382
Un-Quoted Shares	277,951,392	288,521,553	1,597,890,202
Total investment in shares	4,145,014,710	4,881,753,764	,615,632,584

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

SI. No	Counter party	Agreement	Reversal	Amount
	Name	Date	Date	(1st leg cash consideration)
Total			-	

6.5 (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	493,585,000	2,473,795,000	988,716,583
2) With Bank & FIS	494,855,500	1,251,938,850	859,991,822
Securities Purchased under reverse repo:			
1) From Bangladesh Bank	-	-	-
2) From Other Bank & Financial ins.	192,868,000	5,955,019,185	1,586,467,910

		Amount	III BD1
		31 Dec. 2019	31 Dec. 2018
6(a)	Consolidated Investments		
	Governments Securities		
	United Commercial Bank Ltd	48,419,211,843	41,715,205,114
	UCB Capital Management Ltd.	-	-
	UCB Investment Ltd.	-	-
	UCB Asset Management LTd.	-	-
		48,419,211,843	41,715,205,114
	Other Investments		
	United Commercial Bank Ltd.	9,381,753,764	9,115,632,584
	UCB Capital Management Ltd.	1,089,821,030	1,068,194,022
	UCB Investment Ltd.	300,749,389	258,831,586
	UCB Asset Management Limited	-	-
		10,772,324,183	10,442,658,192
	Less: Inter Company balance eliminated	100,000	100,000
		10,772,224,183	10,442,558,192
		59,191,436,026	52,157,763,306
_		700 700 141 700	004671070715
7	Loans and Advances	322,728,141,789	294,671,938,315
7.1	Maturity grouping of Loans & Advances (including bills purchased and discounted)		
	On demand	3,627,765,395	3,549,205,395
	Not more than three months	92,286,196,116	102,959,938,210
	More than three months but less than one year	105,156,828,040	78,152,207,482
	More than one year but less than five years	77,240,893,535	68,129,991,338
	More than five years	44,416,458,703	41,880,595,890
		322,728,141,789	294,671,938,315
7.2	Loans & Advances		
	i) Loans, Cash credit & overdraft etc		
	a) Within Bangladesh		
	Loan	228,351,671,802	197,149,167,273

		31 Dec. 2019	31 Dec. 2018	
	Cash credits	29,092,206,836	33,104,056,326	
	Overdrafts	46,614,500,343	44,930,824,844	
		304,058,378,981	275,184,048,443	
	b) Outside Bangladesh	-	-	
		304,058,378,981	275,184,048,443	
	ii) Bills Purchased & Discounted (note : 7.13)			
	a) Payable Inside Bangladesh			
	Inland Bills Purchased	3,272,179,788	3,342,621,797	
	b) Payable outside Bangladesh	3,272,173,700	0,012,021,707	
		15 707 507 020	16 145 260 075	
	Foreign bills purchased & discounted	15,397,583,020	16,145,268,075	
		18,669,762,808	19,487,889,872	
		322,728,141,789	294,671,938,315	
7.3	Net Loans & Advances			
	Gross Loans & Advances (note- 7.2)	322,728,141,789	294,671,938,315	
	Less: Non Performing Loans & Advances (note- 7.10 k) 17,098,936,674	20,021,627,136	
	Interest suspense (note- 12.17)	8,468,148,993 6,376,03		
	Provision for Loans & Advances (note- 7.11)	10,435,448,117	9,308,937,358	
		36,002,533,784	35,706,594,865	
		,,,	33,7 33,33 4,333	
		286,725,608,005	258,965,343,450	
	=		-	
7.4	Loans & Advances according to significant concentration		-	
7.4	_		-	
7.4	significant concentration		-	
7.4	a) Advances to the companies or firms in		-	
7.4	a) Advances to the companies or firms in which the Directors of the Bank are interested	286,725,608,005	258,965,343,450	
7.4	a) Advances to the companies or firms in which the Directors of the Bank are interested b) Advances to Chief Executive and other	286,725,608,005 - 78,441,009	258,965,343,450 - 652,596,078	
7.4	a) Advances to the companies or firms in which the Directors of the Bank are interested b) Advances to Chief Executive and other senior executives c) Advances to customers group i) Commercial Lending	286,725,608,005 - 78,441,009 48,558,322,306	258,965,343,450 - 652,596,078 51,195,469,672	
7.4	a) Advances to the companies or firms in which the Directors of the Bank are interested b) Advances to Chief Executive and other senior executives c) Advances to customers group i) Commercial Lending ii) Import Finance	286,725,608,005 - 78,441,009 48,558,322,306 19,466,681,279	258,965,343,450 - 652,596,078 51,195,469,672 15,695,173,298	
7.4	significant concentration a) Advances to the companies or firms in which the Directors of the Bank are interested b) Advances to Chief Executive and other senior executives c) Advances to customers group i) Commercial Lending ii) Import Finance iii) Export Finance	286,725,608,005 - 78,441,009 48,558,322,306 19,466,681,279 4,631,296,548	258,965,343,450 - 652,596,078 51,195,469,672 15,695,173,298 5,812,320,430	
7.4	significant concentration a) Advances to the companies or firms in which the Directors of the Bank are interested b) Advances to Chief Executive and other senior executives c) Advances to customers group i) Commercial Lending ii) Import Finance iii) Export Finance iv) House Building Loan	286,725,608,005 78,441,009 48,558,322,306 19,466,681,279 4,631,296,548 19,768,303,822	258,965,343,450 - 652,596,078 51,195,469,672 15,695,173,298 5,812,320,430 19,233,553,662	
7.4	significant concentration a) Advances to the companies or firms in which the Directors of the Bank are interested b) Advances to Chief Executive and other senior executives c) Advances to customers group i) Commercial Lending ii) Import Finance iii) Export Finance iv) House Building Loan v) Transport Loan	286,725,608,005 	258,965,343,450 652,596,078 51,195,469,672 15,695,173,298 5,812,320,430 19,233,553,662 4,013,274,712	
7.4	significant concentration a) Advances to the companies or firms in which the Directors of the Bank are interested b) Advances to Chief Executive and other senior executives c) Advances to customers group i) Commercial Lending ii) Import Finance iii) Export Finance iv) House Building Loan v) Transport Loan vi) Retail Loan	286,725,608,005 	258,965,343,450 	
7.4	significant concentration a) Advances to the companies or firms in which the Directors of the Bank are interested b) Advances to Chief Executive and other senior executives c) Advances to customers group i) Commercial Lending ii) Import Finance iii) Export Finance iv) House Building Loan v) Transport Loan vi) Retail Loan vii) Staff Loan	286,725,608,005 78,441,009 48,558,322,306 19,466,681,279 4,631,296,548 19,768,303,822 3,564,692,940 17,029,567,718 3,889,309,697	258,965,343,450 	
7.4	significant concentration a) Advances to the companies or firms in which the Directors of the Bank are interested b) Advances to Chief Executive and other senior executives c) Advances to customers group i) Commercial Lending ii) Import Finance iii) Export Finance iv) House Building Loan v) Transport Loan vi) Retail Loan vii) Staff Loan viii) Industrial Loan	286,725,608,005 	258,965,343,450 - 652,596,078 51,195,469,672 15,695,173,298 5,812,320,430 19,233,553,662 4,013,274,712 16,328,343,950 3,711,661,324 139,865,414,170	
7.4	significant concentration a) Advances to the companies or firms in which the Directors of the Bank are interested b) Advances to Chief Executive and other senior executives c) Advances to customers group i) Commercial Lending ii) Import Finance iii) Export Finance iv) House Building Loan v) Transport Loan vi) Retail Loan vii) Staff Loan	286,725,608,005 78,441,009 48,558,322,306 19,466,681,279 4,631,296,548 19,768,303,822 3,564,692,940 17,029,567,718 3,889,309,697	258,965,343,450 	
	significant concentration a) Advances to the companies or firms in which the Directors of the Bank are interested b) Advances to Chief Executive and other senior executives c) Advances to customers group i) Commercial Lending ii) Import Finance iii) Export Finance iv) House Building Loan v) Transport Loan vi) Retail Loan viii) Staff Loan viiii) Industrial Loan ix) Agricultural Loan	286,725,608,005 	258,965,343,450 	



		31 Dec. 2019	31 Dec. 2018
7.5	Industry wise Loans and Advances		
	RMG & Accessories	44,946,878,810	43,403,722,531
	Textile Industries	22,651,862,132	15,126,828,767
	Agriculture	4,407,618,373	3,899,751,000
	Food Products & Processing	13,848,972,264	13,882,289,125
	Jute Industries	209,098,027	196,306,169
	Leather & Leather Products	1,043,189,051	902,650,756
	Paper & Paper Products Industries	6,842,640,921	6,071,275,801
	Wood & Wooden Products	2,521,294,272	2,446,696,026
	Chemical & Chemical Products	2,579,632,146	2,979,128,627
	Cement Industries	9,440,207,979	7,213,851,587
	Brick Field, Auto Bricks, Tiles	813,484,258	717,901,493
	Engineering, Basic Metal & Products	21,091,695,454	15,265,832,056
	Ship Re-cycling	2,818,279,850	836,194,916
	Ship Manufacturing	3,275,858,455	3,856,025,665
	Educational Institute, Hotel, Restaurant	1,045,664,490	1,463,315,147
	Telecommunication	2,070,507,245	2,725,557,999
	Transport & Communication	3,564,692,940	4,013,274,713
	Diagnostic/Medical/Clinic	3,326,665,585	2,814,715,293
	Housing Industry	19,768,303,822	19,233,553,663
	Construction (Other than Housing)	29,923,380,651	24,835,032,989
Electronics Media Power & Energy		374,198,540	389,766,747
		9,914,198,952	7,546,218,561
	Commercial Trade Financing	72,656,300,132	72,702,963,401
	Others	43,593,517,440	42,149,085,285
		322,728,141,789	294,671,938,317
7.6	Geographical Location wise Loans & Advances		
	Urban branches		
	Dhaka	223,937,542,546	210,484,641,820
	Chattogram	72,896,024,692	59,075,946,795
	Sylhet	1,632,078,910	1,821,392,247
	Rajshahi	6,597,053,716	5,941,934,349
	Rangpur	876,482,428	850,981,758
	Khulna	6,116,407,791	5,909,771,948
	Barisal	316,019,741	318,222,870
		312,371,609,824	284,402,891,787
	Rural branches		
	Dhaka	7,125,062,555	7,304,733,075
	Chattogram	2,640,866,952	2,432,593,197

	31 Dec. 2019	31 Dec. 2018
Sylhet	294,854,002	309,513,317
Rajshahi	244,516,790	216,513,117
Rangpur	45,836,822	5,693,824
Khulna	5,394,844	-
Barisa	-	
	10,356,531,965	10,269,046,530
	322,728,141,789	294,671,938,317
7.7 Sector - wise Loans and Advances		
Government & autonomous	208,715,558	219,671,304
Co-operative sector	-	-
Other public sector	-	-
Private sector	322,519,426,231	294,452,267,011
	322,728,141,789	294,671,938,315

7.8 Details of large Loans and Advances

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

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

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

(Figure in crore)

Name of the Borrower	Outst	31 Dec. 2018		
	Funded	Non-Funded	Total	Total Taka
Four H group	538.68	662.82	1,201.50	962.46
Smart Group	102.12	88.37	190.49	233.64
kabir Group	406.98	224.76	631.74	423.25
Abul Khair group	483.80	502.46	986.26	711.87
Unique Group	157.54	55.96	213.50	216.22
Spectra Group	104.40	197.04	301.44	504.51
Micro Fibre Group	-	621.79	621.79	732.30
Baraka Patenga Power Ltd.	340.86	472.69	813.55	798.00
Summit Group	26.50	84.93	111.43	461.15
Max Group	198.89	83.86	282.75	302.38
Max Power Ltd	94.36	19.43	113.79	178.41
Toma Group	163.77	651.15	814.92	653.26
Bashundhara Group	420.05	366.22	786.27	731.33

(Figure in crore)

Name of the Borrower	Outst	anding as on 31 De	c. 2019	31 Dec. 2018
	Funded	Non-Funded	Total	Total Taka
Chaina Railway Major Bridge Engineering Group Co Ltd.	-	3.11	3.11	1,216.45
Syno Hydro Corporation Ltd.	-	870.78	870.78	870.78
BSRM	137.94	212.78	350.72	307.66
Pran Group	484.47	67.06	551.53	771.27
LIZ GROUP	127.30	217.95	345.25	465.12
DIRD GROUP	374.50	130.34	504.84	423.17
Palmal Group	19.38	89.06	108.44	84.10
Thermax Group	84.62	187.30	271.92	283.26
Mondol Group	177.31	550.13	727.44	799.75
Anwar Group	172.72	200.92	373.64	383.19
Metro	133.84	357.77	491.61	498.38
GPH Ispat Group	403.93	294.13	698.06	677.46
New Asia	175.75	224.77	400.52	357.27
N.R. Group	309.13	289.12	598.25	673.05
Habib Group	366.57	94.47	461.04	431.98
City Group	366.37	59.07	425.44	387.25
Meghna Group	26.34	48.31	74.65	43.94
Wahid Group	204.30	190.09	394.39	321.82
M.M Knitwear	59.67	170.20	229.87	266.48
Mir Akhter Hossain	253.08	100.79	353.87	339.23
BSM Group	487.91	94.42	582.33	548.85
Energypac	122.52	339.90	462.42	82.43
Mostafa-Hakim Group	221.94	176.58	398.52	350.59
BBS Group	190.81	43.30	234.11	278.47
Orion Group	138.64	352.75	491.39	-
Confidence Group	96.09	185.18	281.27	-
Omera Group	302.22	68.79	371.01	-
Total	8,475.30	9,650.55	18,125.85	17,770.73

Amount in BDT

7.9 Disclosure of Particulars of Advances

- Loans considered good in respect of which the banking company is fully & partly secured.
- Loans considered good against which the banking company holds no security than the debtors personal guarantee.
- iii) Loans considered good secured by the personal undertakings of one or more parties in addition to the personal guarantee of the debtor.
- iv) Loans adversely classified, provision not maintained there against.

	31 Dec. 2019	31 Dec. 2018
1	253,548,052,811	212,429,000,331
è	37,401,896,956	42,727,431,056
j		
è	31,778,192,022	39,515,506,928
5		
è		
	-	-
	322,728,141,789	294,671,938,315

	Amoun	
	31 Dec. 2019	31 Dec. 2018
v) Loans due by directors or officers of the banking company or any of them either separately or jointly with any other person	4,233,588,990	3,711,661,324
vi) Loans due by companies or firms in which the directors of the banking company have interests as directors, partners, or managing agents or in case of private companies, as members	-	-
vii) Maximum total amount of advances including temporary advances made at any time during the year to directors or managers or officers of the banking company or any of them either severally or jointly with any other person	4,852,570,000	1,564,592,000
viii) Maximum total amount of advances, including temporary advances granted during the year to the companies or firms in which the Directors of the Bank are interested as directors, partners or managing agents or in the case of private companies as members	-	-
ix) Due from banking companies		
x) Amount of classified loans on which interest has not been charged:	10,858,340,112	18,237,357,864
a) (Decrease)/ Increase in provision	1,126,510,759	1,891,481,835
b) Amount realized against loan previously written off	(169,291,686)	267,641,572
 c) Amount of provision kept against loan classified as Bad /Loss on the balance sheet date 	3,236,775,851	4,780,896,584
d) Interest credited to the interest suspense account.	5,666,704,492	5,015, 424,654
xi) Cumulative amount of the written off loan	13,531,817,751	11,248,297,513
xii) Amount written off during the year	2,114,228,552	1,839,941,804
xiii) Amount of written off loan for which law suit filed	15,299,660,502	13,185,431,950
Classification of Loans & Advances		
Unclassified		
Standard (SMA)	4,346,095,079	10,284,217,619
Standard (Small & Medium Ent.)	109,072,137,614	88,498,284,486
Standard (Consumer Finance- Credit Card)	2,027,090,026	1,634,835,635
Standard (Consumer Finance-House Finance)	3,513,370,104	5,148,173,319
Standard (Consumer Finance - Loan Professional)	287,594,365	135,707,044
Standard (Consumer Finance-Others)	5,680,626,313	4,791,093,049
Standard (Agri Loan)	1,404,692,738	1,597,749,686
Standard (Staff Loan)	4,233,588,990	3,711,661,324
Standard (Others.)	175,064,009,886	158,848,589,017
	305,629,205,115	274,650,311,179



7.10

a)

b) Classified

Sub - Standard

Doubtful

Bad & Loss

SMA 2% (Specific Provision)

Total

31 Dec. 2019	31 Dec. 2018
592,588,234	1,023,970,417
260,304,314	760,298,855
10,858,340,112	18,237,357,864
5,387,704,014	-
17,098,936,674	20,021,627,136
322,728,141,789	294,671,938,315

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



		74 5 0000	
		31 Dec. 2019	31 Dec. 2018
Suit filed by different branche (Branch wise details)	s against defaulted bo	orrowers during th	ne year
Khatungong branch		63,554,418	857,736,029
Tejgaon branch		-	25,883,749
Agrabad branch		213,816,437	111,878,05
Amborkhana branch		72,209,712	7,815,539
Azadi Bazar		492,870	
Feni branch		47,560,844	254,744,61
Jessore branch		-	2,110,97
Khulna branch		-	43,574,13
Nayabazar branch		365,958,680	655,066,64
Naogaon branch		-	22,116,64
Serajgonj branch		9,323,187	16,690,000
Anowara branch		25,347,016	10,371,03
Chandpur branch		-	71,493,85
Comilla branch		47,833,739	285,263,75
Dampara branch		-	281,340,88
Dilkusha Branch		6,082,374	
Faridpur branch		-	147,546,53
Islampur branch		-	84,998,01
Pabna branch		35,758,384	8,033,59
Rajshahi branch		-	347,407,73
Sylhet branch		-	499,52
Bashundhara branch		-	3,844,93
Bangshal branch		-	3,651,16
Banasree branch		-	9,373,01
Bhatiary branch		33,626,101	21,092,38
Brahmanbaria branch		12,992,458	4,814,44
Barisal branch		19,000,000	
Chinispur branch		-	15,029,65
Chowdhuryhat Branch		614,620	
Chuadanga Branch		24,658,096	
Chowkbazar Branch		6,541,256	
Dinajpur branch		-	27,698,89
Gazipur Chowrasta branch		-	116,596,42
Hathazari branch		-	108,254,62
Elephant Road Branch		31,538,808	
Kamrangichar branch		27,745,283	4,171,98
Kanaipur branch		19,061,910	41,512,10
Kanchan branch		11,429,351	3,788,53
Lohagara branch		_	4,595,98
Maizdi Court branch		-	3,675,74

	Amount in BD1	
	31 Dec. 2019	31 Dec. 2018
Mawna branch	-	14,186,626
Mirpur Road branch	885,953	157,209,928
Moulvi Bazar - Dhaka branch	291,942,745	322,877,044
Moulavibazar-Sylhet Branch	65,849,378	-
Munshigonj branch	30,604,029	-
Mymensingh branch	436,361	-
Savar branch	-	5,980,219
Shantinagar branch	31,025,617	103,809,562
Station Road branch	78,006,270	44,133,016
Barolekha branch	-	1,834,804
Chashara branch	231,624,323	22,457,185
Lakshmipur branch	-	36,770,744
Noapara bazar branch (Jessore)	-	7,861,132
Darussalam Branch	16,820,916	-
Jhawtala Branch	19,510,886	-
O.R Nizam Road branch	10,332,684	-
Jubilee Road branch	58,709,193	-
Principal branch	793,108	-
Mirpur branch	1,679,699	-
Dhonia Branch	3,284,025	-
Madhabdi branch	5,167,775	-
Mohammadpur branch	52,184,253	-
Modunaghat branch	3,253,873	-
Uttarkhan branch	40,666,692	-
Kadamtali branch	82,383,530	-
Kaligonj Branch	4,346,976	-
Karnafuly Branch	427,264	-
Kathgor Branch	530,763	-
Kushtia Branch	41,655,000	-
Nabiganj Branch	2,153,755	-
Nikunjo Branch	416,758	-
Port Branch	36,046,750	-
Rajbari Branch	12,843,646	-
Tongi Branch	40,090,380	-
Tongi Station Road	29,448,863	-
Ullahpara Branch	5,403,970	-
Zindabazar Branch	4,606,346	-
Uttara Branch	123,471,302	-
Bogra Branch	339,475,267	-
Anderkilla branch	68,966,108	-
	2,810,190,002	4,319,791,454

		Alliouii	
		31 Dec. 2019	31 Dec. 2018
7.13	Bills Purchased and Discounted		
	a) Payable in Bangladesh	3,272,179,788	3,342,621,797
	b) Payable outside Bangladesh	15,397,583,020	16,145,268,075
		18,669,762,808	19,487,889,872
7.13	3.1 Maturity Grouping of Bills Purchased and Discounted		
	Payable within one month	1,222,200,000	1,463,337,927
	Over one month but less than three months Over three months but less than six months	3,751,517,236 7,644,163,806	2,486,748,313 6,350,111,994
	Six months or more	6,051,881,766	9,187,691,638
		18,669,762,808	19,487,889,872
7(a)	Consolidated Loans and Advances		
	Loans, Cash Credits, Overdrafts etc		
	United Commercial Bank Ltd.	304,058,378,981	275,184,048,443
	UCB Capital Management Ltd.	2,935,259,429	1,905,557,186
	UCB Investment Ltd.	-	-
	UCB Asset Management Limited	-	-
		306,993,638,410	277,089,605,629
	Less: Inter Company balance eliminated	179,625,603	
		306,814,012,807	277,089,605,629
	Bills Purchased and Discounted		
	United Commercial Bank Ltd.	18,669,762,808	19,487,889,872
	UCB Capital Management Ltd.	-	-
	UCB Investment Ltd.	-	-
	UCB Asset Management Limited	-	-
		18,669,762,808	19,487,889,872
	Less: Inter Company balance eliminated	-	
		18,669,762,808	19,487,889,872
		325,483,775,615	296,577,495,501
8.	Fixed assets Including Premises, Furniture & Fixtur	e.	
	Land	4,395,054,283	4,395,054,283
	Building	2,559,698,620	2,131,705,476
	Furniture and fixtures	1,930,456,117	1,641,947,205
	Office equipments	1,856,554,676	1,384,685,527
	Computer & equipments	1,272,130,152	996,595,151
	Vehicles	496,004,413	460,816,440
	Capital Expenditure Work in Progress	540,859,003	819,944,739
		13,050,757,264	11,830,748,821



	31 Dec. 2019	31 Dec. 2018
Intangible Assets		
Computer software	955,389,025	897,497,153
Lease Asset		
Right of Use assets (ROU) as per IFRS 16	5,133,695,408	-
	19,139,841,697	12,728,245,974
Less: Accumulated depreciation & amortization	4,685,201,541	3,672,131,746
Written down value at the end of the year	14,454,640,156	9,056,114,228
Fixed Assets Schedule:		
A schedule of Fixed assets is given in Annexure - B		
8(a) Consolidated Fixed Assets including premises, furniture & fixture		
United Commercial Bank Ltd.	14,454,640,156	9,056,114,228
UCB Capital Management Ltd.	85,575,434	27,989,446
UCB Investment Ltd.	-	-
UCB Asset Management Limited	-	-
	14,540,215,590	9,084,103,674
Less: Inter Company balance eliminated	-	-
	14,540,215,590	9,084,103,674
9. Other Assets		
Investment in share of subsidiary companies.	817,592,757	767,592,757
Investment against Right share of subsidiary companies*	1,486,500,000	1,486,500,000
Receivable from Subsidiary Company	767,021	767,021
Stock of Stationery & Stamps	43,651,077	42,223,835
Account with Stock Broker	379,638,012	481,365,696
Advance Payment	2,018,425,992	790,299,986
Advance Deposit	8,266,730	8,249,730
Suspense Account (note - 9.1)	1,871,646,026	1,155,463,440
Advance Income Tax Paid (note - 9.2)	1,164,968,259	1,346,549,251
Interest Receivable	1,367,725,344	1,171,858,272
Income Receivable	88,567,498	65,827,776
Head Office General Account (note - 9.3)	-	665,685
FC Placement as Security Deposit	-	-
Deferred Tax Asset (note - 9.4)	2,295,986,456	1,672,954,379
Others (note - 9.5)	5,839,556	3,042,716
	11,549,574,728	8,993,360,544

^{*}This amount represents subscription money of BDT 1,486,500,000 (1,48,65,000 right share @Tk. 100) with UCB Capital Management Limited. This amount will be adjusted appropriately as soon as we receive verdict from the Hon'ble High Court and subsequent consent from BSEC.



		31 Dec. 2019	31 Dec. 2018
9.1	Suspense Accounts		
	Advance against expenses	514,379,797	278,981,306
	Advance against others	100,000	43,628
	Advance against Foreign Remittance Settlement	25,509,818	8,526,396
	Claims on Sanchaypatra	760,037,689	435,254,482
	Interest on sanchaypatra	283,832,559	227,988,579
	Excise duty	5,119,050	10,914,610
	Protested bill	79,607,607	92,964,663
	Sundry receivable ATM	123,529,203	63,590,036
	Cash in Transit	26,400,000	2,170,000
	Card suspense	44,572,653	12,301,509
	Upay suspense	2,761,150	22,404,731
	Cash in Excess/(Short) ATM	5,796,500	323,500
		1,871,646,026	1,155,463,440
9.2	Advance Income Tax		
	Opening balance	1,346,549,251	1,351,430,049
	Add: Advance Tax paid during the year	2,319,841,585	2,361,322,577
	Less: Advance Tax adjustment with tax Provision	(2,501,422,577)	(2,366,203,375)
	Balance at the end of the year	1,164,968,259	1,346,549,251
9.2.	Advance Income Tax Paid		
	A) Assessment year wise break up is as follows:		
	Tax refundable Up to the year 2009	119,691,400	119,691,400
	2011-2012	1,311,692,098	1,166,692,098
	2012-2013	2,300,895,593	2,300,895,593
	2013-2014	1,801,862,346	1,801,862,346
	2014-2015	2,343,175,995	2,343,175,995
	2015-2016	2,645,092,879	2,590,092,879
	2016-2017	3,091,606,166	3,011,606,166
	2017-2018	2,324,701,311	2,204,701,311
	2018-2019	2,380,903,375	2,280,903,375
	2019-2020	2,001,422,577	1,109,422,577
	2020-2021	927,841,585	-
		21,248,885,325	18,929,043,740
	Less: Advance Tax Adjusted with tax provision up to the year 2018	(20,083,917,066)	(17,582,494,489)
		1,164,968,259	1,346,549,251



9.3 Head Office General Account This is made up as follows: Due from branches Due to branches 137,692,602,980 113,404,680,500 137,692,711,466 113,404,014,815 (108,486) 665,685

9.4 Deferred Tax Asset

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

Particulars	Accounting Base	Tax Base	Deductible/ (Taxable) Temporary Difference		Deferred Tax Asset/(Liability)
Balance as at 31 December, 2018					
Deferred Tax Asset (a)					1,852,501,883
Deferred Tax Liability (b)					(179,547,504)
Net Deferred Tax Asset as at 31					1,672,954,379
December, 2018 (a+b)					
Provision Opening(Specific)	5,020,938,000	-	5,020,938,000	37.50%	1,882,851,750
Provision During the Year(Specific)	1,449,870,692	1,530,803,672	(80,932,980)	37.50%	(30,349,868)
Deferred tax asset (a)					1,852,501,883
Property, Plant and Equipment's	3,841,115,206	3,362,321,862	(478,793,344)	37.50%	(179,547,504)
Deferred tax liabilities (b)					(179,547,504)
Balance as at 31 December, 2019					
Deferred Tax Asset (a)					2,497,761,415
Deferred Tax Liability (b)					(201,774,959)
Net Deferred Tax Asset as at 31					2,295,986,456
December, 2019 (a+b)					
Provision Opening (Specific)	4,940,005,020	-	4,940,005,020	37.50%	1,852,501,883
Provision During the Year(Specific)	3,161,450,009	2,114,228,552	1,047,221,457	37.50%	392,708,046
Provision During the Year(Dilution of Investment)	673,470,630	-	673,470,630	37.50%	252,551,486
Deferred tax asset (a)					2,497,761,415
Property, Plant and Equipment's	4,795,179,865	4,257,113,307	(538,066,558)	37.50%	(201,774,959)
Deferred tax liabilities (b)					(201,774,959)



	31 Dec. 2019	31 Dec. 2018
UCBL 3rd Subordinated Bond (2nd Tranche)	3,500,000,000	3,500,000,000
UCBL 4th Subordinated Bond (1st Tranche)	500,000,000	500,000,000
UCBL 4th Subordinated Bond (2nd Tranche)	2,500,000,000	2,500,000,000
UCBL 4th Subordinated Bond (3rd Tranche)	100,000,000	-
UCBL 4th Subordinated Bond (4th Tranche)	1,000,000,000	-
UCBL 4th Subordinated Bond (5th Tranche)	500,000,000	
	15,400,000,000	15,400,000,000
10.2 Out Side Bangladesh		
International Finance Corporation	141,499,859	419,499,916
PROPARCO	444,714,282	599,285,713
Emirates NBD Bank PJSC-UAE	424,500,000	292,660,400
Emirates Islamic Bank	· · · · · · · -	860,324,024
First Gulf Bank	304,519,320	857,694,367
Habib Bank UK	-	839,000,000
Commercial Bank of Qatar	-	419,500,000
National Bank of Ras Al-Khaimah, UAE	685,967,856	536,625,524
DBS Bank Limited	1,443,300,000	-
ICICI Bank Ltd, India	-	336,086,368
	3,444,501,317	5,160,676,312
Secured	-	-
Unsecured	40,911,325,756	44,694,259,182
	40,911,325,756	44,694,259,182
10.3 Maturity Grouping of Borrowings from other banks, financial institutions & agent.		
Payable on demand	-	1,131,660,399
Payable within one month	3,801,268,281	4,096,805,886
Over one month but within six months	16,862,000,000	19,358,162,192
Over six month but within one year	1,730,023,867	1,011,245,000
Over one year but within five years	13,645,349,077	12,399,571,977
Over five years but within ten years	4,872,684,531	6,696,813,728
	40,911,325,756	44,694,259,182
10(a) Consolidated Borrowings from other banks, financial institutions & agent.		
United Commercial Bank Ltd.	40,911,325,756	44,694,259,182
UCB Capital Management Ltd.	1,392,588,962	549,400,000
UCB Investment Ltd.	767,021	-
UCB Asset Management Ltd.	-	-
Less: Inter Company balance eliminated	42,304,681,739 179,625,603	45,243,659,182
	42,125,056,136	45,243,659,182
11 Deposits and other accounts		
Inter Bank deposits	2,025,202,070	5,027,935,604
Other deposits	328,761,465,284	292,144,885,028
	330,786,667,354	297,172,820,632
a. Current accounts & other accounts		
Current deposits	32,832,178,817	27,686,282,356
Foreign currency deposits	2,968,993,502	3,849,712,228
Sundry deposits (note - 11.1)	22,349,349,148	17,459,120,972
	58,150,521,467	48,995,115,556

		31 Dec. 2019	31 Dec. 2018
	b. Bills Payable		
	Pay order Pay order	9,406,083,310	7,511,696,355
	Demand draft payable	8,203,645	8,367,418
	Others Payable	3,500	3,500
		9,414,290,455	7,520,067,273
	c. Savings Bank deposits		
	Savings Bank deposits	56,655,943,326	52,032,663,276
		56,655,943,326	52,032,663,276
	d. Fixed deposits		
	Fixed deposits	143,296,855,887	113,712,587,040
	Special notice deposits	33,291,964,033	42,614,926,217
	Scheme Deposits	29,977,092,186	32,297,461,270
		206,565,912,106	188,624,974,527
	Total Deposits and other accounts (a+b+c+d)	330,786,667,354	297,172,820,632
11.1	Sundry deposits		
	Sundry creditors	399,277,407	214,910,481
	Security deposits	7,928,800	7,093,300
	Debit & Credit card Others	23,721,630 6,544,170	7,070,130 63,444,802
	FC held against deemed export LC	1,893,976,679	914,667,606
	FC held against BTB LC	13,689,987,826	11,128,965,570
	Margin		
	Letter of guarantees	1,797,164,630	1,403,493,758
	Letter of credit	4,323,342,902	3,505,317,061
	SME Time Loan	14,534,641	6,458,136
	Export Proceed	192,870,463	207,700,128
		22,349,349,148	17,459,120,972
11.2	Maturity analysis of deposits & other accounts		
	Inter- Bank Deposits	20 100 071	17.070.070
	Payable on demand Payable within one month	20,129,031 5,073,039	17,978,879 9,956,725
	Over one month but within six months	5,075,059	5,000,000,000
	Over six month but within one year		-
	Over one year but within five years	2,000,000,000	-
	Over five years but within ten years	-	-
		2,025,202,070	5,027,935,604
	Other Deposits		
	Payable on demand	2,245,670,969	5,077,137,200
	Payable within one month	36,865,796,914	31,971,149,198
	Over one month but within six months	103,214,903,581	75,893,377,879
	Over six month but within one year	38,094,012,250	32,467,210,672
	Over one year but within five years	63,257,071,160	72,358,684,856
	Over five years but within ten years	85,084,010,410 	74,377,325,223
		328,761,465,284	292,144,885,028
		330,786,667,354	297,172,820,632



		31 Dec. 2019	31 Dec. 2018
11.3	Sector-wise deposits		
	Government	979,008,170	927,619,982
	Semi-Government	6,993,928,711	5,514,325,770
	Public	26,650,317,324	36,486,384,746
	Private	293,194,419,647	250,394,777,906
	Foreign Currency Deposits	2,968,993,502	3,849,712,228
		330,786,667,354	297,172,820,632
11(a)	Consolidated Deposits and other accounts		
	Current accounts & other accounts		
	United Commercial Bank Ltd.	58,150,521,467	48,995,115,556
	UCB Capital Management Ltd.	-	-
	UCB Investment Ltd.	-	-
	UCB Asset Management Ltd.	-	-
		58,150,521,467	48,995,115,556
	Less: Inter company balance eliminated	215,966,707	156,476,711
		57,934,554,760	48,838,638,845
	Bills Payable		
	United Commercial Bank Ltd.	9,414,290,455	7,520,067,273
	UCB Capital Management Ltd.	-	-
	UCB Investment Ltd.	-	-
		9,414,290,455	7,520,067,273
	Savings Bank deposits		
	United Commercial Bank Ltd.	56,655,943,326	52,032,663,276
	UCB Capital Management Ltd.	-	52,032,003,270
	UCB Investment Ltd.	-	-
		56,655,943,326	52,032,663,276
	Fixed deposits		
	United Commercial Bank Ltd.	206,565,912,106	188,624,974,527
	UCB Capital Management Ltd.	200,303,312,100	100,024,974,327
	UCB Investment Ltd		
		206,565,912,106	188,624,974,527
	Less: Inter company balance eliminated		-
		206,565,912,106	188,624,974,527
		330,570,700,647	297,016,343,921
12	Other Liabilities		
	Provision for classified loans & advances (note - 12.1)	6,430,055,264	4,940,005,021
	Provision for diminution in value of investment (note - 12.2)	673,470,630	-
	Provision for classified fixed assets (note - 12.3)	3,972,000	3,972,000
	Provision for classified other assets (note - 12.4)	105,000,000	104,964,661
	Provision for standard loans & advance (note - 12.5)	3,302,602,791	3,727,755,019
	Provision for special mention account (note - 12.6)	46,204,637	75,968,997
	Provision for small & medium enterprise (SME) (note - 12.7)	272,680,367	221,345,711
	Provision for consumer finance (Credit Card) (note - 12.8)	40,541,801	32,796,713
	Provision for consumer finance (House Finance) (note - 12.9)	35,133,701	51,581,733
	Provision for consumer finance (L.p) (note - 12.10)	5,751,887	2,814,141
	Provision for consumer finance (Others) (note - 12.11)	284,031,315	239,654,652
	Provision for short term agri micro finance (note - 12.12)	14,046,927	16,077,497
	Provision for off-balance sheet exposure (note - 12.13)	1,617,214,824	1,570,407,545
	Provision for BHs/MBs/SDs/against share (note - 12.14)	4,399,426	937,875

			Amount in	n BDT
			31 Dec. 2019	31 Dec. 2018
	Provision for current tax Provision for UCB foundation Interest suspense account Head office general account	(note - 12.15) (note - 12.16) (note - 12.17)	5,211,832,053 75,000,000 8,468,148,994 108,486	4,930,176,967 63,165,000 6,376,030,371
	Dividend payable Sundry liabilities Interest payable Lease Liabilities as per IFRS 16		2,332,904,735 8,502,502,217 4,853,506,572	41,400 2,735,984,809 5,888,086,976
			42,279,108,627	30,981,767,088
2.1	Provision for classified loans & advance	es		
	Opening balance Add: Write off transfer from interest sur Less: Adjustment due to written off Provision made during the year	spense account	4,940,005,021 442,828,786 (2,114,228,552) 3,161,450,009	5,020,938,000 309,138,133 (1,839,941,804) 1,449,870,692
			6,430,055,264	4,940,005,021
2.2	Provision for diminution in value of inv	estment		
	Opening balance Provision made/(reversed) during the	year	673,470,630	292,839,246 (292,839,246)
			673,470,630	-
2.3	Provision for classified fixed assets			
	Opening balance Provision made during the year		3,972,000 -	3,972,000
			3,972,000	3,972,000
			31 Dec. 2019	31 Dec. 2018
2.4	Provision for classified other assets			
	Opening balance Provision made during the year Transferred the surplus to other provisi	on heads	104,964,661 35,339 -	74,851,344 30,113,317 -
			105,000,000	104,964,661
2.5	Provision for standard loans & advance	•		
	Opening balance Provision made during the year Transferred from surplus of other provi	sion heads	3,727,755,019 (427,213,421) -	1,728,779,435 1,833,118,593 165,856,991
	Adjustment during the year		2,061,193	
			3,302,602,791	3,727,755,019
2.6	Provision for special mention account			
	Opening balance Provision made during the year Transferred the surplus to other provisi	on heads	75,968,997 (29,764,360)	228,343,000 - (152,374,003)
	p. S.		46,204,637	75,968,997
2.7	Provision for small & medium enterpris	==(SMF)	10,20 1,007	
	riovision for small & medium enterpris	e(SI'IL)	001 7 45 711	188,031,745
2.7	Opening balance Provision made during the year		221,345,711 51,334,656	33,313,966



	31 Dec. 2019	31 Dec. 2018
12.8 Provision for consumer finance (Credit Card)		
Opening balance	32,796,713	24,137,467
Provision made during the year	7,745,088	8,659,246
	40,541,801	32,796,713
12.9 Provision for consumer finance (House Finance)		
Opening balance	51,581,733	47,629,780
Provision made during the year	(16,448,032)	3,951,953
	35,133,701	51,581,733
12.10 Provision for consumer finance (Loan Professionals)		
Opening balance	2,814,141	1,036,394
Provision made during the year	2,937,746	1,777,747
	5,751,887	2,814,141
12.11 Provision for consumer finance (Others)		
Opening balance	239,654,652	148,150,541
Provision made during the year	44,376,663	91,504,111
	284,031,315	239,654,652
12.12 Provision for short term agri micro finance		
Opening balance	16,077,497	29,560,485
Provision made during the year	(2,030,570)	- (17, 400, 000)
Transferred the surplus to other provision heads	-	(13,482,988)
	14,046,927	16,077,497
	31 Dec. 2019	31 Dec. 2018
12.13 Provision for off-balance sheet exposure		
Opening balance	1,570,407,545	1,979,838,013
Provision made/(reversed) during the year	46,534,544	(409,430,468)
Adjustment during the year	272,735	
	1,617,214,824	1,570,407,545

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. Requred provision against off-balance sheet exposure as on 31 December 2019 is Tk. 1,617,214,824 against which available provision is Tk. 1,617,214,824.

12.14 Provision for BH/MBs/SDs/against share

Opening balance Addition during the year	937,875 3,461,551	848,676 89,199
	4,399,426	937,875
12.15 Provision for current tax		
Opening balance Add: Addition during the year Less: Adjustment with advance Tax	4,930,176,967 2,783,077,663 (2,501,422,577)	4,936,286,216 2,360,094,126 (2,366,203,375)
	5,211,832,053	4,930,176,967
12.15.1 Provision for Current Tax		
Assessment year wise breakup is as follows: 2011-2012	1,238,047,578	1,238,047,578

		Amount i	וו שטו
		31 Dec. 2019	31 Dec. 2018
	2012-2013 2013-2014 2014-2015 2015-2016	2,183,460,319 2,152,935,623 2,562,437,098 3,161,945,018	2,183,460,319 2,152,935,623 2,562,437,098 3,161,945,018
	2016-2017 2017-2018 2018-2019	3,265,000,000 2,561,251,694 3,027,500,000	3,265,000,000 2,561,251,694 3,027,500,000
	2019-2020 2020-2021	2,360,094,126 2,783,077,663	2,360,094,126
		25,295,749,119	22,512,671,456
	Less: Adjustment of Current Tax Provision with advance Tax up to the year 2018.	(20,083,917,066)	(17,582,494,489)
		5,211,832,053	4,930,176,967
12.16	Provision for UCB foundation		
	Opening balance Addition during the year Less: Fund transfer to UCB Foundation	63,165,000 75,000,000 (63,165,000)	60,851,461 63,165,000 (60,851,461)
		75,000,000	63,165,000
12.17	Interest suspense account		
	Opening balance Add: Amount transferred to interest suspense account during the year Less: Amount recovered from interest suspense account during the year Less: Interest waiver/remission allowed Less: Amount written off during the year	6,376,030,371 5,666,704,492 (2,877,588,192) (254,168,892) (442,828,786)	4,542,106,658 5,015,424,655 (2,853,586,641) (18,776,168) (309,138,133)
		8,468,148,993	6,376,030,371
12(a)	Consolidated Other Liabilities		
	United Commercial Bank Ltd. UCB Capital Management Ltd. UCB Investment Ltd. UCB Asset Management Ltd.	42,279,108,627 1,136,760,501 39,230,655 23,000	30,981,767,088 975,424,520 22,913,676
		43,455,122,783	31,980,105,284
	Less: Inter company balance eliminated	767,021	767,021
		43,454,355,762	31,979,338,263
13	Share Capital		
	Opening balance Add: Bonus shares issue	10,541,306,540 1,054,130,650	10,541,306,540
		11,595,437,190	10,541,306,540
13.1	Authorized Capital		
	1,500,000,000 ordinary shares of Tk. 10.00 each	15,000,000,000	15,000,000,000
13.2	Issued subscribed and paid up Capital		
	105,41,30,654 ordinary shares @ Taka 10.00 each 105,413,065 ordinary shares @ Taka 10.00 each issued as bonus share	10,541,306,540 1,054,130,650	10,541,306,540
		11,595,437,190	10,541,306,540



Shareholding position:

	2019		2018	
Particulars	No. of Shares	Amount in BDT	No. of Shares	Amount in BDT
Sponsors/Directors	425,317,192	4,253,171,920	365,545,869	3,655,458,690
Institution(Financial & Others) General Public	234,497,882 490.323.829	2,344,978,820 4.903.238.290	216,928,739 463,106,213	2,169,287,390 4,631,062,130
Govt. of Peoples Republic of BD	9.404.816	94.048.160	8.549.833	85.498.330

1,159,543,719

Amount in BDT

10,541,306,540

1,054,130,654

13.3 Share Premium

Total

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

31 Dec. 2019	31 Dec. 2018
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.

11,595,437,190

13.4 Classification of Shareholders by holding as at 31 December 2019

Shareholding Range	Number of Shareholders	Number of Shares	Value of Shares in BDT	Total Holdings %
Upto 500 Shares	24,398	3,917,424	39,174,240	0.34%
501 to 5000 Share	22,476	39,453,381	394,533,810	3.40%
5001 to 10,000 Shares	3,185	22,654,991	226,549,910	1.95%
10,001 to 20,000 Shares	1,807	25,105,154	251,051,540	2.17%
20,001 to 30,000 Shares	589	14,292,668	142,926,680	1.23%
30,001 to 40,000 Shares	235	8,234,707	82,347,070	0.71%
40,001 to 50,000 Shares	125	5,613,768	56,137,680	0.48%
50,001 to 100,000 Shares	314	21,536,308	215,363,080	1.86%
100,001 to 10,00,000 Shares	330	89,411,632	894,116,320	7.71%
10,00,001 & above	124	929,323,686	9,293,236,860	80.15%
Total	53,583	1,159,543,719	11,595,437,190	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

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13.6 Capital to Risk Weighted Asset Ratio (CRAR)

The calculation of CRAR has been done as per Guidelines on Risk Based Capital Adequacy - Revised regulatory Capital Framework for Banks in line with BASEL-III vide BRPD circular no.18 dated December 21, 2014. Required Capital with Capital Conservation Buffer of the bank at the close of business on 31 December 2019 was Taka 39,358,528,037 as against available Tier-I Capital of Taka 27,254,268,504 and Tier-II Capital of Taka 18,981,879,530 making a Total Regulatory Capital of Taka 46,236,148,034 thereby an excess of capital of Taka 6,877,619,997 at that date.

Details are shown below:		
Tier-I Capital:		
Common Equity Tier-1 capital (CET1):		
Paid-up Capital (note: 13.2)	11,595,437,190	10,541,306,540
Share Premium (note: 13.3)	1,454,976,750	1,454,976,750
Statutory Reserve (note: 14)	12,435,385,300	11,448,968,038
General Reserve (note: 15)	26,577,961	26,577,961
Retained Earnings (note: 17)	4,512,283,598	3,780,790,785
	30,024,660,799	27,252,620,074
Less: Regulatory Adjustments:		
Goodwill and all other Intangible Assets	312,986,115	365,632,506
Deferred Tax Assets (DTA)	2,295,986,456	1,672,954,379
Reciprocal crossholdings and excess investment above limit	120,383,050	155,101,900
Others	41,036,674	46,629,746
	2,770,392,295	2,240,318,531
Total Common Equity Tier-1 Capital	27,254,268,504	25,012,301,543
Additional Tier-I Capital (AT-I)	-	-
Total Tier-I Capital	27,254,268,504	25,012,301,543
Tier-II Capital:		
General Provision	5,622,607,676	5,939,339,883
Revaluation Reserve (note: a)	-	1,618,953,640
Subordinated Bond	14,000,000,000	12,680,000,000
	19,622,607,676	20,238,293,523
Less: Regulatory Adjustments:		
Revaluation Reserve	-	1,295,162,912
Reciprocal crossholdings in the T-2 Capital of BNBFIs & Insurance Entities	169,218,680	195,000,000
Any investment exceeding the approved limit under section 26(2) of	-	100,815,000
Bank Company Act, 1991 (50% of Investment)		
Others	471,509,466	709,007,927
Total Admissible Tier-2 Capital	18,981,879,530	17,938,307,684
Total Regulatory Capital	46,236,148,034	42,950,609,227
Risk Weighted Assets (note-13.8)	314,868,224,293	332,831,856,087
Minimum Capital Requirement with Capital	70 750 500 055	70 507 700 010
Conservation Buffer (12.5% of Risk Weighted Assets)	39,358,528,037	39,523,782,910
Capital Surplus/(Shortfall)	6,877,619,997	3,426,826,317



			31 De	c. 2019	3	31 Dec. 2018
13.7	Composition of Capital	Required	Held	Requir	ed	Held
	Common Equity Tier -I	4.50%	8.66%	4.50	0%	7.51%
	Tier-I Capital	6.00%	8.66%	6.00	O%	7.51%
	Tier-II Capital		6.03%			5.39%
	Tier-I Capital with Buffer	8.50%	8.66%	7.88	3%	7.51%
	Total CRAR	12.50%	14.68%	11.88	В%	12.90%
13.8	Computation of Risk weighted assets					
	On- Balance Sheet		220,316,	692,533	230	,574,061,626
	Off-Balance sheet		55,573	,132,977	64,	628,529,708
	Credit Risk (A)		275,889,	825,510	295,	202,591,334
	Market Risk (B)		8,118,	341,094	9	,383,100,482
	Operational risk ©		30,860,0	057,689	28	3,246,164,271
	Total: Risk Weighted assets (A+B+C)		314,868,2	224,293	332,	831,856,087

14 Statutory Reserve

As per section 24(1) of the Bank company Act, 1991 (amendment upto 2018), an amount equivalent to 20% of the profit before taxes for the year has been transferred to the statutory reserve fund as under:

	Opening Balance Add: Transferred during the year	11,448,968,038 986,417,262	10,467,416,183 981,551,855
		12,435,385,300	11,448,968,038
15	General Reserve		
	Opening Balance	26,577,961	26,577,961
	Add: Transferred during for the year	-	-
		26,577,961	26,577,961
		31 Dec. 2019	31 Dec. 2018
16	Other Reserve		
	Asset Revaluation Reserve (notes: 16.1)	2,534,101,559	2,534,101,559
	Foreign currency translation gain/(loss)	25,683,605	22,729,894
	Revaluation Reserve on HTM Securities (notes: 16.2.1)	198,489,847	90,800,364
	Revaluation Reserve on HFT Securities (notes: 16.2.2)	84,000	-
		2,758,359,011	2,647,631,817

16.1 Asset Revaluation Reserve

In terms of International Accounting Standard (IAS) 16, 'Property, Plant & Equipment' and instruction contained in BRPD Circular No. 10 dated 25 November 2002 issued by Bangladesh Bank, all the immovable properties of the Bank were revalued as at 27.12.2012 by Padma Techno Consult & Survey Ltd. an independent professionally qualified valuation firm of the country based on market survey. Accordingly, revaluation surplus of Tk. 2,534,101,559/- for land & building has been included as asset revaluation reserve at reporting date as follows:

	Opening Balance	2,534,101,559	2,534,101,559
	Reserve made for the year	-	-
		2,534,101,559	2,534,101,559
16.2	Revaluation Reserve		
	HTM Securities (notes 16.2.1)	198,489,847	90,800,364
	HFT Securities (notes 16.2.2)	84,000	-
		198,573,847	90,800,364

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

		Aiiiouiit ii	
		31 Dec. 2019	31 Dec. 2018
16.2.	1 Revaluation Reserve on HTM Securities		
	Opening Balance Net Revaluation gain/adjustment during the year	90,800,364 107,689,483	74,130,335 16,670,029
		198,489,847	90,800,364
16.2.	2 Revaluation Reserve on HFT Securities		
	Opening Balance	_	2,748,663
	Net Revaluation gain/adjustment during the year	84,000	(2,748,663)
		84,000	-
17	Retained Earnings		
	Opening Balance	3,780,790,785	1,389,408,394
	Add: Transferred during for the year	1,785,623,463	1,387,395,579
	Add: Adjustment for Deferred Tax Asset	1,703,023,403	2,058,117,466
	Less. Issuance of Stock Dividend	(1,054,130,650)	2,030,117,400
	Less. Issuance of Cash Dividend	-	(1,054,130,654)
		4,512,283,598	3,780,790,785
17(a)	Consolidated Retained Earnings		
	United Commercial Bank Ltd.	4,512,283,598	3,780,790,785
	UCB Capital Management Ltd.	514,301,974	447,829,206
	UCB Investment Ltd.	66,366,321	47,044,709
	UCB Asset Management Ltd.	(36,236)	-
	OB ASSETTATING CHIEF LEG.		4 275 664 700
	No. and all Production	5,092,915,657	4,275,664,700
L	ess: Non controlling Interest	100	88
	Total balance of retained earnings attributable to the ordinary Share holders.	5,092,915,557	4,275,664,612
	the ordinary share holders.		
		31 Dec. 2019	31 Dec. 2018
	Paid up Capital	813,500,000	763,500,000
	Retained earnings	580,632,059	494,873,915
		1,394,132,059	1,258,373,915
	Non controlling interest	200	188
18 C	ontingent liabilities & commitment		
	Acceptances & endorsement (note-18.1)	70,853,038,511	69,188,473,619
	Letters of guarantee (note-18.2)	57,393,933,584	65,251,091,309
	Irrecoverable letters of credit (note-18.3)	39,892,932,238	34,639,116,428
	Bills for collection (note-18.4)	15,798,968,621	12,987,932,703
	Other Commitments	19,010,212	-
		183,957,883,166	182,066,614,059
18.1	Acceptances & endorsements		
	Bankers liabilities for accepted against usance LC	52,418,618,072	49,417,838,186
	Bankers liabilities for accepted against BB usance	18,434,420,439	19,770,635,433
		70,853,038,511	69,188,473,619
18.2	Letters of guarantee		
	Bankers liabilities for letters of guarantee (Inland)	48,461,692,476	59,442,843,234
	Bankers liabilities for letters of guarantee (Foreign)	8,932,241,108	5,808,248,075
		57,393,933,584	65,251,091,309
		37,333,333,364	03,231,031,309

		31 Dec. 2019	31 Dec. 2018
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	369,519,179 24,870,627,481 12,119,008,679 2,513,636,310 20,140,589	577,295,396 21,126,627,865 11,838,704,913 1,090,445,450 6,042,804
	Editors of Gredit Er Z	39,892,932,238	34,639,116,428
18.4	Bills for collection		
10.4		10 077 007 010	0.757.447.170
	Bills for collection Foreign Bills for collection	10,073,683,919 5,725,284,702	9,357,443,172 3,630,489,531
		15,798,968,621	12,987,932,703
19	Income Statement		
	Income		
	Interest, discount and similar income (note - 19.1)	35,407,971,409	28,951,237,161
	Dividend income	260,050,966	303,129,439
	Fees, commission and brokerage	3,137,987,275	2,811,872,013
	Gain less losses arising from dealing in securities	-	-
	Gain less losses arising from investment securities	133,920,037	443,241,342
	Gain less losses arising from dealing in foreign currencies	1,782,075,816	1,668,745,144
	Income from non-banking asset Other operating income	- 137,821,845	138,787,108
		40,859,827,348	34,317,012,207
	Expenses		
	Interest paid on deposits and borrowings etc	20,150,935,922	16,024,496,884
	Administrative expenses (note-19.2)	9,972,868,348	9,301,986,202
	Other operating expenses	1,363,315,172	1,035,097,565
	Depreciation on banks assets	1,094,023,437	565,184,745
		32,581,142,879	26,926,765,396
		8,278,684,469	7,390,246,811
		31 Dec. 2019	31 Dec. 2018
19.1	Interest, discount and similar income		
	Interest Income	30,948,745,064	25,266,932,644
	Interest income from investments	4,459,226,345	3,684,304,517
		35,407,971,409	28,951,237,161
19.2	Administrative expenses		
	Salary and allowances	7,129,069,808	6,491,607,508
	Rent, taxes, insurance, electricity etc.	997,997,217	1,226,148,243
	Legal expenses	67,210,548	63,146,961
	Postage, stamps, telecommunications etc.	189,263,635	141,984,025
	Stationery, printing, advertisements etc.	1,227,388,405	1,127,862,324
	Chief Executive's salary and fees	13,744,000	9,912,000
	Directors' fees	3,462,118	5,403,306
	Auditors' fees	1,150,000	1,150,000
	Repair of banks assets	343,582,617	234,771,835
		9,972,868,348	9,301,986,202
			- , , ,



		AIIIOUIIL III	
20		31 Dec. 2019	31 Dec. 2018
20	Interest Income		
	Interest on loans and advances	29,695,944,276	23,690,265,232
	Interest on balances with other banks & Fin Ins.	1,081,921,052	1,417,602,305
	Interest on money at call on short notice	94,921,389	117,132,472
	Interest on balance with foreign Bank	75,958,347	41,932,635
		30,948,745,064	25,266,932,644
20(a) Consolidated Interest Income		
	United Commercial Bank Ltd.	30,948,745,064	25,266,932,644
	UCB Capital Management Ltd.	404,825,729	268,577,805
	UCB Investment Ltd.	-	-
	UCB Asset Management Ltd.	-	-
		31,353,570,793	25,535,510,449
	Less: Inter Company balance eliminated	16,721,576	-
		31,336,849,217	25,535,510,449
21	Interests Paid on deposits and borrowings etc.		
	Interest paid on deposits (note - 21.1)	17,451,515,971	13,542,329,435
	Interest paid on borrowings (note - 21.2)	2,699,419,951	2,482,167,449
		20,150,935,922	16,024,496,884
21.1	Interest paid on deposits		
	Savings Deposit	1,727,945,251	1,608,476,240
	Special Notice Deposit	1,426,822,792	1,917,299,686
	Fixed Term Deposit	11,414,423,006	6,584,373,642
	Scheme Term Deposit	2,882,324,922	3,432,179,867
		17,451,515,971	13,542,329,435
21.2	Interest paid on borrowings		
	Borrowing from Bangladesh Bank	210,855,367	125,148,200
	Borrowing from other Bank & financial institution	12,743,969	282,033,437
	Interest Paid on Subordinated Bond	1,475,218,799	1,212,577,776
	F.C borrowings	298,550,545	253,714,686
	Interest Exp. On Other Bank repo borrowings	843,458	51,008
	Interest on money at call on short notice	17,289,306	13,366,167
	Interest on EDF borrowings from Bangladesh Bank	683,918,507	595,276,175
	Re-issued/Buy Bonds	-	-
		2,699,419,951	2,482,167,449
		31 Dec. 2019	31 Dec. 2018
21 (a	Consolidated Interests Paid on deposits and borrowings etc.		
	United Commercial Bank Ltd.	20,150,935,922	16,024,496,884
	UCB Capital Management Ltd.	134,862,468	34,379,656
	UCB Investment Ltd.	-	- ,
	UCB Asset Management Ltd.	-	-
		20,285,798,390	16,058,876,540
	Less: Inter Company balance eliminated	16,721,576	_
		20,269,076,814	16,058,876,540
22	Investmentings	20,200,070,014	.0,030,070,340
22	Investment income	4 450 000 5 15	7.004.704.71
	Interest income from investments (note - 22.1)	4,459,226,345	3,684,304,517
	Non interest income from investments (note - 22.2)	393,991,003	746,400,781
		4,853,217,348	4,430,705,298

	31 Dec. 2019	31 Dec. 2018
22.1 Interest income from investments		
Government treasury bill/bond	3,696,362,090	3,110,757,549
Bangladesh Bank Bill	-	78,364,683
Sub-ordinated Bond	331,580,249	207,369,750
Reverse Repo with Other Bank	48,051,543	44,002,201
Gain/(Loss) on revaluation on govt. securities (note - 22.2.1)	383,232,463	243,810,334
	4,459,226,345	3,684,304,517
22.2 Non interest income from investments		
Dividend on shares	260,050,966	303,129,439
Gain/(Loss) on sale of share (note - 22.2.2)	133,920,037	443,241,342
Prize money on prize bond	20,000	30,000
	393,991,003	746,400,781
	4,853,217,348	4,430,705,298
22.2.1Gain/(Loss) on revaluation on govt. securities		
Gain on revaluation on govt. securities	392,511,654	254,005,970
Less: Loss on revaluation on govt. securities	(9,279,191)	(10,195,636)
	383,232,463	243,810,334
22.2.2 Gain/(Loss) on sale of shares		
Gain on sale of shares	181,825,892	515,623,782
Less: Loss on sale of shares	(47,905,855)	(72,382,440)
	133,920,037	443,241,342
22(a) Consolidated Investment Income		
• •		
United Commercial Bank Ltd.	4,853,217,348	4,430,705,298
UCB Capital Management Ltd. UCB Investment Ltd.	8,375,264 36,418,063	40,645,551 (44,906,674)
UCB Asset Management Ltd.	50,410,005	(44,900,074)
o ob / losett landgement Ltd.	4,898,010,675	4,426,444,175
	4,696,010,073	4,420,444,175
23 Commission, Fees, Exchange & Brokerage		
Commission (note - 23.1)	1,758,800,815	1,626,993,030
Fees (note - 23.2)	1,379,186,460	1,184,878,983
Exchange earning (note - 23.3)	1,782,075,816	1,668,745,144
	4,920,063,091	4,480,617,157
23.1 Commission		
Remittance Inland	21,233,562	23,505,812
Remittance Foreign	31,622,980	7,778,540
Commission on Letters of guarantee	471,561,492	387,962,411
Commission on Letters of credit	342,882,595	384,297,677
Letters of credit (back to back)	262,198,974	221,932,358
Irrevocable Reimbursement Undertaking	-	6,489,292
Commission on BSP / PSP	1,366,673	5,141,519
Commission on acceptance	413,298,700	427,801,308
Exchange comm. & rebate	165,351,303	136,401,771
Clearance Commission (Card)	2,196,490	2,229,397
MFS Commission	18,558,108 22,236,064	6,132,698 14,016,520
Others	6,293,874	3,303,727
	1,758,800,815	1,626,993,030

		31 Dec. 2019	31 Dec. 2018
23.2	Fees		
	Bills for collection	56,518,241	56,900,418
	Account maintenance fees	136,455,425	153,657,143
	Appraisal/processing fees	37,897,592	46,099,351
	Online transaction fees	85,392,525	86,278,174
	BACH/BEFTN charges	2,500	3,050
	Cash incentive charges	11,943,910	9,683,350
	Standing instruction charges	52,600	44,600
	FC Endorsement charges	797,846	595,037
	LC,BC,& BG (Others) Fees & Charges	396,714,151	362,143,526
	Debit card Debit card	123,524,620	80,614,818
	Credit card Credit card	372,845,772	302,604,515
	Arrangement Fees Arrangement Fees	49,413,334	31,619,130
	ABS fees & charges	1,588,374	182,716
	SMS Banking charges	92,874,900	35,472,300
	Misc. fees	13,164,670	18,980,855
		1,379,186,460	1,184,878,983
			, , , , , , , , ,
23.3	Exchange		
	Exchange earning (general)	1,625,192,202	1,602,698,866
	Revaluation gain/(Loss) on foreign currency	23,413,092	50,938,964
	FX Deal Discount Income	133,470,522	15,107,314
		1,782,075,816	1,668,745,144
	Less: Exchange loss (general)	_	_
	Less: Exchange loss (dealing room)		_
	2003 : Exchange 1000 (decuming 100111)		
		1,782,075,816	1,668,745,144
23(a)	Consolidated Commission, Fees, Exchange & Brokerage		
	United Commercial Bank Ltd.	4,920,063,091	4,480,617,157
	UCB Capital Management Ltd.	189,821,875	137,986,067
	UCB Investment Ltd.	-	-
	UCB Asset Management Ltd.	-	-
		5.109.884.966	4.618.603.224
		5,109,884,966	4,618,603,224
		5,109,884,966 31 Dec. 2019	4,618,603,224 31 Dec. 2018
24	Other Operating Income	-	
24		31 Dec. 2019	31 Dec. 2018
24	Locker	31 Dec. 2019 14,726,750	31 Dec. 2018 13,467,570
24	Locker Premises rent	31 Dec. 2019 14,726,750 977,505	31 Dec. 2018 13,467,570 488,595
24	Locker Premises rent Miscellaneous earning	31 Dec. 2019 14,726,750 977,505 56,964,869	31 Dec. 2018 13,467,570 488,595 67,367,114
24	Locker Premises rent Miscellaneous earning Swift charges	31 Dec. 2019 14,726,750 977,505	31 Dec. 2018 13,467,570 488,595 67,367,114 52,433,829
24	Locker Premises rent Miscellaneous earning	31 Dec. 2019 14,726,750 977,505 56,964,869 65,132,721	31 Dec. 2018 13,467,570 488,595 67,367,114 52,433,829 5,000,000
	Locker Premises rent Miscellaneous earning Swift charges Recoveries from Operational Loss	31 Dec. 2019 14,726,750 977,505 56,964,869	31 Dec. 2018 13,467,570 488,595 67,367,114 52,433,829
	Locker Premises rent Miscellaneous earning Swift charges	31 Dec. 2019 14,726,750 977,505 56,964,869 65,132,721	31 Dec. 2018 13,467,570 488,595 67,367,114 52,433,829 5,000,000
	Locker Premises rent Miscellaneous earning Swift charges Recoveries from Operational Loss	31 Dec. 2019 14,726,750 977,505 56,964,869 65,132,721	31 Dec. 2018 13,467,570 488,595 67,367,114 52,433,829 5,000,000
	Locker Premises rent Miscellaneous earning Swift charges Recoveries from Operational Loss Consolidated Other Operating Income	31 Dec. 2019 14,726,750 977,505 56,964,869 65,132,721 - 137,801,845	31 Dec. 2018 13,467,570 488,595 67,367,114 52,433,829 5,000,000 138,757,108
	Locker Premises rent Miscellaneous earning Swift charges Recoveries from Operational Loss Consolidated Other Operating Income United Commercial Bank Ltd.	31 Dec. 2019 14,726,750 977,505 56,964,869 65,132,721 - 137,801,845	31 Dec. 2018 13,467,570 488,595 67,367,114 52,433,829 5,000,000 138,757,108
	Locker Premises rent Miscellaneous earning Swift charges Recoveries from Operational Loss Consolidated Other Operating Income United Commercial Bank Ltd. UCB Capital Management Ltd.	31 Dec. 2019 14,726,750 977,505 56,964,869 65,132,721 - 137,801,845	31 Dec. 2018 13,467,570 488,595 67,367,114 52,433,829 5,000,000 138,757,108
	Locker Premises rent Miscellaneous earning Swift charges Recoveries from Operational Loss Consolidated Other Operating Income United Commercial Bank Ltd. UCB Capital Management Ltd. UCB Investment Ltd.	31 Dec. 2019 14,726,750 977,505 56,964,869 65,132,721 - 137,801,845	31 Dec. 2018 13,467,570 488,595 67,367,114 52,433,829 5,000,000 138,757,108

		31 Dec. 2019	31 Dec. 2018
25	Salaries and allowances		
	Basic salary	2,734,583,224	2,493,199,239
	Allowances	2,434,256,823	2,195,051,752
	Bonus	1,208,649,199	1,080,481,239
	Provident fund	270,618,014	245,498,478
	Gratuity	424,800,000	424,800,000
	Welfare fund	56,162,548	52,576,800
		7,129,069,808	6,491,607,508
25(a	ı) Consolidated Salary and allowances		
	United Commercial Bank Ltd.	7,129,069,808	6,491,607,508
	UCB Capital Management Ltd.	135,561,699	88,066,646
	UCB Investment Ltd.	-	-
	UCB Asset Management Ltd.	-	-
		7,264,631,507	6,579,674,154
26	Rent, taxes, insurance, electricity etc.		
		919,605,603	711,889,287
	Rent premises Reversal of rent expense due to depreciation and	(558,906,195)	/11,009,20/
	interest expense as per IFRS 16	(336,906,193)	
		360,699,408	711,889,287
	Rent, rates & taxes	37,751,918	45,304,865
	Other rental charges	133,811,821	34,816,263
	Insurance charge	232,849,859	238,771,833
Е	lectricity, Water & Gas	232,884,211	195,365,995
		997,997,217	1,226,148,243
26(a) Consolidated Rent, taxes, insurance, electricity etc.		
	United Commercial Bank Ltd.	997,997,217	1,226,148,243
	UCB Capital Management Ltd.	11,679,228	3,583,506
	UCB Investment Ltd.	-	-
	UCB Asset Management Ltd.	-	-
		1,009,676,445	1,229,731,749
27	Legal expenses		
Prof	essional fees	60,181,464	60,227,636
	er legal charges	6,572,460	2,342,393
	np, power of attorney & notary public	456,624	576,932
		67,210,548	63,146,961
27(a) Consolidated Legal expenses		
	United Commercial Bank Ltd.	67,210,548	63,146,961
	UCB Capital Management Ltd.	160,550	132,544
	UCB Investment Ltd.	100,550	132,344
	UCB Asset Management Ltd.	-	-
		67,371,098	63,279,505

		31 Dec. 2019	31 Dec. 2018
28	Postage, stamps, telecommunications etc.		
	Postage	35,337,291	27,834,540
	Telecommunication charges	35,327,759	38,570,562
	Reuter	3,213,557	3,668,239
	Internet	1,874,250	519,806
	Online connectivity charge	113,510,778	71,390,878
		189,263,635	141,984,025
28(a) Consolidated Postage, stamps, telecommunications etc.		
	United Commercial Bank Ltd.	189,263,635	141,984,025
	UCB Capital Management Ltd.	3,002,572	1,235,296
	UCB Investment Ltd.	-	-
	UCB Asset Management Ltd.	-	-
		192,266,207	143,219,321
29	Stationery, Printing & advertisements etc.		
	Security Stationery	22,950,879	20,033,670
	Petty Stationery	38,938,136	32,715,788
	Office Stationery	170,485,011	85,347,507
		232,374,026	138,096,965
	Advertisement		
	News paper	44,525,930	49,730,809
	Magazine	2,655,650	2,576,932
	Sponsorship	466,893,457	254,894,531
	Point of sales material (POSM)	331,660	1,374,880
	Business Development	338,354	1,672,593
	Branding expenses	238,326,236	284,643,456
	Promotional Material	90,336,769	177,128,903
	Misc. advertisement	24,645,359	22,646,004
	Hoarding & neon sign	755,645	-
	Television	126,205,319	194,539,731
	Radio	995,014,379	557,520 989,765,359
		1,227,388,405	1,127,862,324
29(a) Consolidated Stationery, printing & advertisement etc.		
	United Commercial Bank Ltd.	1,227,388,405	1,127,862,324
	UCB Capital Management Ltd.	7,619,777	3,983,846
	UCB Investment Ltd.	· · ·	-
	UCB Asset Management Ltd.	-	-
		1,235,008,182	1,131,846,170
30	Chief Executive's salary and fees		
	Basic salary	10,944,000	7,652,000
	Festival Bonus	1,800,000	1,260,000
	Incentive Bonus	1,000,000	1,000,000
	House rent allowance	-	-
	Provident fund	-	-
		13,744,000	9,912,000

31 Dec. 2018

31 Dec. 2019

9,743,645

1,447,349,699

75,932,715

157,909,699

31.0	O Directors fees		
	Meeting fees	2,310,800	2,999,200
	Other meeting fee (travelling expenses)	1,151,318	2,404,106
		3,462,118	5,403,306
	Note: Board Meeting attendance fees, traveling and living ex clause no. 100, 101 & 102 of Articles of Association of the Bank &	•	
31 (a) Consolidated Directors fees		
	United Commercial Bank Ltd.	3,462,118	5,403,306
	UCB Capital Management Ltd.	1,589,679	-
	UCB Investment Ltd.	-	_
	UCB Asset Management Ltd.	-	-
		5,051,797	5,403,306
70	Auditorofoo	1150 000	1150 000
32	Auditors fees	1,150,000	1,150,000
32 (a	a) Consolidated Auditors fees		
	United Commercial Bank Ltd.	1,150,000	1,150,000
	UCB Capital Management Ltd.	57,500	57,500
	UCB Investment Ltd.	23,000	23,000
	UCB Asset Management Ltd.	23,000	-
		1,253,500	1,230,500
33	Depreciation and repair of bank's assets	1,437,606,054	799,956,580
33.1	Depreciation		
33.1	Depreciation Euroiture/fixtures	102 326 684	150 650 748
33.1	Furniture/fixtures	192,326,684 35,069,356	159,650,748
33.1	Furniture/fixtures Vehicles	35,069,356	30,094,587
33.1	Furniture/fixtures Vehicles Office equipments	35,069,356 184,666,442	30,094,587 125,243,647
33.1	Furniture/fixtures Vehicles Office equipments Computer equipments	35,069,356 184,666,442 104,194,657	30,094,587 125,243,647 93,012,166
33.1	Furniture/fixtures Vehicles Office equipments Computer equipments Computer software	35,069,356 184,666,442	30,094,587 125,243,647 93,012,166 103,124,958
33.1	Furniture/fixtures Vehicles Office equipments Computer equipments	35,069,356 184,666,442 104,194,657 110,538,263	30,094,587 125,243,647 93,012,166
33.1	Furniture/fixtures Vehicles Office equipments Computer equipments Computer software Immovable property (Building)	35,069,356 184,666,442 104,194,657 110,538,263 57,079,631 410,148,404	30,094,587 125,243,647 93,012,166 103,124,958
	Furniture/fixtures Vehicles Office equipments Computer equipments Computer software Immovable property (Building)	35,069,356 184,666,442 104,194,657 110,538,263 57,079,631	30,094,587 125,243,647 93,012,166 103,124,958 54,058,639
	Furniture/fixtures Vehicles Office equipments Computer equipments Computer software Immovable property (Building) Right of Use assets (ROU) as per IFRS 16 Repair renovation & maintenance	35,069,356 184,666,442 104,194,657 110,538,263 57,079,631 410,148,404 1,094,023,437	30,094,587 125,243,647 93,012,166 103,124,958 54,058,639
	Furniture/fixtures Vehicles Office equipments Computer equipments Computer software Immovable property (Building) Right of Use assets (ROU) as per IFRS 16 Repair renovation & maintenance Furniture/fixtures	35,069,356 184,666,442 104,194,657 110,538,263 57,079,631 410,148,404 1,094,023,437	30,094,587 125,243,647 93,012,166 103,124,958 54,058,639 - 565,184,745
	Furniture/fixtures Vehicles Office equipments Computer equipments Computer software Immovable property (Building) Right of Use assets (ROU) as per IFRS 16 Repair renovation & maintenance Furniture/fixtures Vehicles	35,069,356 184,666,442 104,194,657 110,538,263 57,079,631 410,148,404 1,094,023,437	30,094,587 125,243,647 93,012,166 103,124,958 54,058,639 - 565,184,745 3,269,461 14,943,169
	Furniture/fixtures Vehicles Office equipments Computer equipments Computer software Immovable property (Building) Right of Use assets (ROU) as per IFRS 16 Repair renovation & maintenance Furniture/fixtures Vehicles Office equipments	35,069,356 184,666,442 104,194,657 110,538,263 57,079,631 410,148,404 1,094,023,437 3,405,722 14,538,346 34,775,620	30,094,587 125,243,647 93,012,166 103,124,958 54,058,639 - 565,184,745 3,269,461 14,943,169 30,423,234
	Furniture/fixtures Vehicles Office equipments Computer equipments Computer software Immovable property (Building) Right of Use assets (ROU) as per IFRS 16 Repair renovation & maintenance Furniture/fixtures Vehicles	35,069,356 184,666,442 104,194,657 110,538,263 57,079,631 410,148,404 1,094,023,437	30,094,587 125,243,647 93,012,166 103,124,958 54,058,639 - 565,184,745 3,269,461 14,943,169 30,423,234 1,095,337
	Furniture/fixtures Vehicles Office equipments Computer equipments Computer software Immovable property (Building) Right of Use assets (ROU) as per IFRS 16 Repair renovation & maintenance Furniture/fixtures Vehicles Office equipments Computer equipments	35,069,356 184,666,442 104,194,657 110,538,263 57,079,631 410,148,404 1,094,023,437 3,405,722 14,538,346 34,775,620 2,972,462	30,094,587 125,243,647 93,012,166 103,124,958 54,058,639 - 565,184,745 3,269,461 14,943,169 30,423,234 1,095,337 174,901,446
	Furniture/fixtures Vehicles Office equipments Computer equipments Computer software Immovable property (Building) Right of Use assets (ROU) as per IFRS 16 Repair renovation & maintenance Furniture/fixtures Vehicles Office equipments Computer equipments Renovation & maintenance	35,069,356 184,666,442 104,194,657 110,538,263 57,079,631 410,148,404 1,094,023,437 3,405,722 14,538,346 34,775,620 2,972,462 265,338,886	30,094,587 125,243,647 93,012,166 103,124,958 54,058,639 - 565,184,745 3,269,461 14,943,169 30,423,234 1,095,337
	Furniture/fixtures Vehicles Office equipments Computer equipments Computer software Immovable property (Building) Right of Use assets (ROU) as per IFRS 16 Repair renovation & maintenance Furniture/fixtures Vehicles Office equipments Computer equipments Renovation & maintenance Premises	35,069,356 184,666,442 104,194,657 110,538,263 57,079,631 410,148,404 1,094,023,437 3,405,722 14,538,346 34,775,620 2,972,462 265,338,886 21,763,903	30,094,587 125,243,647 93,012,166 103,124,958 54,058,639 - 565,184,745 3,269,461 14,943,169 30,423,234 1,095,337 174,901,446 9,636,529
33.2	Furniture/fixtures Vehicles Office equipments Computer equipments Computer software Immovable property (Building) Right of Use assets (ROU) as per IFRS 16 Repair renovation & maintenance Furniture/fixtures Vehicles Office equipments Computer equipments Renovation & maintenance Premises Repair building	35,069,356 184,666,442 104,194,657 110,538,263 57,079,631 410,148,404 1,094,023,437 3,405,722 14,538,346 34,775,620 2,972,462 265,338,886 21,763,903 787,678	30,094,587 125,243,647 93,012,166 103,124,958 54,058,639 - 565,184,745 3,269,461 14,943,169 30,423,234 1,095,337 174,901,446 9,636,529 502,659
33.2	Furniture/fixtures Vehicles Office equipments Computer equipments Computer software Immovable property (Building) Right of Use assets (ROU) as per IFRS 16 Repair renovation & maintenance Furniture/fixtures Vehicles Office equipments Computer equipments Renovation & maintenance Premises	35,069,356 184,666,442 104,194,657 110,538,263 57,079,631 410,148,404 1,094,023,437 3,405,722 14,538,346 34,775,620 2,972,462 265,338,886 21,763,903 787,678	30,094,587 125,243,647 93,012,166 103,124,958 54,058,639 - 565,184,745 3,269,461 14,943,169 30,423,234 1,095,337 174,901,446 9,636,529 502,659

3,792,667

803,749,247

62,284,948

146,705,243

34

UCB Capital Management Ltd.

UCB Investment Ltd. UCB Asset Management Ltd.

Other expenses

Entertainment

Petrol, oil & lubricant

		31 Dec. 2019	31 Dec. 2018
Sul	bscription	14,356,968	8,681,237
Do	nation	34,215,653	75,068,040
Tra	aveling	124,347,170	116,917,240
Cai	rtage and freight	13,445,330	12,977,193
Но	<mark>n. general</mark>	3,406,199	1,975,802
Fee	es commission & charges	97,436,863	64,264,015
Me	eting Seminar and staff training	31,332,728	43,391,119
Fee	es Commission and Charges Dabit Card	11,470,352	11,673,053
Fee	es Commission and Charges Visa Card Local	78,916,404	79,754,360
Liv	eries & uniforms	20,529,637	1,497,851
Ор	perational Loss	1,040,000	-
Me	dical expenses	204,842,962	187,945,780
Cai	r expenses	172,730,493	154,349,192
Los	ss on sale of assets	525,803	3,914,415
Wr	rite off of assets	3	127,536
ВА	TCH/BEFTN Charges	(2,932)	405,541
UC	B Foundation	75,000,000	63,165,000
Inte	erest expense for leased liability as per IFRS 16	245,879,125	-
		1,363,315,172	1,035,097,565
34(a) Co	nsolidated Other Expenses		
Un	ited Commercial Bank Ltd.	1,363,315,172	1,035,097,565
UC	B Capital Management Ltd.	17,333,300	9,629,617
	B Investment Ltd.	12,450	12,570
UC	B Asset Management Ltd.	13,236	-
		1,380,674,158	1,044,739,752
35 Pro	ovision for Loans & Advances		
Cla	assified loans&advances	3,161,450,009	1,449,870,692
	andard Loans & advances	(427,213,421)	1,833,118,593
	ecial mention account (SMA)	(29,764,360)	-
	nall & medium enterprise (SME)	51,334,656	33,313,966
	nsumer finance (Credit Card)		
	nsumer finance (House Finance)	7,745,088	
		7,745,088 (16,448,032)	8,659,246
	The state of the s		
Pro	ovision for Consumer Finance (L.P)	(16,448,032)	8,659,246 3,951,953
	ovision for Consumer Finance (L.P)	(16,448,032) 31 Dec. 2019 2,937,746	8,659,246 3,951,953 31 Dec. 2018
Со	ovision for Consumer Finance (L.P) nsumer finance (Others)	(16,448,032) 31 Dec. 2019 2,937,746 44,376,663	8,659,246 3,951,953 31 Dec. 2018
Co Sho	ovision for Consumer Finance (L.P) nsumer finance (Others) ort Term Agri. Micro Finance	(16,448,032) 31 Dec. 2019 2,937,746 44,376,663 (2,030,570)	8,659,246 3,951,953 31 Dec. 2018
Co Sho Pro	ovision for Consumer Finance (L.P) nsumer finance (Others)	(16,448,032) 31 Dec. 2019 2,937,746 44,376,663	8,659,246 3,951,953 31 Dec. 2018 1,777,747 91,504,111
Co Sho Pro	ovision for Consumer Finance (L.P) nsumer finance (Others) ort Term Agri. Micro Finance ovision for BHs/MBs/SDs/against share	(16,448,032) 31 Dec. 2019 2,937,746 44,376,663 (2,030,570) 3,461,551	8,659,246 3,951,953 31 Dec. 2018 1,777,747 91,504,111
Co Sho Pro Red	ovision for Consumer Finance (L.P) nsumer finance (Others) ort Term Agri. Micro Finance ovision for BHs/MBs/SDs/against share	(16,448,032) 31 Dec. 2019 2,937,746 44,376,663 (2,030,570) 3,461,551 (169,291,686)	8,659,246 3,951,953 31 Dec. 2018 1,777,747 91,504,111 - 89,199 (267,641,572)
Co Sho Pro Red 35 (a) Co	ovision for Consumer Finance (L.P) nsumer finance (Others) ort Term Agri. Micro Finance ovision for BHs/MBs/SDs/against share coveries from previously written off loan	(16,448,032) 31 Dec. 2019 2,937,746 44,376,663 (2,030,570) 3,461,551 (169,291,686) 2,626,557,644	8,659,246 3,951,953 31 Dec. 2018 1,777,747 91,504,111 89,199 (267,641,572) 3,154,643,935
Co Sho Pro Red 35 (a) Co Un	povision for Consumer Finance (L.P) Insumer finance (Others) Ort Term Agri. Micro Finance Dovision for BHs/MBs/SDs/against share Coveries from previously written off loan Onsolidated Provision for Loans & Advances Ited Commercial Bank Ltd.	(16,448,032) 31 Dec. 2019 2,937,746 44,376,663 (2,030,570) 3,461,551 (169,291,686) 2,626,557,644	8,659,246 3,951,953 31 Dec. 2018 1,777,747 91,504,111 89,199 (267,641,572) 3,154,643,935
Co Sho Pro Red 35 (a) Co Un	pvision for Consumer Finance (L.P) nsumer finance (Others) ort Term Agri. Micro Finance ovision for BHs/MBs/SDs/against share coveries from previously written off loan onsolidated Provision for Loans & Advances	(16,448,032) 31 Dec. 2019 2,937,746 44,376,663 (2,030,570) 3,461,551 (169,291,686) 2,626,557,644	8,659,246 3,951,953 31 Dec. 2018 1,777,747 91,504,111 89,199 (267,641,572) 3,154,643,935
Co Sho Pro Red 35 (a) Co Un UC	povision for Consumer Finance (L.P) Insumer finance (Others) Ort Term Agri. Micro Finance Dovision for BHs/MBs/SDs/against share Coveries from previously written off loan Onsolidated Provision for Loans & Advances ited Commercial Bank Ltd. IB Capital Management Ltd.	(16,448,032) 31 Dec. 2019 2,937,746 44,376,663 (2,030,570) 3,461,551 (169,291,686) 2,626,557,644	8,659,246 3,951,953 31 Dec. 2018 1,777,747 91,504,111 89,199 (267,641,572) 3,154,643,935
Co Sho Pro Red 35 (a) Co Un UC	povision for Consumer Finance (L.P) Insumer finance (Others) Ort Term Agri. Micro Finance Dovision for BHs/MBs/SDs/against share Coveries from previously written off loan Onsolidated Provision for Loans & Advances ited Commercial Bank Ltd. IB Capital Management Ltd. IB Investment Ltd.	(16,448,032) 31 Dec. 2019 2,937,746 44,376,663 (2,030,570) 3,461,551 (169,291,686) 2,626,557,644	8,659,246 3,951,953 31 Dec. 2018 1,777,747 91,504,111 89,199 (267,641,572) 3,154,643,935
Co Sho Pro Red 35 (a) Co Un UC UC	povision for Consumer Finance (L.P) Insumer finance (Others) Ort Term Agri. Micro Finance Dovision for BHs/MBs/SDs/against share Coveries from previously written off loan Onsolidated Provision for Loans & Advances ited Commercial Bank Ltd. IB Capital Management Ltd. IB Investment Ltd.	(16,448,032) 31 Dec. 2019 2,937,746 44,376,663 (2,030,570) 3,461,551 (169,291,686) 2,626,557,644 47,609,049	8,659,246 3,951,953 31 Dec. 2018 1,777,747 91,504,111 - 89,199 (267,641,572) 3,154,643,935 3,154,643,935 3,400,939
Show Programmer Show Programme	povision for Consumer Finance (L.P) Insumer finance (Others) Ort Term Agri. Micro Finance Dovision for BHs/MBs/SDs/against share Coveries from previously written off loan Insolidated Provision for Loans & Advances Ited Commercial Bank Ltd. IB Capital Management Ltd. IB Investment Ltd. IB Asset Management Ltd.	(16,448,032) 31 Dec. 2019 2,937,746 44,376,663 (2,030,570) 3,461,551 (169,291,686) 2,626,557,644 47,609,049	8,659,246 3,951,953 31 Dec. 2018 1,777,747 91,504,111 - 89,199 (267,641,572) 3,154,643,935 3,154,643,935 3,400,939
Show Programmer Show Programme	povision for Consumer Finance (L.P) nsumer finance (Others) port Term Agri. Micro Finance povision for BHs/MBs/SDs/against share coveries from previously written off loan possolidated Provision for Loans & Advances ited Commercial Bank Ltd. B Capital Management Ltd. B Investment Ltd. B Asset Management Ltd. povision for diminution in value of investments	(16,448,032) 31 Dec. 2019 2,937,746 44,376,663 (2,030,570) 3,461,551 (169,291,686) 2,626,557,644 47,609,049	8,659,246 3,951,953 31 Dec. 2018 1,777,747 91,504,111 - 89,199 (267,641,572) 3,154,643,935 3,400,939 - - 3,158,044,874
Short Program of the Control of the	povision for Consumer Finance (L.P) nsumer finance (Others) port Term Agri. Micro Finance povision for BHs/MBs/SDs/against share coveries from previously written off loan possolidated Provision for Loans & Advances ited Commercial Bank Ltd. B Capital Management Ltd. B Investment Ltd. B Asset Management Ltd. povision for diminution in value of investments	(16,448,032) 31 Dec. 2019 2,937,746 44,376,663 (2,030,570) 3,461,551 (169,291,686) 2,626,557,644 47,609,049 - - 2,674,166,693	8,659,246 3,951,953 31 Dec. 2018 1,777,747 91,504,111 - 89,199 (267,641,572) 3,154,643,935 3,400,939 - 3,158,044,874 (292,839,246)
35 (a) Co Un UC UC UC 36 Pro Pro 36 (a) Co	povision for Consumer Finance (L.P) Insumer finance (Others) Ort Term Agri. Micro Finance Ovision for BHs/MBs/SDs/against share Coveries from previously written off loan Onsolidated Provision for Loans & Advances ited Commercial Bank Ltd. IB Capital Management Ltd. IB Investment Ltd. IB Asset Management Ltd. IB Asset Management Ltd. Ovision for diminution in value of investments Ovision required during the year	(16,448,032) 31 Dec. 2019 2,937,746 44,376,663 (2,030,570) 3,461,551 (169,291,686) 2,626,557,644 47,609,049 - - 2,674,166,693	8,659,246 3,951,953 31 Dec. 2018 1,777,747 91,504,111 - 89,199 (267,641,572) 3,154,643,935 3,400,939 - 3,158,044,874 (292,839,246)

		31 Dec. 2019	31 Dec. 2018
	UCB Investment Ltd.	12,933,488	-
	UCB Asset Management Ltd.	-	-
		686,404,118	(272,108,562)
37	Other Provision		
	Provision for other assets	35,339	30,113,317
	Provision for off-balance sheet exposures	46,534,544	(409,430,468)
		46,569,883	(379,317,151)

Provision for Off-Balance Sheet Exposure

37 (a) Consolidated Other Provision

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.

,	,		
	United Commercial Bank Ltd.	46,569,883	(379,317,151)
	UCB Capital Management Ltd.	23,659,058	_
	UCB Investment Ltd.	-	_
	UCB Asset Management Ltd.	-	-
		70,228,941	(379,317,151)
		70,220,341	(3/3,31/,131)
38	Provision for Taxation		
	Provision for current tax has been calculated based on the prinadmissible expenses as per provision of the Income Tax Ordi		nsidering admissible &
	Current Tax Provision	2,783,077,663	2,360,094,126
	Deferred Tax Provision	(623,032,076)	178,717,713
		2,160,045,587	2,538,811,839
707	Consolidated Provision for Tayatian	_,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,	
30 (a) Consolidated Provision for Taxation		
	Current Tax		
	United Commercial Bank Ltd.	2,783,077,663	2,360,094,126
	UCB Capital Management Ltd.	144,000,000	100,000,000
	UCB Investment Ltd.	4,127,512	-
	UCB Asset Management Ltd.	-	
		2,931,205,175	2,460,094,126
	Deferred Tax		
	United Commercial Bank Ltd.	(623,032,076)	178,717,713
	UCB Capital Management Ltd.	1,011,669	568,522
	UCB Investment Ltd.	-	-
	UCB Asset Management Ltd.	-	
		(622,020,407)	179,286,235
		2,309,184,768	2,639,380,361
39	Earnings per Share (EPS)		
33	Earnings per share has been calculated in accordance with IAS-33: "Earnings Per Share (EPS)".		
	Net Profit after Tax (Numerator)	2,772,040,725	2,368,947,434
	Number of Ordinary shares outstanding (Denominator)	1,159,543,719	1,159,543,719
	Earning Per Share (EPS)	2.39	2.04
39(a	 Consolidated Earnings per Share (CEPS) Consolidated Earnings per share has been calculated in accordance with IAS-33: "Earnings Per Share (EPS)". 		
	Net Profit after Tax (Numerator)	2,857,798,868	2,502,313,738
	Non controlling interest	12	35
	-		

2,857,798,856

2,502,313,703

		Amount	IN BDT
		31 Dec. 2019	31 Dec. 2018
	Number of Ordinary shares outstanding (Denominator)	1,159,543,719	1,159,543,719
	Consolidated Earning Per Share (CEPS)	2.46	2.16
40	Receipt from other operating activities		
	Exchange earning & brokerage	1,782,075,816	1,668,745,144
	Other operating income	302,268,590	582,028,450
		2,084,344,406	2,250,773,594
40(a) Consolidated Receipt from other operating activities		
	United Commercial Bank Ltd.	2,084,344,406	2,250,773,594
	UCB Capital Management Ltd.	(8,613,886)	20,277,389
	UCB Investment Ltd.	31,436,926	(56,196,439)
	UCB Asset Management Ltd.	-	-
		2,107,167,446	2,214,854,544
41	Payment for other operating activities		
	Legal expenses	67,210,548	63,146,961
	Directors fees & other expenses	3,462,118	5,403,306
	Auditors fees Auditors fees	1,149,999	1,150,000
	Repair to fixed assets	343,582,617	234,771,835
	Other expenditure	1,147,962,752	1,035,097,565
		1,563,368,034	1,339,569,667
41 (a) Consolidated Payment for other operating activities		
	United Commercial Bank Ltd.	1,563,368,034	1,339,569,667
	UCB Capital Management Ltd.	18,980,479	9,842,659
	UCB Investment Ltd.	12,450	12,570
	UCB Asset Management Ltd.	13,236	-
		1,582,374,199	1,349,424,896
42	Increase/Decrease of other assets		
	Closing other assets	6,599,488,938	6,148,547,893
	Advance income tax	(2,319,841,585)	(1,346,549,251)
	Opening other assets	(4,801,998,642)	(4,786,725,219)
	Increase/Decrease for the year	(522,351,289)	15,273,423
42(a) Consolidated Increase/Decrease of other assets		
	Closing other assets	8,293,018,187	4,220,832,612
	Advance income tax paid	(2,428,417,333)	(1,428,159,973)
	Opening other assets	(4,220,832,612)	(4,068,068,401)
	Increase/Decrease for the year	1,643,768,242	(1,275,395,762)
43	Increase/Decrease of other liabilities		
	Closing other liabilities	31,751,629,350	27,968,843,195
	Provision for classified loans & advances Provision for classified investment	(6,430,055,264) (673,470,630)	(4,940,005,020)
	Provision for classified fixed assets	(3,972,000)	(3,972,000)
	Provision for classified other assets	(105,000,000)	(104,964,661)
	Provision for unclassified loans & advances	(3,302,602,791)	(3,727,755,019)
	Provision for special mention account (SMA)	(46,204,637)	(75,968,997)
	Provision for small & medium enterprise (SME)	(272,680,367)	(221,345,711)
			(70 706 717)
	Provision for consumer finance (Credit Card)	(40,541,801)	(32,796,713)
	Provision for consumer finance (House Finance)	(35,133,701)	(51,581,733)
	Provision for consumer finance (House Finance) Provision for consumer finance (L.p)	(35,133,701) (5,751,887)	(51,581,733) (2,814,141)
	Provision for consumer finance (House Finance)	(35,133,701)	(51,581,733)

	31 Dec. 2019	31 Dec. 2018
Provision for short term agri micro finance Provision for others Provision for off-balance sheet exposures Provision for current tax Provision for deferred tax	(14,046,927) (4,399,426) (1,617,214,824) (5,211,832,053)	(16,077,497) (937,875) (1,570,407,545) (4,930,176,967)
Adjustment of provision of OBU Opening other liabilities	- (11,822,853,397)	(2,305) (9,219,650,262)
Increase/Decrease for the year	1,881,838,330	2,830,732,097
44 Net Operating Cash Flows Per Share (NOCFPS)		
Net Cash from operating activities Number of Ordinary shares outstanding (Denominator)	3,579,736,977 1,159,543,719	(10,479,056,476) 1,159,543,719
Net Operating Cash Flows Per Share (NOCFPS)	3.09	(9.04)
44(a) Consolidated Net Operating Cash Flows Per Share (CNOCFPS)		
Net Cash from operating activities Number of Ordinary shares outstanding (Denominator)	3,020,938,638 1,159,543,719	(11,071,679,389) 1,159,543,719
Consolidated Net Operating Cash Flows Per Share (CNOCFPS)	2.61	(9.55)
45 Net Asset Value Per Share (NAVPS)		
Net Asset Value Number of Ordinary shares outstanding (Denominator)	32,783,019,810 1,159,543,719	29,900,251,891 1,159,543,719
Net Asset Value Per Share (NAVPS)	28.27	25.79
45(a) Consolidated Net Asset Value Per Share (CNAVPS)		
Net Asset Value With Non Controlling Interest Non Controlling Interest	33,363,651,969 200 33,363,651,769	30,395,125,906 188 30,395,125,718
Number of Ordinary shares outstanding (Denominator)	1,159,543,719	1,159,543,719
Consolidated Net Asset Value Per Share (CNAVPS)	28.77	26.21

46. Audit Committee

The 1st Audit Committee of the Board was constituted by the Board of Directors of the Bank in its emergent meeting held on 03 April 2004. Subsequently the Committee was reconstituted in its Board meeting from time to time. The Audit Committee of the Board of Director consisted of the following 04 (four) members of the Board as on 31 December 2019.

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

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

Details of the Audit Committee Meeting in the year 2019

SI. No	Meeting No	Held On
1	100 th	24.01.2019
2	101 st	30.04.2019
3	102 nd	14.05.2019
4	103 rd	25.07.2019

5	104 th	26.09.2019
6	105 th	15.10.2019
7	106 th	26.11.2019
8	107 th	24.12.2019

Major issues reviewed by the Audit Committee during 2019

- 1. Findings of Internal Audit Reports
- 2. Recommendations and Findings of the Internal Auditors
- 3. Follow up of Recommendations made to the Board of Directors
- 4. Security of Computerized Systems
- 5. Efficiency and Adequacy of the Internal Audit Function
- 6. Impediments to Internal Audit Performance
- 7. Special Investigations

47 Related Party Disclosers:

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

Name	Designation	Share Holding (Opening) 01.01.2019	Share Holding (Closing) 31.12.2019
Rukhmila Zaman	Chairman	21083833	23192216
Bazal Ahmed	Vice Chairman	21125467	23238012
Anisuzzaman Chowdhury	Director	29501526	32451678
Akhter Matin Chaudhury FCA (E&W), FCA, FCS	Independent Director	0	0
M.A. Sabur	Director	22893585	25182942
Hajee Yunus Ahmed	Director	22767628	0
Hajee M.A. Kalam	Director	21084815	23193295
Nurul Islam Chowdhury	Director	21086874	23195560
Asifuzzaman Chowdhury	Director	29735237	32708759
Syed Mohammed Nuruddin (Representative of Aromatic Properties Ltd.)	Director	0	23200000
Roxana Zaman (Representative of Volkart Trading Limited)	Director	21100000	23210000
Bashir Ahmed	Director	21202269	23322494
Afroza Zaman (Representative of Legendary Assets Management Limited)	Director	21100000	23210000
Syed Kamruzzaman , FCMA (Representative of Aramit Thai Aluminium Limited)	Director	21611000	23772100
Farid Uddin Ahmed (Representative of Nahar Metals Limited)	Director	21083000	23191300
Muhammed Shah Alam, FCMA (Representative of Ardent Asset Management Limited)	Director	21100000	23210000
Professor Dr. Jonaid Shafiq (Representative of Splendid Trading Limited)	Director	0	23210000
Dr. Aparup Chowdhury	Independent Director	0	0
Touhid Shipar Rafiquzzaman	Independent Director	0	0
Mohammed Shawkat Jamil	Managing Director	0	0

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

SI No.	Name and Address	Designation	Name of Firms/Companies in which interested as proprietor, partner, director, managing agent, guarantor, employee etc.
1	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.
2	Bazal Ahmed	Vice Chairman	1. Taj Accessories (Pvt.) Ltd.
			2. Saikat Textile Ind. Ltd.
3	Anisuzzaman Chowdhury	Director	1. Ronny Chemical Industries Ltd.
			2. Anowara Construction Ltd.
			3. KITH Fashions Ltd.
4	Akhter Matin Chaudhury FCA (E&W), FCA, FCS	Independent Director	-
5	M.A. Sabur	Director	1. Masco Industries Ltd.
			2. Mascotex Ltd.
			3. Masco Cottons Ltd.
			4. Masco Superknits Ltd.
			5. Masco Energy Ltd.
			6. Masminu Energy Ltd.
			7. Masminu Footspree Ltd.
			8. Shanta Expressions Ltd.
			9. MAXIM Limited
			10. MAXIM International Limited
			11. Masco Shares & Securities Ltd.
			12. Masco Properties Ltd.
			13. Masco Poultry Ltd.
			14. Masco Services Ltd.
			15. Concept Knitting Ltd.
			16. Masco Printing & Embroidery Ltd.
			17. Masco Picasso Ltd.
			18. Tasniah Fabrics Ltd.
			19. Masco Poultry Enterprise.
			20. Masco Dairy Enterprise.
			21. Masco Fisheries Enterprise.
6	Hajee Yunus Ahmed	Director	1. Yunusco T&A (BD) Limited.
			2. Yunusco K. Textiles Ltd.
			3. Adapt ID Bangladesh Ltd.
			4. Yunusco Stone & Engineering Ltd.
			5. Yunusco Properties Ltd.
			6. Yunusco Ltd.
			7. Yunusco (BD) Limited.
			8. Yunusco Global Sourcing Ltd.
			9. YK Limited.

SI No.	Name and Address	Designation	Name of Firms/Companies in which interested as proprietor, partner, director, managing agent, guarantor, employee etc.
			10. Best Eat (Pvt) Ltd.
			11. Nine 2 Nine Intimates Ltd.
			12. Wonder Gas Ltd.
7	Hajee M.A. Kalam	Director	1. M/s. M. A. Kalam Ltd.
			2. M/s. United Overseas (BD) Ltd.
			3. Arab Plantation Ltd.
8	Nurul Islam Chowdhury	Director	1. Islam Steel Mills Ltd.
			2. Eastern Engineers (CTG.) Ltd.
			3. MegaByte Software Ltd.
			4. Shoppers World Ltd.
			5. NAMS Trading Corporation.
			6. NAMS Shipping Lines.
			7. Bosphorus Fashion Limited.
9	Asifuzzaman Chowdhury	Director	1. Synthetic Regin Products (Pvt.) Ltd.
			2. Ronny Chemical Industries Ltd.
10	Syed Mohammed	Director	1. ACS Logistics Ltd. JV with ACS, UK
	Nuruddin (Representative of		Allport Cargo Services (ocean) Ltd. JV with ACS, UK
	Aromatic Properties Ltd.)		3. Mariners Cargo Services Ltd. JV with ACS, Uk
			4. Mariners Trading Corp. Ltd.
			5. Mariners (Bangladesh) Ltd.
			6. Sundaram Tiles Ltd.
			7. American Education Council Ltd.
11	Roxana Zaman	Director	1. Volkart Trading Ltd.
	(Representative of Volkart Trading Limited)		2. Janata Insurance Ltd.
12	Bashir Ahmed	Director	1. Airmate Goodie Electrical Industries Ltd.
			2. Goodie Accessories (Pvt) Ltd.
			International Distribution Company Bangladesh (Pvt) Ltd.
			Airmate Lighting & Electrical Solutions (Pvt.) Limited
			5. B&B Electronics
			6. Pioneer Electronics
			7. B&B Food & Beverage
			8. B&B Electrical & Electronics
			9. Dhaka Electrical & Electronics
			10. Bard International
			11. Mettle Emporium
			12. Petal Enterprise
3	Afroza Zaman	Director	1. Janata Insurance Ltd.
	(Representative of		2. Legendary Assets Management Ltd.
	Legendary Assets Management Limited)		3. Volkart Trading
14	Syed Kamruzzaman, FCMA	Director	
	(Representative of Aramit Thai Aluminium Limited)		

SI No.	Name and Address	Designation	Name of Firms/Companies in which interested as proprietor, partner, director, managing agent, guarantor, employee etc.
15	Farid Uddin Ahmed	Director	-
	(Representative of Nahar Metals Limited)		
16	Muhammed Shah Alam, FCMA	Director	-
	(Representative of Ardent Asset Management Limited)		
17	Professor Dr. Jonaid Shafiq	Director	1. Japan Bangladesh Friendship Hospital
	(Representative of Splendid Trading Limited)		Japan Bangladesh Friendship Medical Services Ltd.
			3. Japan Bangladesh Medical Associates Ltd.
			4. Amda Agro Farm Ltd.
			5. Viston Electronics Ltd.
			Dhaka Specialist Pain Management and Research Center Ltd.
			7. Dhaka Evergreen Retirement Homes Ltd.
18	Dr. Aparup Chowdhury	Independent Director	-
19	Touhid Shipar Rafiquzzaman	Independent Director	-
20	Mohammed Shawkat Jamil	Managing Director	United Commercial Bank Limited

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

SI.	Name of the Contract	Branch Name	Name of the Directors	Remarks		
No			and related by			
	-	-	-	-		
47.3	Shares issued to Directors & Exe	ecutives without conside	ration or exercisable at a disco	ount: Nil		
47.4	Related Party Transactions:					
47.5	Lending policies to related parti section 27 (1) of the Bank comp		arties is affected as per require	ement of Nil		
47.6	Loans and advances to concern	related to directors:				
47.7	Business other than banking bus 18(2) of the Bank company Act	•	oncern of the Directors as per	section Nil		
47.8	Investment in securities of Direc	tors and their related co	oncern:	Nil		
48	Events after Balance Sheet date	:		Nil		
	a) The Board of Directors of United Commercial Bank Limited in its Board meeting held on June 28, 2020 recommended Stock dividend @ 5% and Cash dividend @5%for the year 2019.					
Gene	eral:					
48.1	Banks share capital has not been	n utilized for acquiring a	ny other direct or indirect bus	iness.		
48.2	No amount was spent by the ba services rendered during the pe		y members of the board for sp	pecial		
48.3	During the period under report, under pledge as security to obta		k Ltd did not place any of its a	ssets		

Managing Director

(Annexure-A)

UNITED COMMERCIAL BANK LTD.

Balance with Nostro Accounts As on 31 December 2019

				2019			2018	
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	494,646	84.90	41,995,482	3,025,659.17	83.90	253,852,804
Bank of Bhutan	Bhutan	ACU	70,635	84.90	5,996,930	37,570.00	83.90	3,152,123
Commerz Bank AG	Germany	OSD	281,101	84.90	23,865,471	(27,557.71)	83.90	(2,312,092)
Commerz Bank AG	Germany	EUR	377,663	95.07	35,904,784	549,464.19	95.51	52,480,314
Habib American Bank	NSA	OSD	8,273,740	84.90	702,440,529	11,463,320.76	83.90	961,772,612
Habib Metropolitan Bank Limited	Pakistan	ACU	464,816	84.90	39,462,865	310,508.09	83.90	26,051,629
HDFC Bank Limited	India	ACU	472,411	84.90	40,107,656	218,993.24	83.90	18,373,533
ICICI Bank Limited, Hong Kong (USD)	Hong Kong	USD	91,993	84.90	7,810,164	1	ı	1
ICICI Bank Ltd	India	ACU	366,262	84.90	31,095,681	1,889,251.55	83.90	158,508,205
JP Morgan NY	NSA	USD	(7,706,989)	84.90	(654,323,399)	(12,137,213.56)	83.90	(1,018,312,218)
Mashreq Bank Psc	India	ACU	420,328	84.90	35,685,818	1,259,351.84	83.90	105,659,619
Mashreq Bank Psc	NSA	USD	9,444	84.90	801,757	432,691.70	83.90	36,302,834
Nepal Bangladesh Bank	Nepal	ACU	169,380	84.90	14,380,345	144,679.80	83.90	12,138,635
Peoples Bank Colombo	Sri Lanka	ACU	466,242	84.90	39,583,907	115,597.72	83.90	9,698,649
Sonali Bank Ltd	India	ACU	42,065	84.90	3,571,290	5,132.67	83.90	430,631
Standard Chartered Bank Ltd	India	ACU	772,771	84.90	65,608,279	909,071.36	83.90	76,271,087
Standard Chartered Bank Ltd	NSA	USD	3,052,635	84.90	259,168,683	84,157.80	83.90	7,060,839
State Bank of India	India	ACU	2,456	84.90	208,529	2,456.17	83.90	206,073
The Bank of Tokyo Mitsubishi	Japan	ЛРY	28,097,110	0.78	21,856,740	10,424,912.00	0.76	7,885,403
Wells Fargo Bank N.A	USA	USD	650,572	84.90	55,233,531	(367,706.20)	83.90	(30,850,550)

				2019			2018	
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	53,467	23.12	1,235,938	6,500.00	22.84	148,483
Saudi Hollandi Bank	Saudi Arabia	SAR	ı	1	1	620,092.40	22.36	13,866,878
BANK AL-JAZIRA	Saudi Arabia	SAR	617,199	22.63	13,969,650	345,566.32	22.36	7,727,761
KOOKMIN BANK	Korea	USD	246,867	84.90	20,959,028	96,855.18	83.90	8,126,150
Mashreq Bank PSC	UK	GBP	(43,563)	111.35	(4,850,930)	77,739.11	106.23	8,258,552
Mashreq Bank PSC	UK	EUR	1		1	43,756.97	95.51	4,179,307
UBL Switzerland AG	Switzerland	CHF	143,639	87.30	12,539,842	48,960.67	84.56	4,140,095
Axis Bank Limited	India	ACU	985,204	84.90	83,643,815	34,167.76	83.90	2,866,675
Yes Bank Limited	India	ACU	19,329	84.90	1,641,014	11,245.89	83.90	943,530
Citi Bank N.A.New York, USA	USA	USD	671,232	84.90	56,987,572	(386,299.80)	83.90	(32,410,553)
Mashreq Bank NY (OBU)	USA	USD	114,133	84.90	9,689,912	12,529.92	83.90	1,051,260
Habib American Bank, NY, (OBU)	USA	USD	7,856,709	84.90	667,034,624	2,769,862.65	83.90	232,391,476
ICICI Bank Limited	USA	USD	136,197	84.90	11,563,147	ı	•	1
United Bank of India, Kolkata, India	India	ACU	177,941	84.90	15,107,217	ı		1
Standard Chartered Bank, United Kingdom (GBP)	United Kingdom	GBP	146,453	111.35	16,308,247	ı	ı	1
Total					1,676,284,115			929,659,746

Amount in BDT

UNITED COMMERCIAL BANK LTD.

Schedule of Fixed AssetsAs on 31 December 2019

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

UNITED COMMERCIAL BANK LIMITED

Highlights on Overall Activities

Amount in Taka

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

UNITED COMMERCIAL BANK LIMITED

Off-shore Banking Unit

Balance Sheet

As at 31 December 2019

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



UNITED COMMERCIAL BANK LIMITED

Off-shore Banking Unit

Balance Sheet
As at 31 December 2019

	Notes	31 [Dec. 2019	31 Dec. 2018
		USD	BDT	BDT
Off Balance Sheet Items		-		-
Contingent liabilities		35,466,298	2,975,622,399	20,632,363
Acceptances and endorsements		-	-	-
Letters of guarantee		35,466,298	2,975,622,399	20,632,363
Irrevocable letters of credit		-	-	-
Bills for collection		-	-	-
Other contingent liabilities		-	-	-
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		-	-	-
Other Communicities				_
Total Off-Balance Sheet exposures including contingent liabilities		35,466,298	2,975,622,399	20,632,363

UNITED COMMERCIAL BANK LTD.

Off-shore Banking Unit

Profit and Loss Account

for the Year ended 31 December 2019

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

UNITED COMMERCIAL BANK LTD.

Off-shore Banking Unit

Cash Flow Statement

for the year ended 31 December 2019

	Notes	31	Dec. 2019	31 Dec. 2018
		USD	BDT	BDT
A)	Cash flows from operating activities			
	Interest receipts in cash	12,901,216	1,089,537,375	1,067,386,519
	Interest payments	(6,603,140)	(557,650,394)	(517,097,839)
	Fees and commission receipts in cash	620,180	52,375,647	59,872,017
	Cash payments to employees	(14,256)	(1,203,927)	(1,085,432)
	Cash payments to suppliers	-	-	-
	Receipts from other operating activities	-	-	-
	Payments for other operating activities	(20,000)	(1,689,046)	(3,547,271)
	Cash generated from operating activities before changes in operating assets and liabilities	6,884,000	581,369,655	605,527,994
	Increase/(decrease) in operating assets and liabilities			
	Loans and advances to other banks	-	-	-
	Loans and advances to customers	(3,456,584)	(293,463,941)	1,050,892,358
	Other assets	95,305	8,091,436	(3,178,005)
	Deposits from other banks/borrowings	(10,990,952)	(933,131,826)	(391,079,388)
	Deposits from customers	-	-	-
	Other liabilities	(520,486)	(44,189,261)	45,378,550
		(14,872,716)	(1,262,693,592)	702,013,514
Net	cash from operating activities	(7,988,716)	(681,323,937)	1,307,541,508
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	(0.700.70)	/=====================================	
	Retained earnings sent to Central Operation	(6,708,763)	(566,582,771)	(604,489,306)
	Net Cash from financing activities	(6,708,763)	(566,582,771)	(604,489,306)
D)	Net increase/(decrease) in cash and	(14,697,479)	(1,247,906,707)	703,052,202
	cash equivalents (A+ B + C)		05 461 507	0.075.017
E)	Effects of exchange rate changes on cash and cash equivalents	-	25,461,507	9,275,017
F)	Cash and cash equivalents at beginning of the year	16,095,756	1,341,158,945	638,106,743
G)	Cash and cash equivalents at end of the year (D+E+F)	1,398,277	118,713,744	1,350,433,962
	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	1,398,277	118,713,744	1,350,433,962
	and manda materials	1,398,277	118,713,744	1,350,433,962
		.,,.,.,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,	,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,	.,, 100,002

OFF-SHORE BANKING UNITS

Notes to the Financial Statements for the year ended 31 December 2019

1.1 Status of the units

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

1.1.1 Principal activities

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

1.2 Significant accounting policies and basis of preparation of financial statements

1.2.1 Basis of accounting

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

1.2.2 Use of estimates and judgments

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

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

1.2.3 Foreign currency transaction

a) Foreign currencies translation

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

b) Commitments

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

c) Translation gains and losses

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

1.2.4 Cash flow statement

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

1.2.5 Reporting period

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

2 General

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

		Notes	31	Dec. 2019	31 Dec. 2018
			USD	BDT	BDT
3	Balance with other banks and financial institutions				
	In Bangladesh Outside Bangladesh		- 1,398,277	- 118,713,744	1,116,991,225 233,442,737
			1,398,277	118,713,744	1,350,433,962
4	Loans and advances				
	i) Loans, cash credits, overdrafts, etc.				
	Loan (General)		-	-	-
	Hire purchase		-	-	-
	Lease finance Term Loan		- 35,045,668	- 2,975,377,228	2,680,287,299
			35,045,668	2,975,377,228	2,680,287,299
	ii) Bills purchased and discounted (note-5	5)			
	Payable Inside Bangladesh Inland bills purchased		-	-	-
	Payable Outside Bangladesh				
	Foreign bills purchased and discounted		171,938,622	14,597,588,981 	14,395,687,263
			171,938,622	14,597,588,981	14,395,687,263
			206,984,290	17,572,966,209	17,075,974,562
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		13,598	1,059,942	911,964
	Computer and equipments		808	62,949	62,949
			14,405	1,122,891	974,913
	Written down value (WDV)		5,389	420,071	568,048
6	Other assets				
	Advance deposits and advance rent		-	-	-
	Interest Receivable		-	-	7,996,131
	Foreign currency translation reserve			37,418	43,364
			-	37,418	8,039,495

		Notes		Dec. 2019	31 Dec. 2018
7	Borrowings from other banks, financial		USD	BDT	BDT
,	institutions and agents				
	Borrowings from Head office		164,473,870	13,963,831,567	12,964,752,300
	International Finance Corporation		1,666,665	141,499,859	419,499,916
	PROPARCO		5,238,095	444,714,282	599,285,712
	Emirates NBD Bank PJSc-UAE		5,000,000	424,500,000	292,660,400
	Emirates Islamic Bank		-	-	860,324,024
	First Gulf Bank		3,586,800	304,519,320	857,694,367
	Habib Bank UK		-	-	839,000,000
	Commercial Bank of Qatar		- 0.070.710	-	419,500,000
	National Bank of Ras Al-Khaimah, UAE ICICI Bank Ltd., India		8,079,716	685,967,856	536,625,524
	DBS Bank Ltd.		17,000,000	1,443,300,000	336,086,368
			205,045,146	17,408,332,884	18,125,428,612
8	Other liabilities				
	Interest payable		913.147	77,526,170	120,281,903
	Provision for Loans & Advances		2,075,000	176,167,500	171,995,000
	Provision for Off Balance Sheet Exposure		354,663	30,110,887	17,310,553
			3,342,810	283,804,557	309,587,455
•	Patrimed assuings		3,342,010	203,004,337	303,367,433
9	Retained earnings				
	Balance 1 January 2018		-	-	-
	Current year profit		6,708,763	566,582,771	604,489,306
	Retained earnings transferred to central operation		(6,708,763)	(569,573,939)	(607,627,781)
	Effect of changes in exchange rate		-	2,991,168	3,138,475
10	Interest income				-
10	interest income				
	Term Loan		2,024,575	170,979,989	195,190,184
	Bills purchased & Discount Others		10,281,805	868,322,080	816,593,152
	Interest on loans and advances		12,306,380	1,039,302,069	1,011,783,336
	Interest on balance with other banks and financial institutions		550,650	46,503,655	53,249,474
	Interest received from foreign banks		44,186	3,731,651	2,353,709
	Total Interest income		12,901,216	1,089,537,375	1,067,386,519
11	Interest on deposits, borrowings, etc.				
	Interest paid on deposits		_	-	-
	Interest paid on local bank accounts		-	-	-
	Interest paid on Borrowings		6,603,140	557,650,394	517,097,839
			6,603,140	557,650,394	517,097,839
12	Commission, exchange and brokerage				
	LC,BC & BG (Others) Fees and Charges		501,791	42,377,434	45,347,146
	Exchange Gain/(Loss)		118,389	9,998,212	14,524,870
	Revaluation Gain/(Loss) on foreign current	СУ	-	_	
			620,180	52,375,647	59,872,017



		Notes	31 Dec. 2019		31 Dec. 2018
			USD	BDT	BDT
13	Other operating income				
	Reimbursement Charge		-	-	-
	Miscellaneous earnings				
			<u> </u>	<u>-</u>	
14	Salaries and allowances				
	Basic pay		5,817	491,232	433,561
	Allowances		5,611	473,889	436,813
	Bonus		2,246	189,687	171,701
	Unit's contribution to provident fund		582	49,118	43,358
			14,256	1,203,927	1,085,432
15	Other expenditure				
	Foreign bank correspondence charges		20,000	1,689,046	3,547,271
	Revaluation loss on foreign currency		-	-	-
			20,000	1,689,046	3,547,271



DIRECTORS'REPORT

SUBSIDIARY COMPANIES

Dear Shareholders:

The Directors of UCB Capital Management Limited take the pleasure in presenting the annual report together with the audited financial statements for the year ended December 31, 2019.

World Economy

In 2019, Emerging Markets and Developing Economies (EMDE) experienced slightly slower growth mainly because of geopolitical uncertainty, trade war, changes in political stance and volatility in energy prices. Advanced economies also suffered slowdown especially in Euro region. Global trade in goods squeezed for a significant part of 2019 and manufacturing activity slowed over the course of the year.

However, financial market sentiment improved toward the end of 2019 as major central banks adopted monetary policy easing.

EMDE capital inflows remained subdued as most EMDEs faced correction in equity prices. Along with this, commodity prices also faced downward pressure. Global growth edged down to estimated 2.4% during 2019 down from 3.0% previous year. However, recent data is suggesting stabilization of economic conditions and recovery of investment and trade. According to World Bank's projections, continued monetary policy support would lift the economic activities in most EMDEs while advanced economies would extend the slowdown amid geopolitical uncertainty.

Country	2016	2017	2018	2019 E	2020F	2021F	2022F
World	2.40%	3.20%	3.00%	2.40%	2.50%	2.60%	2.70%
Advanced Economies	1.70%	2.40%	2.20%	1.60%	1.40%	1.50%	1.50%
Emerging Markets and Developing Economies	3.70%	4.50%	4.30%	3.50%	4.10%	4.30%	4.40%

Source: World Bank Source: Local Newspapers

Bangladesh Economy

Bangladesh economic growth remained solid during FY19, grew 8.15% driven by private sector and domestic consumption. However, a number of external and internal factors such as slower growth in



export and import, decelerated private sector credit growth, continuous overvaluation of BDT against USD, and worsening health of financial sector slightly trembled the macro prudential discipline.

GDP per capita of Bangladesh grew at a CAGR of 10.2% during 2011-18, highest among the neighbouring countries such as India, Pakistan, Sri Lanka, Vietnam, and China. This implies that living standard of Bangladesh has been growing faster than that of neighbours. World Bank Forecasts GDP growth of Bangladesh to be 7.2% in FY20 while Asian Development Bank forecasts the GDP growth to be 8.0%.

We view that growth will remain resilient amid challenges, underpinned by strong domestic demand and structural transformation.

Going forward, we expect that more FDI would come as the outlook of political environment is positive.

State of the Company's Affair

UCB Capital Management 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 Capital Management Limited has established a sizeable customer base and a solid reputation within the industry. 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 Capital Management Limited has a branch network covering Dhaka and Chittagong, the two largest cities in Bangladesh.

Credit Rating	Current	Previous
Long-Term	A	А
Short-Term	ST-3	ST-3
Publishing date	25 Nov 2019	14 Nov 2018

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. However, as most of the projects are running behind the schedule, expected benefit may defer.

Inflation remained tamed during 2019 as food production was buoyant. Moreover, energy prices remained moderate during 2019. Average inflation stood at 5.59% during 2019 up from 5.55% previous year. Given a predictable global energy price outlook, inflation will not be a concern.

Foreign exchange reserves stood at USD 32.7bn in Dec'19, sufficient to cover 7.2 months' import payment. Bangladesh has been an attractive place for foreign direct investment in 2019. During FY19, FDI net inflow increased by 42.9% to USD 2.5bn. China's investment in power sector of Bangladesh contributed heavily towards the increased FDI. Moreover, EPZs of Bangladesh would continue to attract more FDIs in the coming years.

Capital Market

Capital market of Bangladesh underwent a challenging year in 2019. DSEX declined 17.30% in 2019 and average daily turnover stood at BDT 4,803mn, declining 12.8% from last year. Correction was mainly acute in the financial and telecommunication scrips. Decelerating credit growth coupled with subdued growth in export led weaker performance of most of the companies.

Source: Bloomberg

Foreigners divested huge investment from emerging markets amid equity price pressure. Among the emerging markets, Bangladesh market underperformed the most as investors remained cautious in their investment as extended bearish trend plagued the Bangladesh market. Macro dynamics turned unfavourable for Bangladesh textile sector as most textile companies lost bargaining power due to intensive competition and weaker demand. Moreover, devaluation of most competing currencies put Bangladesh at a weaker position in terms of competitiveness. Financial scrips faced correction as deteriorating asset quality continues to pose threat. However, Government of Bangladesh has been taking measures to curb NPL which would yield positive result for the economy if successful.

The outlook of capital market in 2020 is neutral. Despite some concerns about the probable temporary upshot of exchange rate and interest rate, buoyant domestic demand, increase in foreign investment and improvement in domestic infrastructures would enable corporates absorb any potential risks looming in the economy.

Capital Market Statistics

Date	Turnover (BDT bn)*	Market Cap (BDT bn)	DSEX	Change YoY	DSES	Change YoY	DS30	Change YoY
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%
31-Dec-2016	1,192	3,412	5,036	8.8%	1,192	7.7%	1,811	3.5%

^{*}Total annual turnover Source: Dhaka Stock Exchange

Business Operation

The key operation of UCB Capital Management Limited is to provide brokerage service to its clients both under Dhaka Stock Exchange Limited (DSE) and Chittagong Stock Exchange Limited (CSE). Currently, UCB Capital Management Limited operates 45 (Forty five) DSE workstations; and 5 (Five) CSE workstations. UCB Capital Management Limited has disbursed BDT 2,935mn as Margin Loan (as of December 31, 2019) compared to BDT 1,906mn margin loan (as of December 31, 2018).

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.

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 Capital Management Limited.

Credit Rating was conducted based on audited Financial Statements current as on November 25, 2019 and previous November 14, 2018.

Board of Directors

Name	Status in Board	Status in Parent Company
Mohammed Shawkat Jamil	Chairman	Managing Director
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	Company Secretary

Operating Performance

Particulars	2015	2016	2017	2018	2019
Income	58,780,968	84,815,746	416,474,444	413,490,315	469,500,494
Expenditure	18,423,272	36,561,956	115,378,025	110,481,621	186,747,949
Operating Profit	40,357,697	48,253,790	301,096,419	303,008,694	282,752,545

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.

Source: Dhaka Stock Exchange

Financial Performance of UCB Capital Management Limited

UCB Capital Management 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. However, UCB Capital Management Limited registered a net profit of BDT 66.47 million in 2019 compared to a net profit of BDT 178.31 million in 2018. Operating Profit stood at BDT 282.75 million in 2019 compared to BDT 303.01 million in 2018.

In 2019, the company's margin loans to clients stood at BDT 2,935.26 million as against BDT 1,905.56 million in the previous year. UCB Capital Management Limited performed progressively better especially towards the end of the year ranking 4th in 2019 as compared to 7th in 2018.

Key Financials (Amount in taka)

				() :	mount in taka,
Particulars	2015	2016	2017	2018	2019
Shareholders' Equity	571,149,588	2,047,554,575	2,269,520,658	2,447,829,207	2,514,301,975
Total Assets	1,094,523,854	2,424,548,482	3,970,040,665	3,972,653,727	5,043,651,438
Total Liabilities	523,374,267	376,993,907	1,700,520,007	1,524,824,518	2,529,349,463
Net Revenue from Brokerage	34,480,87	48,142,160	148,722,797	137,986,067	189,821,876
Net Interest Income	23,618,668	27,111,294	152,471,268	234,198,150	269,963,261
Net Profit After Tax	25,017,232	-10,095,013	221,966,083	178,308,549	66,472,768
Return on Assets	2.23%	-0.57%	6.94%	4.49%	1.32%
Return on Equity	4.48%	-0.77%	10.28%	7.28%	2.64%
No. of Shares	5,135,000	5,135,000	5,135,000	5,135,000	5,135,000
EPS (BDT)	4.87	-1.97	43.23	34.72	12.95

Business Revenue

During 2019, income from brokerage commission improved by 37.6% to stand at BDT 189.82mn. However, turnover in DSE declined 14.6% from last year. Interest income grew 15.27% as the size of margin loan portfolio increased from last year. The total income of BDT 469.5mn comprised of net brokerage commission income of 189.82mn, income from margin loan of BDT 269.96mn and other income of BDT 9.72mn.

Dividend and Related Earnings

The Company Declared no dividend of its shareholders for the year ended December 31, 2019.

Retained Earnings

The Retained Earnings of the Company as of December 31, 2019 stood at BDT 514.30mn details of which are given in the Statement of Changes in Equity of the Consolidated Financial Statement.

Key Challenges

Liquidity may face pressure amid de-growth in export: Liquidity situation has been improving since the second half of 2019 as sale of NSC (National Savings Certificate) has been dropping sharply. However, de-growth in export puts risk putting downward pressure on net foreign asset.

Devaluation of BDT: The pressure on BDT has increased due to slowdown in export. BDT might continue to depreciate in 2020. Most of the manufacturing companies may face margin shrink.

Energy price may increase: Gas price in domestic market may be adjusted further as government would be planning to make LNG popular. Moreover, electricity price is set to increase as more costly power plants (fuel-oil and high speed diesel based) came into operation recently.

Labour cost may go up: Wage of RMG workers increased. Amid losing bargaining power, textile companies may face pressure on profitability.

Auditors Appointment

Pursuant to Section 210 of the Companies Act, 1994, the Company's statutory auditors 'MABS & J Partners' was appointed as the independent auditor of the Company for the year 2019 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 Capital Management 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 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.

Source: World Bank

I, on behalf of the Board of Directors

Mohammed Shawkat Jamil

Chairman

Independent Auditors' To the shareholders of REPORT

UCB Capital Management Limited

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of UCB Capital Management Limited, which comprise the statement of financial position as at 31 December 2019, 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 2019, 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 08 June 2020 MABS & J Partners
Chartered Accountants



Statement of Financial Position

As at 31 December 2019

Amount in Taka

Particulars Notes 31-Dec-2018 ASSETS Sociation of the property of th			Amount	III Taka
Non-Current Assets (A) 563,556,940 505,970,952 Property, plant and equipment 2.00 83,649,447 27,468,612 Intangible asset 3.00 1,925,987 520,834 Investments 4.00 477,981,506 477,981,506 Current Assets (B) 4,480,094,498 3,466,682,775 Advances, deposits and prepayments 5.00 124,470,768 63,750,797 Loan to customers 6.00 2,935,259,429 1,905,557,186 Investment in marketable securities 7.00 618,839,524 590,212,516 Accounts receivable 8.00 18,901,219 214,176,922 Cash and Cash equivalents 9.00 789,623,558 692,985,354 Total Assets (A+B) 5,043,651,438 3,972,653,727 EQUITY AND LIABILITIES 5,043,651,438 3,972,653,727 EQUITY AND LIABILITIES 10.00 513,500,000 1,486,500,000 Share money deposit 10.03 1,486,500,000 1,486,500,000 Retained earnings 514,301,975 2,447,829,207 Non Current Liabilities (E)	Particulars	Notes	31-Dec-2019	31-Dec-2018
Property, plant and equipment 2.00 83,649,447 27,468,612 Intangible asset 3.00 1,925,987 520,834 Investments 4.00 477,981,506 477,981,506 Current Assets (B) 4,480,094,498 3,466,682,775 Advances, deposits and prepayments 5.00 124,470,768 63,750,797 Loan to customers 6.00 2,935,259,429 1,905,57,186 Investment in marketable securities 7.00 611,839,524 590,212,516 Accounts receivable 8.00 18,901,219 214,176,922 Cash and Cash equivalents 9.00 789,623,558 692,985,354 Total Assets (A+B) 5,043,651,438 3,972,653,727 EQUITY AND LIABILITIES 5,043,651,438 3,972,653,727 EQUITY AND Clarent Liabilities 10.00 513,500,000 513,500,000 Share Oapital 10.00 513,500,000 1,486,500,000 Retained earnings 514,301,975 2,447,829,207 Non Current Liabilities (D) - - Current Liabilities (E) 2,529,349,463 </th <th>ASSETS</th> <th></th> <th></th> <th></th>	ASSETS			
Intangible asset 3.00 1,925,987 520,834 Investments 4.00 477,981,506 478,91,291	Non-Current Assets (A)		563,556,940	505,970,952
Investments	Property, plant and equipment	2.00	83,649,447	27,468,612
Current Assets (B) 4,480,094,498 3,466,682,775 Advances, deposits and prepayments 5.00 124,470,768 63,750,797 Loan to customers 6.00 2,935,259,429 1,905,557,186 Investment in marketable securities 7.00 611,839,524 590,212,516 Accounts receivable 8.00 18,901,219 214,176,922 Cash and Cash equivalents 9.00 789,623,558 692,985,354 Total Assets (A+B) 5,043,651,438 3,972,653,727 EQUITY AND LIABILITIES Capital and Reserves Share Capital 10.00 513,500,000 513,500,000 Share money deposit 10.03 1,486,500,000 1,486,500,000 Retained earnings 514,301,975 2,447,829,207 Shareholders equity @') 2,514,301,975 2,447,829,207 Non Current Liabilities (D) - - Current Liabilities (E) 2,529,349,463 1,524,824,518 Short term loan 11.00 1,392,588,962 549,400,000 Accounts payable<	Intangible asset	3.00	1,925,987	520,834
Advances, deposits and prepayments Loan to customers Loan to custo	Investments	4.00	477,981,506	477,981,506
Loan to customers 6.00 2,935,259,429 1,905,557,186 Investment in marketable securities 7.00 611,839,524 590,212,516 Accounts receivable 8.00 18,901,219 214,176,922 Cash and Cash equivalents 9.00 789,623,558 692,985,354 Total Assets (A+B) 5,043,651,438 3,972,653,727 EQUITY AND LIABILITIES Capital and Reserves Share Capital 10.00 513,500,000 513,500,000 Share money deposit 10.03 1,486,500,000 1,486,500,000 Retained earnings 514,301,975 2,447,829,207 Shareholders equity @') 2,514,301,975 2,447,829,207 Non Current Liabilities(E) 2,529,349,463 1,524,824,518 Short term loan 11.00 1,392,588,962 549,400,000 Accounts payable 12.00 826,290,099 839,044,895 Provisions 13.00 106,379,999 35,111,892 Provision for Taxation 14.00 204,090,403 101,267,731	Current Assets (B)		4,480,094,498	3,466,682,775
Investment in marketable securities 7.00 611,839,524 590,212,516 Accounts receivable 8.00 18,901,219 214,176,922 Cash and Cash equivalents 9.00 789,623,558 692,985,354 Total Assets (A+B) 5,043,651,438 3,972,653,727 EQUITY AND LIABILITIES 5 5,043,651,438 3,972,653,727 EQUITY AND LIABILITIES 10.00 513,500,000 513,500,000 513,500,000 513,500,000 1,486,500,000 1,486,500,000 1,486,500,000 1,486,500,000 447,829,207 447,829,207 447,829,207 Shareholders equity ⊚') 2,514,301,975 2,447,829,207 Non Current Liabilities (E) 2,529,349,463 1,524,824,518 1,524,824,518 549,400,000 Accounts payable 11.00 1,392,588,962 549,400,000 Accounts payable 12.00 826,290,099 839,044,895 790,000 35,111,892 790,000 100,267,731 100,267,731 100,267,731 100,267,731 100,267,731 100,267,731 100,267,731 100,267,731 100,267,731 100,267,731 100,267,731 100,267,731 <td< th=""><th>Advances, deposits and prepayments</th><th>5.00</th><td>124,470,768</td><td>63,750,797</td></td<>	Advances, deposits and prepayments	5.00	124,470,768	63,750,797
Accounts receivable 8.00 18,901,219 214,176,922 Cash and Cash equivalents 9.00 789,623,558 692,985,354 Total Assets (A+B) 5,043,651,438 3,972,653,727 EQUITY AND LIABILITIES Capital and Reserves Share Capital 10.00 513,500,000 513,500,000 Share money deposit 10.03 1,486,500,000 1,486,500,000 Retained earnings 514,301,975 447,829,207 Shareholders equity ©') 2,514,301,975 2,447,829,207 Non Current Liabilities (D) - - Current Liabilities (E) 2,529,349,463 1,524,824,518 Short term loan 11.00 1,392,588,962 549,400,000 Accounts payable 12.00 826,290,099 839,044,895 Provisions 13.00 106,379,999 35,111,892 Provision for Taxation 14.00 204,090,403 101,267,731	Loan to customers	6.00	2,935,259,429	1,905,557,186
Cash and Cash equivalents 9.00 789,623,558 692,985,354 Total Assets (A+B) 5,043,651,438 3,972,653,727 EQUITY AND LIABILITIES 5 692,985,354 Capital and Reserves 5 513,500,000 513,500,000 Share Capital 10.03 1,486,500,000 1,486,500,00	Investment in marketable securities	7.00	611,839,524	590,212,516
Total Assets (A+B) 5,043,651,438 3,972,653,727 EQUITY AND LIABILITIES Capital and Reserves Share Capital 10.00 513,500,000 513,500,000 Share money deposit 10.03 1,486,500,000 1,486,500,000 Retained earnings 514,301,975 2,447,829,207 Shareholders equity @') 2,514,301,975 2,447,829,207 Non Current Liabilities (E) 2,529,349,463 1,524,824,518 Short term loan 11.00 1,392,588,962 549,400,000 Accounts payable 12.00 826,290,099 839,044,895 Provisions 13.00 106,379,999 35,111,892 Provision for Taxation 14.00 204,090,403 101,267,731	Accounts receivable	8.00	18,901,219	214,176,922
EQUITY AND LIABILITIES Capital and Reserves Share Capital 10.00 513,500,000 513,500,000 Share money deposit 10.03 1,486,500,000 1,486,500,000 Retained earnings 514,301,975 447,829,207 Shareholders equity ©') 2,514,301,975 2,447,829,207 Non Current Liabilities(D)	Cash and Cash equivalents	9.00	789,623,558	692,985,354
Capital and Reserves Share Capital 10.00 513,500,000 513,500,000 Share money deposit 10.03 1,486,500,000 1,486,500,000 Retained earnings 514,301,975 447,829,207 Shareholders equity ⊚') 2,514,301,975 2,447,829,207 Non Current Liabilities(D) - - Current Liabilities (E) 2,529,349,463 1,524,824,518 Short term loan 11.00 1,392,588,962 549,400,000 Accounts payable 12.00 826,290,099 839,044,895 Provisions 13.00 106,379,999 35,111,892 Provision for Taxation 14.00 204,090,403 101,267,731	Total Assets (A+B)		5,043,651,438	3,972,653,727
Share Capital 10.00 513,500,000 513,500,000 Share money deposit 10.03 1,486,500,000 1,486,500,000 Retained earnings 514,301,975 447,829,207 Shareholders equity ©') 2,514,301,975 2,447,829,207 Non Current Liabilities(D) - - Current Liabilities (E) 2,529,349,463 1,524,824,518 Short term loan 11.00 1,392,588,962 549,400,000 Accounts payable 12.00 826,290,099 839,044,895 Provisions 13.00 106,379,999 35,111,892 Provision for Taxation 14.00 204,090,403 101,267,731	EQUITY AND LIABILITIES			
Share money deposit 10.03 1,486,500,000 1,486,500,000 Retained earnings 514,301,975 447,829,207 Shareholders equity @') 2,514,301,975 2,447,829,207 Non Current Liabilities(D) - - Current Liabilities (E) 2,529,349,463 1,524,824,518 Short term loan 11.00 1,392,588,962 549,400,000 Accounts payable 12.00 826,290,099 839,044,895 Provisions 13.00 106,379,999 35,111,892 Provision for Taxation 14.00 204,090,403 101,267,731	Capital and Reserves			
Retained earnings 514,301,975 447,829,207 Shareholders equity ©') 2,514,301,975 2,447,829,207 Non Current Liabilities(D) - - Current Liabilities (E) 2,529,349,463 1,524,824,518 Short term loan 11.00 1,392,588,962 549,400,000 Accounts payable 12.00 826,290,099 839,044,895 Provisions 13.00 106,379,999 35,111,892 Provision for Taxation 14.00 204,090,403 101,267,731	Share Capital	10.00	513,500,000	513,500,000
Shareholders equity ©') 2,514,301,975 2,447,829,207 Non Current Liabilities(D) - - Current Liabilities (E) 2,529,349,463 1,524,824,518 Short term loan 11.00 1,392,588,962 549,400,000 Accounts payable 12.00 826,290,099 839,044,895 Provisions 13.00 106,379,999 35,111,892 Provision for Taxation 14.00 204,090,403 101,267,731	Share money deposit	10.03	1,486,500,000	1,486,500,000
Current Liabilities (E) 2,529,349,463 1,524,824,518 Short term loan 11.00 1,392,588,962 549,400,000 Accounts payable 12.00 826,290,099 839,044,895 Provisions 13.00 106,379,999 35,111,892 Provision for Taxation 14.00 204,090,403 101,267,731	Retained earnings		514,301,975	447,829,207
Current Liabilities (E) 2,529,349,463 1,524,824,518 Short term loan 11.00 1,392,588,962 549,400,000 Accounts payable 12.00 826,290,099 839,044,895 Provisions 13.00 106,379,999 35,111,892 Provision for Taxation 14.00 204,090,403 101,267,731	Shareholders equity ©')		2,514,301,975	2,447,829,207
Short term loan 11.00 1,392,588,962 549,400,000 Accounts payable 12.00 826,290,099 839,044,895 Provisions 13.00 106,379,999 35,111,892 Provision for Taxation 14.00 204,090,403 101,267,731	Non Current Liabilities(D)		-	-
Accounts payable 12.00 826,290,099 839,044,895 Provisions 13.00 106,379,999 35,111,892 Provision for Taxation 14.00 204,090,403 101,267,731	Current Liabilities (E)		2,529,349,463	1,524,824,518
Provisions 13.00 106,379,999 35,111,892 Provision for Taxation 14.00 204,090,403 101,267,731	Short term loan	11.00	1,392,588,962	549,400,000
Provision for Taxation 14.00 204,090,403 101,267,731	Accounts payable	12.00	826,290,099	839,044,895
	Provisions	13.00	106,379,999	35,111,892
Total Equity and Liabilities (C+D+E) 5,043,651,438 3,972,653,726	Provision for Taxation	14.00	204,090,403	101,267,731
	Total Equity and Liabilities (C+D+E)		5,043,651,438	3,972,653,726

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: 08 June, 2020

MABS & J Partners Chartered Accountants



Statement of Profit or Loss and Other Comprehensive Income

For the period ended 31 December, 2019

Amount in Taka

Particulas	Notes	31- Dec-2019	31-Dec-2018
Operating Income:			
Brokerage Commission	15.00	189,821,876	137,986,067
Interest Income	16.00	269,963,261	234,198,150
Net Investment Income	17.00	8,375,265	40,645,551
Other Operating Income	18.00	1,340,092	660,547
Total operating income (A)		469,500,494	413,490,315
Operating Expenses:			
Operating expenses	19.00	169,414,649	101,728,912
Other expenses	20.00	17,333,300	8,752,709
Total operating expenses (B)		186,747,949	110,481,621
Profit/(Loss) before provision C=(A-B)		282,752,545	303,008,694
Provision for negative equity on margin loans and investment	13.00	71,268,108	24,131,623
Total provision (D)		71,268,108	24,131,623
Operating profit before taxation E=(C-D) Provision for Taxation (F)		211,484,437 145,011,669	278,877,071 100,568,522
Current Tax	14.01	144,000,000	100,000,000
Deferred Tax	14.02	1,011,669	568,522
Net profit after tax [G=E-F]		66,472,768	178,308,549

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: 08 June, 2020

MABS & J Partners Chartered Accountants

Statement of Changes in Equity For the period ended 31 December, 2019

Amount in Taka

Particulars	Share capital	Share Money Deposit	Retained earnings/ (Accumulated losses)	Total
Balance as at January 1, 2019	513,500,000	1,486,500,000	447,829,207	2,447,829,207
Profit/(Loss) during the year	-	-	66,472,768	66,472,768
Balance as at December 31, 2019	513,500,000	1,486,500,000	514,301,975	2,514,301,975
Balance as at January 01,2018	513,500,000	1,486,500,000	269,520,658	2,269,520,658
Profit/(Loss) during the year 2018	-	-	178,308,549	178,308,549
Balance as at Decmber 31, 2018	513,500,000	1,486,500,000	447,829,207	2,447,829,207

Chairman

Director

Director

Managing Director

Statement of Cash Flows

For the period ended 31 December, 2019

Amount in Taka

Particulars		31- Dec-2019	31-Dec-2018
Α.	Cash Flow from Operating Activities		
Α.	Net Profit/(Loss) before taxation, and extra ordinary item. Adjustment for:	282,752,545	303,008,694
	Depreciation & amortization	8,498,866	2,765,854
	Income Tax Expenses	(107,579,520)	(79,357,781)
	Increase/(Decrease) of other assets	178,319,247	(185,245,256)
	Increase/(Decrease) of other liability	(12,754,799)	(385,675,089)
	Net Cash flow/(used) in operating activities	349,236,339	(344,503,578)
В.	Cash Flow from Investing Activities		
	Acquisition of Fixed Assets	(64,278,159)	(21,965,861)
	Acquisition of Intengible Assets	(1,806,695)	(100,000)
	Sale of Fixed Assets	-	-
	Investment in equity	-	42,879,317
	Net cash flows/(used) in Investing activities	(66,084,854)	20,813,456
C.	Cash Flow from Financing Activities		
	Margin Loan to customer	(1,029,702,243)	(326,124,986)
	Received/(Payment) of Long Term Loan	-	-
	Share Money Deposit	-	-
	Browing/(Paid) bank Loan	843,188,962	199,400,000
	Net cash flows from Financing activities	(186,513,281)	(126,724,986)
D.	Net increase in cash and cash equivalent (A+B+C)	96,638,204	(450,415,108)
E.	Opening cash and bank balances	692,985,354	1,143,400,462
F.	Closing cash and bank balances (D+E)	789,623,558	692,985,354
	Closing cash and bank balances		
	Cash and Cash equivalent	789,623,558	692,985,354
		789,623,558	692,985,354

Chairman

Director

Director

Managing Director

Notes to the Financial Statements For the period ended 31 December 2019

1.1 Status of the Company

UCB CAPITAL MANAGEMENT LIMITED (the "Company"), was reformed dated January 17, 2013 from the former Maryellen 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. After rebranded the Company has commenced business 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 Capital Management Limited encompasses a wide range of services having registered with the 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 maintained 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 2019 to 31 December 2019.

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 exchanges 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 capital Management 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 UCB Capital Management Limited a Bank guarantee (NO.36/2017 dated 21/09/2017) for maintaining additional member's margin as specified in subregulation (3) of regulation (4) of DHAKA STOCK EXCHANGE (TREC HOLDER'S MARGIN) REGULATIONS, 2013 worth of Tk. 750,000,000 (Taka Seventy Five Crore) valid up to September 20, 2020.

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 2019 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 dated 28 December 2017, and subsequent BSEC notification dated 12 January 2020, the required provisions may be maintained within the year 2022 on principal portion of margin loan starting from 2019. As such the required provision for the year is at 25%.	If the IFRS 9 would be followed value of investments presented would be higher by BDT 133,722,345 and the same figure would be for 'Unrealized Loss'. Provision has been made of BDT 47,280,000 which is 33% (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
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 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 probability-weighted 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.	As per circular of Bangladesh Securities and Exchange Commission circular # SEC/CMRRCD/2 009-193/203) and dated 28 December 2017, and subsequent BSEC notification dated 12 January 2020, the required provisions may be maintained within the year 2022 on principal portion of margin loan starting from 2019. As such the required provision for the year is at 25%.	As on 31 December 2019 provision on margin loan is amounting Tk. 59,100,000/-which is 33% of unrealized loss as per BSEC/SRI/Policy/3/20 20/68 dated January 2020.

		7 till Gallit	iii rana
		31- Dec-2019	31-Dec-2018
2.0	Property, Plant and Equipment		
	This is composed as follows:		
	Cost (A):		
	Building & Construction	30,375,045	-
	Furniture and Fixture	35,378,300	21,471,338
	Computer Equipment	9,528,851	5,704,237
	Office Equipment	11,174,620	1,416,036
	Vehicles	9,455,860	3,210,455
		95,912,676	31,802,066
	Accumulated Depreciation(B):		
	Building & Construction	569,532	-
	Furniture and Fixture	3,542,384	871,846
	Computer Equipment	3,375,571	1,718,013
	Office Equipment	1,728,449	379,294
	Vehicles	3,047,293	1,364,301
		12,263,229	4,333,454
	Written down value (A-B)	83,649,447	27,468,612
	A schedule of property, plant and equipment is given in Annexure-A		
3.0	Intangible Assets		
	This is composed as follows:		
	Software	2,146,000	2,000,000
	Intangible Assets working progress	1,660,695	
	Cost of Intangible (A)	3,806,695	2,000,000
	Accumulated Amortization (B)		
	Software	1,880,708	1,479,166
		1,880,708	1,479,166
	Written down value (A-B)	1,925,987	520,834
4.0	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
		005	

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.

	No or Snares	
Stock Exchange	31-Dec-19	31-Dec-18
Dhaka Stock Exchange Limited	5,411,329	5,411,329
Chittagong Stock Exchange Limited	4,287,330	4,287,330
Total number and value of shares	9,698,659	9,698,659
Book value of shares	477,881,506	477,881,506

		31- Dec-2019	31-Dec-2018
5.0	Advances, Deposits and Prepayments:		
5.0	This is composed of following:		
	Security deposit on	225,000	225,000
	Advance against Expenses	1,159,886	1,328,810
	Advance against Assets	-	6,469,445
	Advance Office Rent	1,436,400	2,716,917
	ECF Loan	11,881,667	8,633,333
	Advance Income Tax (Note 5.01)	109,767,815	44,377,292
		124,470,768	63,750,797
	5.01 Advance Income Tax		
	Opening balance	44,377,292	79,140,056
	Add: Advance Tax paid during the year	107,579,520	79,357,781
	Less: Advance Tax Adjustment with tax provision upto 2018	42,188,997	114,120,545
	Balance at the end of the year	109,767,815	44,377,292
6.0	Loan to Customer:		
	This is composed as follows:		
	Opening Balance	1,905,557,186	1,579,432,200
	Add: disbursed/(Realised) during the year	1,029,702,243	326,124,986
	Closing Balance	2,935,259,429	1,905,557,186
7.0	Investment in marketable securities		
	Investment in quoted share*	542,193,844	555,212,836
	Investment in Open end mutual fund	69,645,680	34,999,680
		611,839,524	590,212,516
	*Details has been shown in Annexure-"B"		
8.0	Accounts Receivable:		
	This is composed as follows:		
	Receivable from DSE	6,516,318	214,158,654
	Receivable from CSE	575,407	18,268
	Investment in pre-IPO	11,000,000	-
	Other Assets	809,494	-
		18,901,219	214,176,922
9.0	Cash and cash Equivalents		
	This is composed as follows:		
	Customer consolidated A/c -UCB Bank	130,182,824	91,342,772
	Customer consolidated A/c - ONE Bank	571,081,503	528,643,166
	Customer consolidated A/c - SCB	71,258,546	564,003
	Dealer A/c DSE-ONE Bank	1,212,335	23,303,911
	Dealer A/C CSE-UCBL	8,960,490	3,990,093
	IPO A/c - UCBL	754,178	425,432
	Strategic Investment A/c- UCB	1,973,272	36,163,002
	General A/c with UCBL	4,033,392	8,452,535
	General A/c with Midland Bank	14,912	-
	Cash in hand	152,106	100,440
		789,623,558	692,985,354

		31- Dec-2019	31-Dec-20 18
10.0	Share Capital		
	Authorized Capital		
	15,600,000 Ordinary Shares of Tk. 100 each	1,560,000,000 1,560,000,000	1,560,000,000 1,560,000,000
	Subscribed and Paid-up Capital	1,300,000,000	1,300,000,000
	5,135,000 Ordinary Shares of Tk. 100 each	513,500,000	513,500,000
	s,iss,oss standing shares of the loss cach	513,500,000	513,500,000
	10.01 Share Holding Status		
	Shareholders	% of Share	No. of Shares
	United Commercial Bank Limited	99.999981%	5,134,999
	Mohammed Shawkat Jamil	0.000019%	1
	Total	100%	5,135,000
	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	Independent Director	Business
	ATM Tahmiduzzaman, FCS	Director	Banker
	Syed Faridul Islam	Director	Banker
	Faruk Ahammmad, FCA	Director	Banker
	10.03 Share Money Deposit:		
		1,486,500,000	1,486,500,000
	This amount represents as share money received from November, 2016 and its in processed to raising the share capital.	United Commercial Bank	Limited at dated 10
11.0	"Short Term Loan:"		
	This is composed as follows:		
	Loan from LankaBangla	258,033,010	249,400,000
	Loan from IIDFC	450,000,000	300,000,000
	Loan from United Finance.	150,000,000	-
	Bank Overdraft-UCB	178,858,582	-
	Bank Overdraft-SCB	311,949,949	-
	Bank Overdraft-ONE	30,851,988	-
	Bank Overdraft-Midland	12,895,433	
		1,392,588,962	549,400,000
12.0	Accounts Payable		
	This is composed as follows:		
	Payable to Clients	703,413,036	786,218,016
	Payable to DSE	12,958,057	339,571
	Payable to CDBL	3,509,276	2,380,840
	Other Liabilities (Note 12.01)	106,409,730	50,106,468
		826,290,099	839,044,895
	12.01 Other Liabilities		
	Interest suspense	69,549,331	20,082,092
	Interest payable on browings	12,492,362	4,048,609
	VAT payable	156,660	102,055
	TDS payable	685,438	303,394
	Prov. for expenses	275,607	257,259
	Prov. For Employee Benefit	19,124,261	24,393,124
	Accounts payable	4,126,071	919,935
		106,409,730	50,106,468
			-

		31- Dec-2019	31-Dec-2018
13.0	Provisions:		
	This is composed as follows:		
	Opening balance	35,111,892	31,922,995
	Less: Adjustment	-	(20,942,726)
	Add: Provision for the year (Note 13.01 &13.02)	71,268,108	24,131,623
	Closing balance	106,379,999	35,111,892

As per BSEC letter referance no. BSEC/SRI/Policy/3/2020/68 dated January 12, 2020 the company has the option to make 100% provision within december 2022 i.e 25% provisions has been required for during the year for both unrealized loss on dealer account and negative equity of client's margin loan. The company has been made 33% provision for each.

13.01 Provision for Loan to customers		
Opening balance	11,490,950	29,032,737
Add: Provision for the year	47,609,050	3,400,939
Less: Adjustment	-	(20,942,726)
Closing balance	59,100,000	11,490,950
13.02 Provision for diminution in value of investment		
Opening balance	23,620,942	2,890,258
Provision for the year (Annexure-B)	23,659,058	20,730,684
Closing balance	47,280,000	23,620,942
14.0 Provision for Taxation		
Opening Balance	101,267,731	114,819,754
Add: provision made for the current year (Note-14.01 & 14.02)	145,011,669	100,568,522
Less: Adjustment with advance Tax up to the year 2018	42,188,997	114,120,545
	204,090,403	101,267,731

Assessment for the year 2013-2014 and 2014-2015 has been completed and waiting for the demand notice. Assessment year 2015-2016, 2016-2017, 2017-2018 and 2018-2019 return have been submitted u/s 82BB of Income Tax Ordinance 1984 but yet to be completed.

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.

Opening Balance Add: provision made for the current year Less: Adjustment with advance Tax up to the year 2018	100,267,434 144,000,000 42,188,997	114,387,979 100,000,000 114,120,545
	202,078,437	100,267,434
14.02 Provision for deferred Tax		
Opening Balance	1,000,298	431,776
Add: provision made for the current year	1,011,669	568,522
	2,011,967	1,000,298
15.0 Brokerage Commission		
Brokerage commission income	247,291,963	167,411,306
Less: Brokerage commission expense (Note-15.01)	57,470,087	29,425,239
	189,821,876	137,986,067

Amount in Taka

	31- Dec-2019	31-Dec-2018
15.01 Brokerage Commission expense		
This is composed as follows: Laga Charge CDBL Expense Contract Charge-CSE Commission Charge-CSE Sales Associate Commission	20,815,209 10,480,690 - 956,477 25,217,711	14,706,429 7,268,911 7,296 530,620 6,911,983
	57,470,087	29,425,239
16.0 Interest Income		
This is composed as follows: Income from Margin Loan Income from SND account Less: Interest Expense	370,609,082 34,216,647 404,825,729 134,862,468	215,155,306 53,422,500 268,577,806 34,379,656
	269,963,261	234,198,150
17.0 Net Investment Income		
This is composed as follows: Capital Gain/(loss) from Investment in Shares Dividend Income (Note 17.01)	(9,953,978) 18,329,243	19,616,841 21,028,710
	8,375,265	40,645,551
17.01 Dividend Income Cash dividend received from DSE & CSE Cash dividend received from quoted shares	4,849,330 13,479,913 18,329,243	9,787,504 11,241,206 21,028,710
18.0 Other Operating Income		
This is composed as follows: BO Opening Fee BO Annual Fees CDBL Operations Fee Margin Loan Processing Fee Other Income	244,950 381,800 215,569 142,000 355,773	154,800 243,100 17,353 90,000 155,294
19.0 Operating Expenses		
This is composed as follows: Salary and allowances Rent, taxes, insurance, electricity etc. (Note-19.01) Legal expenses Postage, stamps, telecommunications etc. Stationery, printing, advertisements etc. (Note-19.02) Training, Seminar & Meeting Auditors fees Depreciation and repair of assets (Note-19.03)	135,561,699 11,679,228 160,550 3,002,572 7,619,776 1,589,679 57,500 9,743,645	88,066,646 3,583,506 132,544 1,235,296 3,983,846 876,906 57,500 3,792,668
19.01 Rent, taxes, insurance, electricity etc.	,,	
Office Rent Electricity and room Rent Electricity, water & Gas Car Parking Expense Rent Rate Taxes Insurance	6,373,185 259,759 3,268,347 44,000 858,770 875,167	828,000 222,151 1,920,666 52,500 111,193 448,996 3,583,506

Amount in Taka

	31- Dec-2019	31-Dec-2018
10.02 Stationary, printing advertisements etc.		
19.02 Stationery, printing, advertisements etc. Advertising and business Promotion exps.	5,570,133	2,727,627
Printing & Stationery	2,049,643	1,256,219
Timing a Stationary		
	7,619,776	3,983,846
19.03 Depreciation and repair of assets		
Depreciation Building & Construction	569,532	-
Depreciation On furniture	2,838,087	484,216
Depreciation On Computer Equipment	1,657,558	895,953
Depreciation On Electronic Equipment	1,349,155	260,261
Depreciation On Vehicales	1,682,992	642,091
Amortization on goodwill	-	-
Amortization on Software	401,542	483,333
	8,498,866	2,765,854
Repair & Maintaince (Note 19.03.1)	1,244,779	1,026,814
	9,743,645	3,792,668
19.03.1 Repair & Maintaince		
Software Maintenance	571,334	489,765
Repairs & Maintenance-General	673,445	537,049
	1,244,779	1,026,814
20.0 Other Expenses		
This is composed as follows:		
Car Expenses	3,571,667	1,873,333
Bank Guarantee Commission	4,140,000	1,380,000
Entertainment	2,044,028	1,376,092
Petrol,oil & lubricant	2,482,323	1,286,716
Registration and Renewal	1,286,574	1,055,390
Bank Charge and others	366,087	408,093
Medical Expenses	617,185	371,487
Traveling & Conveyance	1,426,965	333,755
Office Maintenance	363,425	309,653
Loss on disposal of assets	377,110	186,559
Write off Negative Balance	60,467	34,468
Regulating Expenses	51,000	24,500
Newspapers & Periodicals	15,880	2,360
Investor Protection Fund	109,465	1,841
Misc. Expenses	421,124	108,462
	17,333,300	8,752,709

Annexure-A

UCB CAPITAL MANAGEMENT LIMITED Fixed assets Schedule for the year ended on 31 December 2019

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Single Particulars Opening Addition Disposal Total Dep. Charge Particulars Opening Addition Disposal Addition Disposal Addition Disposal Addition Disposal Addition Disposal Addition Disposal Dep. Charge Particulars Construction Single Sing												
Particulars Opening Balance as a during on 01.01.2019 Addition during and outling				လိ	st				Dep	reciation		
Building & Construction - 30,375,045 30,375,045 2.5% - 569,532 Construction Purniture & Fixture 21,471,338 14,651,621 744,659 35,378,300 10% 871,846 2,838,087 167,549 Computer 5,704,237 3,824,614 9,528,851 20% 1,718,013 1,657,558 - Office Equipment 1,416,036 9,758,584 11,174,620 20% 379,294 1,349,155 - Vehicles 3,210,455 6,245,405 9,455,860 20% 1,364,301 1,682,992 - Total 31,802,066 64,855,269 744,659 95,912,676 4,333,454 8,097,324 167,549	<u>N</u> Ö		Opening Balance as on 01.01.2019		Disposal during the year	Total Before Dep. Charge	Dep. Rate	Opening Balance	Depreciation during the year	Disposal/ Adjustment during the year	Accumulated Depreciation	Net Book Value at 31.12.2019
Furniture & Fixture 21,471,338 14,651,621 744,659 35,378,300 10% 871,846 2,838,087 167,549 Computer 5,704,237 3,824,614 9,528,851 20% 1,718,013 1,657,558 - Equipment 1,416,036 9,758,584 11,174,620 20% 379,294 1,349,155 - Vehicles 3,210,455 6,245,405 744,659 9,455,860 20% 1,364,301 1,682,992 - Total 31,802,066 64,855,269 744,659 95,912,676 4,333,454 8,097,324 167,549	-	Building & Construction	1	30,375,045		30,375,045	2.5%		569,532		569,532	29,805,513
Furniture & Fixture 21,471,338 14,651,621 744,659 35,378,300 10% 871,846 2,838,087 167,549 Computer 5,704,237 3,824,614 9,528,851 20% 1,718,013 1,657,558 - Equipment 1,416,036 9,758,584 11,174,620 20% 379,294 1,349,155 - Vehicles 3,210,455 6,245,405 9,455,860 20% 1,364,301 1,682,992 - Total 31,802,066 64,855,269 744,659 95,912,676 4,333,454 8,097,324 167,549												
Computer 5,704,237 3,824,614 9,528,851 20% 1,718,013 1,657,558 - Equipment 1,416,036 9,758,584 11,174,620 20% 379,294 1,349,155 - Office Equipment 1,416,036 9,758,584 11,174,620 20% 379,294 1,349,155 - Vehicles 3,210,455 6,245,405 9,455,860 20% 1,364,301 1,682,992 - Total 31,802,066 64,855,269 744,659 95,912,676 4,333,454 8,097,324 167,549	7	Furniture & Fixture	21,471,338	14,651,621	744,659	35,378,300	10%	871,846	2,838,087	167,549	3,542,384	31,835,916
Computer 5,704,237 3,824,614 9,528,851 20% 1,718,013 1,657,558 - Equipment 1,416,036 9,758,584 11,174,620 20% 379,294 1,349,155 - Office Equipment 1,416,036 9,758,584 11,174,620 20% 1,362,992 - Vehicles 3,210,455 6,245,405 9,455,860 20% 1,364,301 1,682,992 - Total 31,802,066 64,855,269 744,659 95,912,676 4,333,454 8,097,324 167,549												
Office Equipment 1,416,036 9,758,584 11,174,620 20% 379,294 1,349,155 - Vehicles 3,210,455 6,245,405 9,455,860 20% 1,364,301 1,682,992 - Total 31,802,066 64,855,269 744,659 95,912,676 4,333,454 8,097,324 167,549	8	Computer Equipment	5,704,237	3,824,614		9,528,851	20%	1,718,013	1,657,558	1	3,375,571	6,153,280
Office Equipment 1,416,036 9,758,584 11,174,620 20% 379,294 1,349,155 - Vehicles 3,210,455 6,245,405 9,455,860 20% 1,364,301 1,682,992 - Total 31,802,066 64,855,269 744,659 95,912,676 4,333,454 8,097,324 167,549												
Vehicles 3,210,455 6,245,405 9,455,860 20% 1,364,301 1,682,992 - Total 31,802,066 64,855,269 744,659 95,912,676 4,333,454 8,097,324 167,549	4	Office Equipment	1,416,036	9,758,584		11,174,620	20%	379,294	1,349,155	1	1,728,449	9,446,171
Vehicles 3,210,455 6,245,405 9,455,860 20% 1,364,301 1,682,992 - Total 31,802,066 64,855,269 744,659 95,912,676 4,333,454 8,097,324 167,549												
31,802,066 64,855,269 744,659 95,912,676 4,333,454 8,097,324 167,549	2	Vehicles	3,210,455	6,245,405		9,455,860	20%	1,364,301	1,682,992	1	3,047,293	6,408,567
31,802,066 64,855,269 744,659 95,912,676 4,333,454 8,097,324 167,549												
		Total	31,802,066	64,855,269	744,659	95,912,676		4,333,454	8,097,324	167,549	12,263,229	83,649,447

Annexure-B

Schedule of Investment quoted shares For the year ended on 31 December 2019 **UCB CAPITAL MANAGEMENT LIMITED**

Daction	Holding No. of Share	Avg. Rate	Purchase price	Closing Price	Market Value as	Unrealize
רמו נוכעומוט	Taka	Taka	Така	Taka	on 31 Dec. 2019	Gain/(Loss)
Own Portfolio:						
Active Fine Chemical	341,300	34.64	11,821,665	14.70	5,017,110	(6,804,555)
BRAC BANK	1,725,000	50.87	87,755,000	57.10	98,497,500	10,742,500
Confidence Cement	135,125	163.54	22,098,188	106.10	14,336,763	(7,761,426)
Grameen Phone Ltd.	264,000	425.93	112,446,419	285.80	75,451,200	(36,995,219)
I.D.L.C.	270,000	87.16	23,532,983	45.40	12,258,000	(11,274,983)
Paramount Tex. Ltd.	109,000	63.69	6,941,735	59.00	6,431,000	(510,735)
PRAGATI LIFE INS LTD	18,010	154.07	2,774,866	126.30	2,274,663	(500,203)
Prime Bank Ltd.	535,565	21.27	11,390,861	18.20	9,747,283	(1,643,578)
Shahjalal Islami Bnk	83,348	25.92	2,160,188	23.40	1,950,343	(209,845)
South East Bank Ltd.	463,114	18.22	8,435,632	13.40	6,205,728	(2,229,904)
Square Pharma	557,566	258.16	143,942,745	190.00	105,937,540	(38,005,205)
The City Bank Ltd.	731,940	46.16	33,788,832	21.10	15,443,934	(18,344,898)
ADN Telecom Limited	18,968	30.00	569,040	30.00	569,040	1
BBS Cables Ltd.	81,180	96.52	7,835,878	58.80	4,773,384	(3,062,494)
BD. Submarine Cable	000'06	139.33	12,539,610	93.80	8,442,000	(4,097,610)
Coppertech Industries Ltd.	4,979	9.52	47,420	23.50	117,007	69,587
ESQUIRE KNIT COMPOSITE LIMITED	20,890	45.00	940,050	28.30	591,187	(348,863)
GENEX INFOSYS LIMITED	6,019	8.70	52,340	67.40	405,681	353,341
IFAD AUTOS LIMITED	70,000	114.19	7,992,970	46.20	3,234,000	(4,758,970)
NEW LINE CLOTHINGS LIMITED	4,282	10.33	44,229	14.80	63,374	19,145
Ring Shine Textiles Ltd.	196,139	9.36	1,836,685	10.30	2,020,232	183,547
S S Steel Limited	337	25.51	8,598	22.50	7,583	(1,015)
Sea Pearl Beach Resort And Spa Ltd.	3,916	9.53	37,300	41.30	161,731	124,431
Silco Pharmaceuticals Limited	8,023	18.59	149,170	30.30	243,097	93,927
United Power GDCL	30,250	286.13	8,655,518	245.30	7,420,325	(1,235,193)
Total Investment in quoted shares (a)			507,797,921		381,599,702	(126,198,219)

Particulars	Holding No. of Share	Avg. Rate	Purchase price	Closing Price	Market Value as	Unrealize
	Taka	Така	Taka	Taka	on St Dec. ZOI9	GdII/ (E055)
Strategic Investment A/c:						
Advent Pharma Limited	750	34.76	26,070	22.40	16,800	(9,270)
Bex Pharma	78,000	83.65	6,524,775	69.40	5,413,200	(1,111,575)
BRAC BANK	2,000	61.65	123,308	57.10	114,200	(9)108)
IDLC Finance Limited	60,478	48.02	2,903,870	45.40	2,745,701	(158,169)
IFAD AUTOS LIMITED	50,000	60.50	3,024,993	46.20	2,310,000	(714,993)
NLI FIRST MUTUAL FUND	158,244	10.89	1,723,240	10.60	1,677,386	(45,854)
Paramount Tex. Ltd.	259,190	63.33	16,414,503	59.00	15,292,210	(1,122,293)
S S Steel Limited	5,000	29.13	145,650	22.50	112,500	(33,150)
Southeast Bank Limited 1ST Mutual Fund	160,000	10.31	1,650,222	10.00	1,600,000	(50,222)
BD. Submarine Cable	15,472	120.17	1,859,291	93.80	1,451,274	(408,018)
Total Investment in Strategic Inv. (b)			34,395,923		30,733,271	(3,662,652)
Total Investment in quoted shares (a+b)			542,193,844		412,332,973	(129,860,871)
Investment in open ended Mutual fund						
AAML Unit Fund	250,000	10.00	2,500,000	9.90	2,475,000	(25,000)
BCB ICL Growth Fund	500,000	10.00	5,000,000	8.12	4,060,000	(940,000)
CAPITEC Padma PFS UF	500,000	10.00	5,000,000	9.17	4,585,000	(415,000)
Constellation Unit Fund	500,000	10.00	5,000,000	9.71	4,855,000	(145,000)
CWT Emerging BD FGF	500,000	10.00	5,000,000	9.80	4,900,000	(100,000)
EDGE AMC GROWTH FUND	663,450	10.00	6,634,500	9.83	6,521,714	(112,787)
EDGE Bangladesh MF	500,000	10.00	5,000,000	10.14	5,070,000	70,000
Esquire ICL Apparel	500,000	10.00	5,000,000	9.28	4,640,000	(360,000)
Shanta Amanah Shariah Fund	50,000	10.23	511,500	10.13	506,500	(5,000)
Vanguard AML Growth Fund	2,000,000	10.00	20,000,000	9.57	19,140,000	(860,000)
CAPM Unit Find	43,400	115.20	4,999,680	92.88	4,030,992	(968,688)
Capitec Popular life unit fund	500,000	10.00	5,000,000	10.00	5,000,000	,
Total Investment in open end mutual fund (b)			69,645,680		65,784,206	(3,861,475)
Investment in marketable securities			611,839,524		478,117,179	(133,722,345)

Independent Auditors' To the shareholders of 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 2019, 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 2019, 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: 15 March 2020

Place: Dhaka

Statement of Financial Position

As at 31 December 2019

Amount in Taka

Notes	31-Dec-19	31-Dec-18
3.00	-	-
	-	-
4.00	20.075.707	16 102 077
		16,102,877 258,831,586
6.00		45,023,922
	356,363,997	319,958,385
	356,363,997	319,958,385
7.00	250,000,000	250,000,000
	66,366,321	47,044,709
	316,366,321	297,044,709
8.00		
8.01		
	767,021	767,021
	26,228,167	22,100,654
	26,995,188	22,867,675
8.02		
	69,000	46,000
	12,933,488	-
	13,002,488	46,000
	39,997,676	22,913,675
	356,363,997	319,958,385
	3.00 4.00 5.00 6.00 7.00	3.00 - 4.00 20,075,787 5.00 300,749,389 6.00 35,538,821 356,363,997 356,363,997 7.00 250,000,000 66,366,321 316,366,321 8.00 8.01 767,021 26,228,167 26,995,188 8.02 69,000 12,933,488 13,002,488 39,997,676

The annexed notes 01 to 09 from an integral part of these finacial statements.

Chairman

Director

Director

As per audit report of same date

Dhaka

Dated:15 March 2020



Statement of Profit or Loss and other Comprehensive Income

For the year ended 31 December 2019

		Amount	in Taka
Particulars	Notes	31-Dec-19	31-Dec-18
Operating Income			
Interest Income		-	-
Investment Income	9.00	36,418,063	(44,906,674)
Total operating Income		36,418,063	(44,906,674)
Operating Expenses			
Incorporation expenses		-	-
Audit Fees		23,000	23,000
Other Expenses		12,450	12,570
Total operating Expenses		35,450	35,570
Profit/(Loss) before Provision		36,382,613	(44,942,244)
Provision for Diminution in value of Investment		12,933,488	-
Net Profit/ (Loss) after provision		23,449,125	(44,942,244)
Provision for Income Tax		4,127,512	-
Net Profit/(Loss) after Income Tax		19,321,612	(44,942,244)

The annexed notes 01 to 09 from an integral part of these financial statements.

Chairman

Director

As per audit report of same date

Dhaka

Dated: 15 March 2020

Statement of Changes in Equity For the year ended 31 December 2019

Amount in Taka	Am	lou	nt	in	Ta	ka
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Particulars	Paid up Capital	Retained Earnings/ (Accumulated Loss)	Total
Opening Balance as on 01 January 2019	250,000,000	47,044,709	297,044,709
Net Profit (Loss) for the period	-	19,321,612	19,321,612
Closing Balance as at 31 December 2019	250,000,000	66,366,321	316,366,321

Chairman

Director

Director

Statement of Cash FlowsFor the year ended on 31 December 2019

Amount in Taka

A. Cash flows from operating activities Interest Receipts in cash Dividend Receipts Fees & Commission Receipts in cash Income taxes paid Receipt from other operating activities Payment for other operating activities Question of the compact of th	Parti	culars	31-Dec-19	31-Dec-18
Dividend Receipts Fees & Commission Receipts in cash Fees & Commission Receipts in cash Income taxes paid Receipt from other operating activities Payment for other operating activities Receipt from other operating activities Payment for other operating activities Receipt from other operating assets and liabilities. Receipts from operating assets and liabilities: Receipts from and advances to Customers Other assets Other Liabilities Receipts from operating activities Receipts from operating activities Receipts from investing activities Receipts from investing activities Receipts from borrowings Dividends Paid Net Cash flows from financing activities Receipts from borrowings Dividends Paid Net cash from financing activities Net Cash and Cash Equivalents at the end of the year Cash and Cash Equivalents at the end of the year Cash in hand Balance with other banks & financial institutions Receipts from banks & financial institut	A.	Cash flows from operating activities		
Increase/Decrease in operating assets and liabilities: Purchase/Sales of trading Securities Loans and advances to Customers Other assets Other assets Other Liabilities (31,436,475) Net Cash from operating activities Purchase/Sale of Securities Purchase/Sale of Securities Purchase/Sale of Securities Proceeds from sale of fixed Assets Net Cash used in investing activities Issuance of Share capital Receipts from borrowings Dividends Paid Net cash from financing activities Net Increase/(Decrease) in cash (A+B+C) Cash and Cash Equivalents at the end of the year Cash and Cash Equivalents at end of the year Cash in hand Balance with other banks & financial institutions (41,917,803) 90,438,037 (34,241,029) 90,4,823 (34,241,029) 9,024,823 7,070,08 8,972,910 9,024,823 16,102,877 7,078,054 16,102,877 16,102,877		Dividend Receipts Fees & Commission Receipts in cash Income taxes paid Receipt from other operating activities	(996,227) 31,436,926	(2,252,941) (56,196,439)
Purchase/Sales of trading Securities Loans and advances to Customers Other assets Other Liabilities The Cash from operating activities Purchase/Sale of Securities Proceeds from sale of fixed Assets Net Cash used in investing activities Issuance of Share capital Receipts from borrowings Dividends Paid Net cash from financing activities Net Increase/(Decrease) in cash (A+B+C) Cash and Cash Equivalents at beginning of the year Cash and Cash Equivalents at the end of the year Cash and Cash Equivalents at end of the year Cash in hand Balance with other banks & financial institutions 10,481,328 (34,241,029) (31,436,475) 56,197,008 (31,436,475) 56,197,008 (31,436,475) 56,197,008 (31,436,475) 56,197,008 (31,436,475) 56,197,008 (31,436,475) 56,197,008 (31,436,475) 56,197,008 (31,436,475) 56,197,008 (31,436,475) 56,197,008 56,197,008 7,072,910 7,073,054 7,078		Operating profit before changes in operating assets and liabilities.	35,409,385	(47,172,185)
Net Cash from operating activities B. Cash flows from investing activities Purchase/Sale of Securities Proceeds from sale of fixed Assets Net Cash used in investing activities Issuance of Share capital Receipts from borrowings Dividends Paid Net cash from financing activities		Purchase/Sales of trading Securities Loans and advances to Customers Other assets	10,481,328	(34,241,029)
B. Cash flows from investing activities Purchase/Sale of Securities Proceeds from sale of fixed Assets Net Cash used in investing activities C. Cash flows from financing activities Issuance of Share capital Receipts from borrowings Dividends Paid Net cash from financing activities Net Increase/(Decrease) in cash (A+B+C) Cash and Cash Equivalents at beginning of the year Cash and Cash Equivalents at the end of the year Cash and Cash Equivalents at end of the year Cash in hand Balance with other banks & financial institutions Purchase/Sale of Securities				
Purchase/Sale of Securities Proceeds from sale of fixed Assets Net Cash used in investing activities C. Cash flows from financing activities Issuance of Share capital Receipts from borrowings Dividends Paid Net cash from financing activities - Net Increase/(Decrease) in cash (A+B+C) Cash and Cash Equivalents at beginning of the year Cash and Cash Equivalents at the end of the year Cash and Cash Equivalents at end of the year Cash in hand Balance with other banks & financial institutions		Net Cash from operating activities	3,972,910	9,024,823
Proceeds from sale of fixed Assets Net Cash used in investing activities C. Cash flows from financing activities Issuance of Share capital Receipts from borrowings Dividends Paid Net cash from financing activities Net Increase/(Decrease) in cash (A+B+C) Cash and Cash Equivalents at beginning of the year Cash and Cash Equivalents at the end of the year Cash and Cash Equivalents at end of the year Cash in hand Balance with other banks & financial institutions	В.	Cash flows from investing activities		
C. Cash flows from financing activities Issuance of Share capital Receipts from borrowings Dividends Paid Net cash from financing activities Net Increase/(Decrease) in cash (A+B+C) Cash and Cash Equivalents at beginning of the year Cash and Cash Equivalents at the end of the year Cash and Cash Equivalents at end of the year Cash in hand Balance with other banks & financial institutions Cash in band Cash Equivalents at end of the year Cash in hand Balance with other banks & financial institutions		•	-	-
Issuance of Share capital Receipts from borrowings Dividends Paid Net cash from financing activities Net Increase/(Decrease) in cash (A+B+C) Cash and Cash Equivalents at beginning of the year Cash and Cash Equivalents at the end of the year Cash and Cash Equivalents at end of the year Cash in hand Balance with other banks & financial institutions - 16,102,877		Net Cash used in investing activities	-	-
Receipts from borrowings Dividends Paid Net cash from financing activities Net Increase/(Decrease) in cash (A+B+C) Cash and Cash Equivalents at beginning of the year Cash and Cash Equivalents at the end of the year Cash and Cash Equivalents at end of the year Cash in hand Balance with other banks & financial institutions 16,102,877 16,102,877	c.	Cash flows from financing activities		
Net Increase/(Decrease) in cash (A+B+C) Cash and Cash Equivalents at beginning of the year Cash and Cash Equivalents at the end of the year Cash and Cash Equivalents at end of the year Cash in hand Balance with other banks & financial institutions 3,972,910 9,024,823 7,078,054 20,075,787 16,102,877 16,102,877		Receipts from borrowings		
Cash and Cash Equivalents at beginning of the year Cash and Cash Equivalents at the end of the year Cash and Cash Equivalents at end of the year Cash in hand Balance with other banks & financial institutions 16,102,877 7,078,054 20,075,787 16,102,877		Net cash from financing activities	-	-
Balance with other banks & financial institutions 20,075,787 16,102,877		Cash and Cash Equivalents at beginning of the year Cash and Cash Equivalents at the end of the year	16,102,877	7,078,054
20,075,787 16,102,877			20,075,787	- 16,102,877
			20,075,787	16,102,877

Chairman

Director

Director

Notes to the Financial Statements For the year ended 31 December 2019

1.0Significant accounting policies and other material information

1.01 Legal status of the Company

The UCB Investment Limited (the "Company") was incorporated in Bangladesh as a private limited company with limited liability as on the 03rd day of August of 2011 under Companies Act 1994. The company will commence its operation soon.

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

2.0 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:

- Statement of Financial Position
- Statement of Profit or Loss and other Comprehensive Income
- Statement of Cash Flows
- Statement of Changes in Equity and
- 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 fair 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 Reporting Currency

The figure in the Financial Statements represents Bangladesh Currency (Taka) which has been rounded off to the nearest Taka.

Am	οι	ınt	in	Ta	ka

	31-Dec-19	31-Dec-18
3.0 Property, Plant and Equipment		
Cost(A):		
Building & Construction	-	-
Furniture and Fixture	-	-
Computer Equipment	-	-
Accumulated Depreciation(B):		
Building & Construction	-	-
Furniture and Fixture	-	-
Computer Equipment	-	-
	-	-
Written Down Value (A-B)	-	
4.0 Cash and Cash Equivalents		
The Company maintained a Bank Account in the Corporate Brathe name of UCB Investment Limited.	nch of United Comi	mercial bank Ltd in
UCBL- Corporate Branch (A/C- 0951101000005517)	20,075,787	16,102,877
	20,075,787	16,102,877
5.0 Investments		
Investment in listed shares	300,749,389	258,831,586
Investment in shares of UCB Asset Management Limited	-	-
	300,749,389	258,831,586
6.0 Other assets		
Advance Income Tax Paid	9,080,455	8,084,228
Account with stock Broker Dividend Receivable	26,458,366	36,939,694
	35,538,821	45,023,922
7.0 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	99.96%	24,990,000
UCB Capital Management Limited	0.04%	10,000
	100%	25,000,000
Directors		
Nominee Directors of United Commercial Bank Limited:		
Name	Position	Occupation
Mohammad Mamdudur Rashid	Chairman	Private Service
Md. Sohrab Mustafa	Director	Private Service
Md. Shah Alam Bhuiyan	Director	Private Service
Noor Mohammed	Director	Private Service
Syed Mohammed Nuruddin	Independent Director	Business Man
Khondkar Atique-e-Rabbani	Independent Director	Private Service
8.0 Liability		
8.01 Non-Current Liabilities		
Long term borrowing from UCBL	767,021	767,021
Long term tax provisions	26,228,167	22,100,654
	26,995,188	22,867,675
8.02 Current Liabilities		
Accrued expenses	69,000	46,000
Provision for diminution in value of investment	12,933,488	-
	13,002,488	46,000
Total Liabilities	39,997,676	22,913,675
As per BSEC letter referance no. BSEC/policy/3/2020/68 cmake 100% provision within December 2022 i.e 25% provisionmany has been made 25% provision.		
9.0 Investment Income		
Dividend Income	4,981,136	11,289,765
Gain/(Loss) on sale of Share	31,436,926	(56,196,439)
	36,418,063	(44,906,674)



Independent Auditors' To the shareholders of 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 2019, 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 2019, 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.

Dhaka

Dated: 15 March 2020



UCB ASSET MANAGEMENT LTD

Statement of Financial Position

As on 31 December 2019

Amount in Taka

	AIIIOUIII III TAKA				
Particulars	Notes	31-Dec-19	31-Dec-18		
Assets					
Non-Current Assets					
Property, Plant and Equipment	3.00	-	-		
Total Non-Current Assets		-	-		
Current Assets					
Cash and Cash Equivalents	4.00	49,986,764	-		
Investments	5.00	-	-		
Other Assets	6.00	-	-		
Total Current Assets		49,986,764	-		
Total Assets		49,986,764	-		
Shareholders' Equity and Liabilities Shareholders' Equity					
Paid up Capital	7.00	50,000,000	-		
Retained Earnings/(Accumulated Loss)		(36,236)	-		
Total Shareholders' Equity		49,963,764	-		
Other Liabilities					
Other Liability	8.00	23,000	-		
Total Liabilities & Shareholders' Equity		49,986,764	-		

The annexed notes 01 to 09 from an integral part of these financial statements.

Chairman

Director

Director

As per audit report of same date

Dhaka

Date: 15 March 2020

Chartered Accountants

UCB ASSET MANAGEMENT LTD

Statement of Profit or loss and Other Comprehensive Income

For the year ended 31 December 2019

Amount in Taka

Particulars	Notes	31-Dec-19	31-Dec-18
Operating Income Interest Income Investment Income	9.00	-	-
Total Operating Income		-	-
Operating Expenses Audit Fees Other Expenses		23,000 13,236	- -
Total Operating Expenses		36,236	
Profit/(Loss) before Provision		(36,236)	
Provision for Diminution in value of Investment Total Provision		-	-
Net Profit/ (Loss) after provision		(36,236)	
Provision for Income Tax		-	
Net Profit/(Loss) after Income Tax		(36,236)	

The annexed notes 01 to 09 from an integral part of these financial statements.

Chairman

Director

Director

As per audit report of same date

Dhaka

Date: 15 March 2020



UCB ASSET MANAGEMENT LTD.

Statement of Changes in EquityFor the year ended 31 December 2019

Particulars	Paid up Capital	Retained Earnings/ (Accumulated Loss)	Amount in Taka
Opening Balance as on 01 January 2019	50,000,000	-	50,000,000
Net Profit (Loss) for the period	-	(36,236)	(36,236)
Closing Balance as on 31 December 2019	50,000,000	(36,236)	49,963,764

UCB ASSET MANAGEMENT LTD.

Statement of Cash Flows

For the year ended 31 December 2019

Amount in Taka

	Allouin	. III I GRU
Particulars	31-Dec-19	31-Dec-18
Cash flows from operating activities Interest Receipts in cash Dividend Receipts Fees & Commission Receipts in cash Income taxes paid Receipt from other operating activities Payment for other operating activities	- - - - (13,236)	- - - -
Operating profit before changes in operating assets and liabilities.	(13,236)	
Increase/Decrease in operating assets and liabilities: Purchase/Sales of trading Securities Loans and advances to Customers Other assets Other Liabilities	- - -	- - - -
Net Cash from operating activities (A)	(13,236)	
Cash flows from investing activities Acquisition of Fixed Assets Proceeds from sale of fixed Assets	-	
Net Cash from investing activities (B)	-	-
Cash flows from financing activities Issuance of Share capital Receipts from borrowings Dividends Paid	50,000,000	
Net cash from financing activities ©	50,000,000	-
Net Increase/(Decrease) in cash (A+B+C) Cash and Cash Equivalents at beginning of the year	49,986,764	
Cash and cash equivalents at the end of the year	49,986,764	-
Cash in Hand Balance with Other Banks & Financial Institutions	49,986,764	-
	49,986,764	

Chairman

Director



UCB ASSET MANAGEMENT LTD.

Notes to the Financial Statements For the year ended 31 December 2019

1.0 Significant accounting policies and other material information

1.01 Legal status of the Company

The UCB Asset Management Ltd. (the "Company") was incorporated in Bangladesh as a private Itd. company with limited liability as on the 05th day of February of 2019 under Companies Act 1994. The company will commence its operation soon.

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

1.04 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

2.01 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:

- Statement of Financial Position
- Statement of Profit or loss and other Comprehensive Income
- Statement of Cash Flows
- Statement of Changes in Equity and
- Related Notes for Each of the above items.

2.03 Reporting Currency

The figure in the Financial Statements represents Bangladesh Currency (Taka) which has been rounded off to the nearest Taka.

2.04 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.

2.05 Reporting Period

The financial statements cover the period from 01 January 2019 to 31 December 2019.

			Amount in Taka	
			31-Dec-19	31-Dec-18
3.0	Property, Plant and Equipme	nt		
	Cost(A):			
	Building & Construction		-	-
	Furniture and Fixture		-	-
	Computer Equipment		-	-
				-
	Accumulated Depreciation(B):			
	Building & Construction		-	-
	Furniture and Fixture		-	-
	Computer Equipment		-	-
			-	-
	Written Down Value (A-B)			_

4.0 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 Asset Management.

	UCBL- Corporate Branch (A/C- 0951101000011371)	49,986,764	-
		49,986,764	
5.0	Investments		
	Investment in listed shares	-	-
6.0	Other Assets		
	Advance Income Tax Paid		
	Account with stock Broker Dividend Receivable	-	-
		-	
7.0	Share Capital		
	Authorized Capital		
	50,000,000 Ordinary Shares of Tk. 10 each	500,000,000	-
		500,000,000	

Amount in Taka

	31-Dec-19	31-Dec-18
Subscribed and Paid-up Capital		
5,000,000 Ordinary Shares of Tk. 10 each	50,000,000	_
	50,000,000	_
	30,000,000	
7.01 Share Holding Position		
Shareholders	% of Share Holdings	No. of Shares
United Commercial Bank Limited Arif Quadri	99.999980% 0.000020%	4,999,999 1
	100.00%	5,000,000
Directors		
Nominee Directors of United Commercial Bank Limited:		
Name	Position	Occupation
Arif Quadri	Chairman	Banker
Abul Alam Ferdous	Director	Banker
Nabil Mustafizur Rahamn	Director	Banker
Mohammed Khorshed Alam	Director	Banker
Dr. Aparup Chowdhury	Independent Director	Retired Government Officer
	Director	Officer
8.0 Other Liability		
Accrued expenses	23,000	-
Current Tax Provision	-	-
Payable to UCBL	-	-
Provision for diminution in value of investment	-	-
	23,000	-
9.0 Investment Income		
Dividend Income		
Gail/(Loss) on sale of Share		



United Commercial Bank Limited

Corporate Head Office, CWS(A)-1, Road#34 Gulshan Avenue, Dhaka-1212 Phone:+880-2-55668070, Ext.7402

Email:bsd@ucb.com.bd Website: www.ucb.com.bd

NOTICE OF THE 37TH ANNUAL GENERAL MEETING (VIRTUAL)

Notice is hereby given to all respected Members of United Commercial Bank Limited that the 37th Annual General Meeting (AGM) of UCB will be held on September 03, 2020 (Thursday) at 11.00 A.M. through Digital Platform (in pursuant to the Bangladesh Securities and Exchange Commission's order No.SEC/SRMRC/04-231/25 dated 08.07.2020) to transact the following businesses.

Agenda of 37th Annual General Meeting

- A. To receive, consider and adopt the Financial Statements, Directors' Report and Auditors' Report of the Bank for the year ended 31 December 2019.
- B. To declare 5% Stock and 5% Cash Dividend for the year ended 31 December 2019 as recommended by the Board of Directors.
- C. To elect/re-elect Directors of the Bank.
- D. To approve the appointment of Independent Directors.
- E. To appoint/reappoint Auditors for the Bank for the term until next AGM & fix their remuneration for the year of 2020.
- F. To appoint Professionals to provide Certificate on Compliance as per Corporate Governance Code-2018 for the year of 2020.
- G. To approve UCB 1st Perpetual Bond of Tk.400 Crore.

By order of the Board of Directors

ATM Tahmiduzzaman, FCS

Company Secretary

Dated: 17 August, 2020

Notes

- The 'Record Date' in lieu of Book Closure was 19 July 2020 (Sunday).
- 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. 19 July 2020 will be eligible to attend the meeting and qualified for Stock and Cash Dividend for the year 2019.
- 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 https://bitly.com/ucbagm2020. 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 2019 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
- 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 31 July 2020. 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 proceed of fractional stock dividend to their respective accounts.



To join in the AGM 2020



To download Annual Report 2019



Exchange Limited.



United Commercial Bank Limited

Corporate Head Office CWS (A)-1, Road No-34, Gulshan Avenue Dhaka-1212

PROXY FORM

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Signature of Shareholder/Proxy

Name of the Proxy (if any)

Signature verified by



SHAREHOLDER / PROXY ATTENDANCE SLIP

Glimpse of 36th AGM









Glimpse of 36th AGM













Note

Note	









Plot-CWS (A)-1, Road No-34, Gulshan Avenue, Dhaka-1212 Phone: +880-2-55668070, Call center: 16419