Report Paper on

Credit Risk Management of United Commercial Bank Ltd.

Prepared for:

Dr. Nurul Mohammad Zayed

Associate Professor

Department of Business Administration

Faculty of Business and Entrepreneurship

Daffodil International University

Prepared by:

MD Tamim

ID: 213-11-1382

Program: BBA (Major in Finance)

Department of Business Administration

Faculty of Business and Entrepreneurship

Daffodil International University

Date of submission: 11/10/25

LETTER OF TRANSMITTAL

To

Dr. Nurul Mohammad Zayed

Associate Professor

Department of Business Administration

Faculty of Business and Entrepreneurship

Daffodil International University

Subject: Internship Report Submission on "Credit Risk Management of United Commercial Bank Ltd." (UCB)"

Respected Sir,

I am pleased to submit my internship report titled "Credit Risk Management of United Commercial Bank Ltd. (UCB)" for my BBA program.

This report reflects the practical experience I gained during my internship at UCB and includes an analysis of their credit risk management procedures.

I am grateful for your support and guidance throughout the internship period.

Sincerely,

Tamim

…………….

Md. Tamim

Program: BBA (Major in Finance)

Student ID: [213-11-1382]

Department of Business Administration

Daffodil International University

LETTER OF APPROVAL

I hereby approve the internship report titled "Credit Risk Management of United Commercial Bank Ltd. (UCB)" submitted by Md Tamim (ID: 213-11-1382) Major in Finance and a requirement of BBA program under the Department of Business Administration and the Faculty of Business & Entrepreneurship at Daffodil International University.

Md Tamim has effectively completed his internship at United Commercial Bank Ltd. and has demonstrated a strong understanding of credit risk management during the internship. I recommend this report for final evaluation.

I wish him all the best in his future academic and professional endeavors.

:

………………

Dr. Nurul Mohammad Zayed

Associate Professor

Department of Business Administration

Faculty of Business and Entrepreneurship

Daffodil International University

ACKNOWLEDGMENT

I would like to express my sincere gratitude to all those who supported me throughout my internship journey at United Commercial Bank Ltd. (UCB).

Initially, I would like to express my sincere gratitude to Dr. Nurul Mohammad Zayed, Associate Professor, Department of Business Administration, Daffodil International University, for his unwavering support, constructive criticism, and inspirational guidance. His assistance has been crucial in the development of this report and the enhancement of my internship experience.

I would also like to extend my sincere gratitude to my supervisor at UCB for affording me the chance to collaborate with such a dynamic team. Their forbearance, mentorship, and willingness to share knowledge provided me with a more profound comprehension of credit risk management and aid in the acquisition of practical insights into the banking sector.

Lastly, I am profoundly appreciative of the unwavering support and encouragement that my family has provided me throughout my academic and professional pursuits. Throughout this apprenticeship, their unwavering confidence in me served as the motivation I required to overcome obstacles and maintain my concentration on my objectives.

This work experience has been a significant milestone in my academic journey, and I am grateful to all those who contributed to its value and satisfaction.

Tamim

…………………………..

Md. Tamim

Program: BBA (Major in Finance)

Student ID: [213-11-1382]

Department of Business Administration

Faculty of Business and Entrepreneurship

Daffodil International University

DEDICATION

As I approach the completion of my degree, I wish to express my gratitude to Allah the Almighty for assisting me in reaching this milestone. I can't picture my existence without HIS support. I dedicate this internship report to my beloved family, whose unwavering support, encouragement, and belief in me have been my foremost source of motivation throughout this journey. Their constant support and sacrifices have significantly influenced my academic and professional aspirations.

Tamim

……………………….

Md Tamim

ID: 213-11-1382

Program: BBA (Major in Finance)

Department of Business Administration

Faculty of Business and Entrepreneurship

Daffodil International University

EXECUTIVE SUMMARY

The internship report is titled "Credit Risk Management of United Commercial Bank Ltd. (UCB)". It is based on 3 months of practical training in UCB (Narsinghopur Branch) from April 5 to July 5, 2025. The study links what I learned at university with practical experience. It examines how one of the largest private commercial banks in Bangladesh manages the risks of credit to maintain the economy's stability and development in the long run.

The study primarily focused on UCB's credit management system, that is, how loans are approved, disbursed, the documentation required from borrowers, how borrowers' credit worthiness is assessed, the process of monitoring loans, and the classification of loans between 2019 and 2023. The research used primary data (obtained from observation, interview with the officials, and loan papers mentioned in the research question), and secondary data obtained from UCBs' annual reports, Bangladesh Bank (BB) guidelines, and published papers.

The findings indicate that UCB possesses strong credit risk management system, which is in line with regulatory frameworks and Basel III requirements. The bank is monitoring the credibility of the borrower by relying on prudent use of credit risk grading, collateral verification and CIB check. The total loans and advances of UCB, meanwhile, increased sub-linearly from BDT 28,991 crore in 2019 to BDT 41,985 crore in 2023. Loans classified as unclassified (which is logical given that the loan portfolio quality is decent) also increased sharply. But there was also a slight uptick in classified loans, now standing at BDT 2,886 crore in 2023. That shows it is still difficult to dispose of nonperforming loans.

It was through the internship that I learned that the boring, day-to-day banking related tasks of record keeping, establishing repayment schedules and making follow up calls to customers actually work to mitigate credit risk.

All in all, the internship allowed me to understand more about credit risk management through the practical execution. It demonstrated how UCB manages this tension between growth objectives and enlightened risk management to ensure that it remains both profitable and financially healthy. It's made me better at credit analysis, compliance and risk assessment, and it has also shown me what I want to do in banking and finance in the future.

Table of Content

List of figures

Chapter 1
Introduction

1.1 Background of the study

Internships are an integral component of the Bachelor of Business Administration (BBA) program, designed to bridge the gap between academic knowledge and practical work experience. The banking industry in Bangladesh is one of the most prospective sectors in the economy and it provides a wealth of opportunity for business students to gain experiential experience. One of the landmarks of Bangladesh is United Commercial Bank Ltd. (UCB) is one of the first-generation private sector commercial banks in Bangladesh with the vision to be the pioneer in financial intermediation and the bank of first choice with “best in class” performance.

I had worked at United Commercial Bank Limited (UCB), one of the leading private commercial bank in Bangladesh, under this program from April 5 to July 5, 2025 as an intern. During this period, I was attached mainly to the Credit Division, where I had the opportunity to observe and participate in the day-to-day activities related to credit management.

Banking sector is the life blood of Economic development of our country Bangladesh and credit risk management is one of the most important functions of banking. Correct credit risk evaluation, screening and monitoring of lending, are necessary, for financial stability, to decrease non –performing loans (NPLs). I have chosen this topic “Credit Risk Management of United Commercial Bank Ltd. (UCB)” because of this fact that the credit management is very crucial for any financial sector especially banking industry which playing a critical role in the overall economy and credit quality is very important to continue our banking business and profitability. The findings will offer the approach of how UCB deals with the credit risks in a practical manner as well as complies with regulations while maintaining a soundness level of finance.

1.2 Objectives of the Study

The objectives are divided into two main groups: broad and specific.

Broad Objective:

The broad objective of this study is to analyze UCB's credit risk management system.

Specific Objectives:

- To gain insight into the various types of loans and credit facilities offered by UCB.
- To understand the methods UCB uses for credit scoring and selecting borrowers.
- To show general procedure of sanctioning loan.
- To analyze loan trends, focusing on classified and unclassified loan from 2019 to 2023.
- To identify the challenges UCB faces in managing credit risk effectively.

1.3 Methodology of the Study

This study uses a methodology for this study based on only secondary data sources.

A. **Secondary Data:**
   - Annual Reports of UCB (2019–2023).
   - Circulars and instructions of Bangladesh Bank on credit risk management.
   - Publications related to banking and credit risk.
   - UCB's official publications and website.

1.4 Significance and Scope of the Study

- **Significance:**

The significance of this study can be analyzed from multiple perspectives:

A. **Academic Perspective:**
   This internship report provides valuable exposure to how bank apply theoretical concept such as risk management, portfolio diversification, and credit appraisal in real practice. It demonstrates how classroom learning, credit analysis, financial ration and risk assessment models connects to the broader realities to the banking industry. The insight gained here will be beneficial for the students and researchers conducting similar studies in future.

B. **Practical Perspective:**

Effective credit management is crucial for keeping commercial bank financially stable and profitable. Just like Banks, RTIC, faces challenges like loan defaults, delayes in recovering loan and the need of following regulations set by Bangladesh Bank.

C. Organizational Perspective:

For UCB, this study provides an independent viewpoint on its credit policies through the perspective of an intern. Identifying banks strength, weakness and area of improvement maybe help the organization its risk management practice and strengthen overall performance.

❖ **Scope:**

The scope of this study is clearly defined to ensure it stays focused and relevant.

- The focus was mainly on UCB's credit risk management measures.
- The study covers classification of loans, appraisal of credit, methods of disbursement, monitoring and recovery.
- For data analysis, I focused on the period from 2019 to 2023 for both classified and unclassified loans.
- The study includes insights from the specific branch where the internship took place along with information from corporate reports, annual reports and related field literature.
- It is important t note that this study does not covers all aspect of UCB's banking operations, such as treasury, general banking or foreign exchange unless they directly related to credit management.

1.5 Limitations of the Study

Despite sincere efforts to ensure quality and comprehensiveness, this study is subject to several limitations:

1. **Time Constraint:**

   The internship period was for three months and it was too short to get an in-depth knowledge for all aspects of credit operations of UCB through its vast branch network.

2. **Confidentiality of Information:**

Banks are forbidden to share sensitive customer and loan information. The data source was restricted, which hindered the extent of the financial analysis.

3. **Limited Branch Perspective:**

   The internship was conducted at one branch, so inferences cannot be made to other branches or the headquarters, which are responsible for the general strategic decisions.

4. **Dependence on Secondary Data:**

   Much of the quantitative analysis is founded on UCB's annual reports and data from Bangladesh Bank. These sources may not offer a complete understanding of internal decision.

5. **Officials' Workload and Availability:**

   The flow of work and access to bankers were often limited due to the day-to-day activities of the bank officers, restricting extensive discussions and the exchange of information.

6. **Dynamic Nature of Credit Risk:**

   The nature of credit risk is dynamic and is driven by evolving economic conditions, regulatory environment and market instabilities. As a result, the activities experienced during the internship can evolve.

7. **Research Limitation**:

   The study uses a descriptive methodology instead of complex econometric or statistical models, suggesting that the results are primarily observational rather than predictive.

Chapter-2

Company/Organization Overview

2.1 Introduction to United Commercial Bank Ltd.

United Commercial Bank Limited (UCB) is one of the leading private commercial banks in Bangladesh. It was founded in 1983 with the goal of helping with the economic development of the country by providing modern banking services and maintaining good financial practices. Since that time, UCB has grown significantly and is now considered a solid financial partner for people, organizations, and businesses.

UCB works in a highly competitive space in which customer confidence, new offerings and compliance are key to success. Over the years, it has built a reputation for being customer focused and innovative. As the financial services industry evolved, UCB has always responded by introducing digital innovation, growing with its solutions and maintaining strong risk management disciplines.

UCB currently provides a wide array of products and services to its retail and corporate customers –including depository and credit products, trade service and treasury products. The emphasis on financial inclusion has enabled rural areas access to formal banking through agent stores and internet-based platforms.

UCB has committed itself to CSR activities in the field of education, healthcare, environmental sustainability, and disaster management. UCB, with a solid balance sheet, innovative product offers, governance that complies with sharia, continues its pursuit as a leading bank in Bangladesh.

2.2 Corporate Vision and Mission

Vision Statement:

“To become the preferred bank by maximizing value for our clients, shareholders, and employees while contributing to the national economy with integrity and innovation.”

This vision reflects UCB’s ongoing aspiration to dominate the banking sector by ensuring stakeholder satisfaction, with a commitment to environmental and national progress.

Mission Statement:

The mission of UCB outlines its core responsibilities and commitments:

- customer Orientation: Contribute with better, innovative and easier accessible financial products and services to fulfil consumer needs.
- Financial Inclusion: Increase access to bank services for excluded and unbanked populations; even more so through digital and agent bank.
- Sustainability: Profit through growth responsibly.
- Employee Training: Establish an atmosphere of trust, teamwork and professional growth.
- Social Responsibility: Take active part in meaningful CSR initiatives that contribute to social and economic development.

2.3 Corporate Profile

United Commercial Bank PLC (UCB) is one of the leading first generation private commercial banks of the country playing a pivotal role in creating, nourishing and assistance towards entrepreneurship, finance and trade. With a firm commitment of the economic and social development of Bangladesh, United Commercial Bank PLC (UCB) started its journey in mid-1983 and has since been able to establish itself as one of the largest first-generation banks in the country. UCB is listed with Dhaka Stock Exchange PLC and Chittagong Stock Exchange PLC and the bank had been included in DSE30 Index, formulated by world renowned S&P, considering the bank as one of the top 30 listed companies in Bangladesh. UCB's Board members include eminent individuals with industry, financial and operational expertise. With a vast network of 231 branches 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. UCB's vision is to be the bank of first choice through maximizing value for our clients, shareholders & employees and contributing to the national economy with social commitments. (UCB annual report, 2023)

Name of the Company	:	**United Commercial Bank PLC.**
Legal Form	:	A public limited company incorporated in Bangladesh on 26th June 1983 under the companies Act 1994 and listed in Dhaka Stock Exchange Limited on 30th November 1986 and Chittagong Stock Exchange Limited on 15th November 1995.
Commencement of Business	:	27 June 1983
Head Office	:	Plot - CWS- (A)-1, Road No - 34, Gulshan Avenue, Dhaka-1212.
Telephone No.	:	+88-02-55668070, +88-09610999999
Fax No.	:	+88-02-55668070-6000, +88-09610999911-5200
Website	:	www.ucb.com.bd
SWIFT	:	UCBL BDDH
E-mail	:	info@ucb.com.bd
Chairman	:	Mr. Sharif Zahir
Managing Director & CEO	:	Mr. Mohammad Mamdudur Rashid
Auditors	:	ACNABIN Chartered Accountants
Tax Consultants	:	Mr. Md. Mosharrof Hossain, Advocate & ACNABIN Chartered Accountants
Legal Counsellor	:	T.I.M Nurun Nabi Chowdhury
No. of Branches	:	232
Number of ATM & CRM Booths	:	714 (As on 15.09.2024)
No. of SME Centers	:	2
Off-Shore Banking Unit	:	1
No. of Employees	:	5749 (As on 31.12.2023)

Stock Summary		
Authorized Capital	:	Tk. 25,000 Million
Paid up Capital	:	Tk. 15,503.758 Million
Face Value per Share	:	Tk. 10
Registered Office	:	Plot - CWS(A)-1, Road, No - 34, Gulshan avenue, Dhaka-1212 Phone: +88-02-55668070, +88-09610999999 E-Mail: info@ucb.com.bd Web site : www.ucb.com.bd
Chairman's Office	:	Plot - CWS- (A)-1 Road No - 34, Gulshan Avenue, Dhaka-1212 E-Mail: chairman@ucb.com.bd

Table 2.1

2.4 Organizational Structure

United Commercial Bank (UCB) Limited is a Board of Directors, the highest policy-making body of the Bank. The Board is comprised of the Managing Director & CEO as well as committees such as the Executive Committee, Audit Committee, and Risk Management Committee. Other products UCB offers Shariah-compliant banking also has Shariah Supervisory Committee for Islamic Banking of UCB. Department and function[edit] the following components are led by a senior management team of Additional Managing Directors and Deputy Managing Directors.

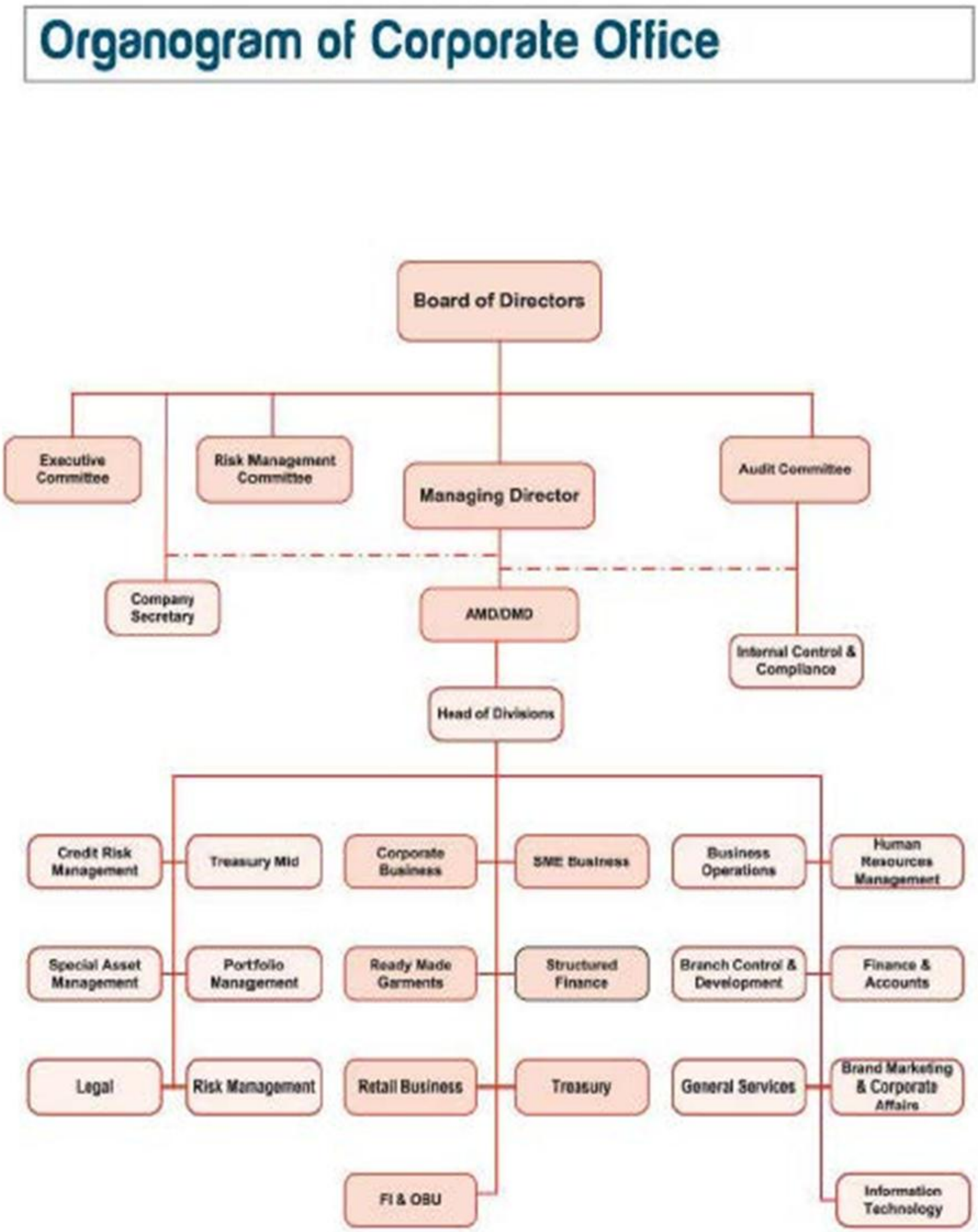
Organogram of Corporate Office
Board of Directors
Executive Committee
Risk Management Committee
Managing Director
Audit Committee
Company Secretary
AMD/DMD
Internal Control & Compliance
Head of Divisions
Credit Risk Management
Treasury Mid
Corporate Business
SME Business
Business Operations
Human Resources Management
Special Asset Management
Portfolio Management
Ready Made Garments
Structured Finance
Branch Control & Development
Finance & Accounts
Legal
Risk Management
Retail Business
Treasury
General Services
Brand Marketing & Corporate Affairs
FI & OBU
Information Technology

Figure 2.1

2.5 Awards and Recognition

United Commercial Bank (UCB) PLC Over the last few years United Commercial Bank (UCB) PLC has received a number of awards and accolades which have reflected our success in different areas of the Bank and professional fields of finance. Three of these were for MasterCard excellence, SME finance and best presented annual reports respectively.

Key Awards and Recognition:

Mastercard Excellence Awards: UCB has been awarded for our accomplishments in Mastercard Contactless (Acquiring), International Credit Business and POS Acquiring Business.

Global SME Finance Awards: UCB was recognized for its SME lending initiatives and was awarded a "Honorable Mention" at the 2022 Global SME Finance Awards. UCB has been awarded several prizes for its annual report, including Best Presented Annual Report and Integrated Reporting.

Other Major Awards: UCB was recognized as the "Best bank for CSR Bangladesh 2023" by Wikipedia. Additionally, its fully owned subsidiary, UCB Investment Ltd has received multiple awards for its performance in investing banking including accolades Euromoney and Finance Asia.

UCB was awarded "SME Financier of the Year - Asia" at the Global SME Finance Awards.

These awards and honors demonstrate UCB's commitment to innovation, client service, and its impact on the financial sector of Bangladesh.

Chapter-3

Internship Role and Responsibilities

3.1 Assigned Role

I was placed in the Narsinghopur Branch of United Commercial Bank Limited (UCB) where I was exposed to different departments of banking. Even though I had not been placed in Credit Department, I had taken interest in credit related work to learn it. I was given an internship assistant status, where I supported officers with daily works, observed how to process credits and conducted simple document collecting. This job gave me a hands-on understanding of how UCB managed credit, defaulted borrowers, and then complied with the Bangladesh Bank policies.

3.2 Key Responsibilities

The responsibilities assigned to me all over the internship were varied and aimed to improve my technical and professional skills. The primary responsibilities encompassed:

- **Documentation Support -** assisting in arranging and verifying loan application, KYC forms and CIB reports.
- **Customer interaction -** Dealing with customers to work on loan application requirements, incomplete documentation and payback timelines.
- **Preliminary Screening** — Assisting officials to obtain financial statements, trade licenses etc. from proposed borrower for assessment.
- **Data Entry and Record Keeping** — Entering client & loan related data into the internal bank platform in order to keep track of and stick to the strict regulations.
- **Compliance Support -** Reviewing the compliance of the branch with Bangladesh Bank regulations, internal audit guidelines and UCB's credit policies.
- **Observing Risk Assessment -** Continuously watching the techniques of credit officers analyzing client's creditworthiness by income analysis, business inspection and asset verification.

3.3 Task Examples

Some practical examples of tasks I completed or observed during the internship include:

- **Loan File Preparation** — I assisted in the collation of borrower documents such as TIN certificates, financials and property deeds into well-structured files arranged to be scrutinized by officers.
- **CIB Report Assistance -** I helped obtaining the "CIB (Credit information Bureau) report" from the Central bank of Bangladesh (Bangladesh Bank) to find out whether the customers were under any liability for any loan.
- **Collateral Verification Assistance** — I observed them property deeds and reams of mortgage documents and I helped validate the supporting documentation.
- **Drafting Repayment Schedules** — I helped write repayment plans with the observation of an officer for small company loan customers.
- **Client Follow-ups** — I commonly made calls to clients about needed documents, remaining payback dates, etc.
- **Internal Data Management -** I recorded borrower details and modified spreadsheets in Excel for loan monitoring and categorization.

3.4 Relevance to Credit Risk Management

All that has been done and all the tasks carried out have a direct/indirect link with the main subject of my internship report: Credit Risk Management.

- Documentation & Verification: D&V verified the legal and financial capacity of borrowers to obtain loans, which in turn reduced the risk of receiving applications through fraudulent means.
- CIB Reports help to lend with confidence as CIB encompasses credit history of the borrower or lending party and thus the risk of lending to those with poor payback records is reduced.
- Security - Collateral confirmation hedged the bank risk as it secured interest in physical asset.
- Customer calls enabled repayment promise and it lowered likelihood of loan delinquency.
- Data Entry and Loan Monitoring strengthened internal control through application of prescribed data file which employers were encouraged to copy the existing file structure,

that data files are comprehensive and accurate, and that files would withstand audit testing.

I discovered, at the time of my internship, the way in which UCB's credit risk management has included preventive, detective, and corrective tools. Preventive measures include, prudent borrower selection and placement; detective measures include, continuous monitoring of loans; corrective measures include, loan rescheduling and/or loan reclassification.

My internship gave me a peace of mind on the very small things about banking and how they fit in larger system which deriving the aim of low risk, leaner level of interest rates and stability in practice of lending. My active participation gave me an experience of how the credit risk management model - alone "familiar" to me at the time was applied in the real banking world.

Chapter-4

Credit Management of (UCB)

4.1 Credit Management

Credit monitoring is a structured process that bank use to manage and reduce risk. The main goal is to protect the quality of asset, ensure financial stability and ultimately profitability in the long run. At UCB a comprehensive system is in place to handle credit risk with strategics that emphasize strong governance, regulatory compliance and careful risk selection. UCB follows a well-defined credit risk policy that aligns with regulatory standers and guides all of its lending activities. To avoid conflicts of interest, the banks clearly separate the function of loan origination and risk assessment. When assessing borrowers, UCB uses a credit risk grading (CRG) system, which combines both quantitative data and qualitative factors to provide a thorough evaluation of corporate and SME clients. UCB's credit management also involves an on-going process of monitoring of the loan portfolio through their branch-level and center-based risk teams who follow early warning signals of financial stress to intervene in time. By incorporating these activities, the bank is illustrated as exercising a compensated credit management, which combines profit and prudence in a balance managerial dichotomy, for the purpose of building a higher level of resilience in the financial sector.

4.2 Types of credit at UCB

UCB Bank offers multiple credit lines to various sectors of the economy from corporate and industrial projects to SMEs, agriculture and consumer credits.

❖ **Corporate Banking Loans**

- **Export and Import Finance:** Helps exporters with pre-shipment/post-shipment finance; and importers with Letters of Credit (LCs) and payment finance.
- **Industrial Financing:** Loans to major industries in RMGs, Textiles, Leather, Food Processing, Energy, Power and Telecommunication.
- **Project and Infrastructure Finance:** Long term financing for power plants, real estate projects, telecommunications and infrastructure projects.
- **Syndicated and Structured Finance:** Combined finance through various banks for large projects as risk is shared.

- **Working Capital Financing:** Provides support for day-to-day operations of a business with an ongoing line of credit.

❖ **SME & Agricultural Credit**

- **Small Business Loan (SBL):** Loan for small businessmen without security (BDT 0.50–3.00 lac). Contributes: Working Capital, Buying of Fixed Assets and Agricultural Trade.
- **Agri & Rural Fast Loan (ARFL):** Non-collateralized mobilized loans in promotion of rural development and food security.
- **SME Installment Loan (USIL):** Medium to long term fund (Up to BDT 1.50 crore) for expansion and modernization of SMEs.
- **RSTL (Revolving Short-term Loan):** Growth-oriented working capital loan not exceeding BDT 75 CRORE with one-year maturity commonly utilized by cash-generative SMEs.

This diversity of financing types makes it possible for UCB to drive large industrial expansion as well as local entrepreneurs.

4.3 Loan Products

Based on its credit rating categories, UCB converts them into loan products, suitable for Retail, SME and corporate customers. The products are end-to-end financial solutions that are real-life based that are equally convenient for the customers as well as profitable for the bank.

Retail & Consumer Loans

- **Personal Loan:** Floating loan from 1 lac to 20 lacs repayable up to 5 years tenure. This is used by customers on things like education, health, marriage and travel.
- **Auto Loan:** Car loan for new or reconditioned cars; BDT 40-60 lac subject to car type; term–5-6 years. This is something that moves the masses and the executive class.
- **Home Loan:** Customers can avail mortgage loan up to BDT 2 crore and can also get to repay it in maximum 25 years. Excludes construction, property purchase, renovation, or

financing. UCB also provides further loans and payout options for construction progress stages.

Corporate & SME Products

- **Credit Facilities:** Offer businesses with loans for operating expenses, including inventory, and payroll.
- **Project loans:** Long-term credit for infrastructure and industrial projects.
- **Trade Finance Products:** such as letters of credit, guarantees, bills purchase, for both inward and outward trade.

Credit Cards

UCB has a different type of credit cards (Classic, Gold, Platinum, Signature, World). These cards provide:

- Global acceptance (VISA/MasterCard)
- EMI facilities
- Reward points and cashback
- Complimentary airport lounge access
- Flexible repayment options

4.4 Lending Interest of UCB

Declared Lending Rates of Loan Products

United Commercial Bank PLC
Effective From: 10-08-2025

Economic Purposes	Declared Rate	Lowest Rate	Highest Rate
Agriculture	13.00%	12.00%	14.00%
Fishing	13.00%	12.00%	14.00%

Forestry and Logging	13.00%	12.00%	14.00%
Term Loan (Large Industries)	14.00%	13.00%	15.00%
Working Capital Financing	14.00%	13.00%	15.00%
Housing (Commercial)	14.00%	13.00%	15.00%
Transport (Road)	14.00%	13.00%	15.00%
Wholesale Trading	14.00%	13.00%	15.00%
Export Financing	13.00%	12.00%	14.00%
Flat Purchase	11.25%	11.00%	11.50%
Transport Loan (Car/Motorbike)	12.50%	12.00%	13.00%
Credit Cards	25.00%	25.00%	25.00%
Other Personal Loans	14.00%	13.00%	15.00%

Table 4.1

4.5 Credit Worthiness of the Loan Applicant of UCB

The entity has received an AA (long term) and ST-2 (short term) rating with Stable outlook (ECRL, 2024), depicting the soundness of its balance sheet. UCB uses a variety of factors, when considering whether to lend someone money:

- Credit history and past performance: The bank reviews the applicant's previous borrowing records to understand how responsibly they have managed loans in the past. If a borrower has a good repayment history with no major defaults or delays, it builds trust and improves their chances of loan approval. However frequent defaults or late payment can negatively affect the assessment.
- Income and Cash flow analysis (repayment ability): UCB examines the applicants income sources and cash flow to determine whether they can comfortably repay the loan. For individual borrowers, salary slips, business income or other earnings are analyzed. For business clients the banks look at financial statements and projected cash flow to ensure stability and repayment capability.
- Debt-to-income ratio (comprehensive financial well-being): This ratio shows how much of the applicant's income goes toward paying existing debts. UCB prefers applicants whose debt burden is within a manageable level, as a high debt ratio may single financial stress and higher risk of default.
- Collateral sufficiency and liquidity: If the loan secured, the bank evaluates the value and quality of collateral offered. UCB ensure that the collateral is sufficient, easily marketable and free from legal complications. This act as a safety net for the bank in case the borrower fails to repay.
- Borrower's character and reputation: UCB also considers non-financial factors like the applicant's honesty, reliability and business reputation. Borrowers who maintain a good relationship with the bank and have clean image are generally viewed more favorably.
- Commercial viability and sectoral risk (for corporate loans): For business loan the bank studies how profitable and sustainable the project is and whether the industry is risky.
- System of rating or scoring internal credit risk: UCB has its own internal credit rating system that helps measure the borrowers overall risk profile. The scoring is based on both the financial data and behavioral patterns, which helps the bank make lending decision.
- Commitment to Bangladesh Bank requirements: UCB strictly follows all rules and policies set by Bangladesh Bank to ensure transparency and discipline in the credit overall process.
- Compliance with UCB's internal credit policy: Every credit decision aligns with the banks internal credit policy to ensure safe and consistent lending.

4.6 General procedure of sanctioning loan

UCB provides a structured mechanism for ensuring transparency and lowering risk in the approval of loans:

1. Presentation Of a Loan Application - The borrower submits an official application for a loan, detailing the supporting documents (passport, paycheck, presentation of project).
2. Initial Screening — Bank's employees determine applicant eligibility, intended use of the loan, and initial conformity to bank policy.
3. Documentation Collection - Collection of financials, business plan, CIB (Credit Information Bureau) report and collateral documents.
4. Credit Analysis & Appraisal – Judging whether a person has the capacity to repay, which is judged by the income estimate, debt-to-income ratio, collateral value, employment and credit history.
5. Credit Risk Grading: The applicant is rated according to UCB's internal credit grading as well as Bangladesh Bank guidelines.
6. Approval Process – Depending upon the amount of loan, the loan proposal is sent for approval to the concerned authority (branch manager, credit committee or head office).
7. Sanction and Documentation — Once approved, send the sanction letter and other legal documentation (mortgage, hypothecation, guarantee).
8. Disbursement - The amount of loan is disbursed when all the terms are met.
9. Monitoring and Recovery - Continual review of the borrower's ability to repay until the loan is fully repaid. (Bangladesh Bank , 2012)

4.7 Division of Loan Fund

The division of loan funds across various sectors ensures balanced distribution and risk minimization. (UCB Annual report, 2023)

Sector	Loan Amount (BDT Crore)

Agriculture	6,546
Industry	16,932
Working Capital Financing	10,702
Export Financing	2,263
Commercial Lending	13,494
Consumer Finance	2,837
Housing	2,769
Others	12,555

Table 4.2

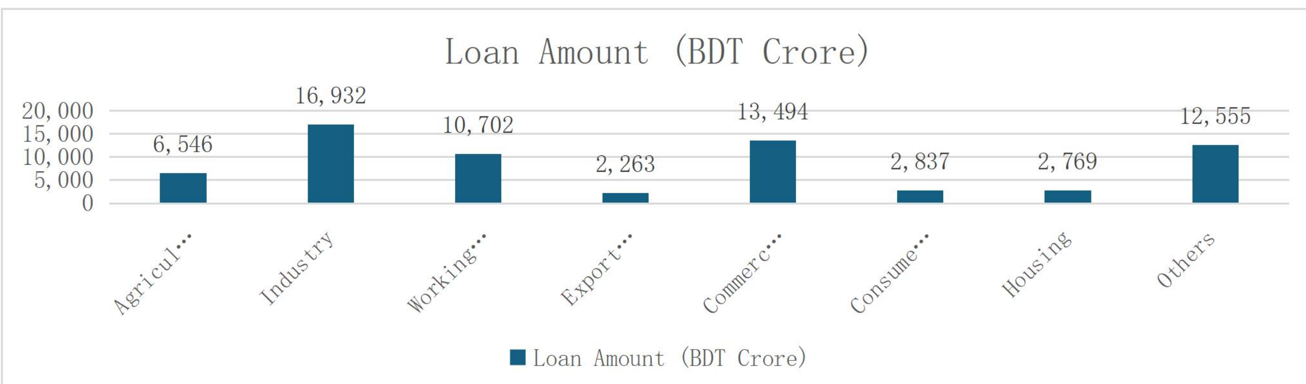

Figure 4.1

4.8 Total Loans & Advances

Total Loans & Advances represent the total amount of money disbursed by UCB to individuals, businesses, and organizations as credit facilities. It reflects the bank's main income-generating asset and indicates overall lending growth.

Year	Total Loans & Advances (BDT Crore)
2019	28,991
2020	30,744
2021	34,562
2022	38,501
2023	41,985

Table 4.3

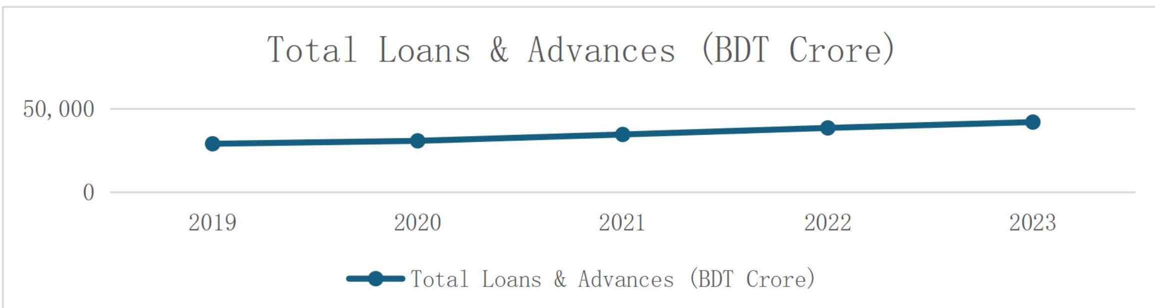

Figure 4.2

4.9 Un-Classified Loan (2019-2023)

Un-Classified Loan This is a loan which the customer pays his repayment regularly. These loans are non-delinquent, non-defaulted so the risk is low, and weak investor protections are irrelevant. In the reporting which UCB has, non- classified loans cover normal, SMA (Special Mention Account) accounts. They are also the good part of a bank's loan portfolio.

Year	Unclassified Loans (BDT Crore)
2019	28262.3
2020	31047.9
2021	35176.4

2022	39821.5
2023	43790.1

Table 4.4

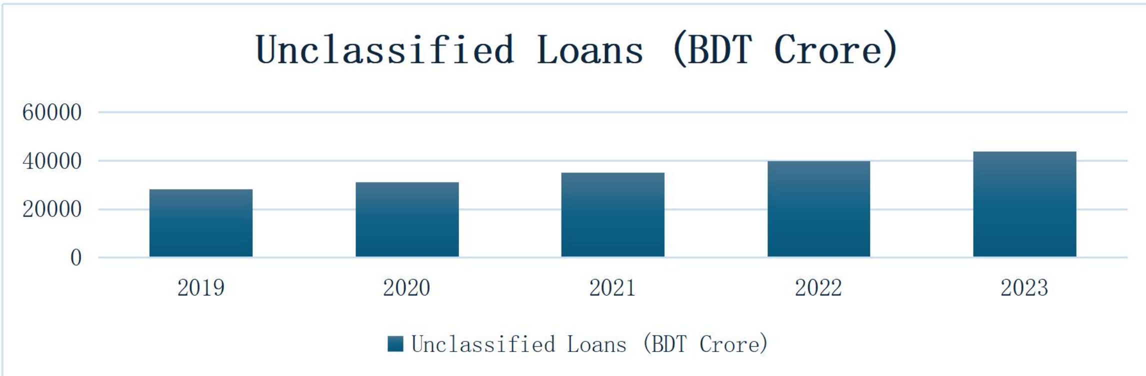

Figure 4.3

4.10 Classified Loan (2019-2023)

A Classified Loan, according to the FDIC, is a loan on which the borrower is not making payments on time. In Bangladesh, loans are classified according to three classes: substandard, doubtful, and bad/loss on the basis of delay and recovery of the loan. These loans increase a bank's credit risk, and entail greater supply, and thus impact profitability directly. In 2023, the Classified Loans of UCB was BDT 2,886.49 crore representing a sector of loans which may not be recovered.

Year	Classified Loans (BDT Crore)
2019	2,500
2020	2,575
2021	2,592
2022	2,651
2023	2,886

Table 4.5

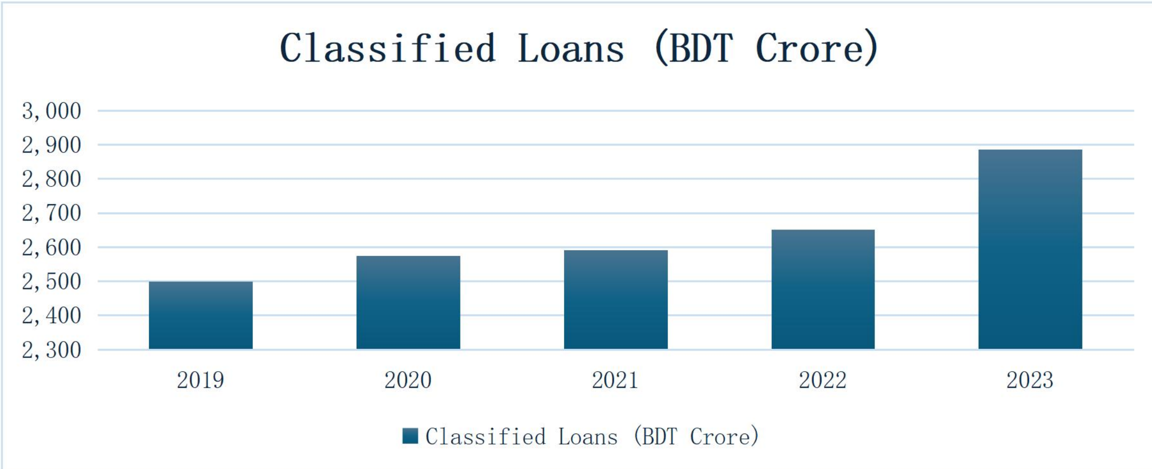

Figure 4.4

4.11 Loan Recovery (2019-2023)

The trend loan recovery from Write-offs demonstrates a consistent upward transactor over the year, reflecting the banks strengthened recovery efforts and improve asset management performance

Year	Recovery from Write-off (Crore)
2019	169
2020	103
2021	103
2022	237
2023	410

Table 4.6

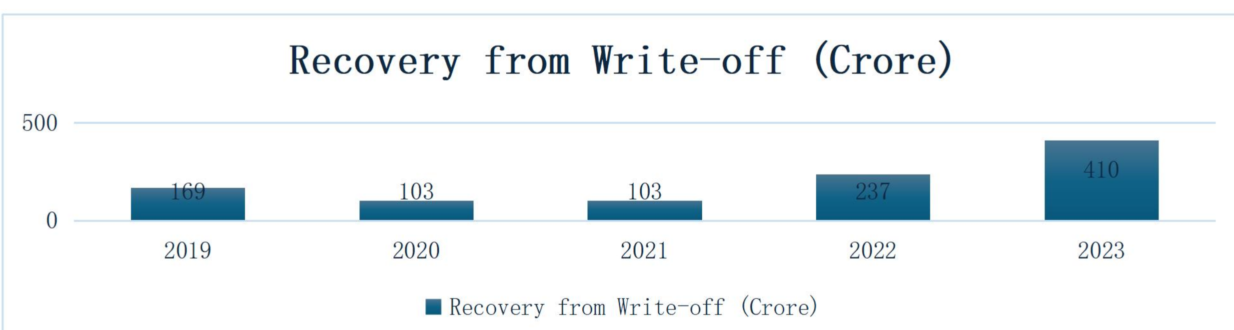

Figure 4.5

Chapter-5

Critique and Reflections

5.1 Critical Evaluation of the Internship Experience

During my internship at United Commercial Bank Ltd. (UCB) I was exposed in dealing with credit risk management and how a top private commercial bank at Bangladesh do it. It was very beneficial for my program for me to be able to relate what I had learned in university to how banks in reality operate. I also observed how UCB goes about reviewing applications for loans, monitors credit performance and tries to ensure they abide by the rules laid down by the Bangladesh Bank.

The internship gave me a deeper understanding of credit risk assessment, not just form a technical standpoint but also form a practical, real-world perspective. I saw firsthand how things are done in practice, which was quite different from what I learned from university. For instance, the risk grading models and borrower assessment templates combined financial ratios with quantitative factors like the client track record, exposure of different sectors and their history with banks. It really gave me a clear view of how credit decisions are made in competitive, risk conscious environment.

5.2 Key Challenges Faced During the Internship

I had some challenging moments during my internship. Well, compliance is at the heart of banking, it's very heavily regulated and that was one of the big barriers. Credit file, loan classification and Bangladesh Bank circulars were barely to be understood without regular supervision by the supervisors. Second, sensitive client data was hard to work with because thirdly, I had to adapt to constant multitasking and high pressure under a time limit due to the pace at which things work at UCB.

Another challenge was bridging the divide between academic knowledge and operational practice. Even despite my having learned all the theoretical models of credit risk, I had to slowly learn the different industries and borrower backgrounds so I could make model-focused decisions on actual loan applications.

5.3 Learning from Challenges

I grew a lot from these problems in my career. I discovered more about the business of lending and credit risk management watching senior officers and asking questions. Working with other departments, particularly the credit risk management department, improved my ability to analyze loan proposals critically and determine if they were economically viable.

Also, it showed me the challenge of restricted availability of the data and how importance of keeping in private and work responsibly in banking. Coping with overwork taught me to better manage my time, and following rules made me better at surmounting challenges. Ultimately, overcome those challenges made me feel more capable and better at solving problems in future jobs.

5.4 Overall Reflection

Reflecting on my internship, I can say without hesitation that it was one of the defining moments of my academic life. Through observing UCB's credit risk management, I gained an understanding of how banks are safeguarding their stable positions while contributing to the growth of the economy by lending money.

The internship not only taught me more about technology, but how to speak with people, how to look at things, and how to talk to colleagues, as well. I realized that a good banker must have a lot of theory, do things according to rules, be moral responsible and use your brain. Overall, I am now poised to face future professional challenges and have been motivated to work in the financial industry, specializing in risk management and sustainability banking initiatives.

Chapter 6

Conclusion

6.1 Summary of Key Findings

I gained a great deal of insight into how one of the best private commercial bank in Bangladesh manages credit risk during my internship in United Commercial Bank Ltd. (UCB). Watching and being involved in the process I learned the process on the treatment of loan applications, how the borrowers are assessed and how the risk grading model is followed as per Bangladesh Bank's instructions.

- UCB has a robust credit assessment mechanism by taking into account both quantitative parameters (such as financial ratios, repayment capacity, analysis of cash flows) and qualitative parameters (such as the reputation of the borrower, industry outlook, relationship track record).
- Loan classification and monitoring is carried out in a uniform manner and at a serious adherence to the rules in order to minimize Non-Performing Loans (NPL).
- Credit risk management does not function – unless the credit department, risk management division and compliance teams work in harmony.

6.3 Final Evaluation

Overall, the internship was challenging and rewarding. It was difficult for me, on one hand, to adapt to the world of banking, which has a specific pace of operations and to relate to all the details of the credit documentation. These challenges, on the other hand, helped me grow as a professional by learning how to adapt, to keep secrets, and to think with a critical mind.

Great summary of the internship as a whole. (RNS) UCB gave me practical experience that fit with what I was learning at school, giving me that connection between what I was studying and how I was able to use it in the outside world. You have been developed wonderful work process within the bank and my supervisors for helping me build up the practical experiences in credit risk management. This real exposure has helped greatly to understand the means for banks in balancing their books and handling credit portfolios.

6.4 Impact on Career Goals

Internship that I had with United Commercial Bank Ltd (UCB), was very important for me to arrange the piece of my career path. Before joining the program my understanding of credit risk management came primarily from textbook and university lectures. However, this internship allowed me to see how these theories are put into practice, which made me realize how credit risk management is for the long-term sustainability of bank and financial institutions.

Working with UCB's credit management team gave me a complete overview of the loan assessment. This experience only sparked my curiosity further about pursuing a career in finance. I learned having financial expertise is not enough in banking, especially area like credit analysis, corporate banking and risk management. It is also about strong analytical skills, a good understanding of law and a strong ethical foundation.

Looking ahead, I hope to contribute to the banking industry by ensuring the credit decisions are made carefully, balancing profitability with effective risk management. This internship not only confirmed that banking is the right field for me, but also gave clarity, direction and confidence to succeed in career.

Chapter 7

Implications

7.1 Applicability of Academic Learning

My internship at United Commercial Bank Ltd. (UCB) gave me chance to execute what I learned in the BBA program into real world banking environment. In my classes, I studied subject like finance, risk management, accounting, organizational behavior and strategic management. During my time at UCB, I saw these concepts came to life, especially in the area of credit risk management.

When analyzing loan applications, I often found myself asking whether borrowers could afford to repay their loans. I was especially grateful to these lessons I learned in my finance classes about analyzing financial statement and interpreting financial ratios. I also become familiar with loan are classified, which I had learn about my banking and financial institution classes. I saw firsthand how the rules set by Bangladesh Bank for bank and financial institutions are applied in credit risk management.

Overall, the internship reinforced the value of academic work I have done. It allowed me to connect theoretical concept with real world decision making in the banking industry. It was a powerful reminder of how what I have learned in university can help me perform better in roles like credit risk management.

7.2 Organizational Impact

The internship provided an excellent opportunity to actively engage in the daily operations of banking business, particularly within the credit management division. I was involved in tasks such as loan documentations, credit assessment and preparing report.

Additionally, the fresh perspective I brought as an intern helped identify area for improvement in the process, such as batter data holding and the use of digital tools for customer profiling. This new academic viewpoint contributes positively to the team’s effort. Ultimately this internship not only benefited my own learning but also supported the company’s goal of maintaining a strong portfolio.

7.3 Industry Relevance

My internship focused on the critical role of credit risk management within the banking sector. I learned that effective risk management is essential for maintaining the stability and long-term viability of commercial banks. I also saw how closely the regulatory requirement set by the Bangladesh Bank shape and influence the industry, particularly in relation to international accounting standers, which are largely guided by Basel lll norms and corporate governance principles. Through this experience, I gained valuable insight into how academic knowledge is applied in real time to adapt to the evolving financial service landscape.

7.4 Skill Development

The internship had a significant on my career skill development. I gained much stronger abilities in analyzing financial statements, assessing risk and writing report. I also developed valuable soft skills including communication, adaptability and time management through my interaction with coworker and manager.

7.5 Recommendations and Future Directions

From the internship experience, some forward-looking implications for both the academic and the organizational world can be drawn. For the education sector, the focus on case-based learning and simulation tasks could help equip its graduates with practical credit analysis skills. For the organization, additional digitization of the risk assessment process and improved training program for interns might also increase efficiency and stronger long-term talent development. Further research could strive for exploring more advanced credit scoring models, AI in risk management or balance profitability with sustainable banking practices.

References

i. Bangladesh Bank. (2012). *Guidelines on Credit Risk Management (CRM) for Banks*. Bangladesh Bank. https://www.bb.org.bd

ii. Bangladesh Bank. (2020). *Annual report 2019–2020*. Bangladesh Bank. https://www.bb.org.bd

iii. Basel Committee on Banking Supervision. (2017). *Basel III: Finalising post-crisis reforms*. Bank for International Settlements. https://www.bis.org

iv. United Commercial Bank Limited. (2023). *Annual report 2023*. United Commercial Bank Ltd. https://www.ucb.com.bd/annual_report

v. Saunders, A., & Cornett, M. M. (2019). *Financial institutions management: A risk management approach* (9th ed.). McGraw-Hill Education. https://www.mheducation.com/highered/product/financial-institutions-management-saunders-cornett/M9781260013870.html