Internship Report on

Analysis of Credit Management Functions & Financial Performance of United Commercial Bank PLC

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Date of Submission:

DEDICATED TO

MY HONORABLE TEACHER

LETTER OF TRANSMITTAL

Date:

Mr. Repon Miah
Assistant Professor
Department of Business Administration
Daffodil International University , Khagan, Birulia, Savar, Dhaka.

Subject: Submission of Internship Report.

Sir,

It is, indeed, an honor to deliver my internship report on **"Analysis of Credit Management Function & Financial Performance"** of United Commercial Bank PLC. A practical experience from the Nabinagar Branch" as a prerequisite for the completion of my BBA program. I am lucky enough that I have got an experienced & efficient professional team at different to learn banking process and procedure efficiently.

I believe that it was a fascinating experience to work and live in the banking sector and it has enriched both my knowledge and experience. I tried my best to show my skills, which is achieved through this report.

Finally, I am very grateful to you for your continuous supervision and guidance in preparing the report.

Sincerely,

Mominul Islam
25/05/25

……………………
MOMINUL ISLAM
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SUPERVISOR’S CERTIFICATE

This is to certify that the internship report on **Analysis of Credit Management Function & Financial Performance of United Commercial Bank PLC.** A practical experience from the Nabinagar Branch" submitted for the completion of internship program of the Degree of Bachelor of Business Administration, Daffodil International University is a record of work credit out by Mominul Islam under my supervision.

No part of the report is submitted elsewhere for any degree, diploma, title or recognition before.

I recommend the report for submission for consideration of the defence board.

25/05/2025

…………………

Repon Miah
Assistant professor
Department of Business Management
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Declaration of the students

I, MD. Mominul Islam, hereby declare that, this report titled Analysis of Credit Management Function & Financial Performance of United Commercial Bank PLC was written completely by me following the fulfillment of my three months as an intern at United Commercial Bank (UCB).

I verify that the report was made completely by me for educational purposes and not any other reason. Moreover, I promise that the report has not been accept anywhere before my acceptance.

Mominul Islam
25/05/25

....

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Acknowledgement

With the blessings of Almighty Allah of Almighty Allah, I was able to successfully complete the internship report on Analysis of Credit Management Function & Financial Performance of United Commercial Bank. A number of people have supported me, directly or indirectly, in prepare this report. I appreciate their support. I am incredibly grateful to my internship supervisor Ripon Miah (Assistant Professor, Daffodil International University) for their invaluable guidance & support throughout my internship. Thank you for giving me the opportunity to lots of support to do my internship report. They provided me with clear direction and expectations, and were always available to answer my questions and provide valuable feedback.

My special gratitude goes to…………………. (Vice President & Head of Branch, United Commercial Bank Ltd. Nabinagar Branch. Ashulia. Dhaka) and ………………….. (AVP & Manager Operation). Manik Chandra Saha (Executive officers & credit in charge).I am truly thankful to all the staff members of the Credit Department for their supportive cooperation & all other employees of other departments for supporting me in my internship report work.

While facing some challenges in completing the report, I was able to finish the case within the given time frame, an achievement that would not have been possible without the support and guidance of key individuals. I really enjoyed every moment like the internship period to prepare the final report. I hope that it will help me in my future professional work. Moreover, I would like to thank everyone who helped me to prepare this report.

Finally, I would like to express my humble thanks to all of my family members who gave me physical, psychological and economical support to complete my BBA Program.

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Executive Summary

The objective of the study is to analyze the credit management function and financial performance of the bank. To fulfill this study necessary data were gathered from both primary and secondary sources. The objectives are divided into general and specific categories. The general objective focuses on evaluating UCB's overall credit management and financial health. The specific objectives include examining credit disbursement, risk management, liquidity, solvency and profitability..

The study follows a descriptive research approach, utilizing both primary and secondary data. Primary data is collected from UCB officers and customers, while secondary data comes from UCB's official website, annual reports, office circulars, and other published documents. After collecting and analyzing those data number findings have been revealed of the important findings is loan. The bank's cash credit facility faces challenges due to high interest rates, leading to costly borrowing and increased default risks, which weaken financial stability. Strict collateral requirements restrict small businesses' access to funds, while hidden fees, such as processing and documentation charges, further add to the financial burden, making the facility less attractive to borrowers.

The bank faces financial instability due to high loan interest rates increasing defaults and low deposit interest rates discouraging savings, weakening liquidity.

So to solve this problem some recommendations are suggested UCB Bank could improve financial stability by lowering interest rates to reduce defaults and easing collateral requirements to support small businesses. A transparent fee structure would enhance borrower confidence, while improved credit risk assessment and financial advisory services would aid loan recovery and customer trust. These measures would boost customer satisfaction and long-term profitability.

UCB Bank could lower interest rates to make borrowing more affordable, reducing defaults and attracting more borrowers. Higher deposit rates would encourage savings, enhancing liquidity and customer loyalty. Additionally, leveraging digital platforms for loan applications, customer service, and savings management would improve efficiency and accessibility.

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Chapter: 1

Introduction

1.1 Introduction:

United Commercial Bank (UCB Bank) is a leading private commercial bank in Bangladesh, dedicated to providing top-tier banking services. Headquartered in Gulshan, Dhaka, UCB Bank offers a wide range of financial solutions, including corporate and retail banking, loans, credit cards, online banking, and money transfer services.

As a first-generation bank, UCB Bank prioritizes customer satisfaction and continually strives to enhance service efficiency. To achieve this, the bank utilizes Flexcube software, ensuring seamless banking operations and improved customer experiences.

With a team of highly professional and experienced bankers, UCB Bank is committed to understanding & anticipating customer need. As the banking industry evolves, UCB Bank adapts to market changes, positioning itself as a forward-thinking financial institution.

Operating within the framework of the banking company act & regulations set by Bangladesh bank, UCB bank provides comprehensive financial services catering to diverse segments of society. Its diverse portfolio includes Corporate Banking, General Banking, Retail Banking, and Consumer Banking, covering industries ranging from agriculture and real estate to software and technology.

1.2 Background of topic:

Credit management and financial performance analysis play a crucial role in the banking sector, requiring strategic long-term planning to allocate funds across diverse sectors. The primary objective is to minimize risk while maximizing returns on invested funds. Effective credit management ensures an optimal balance between loan disbursement and recovery, focusing on increasing performing assets and reducing non-performing assets.

United Commercial Bank (UCB) follows a well-structured credit policy, combining time-tested standards with flexible strategies tailored to evolving market conditions. The bank aims to establish itself as a leading financial institution in Bangladesh by maintaining prudent credit operations and ensuring high-quality financial services. UCB is committed to fulfilling client needs and enhancing profitability through efficient credit facilities and risk management.

This analysis provides an in-depth evaluation of UCB's credit activities, assessing their effectiveness in maintaining a robust financial performance while adhering to industry best practices.

1.3 Scope:

I shared my real-life experience in this report. The credit department is a bank's most important department. My report is based on UCB bank's Credit Management & Financial Performance Analysis, so the bank will focus primarily on the United Commercial Bank's Credit Management & Financial Performance Analysis system's history and functions.

1.4 Research Objectives

The report's objectives is broken down into two categories. Both general & specific goals are involved.

1.5 General Objective:

To analyze the credit management function and financial performance of UCB PLC.

1.6 Specific Objectives:

The specific objectives of the study are:

- ➔ To explain the credit direction functions of the bank.
- ➔ To analyze the credit disbursement and credit risk management of UCB.
- ➔ To evaluate the liquidity, solvency and profitability position of the bank.
- ➔ To analyze the bank's performance using common size & trend analysis techniques.

1.7 Methodology:

The study is descriptive and it includes both primary & secondary data. To perform this study follows a systematic approach by collecting, classifying, analyzing, and interpreting data. Both primary and secondary sources are utilized for comprehensive insights. Qualitative and quantitative methods ensure accuracy in analysis. The findings are then presented clearly to highlight key points.

1.8 Primary data:

- ➔ Officers of UCB bank
- ➔ Customer of UCBL

1.9 Secondary data:

- ➔ General Purpose The United Commercial Bank Limited
- ➔ Website Annual report of United Commercial Bank Limited
- ➔ Circular from the office & other published documents

Data collection & analysis:

Primary data were collected through informal conversation with manager, officers and customers. Data Processing refers to converting raw data into meaningful information, and these data are machine-readable as well. Thus, data processing involves collecting, Recording, Organizing, Storing, and adapting or altering to convert the raw data into useful information.

1.10 Limitation:

Some limitations existed that the bank had handled throughout the preparation of this report. Some challenges are as follows:

- ❖ An intern student had little opportunity to work in the bank's credit division.
- ❖ One important factor that contributed to the study's shortening was the limited time available.
- ❖ UCB Bank lacks a diverse and extensive collection of books and journals related to banking operations.
- ❖ Another significant obstacle encountered during the course of this study was the confidentiality of the data. A bank's credit policy is considered an internal and confidential aspect of its operations. Similar to other financial institutions, UCB Bank maintains a cautious and stringent approach when it comes to disclosing financial information.

Chapter: 2

The Organization

2.1 History:

United Commercial Bank (UCB) commenced its operations in 1983 under the provisions of the Companies Act of 1994. With a strong commitment to fostering economic and social progress in Bangladesh, the bank has grown steadily over the years. Today, it stands as one of the leading first-generation banks in the country, recognized for its contributions to the financial sector and national development. UCB bank listed on the Dhaka stock exchange & Chittagong stock exchange was established on November 30, 1986, playing a key role in Bangladesh's financial sector. A leading bank with 224 branches has significantly influenced private sector banking. The bank supports various industries, including agriculture, real estate, and software. Its efficient approach continues to drive economic growth and financial inclusion.

Today, UCB Bank is now recognized as one of the best private sector banks in the country, contributing significantly to the national economy, with a taka-based authorized capital =15,000 million and paid up capital of Tk. 8,366 million, the bank has shown remarkable growth. It is currently led by Chairman Mr. M. A. Hashem & Managing Director Mr. Muhammed Ali. UCB Bank has diversified its operations into various segments of banking, including Retail Banking, SME Banking, Corporate Banking, Offshore Banking, and Remittance services. In addition to a wide range of deposit and loan products offered under Retail Banking, UCB Bank supports the country's economic growth by providing export and import loans to qualified businesses. This helps to enhance foreign exchange earnings and strengthen the national economy. Since its launch in 2006, UCB Cards has been a standout product, experiencing rapid growth and success. Today, the bank has become a leader in the local market with a cardholder base nearing 40,000.

branches	224
ATM booth	628
SME centers	2
Banking Unit	0
Employees	5060.

2.2 UCB Core Values

- **2.2.1 Shareholders**

  Develop a long-term, profitable funding for our investors by applying a sincere and business effective business approach.

- **2.2.2 Community**

  Devoted to support community initiatives and activities, creating jobs, and acting as a conscientious corporate citizen.

- **2.2.3 Customers**

  Provide our clients with cutting-edge service by providing a variety of products and making every effort to meet their banking needs.

- **2.2.4 Employees**

  We respect our relationship with the employee as a member of this esteemed financial organization and rely on their inherent merits. We collaborate to recognize and value each employees' distinct experiences, perspectives, abilities and talents at work, regardless of their position.

- **2.2.5 Trust**

  We cherish open and honest communication between all parties, which is a component of UCB Bank Limited.

2.3 Visions for the future:

The bank aims to be your first option by creating maximum value for customers, investors, and employees. It is committed to national economic growth through social responsibility and innovation. To achieve this, the bank plans several key initiatives. UCB Bank intends to increase its deposit base by nearly 370 million and offer loans to customers amounting to approximately 200 million. The Nabinagar Branch specifically targets issuing 10 million in loans this year. Recognizing its responsibility to society, UCB Bank plans to enhance its CSR activities in the coming year. Additionally, the bank intends to increase SME loan offerings to support entrepreneurs and accelerate socio-economic development. UCB Bank also prioritizes an efficient workforce, focusing on providing its employees with more training to deliver the best possible service to customers.

2.4 Mission: To provide financial services that build, manage, and expand our customers' wealth. Our goal is to enhance financial well-being while improving lives.

Product / Service Of UCB bank:

2.5 Deposit Products:

UCB Bank has introduced a wide range of financial products and services to cater to diverse customer needs. The bank offers a range of products and services, including UCB DPS Plus, Current Deposit UCB Money Maximizer, UCB Women DPS, Short Notice Deposit.

Receipts for Fixed Deposits, UCB Employee Savings, and Non-Interest Savings.

2.6 <u>Credit Division:</u>

Worked 3 weeks in this division. My occupation was to set up a record for candidates with the Relating papers (candidate's data, organization solicitations, TIN, Tank endorsement, credit report and so on) and assist them with topping it off. Bank appended stamp In a portion of the documents such as interest promissory note and afterward gaven a few scales like Mark Checking seal. Top off Some SME (Little Midterm Endeavor) structures. This structure is unique in relation to the bank account structure. Likewise individual credit and Disc accounts structures. To record transactions, debit increases assets/expenses and credit increases liabilities/equity, ensuring balanced entries in the system.

2.7 <u>Money Maximizer:</u>

To open this account, an individual needs a minimum deposit of 50,000 takas and must keep the money for at least 7.5 years to earn an interest rate of 9.69%. If the money is withdrawn within the first year, no interest will be paid. However, if the individual withdraws the funds after one year, they will earn an interest rate of 4.5%. This account encourages long-term saving with a higher return for extended commitments.

<u>Current Deposit:</u>

A Current Account is a non-interest-bearing account primarily used by individuals, businessmen, companies, and firms for daily transactions. It allows the account holder to invest and take out funds any moment. The code for this account type is 101. To open a Current Account, the customer must provide three passport-size photographs of the account holder, one photograph of the nominee, a photocopy of the account holder’s voter id card, a photocopy of the trade license, the company seal and a photocopy of the nominee's voter ID card.

<u>Female DPS:</u> UCB female DPS is a specialized monthly savings scheme designed to encourage women to save. It offers a higher interest rate compared to UCB DPS Plus. This scheme provides flexible monthly installment options and allows participants to choose a tenure of 2, 3, 5, 7, or 10 years.

Deposit for Special Notice:

This type of account is typically opened by individuals or businesses that require frequent transactions each month. Entrepreneurs, business owners, and companies often use this account to manage their daily financial activities. The account offers interest on a daily basis, with the amount of interest varying based on the account balance.The more funds held in the account, the higher the interest earned.

Fixed Deposit Receipt:

Individuals, firms, companies, and associations are eligible to open this type of account. The deposit is made for a predetermined fixed period, such as 3 months, 6 months, 1 year, and so on. The Fixed Deposit Rate (FDR) offered by the UCB is 8.75%.

NON-Interest Savings:

Some individuals open accounts solely to save money without expecting interest, benefiting both the bank and the account holder. These accounts are advantageous for banks as they require no interest payouts.

Women's Savings:

UCB offers a special savings account for women with an attractive 6% interest rate, higher than regular accounts. Additionally, women can enjoy the benefit of a free debit card and no service charges. This initiative encourages women to save and grow their finances effortlessly.

2.8 Loan Products:

2.8.1 Funded:

A Secured Overdraft (SOD) is a facility where overdraft is granted against the lien of financial instruments such as Fixed Deposit Receipts (FDR) or other assets. The SOD can be offered in various ways, including overdrafts secured by a guarantee, FDR in the borrower's name, savings certificates, or Deposit Pension Schemes (DPS).

2.8.2 Cash Credit : CC account functions similarly to a current account but with a pre-approved limit for withdrawals. It is typically sanctioned for a one-year period, allowing businesses to access funds against their inventory or goods. This facility helps manage daily operational expenses and smooth business cash flow. The credit limit is determined based on the value of the goods pledged.

- ➔ A Loan against Trust Receipt (LTR) allows importers to settle L/C-related shipping documents without making immediate payment. The borrower receives an advance and holds the goods other their proceeds in trust for the bank until the loan is repaid. The Trust Receipt serves as security, giving the bank a lien on goods. Repayment has been made by the seller proceeds of the goods or the borrower's own funds. LTR typically has a validity period of 30 to 180 days, depending on the goods and Bangladesh Bank's guidelines. This facility helps maintain business cash flow and operations.
- ➔ A Term Loan is designed to finance civil construction and infrastructure development projects. The loan is repaid through equal monthly installments over a specified period. This facility provides structured financial support for long-term projects.
- ➔ UCB offers lease finance to help businesses acquire capital machinery, equipment, and vehicles. Under a lease agreement, the dweller holder is granted exposure rights to make use the asset for a specified period. In return, the leaseholder pays rent for the duration of the lease. This facility supports businesses in obtaining necessary assets without upfront capital expenditure.

2.8.3 LOAN GENERAL:

- ➔ Payment against Documents (PAD): The buyer will not receive shipping documents until the invoice or bill of exchange has been paid in full. The buyer and seller are assured of safe transactions as a result of this.
- ➔ Local Documentary Bills Purchased (LDBP): The negotiation or purchase of Inland/local documentary bills are payment instruments accepted by scheduled banks in Bangladesh for processing financial transactions.This facility helps facilitate trade transactions within the country.
- ➔ Credit for Export Cash : ECC essentially is a brief period financing option provided to exporters to meet expenses related to exportable commodities. It helps bridge the gap in working capital required for exporting goods.It permissible to carry out a particular

order an export or to carry out numerous exports in excess of the ECC limit. The 90% would be the cap of the export L/C's FOB value. Exporters' export performance over the previous three years will be taken into consideration when setting the ECC limit. L/C from importers whose payment history is not satisfactory, such as having a history of late, nonpayment ect.

- ➔ Foreign Documentary Bills Purchased: FDBP allows customers to negotiate or purchase foreign documentary export bills drawn under a valid Export L/C.
- ➔ Retail loans: Personal loans such as car loans, doctor's loans, home loans, and similar financing options.

2.8.4 **NON-FUNDED:**

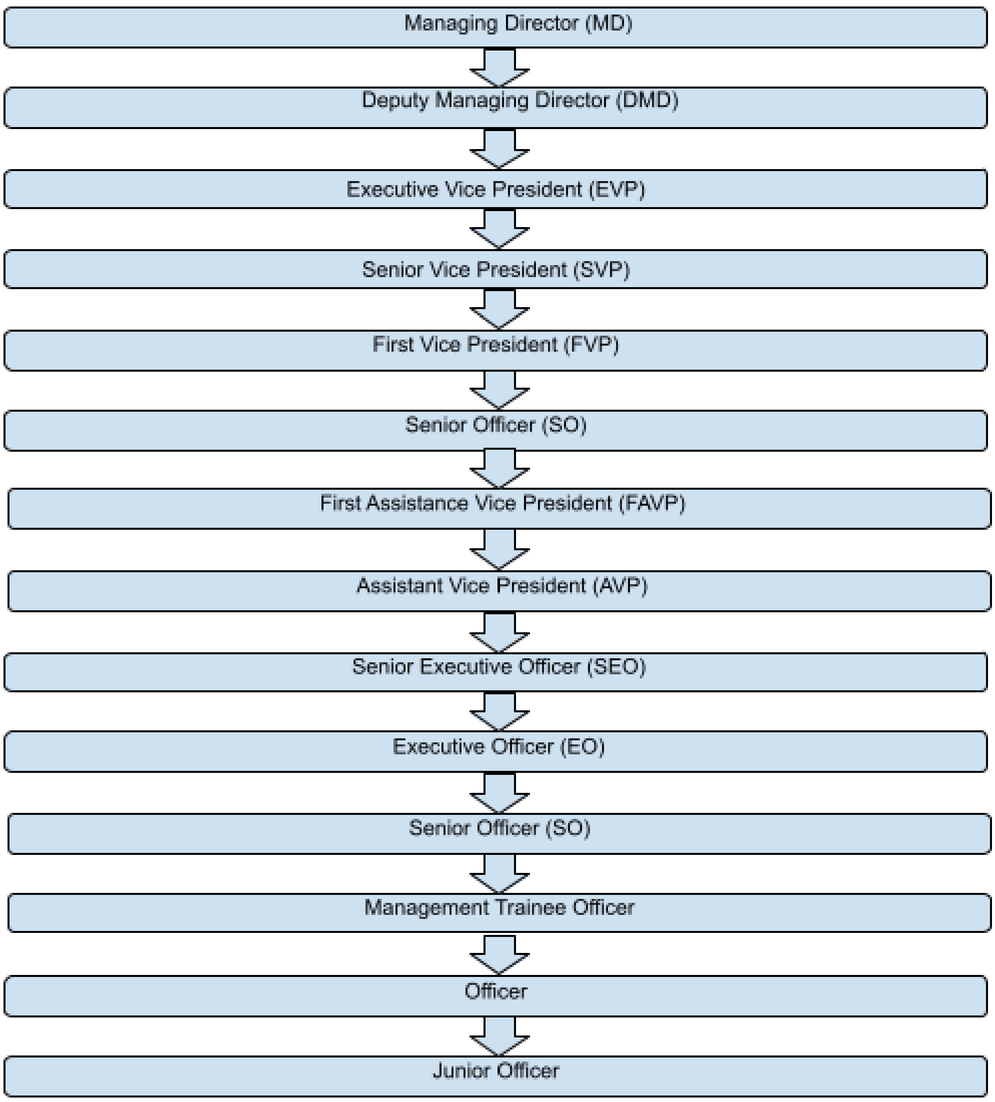
- ➔ **LOCAL FOREIGN:** SLC (Sight LC) refers to a letter of credit where the bank makes payment within 5 working days upon receiving the shipping documents.
- ➔ **BACK-TO-BACK:** A bank to bank letter of credit (BTB LC) is a financial arrangement where an export letter of credit (LC) backs a second LC used to pay a supplier. When an exporter receives an export LC from an overseas buyer but is not the actual manufacturer of the goods, the exporter needs to source the goods or raw materials from the actual producer. In such cases, the exporter requests their bank to open a second LC in favor of the producer, using the export LC as collateral. This second LC, backed by the original export LC, is called a back-to-back letter of credit. Banks may provide pre-shipment credit facilities of up to 90% of the export order, including the BTB LC. However, banks tend to be cautious about using back-to-back LCs due to the risk involved in financing export transactions. The risks include the possibility of non-payment or issues in the supply chain that could lead to financial losses. Because of these risks, banks are generally not in favor of BTB LCs as a primary method of financing exports.

2.8.5 Other Products:

- ➔ LOCKER SERVICE:The bank's mirpur road branch offers small, medium, and large lockers with annual fees of Tk. 3,500, Tk. 6,000, and Tk. 10,000, respectively. These lockers provide secure storage for valuable items.
- ➔ CARD FACILITY: The bank offers its facilities for credit and debit cards customers.

UCB Bank has 150,000 debit card holders, with 70,000 to 80,000 actively using their cards. The bank offers three Platinum, Gold, and Classic credit cards are the three types. The The Platinum Card is for valuable customers, providing a credit limit between Tk. 200,000 and Tk. 800,000, with an annual fee of Tk. 5,000, serving around 2,000 clients. The Gold Card offers a credit limit from Tk. 80,000 to Tk. 190,000, with an annual charge of Tk. 3,000, and has approximately 25,000 users. The Classic Card has a limit between Tk. 20,000 and Tk. 75,000, with a yearly fee of Tk. 1,500, serving about 20,000 clients. These cards cater to different customer segments, offering financial flexibility.

2.9 Operational Network Organogram:



Chapter: 3

Activities of UCB Bank PLC

3.1 **Loans and Advances:**

UCB bank is a new-generation bank dedicated to delivering high quality financial services and products. It aims to contribute to the country's GDP growth by promoting trade, commerce, and industrialization. The bank also focuses on boosting exports to strengthen economic development. Creating employment opportunities for educated youth, alleviating poverty, improving the living standards of low-income groups, and fostering sustainable socio-economic development are fundamental objectives of a bank. Achieving these goals requires effective Credit Management and Financial Performance Analysis, as they contribute a significant share to the bank's total revenue. The bank's existence turn on the careful credit management operations, which the significant hazard is concentrated. In most of the time, a commercial bank fails. is linked to issues in Credit Management and Financial Performance Analysis, often resulting in a reduction in asset value. Therefore, Credit Management and Financial Performance Analysis not only dominate the bank's asset structure but are also crucial to the bank's success.

The credit standards focus on profitability, liquidity, and safety. These dynamic factors are closely related to things like interest rates, margins, spread of credit, the the nature and scope of risks, and the distribution of credit. At UCB Bank's Mirpur Road Branch, the Credit Department plays a pivotal role in managing these factors. This department is managed by two senior executive officers who continuously work with dedication, demonstrating strong teamwork and excellent skills. Their expertise enables them to efficiently perform the tasks assigned to them.

The Credit Division at Bangladesh Bank, located at the UCB bank's Head Office, and branch officers oversee the operations of the Credit Department. These officers believe in teamwork and are committed to hard work. They operate under strict tenets of integrity, honesty, and transparency, safeguarding interests of both bank's customers of credit and depositors. The credit specialists are responsible for credit management and Financial Performance Analysis tasks, which include providing loans (credits) to customers and ensuring repayment with interest and installments. All operations are conducted in full compliance with the rules and regulations of Bangladesh bank and the bank's Head Office, ensuring the highest standards of business practices are maintained.

3.1.1 Corporate loan:

Corporate loans are loans taken out by businesspeople to run their businesses. The difference between corporate lending and personal lending is that corporate lending is granted to businesses rather than individuals. As a result, the amounts of money being dealt with tend to be substantially larger, and some of the protections are a bit different.

3.1.2 Short term finance:

Loans for a short time are utilized to cover inventory costs, accounts receivable, or any other available assets to meet working capital needs. The length of these loans typically ranges from one month to one year.The following is a list of short term loan options:

- ➔ Cash Credit: CC account functions similarly to a current account that includes set limit for withdrawals. Typically sanctioned for one year, it provides typical restriction on goods to cover day-to-day business expenses. Known as a continuous loan, it can be renewed based on customer demand.
- ➔ Secured overdraft: (SOD) is provided when a negative overdraft is permitted the lien of an FDR or other forms of financing. The SOD facility can be offered to borrowers in various ways, such as:
- Overdrawn against the promise Overdraft in the borrower's name against FDR Overdraft against savings certificates.
- DPS (Deposit Pension Scheme) overdraft.

3.1.3 Discounted and purchased bill: The Bank provides advances for clients through the purchase or discounting of their exchange bills. These bills appear from transactions in both domestic and international trade. This facility helps businesses manage their cash flow efficiently.

3.1.4 Long term finance: Real estate, equipment, & other fixed assets are purchased with the help of long term loan. The following are examples of long-term loans:

Lease financing: Lease financing covers the financing of equipment and vehicles for businesses. It is a term loan that can be repaid in equal monthly installments using lease rental. The Bank owns the vehicle that was leased out in accordance with the lease agreement that covered all risks.

Purchase lease: This facility is offered to acquire hardware or vehicles through a hire purchase agreement. Under this agreement, the ownership of the asset is shared between the bank and the customer. The arrangement also covers comprehensive risks associated with the asset.

Term loan: The purpose of this facility is to pay for infrastructure and civil construction projects. The term loan is repaid through equal monthly installments.

3.1.5 Real estate finance: This kind of credit is given to individuals or group of developers for buildings & finishing work for commercial use.

3.1.6 Import finance: Buyers are granted this facility to buyers of various commodities, capital equipment and other items that are allowed, with L/C-secured shipping documents held as Core security. A Cash security and backup guarantee are required to secure the position. Two types of L/C facilities are offered:

- **Sight L/C:** When the documents are received, payment is made right away.
- **Deferred L/C:** The recipient permits the buyers to pay for the documents over time.

3.1.7 Loan against trust receipt: Importers can use a funded facility called a Loan against Trust Receipt (LTR) to settle L/C-related shipping documents. When the papers are import shipment is received customer makes no payment. is entitled to an advance against the LTR. Until the loan is paid back, goods are held by the customer or the money from their sale in trust for the bank. The Trust Receipt acts as primary security, granting the bank a title to the products. The LTR facility is repaid using the sale proceeds of the imported goods or the customer's own funds within the validity period. Validity of the LTR A/C varies from 30 to 180 days depending on the nature and number of items imported or as per Bangladesh Bank guidelines.

3.2 B) SME Financing:

Small and Medium-Sized Businesses (SME), which are companies with a certain limit on the number of employees or income. United Commercial Bank Limited offers similar products for both SME and corporate clients. To qualify as an SME, a service, trade, or manufacturing company must meet specific criteria.

	Small Enterprise		Medium Enterprise	
	Fixed Asset excluding land & building	No of manpower	Fixed Asset excluding land & building	No of manpowe
Service	TK 5 lac to 1 crore	10-25	TK 1 crore to 15 crore	50-100
Trade	TK 5 lac to 1 crore	10-25	TK 1 crore to 15 crore	50-100
Manufacture	TK 50 lac to 10 crore	25-99	TK 10 crore to 30 crore	100-250

3.3 Retail Loan:

A bank's direct dealings with individual customers, as opposed to those with corporations or other banks, are referred to as "retail banking." Services offered include savings and transactional accounts, mortgages, personal loans, debit cards, and credit cards.

A retail loan refers to loan products sold directly to consumers, with the bank hiring non-permanent staff to contact customers and promote these retail loan products. Some items sold at retail are:

1. House hold: Consumer credit schemes known as durable loans are secured by collateral, which is typically durable goods finance of the bank. People with limited income (minimum salary 10000 to 12000)can avail the credit facility to buy household good including computers & additional durables. Here, the loan term is four years and the interest rate is 18.5%. The maximum loan amount is five lacs.

2. Auto loan: Auto loans are offered by UCB Bank for purchasing vehicles such as cars, jeeps, station wagons, pick-up vans, and covered vans with a capacity up to 3000 kg. To qualify, individuals must have a minimum monthly salary of Tk. 20,000, and business people must have an income of Tk. 40,000. The loan limit is Tk. 20 lac, and the repayment period is up to 5 years.

3.Home loan:

The bank has created a home loan program to help people buy apartments or new apartments that are in the process of being built for their own use. A mortgage with an interest rate of 14.5% and a loan term of 10 to 20 years will be taken out by the bank against the home loan.

4.Doctor's loan: The purpose of the doctor loan scheme is to provide general practitioners and Expert doctors for acquiring healthcare equipment plus hospitals. The borrowing limit for Common practitioners is Tk. 5 lac, while specialist physicians can receive up to Tk. 10 lac. The loan period is 5 years, with an interest rate of 14%.

5.Any purpose loan: The personal loan scheme is designed to offer financing to groups with monimal and moderate incomes for various purposes. Maximum loan amount is Tk. 10 lac, and no mortgage is required for this loan. The loan period is 4 years, with an interest rate of 14.5%.

6. Education loan: The educational loan scheme allows students to borrow up to Tk. 5 lac for their studies. The loan comes with an interest rate of 14.5% and a repayment period of 4 years.

General credit-related procedures and systems:

Granting loans is part of the core rule of a bank, with its vigor being significantly influenced by the quality of its loans and the ratio of loans to total deposits. Traditionally, banks adhere to three basic principles of lending: safety, liquidity, and profitability. Additionally, banks consider humanity, seeking true entrepreneurs who contribute to society. The foundation of secured loans rests on confidence in the borrower, which is evaluated based on the "5 C’s":

1. **Character:** This is the borrower's integrity, dependability, and Intent to repay the loan on time.
2. **Capacity:** Reflects a borrower's creditworthiness by assessing their capacity to manage the business and generate sufficient funds.
3. **Capital**: Indicates the borrower’s financial strength and contribution to the business to cover risks.
4. **Condition**: Considers the general business conditions affecting the borrower.
5. **Collateral**:The borrower's capacity to offer additional collateral to cover the loan amount.

The lending process at UCB Bank follows strict steps in compliance with Bangladesh Bank’s regulations and conditions.

3.4 Inspire

There are a many individuals lives in our country. Every one individuals' monetary condition isn't same.

Somebody's convey an immense cash however others are conveying a minimal expenditure, as of now, those individuals who are fit to colossal cash they are open a rouse accounts. Since this records interest computes on everyday schedule and paid following a month. A record opening time investor are store cash Tk.10000 as it were. Any Bangladeshi individuals who convey public ID and photograph can open a financial balance. This records office gives free web banking and furthermore give to the clients protection inclusion all through the record.

3.5 Monthly benefit plan

This plan gives month to month advantage to the clients. Since a ton of clients convey an

enormous cash. Not a decent choice fixed sum fixed store. In the event that a client opens an arrangement, it is plainly said that client will help in future. Retiree who are calculative in their life can open month to month benefit plan.

UCB Millionaire Plan

This plan centers around a month to month premise plan. Contributor can store cash without a hitch and can make 1,000,000 sum without any problem. It is benefited to the investors that make their future life.

3.6 UCB FDR In Days

This plan is an everyday schedule. Client can work in an everyday schedule. This is a decent sum, where interest is payable to the clients after the time of the time. Client will get cash extremely attractive sum utilizing this plan. The base sum is 5,00,000 TK.

3.7 UCB Fixed Deposit

This scheme is a long-term investment that will provide higher interest rates and customer gained handsome amount through this plan.

3.8 UCB Monthly Benefit Plan

This plan is a month to month premise plan. At the point when a contributor's store cash in the bank, at the specific time, loan fees changes month to month and give revenue sum as the month progressed. It is benefited to each investor. After the finish of the arrangement, investors will get extremely attractive sum all through this arrangement. The client can get practically 90% credit to utilizing this store account cash.

3.9 UCB Quarterly Benefit Plan

This plan is a drawn out money growth strategy. UCB centers around long haul money growth strategy due to it serves to the depository the board. Thus, Bank offers quarterly advantage plan, clients can grave the open door quarterly arrangement, subsequent to finishing the arrangement client will get extremely attractive sum in this arrangement.

3.10 UCB Shield

This plan is a medical problems first protection inclusion including Coronavirus. Client can store fixed sum in the bank and when they debilitated or hospitalized utilizing proof banks give inclusion utilizing the decent store sum.

3.11 <u>Unfamiliar trade Division:</u>

Worked unfamiliar trade division for quite a long time. Here educated LC implies credit letter and LC is one sort of bank ensure that on the off chance that a merchant can't give cash to the exporter then the actual bank gives cash to the exporter.

Mirpur Street branch isn't Promotion (Approved Vendor) so subsequent to finishing LC proposition they forward it to Elephant Street office this branch is approved Seller branch. Promotion implies approved Seller. Bank need consent from Bangladesh bank to do unfamiliar trade swap(open LC, Import, Commodity). Banks have this consent; they approved sellers of bangladesh bank.

My job was to keep the LC (Letter of Credit) register up to date at the UCB Bank branch on Mirpur Street. In this register, I recorded the opening date, the LC opener's name and address, the amount of foreign currency, and the exchange rate, the permit number, details of the imported items, the country of origin, the margin percentage, the margin amount, the bank's commission, and the tank amount. During my time there, I learned that there are three types of LC.

a) Sight LC: It is a type of money. At that point, whenever the bank gets delivery archives inside the bank will provide within 5 business days cash on behalf of the exporter by taking cash from the merchant.

b) Conceded LC:

At the point when the lender gets delivery reports afterward a particular time span, the bank will offer cash to the seller by receiving cash from the merchant.

c) Usance LC:

Hele subsequent to getting delivery archives from the exporter bank will pay cash to the exporter for the benefit of Shipper. Then, at that point, after a particular time span Shipper will give the cash with revenue to the bank. Incoterms implies Global business terms acknowledged overall in task of expenses and obligations between the buyer & seller. In Bangladeshi banks two sorts of Incoterms are as per the following, they are CFR (Cost and Cargo) and CTF(Carriage Paid To). At the point when import things drop by transport,train or plane bank do CPT. At the point when merchandise travel via ocean then, at that point, banks do CFR.

3.12 Reasonable for Entry level position:

In this day and age just scholastic schooling doesn't make an understudy wonderful to become serious with the rest of the world. Temporary position is an incredible chance to acquire thoughts, information and involvement in applying scholastic information.Through the temporary position program, an understudy earns the chance to examine the genuine business sector. It assists with building self-assurance, and relational abilities whose is significant for entry as a newcomer in work market. It’s likewise helpful for each an understudy and association to strengthen their relationship for additional open doors.The course focuses on time of 12 weeks of experience in a hierarchy.

3.13 Application for loan proposal:

To apply for a loan, the borrower must submit an application through the Head of the Branch, which is then presented to the credit department officer. After reviewing the application, the branch will inform the applicant of the initial decision (whether acceptable for processing or declined) within three working days from receiving the application. Along with the application, the following documents are required checklist for SME Loans and Corporates:

1. A comprehensive plan for the required credit limit.
2. Completed undertaking form for CIB.
3. Board resolution specifying credit facilities, operation, and loan documentation.
4. Project profile, company profile, or company background.
5. Group profile.
6. Photocopy of the up-to-date Trade License.

7. Photocopy of the certificate of incorporation.
8. Photocopy of the tax identification number (TIN) of the proprietor/partners/directors.
9. Photocopy of the proprietor/partners/directors.
10. Personal net - worth of proprietor/partners/directors.(Format enclosed)
11.Latest list of director dully certified by RJSC
12. Approval letter from all concerned authorities.
13. Financial statement for last three years
14. List of machinery / equipment.
15. List of buyers and sellers.

3.13.1 **<u>Retail loan Check list:</u>**

1. National ID photocopy.
2. Photograph 3 copies.
3. Visiting card.
4. Up to date bank statement for last one year
5. Trade License old & new (establishment minimum 2 years).
6. TIN certificate (personal & company).
7. Nominee photograph 1 copy (For account opening).
8. Salary Certificate.
9. Office ID photocopy.
10. Utility bills photocopy.
11. SelfDeclaration.
12. Evidence of other income documents.
13. Guarantor 2 persons: National ID, visiting card, Utility bills copy, photograph 1 copy. 14. IF the applicant has any other loan, then he needs to submit the sanction letter and loan repayment statement.

3.13.2 **<u>Selection of borrower:</u>**

The selection process involves identifying the source of repayment, assessing the customer's ability to repay, evaluating expected future cash flows, reviewing past dealings with the bank, checking the net worth, and obtaining information from the Credit Information Bureau (CIB). The bank must also identify key drivers of the borrower's business as well as potential risks. Borrowers must be between 25 and 60 years old, and owners, partners, and directors must be at least that age.

3.13.3 Preliminary screening of credit proposal: The Credit Management & Financial Performance Analysis committee of the bank collects various documents and evaluates them thoroughly. The following mandatory documents are obtained for the evaluation process:

1. An official application for funding
2. Plan for business
3. Private assurance
4. Evaluation of the asset for funding
5. Statement of private finances
6. Report of finances for the company
7. Agreement for purchase
8. Projection of cash flow
9. Certificate of TIN
10. Certificate of bank solvency
11. Certificate for VAT
12. License for exporting (for export-oriented businesses)
13. Reputation in the market

3.13.4 Inquiry from the Credit Information Bureau (CIB):

Banks do not have complete information regarding a client, but verifying a customers financial background was essential before granting a loan. All financial records are maintained by Bangladesh Bank. For instance, if a customer has taken a loan from AB Bank and later applies for a loan at UCB Bank, UCB Bank must fill out a submit the Bangladesh bank CIB form. In response, Bangladesh bank provides all relevant financial details, including any existing loans with other banks. A customer's CIB report is updated every two months. For loan applications exceeding Tk. 5 lacs, a CIB report is mandatory, whereas loans below Tk. 5 lacs do not require it. Every month, UCB Bank reviews all customer loan details, including new and existing loans, and submits information on defaulters, if any, to Bangladesh bank.

Security analysis:

To secure a loan, while securing credit facilities with collateral is essential as it signifies the lender's commitment, safeguards bank's interest and guarantees loan repayment. The following are the crucial charging methods for a security:

- Lien: In this situation, banks will lend against the assets or properties of their customers.
- Pledge:A bank grants loans against a customer's products, where the bank acts as the bailee and the customer as the bailor. Mortgage is a common practice in UCB Bank, where loans are provided against land, buildings, and other properties to ensure security.

Site visit:

The bank management conducts a visit to the borrower's real estate or asset pledged as collateral for the loan. The Head Office Credit Team supports the site visit when necessary. After the visit, the bank first analyzes the business condition, products, market price, and inventory. Then, it evaluates the mortgage land and calculates its price to sell. market valueThe Branch Credit Team sends the Head Office of UCB Bank a comprehensive site visit report on the project that has been Executed by the officer and Branch Manager/Operations Head

3.14 Documents:

The process of obtaining relevant documents to secure a loan. Before granting credit, the bank assesses the borrower's character, capacity, collateral, and capital. To protect against willful defaults, the bank ensures proper execution of documents. If money is lent against asset security, documentation create a valid and obligatory charge over such assets. These papers define loan Conditions and function as legal proof if needed. Proper documentation must be completed before loan disbursement. Required charged documents include:

- Revenue stamp-signed demand promissory note
- An arrangement letter
- An undertaking letter
- Letter for payment
- Authorization letter
- Disbursement letter

- ➢ Letter of reinstatement (renewal)
- ➢ Letter of verification
- ➢ Letter of continuation (stability)
- ➢ Letter of promise Documents required for a property mortgage
- ➢ Valuation certificate of the collateral security in Bank's form with photograph
- ➢ Site visit report

Timer requirement for approval of credít proposal:

Based on the business of their delegation, the branch's power must make decisions within three to seven days. Decisions are made within five to seven days by the executive committee of the board of directors, the head office credit committee, and the board of directors for simple finance facilities, fifteen to thirty days for project loans, and thirty to sixty days for syndicated loans. The sanction letter must be issued within one to two days of being approved.

3.15 Disbursement of loans:

Disbursement of loans takes place only after completing all necessary documentation. The disbursement process follows structured steps, ensuring compliance with all legal and regulatory requirements.

- ➢ Finally, the Credit Division at the Head Office verifies and completes the documentation for the sanctioned loan before proceeding with the disbursement.
- ➢ A copy of the Payment instruction and an "Approval letter to Head of Credit Administration Division (CAD) and the respective branch for disbursement of the loan" are sent by Credit Division after the documentation and sanction have been completed.
- ➢ The customer(s) signing security documents at the disbursing branch for loans approved by the Head Office are safe-guarded copies of the originals.
- ➢ A series of copies of the original loan paperwork is sent to the Head Office, while the disbursing branch retains the original documents, and the Credit team at the Head Office keeps a set of photocopies.

At the time of disbursement, the officer prepares the vouchers and writes the pay order slip that is signed and approved by the Second Officer and the Manager. The accounting treatment of disbursing the loan is given below:

Loan AcCount………Dr

Loan Account......... Dr.

Pay order………Cr

Saving Account......Cr

In addition to the sanctioned loan amount, the client is required to pay incidental charges such as stamp fees, service charges, and the risk fund charges. The treatment of these charges in accounting is as follows:

Current Account or a savings account……… Dr.

Fund for risk………Cr

Cr……… is the service charge.

3.16 <u>Credit Risk Assessment:</u>

The evaluation of both the borrower and the proposed lending facility is the goal of credit risk analysis, assigning a risk rating based on the probability of default and the potential loss to the bank if the payment is late. In the bank, 5 types of risk assessments are typically conducted:

A. Financial Risk: The bank looks atThe customer's financial market performance, stability of their Sellers and purchasers, import activities, and annual business turnover to determine the customer's financial risk.
B. Business Risk: Banks want to know how the client's business is doing right now, whether it will be profitable or not, and how risky the client's business is for the bank to invest in.
C. Security Risk: The bank ensures safety by verifying the collateral against the loan. They assess whether the collateral can be easily sold to recover the loan amount in case of default.
D. Management Risk: In this analysis, the bank evaluates the client's social standing, their connection to the business, and reputation. The bank focuses on how effectively the client can manage and run the business.
E. Relationship Risk: In this analysis, the bank assesses the client's relationships with their exporters and importers. A strong relationship with these parties reduces the overall risk for the bank.

3.17 Risk management for credit:

Several reasons can cause a loan to be default Any business can suffer significant losses as a result of unpredictability, political instability, and natural disasters. Occasionally, the borrower willfully violates the installment rules. When a borrower fails to make their monthly payments on time, the bank takes the following actions:

- For instance, the payment due date is January 30. However, the installment was not paid by the borrower. A bank officer will contact the borrower and demand immediate payment of the installment three days after the installment date (2 February).
- If the borrower has not paid after calling him, The UCB bank then called him again and sent an official letter 10 to 15 days later.
- If the borrower didn't take all of those steps seriously, UCB bank will go to the borrower's organization a few months later and give him two extra days to pay the installments.
- UCB bank will send a lawyer to the organization has the right to take the mortgaged property if the borrower fails to pay the installment. Then UCB bank May sell the asset to secure cash.

However, if the borrower is trustworthy and privately visits the bank to discuss his issue with credit officers in the business. The credit officer will at this point write to the head office and request an extension for installment payments. During a board meeting, The Head Office will examine this issue. In this situation, the bank will provide the borrower a chance for three months. During these three months, the borrower will concentrate on enterprise and attempt to make a profit. The regular payment plan will remain in effect after three months. If the borrower fails to achieve any progress within three months, then theThe bank will repossess the mortgaged real estate & may sell it at any time to generate cash.

Chapter: 4

Financial Performance Evaluation of UCB Bank PLC

4.1 Performance Evaluation

Performance evaluation is a process of how a company or an organization can take better in the future. In that case, when a company can perform one year very effectively, in next year company can maintain legacy or not that is the matter of performance evaluation. On the other hand, how a company can gained their profit, using their ROE (Return on Equity), ROI (Return on Investment) difference between present year to previous year. The performance evaluation indicates that how effectively using company assets, their liquidity, better customer services to previous year, Using better shareholders equity, better net profit margin, net operating margin, better capital adequacy ratio, core capital ratio etc. In this report, when we make & evaluation the performance of the ratios 2018-2022. In this year, the current ratio is declining year to year and it's not a well good for the bank. Cash ratio is another element of the performance evaluation. In that case, in first year it is 0.62 and next year it grows up and reached 0.67 but next three years it slows down. So, bank management should take initiative to overcome the problem. Quick Ratio is on during the period is 8.45 but in next year it increasing. After that it decreases the next three years. The ratio is lower that means bank have not enough money to hand. If bank have not enough money to operates the financial obligations that means it's not a good thing of the company. Bank focus on their cash and using cash very effectively. In 20182022 last five years, bank debt to equity capital ratio almost consistently. As a result, bank can fulfill customer demand and capable to meet the financial obligations. Total debt to Total Asset Ratio using for the last several years, its look like a in line. Bank can easily use debt because bank have enough capable to meet their financial needs using their asset. In during this year, net profit margin is higher than the next year, after the year, bank net profit margin have declines, the again grows up, at last its again decreases. So, bank have to be sincerer about their products and services to go for the customers. In performance evaluation, ROE and ROA are declines, as a result bank not using their shareholders money effectively and also their Asset properly used. It's a create on negative impact for the bank. Bank have to focus on their asset quality because in these several years bank cannot gain profit as much as their expectation. In their years bank market performance are not good because ROE and ROA are lower than the other financial elements. Bank focus on dividend policy to increase shareholders equity, if bank can do that its flow a positive impact to the bank and bank also benefit for this incident. In this pandemic situation, UCB Bank are affected. Because of bank cannot generate revenue very smoothly. Bank have faces losses of liquid money. People have not enough money to deposit in the bank, and economic condition are decreases very drastically. The capital adequacy ratio is another important element. In last several years, bank improves their capital because reduces unconditional losses of the bank and mitigate the financial needs of the maintain operations and also customers demand. The market capitalization and share price are decreases in these several years, so bank management committee and other investors should focus on these issues and how these elements we use it properly and improve it.

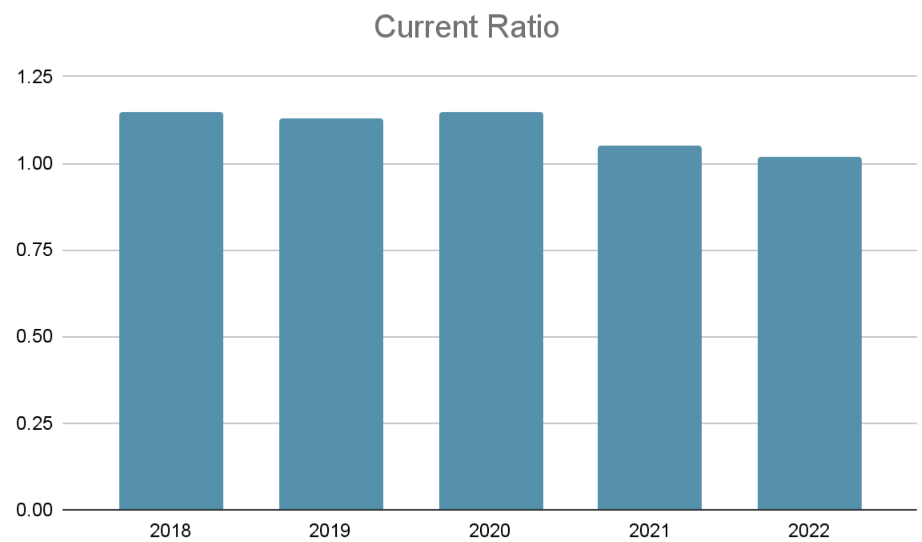
4.2.1 **Current Ratio:**

This ratio is financial term that assesses how a firm can enough resources to meet their short term obligations. The ratio is a financial element that meet their short-term obligations and also using for operating efficiency. The ratio is measured that its financial health, liquidity.

Liquidity Ratio = Short-term Assets / Short-term Liabilities

Table-1.1: Current ratio from the year 2018-2022

Praticulars	2018	2019	2020	2021	2022
Current Ratio	1.15%	1.13%	1.15%	1.05%	1.02%



Interpretation

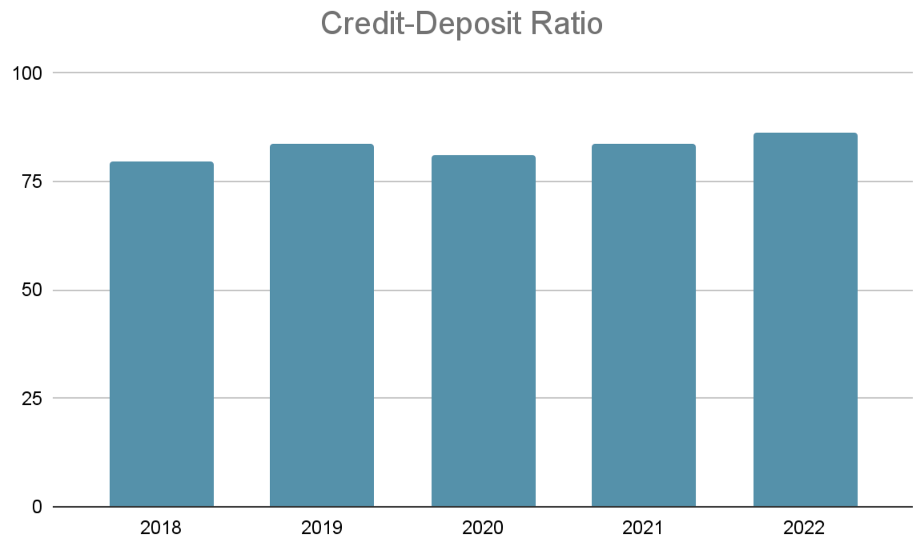
In this graph shows that the current ratio of UCB bank from 2018-2022. According to this graph, we can see that in 2018 The current Ratio is 1.15. In next year the ratio is slightly decrease to 1.13. But in 2020 the ratio was increased and the ratio is going to 1.15. Therefore, 2021 and2022 the ratio is 1.05 and 1.02. These figures are not sign for the bank because if the current ratio is down, that means the bank cannot pay customers deposit and other liabilities.

4.2.2 Credit-Deposit Ratio

The ratio is a financial term that using for how a company can meet their short-term liabilities and maximum time it using for cash and cash equivalents. Cash ratio make use of meet financial obligations instantly, safety indicator, creditworthiness assessment and risk-aversion.

Credit-Deposit Ratio = Total Advances/Total Deposits

Particulars	2018	2019	2020	2021	2022
Cash Ratio	79.64%	83.79%	81.18%	83.73%	86.14%



Interpretation

The graph indicates that the cash ratio of UCB bank from 2018-2022. The cash ratio is 79.64%. After one year later, the ratio is slightly increasing. On the other hand, next year ratio drastically down and goes 81.18%. Next two years, the ratio increase. As a result, we can say that the bank will improve their cash management and also banks should focus on short-term liabilities.

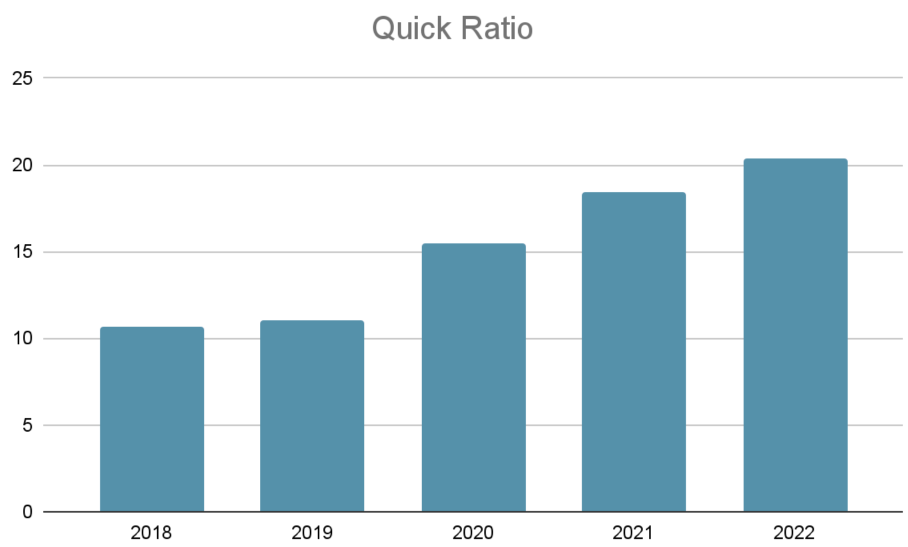
4.2.3 Quick Ratio

The ratio is how a company can measures excluding inventory, and meet their financial obligations to use short-term responsibility using for current assets.

(Current Assets minus Inventories) / Current Liabilities is the quick ratio.

Table – 1.2: Quick ratio from the year 2018-2022

Particulars	2018	2019	2020	2021	2022
Quick Ratio	10.66	11.05	15.43	18.45	20.33



Clarification

The bar graph indicates that the Quick Ratio of UCB Bank from 2018-2022. In 2018, the quick ratio is 10.66. In 2019 it gradually increases 11.05. After that, the ratio goes up and the ratio is 15.43. Next year, the ratio slightly increases and going to 18.45. But in 2022, the ratio is 20.33. It is much good for the bank because banks quick ratio is gradually increasing. In that case, the bank has much liquidity. After that, bank can pay money to their depositors and also do pay their creditors because of their lack of cash.

4.3 Leverage Position

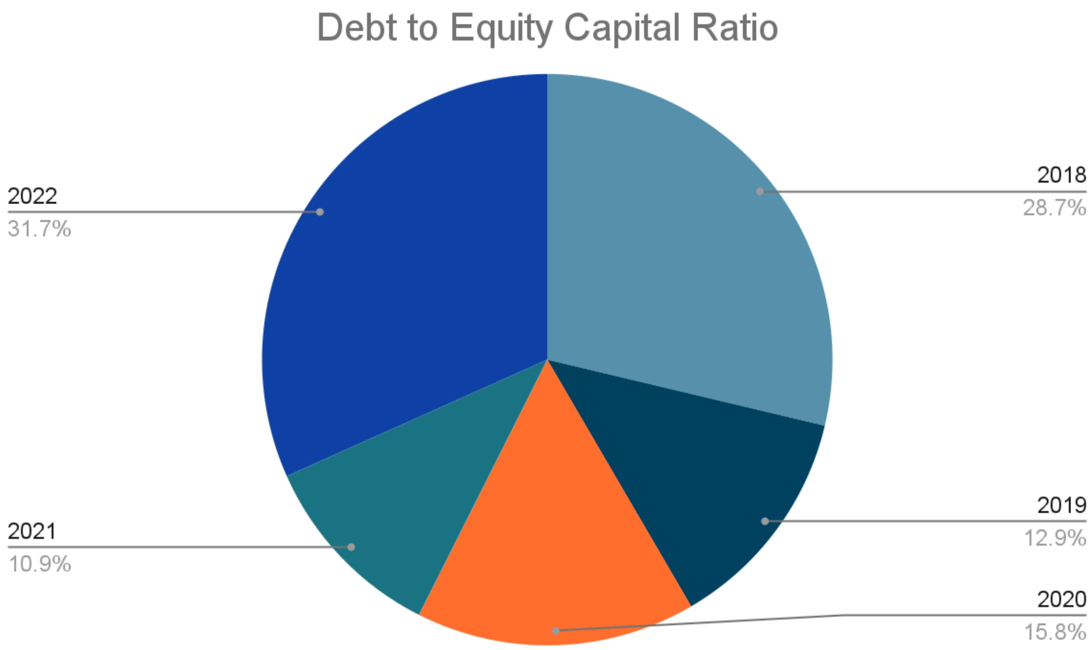
The ratio is using how a company can compares with total debt to its shareholders equity. This ratio focuses on how effectively mitigate total debt to finance to equity. The ratio is uses for leverage management, profitability, investor confidence, comparisons of industry.

Debt of equity capital ratio

Debt of equity ratio = Total debt / Total equity

Table- 2.1: Debt of equity capital ratio:

Particulars	2018	2019	2020	2021	2022
Debt to Equity Ratio	0.29	0.13	0.16	0.11	0.32



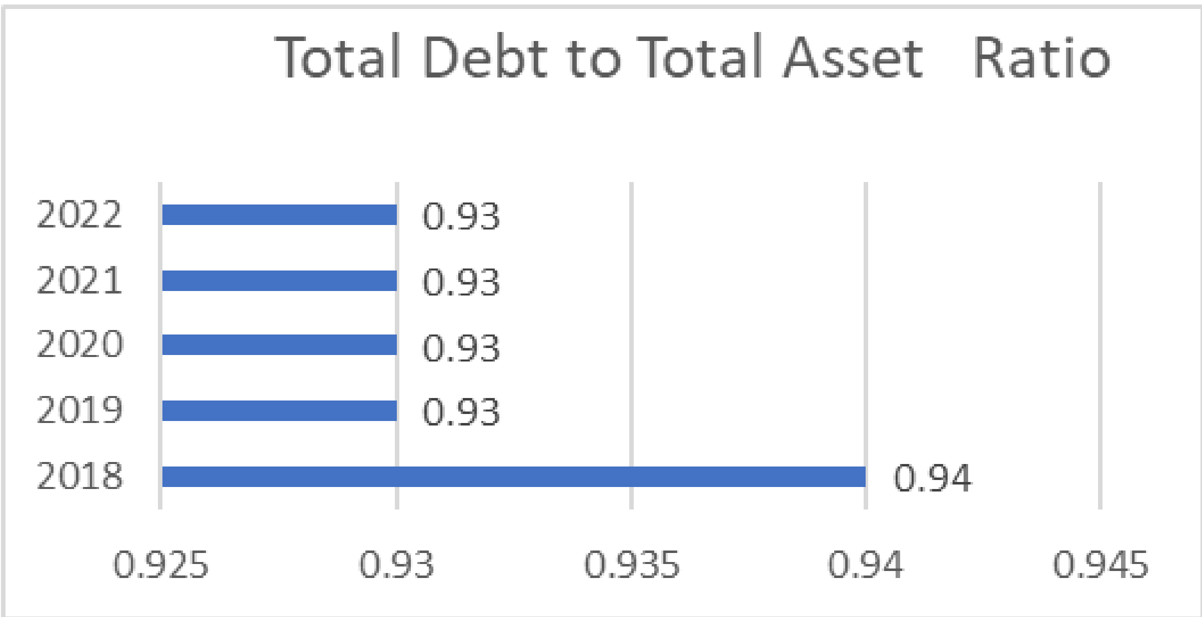
Interpretation

The pie chart illustrates that the debt of equity of UCB Bank from 2018-2022. The highest ratio is 2022 and the lowest ratio is 2021. In five years the ratio is changing. It's a not good sign for the company. For this reason, bank cannot capable and enough to fulfill necessary needs to financial obligations.

Debt-to-Asset Ratio = Total debt divided by total assets

The ratio is how company can uses total assets effectively uses for its total debt. The ratio clearly said that how much funding are applied to total debt.

Particulars	2018	2019	2020	2021	2022
Total debt to total Asset Ratio	0.94	0.93	0.93	0.93	0.93



Performance Analysis

In this chart, it can be seen that UCB's ratio Bank's total debt to total assets from

2018-2022. In 2018, the ratio is 0.94 and it's a highest for all the several other years. In next four years, the ratio is constant. It's a much better for the bank. Bank can easily use leverage. They have enough asset to mitigate debt issues.

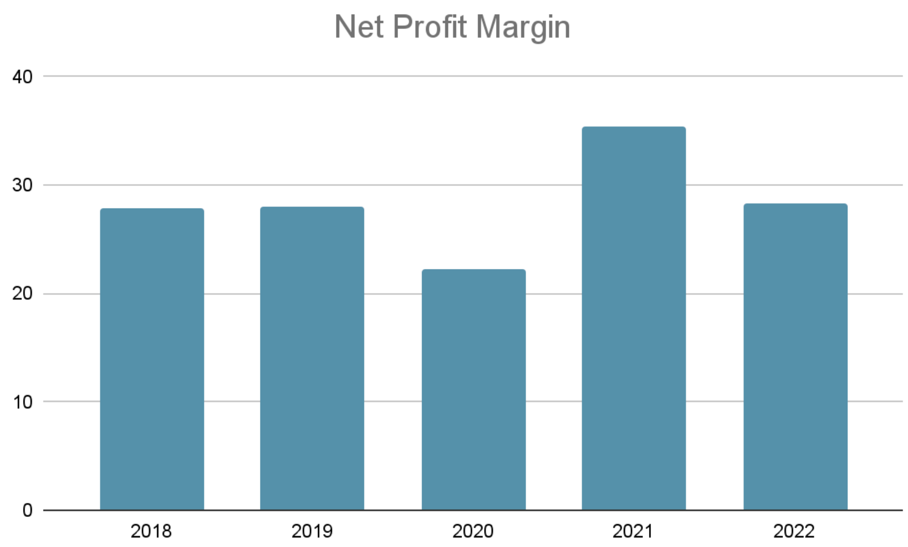
4.4 Ratio of Profitability

4.4.1 Margin of Net Profit

The ratio is to create a make a decision that how a company can generate profit after all the necessary expenses, taxes and other all expenses excluded. It totally indicates that the profitability. The ratio is uses for benchmarking, trend analysis, impact on growth and investment analysis.

Net Profit Margin = Net Income After Tax / Total Operating Revenue

Particulars	2018	2019	2020	2021	2022
Net profit margin	27.81%	28.04%	22.30%	35.47%	28.30%



Performance Analysis

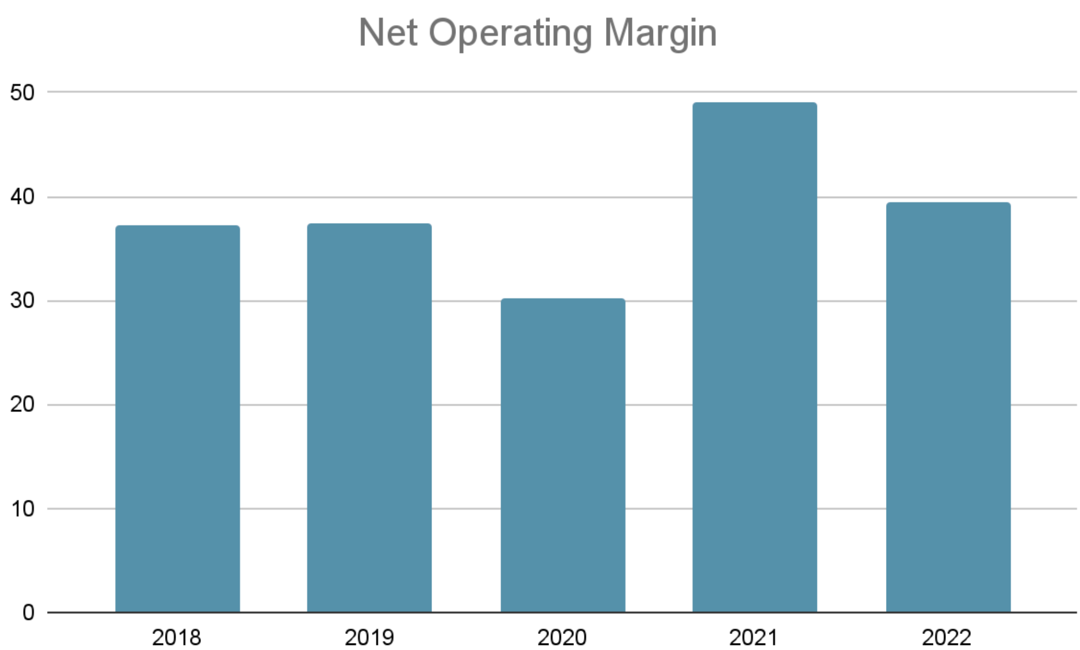
The UCB Bank net operating margin are dramatically down in 2020 of 22.30 and In 2021, the sale is comparatively good rather than previous year. But, next year again sales drop down and reached 28..30. Moreover, the net profit margin maximum growth and peak of the last several years in 2021 and the net profit margin is 35.47. This bank can be more focused on sales their products and services to the customers.

4.4.2 Net Operating Margin

The ratio is the basis of how an organization can gained revenue before the deducting of income tax and other expenses. That is called net operating margin. It indicates that the operating margin focus on core operating profitability.

Net Operating Margin = Operating Revenue – Operating Expense / Total Asset

Particulars	2018	2019	2020	2021	2022
Net Operating Margin	37.21%	37.39%	30.29%	48.98%	39.43%



Explanation

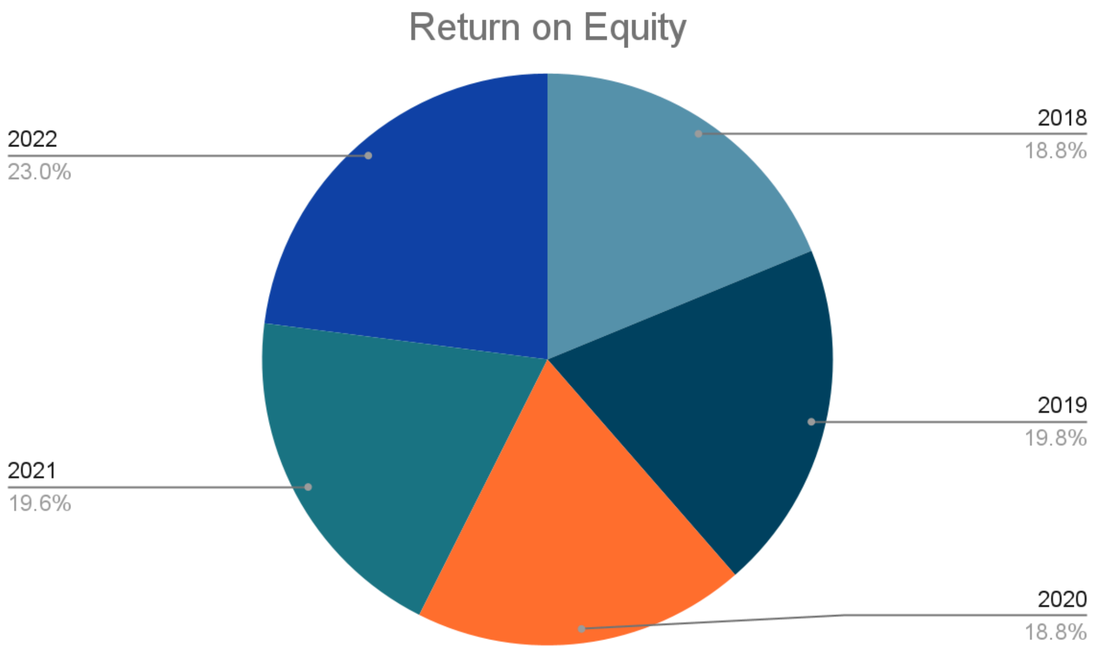
The bar graph shows that the net operating margin of UCB Bank from 2018-2022. First, two years the net operating margin is 37.21 and 37.39. But in 2020 it suddenly declines and much lower. In 2021 again its creasing very smoothly and going to 48.98. And next year, the net operating margin decrease.

4.4.3 Return on Equity

That means how a company uses for their shareholders equity using for one source and how much can gain return that the investment. In this case, company always aware on shareholders equity and calculative every source and invest money best of the options.

Return on equity = net income / total equity capital

Particulars	2018	2019	2020	2021	2022
Return on Equity	8.40%	8.84%	8.42%	8.76%	10.27%



Interpretation

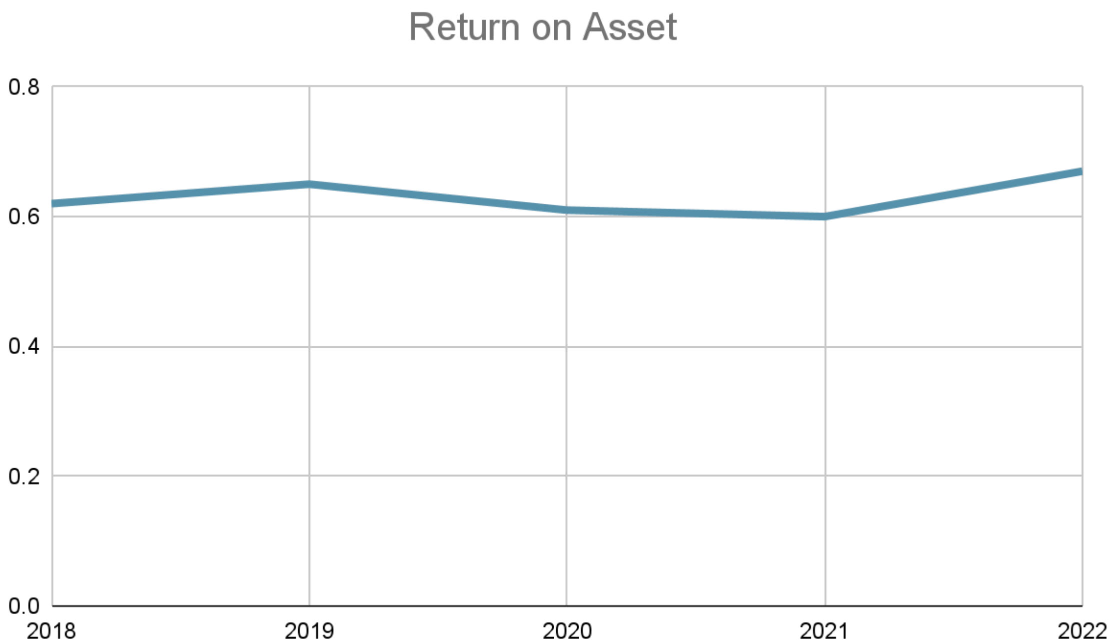
According to this pie chart shows that the Return on Equity of UCB Bank from the between 2018-2022.This pie chart illustrates that the highest value is 10.27 in the year of 2022 and the lowest value is 8.40 in the year of 2018. In 2021, the value is much rising but in 2022 the value is increased and the value is 10.27. Banks should take care of their ROE. Because ROE indicates that, If ROE is good that means this organization is more efficient to gain profit and mitigate financial obligations.

4.4.4 Return on Asset

Company can use their asset and that asset are how much give return to their company. If company can invest best option to their asset, they can gain profit handsome amount. It using for efficiency measure, investment decision tool, management performance.

Return on Asset = Net Income / Total Assets

Particulars	2018	2019	2020	2021	2022
Return on Asset	0.62%	0.65%	0.61%	0.60%	0.67%



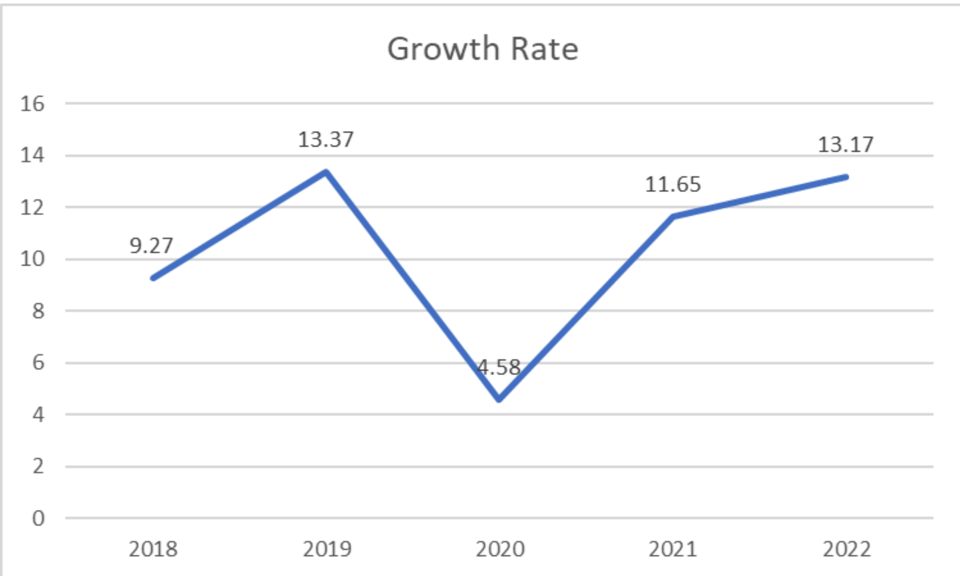
Interpretation

According to this chart, the value is highest 2022 and the value is 0.67 and the lowest is 2021 and the value is 0.60. In 2020 the value is slightly increase and reach peak after that in 2020. In 2022, it again increases 0.67. It creates a good effect for the company. If Banks can generate profit that means it provide signal that banks are not efficient to use their Asset Properly.

4.6.3 Growth Analysis of UCB Bank

The growth rate is the identifying method that the indicates how a company can perform one year to another year. It has a positive or negative impact also. A positive impact focusses that company run very smoothly just maintain its legacy. On the other hand, negative impact focuses that which financial elements are not using properly and improving that elements to effect on growth rate

Particulars	**2018**	**2019**	**2020**	**2021**	**2022**
Growth Rate	9.27%	13.37%	4.58%	11.65%	13.17%



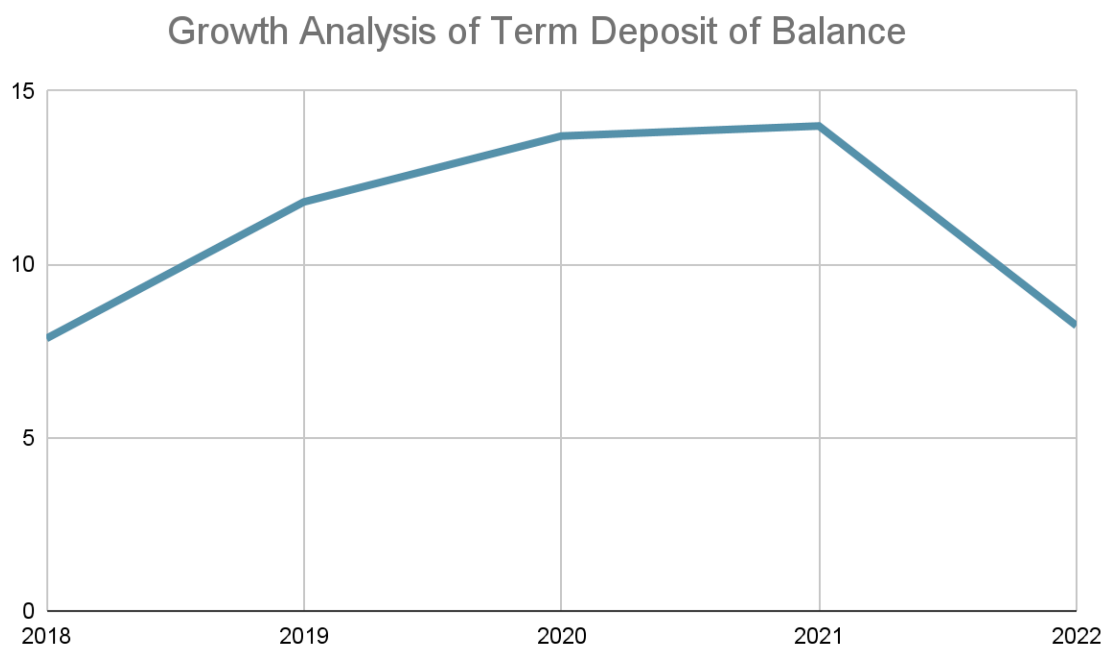
Performance Analysis

This graph shows that the growth rate of UCB bank from the year between 2018-2022. In 2018, the value is 9.27 and 2019 the peak level of the value is reached. But 2020, the level has decreases drastically down and the value is 4.58. After that, the level is increasing very rapidly and also rise 2022 and the value is 13.17. In 2019, the rapidly growth rate increase in that year.

4.6.5 Growth Analysis of Term Deposit of Balance

When a customer goes for a bank a bank and a lock money that in that bank certain period of time. After that customer gain principle amount with fixed interest rate that is called term deposit of balance. Growth analysis mean how much money bank can motivate to customers and gained deposit of balance**.**

Particulars	2018	2019	2020	2021	2022
Growth Rate	7.86%	11.80%	13.70%	13.99%	8.23%



Performance Analysis

We can see that in this graph term deposit of balance of UCB bank from the year between 2018-2022. In 2018, the term deposit of balance percentage is 7.86 . In the next year the level of percentage increasing and going a to a level of peak. After that, 2020 the term deposit of balance going up. Again fall down in 2022. Bank should always focus on term deposit. It ensures banks liquidity and invest money and gain revenue in that term.

4.7 Common size analysis of UCB bank (5 Years)

Table:

Balance sheet (In Million "1000,000 TK.)					
Property and Assets					
Particulars	2018	2019	2020	2021	2022
Cash in hand	1.13%	1.12%	1.05%	1.18%	1.21%
Balance with Bangladesh bank & its agent bank	4.40%	4.54%	3.32%	3.65%	4.25%
Total Cash	5.55%	5.66%	4.37%	4.83%	5.46%
Balance with other Banks and FI's	1.33%	1.31%	1.86%	1.29%	2.06%
Money at call and short notice	0.71%	0.08%	0.41%	0.06%	0.08%
Investments	12%	13.31%	13.61%	15.47%	14.18%
Loans and Advances	73.61%	73.84%	75.71%	73.73%	71.50%
Fixed Assets including Premises Furniture and Fixture	1.37%	1.67%	1.81%	1.76%	1.43%
Other Assets	5.44%	4.10%	2.19%	2.83%	5.24%
Total assets	**100%**	**100%**	**100%**	**100%**	**100%**

Balance sheet (In Million "1000,000 TK.)					
Liabilities					
Borrowing from other Banks, FI's & Agents	8.85%	8.44%	11.45%	11.48%	12.81%
Deposits	75.14%	74.32%	70.60%	69.09%	66.56%
Paid up Capital	2.58%	2.73%	2.74%	2.65%	2.54%
Reserve Fund and Surplus	1.84%	1.82%	1.87%	1.85%	1.78%
Total Liabilities	94.12%	93.65%	93.68%	93.58%	94.04%
Total Shareholders' Equity	5.87%	6.34%	6.31%	6.41%	5.95%
Total Liabilities and Shareholder's Equity	**100%**	**100%**	**100%**	**100%**	**100%**

Income statement(In Million "000,000" TK.)					
Interest Income	30.38%	25.82%	4.31%	16.22	1.03%
Interest on Investment	23.84%	22.62%	34.76%	28.67	22.59%
Non- Interest Income	45.78%	51.55%	60.93%	55.11	76.38%
Total Revenue	100%	100%	100%	100%	100%
Interest Expense	45.35%	51.65%	50.48%	55.25%	65.94%
Non-Interest Expense	26.12%	26.45%	25.36%	24.65%	26.98%
Total Expenses	75.52%	78.29%	74.23%	82.98%	84.96%
Net Interest Margin	34.23%	33.23%	34.25%	35.89%	38.78%
Net non-interest Expenses	10.78%	9.29%	9.59%	10.05%	15.56%

Operating Profit	26.78%	23.54%	25.76%	16.09%	6.97%
Earnings before Provision Depreciation and Tax	29.88%	21.65%	25.87%	16.29%	5.96%
Profit before Provision and Tax	27.88%	22.45%	26.08%	16.15%	6.89%
Net Profit After Tax	4.57%	3.65%	2.87%	9.25%	1.25%

4.8 Performance Analysis

4.8.1 Assets Analysis

In this table, we can see that the calculation of common size analysis of UCB bank using for the balance sheet. In this table cash in hand are increasing year to year. Balance with Bangladesh bank and its agents bank, Balance with other banks and FI's, Money at call and other short notice are rising in previous year to current year. Investments this elements banks gain profit generated because bank gain make money every year to funding different types of sources and gain profit in these particular sources. On the other hand, Loans and advances are growing year to year but in last two years it decreasing because of the effect of after pandemic situation. Investments highest value is 15.47%. On the other hand, loans and advances highest value is 75.71%. When overall condition will enough well, then again loan and advances growing very smoothly.

4.8.2 Liabilities Analysis

From this chart, Liabilities and shareholder's equity value impact in common size analysis are quite interesting. According to this chart focus on, using our general banking activities we are calculating a lot of financial ratios and the deposit of customers in the banks are putting money. But in 2020-2022 in last three years deposits amount are decreases in these several years. But it also mitigates the financial obligations using for other short-term and long-term funds. Total shareholders' equity is growing several years but to create strong identity maintain to keep equity in our banks to focus on it. Paid up capital and reserve fund and surplus are declines.

4.8.3 Income Evaluation

Income from funding have rising to 23.84%, in 2020 income is highest at a level of peak in the overall five years but again decreases the amount. But the bank concerned matter is interest income are lower than every year but other financial tools gain more profit. Interest income is last year's 65.94%, it is huge but other financial elements can fulfill the financial issues. If bank can take some necessary steps to reduce expense it will done in the future to reducing cost of the interest expense. Net interest margin is rising year to year that means it indicates that the interest income has been lower. Operating profits are growing it directly helpful effect on the net income after tax which is 4.57% of total income. We are looking for whole income statements can make a agree that using assets very effectively, invest money in several sources of the financial tools to shareholders equity and generated more profit through the investment.

4.9 Trend Analysis of UCB Bank Limited (Previous 5 Years)

Particulars	**2018**	**2019**	**2020**	**2021**	**2022**
Balance Sheet					
Property and Assets					
Cash in Hand	100%	114%	113%	144%	170%
Balance with Bangladesh Bank and its Agent Bank	100%	119%	91.42%	115%	153%
Total Cash	100%	118%	95.83%	121%	157%
Balance with other Banks and FI's	100%	114%	170%	134%	245%
Money at call and short notice	100%	13.09%	70.51%	12.7%	19.7%
Investments	100%	125%	138%	178%	187%
Loans and Advances	100%	114%	125%	138%	154%
Fixed Assets including	100%	137%	161%	177%	166%

Premises Furniture and Fixture					
Other Assets	100%	120%	49%	72%	153%
Total Assets	**100%**	**116%**	**121%**	**138%**	**158%**
Liabilities					
Borrowing from other banks, FI's & Agents	100%	110%	157%	179%	229%
Deposits	100%	115%	114%	127%	140%
Paid up capital	100%	122%	128%	141%	155%
Reserve Fund and Surplus	100%	114%	123%	139%	153%
Total Liabilities	**100%**	**115%**	**120%**	**137%**	**158%**
Total Shareholders' Equity	**100%**	**122%**	**130%**	**150%**	**160%**
Total Liabilities and Shareholder's Equity	**100%**	**115%**	**121%**	**138%**	**158%**

Interpretation

As the base of the 2018, calculate the five years financial tools and how to change the percentage each of the year throughout the several years. In maximum calculation done in the common size analysis & ratio analysis. Now, focus on the changes of the calculation of data are accurate or not accurate.

4.9.1 Asset Analysis

In last several years of the changes of the percentage calculation shows that the total assets have been risen year to year. Because bank have enough assets to mitigate liabilities and shareholders' equity. In that case, we can say that proper asset management are using in this bank and generated more profit gain in that particular years. Asset utilization are the major issue and it indicate that the more generated profit throughout the using for the investment tools.

4.9.2 Liabilities Analysis

In last several years, the liabilities are growing year to year. Borrowings from the banks, FI's and agents, reserve fund and surplus are increasing. Deposits percentage rate increasing it make a positive indication to the bank. Bank can pay their customers on their demand on deposit on time because of using the deposit. Deposit, Reserve fund and surplus and paid up capital are growing year to year that means it generate profit in the future.

Chapter: 5

Findings, Recommendations & Conclusion

Findings:

- The collecting and verifying detailed customer information (through CIB reports and internal checks) ensures that the bank has a clear understanding of the borrower's financial position, existing liabilities, and risk profile. This minimizes the chance of default.
- The bank's process for managing loan defaults is both methodical and customer-centric. Before taking strict legal action, the bank gives the borrower ample opportunity to resolve the situation, including follow-ups via phone calls, official letters, and visits.
- The bank's cash credit facility struggles with high interest rates, making borrowing expensive and increasing the risk of defaults, which weakens the bank’s financial stability. Additionally, the strict collateral requirements create barriers for small businesses, limiting their access to funds. Moreover, hidden fees, such as processing and documentation charges, add to the financial burden, making the facility even less appealing to potential borrowers.
- The bank struggles with a rising number of defaulters due to its high loan interest rates, creating financial instability. Additionally, its low deposit interest rate discourages customers for saving, further weakening the bank's liquidity.
- The Bank's quick ratio was 10.66%,11.05%,%,15.43%,18.45%, and 20.33% from 2018 to 2022. In these years the ratio increased in 2022 compared to 2018, it is good enough for the bank.
- In the last five years, the credit to deposit ratio was 79.64%, 83.79%,81.18%,+83.73%, and 86.14%. In these years, ratios fluctuated. The highest ratio is 86.14% which belongs to the year 2022. It is increasing and good for the bank.
- In 2018 the net profit margin is 27.81% and 2019 the next year is 28.04% then it falls down 22.30% then goes up 35.47% in next year and then declines 28.30%. It is not good because it decreases performance to net profit lower.
- In 2022, the current ratio was 1.02%. The next year it reached to 1.15%.In the last year in 2022 the current ratio was lower which is not good for the organization.

Recommendations:

- UCB Bank could consider lowering interest rates to make borrowing more affordable and reduce defaults, which would help strengthen its financial stability. Easing collateral requirements for small businesses would improve accessibility, particularly for those lacking valuable assets, fostering growth in the small business sector. A transparent fee structure would also ensure borrowers are fully aware of costs upfront, making the facility more appealing. Additionally, enhancing credit risk assessment and offering financial advisory services would help improve loan recovery, reduce defaults, and build stronger, more trustful relationships with customers. These measures could ultimately lead to increased customer satisfaction and better long-term profitability for the bank.
- UCB Bank could consider lowering interest rates to make borrowing more affordable. This can help reduce the default rate while also attracting more borrowers. Because the high loan interest rates could be causing financial strain on borrowers, making it harder for them to repay their loans. Also offering higher deposit interest rates would encourage customers to save, improving the bank's liquidity. This could also attract new customers and foster long-term customer loyalty. Also use digital platforms for loan application, customer service, and savings management.
- The current ratio of the bank fluctuated in last several years. It should to solve the issue the bank should collect receivables faster by offering discounts for early payments. Also sell unused assets or excess inventory for cash and invest in short term liquid assets. Reduce short-term liabilities pay off short term debts using available cash and refinance short-term loans into long-term debt. The bank should boost profitability & cash flow increase sales and reduce unnecessary expenses.
- Increase the net profit margin increases prices, supported by better service, or branding. Lower cost of goods Sold (COGS): negotiate better deals with suppliers, buy in bulk or use cost-effective materials. reduce overhead to cut unnecessary expenses like office space, utilities, and subscriptions. Outsource non-core activities like customer support, accounting or IT to save on costs. Reduce debt & interest costs, refinance loans to lower interest rates or pay off high-interest debt. Optimize tax strategies leverage tax deductions, credits, and incentives to reduce tax liabilities.

Conclusion:

UCB is one of the trailblazer banks in Bangladesh. It contributes our economy and furthermore created benefit in our financial industry. Bank additionally center around their activities those instruments are work bank appropriately and furthermore deals with monetary devices. General financial exercises banks are offers to the clients to store cash in the bank. Following a specific year, bank can be more revenue to given their clients with their saved cash. Then again, bank offers more items to the clients. Clients conceded the deal utilizing it and thus banks gain produce benefit to serve the administrations to the clients. UCB is deep rooted bank to all the public restricted organization in Bangladesh.

UCB are confronting a ton of troubles. There current proportion, cash proportion, speedy proportion is declining. Bank work their activities to utilizing cash. At first clients stores cash to the endlessly bank puts resources into a few wellsprings of ventures and utilize the cash really. Assuming the speculation is misfortune, that time banks have confronting liquidity emergency. All things considered, Banks ought to mindful of this when they put away cash.

We compute liquidity proportion, productivity proportion, capital sufficiency proportion, center capital proportion, proficiency proportion, working effectiveness proportion, normal size investigation, pattern examination of UCB. In that components we use it as per figure out certain issues additionally and a few components are sufficient great to. Thus, bank center around their liquidity therefore they relieve their obligation, utilizing resource successfully. Cash cycling are keeping up with flawlessly therefore, clients are fulfilled on the grounds that when clients need clients break their store subsequently bank can pay their kept cash. And furthermore center around their speculation region and compute every one of the sources to put away cash and produce benefit.