

UNITED COMMERCIAL
BANK LIMITED



DIRECTORS' REPORT





Directors' Report

Dear Stakeholders,

The Board of Directors is pleased to present the Annual Report and the audited financial statements of the Bank for the year ended 31 December 2021 together with the Auditors' Report thereon. A snapshot of the world economic trend with the performance of Bangladesh economy along with economic prospect has also been provided in this report. A review of this report would reveal consolidation of growth of the bank in a very stiff competitive environment which will ultimately led the bank to the sustainability. This is a humble presentation for consideration and approval of our valued shareholders.

The Directors' Report has been prepared in compliance with Section 184 of the Companies Act, 1994, BSEC Notification, the Listing Regulations of Dhaka Stock Exchanges Limited and Chittagong Stock Exchanges Limited, 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 transparency. The Directors believe the Report will give captivating insights of the bank's performance during the year under review.

World Economy

The continuing global recovery faces multiple challenges as the pandemic enters its third year. The rapid spread of the Omicron variant led to renewed mobility restrictions in many countries and increased labor shortages. Supply disruptions still weigh on activity and are contributing to higher inflation, adding to pressures from strong demand and elevated food and energy prices. Moreover, record debt and rising inflation constrain the ability of many countries to address renewed disruptions.

Global growth is expected to moderate from 5.9 in 2021 to 4.4 percent in 2022, half a percentage point lower for 2022 than in the October World Economic Outlook (WEO), largely reflecting forecast mark downs in the two largest economies. A revised assumption removing the Build Back Better fiscal policy package from the baseline, earlier withdrawal of monetary accommodation, and continued supply shortages produced a downward 1.2 percentage-points revision for the United States. In China, pandemic-induced disruptions related to the zero-tolerance COVID-19 policy and protracted financial stress among property developers have induced a 0.8 percentage-point downgrade. Global growth is expected to slow to 3.8 percent in 2023. Although this is 0.2 percentage point higher than in the previous forecast, the upgrade largely reflects a mechanical pickup after current drags on growth dissipate in the second half of 2022. The forecast is conditional on adverse health outcomes declining to low levels in most countries by the end 2022, assuming that the vaccination rates will improve worldwide and therapies become more effective.

With the pandemic continuing to maintain its grip, the emphasis on an effective global health strategy is more salient than ever. Worldwide access to vaccines, tests, and treatments is essential to reduce the risk of further dangerous COVID-19 variants. This requires increased production of supplies, as well as better in-country delivery systems and fairer international distribution. Monetary policy in many countries will need to continue on a tightening path to curb inflation pressures, while fiscal policy operating with more limited space than earlier in the pandemic will need to prioritize health and social spending while focusing support on the worst affected. In this context, international cooperation will be essential to preserve access to liquidity and expedite orderly debt restructurings where needed. Investing in climate policies remains imperative to reduce the risk of catastrophic climate change.

World GDP Growth

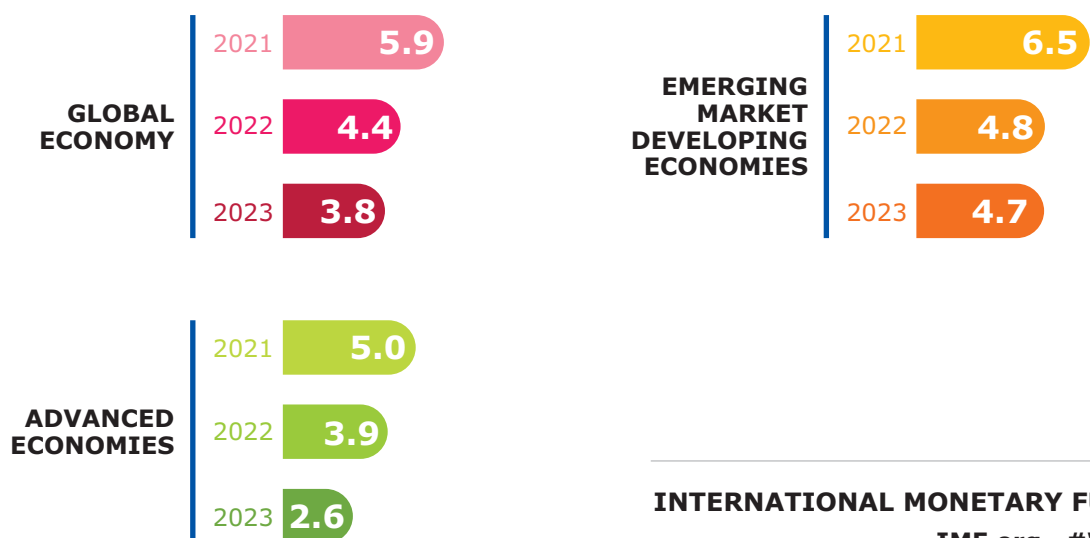
(year-on-year, in percent)

	Estimate	Projection	
	2021	2022	2023
World Output	- 5.9	4.4	3.8
Advanced Economies	- 5.0	3.9	2.6
United States	- 5.6	4.0	2.6
Euro Area	- 5.2	3.9	2.5
Japan	- 1.6	3.3	1.8
United Kingdom	- 7.2	4.7	2.3
Canada	- 4.7	4.1	2.8
Other Advanced Economies	- 4.7	3.6	2.9
Emerging market and Developing Economies	- 6.5	4.8	4.7
Russia	- 4.5	2.8	2.1
China	- 8.1	4.8	5.2
India	- 9.0	9.0	7.1
ASEAN-5	- 3.1	5.6	6.0
Emerging and Developing Europe	- 6.5	3.5	2.9
Latin America and the Caribbean	- 6.8	2.4	2.6

World GDP Growth Projection

WORLD ECONOMIC OUTLOOK UPDATE JANUARY 2022

GROWTH PROJECTIONS



INTERNATIONAL MONETARY FUND
IMF.org #WEO

Source: IMF, World Economic Outlook Update, January 2022

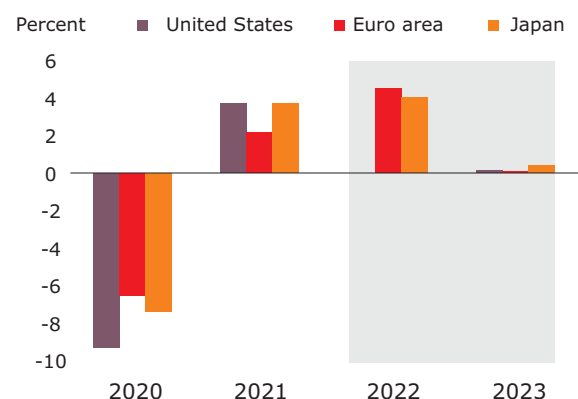
Advanced Economies

Growth in most advanced economies slowed unexpectedly in the second half of last year as a result of pandemic resurgence and supply bottlenecks. A recovery in demand, supply constraints, and earlier commodity price increases have contributed to notable inflationary pressures in most countries. After bouncing back to an estimated 5 percent in 2021, growth in advanced economies is projected to moderate to 3.8 percent in 2022 as the Omicron-driven pandemic resurgence weighs on activity at the start of the year, pent-up demand is gradually reduced, fiscal and monetary support is withdrawn, and supply strains ease only gradually. Sustained consumer demand and still favourable financing conditions are expected to underpin a strong recovery in investment. GDP growth is forecast to slow to 2.3 percent in 2023, as pent-up demand is exhausted and policy support is further withdrawn, despite this deceleration, advanced-economy output is projected to exceed its pre-pandemic trend next year. In the near term, more substantial economic dislocations from the rapid spread of the Omicron variant represent a key downside risk to the outlook.

In the United States, activity grew at a softer than expected pace in the second half of 2021, with material slowdowns in private consumption and manufacturing production. Activity faced several unanticipated headwinds, including COVID-19 outbreaks, mounting supply shortages, and rising energy prices, as well as a fading boost to incomes from pandemic-related fiscal support. Meanwhile, inflation surprised markedly to the upside and broadened across components, and a tightening labor market applied upward pressure to wages. Nonetheless, output is still projected to regain its pre-pandemic trend by the end of 2022. The possibility of additional fiscal support, such as more expansive social safety nets, poses an upside risk to the outlook. On the downside, tenacious inflation and an even faster tightening of monetary policy could lead to weaker-than-expected growth.

In Japan, activity remained subdued through 2021, but it is likely to have picked up toward the end of the year as high vaccination rates allowed for the relaxation of pandemic-control measures. After an estimated 1.7

Pent-up demand in advanced economies



Sources: Global Economic Prospects-January 2022; World Bank.

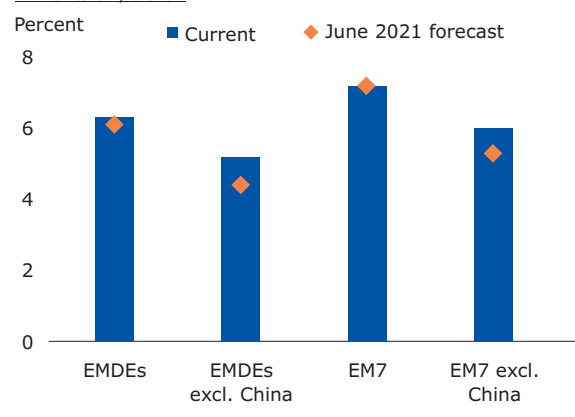
percent expansion in 2021, growth is set to firm to 2.9 percent in 2022 which is 0.3 percentage point above previous projections given the delay in the release of pent-up demand following last year's pandemic resurgence and additional fiscal stimulus legislated in December. Activity is expected to slow to 1.2 percent in 2023 as the boost from pent-up demand gradually fades.

Emerging Market and Developing Economies (EMDEs)

EMDE growth rebounded to an estimated 6.3 percent in 2021 but is projected to decelerate to 4.6 percent in 2022, as macroeconomic policy support is withdrawn and external demand moderates. Higher energy prices are expected to shift growth momentum from energy importers to exporters. Per capita income growth is expected to trail that of advanced economies in 70 percent of EMDEs over the forecast horizon.

As growth in China decelerates and as EMDE domestic demand is dampened by the continued effects of the pandemic, including from the recent spread of the Omicron variant, aggregate EMDE growth is projected to moderate to 4.6 percent in 2022. The outlook is further dampened by the withdrawal of macroeconomic policy support, including the removal of fiscal support in more than four-fifths of EMDEs. Elevated inflation and tighter monetary policy are expected to weigh on private consumption in 2022. EMDEs are also anticipated to face a less favorable external environment in 2022, as external demand from major economies plateaus and, in the case of commodity exporters, as non-oil commodity prices edge down. In this context, growth in some EMDE regions with particularly tight global trade and financial linkages is forecast to decelerate following stronger-than-expected growth outturns last year. In EMDEs excluding China, growth is to recast to decelerate to 4.2 percent in 2022 a pace insufficient to return output to pre-pandemic trends.

EMDEs Economy Growth:



Sources: Global Economic Prospects-January 2022; World Bank.

Bangladesh Economy

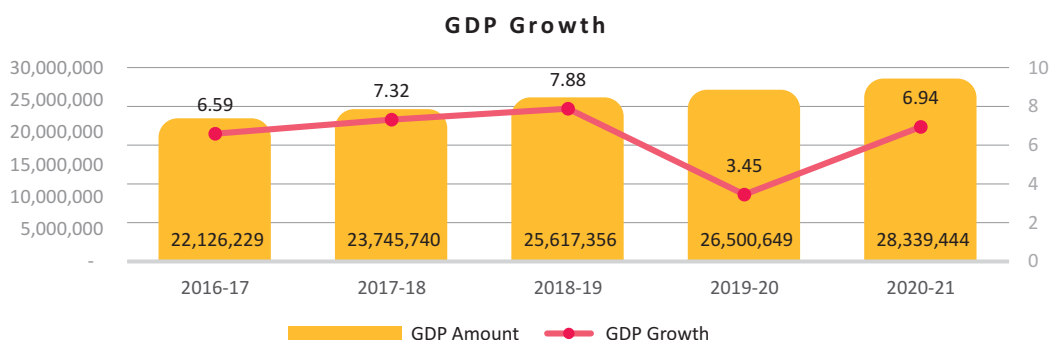
Bangladesh's progression path of the government's pursuit of an ascending trajectory of sustained inclusive, equitable and environmentally benign economic growth and social development proceeded broadly on track after the lockdown period. The pace of economic activities continued its normal trend due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

Despite the recurrent shocks of COVID-19 and consequent containment measures of restrictions in

Macroeconomic Trends

GDP growth

As per Bangladesh Bureau of Statistics (BBS), GDP growth (Base 2015-16 at constant price) of 6.94 percent in FY21, significantly higher than last year 3.45 percent (In FY20). This growth exuberance has stemmed mainly from the healthy growth of the industry sector, whereas agriculture and service-related sectors maintained a stable growth momentum, aided by supportive monetary and fiscal policies and improved business confidence.



Source: Bangladesh Bureau of Statistics

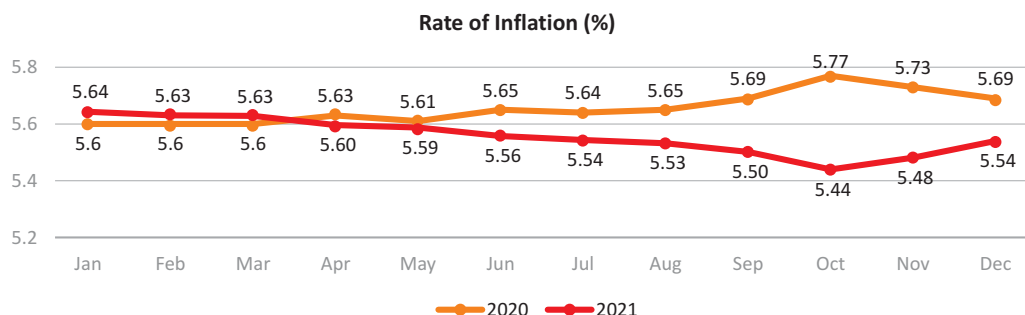
mobility and lockdowns nationwide, it was estimated that Bangladesh economy has attained around 6.94 percent real GDP growth in FY21 which is significantly higher than last year's estimated growth of 3.45 percent. The reasons could be related to reasonably healthy growth performance in agriculture and industrial sectors aided by Government and Bangladesh Bank's growth supportive unprecedented policy measures.

The economy of Bangladesh shows a bit of atypical movement in some indicators in the review quarter. Annual average inflation declined, but point-to-point inflation rose. Foreign exchange reserve fell marginally, yet its adequacy to cover imports of goods and services remained strong. Despite a decline in wage earners' remittance, its impact on the current account balance was offset by a slight negative import growth. Interest rate spread in the banking industry slimmed further in the reference quarter. Bangladeshi Taka (BDT) against USD experienced a sharp depreciation at this time.

Inflation

The rapid transmission of the COVID-19 pandemic across the world has changed the global economic scenario along with losses of human lives and livelihoods. The surge of the COVID-19 in the third quarter of FY21 led to lockdown nationwide and contracted the world economic activities, weakening demand condition. Reflecting these developments in the global commodity prices braced consumer price inflation in a number of economies. During the period, many emerging markets and developing economies including advanced economies experienced easing of inflation, although a sort of pressure from rising food prices triggered by the COVID-19 was also visible.

At the end of December 2021, annual average general inflation (base 2005-06=100) stood at 5.54 percent, recording a decline of 0.15 percentage points from the same of the previous year. Annual average food inflation decreased significantly to 5.30 percent from 5.77 percent of the preceding.



Source: Bangladesh Bureau of Statistics

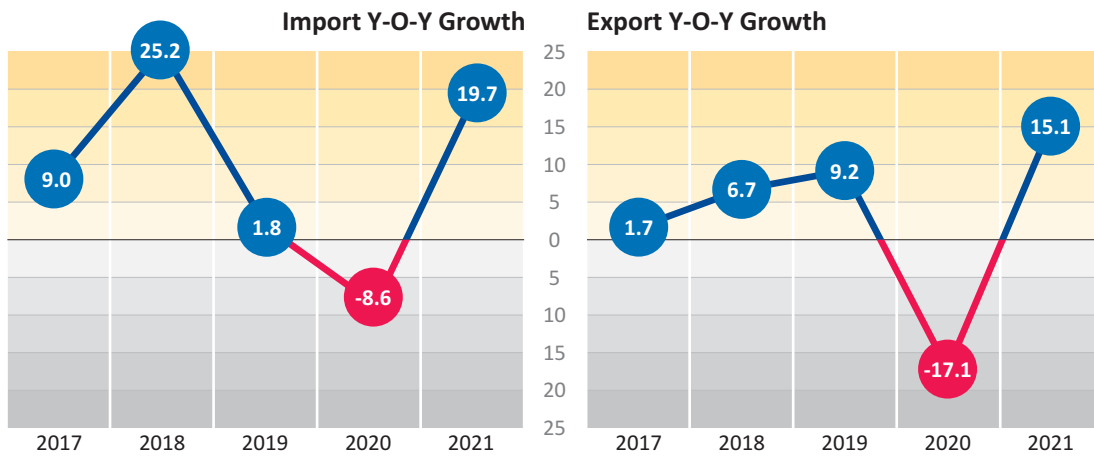
Exports & Imports

Export increased significantly by 15.1 percent in FY21 against 17.1 percent decrease in FY20. Major contributor includes woven garments, knitwear, home textile, petroleum bi-products. However, vegetables, fruits, tobacco, fish, shrimps, raw jute, and jute goods had positive export growth in the fiscal year under report.

Import increased significantly by 19.7 percent in FY21 against 8.6 percent decrease in FY20. Major import items which had increases in FY21, included pharmaceutical products, crude petroleum, oil seeds, pulses, spices and sugar. On the other hand, import of capital machinery, yarn, fertilizer and metals also increased in the fiscal year under report. 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.

As per Bangladesh Bank's quarterly review, exports grew extensively, whereas imports slightly decreased. Export receipts stood at USD 10,818 million, increased by 12.6 percent from USD 9,612 million in the preceding quarter. On the other hand, aggregate import payments decreased by 3.3 percent from USD 17,914 million in the preceding quarter and stood at USD 17,321 million. However, in comparison with the same quarter of the previous year, export receipts and import payments increased by 11.6 percent and 47.6 percent respectively.

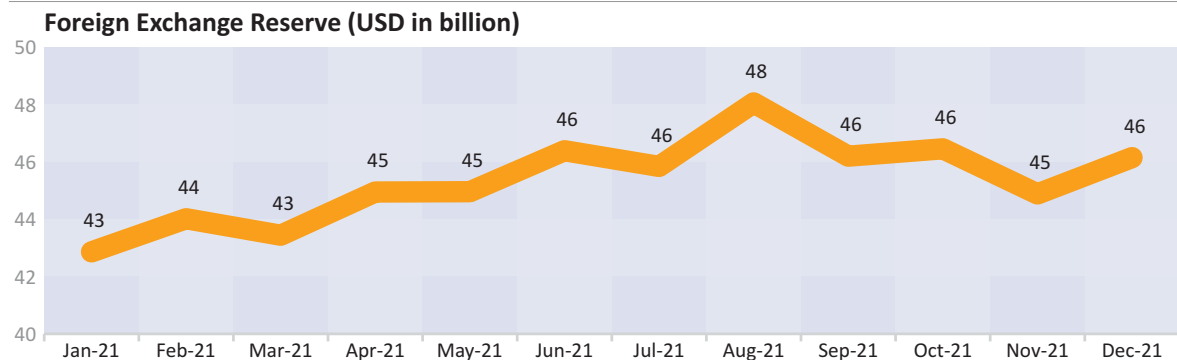


Source: Bangladesh Bureau of Statistics

Foreign exchange reserve

Gross international foreign exchange reserves stood at USD 46,154 million at the end of December 2021 supported by a remarkable surplus in financial account and significant amount of inflows of remittances.

Foreign exchange reserve increased by USD 3,291 million at the end of 2021 compare the same of 2020.

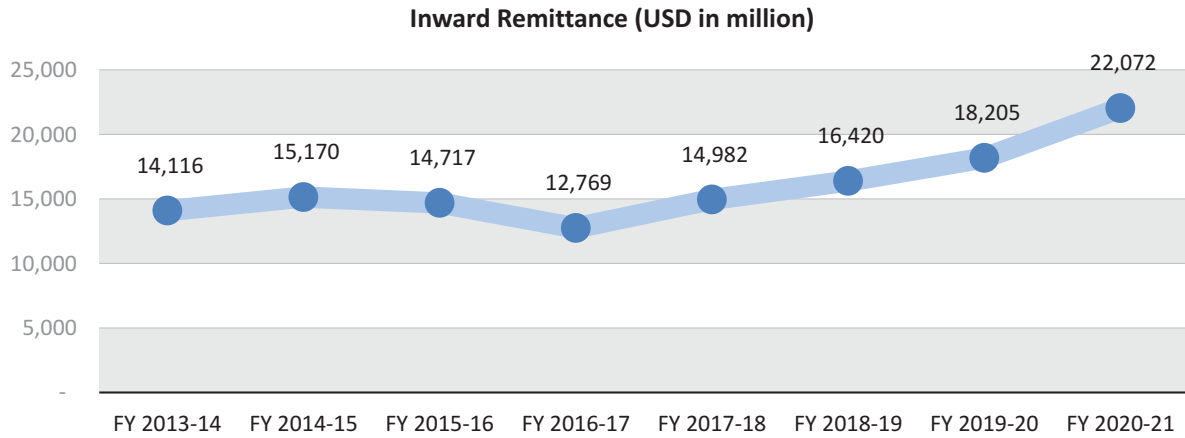


Source: Bangladesh Bureau of Statistics

Remittances

Remittance inflows increased by 21.24 percent at the end of FY21 compared with the growth of 10.87 percent in FY20. A record inflow of remittances at USD 22.07 billion in FY21. The increase in inward remittance is results of the increase in overall economy. Moreover, Government's drive of bringing inward remittances

into formal channels by providing 2% cash incentives to the beneficiaries of the inward remittances augments further. Remittance inflow increased significantly in FY 2021 from major contributing countries like Saudi Arabia, U.A.E., U.S.A., Kuwait, U.K. and Malaysia.

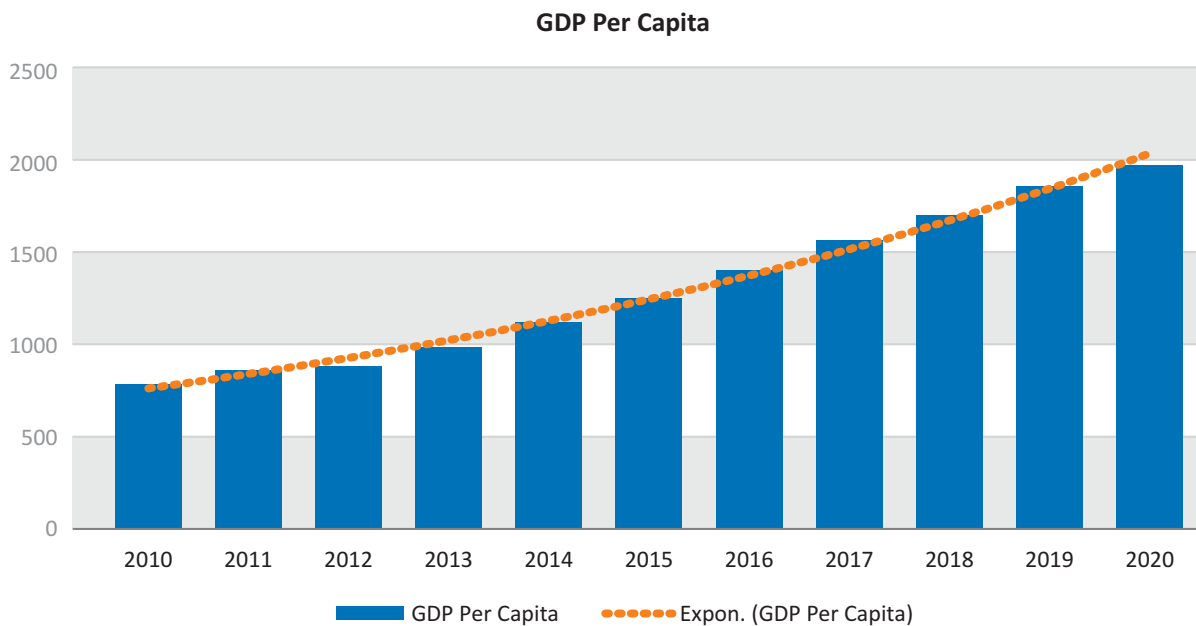


Source: Bangladesh Bureau of Statistics

Per Capita Income

According to data from the statistical agency, Bangladesh's per capita income in FY21 to USD 2,554

which is 30 percent higher compared to the preceding year (FY20 - USD 1,969).



Source: World Development Indicators, World Bank

Overall outlook

Bangladesh has an impressive track record of growth and development. It has been among the fastest growing economies in the world over the past decade, supported by a demographic dividend, strong ready-made garment (RMG) exports, remittances, and stable macroeconomic conditions. The country made a strong economic recovery from the COVID-19 pandemic.

Bangladesh tells the world a remarkable story of poverty reduction and development. From being one of the poorest nations at birth in 1971, Bangladesh reached lower-middle income status in 2015. It is on track to graduate from the UN's Least Developed Countries (LDC) list in 2026. Poverty declined from 43.5 percent in 1991 to 14.3 percent in 2016, based on the international poverty line of \$1.90 a day (using 2011 Purchasing Power Parity exchange rate). Moreover, human development outcomes improved along many dimensions.

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

Banking Industry Outlook

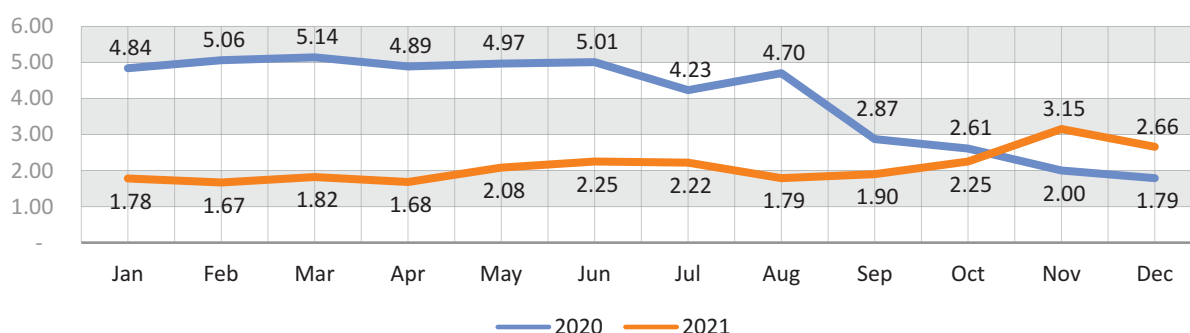
As a developing country, Bangladesh has made praiseworthy improvements in terms of financial inclusion and regulatory supervision in the banking sector. After the independence, banking industry in Bangladesh started its journey with only 6 nationalized

commercial banks, 2 State owned specialized banks and 3 Foreign Banks. But now, there are 61 scheduled banks in Bangladesh controlled & supervised by Bangladesh Bank. There are 6 State Owned Commercial Banks (SOCBs), 3 Specialized Banks, 33 Conventional Private Commercial Banks, 10 Islami Shariah based Private Commercial Banks and 9 Foreign Commercial Banks. On the other hand, there are now 5 non-scheduled banks in Bangladesh established for some special and definite objective.

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

During the year 2021, the call money rate has an upward trend from 1.78 percent in January 2021 to 2.66 percent in December of the same year.

Average Call Money Rate

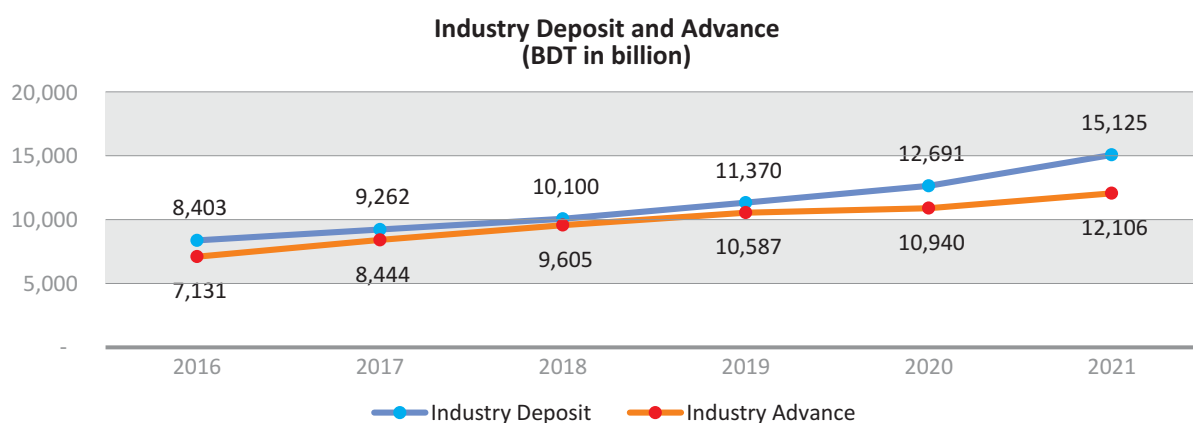


Source: Bangladesh Bank

Historic data showed an upward trend for both deposits and Advances in Banking industry which is in line with the increase in economy of Bangladesh. Disbursement of loans were lower than its deposit mobilization. Total deposits in banking industry increased to BDT 15,125

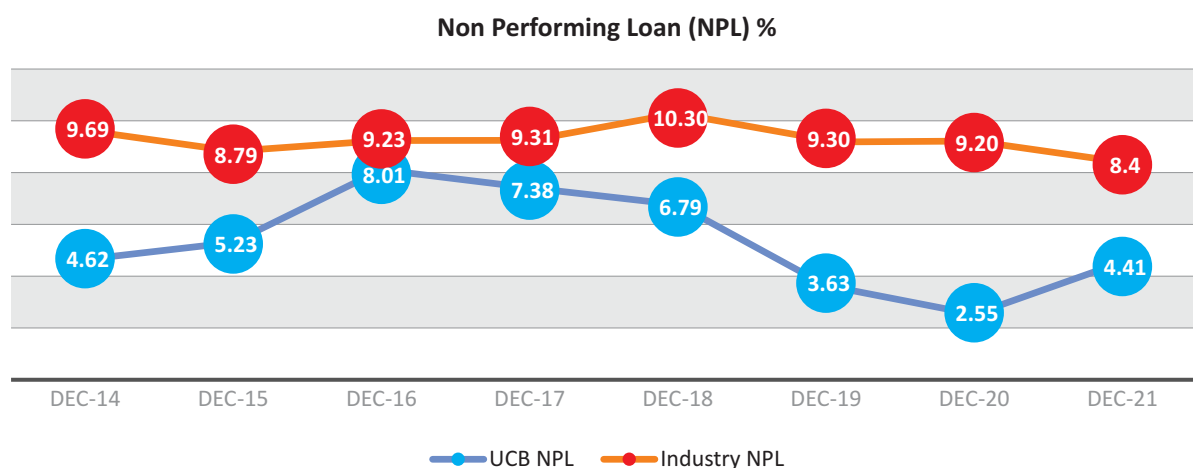
billion in 2021 as against BDT 12,691 billion in 2020 representing a growth of 19.18 percent. On the other hand, total bank's advance increased to BDT 12,106 billion in 2021 from BDT 10,940 billion in 2020 registering 10.66 percent growth.

Particulars	2017	2018	2019	2020	2021	BDT in Billion	
						Growth (%) 2019 vs 2020	Growth (%) 2020 vs 2021
Industry Deposit	9,262	10,100	11,370	12,691	15,125	11.62%	19.18%
Industry Advance	8,444	9,605	10,587	10,940	12,106	3.33%	10.66%



Source: Bangladesh Bank

Gross non-performing loan has decreasing trend ended with 8.4 percent in 2021 from 9.2 percent in 2020. Align with Private Commercial Banks, UCB's NPL has increased in 4.41 percent in 2021 from 2.55 percent in 2020.



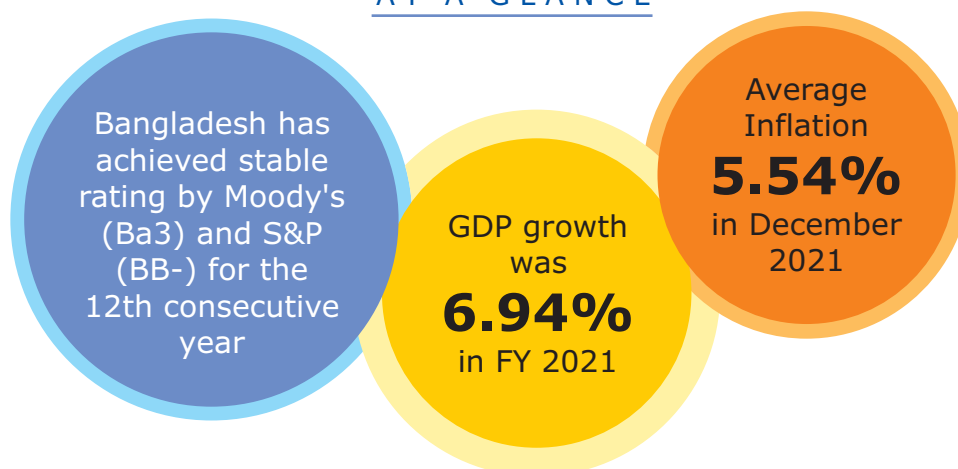
Source: Bangladesh Bank

Capital Market Outlook

Capital market is considered the second largest segment of financial system in the country. It plays significant role in the economy by providing funds for the long term investment and development which contributes to economic growth. The market comprised of Dhaka Stock Exchange (DSE) and Chittagong Stock Exchange (CSE), where DSE is pioneering in the exploration of economic advancement of the country. The instruments in these exchanges are equity securities (shares), debentures and corporate bonds. The regulator body of capital market is Bangladesh Securities and Exchange Commission (BSEC). Bangladesh Bank has been

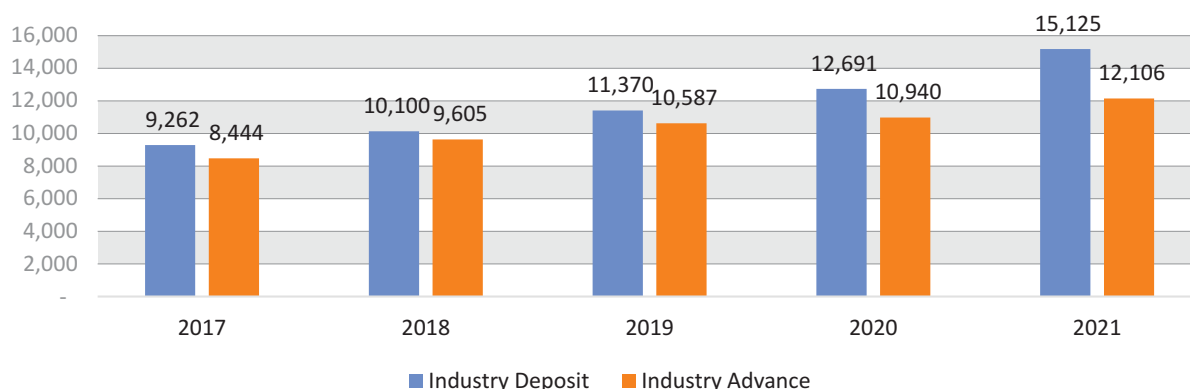
playing proactive role also to steady functioning and development of the market as well. In collaboration with DSE, third and final workshop of technical series titled 'Practical tips for preparing your people familiar with the market said round-the-year liquidity crunch in the banking sector, gloomy macroeconomic outlook, soaring non-performing loans, some policy changes and foreign investors' pulling funds out of the market worsened the situation. The market even after nine years of a fragile journey failed to get a strong foothold, as investors were discouraged by one issue after another. The government's market supportive measures, including redefining the banks' capital market exposure and amending public issues rules, expecting boost the fund flow.

ECONOMY AT A GLANCE



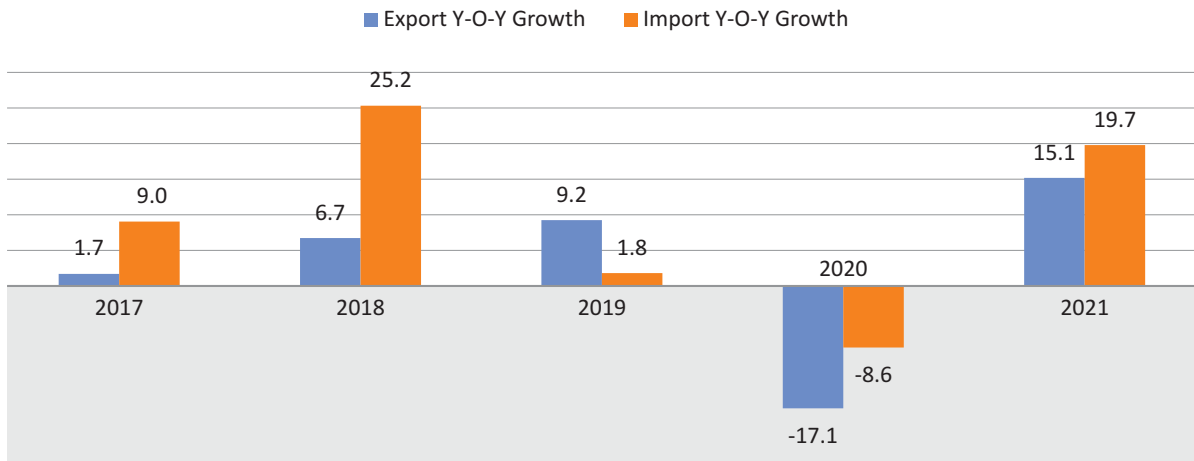
Source: Bangladesh Bureau of Statistics

Industry Deposit and Advance (BDT in billion)



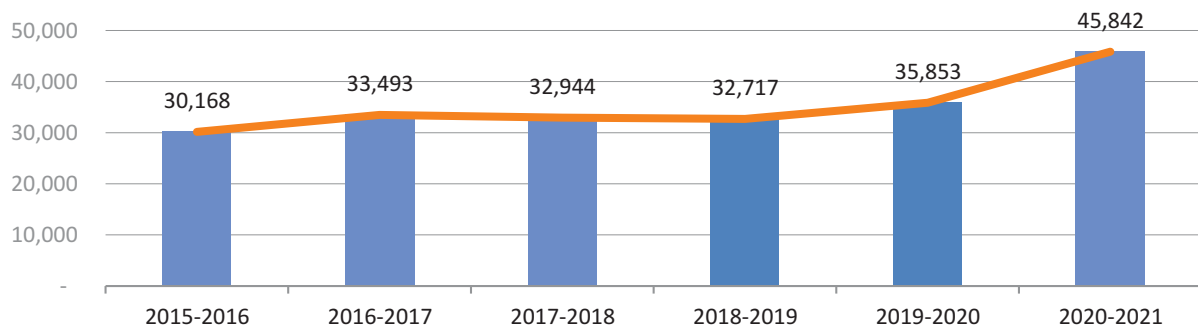
Source: Bangladesh Bureau of Statistics

Export Import Growth (Y-o-Y)



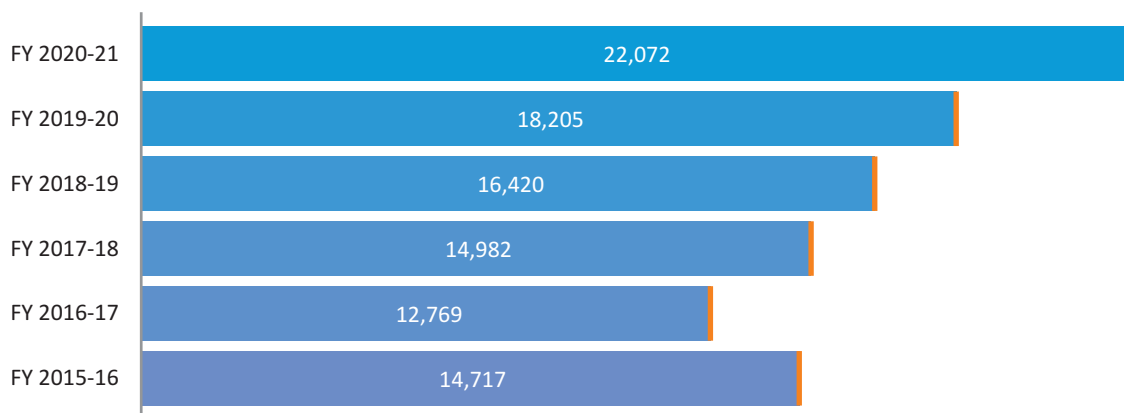
Source: Bangladesh Bureau of Statistics

Foreign Exchange Reserve Y-o-Y (In million US \$)



Source: Bangladesh Bureau of Statistics

Inward Remittance (USD in million)

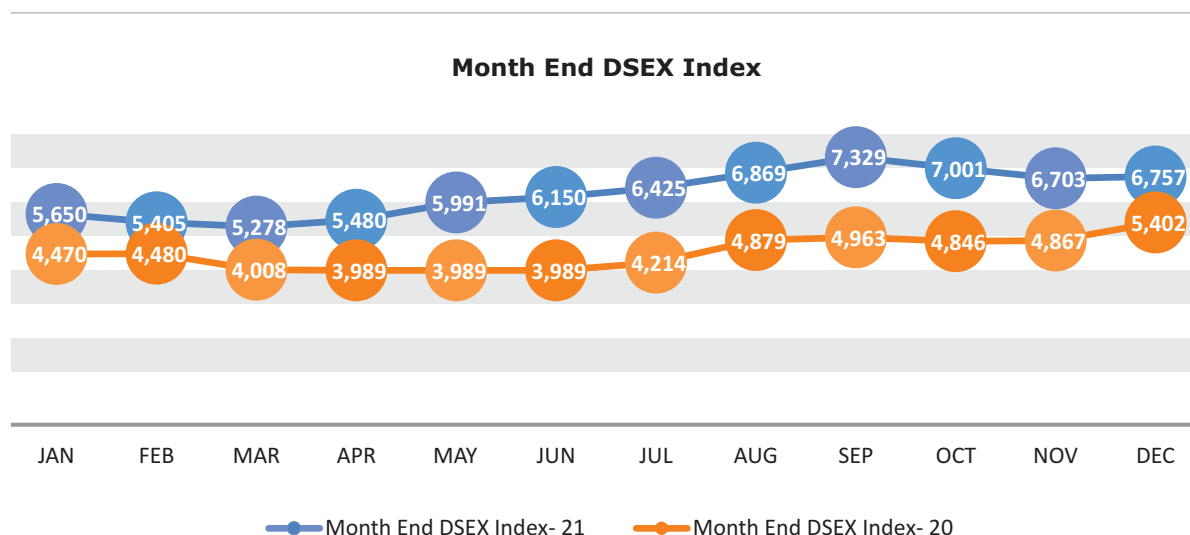


Source: Bangladesh Bureau of Statistics

Month End DSEX Index

The DSEX index has sharply increased to 6,757 at the end of December 2021 which was 5,402 in December 2020. The data reached an all-time high for market

capitalization in 2021 that is 64% higher in Y-O-Y comparison. In December 2021 market capitalization was BDT 5,137 billion against BDT 3,125 billion in December 2020.

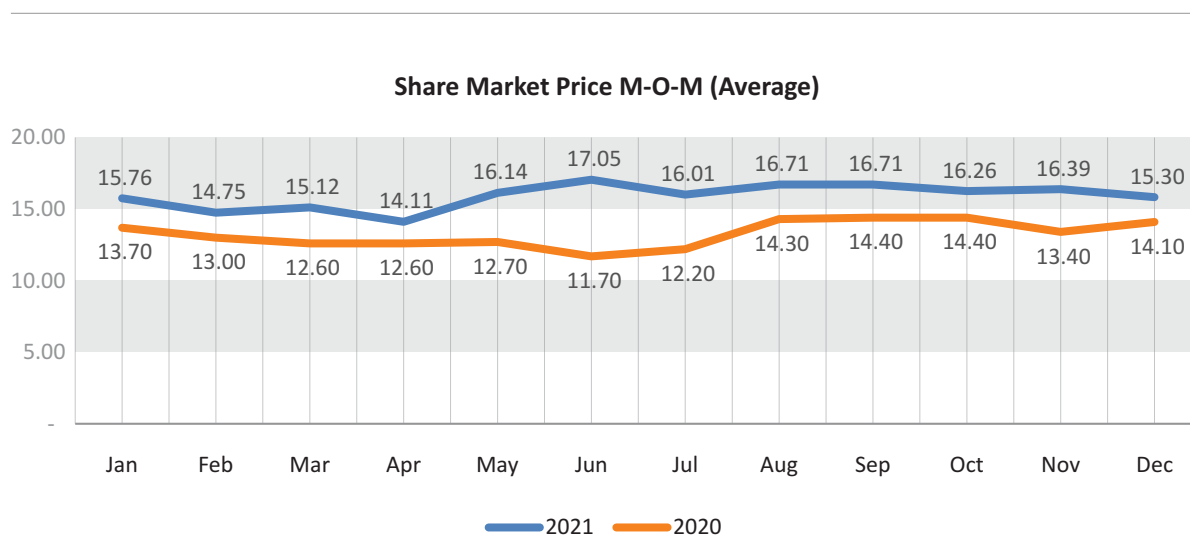


Source: Dhaka Stock Exchange (DSE)

UCB Share Price (month on month)

Share price of UCB has increased during the year 2021 in line with the increase in Profit after Tax and EPS. It

was BDT 15.30 at the end of December 2021 whereas it was BDT 14.10 in December 2020.



Source: Dhaka Stock Exchange (DSE)

Brief History of UCB

UCB started its journey in the year 1983 with an initial paid up capital of BDT 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 28 June in the same year. During the year 2021 the bank set record indeed in terms of advance, deposit and expansion of business through its continuous diversification. Now, UCB is one of the top banks in Bangladesh among the private commercial banks in terms of operating performance.

United Commercial Bank was listed with Dhaka Stock Exchange Limited (DSE) in the year 1986 and with the Chittagong Stock Exchange Limited (CSE) in the year 1995. The bank obtained license to open offshore banking unit on 9 June 2010. The Bank also obtained permission for Islamic Banking Branch from Bangladesh Bank vide, letter no. BRPD (P-3) 745 (17)/2020-1453 dated 6 February 2020. As on 31 December 2021, the bank feels proud of having 215 branches, 628 ATMs and 177 Agent Outlets throughout the country. Out of the above 215 branches, 10 branches provided both Islamic Banking and Commercial Banking facilities complying with the rules of Islamic Shariah and a new branch provided solely Islamic Banking facilities complying with the rules of Islamic Shariah.

business is one of the highest revenue-generating segments of UCB.

Remittance activities

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

Guarantee activities

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

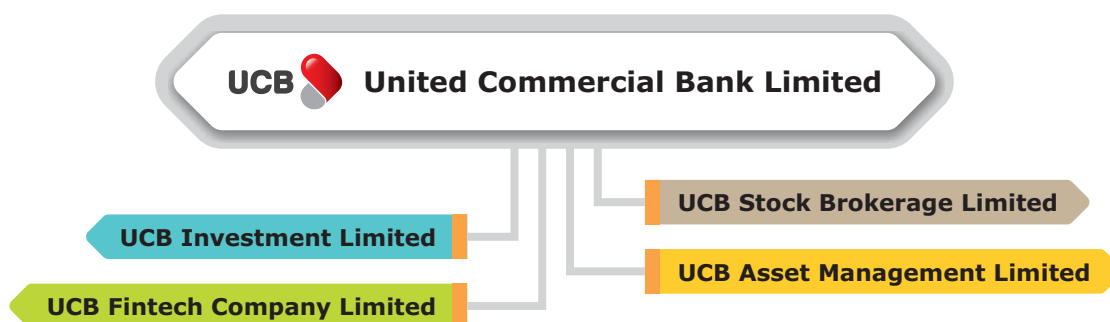
Investment activities

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 four subsidiaries with an aim to active participation in capital market through brokerage, portfolio management, investment banking etc.

Corporate structure

The bank consists of four subsidiaries: UCB Stock Brokerage Limited (former UCB Capital Management Limited), UCB Investment Limited, UCB Asset Management Limited and UCB Fintech Company Limited.



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

UCB Stock Brokerage Limited

UCB Stock Brokerage Limited (Former UCB Capital Management Limited) established in June 2013 has emerged as one of the esteemed stock brokers in Bangladesh. It is a fully owned subsidiary of the bank. UCB Stock Brokerage Limited was incorporated in Bangladesh as a private limited company in accordance with the Companies Act, 1994. The company provides stock brokerage and margin loan services.

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

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

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

UCB Investment Limited

UCB Investment limited (UCBIL) is a fully owned subsidiary of the bank. It was incorporated in Bangladesh with the Registrar of Joint Stock Companies & Firms (RJSC&F), vide registration number: C-94654/11 dated 3rd August, 2011 as a private limited company under the Companies Act (Act XVIII) of 1994. It obtained full-fledged Merchant Banker & Portfolio Management license (Reg No: MB- 97/2020) from Bangladesh Securities and Exchange Commission on 5th October, 2020.

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

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

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

UCB Asset Management Limited

Established in February 2019, as a wholly-owned subsidiary of United Commercial Bank, UCB Asset Management Limited has the unique advantage to offer a wide range of investment solutions. UCB Asset Management Limited has a strong team of investment professionals who have a long track record of managing mutual funds in Bangladesh.

The principal objective of the company is to carry out various merchant banking activities in Bangladesh i.e. portfolio management, share transfer agent, fund management to issue in the capital and security market, underwrite, manage and distribute the issue of stock shares, bonds and other securities.

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

UCB Fintech Company Limited

UCB Fintech Company Limited a fully owned subsidiary of the United Commercial Bank Limited was incorporated in Bangladesh on July 30, 2020 vide registration no. C-162182 as a Private Company Limited by shares under the Companies Act, 1994. Upon receiving the license from Bangladesh Bank, UCB Fintech Company Limited started its journey in March 2021, under the brand name “উপায়” (“upay” in English) and offering a broad range of mobile financial services to people from all walks of life.

Product and services of UCB Fintech Company Limited include mobile transactions (cash-in, cash-out, send money etc.), utility bill payment, in-store and e-commerce payment, inward remittance, salary disbursement, G2P and P2G transaction, airtime recharge and other value added financial services. Going forward, UCB Fintech aims to offer different types of innovative products and services to fulfill need of different customer segments.

Agent Banking

The Bank obtained permission from Bangladesh Bank on 07.02.2017 through letter no. BRPD (p-3)745(17)2017-677 to start the operation of Agent Banking and subsequently started its commercial operation on February 1, 2018. There are 177 agent outlets launched around the country till 31 December 2021. The principal activities of the unit are to provide services that includes Account Opening (Savings), Cash deposit & withdrawal (Agent Banking A/C), Cash Deposit in Branch A/C, Inward foreign remittance disbursement, Collections of bills/utility bills, Payment of social benefits, Transfer of funds, Payment of salaries, Generation and issuance of Bank statements, SME Loan repayment collection, Balance inquiry, Internet Banking & SMS Banking, Corporate Bill/Distributor fee collection, Insurance Premium Collection etc.

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.

Islamic Banking

The Bank obtained permission for Islamic Banking Branch from Bangladesh Bank vide, letter no. BRPD (P-3) 745 (17)/2020-1453 dated 6 February 2020. Through the Islamic Banking wing and Branch, the

Segmentwise Business Analysis

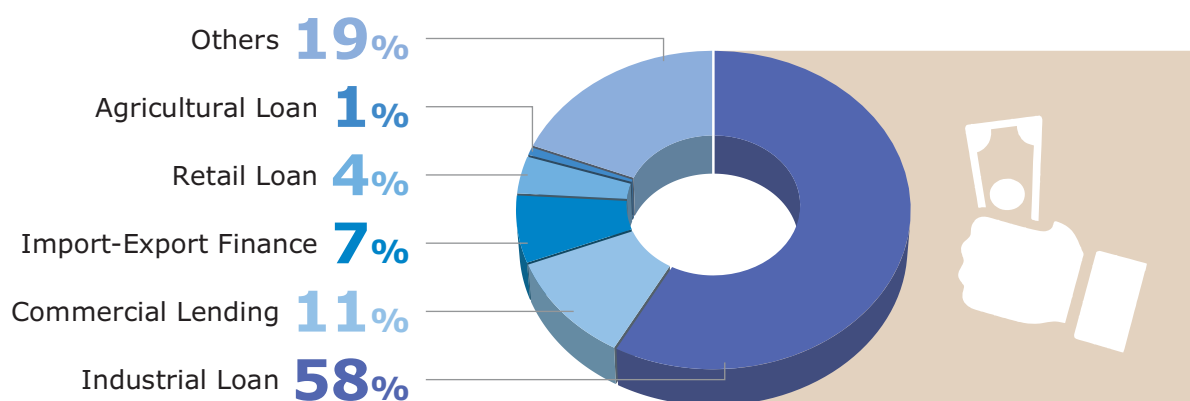
Segmentwise Distribution of Loans and Advances of United Commercial Bank Limited

Among total asset of BDT 565,314 million of United Commercial Bank Limited, loans and advances was BDT 402,482 million which was 71.19 percent of total assets. Below table shows the distribution of loans and advances at different segments.

BDT in million

Particulars of segments	Dec 31 2021	Dec 31 2020	Change	Growth (%)
Industrial Loan	234,011	198,343	35,668	17.98%
Commercial Lending	45,576	43,604	1,972	4.52%
Import-Export Finance	27,594	20,832	6,762	32.46%
Retail Loan	15,389	16,040	-651	-4.06%
Agricultural Loan	4,766	3,280	1,486	45.31%
Others	75,146	69,585	5,561	7.99%
TOTAL	402,482	351,684	50,798	14.44%

Segmentwise Loans and Advances



Bank extends all types of Islamic Shariah compliant finance like hire purchase shirkatul melk (HPSM), bai-Murabaha, Mushraka, Salam and agency, Ijarah Muntahia Bittamleek (Hire Purchase) etc. and different types of deposits like al-wadeeah, Murabaha etc.

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

Islamic Banking was an unexplored avenue for the Bank, whereas UCB has proven track record and strong footage in all the financial eco system of the country. UCB has started its Islamic Banking operations (IBO) with a separate branch and 10 (ten) window branches and under brand name **UCB Taqwa**.

Among loans and advances, 58 percent was distributed in industrial area followed by 11 percent in commercial area. Others area of distribution of loans and advances were import-export, retail, agriculture and others where were 7 percent, 4 percent, 1 percent and 19 percent respectively. Among the above mentioned sector, the bank recorded highest growth in Industrial Loan.

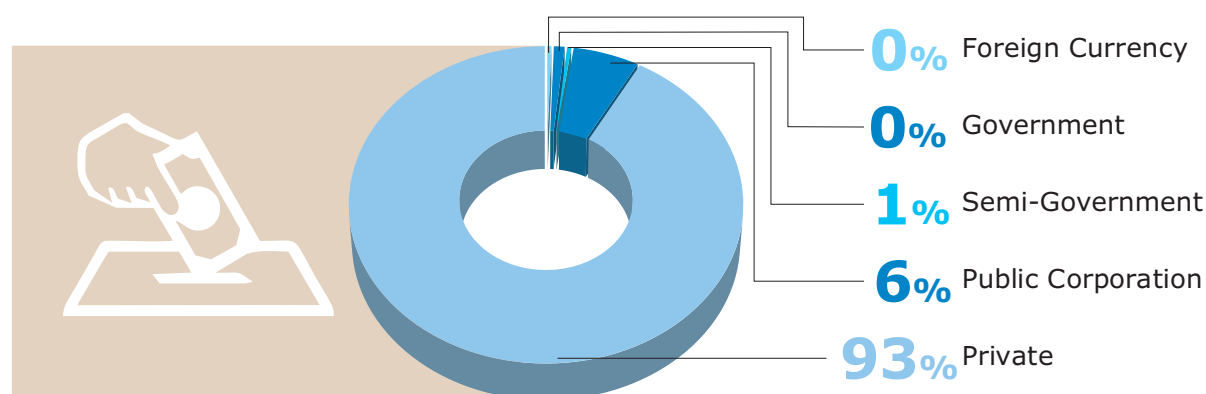
Segmentwise Distribution of Deposit of United Commercial Bank Limited

In total liabilities of BDT 527,872 million, 73.86 percent liabilities were in form of deposits which were BDT 389,901 million. Below table shows segmentwise distribution of deposit of the bank as on December 31, 2021.

BDT in million

Particulars of entities	Dec 31 2021	Dec 31 2020	Change	Growth (%)
Government	1,678	1,436	243	16.91%
Semi-Government	2,477	5,312	-2,835	-53.37%
Public Corporation	21,985	32,100	-10,115	-31.51%
Private	361,371	311,909	49,462	15.85%
Foreign Currency	2,390	3,224	-835	-25.89%
TOTAL	389,901	353,982	35,919	10.14%

Segmentwise Deposits



At the end of 2021, total deposits of the bank stood BDT 389,901 million against BDT 353,982 million in 2020 registering a growth of 10.14 percent. The bank mostly concentrated to private deposit is 93 percent which was BDT 361,371 million at the end of 2021 against BDT 311,909 at the end of 2020. Others area of concentration of deposit were public corporation, semi-government, government which were 5.64 percent, 0.64 percent and 0.43 percent of total deposit.

Risk and concerns for the banking industry

Although the year 2021 expected to be better for banking industry in Bangladesh but some uncertainty still remaining as follows;

- Banking industry may face hurdle for maintaining AD Ratio within the new regulatory limit which may lead to high cost of deposit for procurement of new deposit. Thus, yield on advance may also be higher.
- Maintaining the ongoing stability in political and economic activities is a challenge. Lack of consensus among political parties may any time lead to political agitation, which may ultimately affect the growth of private sector including banking industry.
- Growth of investment and business activities may not explore as per targets due to lack of initiatives for good governance in government and regulatory bodies' activities. Banking industry may not have sufficient good investment opportunities in private and public sectors.

- Implementation of various mega projects are in the process. Thus, to meet up the expenditure, government may borrow fund from banking sector which may some extend affect the liquidity scenario.
- In line with global practice of risk management, Bangladesh Bank also in phase of implementation of Basel III for the banks which will affect the capital adequacy of the banks. Banks need to maintain additional buffer capital of 2.50 percent by 2020 and onwards (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.

The details regarding risks and concerns are placed at disclosure on risk based capital (BASEL-III) at page no. 149.

Discussion on continuity of any extraordinary gain or loss

In last five years, UCBL has not experienced any extraordinary gain or loss. UCBL's Five Years Financial Summary presented in page no. 15 will provide detailed information to support this.

Related Party Transactions

UCB had no credit directly to its Directors at the end of 2021. 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 at discount _____ Nil

Related Party Transactions _____ Nil

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

Detail in this regards is given in the Notes to the Financial Statements at note no. 47.1 (a) of this annual report.

Utilization of proceeds from public issues, rights issues and/or through any other instruments

After the commencement of business in 1983, the Bank first raised its capital through Initial Public Offering (IPO) in 1986. Since then UCBL did not raise any capital through public issues except a Right Issue in 2011. However, the Bank raised BDT 200 crore, BDT 500 crore, BDT 700 crore and BDT 800 crore through issuance of 7-year non-convertible and non-cumulative subordinated bonds in 2013, 2015, 2017 and 2018 respectively. The Bank also raised BDT 400 crore through issuance of Perpetual Bond in 2021. The proceeds were utilized to generate liquidity and provide additional cushion in light of Capital to Risk Weighted Assets Ratio of the Bank.

Explanation of variances between quarterly and annual financial performance

No major variances have occurred between quarterly and annual performance.

Remuneration of Directors

At the end of 2021, UCB has 20 (Twenty) members in the Board of Directors including the Managing Director & CEO 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, 2021, total honorarium was BDT. 2.17 million which was BDT. 2.20 million in 2020.

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 Banking Companies Act, 1991 as amended by BRPD circular no. 14 dated 25 June 2003, the rules and regulations issued by Bangladesh Bank, International Accounting Standards (IASs), International Financial Reporting

Standards (IFRSs) as adopted by the Financial Reporting Council (FRC), the Securities and Exchange Rules 1987, Dhaka Stock Exchange (Listing) Regulations, 2015 and Chittagong Stock Exchange (Listing) Regulations, 2015 and other laws and rules applicable in Bangladesh.

The financial statements of 2021 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 2021.

Maintaining proper books of account

UCB maintained proper books of account for its financial transactions occurred during 2021. For recording the transactions, the bank has followed the International Accounting Standards (IASs). 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 (IASs) and International Financial Reporting Standards (IFRSs) 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 Bank has departed from certain requirements of IASs/IFRSs 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.

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 2021. The Board through the Audit Committee has supervised the policies and various parts of businesses to ensure an effective internal control system. The Boards' 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 Banking Companies Act, 1991 and amendments thereon, Bangladesh Bank guidelines, Corporate Governance Code of Bangladesh Securities and Exchange Commission etc.

Protection of interest of minority shareholders and effective means of redress

The Bank is operated in accordance with the Articles of Association and all applicable laws and regulations of the land to ensure the greater interest of all the shareholders of the Bank. The Bank is committed to

sound governance practices based on integrity, openness, fairness, professionalism and accountability in building confidence among stakeholders. However, any complaint, received at AGM or throughout the year, from any shareholder, is resolved lawfully in time.

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.

Significant deviations from operating results of last year

Bank's operating performance is improving in the year 2021 after the impact of pandemic. Significant deviations in key operating lines are described as follows:

Operating revenue: Bank's operating revenue (net interest income plus non-interest income) has increased by BDT 4,332 million from BDT 20,488 million in 2020 to BDT 24,820 million in 2021.

Profit from operation: Operating profit has increased by 49 percent. It was BDT 10,184 million in 2021 and BDT 6,857 million in 2020.

Net profit after tax: During the year 2021, net performance line has increased by BDT 320 million. During the year 2021 net profit after tax was BDT 3,177 million and it was BDT 2,857 million during the year 2020.

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 2017 total assets of the Bank was BDT 363,315 million whereas at the end of 2021 it stood at BDT 565,314 million recording a growth of more than 50 percent. During last five year deposits grew by 40 percent and loans & advances of the Bank grew by 54 percent.

BDT in million

Balance Sheet	Change (%)	Change (Taka)	2021	2020	2019	2018	2017
Authorized Capital	0.00%	-	15,000	15,000	15,000	15,000	15,000
Paid up Capital	5.00%	609	12,784	12,175	11,595	10,540	10,541
Shareholders' Equity	6.78%	2,376	37,442	35,066	32,783	29,900	26,510
Borrowing	44.45%	26,405	85,804	59,399	40,911	44,694	33,846
Deposits	10.15%	35,919	389,901	353,982	330,787	297,173	278,195
Loans and advances	14.44%	50,798	402,482	351,684	322,728	294,672	261,003
Investments	24.59%	16,064	81,388	65,323	57,801	50,831	42,912
Fixed Assets	1.25%	181	14,721	14,540	14,455	9,056	8,344
Off-Balance Sheet Exposure	29.53%	59,371	260,413	201,042	183,958	182,067	197,974
Total Assets	14.60%	72,007	565,314	493,307	446,760	402,749	363,315
Total Liabilities	15.20%	69,631	527,872	458,241	413,977	372,849	336,805

Results of Operation	Change (%)	Change (Taka)	2021	2020	2019	2018	2017
Interest Income	0.06%	17	27,324	27,307	30,949	25,267	21,034
Interest Expense	-21.74%	(3,869)	13,927	17,796	20,151	16,024	12,087
Net interest Income	40.85%	3,886	13,396	9,511	10,798	9,242	8,947
Non-Interest Income	4.06%	446	11,423	10,977	9,911	9,050	8,435
Non-Interest Expense	7.37%	1,005	14,636	13,631	12,430	10,902	9,431
Gross Profit	21.14%	4,332	24,820	20,488	20,709	18,293	17,382
Operating Profit	48.51%	3,327	10,184	6,857	8,279	7,390	7,951
Profit before tax	13.38%	662	5,610	4,948	4,932	4,908	5,461
Net profit after tax	11.20%	320	3,177	2,857	2,772	2,369	2,434

In line with the increased volume of the business, the Net Profit after tax of the Bank has also increased. In 2017, NPAT of the bank was BDT 2,434 million whereas it was BDT 3,177 million at the end of 2021 recording a growth of 30 percent whereas Bank's gross profit

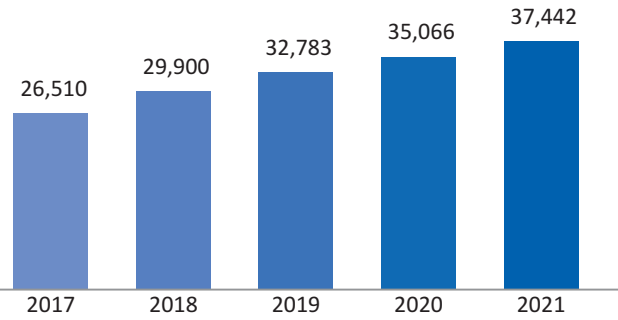
increased by 42 percent during last five years of time. However, details of operating and financial data of UCB in last five years are shown separately in financial summary of annual report with charts and graphical presentation.

Key Performance Ratio	2021	2020	2019	2018	2017
Cost-income ratio	58.97	66.53	60.02	59.60	54.26
Return on assets	0.60	0.61	0.65	0.62	0.70
Return on equity	8.76	8.42	8.94	9.45	9.31
Cost of fund	6.01	7.42	8.57	7.58	6.79
Yield on advance	7.08	7.92	9.78	8.62	8.53
Spread	1.07	0.49	1.21	1.04	1.74
Earnings per share (Basic)	2.49	2.35	2.39	2.40	2.31
Earnings per share (Diluted)	2.49	2.23	2.28	2.04	2.31
Dividend (percent)	10 B	5 C, 5 B	5 C, 5 B	10 B	10 C
Net asset value per Share	29.29	28.80	28.27	25.79	25.15
Price earnings ratio (Times)	6.16	6.01	5.56	8.61	10.22
Dividend cover ratio (percent)	2.49	2.35	2.28	2.25	2.31
Dividend yield (percent)	6.54	7.09	7.52	5.68	4.24*

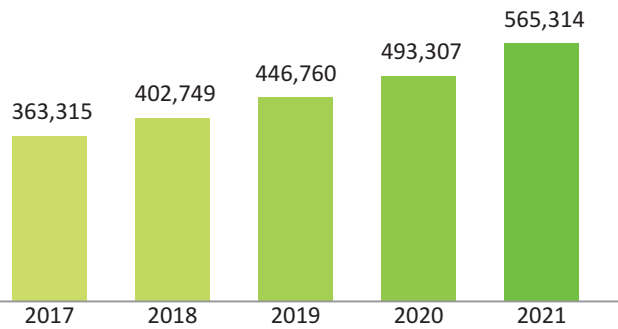
C =Cash, B = Bonus



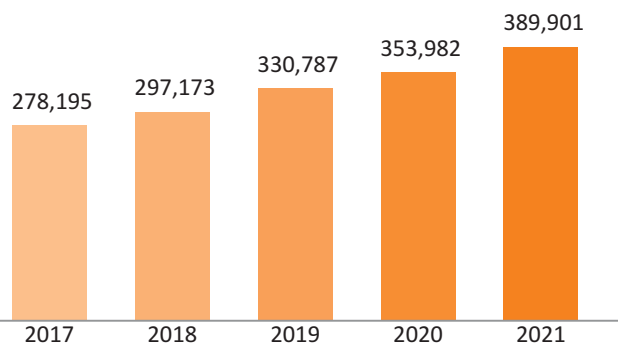
Shareholders' Equity (In Million)



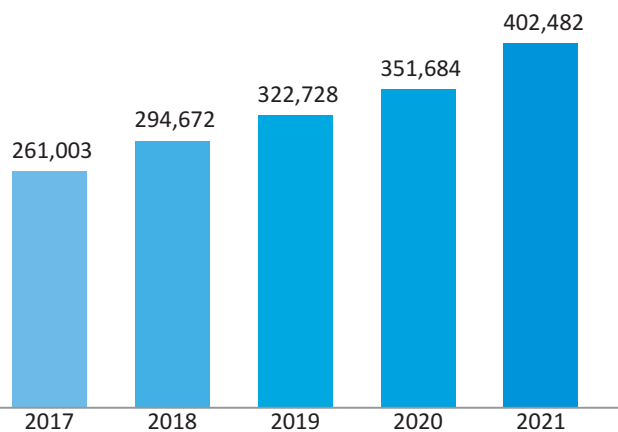
Total Assets (In Million)



Total Deposits (In Million)

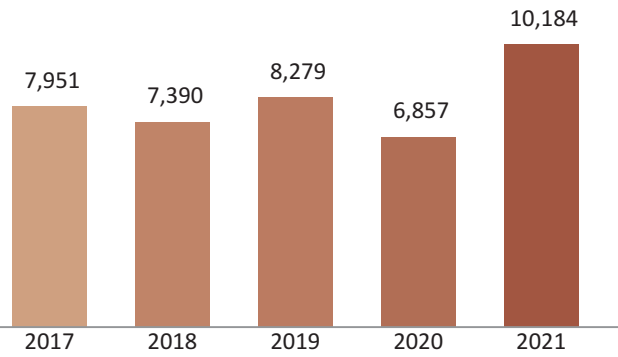


Loans and Advances (In Million)

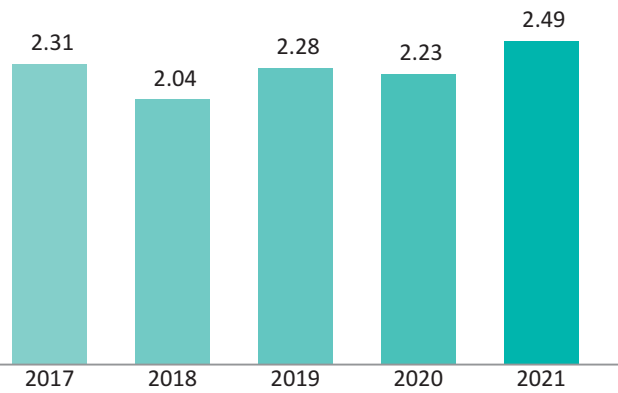




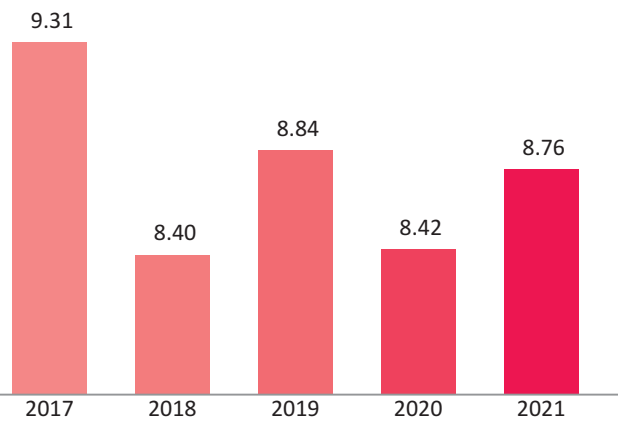
Operating profit
(In Million)



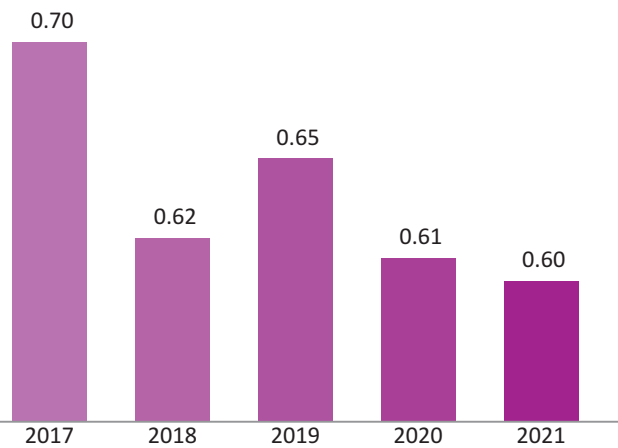
Earnings per share (EPS)
(In Million)



Return on equity
(In Million)



Return on assets
(In Million)



Declaration of dividend

The bank has declared 10% stock dividend for the year 2021.

Declaration of bonus share or stock dividend as interim dividend

No bonus shares or stock dividend was declared as interim dividend during the year, 2021.

Meeting of the Board of Directors and Attendance

During the year 2021 total 11 no. of Board of Directors' meetings, 09 no. of Executive Committee meetings, 06 no. of Audit Committee meetings and 04 no. of Risk Management Committee meetings were held. The status of the member along with the attendance is mentioned below:

Particulars of Board of Directors as on 31.12.2021

Board of Directors		
Sl	Name	Status in the Board
1	Rukhmila Zaman	Chairman
2	Bazal Ahmed	Vice-Chairman
3	Anisuzzaman Chowdhury	Chairman, Executive Committee
4	Akhter Matin Chaudhury FCA (E&W), FCA, FCS	Independent Director & Chairman, Audit Committee
5	M. A. Sabur	Chairman, Risk Management Committee
6	Hajee Yunus Ahmed	Director
7	Hajee M. A. Kalam	Director
8	Nurul Islam Chowdhury	Director
9	Asifuzzaman Chowdhury	Director
10	Roxana Zaman (Representative of Volkart Trading Limited)	Director
11	Bashir Ahmed	Director
12	Afroza Zaman (Representative of Legendary Assets Management Limited)	Director
13	Syed Kamruzzaman, FCMA (Representative of Aramit Thai Aluminium Limited)	Director
14	Muhammed Shah Alam, FCMA (Representative of Ardent Assets Management Limited)	Director
15	Prof. Dr. Md. Jonaid Shafiq (Representative of Splendid Trading Limited)	Director
16	Kanak Kanti Sen, FCMA (Representative of Nahar Metals Limited)	Director
17	Md. Aksed Ali Sarker (Representative of Aromatic Properties Limited)	Director
18	Dr. Aparup Chowdhury	Independent Director
19	Touhid Shipar Rafiquzzaman	Independent Director
20	Arif Quadri	Managing Director & CEO

Particulars of Executive Committee as on 31.12.2021

Sl	Name	Status
1	Anisuzzaman Chowdhury	Chairman
2	Bazal Ahmed	Member
3	M. A. Sabur	Member
4	Hajee Yunus Ahmed	Member
5	Nurul Islam Chowdhury	Member
6	Asifuzzaman Chowdhury	Member
7	Bashir Ahmed	Member

Particulars of Audit Committee as on 31.12.2021

Sl.	Name	Status
1	Akhter Matin Chaudhury FCA (E&W), FCA, FCS	Chairman
2	Syed Kamruzzaman, FCMA	Member
3	Muhammed Shah Alam, FCMA	Member
4	Dr. Aparup Chowdhury	Member

Particulars of Risk Management Committee as on 31.12.2021

Sl	Name	Status
1	M. A. Sabur	Chairman
2	Anisuzzaman Chowdhury	Member
3	Roxana Zaman	Member
4	Afroza Zaman	Member
5	Kanak Kanti Sen, FCMA	Member

Directors' Attendance in the Meetings of the Board of Directors During 2021

SL	Name of the Directors	Status in the Board	Total Meetings held during the year	Total Meetings held during their period	Attended	Leave of Absence	Remarks
1	Rukhmila Zaman	Chairman	11	9	7	2	Total 9 meetings held during her tenure.
2	Bazal Ahmed	Vice Chairman	11	11	10	1	
3	Anisuzzaman Chowdhury	Chairman - Executive Committee	11	11	10	1	
4	Akhter Matin Chaudhury FCA (E&W), FCA, FCS	Independent Director & Chairman-Audit Committee	11	11	4	7	
5	M. A. Sabur	Chairman - Risk Management Committee	11	9	8	1	Total 9 meetings held during his tenure.
6	Hajee Yunus Ahmed	Director	11	9	4	5	Total 9 meetings held during his tenure.
7	Hajee M. A. Kalam	Director	11	11	5	6	
8	Nurul Islam Chowdhury	Director	11	11	10	1	
9	Asifuzzaman Chowdhury	Director	11	11	8	3	
10	Roxana Zaman	Director	11	9	7	2	Total 9 meetings held during her tenure.
11	Bashir Ahmed	Director	11	11	8	3	
12	Afroza Zaman	Director	11	9	7	2	Total 9 meetings held during her tenure.
13	Syed Kamruzzaman, FCMA	Director	11	11	11	0	
14	Muhammed Shah Alam, FCMA	Director	11	11	11	0	
15	Prof. Dr. Md. Jonaid Shafiq	Director	11	11	11	0	
16	Kanak Kanti Sen, FCMA	Director	11	11	10	1	
17	Md. Aksed Ali Sarker	Director	11	0	0	0	He was appointed on 29.12.2021.
18	Dr. Aparup Chowdhury	Independent Director	11	11	8	3	
19	Touhid Shipar Rafiquzzaman	Independent Director	11	11	4	7	
20	Arif Quadri	Managing Director & CEO	11	3	3	0	Total 3 meetings held during his tenure.

Past Directors' Attendance Details

SL	Name of the Members	Position	Total Meetings held	Total Meetings held during their period	Attended	Leave of Absence	Remarks
1	Syed Mohammed Nuruddin	Member	11	9	2	7	Total 9 meetings held during his tenure.

** 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 2021

SL	Name of the Members	Position	Total Meetings Held	Total Meetings held during their period	Attended	Leave of Absence	Remarks
1	Anisuzzaman Chowdhury	Chairman	9	9	9	0	
2	Bazal Ahmed	Member	9	9	7	2	
3	M. A. Sabur	Member	9	8	7	1	Total 8 meetings held during his tenure.
4	Hajee Yunus Ahmed	Member	9	8	2	6	Total 8 meetings held during his tenure.
5	Nurul Islam Chowdhury	Member	9	9	8	1	
6	Asifuzzaman Chowdhury	Member	9	9	8	1	
7	Bashir Ahmed	Member	9	9	7	2	

** 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 2021

SL	Name of the Members	Position	Total Meetings held during the year	Total Meetings held during their period	Attended	Leave of Absence	Remarks
1	Akhter Matin Chaudhury FCA (E&W), FCA, FCS	Chairman	6	6	6	0	
2	Syed Kamruzzaman, FCMA	Member	6	6	6	0	
3	Muhammed Shah Alam, FCMA	Member	6	6	6	0	
4	Dr. Aparup Chowdhury	Member	6	6	5	1	

Past Members' Attendance Details

SL	Name of the Members	Position	Total Meetings held during the year	Total Meetings held during their period	Attended	Leave of Absence	Remarks
1	Syed Mohammed Nuruddin	Member	6	5	1	4	Total 5 meetings held during his tenure.

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

Members' Presence in the Risk Management Committee Meetings during 2021

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

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

Pattern of Shareholding of UCB

Fully paid up shares issued to	No. of Shares	Amount in Taka	% of Shares
Sponsors/Directors	442,942,654	4,429,426,540	34.64
Institution (Financial & Others)	273,841,715	2,738,417,150	21.42
General Public	551,243,772	5,512,437,720	43.13
Govt. of the Peoples Republic of BD	10,368,808	103,688,080	0.81
Total	1,278,396,949	12,783,969,490	100.00

A. Share held by parent/subsidiary/associated companies

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

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

SL	Name of Directors	Shares Held
i	Directors	Total
1	Rukhmila Zaman	25,571,208
2	Bazal Ahmed	25,619,905
3	Anisuzzaman Chowdhury	35,777,974
4	Akhter Matin Chaudhury, FCA (E&W). FCA, FCS (Independent Director)	0
5	M.A. Sabur	28,090,523
6	Hajee Yunus Ahmed	32,129,051
7	Hajee M.A. Kalam	29,390,767
8	Nurul Islam Chowdhury	25,573,103
9	Asifuzzaman Chowdhury	36,061,405
10	Roxana Zaman (Representative of Volkart Trading Limited)	25,589,025
11	Bashir Ahmed	25,713,046
12	Afroza Zaman (Representative of Legendary Assets Management Limited)	25,589,025
13	Syed Kamruzzaman, FCMA Representative of Aramit Thai Aluminium Limited)	26,208,739
14	Muhammed Shah Alam, FCMA (Representative of Ardent Assets Management Limited)	25,589,025
15	Prof. Dr. Md. Jonaid Shafiq (Representative of Splendid Trading Limited)	25,589,025
16	Kanak Kanti Sen, FCMA (Representative of Nahar Metals Limited)	25,568,408
17	Md. Akshed Ali Sarker (Representative of Aromatic Properties Limited)	25,578,000
18	Dr. Aparup Chowdhury (Independent Director)	0
19	Touhid Shipar Rafiquzzaman (Independent Director)	0
ii)	Arif Quadri Managing Director & CEO	0
iii)	A T M Tahmiduzzaman, FCS (DMD & Company Secretary)	0
iv)	Faruk Ahammad, FCA (SEVP & Chief Financial Officer)	0
v)	Mohammed Khorshed Alam (DMD & Head of Internal Control & Compliance)	0

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

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

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

No shareholder holds 10% or more voting interest in the company.

Rotation of Directors

As per Section 108 & 109 of the Article of Association of the Bank, 1/3 of the Directors are subject to retire in the ensuing Annual General Meeting and as per Section 110 of the Bank they are eligible for reelection/reappointment.

Resume of Reappointed and Newly appointed Directors

1	
Name of the Director	Rukhmila Zaman
Status in the Board	Director and Chairman
Date of Birth	06.05.1979
Date of First Appointment	13.04.2014
Date of last Appointment	05.08.2021
Entities where they have interest	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	
Name of the Director	M.A.Sabur
Status in the Board	Director
Date of Birth	02.01.1948
Date of First Appointment	29.06.1983
Date of last Appointment	05.08.2021
Entities where they have interest	1. Masco Industries Limited 2. Masco Cottons Limited 3. Mascotex Limited 4. Masco Printing & Embroidery Limited 5. Masco Picasso Limited 6. Tasniah Fabrics Limited 7. Shanta Expressions Limited 8. Masco Properties Limited 9. Concept Knitting Limited 10. Masco Shares & Securities Limited 11. Masminu Energy Limited 12. Masminu Footspree Limited 13. Masco Poultry Limited 14. Masco Services Limited 15. Masco Energy Limited 16. Masco Superknits Limited 17. Masco Bazar Limited 18. Masco Shakib Cricket Academy Limited 19. Masco Cotspin Limited 20. Maxim Limited 21. Masco Dairy Enterprise 22. Masco Trims Limited

3	
Name of the Director	Hajee Yunus Ahmed
Status in the Board	Director
Date of Birth	02.07.1945
Date of First Appointment	29.06.1983
Date of last Appointment	05.08.2021
Entities where they have interest	
1. Yunusco T&A (BD) Limited	9. YK Limited
2. Yunusco K. Textiles Limited	10. Best Eat (Pvt) Limited
3. Adapt ID Bangladesh Limited	11. Nine 2 Nine Intimates Limited
4. Yunusco Stone & Engineering Limited	12. Wonder Gas Limited
5. Yunusco Properties Limited	13. Consolidated Agencies Limited
6. Yunusco Limited	14. SSI Yunusco (BD) Limited
7. Ynunosco (BD) Limited	15. Centra Transportation Services Limited
8. Yunusco Global Sourcing Limited	16. Contrade Shipping Lines Limited
	17. Bangladesh Media Services Limited
4	
Name of the Director	Roxana Zaman
Status in the Board	Director
Date of Birth	20.02.1969
Date of First Appointment	12.04.2018
Date of last Appointment	05.08.2021
Entities where they have interest	1. Volkart Trading Limited
5	
Name of the Director	Afroza Zaman
Status in the Board	Director
Date of Birth	08.08.1976
Date of First Appointment	30.04.2018
Date of Last Appointment	05.08.2021
Entities where they have interest	1. Volkart Trading Limited
6	
Name of the Director	Md. Aksed Ali Sarker
Status in the Board	Director
Date of Birth	31.12.1963
Date of First Appointment	29.12.2021
Date of last Appointment	N/A
Entities where they have interest	Nil

Management Discussion and Analysis

Like 2020, the year 2021 was a challenging one not only for the Banking Industry but also for the whole globe due to the outbreak of pandemic COVID-19 which catastrophically impacted the macroeconomic performance of the country as well as its operations and financial position. There was virtually very less banking business or no business for a number of days in 2021 as the country-wide general holidays were declared by the government from time to time and extended further.

Besides, location-wise lock-downs took place in different cities and localities. Owing to COVID-19 impact, during the year under review, our Company achieved total operating income amounting BDT 24,819.74 million which was 21.14% higher than the previous year's total operating Income of BDT 20,488.21 million.

Operating profit amounting BDT 10,183.71 million in 2021 which was 48.51% higher than the previous year's operating profit of BDT 6,857.11 million. Net profit before tax for the year stood BDT 5,609.90 million which was 13.38% higher than the previous year's net profit before Tax of BDT 4,948.01 million.

Glimpse of UCB performance in 2021

Despite the manifold challenges, in the global as well as domestic economy, caused by the COVID Pandemic, we have been able to maintain positive growth in several business parameters. Glimpses of performances of UCB in 2021:

- It is continued to deliver growth across almost every aspect of the Bank's operations and registered 14.59% growth over the last year in the balance sheet size, which grew to BDT 565,314 million in 2021.
- Funds under management (FUM) of the bank had a moderate growth of 10.15%. Bank's total deposit reached BDT 389,901 million in 2021.

- Total loans and advances increased to BDT 402,482 million in 2021 from BDT 351,684 million in 2020 with 14.44% growth. In 2021 Industrial, Commercial, Export-Import Finance, Retail, Agriculture and Others loan exposure was BDT 234,011, 45,576, 27,594, 15,389, 4,766 and 75,146 million respectively.
- Export - Import business registered a moderate growth of 32.46% and reached to BDT 27,594 million in 2021 as business moved in line with the country's overall performance as the recovery of after COVID period.
- Bank's operating profit significantly increased to BDT 10,184 million from BDT 6,857 million of the previous year.
- Earnings Per Share (EPS) was BDT 2.49 in 2021;
- In 2021, our banking network further expanded through 215 Branches, 628 ATM/CRM Booths, along with 172 agent outlets.

Message from the Chairman in page no. 36, Managing Director & CEO's Round Up in page no. 38, Preparation of Financial Statement in page no. 56, Maintaining of Proper Books and Accounts in page no. 56, Appropriate Accounting Policies in page no. 56, Follow up of IAS & IFRS in Preparation of Financial Statements in page no. 56, World Economy in page no. 41, Bangladesh Economy in page no. 44, Banking Industry Outlook in

page no. 47, Risk and Concerns in Banking Industry in page no. 55, state the Company's affairs and highlight important events that occurred during the year. The Financial Statements on pages 183 to 202 elaborates on the financial results of the Company. These reports are integral parts of the Directors' Report.

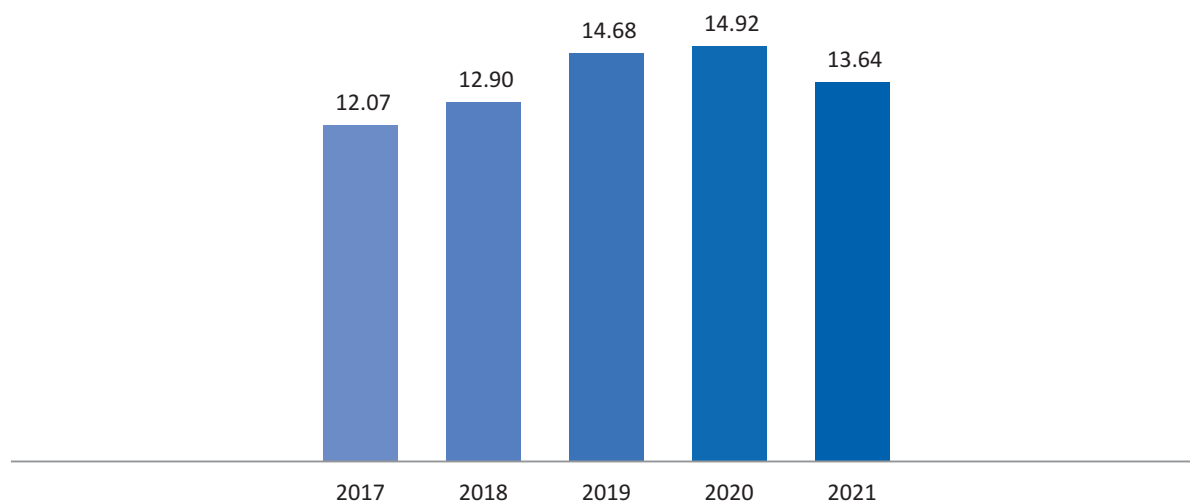
Risk Based Capital Framework

Risk Based Capital Adequacy Framework (Revised Regulatory Capital Framework for banks in line with Basel III) has been implemented in Bangladesh from the 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:

Particulars	(BDT in Million)	
	2021	2020
Tier I Capital	34,365	28,849
Tier II Capital	18,396	21,383
Total Regulatory Capital	52,761	50,232
Risk Weighted Assets	386,744	336,720
Capital to Risk Weighted Asset Ratio (CRAR) (%)	13.64	14.92

Capital to Risk Weighted Asset Ratio (CRAR) (In Percent)



UCB has strong Common Equity (Tier-1 Capital) base of BDT 34,365 million which was 7.85 percent of risk weighted assets as on December 31, 2021. Bank's Tier-2 Capital was BDT 18,396 million at the end of 2021, which was 4.76 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 2021. Thus Bank's minimum plus buffer requirement was 12.50 percent in 2021 which was deliberately maintained by the Bank.

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. Though raising fund from external sources is a short term and costlier solution, the bank is emphasizing more on risk assets management and capital generation from internal sources like increasing reserve by generating profit. For risk assets management, the bank is emphasizing on completion of credit rating of all unrated corporate and medium customers by external credit rating agencies and also emphasizing on restructuring of asset portfolio to low risk based assets.

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.

Future Outlook

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

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

Contribution to the National exchequer and the economy

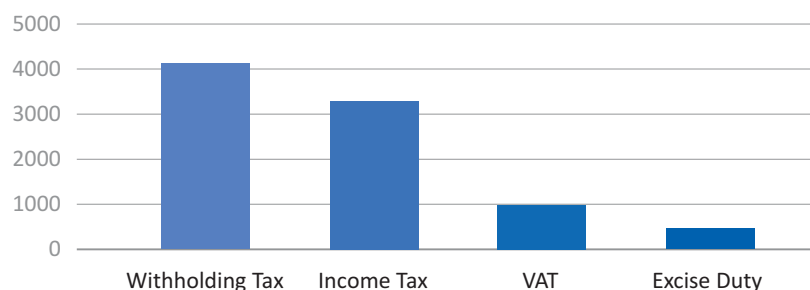
United Commercial Bank Limited always upholds its responsibilities to the development of the society and the country as a whole. We aspire to be known as a bank that builds enduring relationship with and delivers value for our clients, shareholders, employees and the community where we work. At the end of year 2021, the bank has provided (provision for tax expense) an amount of BDT 2,432.73 million as tax expense as against BDT 2,090.82 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 2021 the size of total credit exposure of UCB with 93,727 no. of clients was BDT 402,481.73 million (2020: 89,849 no. of clients, BDT 351,683.56 million). Providing such facility does not only mean to the financial support but also creates huge opportunity of employment in the society.
- Direct economic impact by creating employment and a well-trained workforce. UCB employed as many as 5,060 employees as on 31 December 2021 (2020: 4,900). Significant amount of bank's earnings and expended for salary and employee benefits. During the year 2021, UCB paid total BDT 7,166.52 million for salary and employee benefits (2020: BDT 6,354.17 million). 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 2021 the bank expended around BDT 341.60 million for donation and sponsorship.

During the year 2021 United Commercial Bank Limited deposited BDT 8,854 million to the Government Exchequer out of which BDT 3,286 million as income tax, BDT 4,122 million of withholding tax, BDT 983 million of VAT and BDT 463 million of Excise Duty. According to the law of the country, bank pay tax and collects withholding tax and VAT and deposit the same to the Government Exchequer in due time.

against our responsibilities in the short, medium and long term. A separate report on Corporate Social Responsibility has been attached with the Annual Report at page no. 177.

Contribution to the National Exchequer (Amount in Million)



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.

Corporate social responsibility

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

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.

Declaration on compliance of corporate governance

Regulation No. 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/CMRCD/2006-158/134/Admin/80 dated 3 June, 2018) on corporate governance. Moreover, as per requirement of Bangladesh Securities & Exchange Commission, a certificate from a professional Chartered Accountants has been obtained and attached with the Annual Report at Page No. 108.

Declaration or Certification by the CEO and CFO

The Declaration or Certification of Managing Director & CEO and CFO has been presented at the end of the Report on Corporate Governance at Page No. 109 of this Annual Report.

Compliance of the conditions of BSEC's notification

In exercise of the power conferred by section 2CC of the Bangladesh Securities and Exchange Ordinance, 1969 (XVII of 1969), Bangladesh Securities and Exchange Commission (BSEC) issued notification no. SEC/CMRRCD/2006-158/134/Admin/80 dated 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 BSEC's has been presented at the end of Corporate Governance Report at Page No. 90 of this Annual Report.

Certificate on compliance of corporate governance code

The certificate issued by Itrat Husain & Associates, Chartered Secretaries in Practice, has been presented at the end of Corporate Governance Report at Page No. 108 of this Annual Report.

Credit Rating Status

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, 2021. The rating report is summarized as under;

Particulars	Long Term	Short Term
Entity Rating	AA	ST-2
Date of Rating	May 07, 2022	
Based on Financial Statement	December 31, 2021	
Validity Date	May 06, 2023	

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 FY2018 to FY2021 and other available information up to the date of rating declaration. The outlook on the rating is Stable. The ratings are consistent with ECRL's methodology for this type of company. ECRL considered financial performance, capital base, asset quality, liquidity position, management experience and prospect of the industry while assigning the rating.

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

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

Top Management

The Bank is led by Mr. Arif Quadri. He is prominent and professional Banker with years of rewarding multidimensional experience in banking and other fields of Management. He is the Managing Director & CEO of United Commercial Bank Limited (UCB). Before that, he was serving the Bank as Additional Managing Director. Prior to joining in UCB, he was the Deputy Managing Director & Chief Operating Officer of Premier Bank Limited.

Mr. Quadri started his banking career with the then Arab Bangladesh Bank Limited as Probationary Officer in July 1984 after completing his graduation and worked there in different leadership roles till February 2003 while he was holding the rank & status of Senior Vice President.

His major professional area comprises of Head of Human Resources Management Division in AB Bank Limited, Al Baraka Bank Limited, ONE Bank Limited and Meghna Bank Limited. During his long banking career with five different banks, Mr. Quadri played supervisory roles as CAMLCO, Chief Risk Officer, Head of Internal Control & Compliance Division, Head of Branch etc. He served as a director on the board of IIDFC (Non-Banking Financial Institution) in Bangladesh. He held the charges of the Office of the Managing Director on several instances in ONE Bank Limited. He was also the

Secretary General of Association of Bankers, Bangladesh Limited (ABB). Along with the role of Managing Director of UCB, Mr. Arif Quadri is also contributing as Chairman of UCB Stock Brokerage Limited. He attended different training programs and seminar at home and abroad.

Mr. Arif Quadri has excellent academic track record. He completed his graduation and post-graduation in Economics from Jahangirnagar University.

Managing Director & CEO	With UCB since dated
Arif Quadri	13 October 2015
Additional Managing Directors	
Syed Faridul Islam	15 May 2019
Nabil Mustafizur Rahman	22 March 2018
Abul Alam Ferdous	27 May 1984
Deputy Managing Directors	
N. Mustafa Tarek	05 January 2012
Md. Abdullah Al Mamoon	01 March 2017
Mohammed Habibur Rahman	15 May 2019
Md. Shah Alam Bhuiyan	12 December 2017
Mohammed Khorshed Alam	05 August 2008
ATM Tahmiduzzaman, FCS	07 March 2010

Appropriation of profit and Dividend Recommendation

Taking into account the profit available for distribution after complying with regulatory requirement, the Board in its 469th meeting held on 30.03.2022 recommended 10 percent stock dividend for the year ended on December 31, 2021 which is subject to approval of shareholders in the next Annual General Meeting scheduled to be held on June 9, 2022.

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.

Proposed appropriations are as follows

Particulars	(In million BDT)	
	2021	2020
Retained earnings at the beginning	5,191.76	4,512.28
Net profit after tax for the year	3,177.17	2,857.20
Transferred to statutory reserve	1,121.98	989.60
Start-Up Fund	31.77	28.57
Proposed stock dividend	608.76	579.77
Proposed cash dividend	608.76	579.77
Deferred Tax Asset	4,351.64	3,003.65
Retained earnings (Distributable)	1,646.02	2,188.11

Disclosure on Recommendation of Stock Dividend

Stock Dividend has been recommended to strengthen the capital base of the Bank to comply the regulatory requirements and to support the business growth. Stock Dividend is declared out of accumulated profit, and Stock Dividend is not declared from capital reserve or revaluation reserve or any unrealized gain or out of profit earned prior to incorporation of the Company or through reducing paid-up capital or through doing anything so that the post-dividend retained earnings become negative or a debit balance.

Auditors Report

The Board of Directors reviewed the Auditors Report issued by the Bank's auditor MABS & J Partners, Chartered Accountants based on their audit of financial statements for the year ended 31 December 2021. The auditor didn't mention about any material misstatement or significant disagreement regarding

Appointment of Auditors

The existing auditors, MABS & J Partners Chartered Accountants, have completed their third consecutive year as auditors of the Bank. According to the Guidelines of the Regulatory Authorities, one auditor cannot be appointed for more than three consecutive years. Therefore, we are required to change the existing auditors of the Bank for the financial year 2022 as they are not eligible for re-appointment for the year 2022. Hence we have collected expression of willingness to work as auditors of the Bank for the year 2022 from different audit firms. The appointment of the auditor and their remuneration will be confirmed by the shareholders' at the Annual General Meeting (AGM).

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 2021 up to the date of

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

At 469th Meeting of the Board of Directors held on 30.03.2022 recommended Stock dividend 10 percent for the year 2021 subject to approval of the shareholders in the ensuing Annual General Meeting of the Bank to be held on June 9, 2022.

Acknowledgement

The Bank closed the year 2021 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 Company on whom we depend for our success. On behalf of the Board, I also like to thank Bangladesh Bank, Bangladesh Securities and Exchange Commission, Dhaka Stock Exchange Limited and Chittagang Stock Exchange Limited, Central Depository Bangladesh Limited, borrowers, depositors and other stakeholders who were the partners in growth of your bank. We also look forward to their continuous support.

Last but not the least, I wish to thank our shareholders for their continued support and trust placed on us and UCB aspires to do better in future and with this expectation we are pleased to place the annual report, the audited financial statements for the year ended 31 December 2021 together with the auditor's report thereon for approval.

(On behalf of the Board of Directors)



Rukhmila Zaman

Chairman