



**DIRECTORS'  
REPORT**

# DIRECTORS' REPORT



The Board of Directors is pleased to welcome all the shareholders to the Annual General Meeting (AGM) of the Bank and present the performance update of the bank's business and operations and other key strategic indicators that together form an integral part of this Integrated Annual Report 2022, along with the audited financial statements of the bank for the year ended 31 December 2022. As a bank committed to information disclosure and transparency, the Directors' Report will enable you to get an insight into the global macroeconomic overview as well as performance and trends of Bangladesh's economy that comprised our broader operating landscape. The Report also articulates the forward outlook and offers a detailed analysis of the bank's financial position as well as performance and competitive context for the year 2022, in compliance with the applicable regulatory framework.



## Global Economic outlook

We may only be part-way through 2023, but the phrase that has overwhelmingly dominated conversations – from boardrooms to political chambers and Main Streets – has been the cost-of-living crisis. In recent years, the world has faced waves of challenges, from the pandemic to the conflict with Ukraine, to the unfolding bank liquidity challenges amidst skittish depositors. The impact of such a lengthy period of uncertainty is being felt by everyone and that's reflected in this Economic Outlook. How we get back to sustainable, long term growth is the big question facing boardrooms and political chambers around the world right now. Some of the biggest inflationary fears – widely predicted late last year – have been mitigated by more direct, pro-active political action geared especially towards getting rising energy prices down. There are also signs that other commodities and food prices are finally starting to ease – helping consumers and business owners who've been facing a significant financial squeeze.

The actions taken over the coming months are likely to play a significant role in the pace and nature of the world's economic recovery.

The baseline forecast is for growth to fall from 3.4 percent in 2022 to 2.8 percent in 2023, before settling

at 3.0 percent in 2024. Advanced economies are expected to see an especially pronounced growth slowdown, from 2.7 percent in 2022 to 1.3 percent in 2023. In a plausible alternative scenario with further financial sector stress, global growth declines to about 2.5 percent in 2023 with advanced economy growth falling below 1 percent.

Projected global economic growth	2022	3.4 percent
	2023	2.8 percent
	2024	3.0 percent

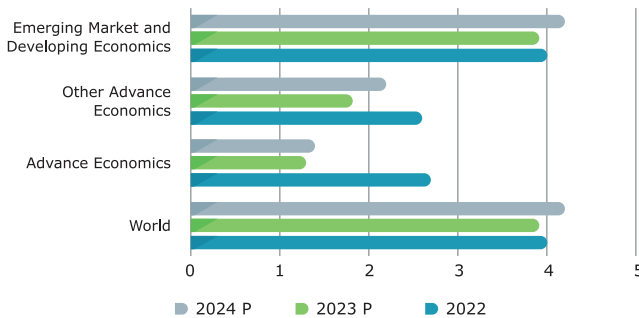
[World Economic Outlook, April 2023: A Rocky Recovery]



## Overview of the World Economic Outlook Projections

Particulars	2022	2023 (Projection)	2024 (Projection)
World	3.4	2.8	3.0
Advance Economies	2.7	1.3	1.4
Other Advanced Economies	2.6	1.8	2.2
USA	2.1	1.6	1.1
Euro Area	3.5	0.8	1.4
Emerging Market and Developing Economies	4.0	3.9	4.2
China	3.0	5.2	4.5
India	6.8	5.9	6.3
Emerging and Developing Europe	0.8	1.2	2.5
Russia	-2.1	0.7	1.3

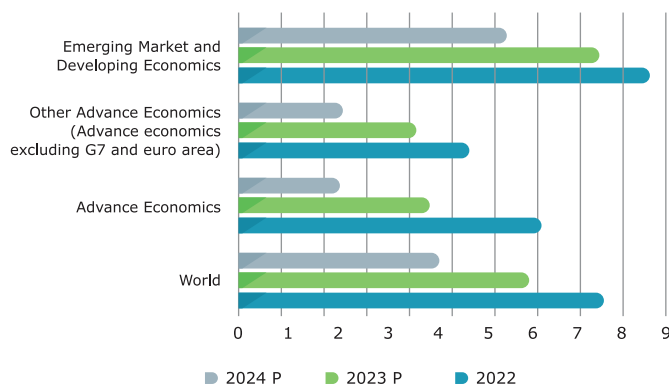
### Overview of the World Economic Outlook Projections (Percent change, unless noted otherwise)



Digging deeper into the numbers isn't an exact science, but it can offer a good indication of what may lie ahead and should help to equip business leaders with a greater understanding of what lies behind today's complex marketplaces, enabling them to develop more robust strategies focused on the ultimate goal of a return to sustainable, global growth.

### Inflation, Still High but Falling:

#### Inflation, average consumer prices (Percent change, unless noted otherwise)



### A brief overview of Bangladesh Economy

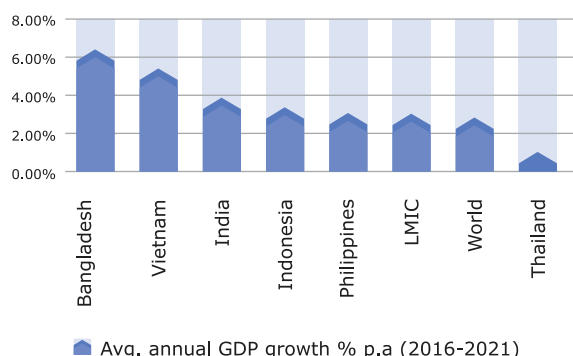
The Bangladesh economy has displayed strong performance over the recent years, and is on course to emerge as a USD 1Tn economy in coming decades. With an average annual GDP growth of 6.4% between 2016-2021, Bangladesh has outpaced major Asian peers such as India, Indonesia, Vietnam, Philippines, and Thailand. A key driver is the domestic consumer market—which is set to become the ninth-largest consumer market in the world through a rapidly expanding middle-and-affluent class which is projected to grow from 19Mn in 2020 to 34Mn by 2025. It is bolstered by a young workforce of 114Mn people, a burgeoning gig economy with 650k freelancers—the second-largest online workforce globally—and a rising digital adoption rate with 177Mn mobile subscribers. Though the economy faces some near-term volatility, we are confident that this highly resilient economy will continue to demonstrate robust growth in the long-term.

Bangladesh's Emerging Champions are innovative companies that have grown rapidly, created structural advantage in the domestic market, and are ready to pursue global ambitions. The listed Champions have delivered average shareholder returns of 16% and demonstrates traits of sustainable future growth. The success of these Champions echoes the path of exemplar enterprises in other countries—doubling down on domain expertise, domestic success, and quality talent. These Champions aim to raise international capital, form global alliances, and penetrate a diverse and shifting global

supply chain to ensure supply security. They are also boosting innovation and productivity and leveraging the growing digital landscape with well-structured strategic programs. We believe these Champions can be powerful contributors to realizing Bangladesh's trillion-dollar ambition.

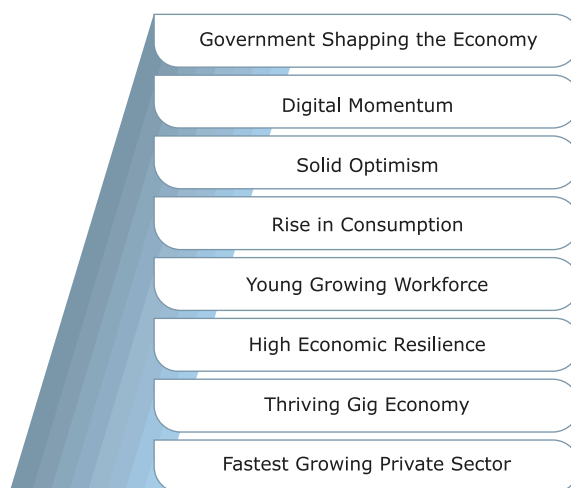
Business in Bangladesh is robust with an energy and optimism that puts this nation at the forefront of global growth and becomes the Asian Tiger. The country's growth rate was two times that of fellow Lower-Middle-Income Countries (LMIC) nations, and significantly higher than the global average of 2.9%. Bangladesh's remarkable growth saw the nation progress from Low-Income to LMIC status in 2015 as classified by the World Bank. Despite graduating five years later to LMIC status versus India, the GDP per capita is already higher than its regional peer, and Bangladesh aims to become an Upper-Middle-Income Country by 2031. This rapid growth puts Bangladesh in touch of a trillion dollars by 2040 at an average growth rate of ~5% and earlier if the growth rate continues at the current rate.

**Avg. annual GDP growth % p.a (2016-2021)**



Bangladesh is on the move, but to reach its full potential, these Emerging Champions will need to lean in. We need to set bold aspirations, raise capital, form global alliances, invest in digital and talent, and build resilient organizations. Our growth story is underpinned by some fundamental drivers – consumer

optimism, a willingness to innovate into emerging economic sectors, the continued rise in middle and affluent consumers, an ambitious young workforce, and economic resilience.



### Developments in the Bangladesh Economy

Although the economy of Bangladesh returned to the recovery phase aided by appropriate policies and ongoing 28 stimulus packages, this recovery has faced new headwinds following the surge in global commodity prices in the context of the war in Ukraine.

- **Growth Performance:** The government has provisionally estimated 7.25 percent real GDP growth rate for FY22, which was 6.94 percent in FY21.



Government has provisionally estimated

**7.25%**

GDP growth rate for **FY22**

- Agriculture contributed 11.50 percent of GDP in FY22, with slower growth from 3.17 percent in FY21 to 2.20 percent in FY22. The growth of animal farming; and forest and related services sub-sectors increased slightly compared to the previous year.
- The industrial sector contributed 37.07 percent of GDP in FY22 and grew by 10.44 percent, higher than 10.29 percent growth in FY21. This growth was mainly supported by the growths of manufacturing; water supply, sewerage, waste management and remediation activities; and construction sub-sectors.
- Services sector accounts for the largest share of GDP. This sector contributed 51.44 percent of GDP in FY22, slight lower than 51.92 percent in FY21. Services sector grew by 6.31 percent in



FY22, higher than 5.73 percent growth in FY21. The components of services sector- such as, wholesale and retail trade, and repair of motor vehicles and motorcycles; transportation and storage; accommodation and food service activities; financial and insurance activities; real estate activities; education; arts, entertainment and recreation; and other service activities exhibited higher growths in FY22 than those of the previous year.

- On the demand side of GDP, private consumption grew by 13.18 percent due to opening of the economy from restrictions imposed over the last couple of years for containing the spread of the COVID-19 pandemic. Furthermore, public consumption increased by 5.79 percent during the same period. As a result, total consumption spending grew by 12.57 percent, which contributed 9.10 as a percentage of GDP also declined to 21.56 percent from 25.34 percent during the same period. At current market prices, investment increased by 15.06 percent, while gross domestic savings decreased by 4.15 percent, resulting in the increase in domestic savings-investment gap as a percentage of GDP to -10.12 percent in FY22 from -5.68 percent in FY21.
- **Money and Credit Developments:** The monetary policy stance for FY22 was necessarily expansionary and accommodative like that of FY21.
  - The monetary and credit programs for FY22 were intended ensuring necessary liquidity in the local and foreign currency markets, continuing the economic recovery momentum, stabilizing the interest rate and exchange rate movement, and containing inflation in line with achieving the targets of a 7.20 percent real GDP growth and a 5.30 percent general inflation as announced in the national budget for FY22.
  - Some policy measures taken by BB were—allowing low cash reserve and high loan distribution ratio, keeping a low level of various policy interest rates, purchasing government securities from banks’ holdings, continuing different low-cost refinance lines and moratorium facilities, extending the time for realizing the export receipts and import payments, and offering credit guarantee facilities for cottage, micro, small and medium enterprises (CMSMEs).
  - BB’s timely intervention assured a comfortable liquidity position in the money market during FY22, sufficiently meeting the private and public demand. BB mopped up some of banks’ excess reserve by issuing BB bills during August-November of FY22.
  - In addition, BB increased the repo rate twice by 25 basis points to 5.00 percent from 4.75 percent in May 2022 and again by 50 basis points to 5.50 percent in June 2022.
  - BB also injected required cash through repo and liquidity support facilities during February-June

of FY22, considering the market demand for money.

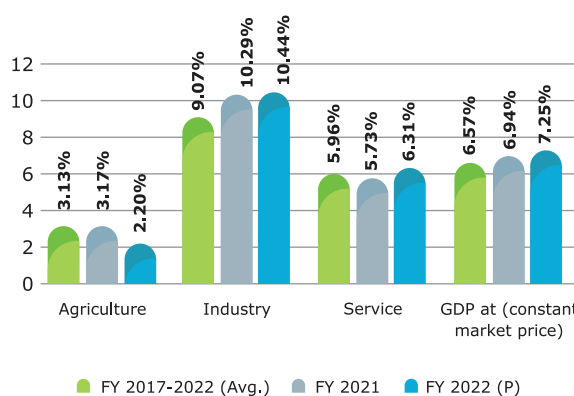
- On the other hand, BB intervened in the local foreign exchange market by selling a substantial amount of foreign currency to support exchange rate stability and maintain the external competitiveness of Bangladesh Taka (BDT) in FY22.
- Domestic credit grew by 16.10 percent, slightly lower than the targeted growth of 17.8 percent for FY22 but much higher than the actual growth of 10.11 percent in FY21, mainly due to the substantial increase of credit flows to both the public and private sectors from the banking system.
- Private sector credit grew by 13.66 percent in FY22, slightly lower than the targeted growth of 14.8 percent for FY22 but much higher than actual growth of 8.35 percent in FY21.
- At the end of FY22, the weighted average interest rate on bank advances decreased to 7.09 percent in June 2022 from 7.33 percent in FY21. The weighted average interest rate on bank deposits decreased to 3.97 percent in June 2022 from 4.13 percent at the end of FY21. As the decrease in interest rate on advances was higher than the decrease in interest rate on deposits, the interest rate spread dropped slightly to 3.12 percent in June 2022 from 3.20 percent in June 2021.



## Macroeconomic Trend

### GDP Growth

**Sectoral GDP growth in Bangladesh**  
(Percent change, unless noted otherwise)

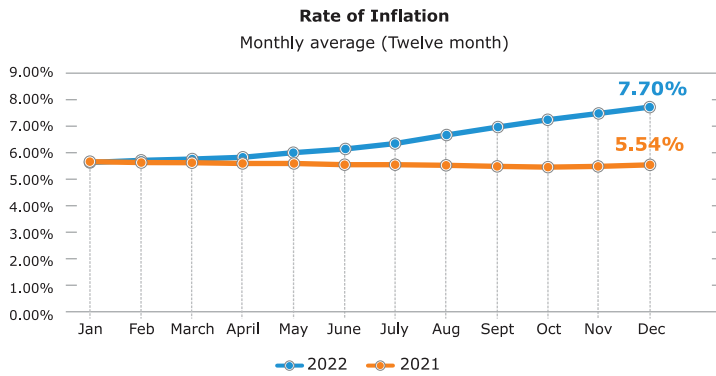


**Inflation:** The increase in inflation in Bangladesh can be attributed to various factors such as supply chain disruptions due to the COVID-19 pandemic, higher commodity prices, and an increase in demand for goods and services. The government of Bangladesh has taken various measures to mitigate the impact of

inflation, including increasing the supply of essential commodities and introducing targeted subsidy programs.

**Import Payments of Goods:** The total merchandise Import Payments of Bangladesh (including imports of EPZ) during the years 2021-2022 and 2020-2021 amounted to Taka 6,82,394.4 crore (or US\$ 78,949.7 million) and Taka 4,61,360.2 crore (or US\$ 54402.6 million) respectively, reflecting a 45.12% increase in dollar terms.

**Import Payments of Services:** The total Import Payments of Services during the years 2021-2022 and 2020-2021 amounted to taka 89,941.0 crore (or \$ 10,387.2 Million) and taka 63,941.8 crore (or \$ 7,539.8 Million) respectively, reflecting a 37.76 % increase in dollar terms.

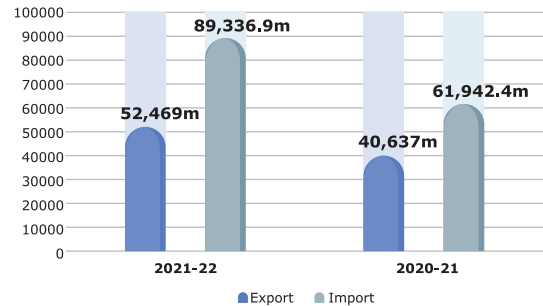


## Foreign Exchange Reserve 2022

USD in Million

April	May	Jun	Jul	Aug
44,018	42,202	41,827	39,600	39,066
Sep	Oct	Nov	Dec	
36,476	35,809	33,790	33,748	

## The overall position of Export proceeds & Import payments (USD in Million)



## Foreign Exchange Reserve

Gross international foreign exchange reserves stood at USD 33,747 million at the end of December 2022. Foreign exchange reserve decreased by USD 12,406 million at the end of 2022 compare the same of 2021.

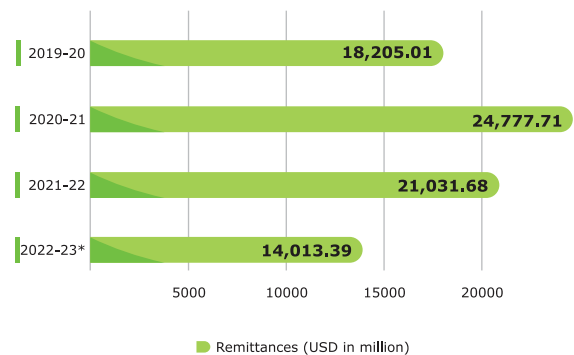
## Export & Import

Total export receipts of goods of Bangladesh (including exports of EPZ) during the financial years 2021-2022, 2020-2021 and 2019-2020 amounted to Tk. 37,6976.2 crore, Tk. 2,88,080.1 crore and Tk. 2,54,005.0 crore or \$ 43,603 million, \$ 33,969 million and \$ 29,965 million respectively.

Total export receipts of services of Bangladesh during the financial years 2021-2022, 2020-2021 and 2019-2020 amounted to Tk. 76,672.0 crore, Tk. 56,547.8 crore and Tk. 51,560.2 crore or \$ 8,866 million, \$ 6,668 million and \$ 6081 million respectively.

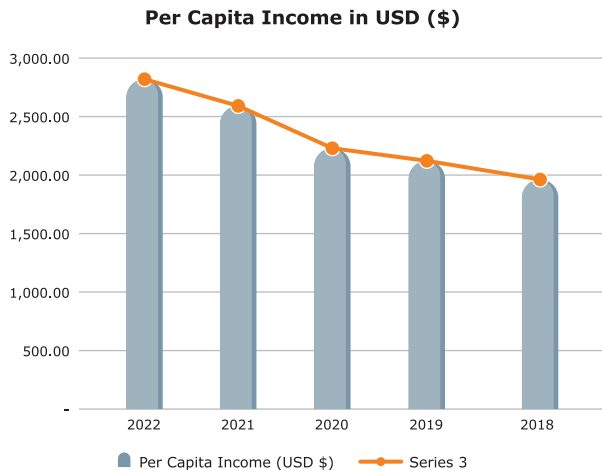
Export Receipts of Goods 2021-2022	Export Receipts of services 2021-2022
\$ <b>43,603</b> million	\$ <b>8,866</b> million
Import Payments of Goods 2021-2022	Import Payments of services 2021-2022
\$ <b>78,949.7</b> million	\$ <b>10,387.2</b> million

## Remittances (USD in million)



\*2022-23 (Provisional data)

**Per Capita Income:** The per capita income went up to \$2,824 or Tk241,470 in FY2021-22 which was \$2,591 in the last FY 2020-21.



### Banking Industry Outlook

The year 2022 also witnessed a complex situation owing to the war in Ukraine, zero-covid policy in China, energy shortage in Europe, protectionism in the United States and skyrocketing debt burden in developing countries. Bangladesh is no exception, facing inflationary, liquidity and exchange rate pressures during the last few months, mainly due to external shocks. The high NPL ratio and the issue of good governance in banks and NBFIs are also matter of concern for the financial stability of the economy.

The banking industry also faced a range of challenges in 2022. The ongoing COVID-19 pandemic and its economic

impact are expected to continue to affect the industry, with continued pressure on bank profitability and asset quality. The pace and extent of global economic recovery, as well as the effectiveness of government stimulus measures and central bank policies, will be important factors that could impact the banking industry's outlook.

The implementation of new regulatory requirements, such as Basel III capital requirements and IFRS 9 accounting standards, could also affect bank operations and profitability. Additionally, banks will continue to face competition from fintech and other non-traditional financial institutions that are disrupting the industry with innovative products and services.

Despite these challenges, there are also opportunities for the banking industry in 2022. The global economic recovery could lead to increased demand for credit and other banking services, and the adoption of new technologies could help banks improve efficiency and reduce costs. Additionally, banks that are able to adapt to changing customer needs and preferences, as well as regulatory and technological changes, are likely to be better positioned for success in the future.

To overcome these challenges, Bangladesh Bank has already taken a series of policy initiatives which include

<p><b>Policy Initiatives by Central Bank</b></p> <ul style="list-style-type: none"> <li>▪ Raising the policy interest rate amid quantitative tightening through the selling of a huge amount of dollars in the market.</li> <li>▪ Continuing the repo Liquidity support facilities for banks and NBFIs.</li> </ul>	<p><b>Policy Initiatives by Central Bank</b></p> <ul style="list-style-type: none"> <li>▪ Extending the refinancing facilities to neutralize the tight liquidity condition.</li> <li>▪ Engaging with concerned commercial banks and NBFIs to deal with NPLs and good governance issues.</li> </ul>	<p><b>Policy Initiatives by Central Bank</b></p> <ul style="list-style-type: none"> <li>▪ Discouraging imports of luxury and non-essential commodities</li> <li>▪ Enhancing the facilities to improve the export receipts and inward remittance.</li> </ul>
--	--	---

In terms of opportunities, Bangladesh has a large and growing population with increasing demand for financial services. The adoption of new technologies, such as mobile banking and digital payments, could help banks in Bangladesh reach new customers and improve efficiency. Additionally, the government has set ambitious targets for economic growth and infrastructure development, which could lead to increased demand for credit and other banking services.

### Regulation of Banking Industry

Bangladesh Bank order 1972 and the company act 1991 and subsequent amendment of 2013 mainly guide the

Banks of Bangladesh. Bangladesh Bank (BB), the Central Bank, exerts the supervisory controls over the banking sector. Besides, prudential guidelines for agent banking operation, loan classification and provisioning, amendment of guidelines on credit card operations of banks, foreign direct investment promotion project (FDIPP), promotion of cashless transaction and issuance of agricultural and rural credit policy and program for the FY 2021-22 were the key steps of Central Bank to strengthen sustainable development of the banking industry.

## Monetary Aggregates

(y-o-y growth %)

Item	Actual		Program	
	Jun-21	Jun-22	Actual (P) Dec-22	Dec-22
Net Foreign Assets	27.7	-11.9	-22.6	10.0
Net Domestic Assets	9.2	17.2	18.5	16.6
a. Domestic Credit	10.4	16.2	15.1	16.9
b. Credit to the public sector	21.7	29.1	26.6	33.3
c. Credit to the Private Sector	8.3	13.7	12.8	13.6
Broad Money	13.6	9.4	8.4	10.0
Reserve Money	22.4	-0.3	17.4	9.0
Money multiplier	4.49	4.93	4.63	5.06
NCG	42,040	62,540	32,249	1,06,334

Source: Bangladesh Bank, NCG: (Net Credit to the Government from the banking system), P: Provisional, \*Calculated using the constant exchange rates of end June 2022, #Target set for FY 2023.

### Recent Policy Interventions

The ongoing Russia-Ukraine crisis, along with the adverse impact of the Covid-19 pandemic, is continued to have worldwide spillover effects on commodity and financial market prices, trade flows, and exchange rates. Global supply chain disruptions and most advanced economies' particularly the US Fed's aggressive Hawkish policy stances, create huge global uncertainties. The overrun effects of all these on a country like Bangladesh are huge, creating multidimensional challenges, i.e., mounting inflationary and exchange rate pressures due to high imports prices and subsequent balance of payments adversities. The market situation warrants a significant depreciation of BDT along with continuous sales of forex to the domestic market, putting added pressure on the forex reserve position. Keeping all these in mind, BB has taken multipronged initiatives to navigate the situation by containing growing demand and improving supply conditions with appropriate policy interventions.

To overcome these challenges, BB has taken a series of policy initiatives, including edging up the policy interest rate to mitigate the demand-side pressure; continuing the repo and liquidity support facilities for banks and NBFIs to normalize the extensive liquidity stress; extending the refinance facilities to enhance the domestic production along with import substitute goods; imposing restriction on imports of luxury and non-essential commodities; enhancing the facilities to improve the exports receipts and inward remittances, and signing the memorandum of understanding (MoU) with concerned commercial banks to deal with NPLs and good governance in Banks and NBFIs. In this circumstance, there is a need for calibrated monetary policy measures addressing both the demand-side and supply-side factors to ensure the price (both inflation and exchange rate) and financial sector stability without compromising the desired objectives of economic growth and employment generation.

Climate change remains a major concern in Bangladesh. BB will continue to support sustainable finance to encourage innovations in green manufacturing toward a sustainable green economy

and clean growth in line with its much acclaimed Sustainable Finance Policy. Given that BB has recently introduced a Tk. 5,000 crore refinance fund titled "Green Transformation Fund" focused on facilitating exports and productive industrial sector to ensure a climate-friendly environment, green economy, and sustainable growth in Bangladesh.

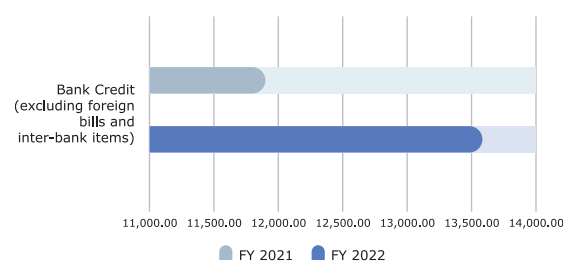
Some of the recent policy measures addressing the key macroeconomic issues are highlighted below.

- Exchange rate Stability
- Inflation Control
- Financial Sector Stability
- Financial Inclusion and Cashless Society
- Strengthening Capital Market

### Bank Credit

The bank credit rose because of economic recovery, trade financing stemming from higher import prices and lower lending rate. Advances edged up by BDT 1584.50 billion or 13.58 percent to BDT 13249.42 billion in FY22 against the rise of BDT 888.08 billion or 8.24 percent to BDT 11664.92 billion in FY21.

#### Bank Credit excluding foreign bills and inter-bank items



\*Figures in BDT (Billion)





## Bank Deposit

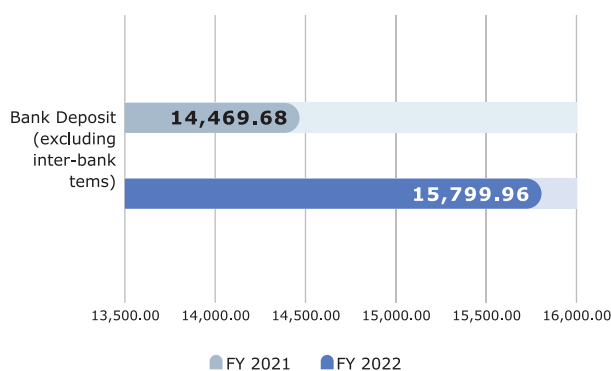
Bank deposits (excluding inter-bank items) increased by BDT 1,330.28 billion or 9.19 percent to BDT 15,799.96 billion during FY22 against the increase of BDT 1,778.69 billion or 14.02 percent to BDT 14,469.68 billion in FY21.

The total bank deposits increased due to rise in per capita income and inflows of remittances. Demand deposits increased by BDT 231.34 billion or 13.96 percent to BDT 1,888.59 billion in FY22 against the increase of BDT 301.97 billion or 22.28 percent to BDT 1,657.25 billion in FY21.

Time deposits increased by BDT 971.51 billion or 8.20 percent to BDT 12,822.18 billion in FY22 against the increase of BDT 1,395.96 billion or 13.35 percent to BDT 11,850.67 billion in FY21.

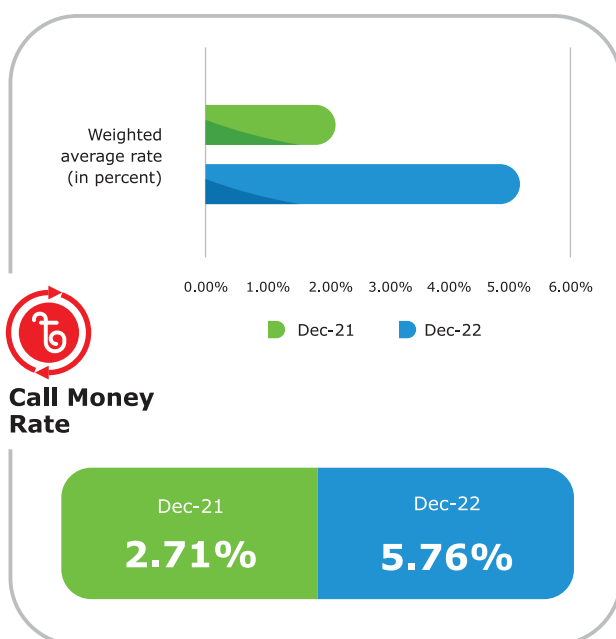
Government deposits increased by BDT 127.42 billion or 13.25 percent to BDT 1,089.19 billion in FY22 against the increase of BDT 80.78 billion or 9.17 percent to BDT 961.77 billion in FY21.

### Bank Deposit (excluding inter-bank items)



\*Figures in BDT (Billion)

### Weighted average call money rate



### Call Money Rate

## Near term Macroeconomic challenges

The economy of Bangladesh has been facing many challenges both from the global and domestic front since 2020, starting with the devastating Covid-19 pandemic followed by the Russia-Ukraine crisis creating intense inflationary and exchange rate pressures. Despite all these challenges, the economy of Bangladesh performs reasonably well due to time-befitting, appropriate, and supportive monetary and fiscal policies.

The near-term economic outlook seems quite favorable, but it critically depends on three external issues:

- (i) the length and intensity of the Russia-Ukraine war,
- (ii) the spree of interest hikes by the Fed, and
- (iii) (re-emergence of the Covid-19 situation and its severity in China.

Improvements in these challenges will expedite Bangladesh's future economic gains. However, in case of any adverse consequences of the above external issues, the Bangladesh economy has enough resilience to remain insulated in its current condition.



**UCB PLC: Celebrating 40 glorious year of contributing to Bangladesh's progress, welfare and development.**

Sponsored by some dynamic and reputed entrepreneurs and eminent industrialists of Bangladesh and also participated by Bangladesh Government, UCB started its operation in mid-1983 with an initial paid up capital of BDT 35.50 million with the objective of excellence in customer service with pleasure and happiness and has since been able to establish one of the largest network of 224 branches as on 31 December 2022 among the first generation banks in the private sector. With its firm commitment to the economic development of the country, the Bank has already made a distinct mark in the realm of Private Sector Banking through personalized service, innovative practices, dynamic approach and efficient

Management. The Bank, aiming to play a leading role in the economic activities of the country, is firmly engaged in the development of trade, commerce and industry through a creative credit policy.

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. During the year 2022 the bank set record indeed in terms of advance, deposit and expansion of business through its continuous diversification.

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.



Branch  
**224**



Sub-Branch  
**141**



ATMs/CRMs  
**663**



Agent Outlet  
**314**



Islamic Banking Branch  
**10**



OBU Unit  
**01**

## 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 & Foreign Trade Activities

UCB PLC facilitates its valued clients in their local & foreign trade activities i.e. import and export business. These import and export is one of the highest revenue-generating segment of UCB PLC.

### Remittance Activities

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

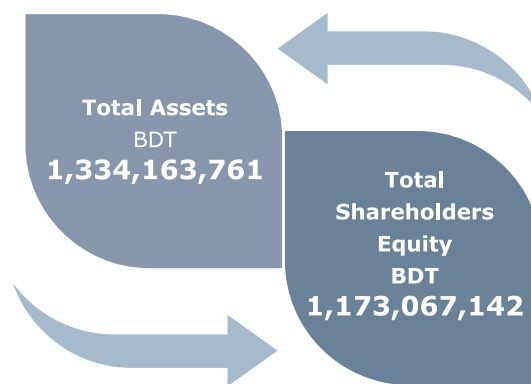
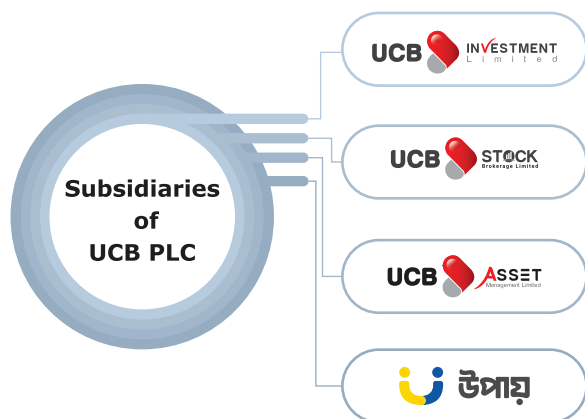
### Guarantee Activities

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.



**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.



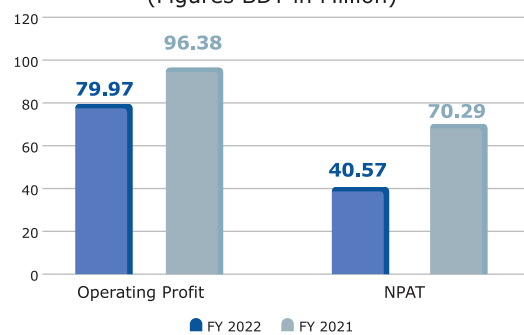
### UCB Investment Limited

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: C94654/11 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.

### Operating Profit (Figures BDT in Million)

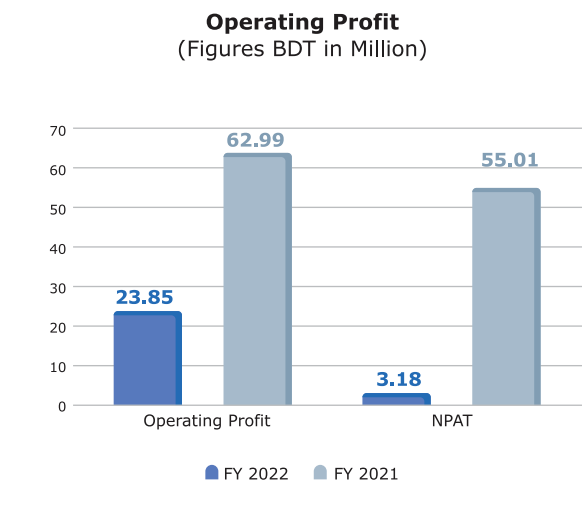
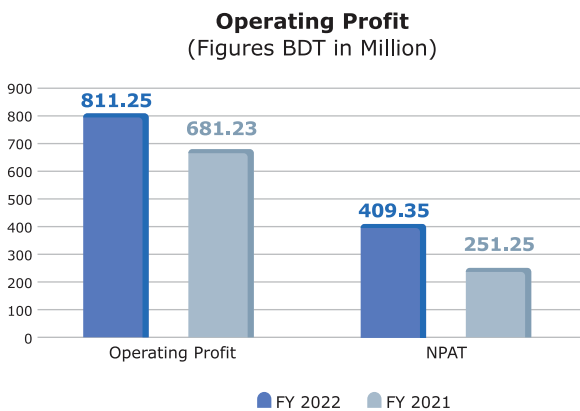
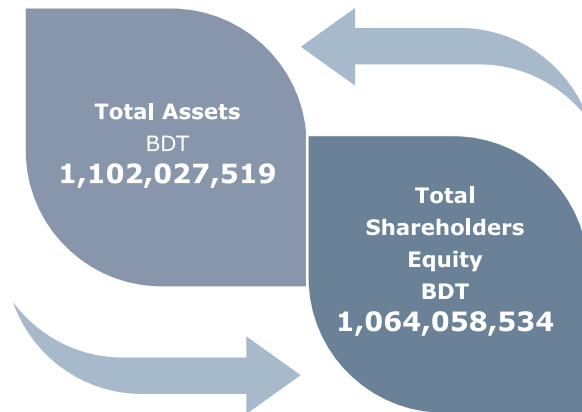
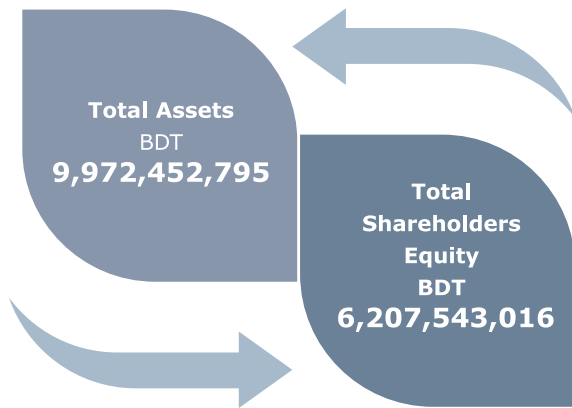


### UCB Stock Brokerage Limited

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 Asset Management Limited

Established in February 2019, as a wholly-owned subsidiary of United Commercial Bank PLC, 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.

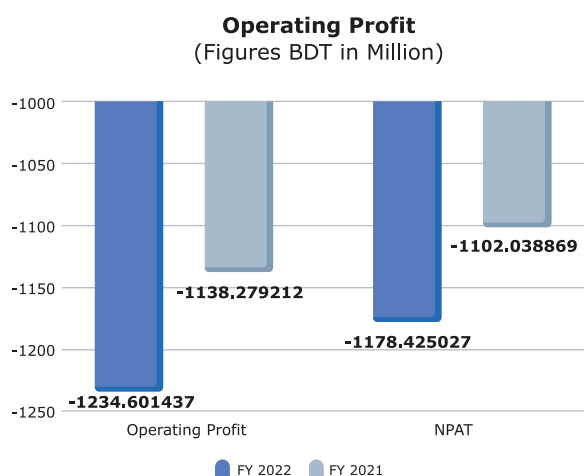
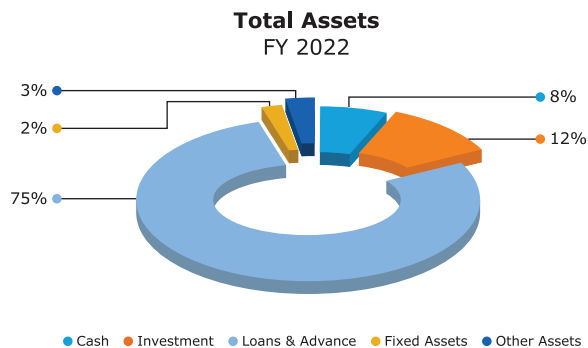
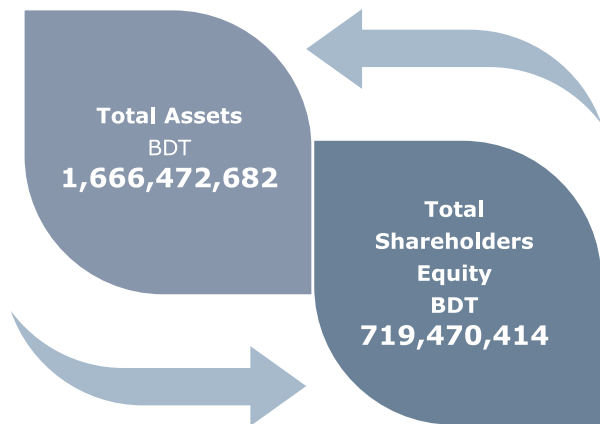


### UCB Fintech Company Limited

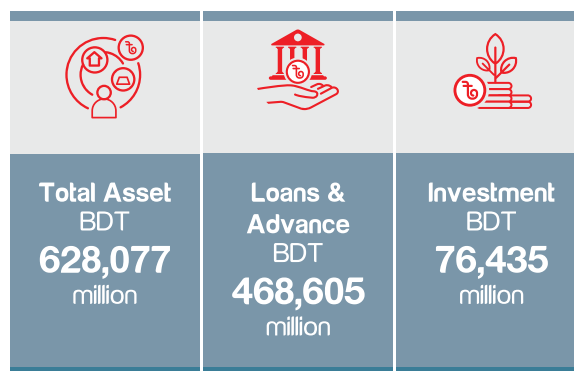
UCB Fintech Company Limited a fully owned subsidiary of the United Commercial Bank PLC was incorporated in Bangladesh on July 30, 2020 vide registration no. C-162182 as a Private Company Limited by shares under the Companies Act, 1994. Upon receiving the license from Bangladesh Bank, UCB Fintech Company 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.





### Performance overview, 2022

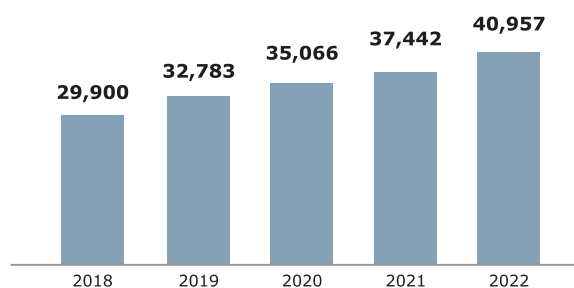


### Financial Performance highlights of UCB PLC

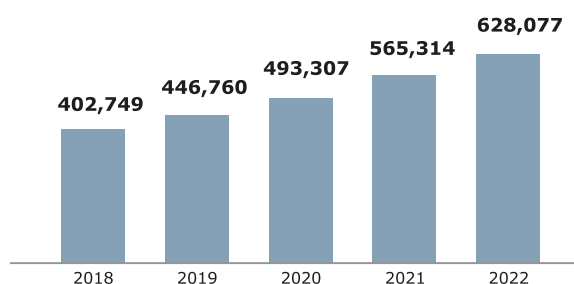
The year 2022 also witnessed a complex situation globally. Bangladesh is no exception, facing inflationary, liquidity and exchange rate pressures during the last few months, mainly due to external shocks. Despite intensified challenges, UCB PLC managed its portfolio efficiently closing the year 2022 with an NPL of 5.99% (4.41% in 2021) which is lower than that of industry average (8.96% as of June 2022).



### Shareholders' Equity (BDT in Million)

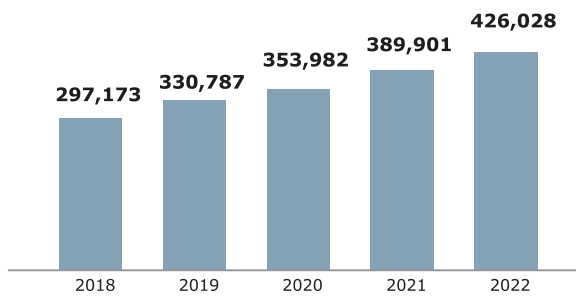


### Total Assets (BDT in Million)

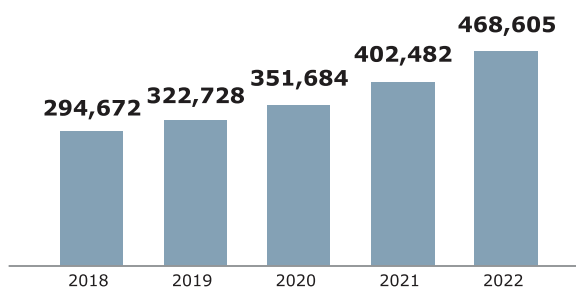




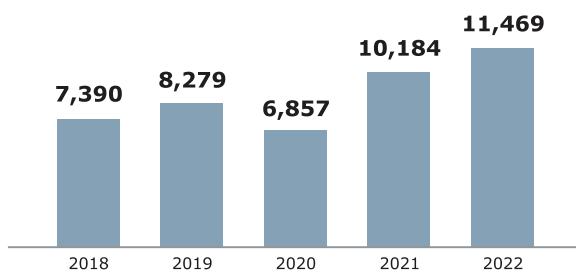
### Total Deposits (BDT in Million)



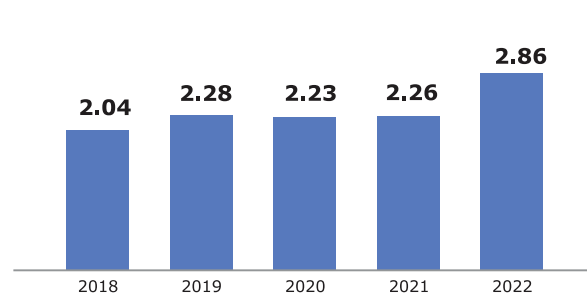
### Loans and Advances (BDT in Million)



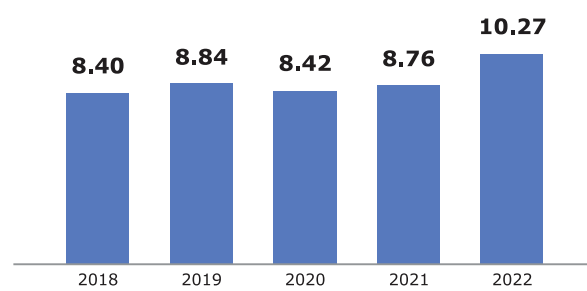
### Operating Profit (BDT in Million)



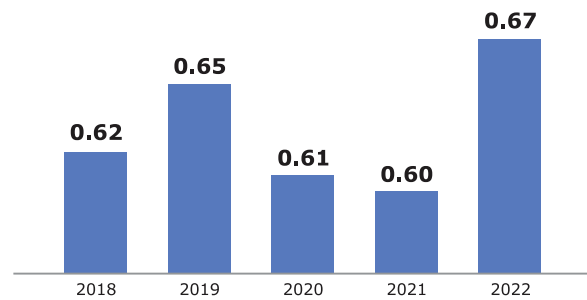
### Earnings per share (EPS)



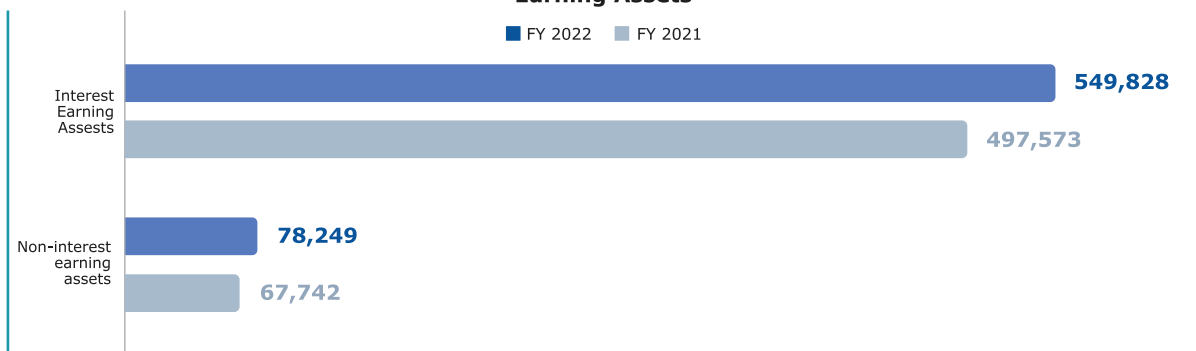
### Return on Equity (ROE)



### Return on Assets (ROA)



### Interest Earning Assets & Non-Interest Earning Assets



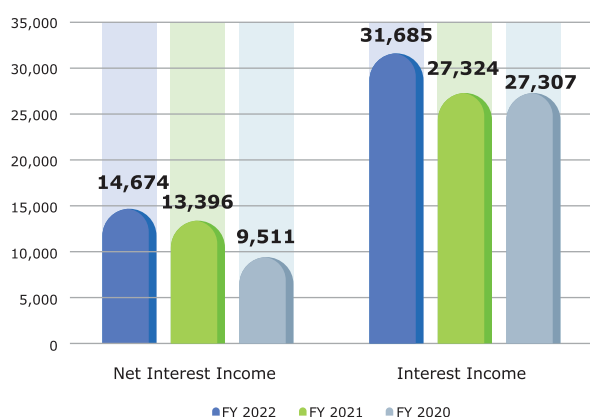
Our primary focus in 2022 was on efficient balance sheet management, upholding service excellence, recovery of classified and written off loans, mobilization of stable deposits and rationalizing costs.

**Following table summarizes financial performance of UCB PLC**

*BDT in million*

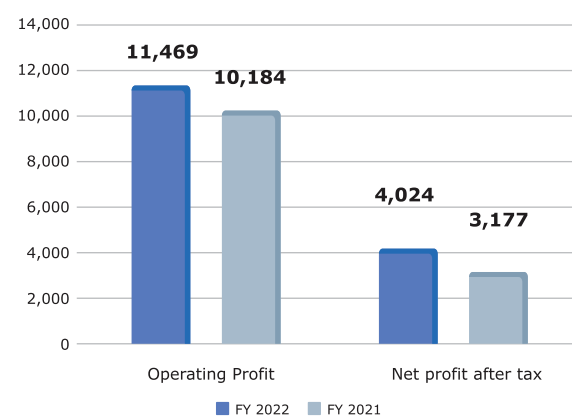
Particulars	UCB PLC (Stand Alone)		
	2022		2021
	BDT'M	Δ%	BDT'M
Interest Income	31,684.84	15.96%	27,323.65
Interest paid on deposits and borrowings etc	17,010.39	22%	13,927.26
<b>Net Interest Income</b>	<b>14,674.45</b>	<b>10%</b>	<b>13,396.39</b>
Investment income	5,685.11	4%	5,463.61
Commission, exchange and brokerage	7,899.47	38%	5,739.17
Other operating income	263.70	20%	220.57
<b>Total operating income</b>	<b>28,522.74</b>	<b>15%</b>	<b>24,819.74</b>
Salary and allowances	7,658.70	7%	7,166.52
Rent, taxes, insurance, electricity etc.	1,623.56	45%	1,122.45
Legal expenses	94.59	-26%	128.65
Postage, stamps, telecommunications etc.	219.09	19%	184.56
Stationery, printing, advertisements etc.	1,694.26	36%	1,249.15
Chief Executive's salary and fees	14.10	5%	13.45
Directors' fees	3.54	37%	2.59
Auditors' fees	1.73	50%	1.15
Depreciation and repair of banks assets	2,073.61	14%	1,822.19
Other expenses	3,670.80	25%	2,945.32
<b>Total Operating Expenses</b>	<b>17,053.97</b>	<b>17%</b>	<b>14,636.03</b>
<b>Profit/ (Loss) before provision</b>	<b>11,468.77</b>	<b>13%</b>	<b>10,183.71</b>
Loans & advances	5,659.63	30%	4,362.47
Recovery from Write-Off	(236.94)	131%	(102.58)
Diminution in value of investments	612.04	-360%	(235.22)
Off balance sheet items	(482.03)	-188%	549.13
Other Provisions	-	-	-
Total provision	5,552.70	21%	4,573.81
Total Profit/(Loss) before taxes	5,916.07	5%	5,609.91
Provision for taxation:			
Current tax expense	3,133.38	-18%	3,823.48
Deferred tax expense/ (income)	(1,241.32)	-11%	(1,390.74)
Total provision for taxation	1,892.06	-22%	2,432.73
<b>Net Profit after taxation</b>	<b>4,024.01</b>	<b>27%</b>	<b>3,177.17</b>

**Interest Income & Net Interest Income**



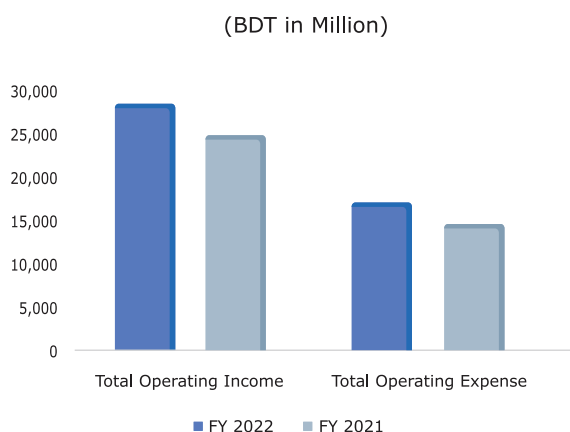
\*Figures BDT in Million

**Operating profit & Net profit after tax**



\*Figures BDT in Million

## Total Operating Income & Total Operating Expense



\*Figures BDT in Million

### Utilization of proposed stock dividend:

Stock dividend has been recommended to strengthen the capital base of the Bank in order to support projected business growth and also to improve certain regulatory ratios.

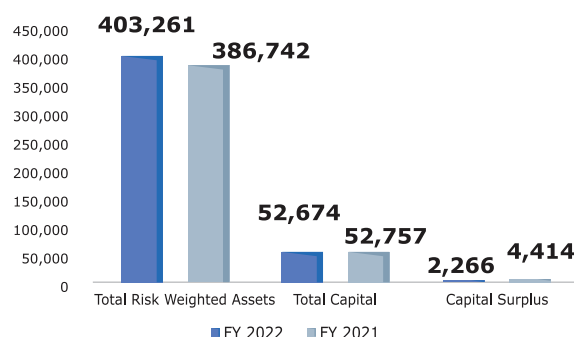
### Capital adequacy status under Basel III

Bank's Capital to Risk Weighted Assets Ratio (CRAR) remains consistently within the comfort zone against

the requirement of 12.5% (Minimum total capital ratio plus capital conservation buffer) and ended at 13.06% as on 31 December 2022. For details please see Note 13.6 (Capital to Risk Weighted Asset Ratio) section of the Financial Statement.

### Capital adequacy status under BASEL III

(Figure BDT in Million)



### Status of Asset Quality:

As on 31 December 2022, NPL ratio of the banking industry stood at 8.96% which was 7.93% in December 2021. The NPL ratio of UCB PLC was 5.99% at the end of 2022 which was 4.41% at the end of 2021. The status of unclassified and classified loan of the Bank is as follows:

Particulars	2022	2021	% (Change)
<b>Unclassified</b>	<b>440,527</b>	<b>384,744</b>	<b>14.5%</b>
Standard (SMA)	10,219.51	14,047.42	-27.2%
Standard	428,533.31	366,080.88	17.1%
SMA-Special RSDL (BRPD-5)	1,774.59	4,616.14	-61.6%
<b>Classified</b>	<b>28,078</b>	<b>17,737</b>	<b>58.3%</b>
Sub-Standard	1,605.75	283.80	465.8%
Doubtful	342.20	125.12	173.5%
Bad & Loss	26,129.73	17,328.37	50.8%
<b>Total</b>	<b>468,605.10</b>	<b>402,481.74</b>	<b>16.43%</b>
<b>NPL %</b>	<b>5.99%</b>	<b>4.41%</b>	

### Stakeholders Information



## Credit Risk Management Division

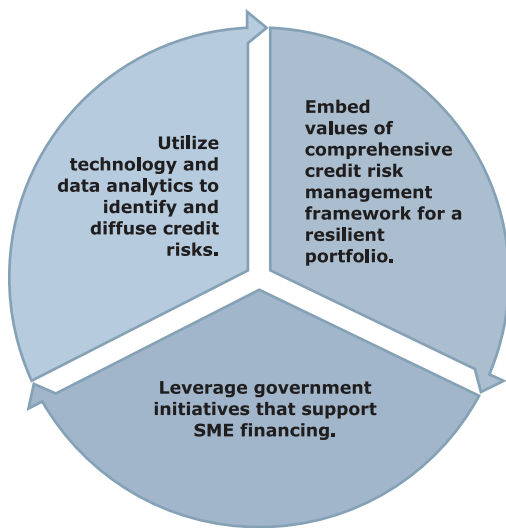
UCB PLC is always inclined to implement a standard credit culture and industry best practices. Credit Risk Management Division of the Bank sets out the functions for management of credit risks through Credit Risk Management Policy within Bangladesh Bank defined guidelines and regulations. The Credit Risk Management Policy and its extension documents are approved by the Board of Directors for implementation to this effect.



Since the Credit Risks are dynamic and have diverse forms of manifestation with evolution of time and culture, UCB updates its Credit Risk Management Policy from time to time and ensure its application on the ground.

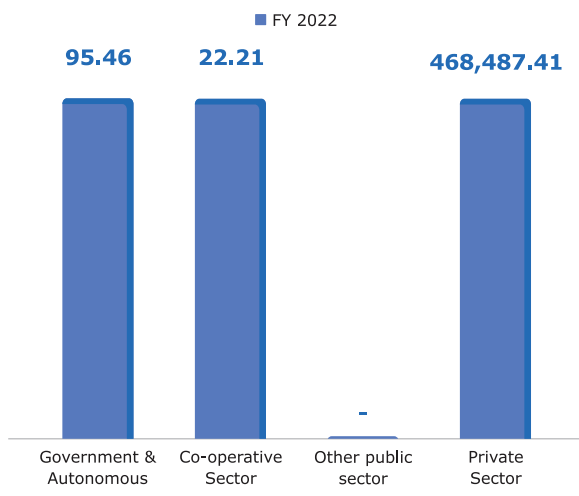
Additionally, Credit Risk Management Division also oversees adherence to regularity guidelines as circulated from time to time. By implementing these initiatives, banks can improve their credit risk management functions, reduce the likelihood of losses from defaulting borrowers, and ultimately contribute to the stability of the financial system.

On risk perception basis, following scopes and areas waiting for us during 2023, to improve through taking some initiatives/ action plan.



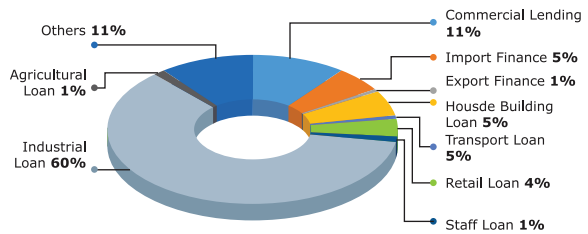
### Sector-wise Loans & Advance

(Figures BDT in million)



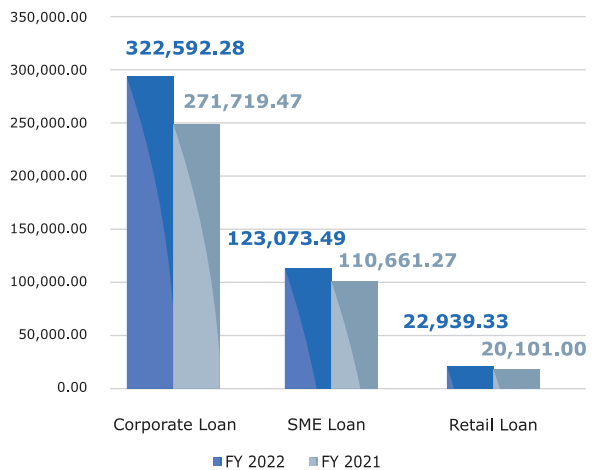
### Sector-wise Loans & Advance

FY 2022



### Nature-wise Loans & Advances

(Figures BDT in Million)



### Major achievements of CRMD (SME) in 2022

- Emphasise more on BB refinance based loan target achievement through disbursement of loan amount CMSME customer and Sector wise target achievement was prioritized in 2022.
- On boarding numerous new customer through quality assessment. New to Bank of 1164 accounts amounting Tk.732.89 Crore as limit customer and 3125 numbers of accounts amounting Tk.405.72 Crore
- Creditworthiness assessment of all SME client with faster processing of proposal.
- Consider Environmental & Social (E&S) Risk factors in a structured way & overall credit approval process.
- Risk quantification comprises determining the probability of default (PD), loss given default (LGD) and risk-adjusted return on capital (RAROC).

## Action plan/Opportunities for the year 2023

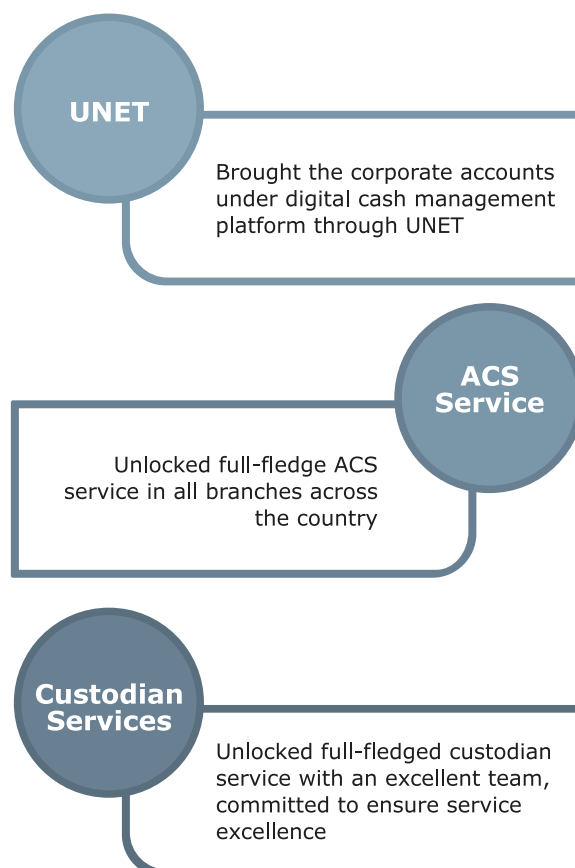
- **Strengthening risk management:** Banks may strengthen their risk management frameworks to mitigate risks associated with SME lending. This can include developing credit scoring models, improving due diligence processes, and enhancing collateral valuation
- **Leveraging government initiatives:** Banks may leverage government initiatives that support SME lending. For example, the government of Bangladesh may offer subsidies or guarantees to banks that lend to SMEs, which can reduce the risk of default and encourage banks to lend to this segment.
- **Enhance credit risk assessment:** Banks should enhance their credit risk assessment by adopting more sophisticated credit scoring models and leveraging new technologies such as artificial intelligence and machine learning. This will enable banks to identify and manage credit risk more effectively.
- **Develop a robust credit risk management framework:** Banks should develop a comprehensive credit risk management framework that covers all aspects of credit risk management, including credit origination, monitoring
- **Enhance staff training and development:** Banks should invest in staff training and development to ensure that their staff has the necessary skills and knowledge to manage credit risk effectively. This will involve providing regular training and development programs on credit risk management.
- **Review and update credit policies and procedures:** Banks should review their credit policies and procedures periodically to ensure that they are in line with regulatory requirements and market trends. Any necessary updates should be made to enhance the bank's ability to manage credit risk.
- **Expanding outreach:** Banks may expand their outreach efforts to reach more SMEs. This can include using digital channels to reach a wider audience, establishing partnerships with industry associations and chambers of commerce, and leveraging existing relationships with existing customers to identify potential SME borrowers

## Transaction Banking Division

### Major achievements in 2022

Transaction Banking Division is underpinned by advance technology and expert team to provide best

cash management solution to the organizations to generate synergies with greater efficiency and automation. We provide a wide array of products, service and solution which includes relationship units, tailored and comprehensive cash management solution, custodian service, utility & government payment service, Automated Challan Service, digital products & services etc.



### Transaction Banking promisingly offers

**UCB** Transaction Banking offers a wide range of collection products to meet the flexible and customizable requirements such as Nation Wide Collection Services, Payment Transfer Solutions, Booth Banking Services, Cash pick-up and drop services, Internet Banking Service etc. to the corporate clients in order to fulfilling their needs. UCB TB team is able to establish a strong foothold by providing unique solutions to different governmental organizations, autonomous bodies, large local conglomerates, developmental organizations and MNC's.

- Over the counter collection service
- Booth collection service
- Pick up and drop service
- 24/7/365 internet service for organizations
- Automated Challan service across the county
- Flexible diversified product array
- Dedicated Relationship Managers for ensuring best business solution of the client.
- Technological integration as per client needs
- Utility collection service across the country
- Customized and tailored service as per customer needs
- Customized and tailored service as per customer needs
- Custodian service for individuals & organizations
- 24/7/365 internet service for organizations

## Agent Banking Division

**UCB started Agent Banking Journey from 1st February 2018 with an aim to bring unbanked population in financial inclusion and provide UCB' best class service to the remote location across the country. It has been targeted to expand agent banking network everywhere across the country at the rural, semi urban & urban area as per Bangladesh Bank guideline.**

### Financial Inclusion

In 2022 UCB covered 54 districts and 174 Upazillas with 314 agent outlets, 155 exclusive outlets and 44 UDC based agent outlets and 115 BIS (Business-in-Shop) under Master Agent.

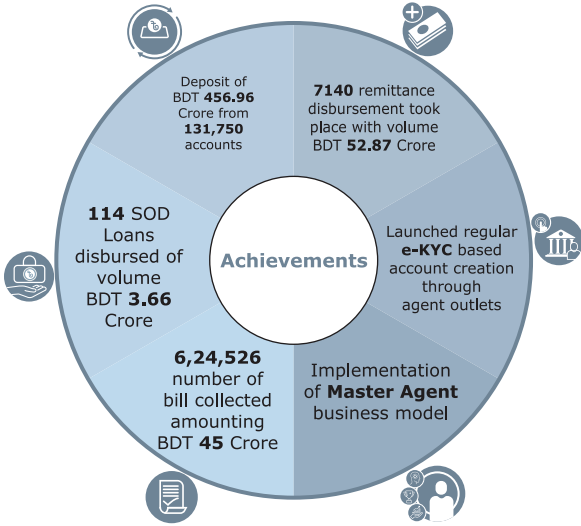
Total number of account in 2022 was 131,750. Master Agent business model was also successfully launched in 2022.



### Achievements in 2022

Total deposit of BDT 456.96 Crore came from 131,750 accounts, 114 SOD Loans disbursed of volume BDT 3.66 Crore, 7140 remittance disbursement took place with volume BDT 52.87 Crore, 6,24,526 number of bill collected amounting BDT 45 Crore.

UCB Agent Banking Division introduced some products and services in 2022 such as Taqwa Banking (UCB Islamic Banking), SOD Loan, Credit Card application sourcing, Decentralization of Remittance Disbursement and added 9 potential exchange houses. Successfully launched regular e-KYC based account creation through agent outlets and implementation of Master Agent business model are two remarkable achievements of 2022.



## Major challenges in 2022



## Competitive Edge and Key Determinant of Success in 2023

In 2023 we will increase agent outlets up to 2000 outlets with an aim to reach out up to union level to serve the unbanked population and meet government SDG's target i.e. financial inclusion of above eighteen by 2025. We will focus on increasing fees income as well as interest income. Utility bill collection, Insurance Premium Collection, Policy Selling, School fee collection, Corporate cash collection will get preference. We will focus on remittance. Few loan products will also be offered for the customers to serve them with full pledged banking service.

## Digital Banking & Transformation

The adoption of digital technology has significantly transformed Bangladesh's financial sector in the last one-and-a-half decades, bringing millions under banking services that have even reached the village level. Apart from the modernisation of the traditional banking system, the introduction of Mobile Financial Service (MFS) providers, payment service providers, and fintech has also played a vital role in adopting technology in the country's banking system. Over a decade earlier, availing financial products and access to financial services were unavailable and unaffordable for many individuals and businesses in Bangladesh.

- Over 18 crore account holders now conduct 2 crore transactions through MFS each day.
- Today, MFS operators register Tk 3,000 crore in average daily transactions, employing 11.23 lakh agents.

## UCB PLC appeared with its "UNET".

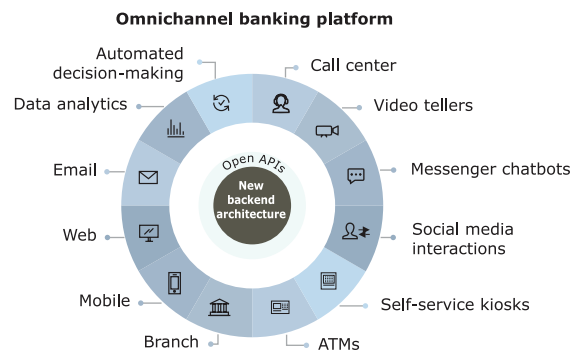
The Digital Banking and Transformation Division of UCB PLC continues to drive innovation across the company and the financial industry at large. Our team has been focused on developing and implementing the latest digital technologies to provide customers with convenient and secure banking solutions, making account management seamless and effortless.

The Bank with a vision to adopt a customer centric approach, developing a comprehensive digital road map, collaborating with fintech and technology partner, embracing agile methodologies and investing in cybersecurity and data privacy. With a focus on providing advanced technological solutions to our customers, we are committed to continuing our growth as one of the most technologically-advanced banks in existence. We have developed digital onboarding that allow customers to quickly open accounts without ever having to visit a physical branch location. Our internet banking services on app and web offer both retail and corporate clients comprehensive financial management tools that can be accessed from anywhere. Additionally, we provide eCommerce payment solutions for online purchases through secure platforms, credit cards with competitive value propositions; call centers staffed by knowledgeable representatives who are available 24/7; we also have one of the largest networks of ATMs, CRMS and STMs nationwide; and state-of-the-art security technology.

Internet Banking Base 1,01,197

Growth: 26% (YoY)

Our advancements signify exciting opportunities ahead as the Bank continue to work in driving innovation forward while still maintaining high standards in terms of customer service excellence. As part of this commitment towards progressiveness yet quality assurance simultaneously, we are developing new products such as artificial intelligence chatbots and RPA (Robotic Process Automation) which will enable us better serve our clients' needs more efficiently than ever before. Furthermore, we look forward expanding into new markets across country in the sphere of digital lending to support financial inclusion and fostering a robust eco system.





## Accomplished Projects in 2022

- Binimoy – Project by Bangladesh Bank
- Incorporation of Bangla QR Payment in Unet – A project by Bangladesh Bank, PSD Department
- Own Credit Card Payment problem in Unet Retail (Individual Customer)
- Other Credit Card Bill payment through UNET (Individual Customer)
- Unet security updates
- Credit Card Unbilled Statement issue
- Mini Statements
- Customers can set their transaction global limit for Unet within the prefix limit set by Bank
- Showing of Reward Point of Credit Cards in Unet
- Customer feedback after using Unet
- Inclusion of Logout Greetings
- Unregister from Unet – iOS platform
- EMI Calculator in Unet
- Providing Last login information after every time log in
- Incorporation of NESCO in Unet

## Ongoing Projects

- Transfer fund to MFS
- TD/RD Opening & Closing
- Positive Pay in Unet
- Inclusion of new biller (BTCL & DNCC)
- Reward Point redemption in Unet
- Online Merchant Payment
- Taqwa in Unet
- Card Block
- Loan Request Monitor
- OTP Lock/unlock
- Changing the user ID
- Enquiry by customers

## Business Operations Divisions (BOD)

Business Operations Division (BOD) of United Commercial Bank PLC (UCB) plays pivotal role in providing centralized business-operations services to all Business Divisions including Branches, Sub-branches, Agent Banking Outlets and all digital/physical Channels across the country. To provide dedicated and focused service supports to clients and customers, BOD operates with 7 (Seven) well segmented departments, a Regional Operations Centre (ROC) at Chattogram Division and number of UCB Trade Service Centres (UTCs) having appropriately equipped skilled resource pool.



**Business Operations Division (BOD)**

## Major Achievements in 2022

290K New Accounts

51K Loan Disbursement

1.5M Clearing Cheque

3.7M EFT Transactions

10M ACS Challan Transactions

153K Debit Cards

15K Credit Cards

15K Prepaid Cards

4K POS Merchants

1K E-com Merchants

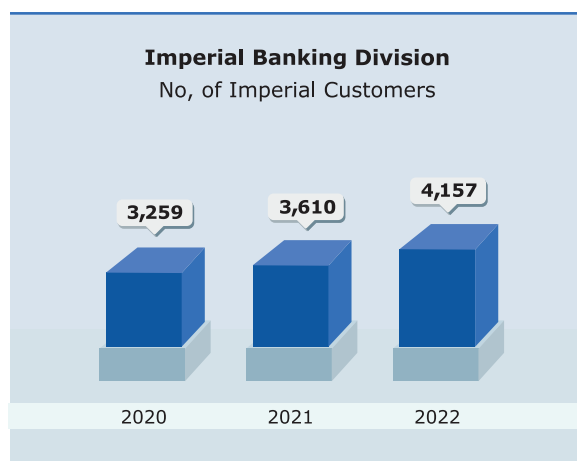
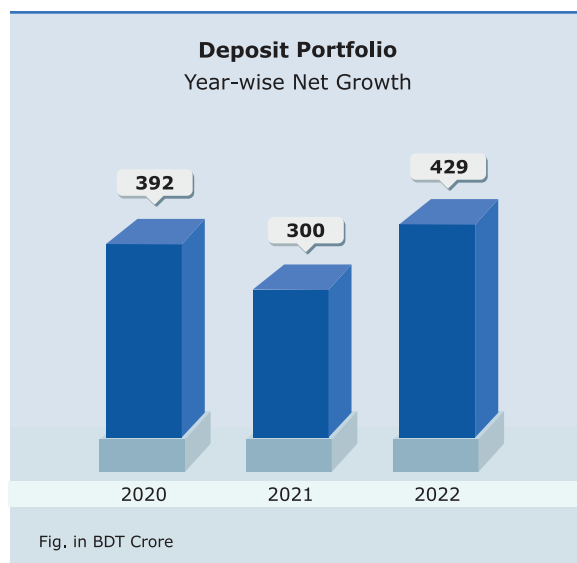
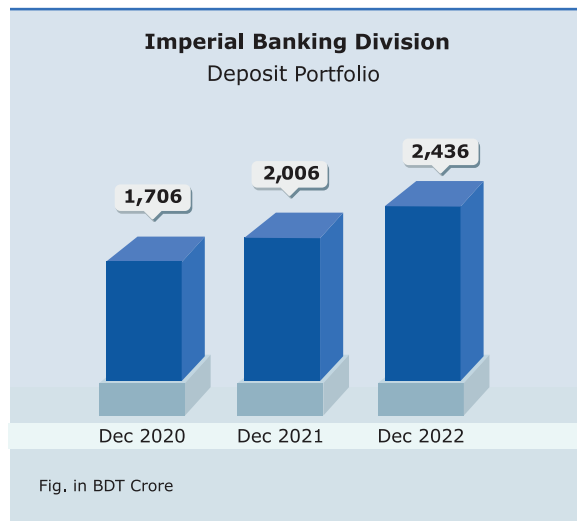
## Imperial Banking Division

Imperial Banking Division, as an integral part of UCB Retail Banking, has been playing an important role as a frontline business channel of the Bank. Specially designed to serve the banking needs of the high net worth Retail customer segment, UCB Imperial has earned an impeccable brand reputation which has been achieved through Customer Service Excellence, top-notch relationship management and a well-curated suite of customer value propositions, exclusive benefits & privileges.

Since its inauguration in June 2012, it has been a glorious journey for Imperial Banking with numerous success stories. Inspired by its past success, Imperial Banking is now looking ahead to an even brighter future. With Management support, further strengthening the RM Team along with continued enhancement in Products & Value Propositions, Imperial Banking Division has the vision to become one of the most preferred names in Priority Banking of the country.

Presently, Imperial has 13 state-of-the-art Lounges spread across prime locations in Dhaka, Chattogram and Sylhet, where the Imperial Customers are able to enjoy high-class priority banking services in comfort & style in a queue-less Banking environment. In terms of deposit business, Imperial Banking Division has delivered impressive growth year-on-year in line with budgetary targets.

Below are the 3 year's growth results:



# International Division

## International Trade

International Trade is one of the challenging areas of banking operations yielding higher income for a bank. Globalization has made it very dynamic and risky to operate. With the growing number of customers and changes in the pattern of International Trade, the Bank provides one of the best quality services among the private commercial banks. Bank has a stretched and expanded global network reaching every corner of the world for extending every kind of foreign exchange services to the customers.

## Foreign Trade

Foreign Trade in 2022, Import business of the Bank was USD 4,057.97 million having remarkable decline of 14%. Total export business of the Bank in 2022 was USD 3999.4 million with significant growth of 17%.

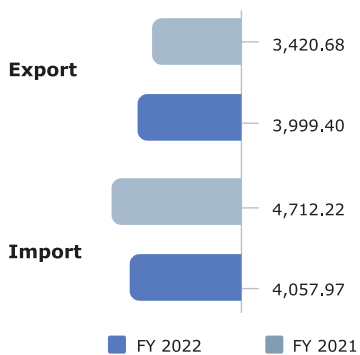
Bank has a stretched and expanded global network reaching every corner of the world for extending every kind of foreign exchange services to the customers.

## Foreign Correspondents:

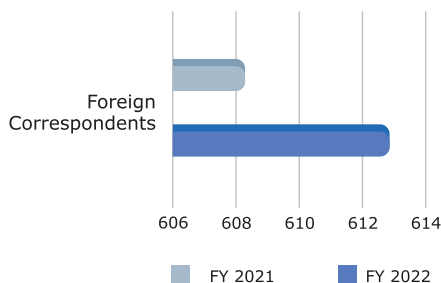
In 2022, UCB PLC's correspondent relationship (RMA) stood at 613 across the globe.

Our excellent reputation in meeting our commitment and strong financials enabled us in securing Credit lines

### Import & Export (Figures USD in Millin)



### Foreign Correspondents

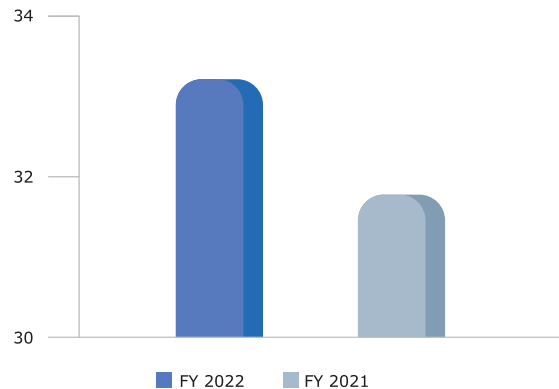


(both funded and non-funded) from Asian Development Bank, International Finance Corporation (private sector arm of World Bank Group) and other world renowned Banks.

## Nostro Accounts

The Bank currently maintains 33 Nostro accounts in major international currencies: US Dollar, Pound Sterling, Swiss Franc, Australian Dollar, Japanese Yen and Euro & Dollar accounts under Asian Clearing.

### Nostro Accounts



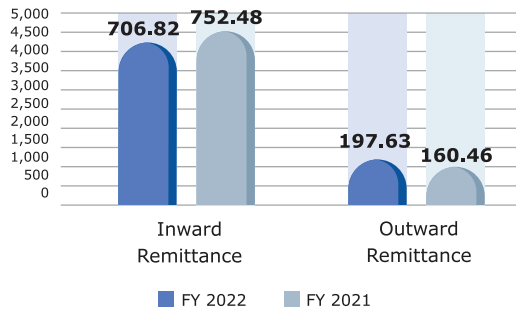
## Remittance

In Bangladesh, remittance is one of the most important economic variables in recent times as it impacts economic growth, helps balance of payments, increases foreign exchange reserves, enhances national savings, and increases the velocity of money. Remittance has contributed around 35% of export earnings for about two decades. Moreover, it is more significant than foreign aid and thus helps in lessening dependence on foreign aid remittance gets momentum in recent times in Bangladesh and is the second largest sector of foreign currency earnings after the garment sector.

Remittance affects almost all the macroeconomic indicators of a country positively. But the hundi/informal channel heavily damages the country's foreign reserve revenue and the overall economy. In Bangladesh, at least \$20 billion annually comes through the hundi channel. Though, the government of Bangladesh is providing several types of incentives to reduce remittance inflow from the hundi. But, still, the hundi business is popular in Bangladesh. Historically, hundi transactions happened hand in hand, and now, it is being completed through digital channel like mobile banking and MFS.

UCB PLC particularly motivated on digital payment system. Low-income households, individual & corporate freelancers across urban and rural area of the country are benefited greatly from digital payment solution such as Unet and mobile apps based real time payment solution, mobile money, fintech services, and online banking.

### Inward & Outward remittance (Figures USD in Million)



Besides, there are many freelancers in Bangladesh who work with their foreign clients on a regular basis, and most of them collect their payments via hundi instead of legal channels because of the high exchange rate. Again there are no easy options to purchase the subscription to international services directly, so these service users have to rely on hundi, which also affects the country's economy.

The economy of Bangladesh is still relatively small and growing compared to its neighboring countries. But the economy of Bangladesh is constantly suffering due to hundi activities for a long time. If remittances from abroad had come through official channels and money laundering could have been prevented, there would have been significant growth in the country's GDP growth, industrialization, and the country's economy. It should be noted that it will not be possible to completely eliminate this hundi that has been going on for the past few hundred years. However, the country's huge remittance income and money laundering abroad can be prevented if at least 20 to 50 percent of hundi trade can be reduced by adopting various policies, making strict laws, or bringing hundi traders under the law and punishing them seriously.

### Initiatives of UCB and Key Accomplishment in 2022

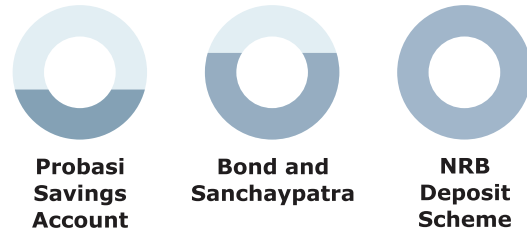
To increase the volume of remittance, UCB has established few new arrangements with global money transfer company. Though the country remittance in 2021-2022 was 15% DE growth, but UCB received USD 466.09 million of wage remittance from NRBs through its partner exchange companies 2022.

To focus on NRB remittances, the board of UCB has opined to established four subsidiaries in Singapore, Malaysia, UAE and Qatar for remittance company in 2022. UCB has got approval from Bangladesh Bank to set up these company. All are under process.

Foreign Remittance Department (FI&OBU) of United Commercial Bank is working for our beloved NRBs (Non- Resident Bangladeshi) not only by disbursing remittance but also offering 'One Stop Banking Solution' by creating a favourable environment and opportunity for long-term financial contributions in the socio-economic progress of the nation. To facilitate the NRBs (Non- Resident Bangladeshi) a bunch of NRB

products and services are designed to secure expatriate Bangladeshi(s) future saving(s) and investment(s) need for future.

### NRB products



### Remittance Services

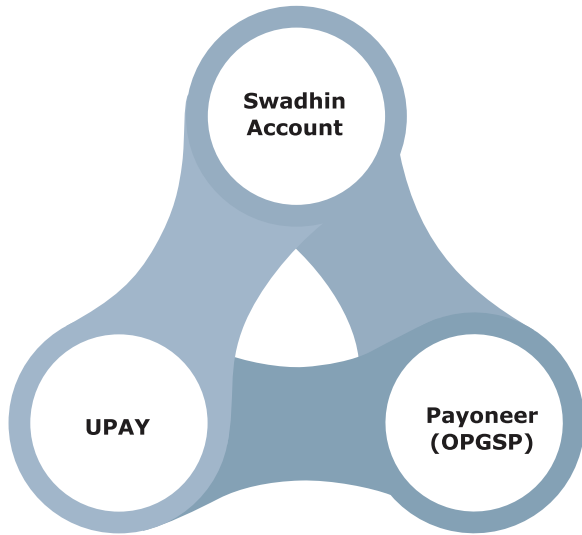
UCB has dedicated remittance platform that integrated with its exchange companies' remittance platform for realtime (24/7) disbursement of remittance	Enhance its network for disbursing remittance in remote area of Bangladesh through all of its agent banking outlets. Before selecting locations for opening any branch and outlet, UCB always consider the remittance concentrated area.	Integrate UCB remittance platform with its Upay wallet for real-time 24/7 remittance disbursement.
UCB has dedicated remittance platform that integrated with its exchange companies' remittance platform for realtime (24/7) disbursement of remittance	In Dec 2022, UCB has launched program named "Gorbito Probasi" from Dec 2022 to 28 Feb 2023 by offering attractive gifts for beneficiary for each spot cash remittance	UCB Fintech has created separate pocket in it Upay wallet for remittance to provide special facility like free for withdrawal remittance from any ATM/CRM of UCB, lowest service charges for cash withdrawal from Upay agent outlets for remittance
Many branches have conducted remittance awareness program with both remitter and beneficiaries in different location and it is continuous program		

### Initiatives Taken for Addressing Freelancer in 2022

Freelancing is one of the emerging source of remittance in Bangladesh. UCB is concerned about it and focusing to launch different products to grab this remittance.

In 2022 UCB tied up with one of the renowned global OPGSP (On Line Payment Gateway Service Provider) company named "Payoneer" who handle freelancer remittance for receiving and integrated with UCB fintech company (UPAY). Now any freelancer can receive their earning through Payoneer to Upay wallet on real time in 24/7.

UCB has also launched a special product for freelancer named "Swadhin Account" in 2022.

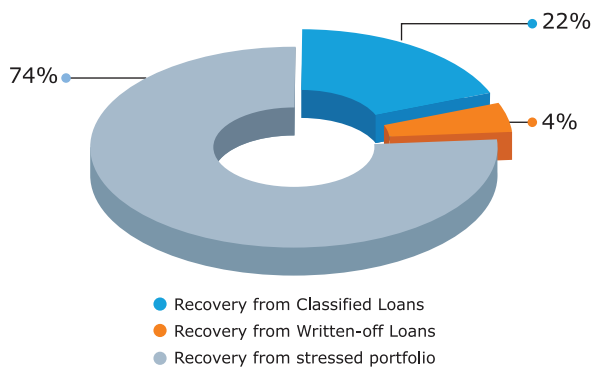


## Special Asset Management Division

Special Asset Management Division (SAMD) has been entrusted with the effective and efficient management of Non-Performing Loans (NPLs) of the bank. SAMD is also tasked with recovering money from written-off portfolio of the bank. Bank's profitability is positively correlated with the success of these two components of SAMD's responsibilities.

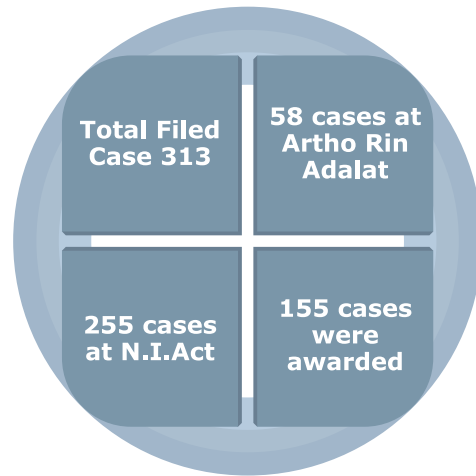
Due to the pandemic scenario in 2022, it was a tremendous challenge for SAMD to keep the NPL at a manageable level while also achieving the cash recovery target for the year. Despite all the obstacles, SAMD has performed remarkably well with total cash recovery of Tk. 534 crore in 2022. Out of which recovery of Tk. 115.62 crore from CL, Tk. 23.70 crore from write-off and Tk. 394.61 crore from stressed portfolio. This recovery has contributed positively to the bank's profitability. SAMD in UCB PLC is constituted by four core wings, namely Recovery wing, Settlement wing, MIS wing and Legal wing.

**Recovery in FY 2022**  
(Figures BDT in Crore)



## LEGAL

Despite the adverse impact of the Covid-19 pandemic and war, we have successfully recovered a total of Tk.534.00 cr from rescheduled, classified, and written-off accounts. This represents an impressive recovery rate of more than.79% of previous year. Moreover, out of the total written-off account, Tk.24.00 cr has been recovered.



We have centralized legal activities of Chattogram region, which has made our legal operations more efficient. The legal centralization of Dhaka division is also underway, which will further streamline our legal processes. In the last year, we have filed around 313 cases, out of which .58 are Artho Rin Adalat cases and the remaining 255 are N.I Act cases. In 2021 we have filed around 140 cases, out of which 31 are Artho Rin Adalat cases and remaining 109 are N.I Act cases.

We are pleased to inform you that we have settled/judgment awarded a total of 155 cases, which includes 65 Artho Rin Adalat cases and 90 N.I Act cases in 2022 which recovery amount is Tk 35.00 cr. In 2021 we have settled/judgment awarded a total of 50 cases, which includes 20 Artho Rin Adalat cases and 30 N.I Act cases, which recovery amount is Tk 12.20 cr.

To enhance our operational efficiency and achieve our business goals, we have formed a special team in our head office. This team is under the top supervision of our senior management and is working tirelessly to improve our overall performance.

In conclusion, we are proud of our achievements in the face of challenging times. Our commitment to excellence and resilience has enabled us to navigate through these difficult times successfully. We remain focused on delivering exceptional services to our valued customers while keeping their best interests at heart.

In the true spirit of the bank i.e. '**United We Achieve**', the legal team is working as a cohesive & dynamic team working in close collaboration with other internal and external stakeholder to deliver the expected results while maintaining full compliance with the laws and regulations.



## Key Accomplishment in 2022

As a responsible financial institution, UCB always strives to maintain the highest standards of ethics, transparency, and compliance in our operations. We believe that our success is closely tied to the well-being of our customers, and we take great care to ensure that our lending practices are fair, sustainable, and supportive of our customers' financial goals. However, despite our best efforts, some borrowers may fall behind on their loan repayments, leading to problematic, classified, or written-off accounts. In such cases, UCB has implemented several robust recovery strategies to mitigate the risks and protect the interests of all stakeholders.

To address the needs of our delinquent borrowers, UCB has formed a dedicated team of recovery specialists who are experts in loan recovery, debt restructuring, and negotiation. This team is responsible for developing customized recovery plans for each default borrower and ensuring that all necessary actions are taken to recover the outstanding loan amount.

To streamline our recovery efforts, we have established region-wise recovery targets for each classified and written-off account. This enables us to allocate our resources effectively and focus our efforts on the most critical cases. We understand that some borrowers may be difficult to locate or communicate with, particularly if they have moved or changed their contact details. To overcome this challenge, we have established a country-wide network of recovery agents and field officers who are responsible for reaching out to every defaulter and ensuring that they are aware of their outstanding loan amount and the consequences of non-repayment.

UCB prepares account-wise planning for each default borrower, considering their financial situation, repayment history, and other relevant factors. To ensure that our recovery team and branch officials are effective in their duties, we provide them with rigorous training and supervision. We also monitor their performance closely and provide regular feedback to ensure that they are following best practices and adhering to our ethical and legal standards.

In some cases, it may be necessary to physically visit default borrowers, their guarantors, or their relatives to recover the outstanding loan amount. Our recovery team and field officers are trained to conduct such visits with tact and professionalism, ensuring that all necessary documentation is prepared and recorded for management record.

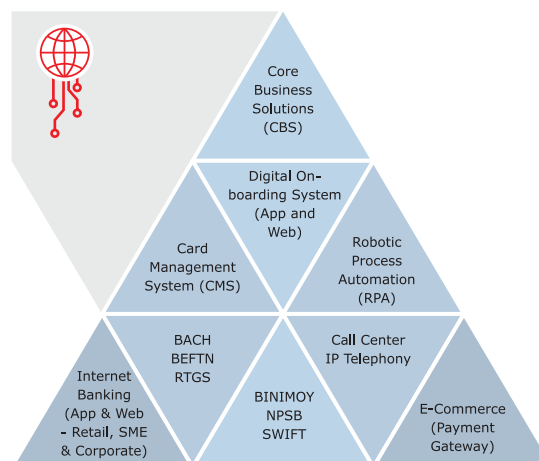
In extreme cases, we may need to take legal action against default borrowers, including executing warrants of arrest and judgment. However, we only take such actions as a last resort, and we always strive to resolve outstanding loan amounts amicably and fairly. In addition to executing warrants of arrest and judgment, we may also initiate legal actions against default borrowers to recover outstanding loan amounts. Our legal team is highly experienced in debt recovery and works closely with our recovery team to

ensure that all legal actions are taken in accordance with the relevant laws and regulations.

Overall, UCB is committed to recovering outstanding loan amounts from problematic, classified, and written-off borrowers in a fair, ethical, and sustainable manner. We believe that our recovery strategies are robust and effective, and we are constantly monitoring and improving our processes to ensure that we meet the highest standards of customer service and compliance.

## Information Technology Division

Information Technology Division (ITD) of United Commercial Bank PLC (UCB) is the fulcrum of all business-technology systems including one of the most robust and secured technology infrastructures in the Banking Industry of Bangladesh. With a fleet of state-of-the-art core business applications that include Oracle FlexCube Universal Banking as the Core Banking Solution (CBS) along with many other world reputed business systems, ITD ensures round the clock banking services through the operations of physical and digital channels locally and globally.



In alignment to the 'Digital Banking Transformation Strategy' of the Bank, ITD has been working with business and support functions very closely for in-house automations and outsourced best in class systems that are contemporary to address the needs of customers. Simultaneously, a good number of initiatives have been undertaken in 2022 to ensure business and customer friendly safe and secured IT infrastructure including server virtualizations and exploration of Cloud Technology.

Information Technology Division has been rendering its services with the vision of becoming a business and customer centric Value Centre rather than merely managing the Bank's technology assets. A highly skilled resource pool in all areas of technology domains



is committed to leverage the benefits from the digital technologies of the 4th Industrial Revolution (4IR) for the sustainable digital transformation of the Bank.



## Internal Control & Compliance Division

### Evaluation of Effectiveness of Internal Control

Internal control evaluation is an overall assessment of an organization's internal control system across each area to determine if it is functioning as intended and whether it is able to manage the risks that the bank may face in its day-to-day operations. A deficiency in internal control exists when a control does not allow management to prevent, or detect and correct, any errors or misstatements on a timely basis.

Effective internal controls are a bank's first line of defense to protect its assets, prevent and detect errors, and mitigate risks. The three Units of ICCD (Audit, Compliance & Monitoring) are continuously contributing in the evaluation process of effectiveness of Internal Control of the bank. To evaluate the effectiveness of internal controls, ICCD performs the thorough 'test of controls' (i.e. Risk based Internal Audit – RBIA) on yearly basis in all branches and divisions. The aim of 'tests of controls' is to determine whether these internal controls are sufficient to detect or prevent risks of material misstatements. And if there are any internal control deficiencies found, provides recommendations to improve or strengthen the internal controls.

Besides Senior Management Team (SMT) of the Bank had a threadbare discussion on yearly basis on the effectiveness of internal control system of the bank and whether any improvement requires for practices, procedures & policies of Internal Control System of different divisions and the Bank's activities as a whole.




The existing practice & system of the Bank, though need to be improved considering the growth and increased complexity of the Banking Business, may however be considered as effective, adequate in the present context.

### Activities of Monitoring Unit in 2022

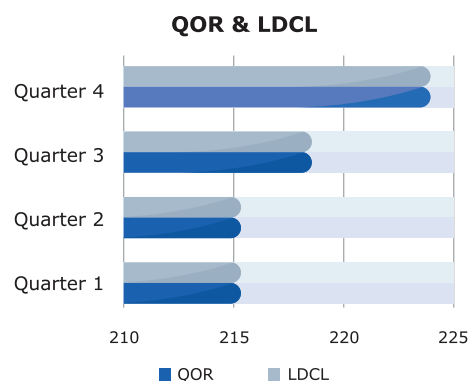
Monitoring is a periodic assessment of activities to determine whether they are proceeding as it is planned. It is a systematic process of collecting, analyzing and using information toward reaching its objectives and to help management decisions.

Monitoring Unit under ICCD is engaged in monitoring, reviewing the activities of different branches / divisions and identifying risk areas through various Control Tools & MIS. Major tools of monitoring are Quarterly Operations Report (QOR), Loan Documentation Checklist (LDCL), Self-assessment Anti-Fraud Internal Control Checklist, Department Control Function Checklist (DCFCL), Health Report etc. On the other hand, using MIS, monitoring unit monitors different operational issues in bank's day to day activities.

### Structure

-  Audit & Inspection Department
-  Monitoring Department
-  Compliance Department

Other Major activities in 2022 also include review of DCFCL in order to simplify the format for enhancing effectiveness, review of QOR format, customization and inclusion of some reports in MIS for ICCD monitoring purpose to help different related stakeholders in minimizing risk as much as possible.



**Annual Health Report of 2021:** In the year 2022, Monitoring Unit compiled the overall Health Report of the Bank for the year ended on 31st December 2021. The same was placed before the Audit Committee of Board and finally sent to Bangladesh Bank for their information and record.

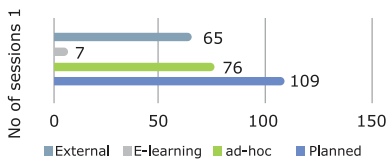
**Self-assessment Anti-Fraud Internal Control Checklist:** Self-assessment Anti-Fraud Internal Control Checklist were prepared on half yearly basis in the year 2022 and placed before the Audit Committee of Board (ACB) for approval. The checklists finally sent to Bangladesh Bank for their information and record.

# Learning & Development Centre (LDC)

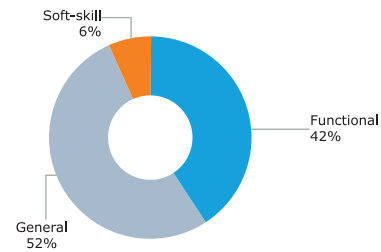
United Commercial Bank PLC always focuses great emphasis on training and development of its employees. That's why UCB has its own training institute called 'Learning and Development Center of UCB' with a handful of dedicated HR people who are arranging training programs for employees of UCB. United Commercial Bank PLC believes that employees must provide better service if they are trained well. The HR department wants to ensure a dedicated team of well-trained employees who can serve the customers as well as the bank by their expertise. Different types of trainings are offered to the employees according to the bank rule. Most of them are regarding banking activities and the trainings are well structured.

## Learning & Development Center

January – December 2022

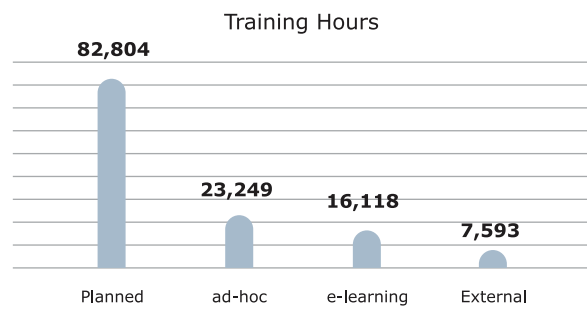


GB Manual Exam	
Registration	1,905
Participation	1,733
Coverage (%)	91%



### Major Learning Initiatives

- Exclusive Development initiative for Head of Branch
- Leadership Intervention for Divisional Heads
- ICON: Communication Excellence Program for Head Office
- Sales and Negotiation Masterclass for RMs
- Employee Development Program for Capacity Enhancement
- Digital Upskilling Initiatives at large scale (Branch and HO)
- Exclusive Learning Path for Probationary Officers
- e - Learning Programs on UCB Products and Compliance



## Management discussion and analysis

Management discussion and analysis has been incorporated along with this director's report. Under this, a comparative analysis of financial performance (2018-2023) of the bank has been presented with analytics. A brief highlight of UCB PLC business units namely Corporate banking, Retail & SME Banking and Treasury, FI & Offshore Banking has been presented along with strategic outlook. In pursuance of an inorganic growth route and to open up diversified earnings stream, UCB PLC established or acquired four subsidiaries.

### Internal Control System

Robust internal control system helps UCB PLC to ensure achieving goals and aspirations sustainably. This control system also ensures that the Bank complies with local laws and regulations as well as policies, plans, internal and external rules, guidelines and procedures, and subsequently decrease the risk of unexpected loss or damage to the Bank. The Board has delegated the responsibility of overall supervision of internal control system to Audit Committee of the Board. The key functionalities that have been established in reviewing adequacy and integrity of the system of internal control are as follows:

- Various committees have been formed consisting of relative stakeholders with expertise on the subject matter to assist the Board in guiding the Bank's operation in line with corporate mission, vision and strategies.
- The Audit Committee of the Board reviews the internal control findings identified by the Internal Audit of the Bank, Inspection Team of Bangladesh Bank, External Auditors and Management, and evaluates the adequacy and effectiveness of the risk management and internal control systems.
- The internal audit department of the Bank checks for compliance with policies and procedures and the effectiveness of the internal control system on regular basis and highlights significant findings in respect of any non-compliance.
- The internal audit department has direct access to the Audit Committee as and when required to ensure submission of internal audit findings to the Audit Committee without any management intervention.
- The Board of Directors holds meetings at suitable intervals with senior management, internal auditors, external auditors and the Audit Committee for evaluating the effectiveness of internal control system and provides necessary guidance.
- Self-Assessment of Anti-Fraud Internal Controls is carried out on half-yearly basis and is sent to Bangladesh Bank as per requirement of DOS Circular Letter No. 10 dated 09 May 2017 issued by BB after receiving compliance confirmation from respective stakeholder.

### Financial Reporting

- Appropriate accounting policies have been consistently applied in preparation of the financial statements.
- Proper books of account as required by law have been maintained by UCB PLC.
- Accounting estimates and underlying assumptions are made on reasonable ground applying prudent judgment, and are reviewed on an ongoing basis.
- The Financial Statements (FS) of the Bank are prepared in accordance with applicable International Financial Reporting Standards (IFRSs) and relevant circulars/instructions issued by Bangladesh Bank (BB) and any departure from IFRS due to BB regulation has been adequately disclosed in the notes to the FS.
- Being responsible for preparation and fair presentation of the FS, the management of the Bank asserts that the FS prepared by the management as at and for the year ended 31 December 2022 present fairly, in all material respects, its state of affairs, the results of its operations, cash flows and changes in equity.
- There is no significant doubt upon the Bank's ability to continue as a going concern. UCB has neither intention nor the need to liquidate or curtail materially the scale of its operations. Hence, the financial statements of the Bank have been prepared on going concern basis and the Bank will continue to operate for the foreseeable future.

### Risk Management

The Risk Management Committee (RMC) of the Board reviews and monitors the overall risk management system of the Bank and updates to the Board from time to time. Risk management functions are subject to continuous scrutiny of Internal Control & Compliance Division (ICCD) and supervision of Risk Management Division (RMD) to ensure appropriateness and integrity of the risk management mechanism.

### Discussion on continuity of any extra ordinary gain or loss

In last five years, UCB has not experienced any extraordinary gain or loss. UCB's Five Years Financial Summary presented in the Annual Report will provide detailed information to support this.

### Related Party Transactions

UCB had no credit directly to its Directors at the end of 2022. 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**

### Statement of Directors Responsibility to establish appropriate system of internal control

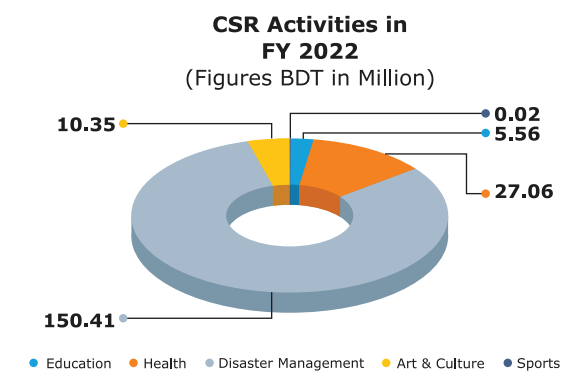
The Directors acknowledge their overall responsibility for the Bank's systems of internal control for establishing efficiency, effectiveness, reliability, timeliness, completeness and compliance with the applicable laws and regulations. This process ensures that a system of internal control in accordance 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 2022. 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.

### Compliance with corporate governance guidelines

As a responsible corporate citizen, UCB PLC duly complied with the provisions of corporate governance guidelines issued by Bangladesh Securities and Exchange Commission (BSEC). The compliance status of UCB PLC on the said guidelines has been presented in the section 'Governance Reports'. Also, Itrat Husain & Associates, Chartered Secretary in Practice, has certified the compliance status of UCB PLC on the BSEC's Corporate Governance Guidelines during 2022 which has been mentioned at the end of 'Governance Reports'.

### CSR Activities

Being a socially responsible corporate citizen, UCB PLC engaged in a number of CSR activities throughout the year, including a number of donations towards charitable causes.

In the year 2022, our total expenditure in CSR was an amount of BDT 193.40 Million. The detailed of the CSR activities comes as follows:

#### Education

UCB PLC has long been practising CSR in Education sector through different initiatives. UCB believes to contribute in numerous forms of educational assistance starting from scholarships to donations. We are always wholeheartedly interested in sponsoring brilliant students who do not possess the ability to access education. Besides, UCB provides donation fees to certain schools and educational institutions as well.

During 2022, we spent a total of BDT 5.56 Million as CSR expense in the education sector. Among the large number of projects, some, worth mentioning are donation to Anukur Society Girls High School, Upalabdhi working for education & safe shelter for poor girls, Prime Minister Shikkha Shohayota Trust, Dalal Bazar Balika Uchcha Biddyaloy and many more.

#### Health

UCB has been contributing by donating different health care institutions and assistance to health related issues. Aid from organizations would definitely be advantageous to the underprivileged portion of the population. UCB has actively been involved in multiple initiatives to contribute to the health sector. UCB accounted for a total of BDT 27.06 Million during 2022



as expenditure in the health sector under CSR projects. Some notable projects include Financial Assistance to Chattogram Maa O Shishu Hospital, National Institute of traumatology and orthopaedic rehabilitation [NITOR], National Institute of Cardiovascular Diseases (NICVD) for treatment of helpless & poor paediatric heart patients and assistance to many poor individual patients as well.

### Disaster Management

Disaster management has become one of the most discussed issue in contemporary world due to alarming scenario of global warming and climate change. UCB acknowledges the fact that unprecedented events such as natural disasters and accidents will always be a possibility. UCB always plays a pivotal role in contribution to disaster management. We try to contribute in a way that the economic and human costs of natural disasters can be reduced. In the year 2022, almost an amount of BDT 150.41 Million has been contributed in Disaster Management Sector. Some of the contributions are donation to Prime Minster Relief Fund for flood affected people, donation of blankets to cold affected people etc.

### Art & Culture

Over the years, UCB has been contributing for the development of art & culture in Bangladesh which includes donating to different cultural institutions, financial assistance to talents, promoting cultural activities etc. In 2022, contribution in the sector of Art & Culture amounted to BDT 10.35 Million. Some notable projects are donation for the construction of Bir Muktijodha Akhtaruzzaman Chowdhury Chattar, Chattogram; donation to Joy Bangla Utsab organized by Bangladesh Association of Banks, Financial Assistance to Art Bangla Foundation for 4th International Art Festival 2022 Mymensingh and many others.

### Sports

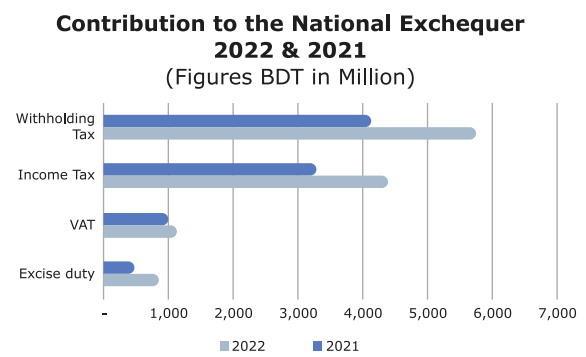
Bangladesh has been showing remarkable improvements in various areas of sports recent years. UCB is a huge supporter of, and patronizes Sports. In 2022, our CSR expenditure in Sports sector is BDT 0.02 Million for Mayor Cup.

In conclusion, United Commercial Bank PLC is committed to CSR and has implemented several initiatives to support this. The bank recognizes that CSR is not just a corporate responsibility, but also a way to create a positive impact on the communities it serves, the environment, and the economy. UCB PLC will continue to implement CSR initiatives and promote ethical and sustainable business practices.

## Contribution to the National Exchequer

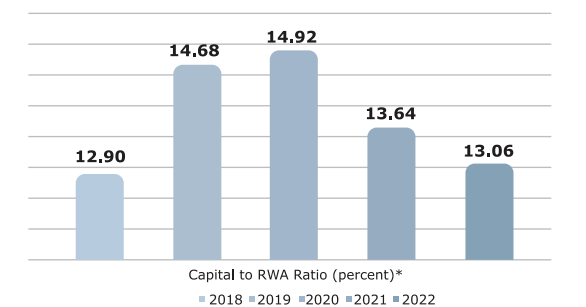
During the year 2022 United Commercial Bank PLC deposited BDT 12,114 million to the Government Exchequer out of which BDT 4,392 million as income

tax, BDT 5,762 million of withholding tax, BDT 1,122 million of VAT and BDT 838 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.



### 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.



### 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.

### 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 Governance Reports.

### 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 Governance Reports.

### 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 PLC was done by Emerging Credit Rating Limited (ECRL) based on audited Financial Statements as on December 31, 2022. The rating report is summarized as under

Particulars	Long Term	Short Term
Entity Rating	AA	ST-2
Date of rating		
Based on the Financial Statements as on		31 December 2022
Validity Date		May 06, 2024

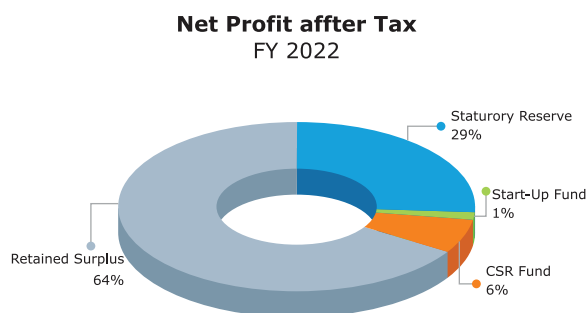
ECRL has assigned AA (pronounced as Double A) the long term credit rating and ST-2 short term credit rating to the United Commercial Bank PLC based on audited financials from FY2019 to FY2022 and other available information up to the date of rating declaration. The outlook on the rating is Stable. The 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.

### Top Management

Managing Director & CEO	With UCB since dated
Arif Quadri	13 October 2015
<b>Additional Managing Directors</b>	
Syed Faridul Islam	15 May 2019
Nabil Mustafizur Rahman	22 March 2018
Abul Alam Ferdous	27 May 1984
<b>Deputy Managing Directors</b>	
N. Mustafa Tarek	05 January 2012
Md. Abdullah Al Mamoon	01 March 2017
Md. Shah Alam Bhuiyan	12 December 2017
Mohammed Khorshed Alam	05 August 2008
ATM Tahmiduzzaman, FCS	07 March 2010
Alamgir Kabir	28 March 2011

The information regarding a) Rotation of the Directors b) the Shareholding of the Directors c) the Shareholding of the SMT d) the Meeting Detail of the Board and Committees e) the meeting of the Board and its committees f) entities where the Directors' have interest g) declaration of CFO and MD & CEO h) Certification on Corporate Governance Code; are enumerated in Governance Report.

## Appropriation of profit:



## Declaration of dividend

The Bank has declared 5% stock dividend and 5% cash dividend for the year 2022.

## 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 ACNABIN, Chartered Accountants based on their audit of financial statements for the year ended 31 December 2022. The auditor didn't mention about any material misstatement or significant disagreement regarding review of the Bank's financial statements. The Board also reviews the auditors' suggestion which auditor provides through a separate management report and gives the strategic guidelines to the management for improvement.

## Appointment of Auditors

The existing auditors, ACNABIN Chartered Accountants, have completed their first year as auditors of the Bank. According to the Guidelines of the Regulatory Authorities, one auditor can be appointed for three consecutive years. Therefore, the existing auditors of the Bank can continue for the statutory audit of the financial year 2023 as they are eligible for re-appointment for the year 2023. 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 2022 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 481<sup>st</sup> Meeting of the Board of Directors held on 27.04.2023 recommended Stock dividend 5 percent and cash dividend 5 percent for the year 2022 subject to approval of the shareholders in the ensuring Annual General Meeting of the Bank to be held on June 26, 2023

## Acknowledgement

The Bank closed the year 2022 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 2022 together with the auditor's report thereon for approval.

(On behalf of the Board of Directors)

**Rukhmila Zaman**  
Chairman

