

**INTERNSHIP REPORT**

**ON**



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**AN APPRAISAL OF  
FINANCIAL PERFORMANCE  
OF UCB**

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**UCB**

**United Commercial Bank Ltd.**



**INTERNSHIP REPORT**  
**ON**  
**APPRAISAL OF FINANCIAL**  
**PERFORMANCE**  
**OF UCB**



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Department of Business Administration

East West University

**DATE OF SUBMISSION:**

22<sup>th</sup> December, 2011



**EAST WEST UNIVERSITY**



## LETTER OF ACCEPTANCE

This is to certify that the internship report on “Financial Performance of United Commercial Bank” done by Ismat Zerine, Id No:2007-2-10-032, Major in “Finance” as a partial fulfillment of the requirement of “Bachelor of Business Administration” degree from “East West University”. This study has been carried out under my guidance and is a record of the authentic work carried out successfully.

She is permitted to submit the internship report.

.....

Dr. Tanbir Ahmed Chowdhury  
Professor  
Department of Business Administration  
East West University



22<sup>nd</sup> December, 2011

Dr. Tanbir Ahmed Chowdhury

Professor

Department of Bachelor of Business Administration

East West University

Subject: Submission of Internship Report.

Dear Sir,

With due respect I, IsmatZerin, ID:2007-2-10-032, would like to inform you that, it is a great pleasure for me to submit the report on “ An Internship Report on Financial Performance of United Commercial Bank, as a requirement for BBA program. While conducting the report, I have gathered lots of knowledge about many unknown facts, problems and prospects of banking sector like Retail Banking and the activities of United Commercial Bank in Bangladesh.

Therefore, I firmly believe that, this report will be able to meet your approval. I would genuinely appreciate to make further corrections where it seems necessary by you. Your kind advices will encourage me to conduct more works in future.

Sincerely yours

*Ismat Zerin....*

(IsmatZerin)ID: 2007-2-10-032



## ACKNOWLEDGEMENT

The successful accomplishment of this working report of internship is the outcome of the contribution and involvement of a number of people, especially those who took the time to share their thoughtful guidance and suggestions to improve the paper. At the beginning I would like to pray my gratitude to Almighty Allah who enables me to complete this paper.

This report entitles overview of the overall financial performance of United Commercial Bank. I would like to express my sincere gratitude and appreciation to my supervisor Dr. Tanbir Ahmed Chowdhury. It would not have been possible for me to complete this report without his help, advices and overall supervision. This constant encouragement and supervision throughout the period of this study have been greatest inducement for me and directly contributed to the accomplishment of the task.

I am also indebted to Mr. Prince Mahmud, Mr. Bisshawnath along with others who have been supportive through my internship.

Last but not least, I would also like to thank the department authority that provides me the chance to be familiar with the real organizational environment and practically experiencing the procedure practiced at UCB.



## EXECUTIVE SUMMARY

**This report is based on the *Financial Performance of United Commercial Bank.***

Internship program is the pre-requisite for the graduation in BBA. Classroom discussion alone cannot make a student perfect in handling the real business situation; therefore, it is an opportunity for the students to know about the real life situation through this program. A report has to be built for the university and organization requirement.

A Bank is an economic institution whose main aim is to earn profit through exchange of money & credit instruments. The banking sector of Bangladesh is passing through a tremendous reform under the economic deregulation and opening up the economy. Currently this sector is becoming extremely competitive with the arrival of multinational banks as well as emerging and technological infrastructure, effective credit management, higher performance level and utmost customer satisfaction. The Bank divides its operation mainly three parts- General Banking, Foreign Exchange and Loan & Advances.

In the organization part of this report, I will discuss about the banking system of different divisions and all of their products and services for their customers. I have done three months internship program in UCB. So from my job responsibilities, I have gained practical knowledge about banking sectors and the working environment. Also, from my working experience and observation I have found out some problems which are very crucial. In the future, those problems can create the main barrier for them to compete with other banks. According to the problems, I have tried to give some recommendation which I think will be beneficial for the bank. In my report, at first I have described the objective of my analysis and the process how I will discuss the results of my analysis in a table. So, for the analysis I have collected the financial statements of United Commercial Bank- Balance sheet, Profit & Loss account and Cash- flow statement over last five years. At the beginning, I have shown the last five years glance of United Commercial Bank in a table and after that I will show last five years growth rate and different types of ratio analysis. I will also show the horizontal analysis of balance sheet over last five years where the changes in amount and in percentage will be described. To talk about the results of analysis, I will show some tables with discussion of some important particulars of balance sheet- Investment, Loan, Deposits, Interest income and expense, Fixed assets, Total assets, Total liabilities and Total shareholder's equity. From the discussion of all the analysis, a conclusion will be drawn where I will discuss about the overall changes and the actions that the bank should take to improve themselves. In my internship report I will also show the Highlights of Last Five years also I will show the Balance Sheet and profit and Loss accounts over the last five years.

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**PART-01**

**INTRODUCTION**

**OF**

**UNINETD COMMERCIAL BANK**

**UCB**  
**United Commercial Bank Ltd.**

# 1 .INTRODUCTION

## 1.1 Origin of the Report

This report is being assigned as a part for the Degree of BBA (Internship). To prepare this report under Department of Bachelor of Business Administration of East West University's requirement, I accommodated my internship program in Principal Branch and Head Office of United Commercial Bank for the period of 3 months commencing from September 12, 2011 to December 13, 2011. For the completion of the course, I have prepared this report on the basis of my practical experience by working in this branch. Since I worked in different departments of both principal branch and head office (General Banking, Loan and Advance, Foreign Exchange Banking, Finance and Accounts etc) of United Commercial Bank for last three months, this report is being formed on the overall Financial Performance of United Commercial Bank.

## 1.2 Purpose of the Study

The purpose of the study is to gather practical knowledge regarding general banking procedures and its operation. Where the class provides us theories regarding different subjects, practical orientation gives us the opportunity to view those theories and their implication. The objective of the study are the followings:

- To get an overall idea about the products and services of general banking of UCB
- To get overall idea of loan and advances
- To appraise the financial performance of UCB
- To identify the problem of UCB
- To suggest the suggestion for the development of UCB

## 1.3 Methodology of the Report

My internship supervisor suggested me to have a preliminary idea about financial performance of United Commercial Bank and to be acquainted with the financial condition,

deposits, investments and related matters of UCB to appraise the financial performance. My report bases on the following learnings:

- Industry overview of commercial banks
- Different deposit schemes of UCB
- Different investment schemes of UCB
- Financial data of UCB for the period 2006-2010

## 1.4 Source of Information

The report is based on both primary and secondary data analysis.

### ❖ Primary data sources:

- Face to face conversation with bank officers related with general banking, loan and advance, foreign exchange
- First hand banking activities conducted

### ❖ Secondary data sources are:

- Annual report of UCB from 2006 to 2010
- Books and articles regarding banking
- Different websites

## 1.5 Limitations

During the period I faced some barriers or limitation for making a complete and perfect report. These barriers and limitations are as follows:

- The origination maintains confidentiality about certain information. They were not willing to give any kind of internal information.
- Some officials were not prepared to provide the data which could have helped to prepare this report better.

- UCB is a very busy financial institution. So the employees are always busy with their activities and have little time to consult.
- The study may suffer due to lack of experience.
- Time is also limitation as the duration of the program was of 3 months only. It is not enough for such extensive study.
- Further analysis of the industry financial performances might help in appraising the performance of UCB.

**PART- 02**

**BANK'S PROFILE**

**OF**

**UNINETD COMMERCIAL BANK**

**UCB**  
United Commercial Bank Ltd.

## 2. BANK'S PROFILE

### 2.1 Brief Background of UCB

United Commercial Bank has started their operation in Bangladesh as a local bank in 1983. They have added 110 branches with Authorized Dealer (AD) branches with their name. They have total online banking facilities along with no charge in the local transactions. They have 58 Automated Teller Machine (ATM) Booth. But they also have the contract with Dutch Bangla Bank Limited to use their booths in all over Bangladesh by the UCBL customers. With its firm commitment to the economic development of the country, the Bank has already made a distinct mark in the realm of Private Sector Banking through personalized service, innovative practices, dynamic approach and efficient Management. The Bank, aiming to play a leading role in the economic activities of the country, is firmly engaged in the development of trade, commerce and industry through a creative credit policy.

(Source: Annual report 2010-2011).

### 2.2 CORPORATE INFORMATION

**Name of the Company :** United Commercial Bank  
**Legal Status :** Public Limited Company  
**Date of Incorporation :** June 26, 1983  
**Date of Commencement:** June 27, 1983  
**Registered Office :** Plot -CWS-(A)-(1), Road No-34, Gulshan avenue, Dhaka-1212  
**Phone :** +88-02-8852500  
**Fax :** +88-02-8852500-6000  
+ 88-02-8852504  
**E-mail :** [info@ucbl.com](mailto:info@ucbl.com)  
**Web site :** [www.ucbl.com](http://www.ucbl.com)



### Chairman's Office

Plot-CWS-(A)-1 Road No- 34

Gulshan avenue, Dhaka-1212

E-mail : chairman@ucbl.com

Listing with Dhaka Stock Exchange:

November 30, 1986

Listing with Chittagong Stock Exchange:

November 15, 1996

**Chairman** : M.A.Hashem

**Managing Director** : M. Shajahan Bhuiyan

**Company Secretary** : Mirza Mahmud RafiqurRahman

## 2.3 Mission statement of UCB

The mission of United Commercial Bank Limited is to offer financial solution that

Create, manage and increase our clients, wealth improving the quality life in the communities we serve. (Source: Annual report 2010-2011).

## 2.4 Vision Statement of UCB

United Commercial Bank Limited wants to be the bank of first choice through maximizing value for our clients', shareholder and employees and contributing to the national economy with social commitments. (Source: Annual report 2010-2011)

## 2.5 Corporate Slogan of UCB

"Happy Banking"

## 2.7 Organizational Structure of United Commercial Bank

There are four different wings to consist the organizational structure of UCB. They are:

- Board of Directors
- Executive Committee
- Audit Committee
- Management Committee

## 2.8 Management of UCB

The Management team of the Bank is successfully led by Mr. M. Shahajahan Bhuiyan, Managing Director. He is a renowned and a dynamic banker with more than three decades of banking experience.

The Management is ably supported and assisted by qualified executive and officers.

## 2.9 BOARD OF DIRECTORS

### Board of Directors

- **Chairman**

Alhaj Akhtaruzzaman Chowdhury, MP

- **Vice Chairman**

Mr. Showkat Aziz Russell

- **Chairman, EC**

Mr. M. A. Sabur

- **Director & Chairman, Audit Committee**

Mr. Md. Jahangir Alam Khan



## 2.6 Objectives of UCB

### 2.6.1 Corporate Objectives

Strong marketing team to be established for new innovative products and services for exploring strong client's base.

- Succession plan to be taken
- Contribution to social services by setting up UCBL foundation
- To inculcate culture and participative management throughout the bank.
- Increase professional efficiency and technology literacy throughout the organization.
- Put in place an effective Human Resource Management Department.
- Requirement of skilled and experience manpower through selective process.
- Strong Database for evaluating various loan proposal within next year.
- Have a centralized core banking solution in place.
- Develop good governance throughout the organization

### 2.6.2 Business Objective

- Build up a low cost fund base
- Ensure 100% recovery of all advances
- Make sound loan and investment. Meet capital adequacy requirement at all the time.
- Focus on fee base income.
- Install a scientific MIS to monitor banks activities.

- **Managing Director**

Mr. M. Shahjahan Bhuiyan

- **DMD & Company Secretary**

Mr. Mirza Mahmud Rafiqur Rahman

## 2.10 Organizational Hierarchy

Managing Director
Deputy Managing Director
Senior Executive Vice President
Executive Vice President
Senior Vice President
First Vice President
Vice President
First Assistant Vice President
Assistant Vice President
Senior Executive Officer
Principal Officer
Executive Officer
Officer
Junior Officer

Source : UCB internal source

## 2.11 Departments of UCB

United Commercial Bank maintains the jobs in a proper and organized considering their interrelationship that are allocated in a particular department to control the system effectively. Different departments of UCB are as follows:

### • Human Resources Division

United Commercial Bank recognizes that a productive and motivated work force is a prerequisite to leadership with its customers, its shareholders and in the market it serves. United Commercial bank treats every employee with dignity and respect in a supportive environment of trust and openness where people of different backgrounds can reach their full potential.

The bank's human resources policy emphasize on providing job satisfaction, growth opportunities, and due recognition of superior performance. A good working environment reflects and promotes a high level of loyalty and commitment from the employees. Realizing this United Commercial Bank has placed the utmost importance on continuous development of its human resources, identify the strength and weakness of the employee to assess the individual training needs, they are sent for training for self-development. To orient, enhance the banking knowledge of the employees United Commercial Bank Training Institute organizes both in-house and external training.

The major responsibilities of HR are as follows:

- Employee recruitment
- Posting
- Transfer
- Increment
- Established yearly performance bonus
- Provident fund
- Confirmation
- Training

- Travel policy
- Telephone policy

### ❖ General banking Division

The general banking department deals with the consumer credit schemes such as the personal loan, car loan, education loan, tax loan, personal secured loan that are tailored to meet the demand of individual customers. The manager of UCB credit who approves and administers all the activities heads this department. The approval officer mainly rejects or approves the credit requests. After being checked by the approval officer, the credit requests go to the processing officer for further processing of the application.

### ❖ Treasury Division

Their main job is to take decisions regarding purchase and sell of foreign Currency. The purpose of Treasury's operations is to utilize the funds effectively and arrange funds at a lowest possible rate of interest, through maintaining effective relationship with other banks and following the Government rules and foreign exchange regulations

### ❖ Information Technology Division

This department gives the software and hardware supports to different departments of the bank. As United Commercial Bank is engaged in online banking, the role of IT is very crucial for the bank. This department is the most active department of UCB where employees always stand by to solve any problems in the system. The managers and executives of IT division work continuously to develop the total IT system of UCB so that it can be operated with ease, accuracy, and speed. Since its journey as commercial Bank in 1983 UCB has been laying great emphasis on the use of improved technology. It has gone to online operation system.

The main software's that DBL uses are:

- SWIFT Manager
- Word
- Excel
- PC Bank
- Western Union
- United Commercial Bank Foreign Trade

### ❖ Credit Division

The borrowing capacity provided to an individual by the banking system, in the form of credit or a loan. The total bank credit the individual has is the sum of the borrowing capacity each lender bank provides to the individual. Credit Policy Committee is composed of the managing director, the general manager, the Chief Risk Officer and the assistant general manager responsible for credits. Committee meets every other week, evaluates the banks overall lending portfolio and determines principles and policies regarding portfolio management.

### ❖ Internal Control and Compliance Division

This is an integral and vital part of the bank. The services department ensures smooth operation and functioning within and between all the departments of UCB . It also provides continuous support to the core banking activities of UCB. The Manager of Services heads the department who formulates and manages various critical issues of the services function of UCB. He is followed by a group of executives who are the heads of various subsidiary divisions that operate within the services department.

### ❖ Card Division

UCB have Visa Electronic and Visa Credit Card. UCB have also Visa ATM Acquirer along with POS Acquire, which opened the opportunity for all the Visa Cardholders (domestic and international) to use the ATMs.

### ❖ Finance & Accounts Division

This is considered as the most powerful department of UCB. It keeps tracks of each and every transaction made within UCB Bangladesh. It is headed by Manager of CFO who ensures that all the transactions are made according to rules and regulation of UCB group. Violation of such rules can bring serious consequences for the lawbreaker.

### ❖ Board Audit Cell Division

The Risk Management Division is responsible for measuring risks that the Bank might face in the course of its operations, developing corporate risk management policies and ensuring that risks remain within the limits in which the Bank prefers to bear such risks in line with its own

strategic targets and risk appetite. The primary goal of risk management is to provide capital to businesses in line with their risks (economic capital), maximize risk-adjusted return and increase the added value.

The risk management function consists of Market Risk, Credit Risk and Operational Risk Management Units. Bank Risk Committee, Asset-Liability Committee (ALCO), Credit Policy Committee, and Operational Risk Management Committee are the other risk management bodies.

**Apart from these major ones, UCB also has more divisions which are as follows:**

- ❖ Recovery Division
- ❖ Legal Division
- ❖ Small and Medium Enterprise Division
- ❖ Corporate Banking Division
- ❖ Credit Risk Management Division
- ❖ Credit Administration Division
- ❖ International Division
- ❖ Corporate Affairs
- ❖ Retail Banking Division

## **2.12 Services of UCB:**

### **❖ Remittance services**

UCBL provides its clients with both incoming and outgoing remittance services. Thus the expatriates find an easy way to send money through proper channel.

### **❖ Stock brokerage service**

United commercial Bank, through its subsidiary UCB Securities Limited provides stock brokerage, share transfer, portfolio management and fund management to issue in capital and security market. At the same time underwrites, manages, and distributes the issue of stock share, bonds, and other securities.



### ❖ SME Banking Service

UCBL has started a unique service named SME Banking Service to its customers. So the bank comes to your palm top instead of your rushing to the bank. UCBL issues Travelers checks for its customers willing to travel abroad. The bank has introduced online banking service to its valued customers. It provides Credit cards service for the interested clients. Three types of cards are offered with varied facilities. The types are Classic, Gold and Pink. Another extra ordinary one is Credit Card for Ladies. Locker service for your valuables is there in UCBL. All major branches provide the service. UCBL provides One Stop Service for deserving clients and thus provides a fast service to them.

Also UCB provides other services as follows:

- Internet banking
- SME banking
- Locker
- ATM card
- Visa credit card
- Utility bill
- Letter of credit
- Western union

## 2.13 Branches of UCB

Presently the Bank is functioning with its country wide network of 110 branches covering all division of the country. Out of 110 branches, Dhaka Division has 46 branches, Chittagong Division has 34 branches , Sylhet Division has 13 branches, Rajshahi Division 7 branches, Rangpur division 2 branches, Khulna division 7 branches and Barishal Division 1 branch.

**Table.1: Total branch no. of UCB**

<b>DIVISION</b>	<b>BRANCHES</b>
Dhaka	43
Chittagong	34
Sylhet	7
Rajshahi	7
Khulna	7
Rangpur	2
Barishal	1

**Source: Annual Report of UCB,2010**

From table-1, we can see that presently the Bank is functioning with its country wide network of 107 branches covering all divisions of the country. The Bank has set up a Zonal Office at Chittagong to facilitate services to the customer. The number of authorized Dealer branches is 22. Besides, the bank currently has 296 correspondents covering 57 important countries in all the continents of the world which is continuously expanding to meet the growing cross-border banking needs to customer.

## 2.14 Growth of Branches

In private sector UCB has the highest number of branches in Bangladesh and they will open also new 6 branches in 2011.

**Table 2: Growth of branches of UCB**

YEAR	NUMBER OF BRANCHES IN A YEAR	GROWTH OF BRANCHES
2006	84	5%
2007	84	0%
2008	84	0%
2009	98	9%
2010	110	17%

**Source: Annual Report of UCB,2010**

From table-2, we can see, the branches growth are same in last three years from 2006 to 2008, it is raised in 2009 that is 9% and in 2010 its growth is raised more that is 17% because UCB launched 12 new branches in that year.



## 2.15 Number of Employees

Discrimination at work places is a very common phenomenon. Nevertheless UCB acts in an ethical manner and keeps away from favoritism, injustice and discrimination. Responsibility to employees in UCB includes taking care of the personnel's welfare and safety at work and developing their skills, competences and proficiencies at work.

**Table 3: Growth Of employees of UCB**

(Figure in: Million)

YEAR	NUMBER OF EMPLOYEES	GROWTH OF EMPLOYEES IN A YEAR
2006	2,029	
2007	2,028	2%%
2008	2,292	16%
2009	2,508	19%
2010	2,738	45%

**Source: Annual Report of UCB, 2010**

From table-3, it is reflected that in 2006 UCB had 2,029 employees and their growth rate was 4% than previous year, but in 2007 their employee number reduced because some of employee switched their job but I 2008 to 2010 number of employees are increased huge because UCB recruits new employees.UCB creates job opportunity for fresh graduate.

## 2.16 Performance of UCB

Table 4: Last 5 years at a glance of UCB

SUBJECT	2006	2007	2008	2009	2010
	(MILLION)	(MILLION)	(MILLION)	(MILLION)	(MILLION)
Authorized Capital	1000	1000	1000	1000	8000
Paid-Up Capital	230	299	299	1194	2919
Reserve Fund	1262	1596	1889	2818	3451
Deposit	33016	42296	54485	77730	113071
Advances	26110	37556	44446	61692	93460
Investments	6101	5518	7201	9346	15048
Gross Income	4118	6052	7850	9540	13487
Gross Expenditure	2797	4034	5400	6415	8755
Net-Profit (pre Tax)	1321	1668	1463	1542	4732
Import Business	39853	60329	600009	58857	86667
Export Business	20803	27230	36500	38519	50712
Foreign Correspondents	213	235	257	274	296
Number of Employees	2029	2082	2292	2508	2738

Source: Annual Report of UCB,2010

**PART: 03**

**DEPOSIT**

**OF**

**UNINETD COMMERCIAL BANK**



## 3. DEPOSIT

A deposit account is a current account, savings account, or other type of bank account, at a banking institution that allows money to be deposited and withdrawn by the account holder. These transactions are recorded on the bank's books, and the resulting balance is recorded as a liability for the bank, and represent the amount owed by the bank to the customer. Some banks charge a fee for this service, while others may pay the customer interest on the funds deposited.

### 3.1 Growth of deposit

**Table.5: Growth of deposit of UCB**

Figures in (000) BDT

YEAR	DEPOSITS	GROWTH OF DEPOSITS
2006	33,016	
2007	42,296	71%
2008	54,485	29%
2009	77,730	28%
2010	113,071	34%

Source: Annual Report of UCB, 2010

Table: 5 shows the growth of deposits of the bank registered an increase of 34% in 2010, total deposit stood at TK 113,071 million against TK 77,730 million in the previous year. The deposit mix comprised TK 20,143 million as demand and TK 92,928 million as time deposit, the ratio of demand and time deposit to total deposit was 17.81% and 82.91% respectively. Out of the total deposits, TK 103,474 million was mobilized from the private sector while the balance TK 9,597 million from the public sector.

## 3.2 Types of Deposit Offered by UCB

United Commercial Bank is well poised to be the leading Personal Banking business amongst the local private banks. Bank's conscious efforts in brand building, introducing and supporting new packaged products, developing PB organization along with non-traditional delivery channels have resulted in good brand awareness amongst its chosen target markets.

### 3.2.1 Existing Product

- i. **UCB Earning Plus**
  - Monthly/Quarterly Interest payable-Fixed Deposit
- ii. **UCB Money Maximize**
  - Double Money-Fixed Deposit
- iii. **UCB Money Maximize**
  - Double Money-Fixed Deposit
- iv. **UCB DPS Plus**
  - Monthly Savings Scheme

### 3.2.2 New Product

- i. **UCB Youngsters' Savings Account**
  - Savings account for youngsters'
- ii. **UCB Youngsters' DPS**
  - Monthly Savings Account for youngsters
- iii. **UCB Royal Savings**
  - Special Savings Account

### 3.2.3 General Products

- i. **Current Deposit**
  - Interest rate 0.00%
  - Individual Account



- joint account
- Proprietorship account
- Limited Company Account

**ii. Savings account**

- Individual account
- Joint account
- Proprietorship account
- Limited company account

### 3.3 Features of Different Types of Deposit

#### 3.3.1 UCB Earning Plus

- i. Minimum amount**
  - Minimum Tk. 50000
- ii. Maximum Amount**
  - Multiples of Tk. 50000
- iii. Tenure & Interest rate**
  - 3 years: rate of interest: 12%
  - 5 years: rate of interest: 12%
- iv. Multiple Accounts**
  - Customers can open more than one UCB Earning Plus in different slabs
- v. Interest Payment**
  - The depositor shall have to maintain SB/CD account with the same branches for disbursement of monthly interest payable for the “UCB Earning Plus”

#### 3.3.2 UCB Money Maximize

UCB Money Maximize is a time deposit product which offers double returns on depositor’s fixed deposit over a certain period of time.

- i. Availability**
  - All UCB branches

**ii. Minimum**

**iii. Tenure & interest rate**

- 6 years maturity time: 12.25%

**iv. Multiple account**

- Customer can open more than one UCB Money Maximize Account

**v. Credit Facility**

- Customer can take OD or EMI based loan facility against the deposit at any time
- Minimum loan size would be Tk. 500000
- Interest rate for loan facilities are:
  - 4% for OD and
  - 3% for EMI

### 3.3.3 UCB Multi Millionaire

UCB Multi Millionaire is a remaining monthly savings schemes for Bangladeshi citizens who have a future plan or dream to be millionaire or multi millionaire.

**i. Multiple scheme**

- Customer can open more than one UCB multi millionaire account

**ii. Installment date**

- Advance payment of any number of installment is acceptable

### 3.3.4 UCB DPS PLUS

**i. Eligibility**

- Must be citizen of Bangladeshi
- Age limit 18+

**ii. Maximum**

- Maximum Tk. 1000
- iii. Minimum**
  - Minimum Tk.500
- iv. Period**
  - 5-10 years
- v. Interest rate**
  - 12 %
- vi. Loan**
  - Up to 90 % loan facility
  - Minimum loan limit TK .50000

### 3.3.5 UCB Youngsters' DPS

- I. Interest rate**
  - 6%
- II. Others features**
  - Daily interest rate
  - Interest rate half yearly
  - No service charge
  - Cheque free



### 3.3.6 UCB Royal Savings

- a. Eligibility**
  - Must be a student
  - Below 18 can open this account
- b. Minimum**
  - Must be citizen of a Bangladeshi
  - Minimum Tk. 100000

**c. Interest rate**

- Interest rate 5% to 7.25%

**d. Other features**

- Interest rate 5% to 7.25%
- Daily interest calculated
- No service charge
- No ledger fee
- 50% waived for credit

### 3.3.7 Savings, Current and SND

**a. Eligibility**

- Must be a citizen of Bangladeshi

**b. Minimum**

- SB- Tk. 10000
- CD & SND – TK. 5000

**c. Interest rate**

- SD 4.5% to 7.5%

**d. Other features**

- Interest paid half yearly
- No service charge
- Debit card is free
- Online transaction is free

### 3.4 Deposit Scheme

DPS plus, Earning plus, Deposit Insurance scheme, Multimillionaire, Money maximize, Time deposit scheme, Monthly saving scheme etc. are some of their deposit services. Clients having requisite qualifications may have Foreign Currency Deposit accounts in UCB.

#### 3.4.1 UCB Earning Plus

Regular account for (3) & (5) Years term ( Taka)

Table 6: UCB Earning Plus

DEPOSIT AMOUNT	INTEREST 12 %	GOVT. INCOME	AMOUNT PAYABLE
50000	500	50	450
100000	1000	100	900
500000	5000	500	4500
1500000	15000	1500	13500
2500000	25000	2500	22500
5000000	50000	5000	45000

Source: UCB website ([www.ucbl.com](http://www.ucbl.com))

#### 3.4.2 UCB DPS Plus

Table 7: UCB DPS Plus

MONTHLY DEPOSIT	ACCUMULATED FUND (5 YEARS FROM NOW)	ACCUMULATED FUND (10 YEARS FROM NOW)
Tk. 500	Tk.37995	Tk.97483
Tk. 1000	TK.75990	Tk.194966
TK.5000	TK.379949	Tk.074828

TK.10000	TK.759898	Tk.1949656
Tk.150000	Tk.1139898	Tk.2924484
Tk.250000	Tk.1899745	Tk.4874140

Source: UCB website ([www.ucbl.com](http://www.ucbl.com))

### 3.4.5 UCB Multi Millionaire

UCBL Multimillionaire scheme is a deposit service providing you a great opportunity of saving a good amount in a short time. The interest rate is quite high for idle money. There are three levels in this scheme, namely 1 million, 5 million, and 10 million Taka. You have to deposit an amount every month for 5 to 15 years and at the end you get the full amount as declared.

**Table 8: UCB Multi Millionaire**

TENURE	MONTHLY DEPOSIT	EQUITY VALUE
<b>5 years</b>	Tk.13160	Tk.10,00,000
<b>6 years</b>	Tk.10450	Tk.10,00,000
<b>7 years</b>	Tk.8550	Tk.10,00,000
<b>8 years</b>	Tk.7100	Tk.10,00,000
<b>9years</b>	Tk.6000	Tk.10,00,000
<b>10 years</b>	Tk.5150	Tk.10,00,000

Source: UCB website ([www.ucbl.com](http://www.ucbl.com))

### 3.4.6 UCB Money Maximize

UCBL Money maximize is a lucrative deposit scheme for limited income people. This scheme pays 9.10% of interest and the deposit is doubled just in 8 years.

Table 9: UCB Money maximize

AMOUNT	TERM	INTEREST RATE	PAYABLE AMOUNT
Tk.1,00,000	6 years	12.25%	Tk,2,00,000

Source: UCB website ([www.ucbl.com](http://www.ucbl.com))

### 3.4.7 UCB Youngster's DPS

Table 10: UCB Youngsters' DPS

MONTHLY DEPOSIT	5 YEARS	10YEARS
Tk.100	Tk.8119	Tk.22251
Tk.200	Tk.16238	Tk.44503
Tk.300	Tk.24357	Tk.66754
Tk.400	Tk.32476	Tk.89004
Tk.500	Tk.40595	Tk.11,11,253
Tk.1000	Tk.81189	Tk.2,22,510

Source: UCB website ([www.ucbl.com](http://www.ucbl.com))

**PART-04**

**INVESTMENT**

**OF**

**UNINETD COMMERCIAL BANK**

**UCB**  
**United Commercial Bank Ltd.**





## 4. INVESTMENT

### 4.1 Investment

Investment has different meanings in finance and economics. Finance investment is putting money into something with the expectation of gain, that upon thorough analysis, has a high degree of security for the principal amount, as well as security of return, within an expected period of time.<sup>[1]</sup> In contrast putting money into something with an expectation of gain without thorough analysis, without security of principal, and without security of return is speculation or gambling.

Investment is related to saving or deferring consumption. Investment is involved in many areas of the economy, such as business management and finance whether for households, firms, or governments.

### 4.2 Growth of Investment

Table 11:- Growth of Investment of UCB

YEAR	INVESTMENT (IN BDT MILLION)	GROWTH OF INVESTMENT IN EACH YEAR
2006	6,101	
2007	5,518	-10%
2008	7,201	31%
2009	9,346	30%
2010	15,048	61%

Source: Annual Report of UCB, 2010

It is reflected from Table – 11 that during 2010, total investment of the Bank stood of TK 15,048 million against TK 9,346 million in 2009. Income of TK 77 million has been earned from dividend of different companies during the year under report .But in 2007 the investment growth rate was negative from the previous year .The lowest investment growth rate was -10% in 2007 and The highest investment growth rate was 61% in 2010.

### 4.3 Loan

A loan is a type of debt. Like all debt instruments, a loan entails the redistribution of financial assets over time, between the lender and the borrower.

In a loan, the borrower initially receives or borrows an amount of money, called the principal, from the lender, and is obligated to pay back or repay an equal amount of money to the lender at a later time. Typically, the money is paid back in regular installments, or partial repayments; in an annuity, each installment is the same amount.

The loan is generally provided at a cost, referred to as interest on the debt, which provides an incentive for the lender to engage in the loan. In a legal loan, each of these obligations and restrictions is enforced by contract, which can also place the borrower under additional restrictions known as loan covenants. Although this article focuses on monetary loans, in practice any material object might be lent.

### 4.4 Loan and Credit Service

UCBL caters export and import loan to deserving candidates which in turn helps the overall economy of the country through increased earning of foreign exchange. It also disburse loan to entrepreneurs for working capital. Trade and industry are also financed by the bank. The bank provides Consumer Loan to potential customers for purchasing consumer products. This scheme enhances the standard of living for the young and hard working people.

## 4.5 Retail Banking

UCB have its personal banking program responding to the market demand for a complete range of modern banking products & services. Here different types of loan is given. Specially it is designed for giving personal purpose loan .

Retail Banking consists of the following products:

### Products-

- Home loan
- Personal loan
- Car loan
- Any purpose loan
- Doctor loan
- Marriage loan
- Education loan
- Hospitalization loan
- CNG conversation loan
- Overdraft
- Advanced against salary



### ❖ Personal Loan

As part of establishing a personal banking franchise of United Commercial Bank, the bank has successfully launched Personal Loan. The product is a term financing facility to individuals to aid them in their purchases of consumer durables or services. The facility becomes affordable to the clients as the repayment is done through fixed installment s commonly known as EMI (equal monthly installment) across the facility period. Depending on the size and purpose of the loan, the number of installments varies from 12 to 48 months.

### Target Market

- a. Salaried employees
- b. Professionals who are self employed and have at-least 3 years of independent practice in the area of profession.
- c. Businessmen

## ❖ Car Loan

As part of establishing a personal banking franchise of UCB, the bank has successfully launched Car Loan. The product is a term financing facility to individuals to aid them in their pursuit of has a car of their dream. The facility becomes affordable to the clients as the repayment is done through fixed installment s commonly known as EMI (equal monthly installment) across the facility period. Depending on the size and purpose of the loan, the number of installments varies from 12 to 60 months. In case of brand new cars the loan tenure will be maximum 72 months.

### Target Market

- a. Salaried employees
- b. Professionals
- c. Businessmen

## ❖ Home Loan

The product is a term financing facility to individuals to aid them in their purchases of apartment or house or construction of house. The facility will become affordable to the clients as the repayment is done through fixed installment as commonly known as EMI (equal monthly installment) across the facility period. Depending on the size of the loan, the maximum period of the loan would be 180 months (15 years).

### Target Market

The target market for Home Loan will be mainly focused in Dhaka and Chittagong . However, strong recommendation from branches operating in other areas will also be facilitated with the major concentration on the following category -

- a. Salaried employees of institutions with minimum 3 years continuous service
- b. Self-employed Professionals who are self employed and have at-least 5 years of independent practice in the area of profession. (Example: Doctors, Dentists, Engineers, Chartered Accountants, Architects who are members of their professional institutes.)
- c. Businessmen

### ❖ Any Purpose Loan

Any Purpose Loan is a term financing facility to individuals to meet their immediate requirements. The facility becomes affordable to the clients as the repayment is done through fixed installments commonly known as EMI (Equal Monthly Installment) across the facility period. Depending on the size and purpose of the loan, the number of installments varies from 12 to 48 months.

This facility is available for Salaried Employees, Self Employed / Professionals or Businessmen. Loans are restricted to Bangladeshi Nationals within 21 years to 57 years age limit with a minimum verified Gross Family Monthly Income of BDT 10,000. The amount of loan may vary from BDT 25,000 to 5,00,000 depending on the applicants requirement and repayment capability.

## 4.6 Growth of Loan

The bank continued its participation in different credit programmers for financing new industrial projects, working capital, trade finance, international trade etc.

**Table.13: Growth rate of loans and advances of UCB**

YEAR	LOAN & ADVANCES	GROWTH RATE
2006	26110	
2007	37556	44%
2008	44446	18%
2009	61692	47%
2010	93460	51%

**Source: Annual Report of UCB,2010**

Table: 13, shows the growth pattern of Loan and Advances of UCB bank. The growth of loan and advances is increased in 2007 44% from previous year but it is decreased in 2008 at 18%

but it is raised again in 2009 at 47%. Total credit rose to TK 93,460 million in 2010 from TK 61,692 million of 2009 showing an increase of 51%.

#### 4.7 Sector Wise Credit:

The credit deposits ratio stood at 82.66%. Sector wise credit during the year 2006-2010 was as follows:

**Table 14: Sector wise credit of UCB**

(Figure in: Millions)

SECTOR	2006	2007	2008	2009	2010
<b>Agriculture</b>	0	0	12896	237	334
<b>Growth Rate</b>	0%	0%	29%	0%	0%
<b>Industrial loan</b>	5733	8911	1850	21473	27518
<b>Growth Rate</b>	22%	24%	4%	35%	29%
<b>Commercial lending</b>	0	0	0	16174	28721
<b>Growth Rate</b>	0%	0%	0%	26%	31%
<b>Transport</b>	0	222	331	12511	2708
<b>Growth Rate</b>	0%	1%	1%	20%	3%
<b>Import</b>	6198	9946	9877	2264	12577
<b>Growth</b>	24%	26%	22%	4%	13%

<b>Rate</b>					
<b>Export</b>	1553	2276	2543	4077	3312
<b>Growth Rate</b>	6%	6%	6%	7%	4%
<b>House building</b>	981	1334	1189	658	6270
<b>Growth Rate</b>	4%	4%	3%	1%	7%
<b>Retail loan</b>	10021	14041	15760	1866	6763
<b>Growth Rate</b>	38%	37%	35%	3%	7%
<b>Staff loan</b>	0	0	0	331	416
<b>Growth Rate</b>	0%	0%	0%	100%	100%
<b>others</b>	1428	836	1189	2101	4841
<b>Growth Rate</b>	5%	2%	3%	3%	5%
<b>total</b>	26110	37566	44446	61692	93460

**Source: Annual Report of UCB, From 2006 to 2010**

Table: 14 shows that in 2006 to in 2008 retail loan sector's growth rate is higher but from 2009 to 2010 staff loan sector's growth rate is higher that is 100% in both years from the previous years because last three years they did not give loan in this sector. UCB gives less loan and sometimes give 0% loans in agriculture sector and transportation sector. Among the total 100% loans they give 29% loans in agriculture sector in 2008 that was the highest rate of agriculture sector in last five years. So UCB should give more loans in other sectors.

## 4.8 Modes of Credit

The following are the existing credit products of United Commercial Bank covering term loan, export lending, working capital & commercial lending. The products are subject to review and amendment of the product/launching new product will be carried out on a continuous basis. Depending on the various nature of financing, all the credit facilities have been brought under two major groups: (a) Funded Credit and (b) Non-funded Credit. Under Funded Credit, following are the products of UCBL:

### 4.8.1 Funded

#### ❖ Name of the Facility

##### a. Secured Overdraft SOD(FO)

- 100% cash covered
- Tenor : Maximum- 12 months

##### b. Temporary overdraft (TOD)

- Tenor : Maximum- 60 days

##### c. Payment against Document (PAD)

- Foreign-sight
- Advance against Sight L/C
- Forced Loan
- Tenor : Maximum -21 days

##### d. Payment against Document (EDF)

- Advance against EDF L/C
- Forced Loan
- Tenor : Maximum - 21 days

##### e. Payment against documents (A/G/B)

- Advance against LC (A/G/B)
- Forced loan
- Tenor : Maximum - 21 days

##### f. Payment against document (Local- sight)

- Advance against Sight L/C (Local)



- Forced loan
- Tenor : Maximum - 21 days
- g. Packing Credit against Export L/C Export**
  - To finance against Export L/C
  - To finance against Export Order
  - Pre-shipment Finance
  - Tenor : Maximum - 120 days
- h. Loan against Trust Receipt**
  - To finance import L/C
  - Tenor : Maximum - 180 days
- i. House Building Loan – Staff**
  - To finance personal house/apartment
  - Tenor : Maximum - 15 years
- j. House Building Loan – commercial**
  - To finance commercial house/ apartment
  - Tenor : 36-96 months
- k. House Building Loan - Residential**
  - To finance residential building / apartment
  - Tenor : 60-120 months
- l. Local Bill Purchased & Discounted**
  - To purchase /discount against local usance L/C
  - Tenor : As per LC Terms 180 days

#### 4.8.2 Non -Funded Credit Product

- a. Bills for Collection – Local**
  - Collection of local outstation cheques/ Drafts/Documents
  - Tenor - As per rules/terms
- b. Bills for Collection – Foreign**
  - Collection of foreign cheques/ Drafts/Documents
  - Tenor - As per rules/terms
- c. Letter of Guarantee – Local**
  - For contractual obligation (Bid-Bond, Payment Guarantee, Advance

Payment Guarantee, Performance Guarantee, Customs Guarantee,  
Shipping Guarantee

- Tenor - Specific period



## 4.9 Credit Approval Process

Credit approval process starts with receiving prescribed completed credit application from the customer and ends with issuance of a written “Sanction Advice” by the Bank. Credit approval process in the bank shall be guided by some basic principles. These are as follows:

### 4.9.1 Purpose

A Credit Proposal is prepared by the Relationship Management Team either at Branch or Corporate Division based at Head Office to present a concise and objective assessment of the risks associated with lending money to the prospective borrowers. Banks have to ensure before sanction/disbursement that their portfolio is of high quality, i.e., the risks associated with the portfolio are relatively low. A credit proposal may be defined as hereunder:

- i. **Initial Credit Proposal** – Initiate credit facilities for any new relationship for the bank.
- ii. **Annual Credit Proposal** – Renew existing facilities extended to a borrower or amendments to existing facilities at the Annual Review Date.
- iii. **Interim Credit Proposal** – Propose amendments (for e.g., an increase in amount or tenor or pricing, or a change in security structure), and/or new facilities for an existing borrower at any time other than the Annual Review date.

### 4.9.2 Steps in Credit Approval Process

**Step-1:** A potential borrower collects prescribed Credit Application Form from the Relationship Officer of Branch/Corporate Division, Head Office/Web address of the Bank. Later, he/she submits the filled in Credit Application Form along with required papers and documents.

**Step-2:** The Relationship Officer scrutinizes the Credit Application Form and other documents submitted by the customer and make a preliminary assessment on creditworthiness of the potential borrower on the basis of the information provided by the borrower. Relationship Officer collects further information from the customer if it is felt

necessary. And, if Relationship Officer finds the proposal not credit worthy, a refusal letter to the customer would be sent immediately

**Step-3:**The Relationship Manager, singly or jointly with Relationship Officer, visit the customer's business premise and try to acquire proper understanding about the business position, business expertise and reputation of the borrower, purpose of credit, actual credit requirement, sources of repayment, etc. Besides, he/she negotiates with the customer about the structure of the proposed credit facility to control the risks. Apart from this, he/she assesses the value of the security to be offered and prepares Valuation Report .

**Step-4:** The Relationship Manager sends the Pre-sanction Inspection Report to the Corporate Division, Head Office. The Head of Corporate Division or assigned Executive assesses the credit proposal and may contact with the concerned Relationship Manager or directly to the customer for any query. Finally, Corporate Division of Head Office communicates their decision to the Relationship Manager.

**Step-5:** Credit Administration Department on receipt of the request letter from the Branch will send the "CIB Inquiry Form" to Bangladesh Bank. Credit Administration Department will send the CIB report immediately by facsimile/e-mail/courier service to the concerned Relationship Officer on receipt of the report.

- ❖ **Sending CIB to Bangladesh Bank:** The Head office collects all information and sends the CIB form to Bangladesh Bank for clearance. Bangladesh Bank return this CIB form within 10-12 days with reference no.
- ❖ **CIB report from Bangladesh Bank:** In the CIB report Bangladesh Bank uses any of the following reference no:
  - **NIL:** if the client has no loan facility in any bank or any financial institution then BB (Bangladesh Bank) use 'NIL' in the report
  - **UC (Unclassified):** if the client has any loan facility in any bank or financial institution and if the installment due 0 to 5.99 then BB use UC in the report
  - **SS (Substandard):** if the client has any loan facility in any bank or financial institution and if the installment due 6 to 11.99 then BB use SS in the report
  - **DF (Doubtful):** if the client has any loan facility in any bank or financial institution and if the installment due 12 to 17.99 then BB use DF in the report
  - **BL (Bad lose):** if the client has any loan facility in any bank or financial institution and if the installments due for more than 18 or above months then BB use BL in the

report. This report indicates that the client is defaulter and the bank should not provide loan the client.

### ❖ CIB Obtaining Process

CIB is a regulatory requirement for Loan Documentation. Credit Information Bureau (CIB) of Bangladesh bank has a central database for all the lenders of Bangladesh. It contains the total credit history of a client and act as the most dependable source to analyze the credit worthiness of a prospective client. Obtaining the CIB clearance is a 72 hours.

**To obtain a CIB report, AOD fills up the following Bangladesh bank prescribed forms for each loan application:**

**Inquiry Form: CIB – 1A:** For each individual/ institution

**Inquiry Form: CIB – 2A:** Owner information if borrower is institution

**Inquiry Form: CIB – 3A:** Group/ related business information of borrower

**CIB Undertaking form “KA”:** For each individual/proprietor/director/partner

These forms are filled up by the business units and sent to the CIB segment of AOD. CIB segment maintains a central database for all the CIB inquiry forms. Each form is registered under a Head Office serial number and a Branch/ Unit office serial number. Therefore AOD prepares a forwarding letter with reference to 20 such inquiry forms, and sent them to Credit Information Bureau of BB once in a day. Usually the CIB reports are received within 7-10 working days.

After receiving the reports from BB, AOD prepares a summary of the report and put that as reference in the loan file along with the photocopy of the CIB inquiry forms, undertaking and copy of the original CIB report. For any mistakes made in the forms, writing wrong spelling, incomplete name of individuals or institutions, CIB report may show error as mismatch exists there. Those CIB inquiry forms require to be sent again correcting the facts. CIB reports are usually updated quarterly and half-yearly. Therefore most updated CIB reports are required to be obtained and CIB report is also require for the same client for repeat loan. All forms need to be supported by

**Step-6:** If, clean CIB Report is received, the Relationship Officer originates a formal Credit Proposal in prescribed format that should carry the recommendations of the Relationship

Manager. After signing by him, it is to be sent to the Corporate Banking Division, Head Office and a copy to the Credit Risk Review Department of Credit Risk Management Division.

**Step-7:** Corporate Banking Division, Head Office after modifying the proposal as required place the proposal along with Head of Corporate Banking Division's recommendation before the Credit Committee. Head of Credit Risk Review Department of CRMD or his authorized representative may report his observation in writing/verbally before the Credit Committee.

**Step-8:** Credit Committee will analyze the proposal and if found viable recommend for approval to the appropriate approval authority following discretionary power provided in delegation of credit approval authority with their observations. If the proposal is endorsed by the Credit Committee, Corporate Banking Division will prepare required Memo mitigating the weakness/risk factors and incorporating the suggestion/observation of the Credit Risk Review Department as well as Credit Committee for approval of the appropriate authority.

**Step-9:** If the facility is approved by the appropriate approval authority, Corporate Banking Division will send the copy of approval Memo/Note sheet to Credit Risk Management Division. On receipt of approval, Credit Risk Review Department of CRM issues Sanction Advice to the originating Branch along with a Documentation Check List preferably on the same date which clearly spells out what is the documentation formalities required to be completed before disbursement.

**Step-10:** Sanction Letter to the customer following Credit Risk Review Department of CRM sanction advice to be issued under dual signatures from the originating Branch. Preferably, Relationship Manager and Credit Administration Officer of the Branch should sign on the Sanction Letter.

## 4.9 Recovery Process

It is important that once a credit is classified it should be monitored and administered properly with a clear action plan for recovery/upgrade. Once an account is classified following regulatory definition or objective criteria by the concerned Relationship Manager/Branch Managers or independently by the Head of Credit Risk Review Department in the normal course of inspection of a branch's portfolio.

If the bank feels that legal action is warranted at any stage, then the account will directly be referred to Legal Division in consultation with Head of Recovery Department and Head of Credit Risk Management Division. As soon as the account is downgraded to Sub-Standard status from SMA, the same should be transferred to the Recovery Department under Credit Risk Management Division, Head Office in the following manner.

- ❖ Within 7 days of an account being classified/downgraded to Sub-Standard (grade 6), shall be transferred to Recovery Department.
- ❖ Recovery Department would get the copy of the credit files from the Branch (keeping the original with the Branch) of classified account for formulating necessary action. Transfer of account responsibility will take place via a standard format called Classified Account Representative of Recovery Department would review the documentation following Documentation Checklist to ensure that all loan documentation is in place.
- ❖ Representative of Recovery Department would meet the customer, and if required, review the Stock Report and conduct Stock Inspection of accounts to arrive at an effective action plan for recovery/upgrade.
- ❖ Representative of Recovery Department will prepare a Classified Credit Review Report, within 15 days of the transfer. The CCR should be approved by the Head of Credit Risk Management Division, and copied to the Head of Corporate Banking and to the Branch/office where the loan proposal was originated. This initial CCR should highlight any documentation issues, loan structuring weaknesses, proposed workout strategy, and should seek approval for any loan loss provisions that are necessary.
- ❖ The Recovery Department of Credit Risk Management Division will manage accounts with sustained deterioration (a Risk Grade of Sub-Standard (6) or worse). Sometimes, as per recommendation of the Credit Administration Department and Corporate Banking Division the Management may decide to transfer some SMA Accounts for effective supervision or EXIT accounts graded 4-5 to the Recovery Department for efficient exit.

The recovery of problem loans must be a dynamic process, and the associated strategy together with the adequacy of provisions must be regularly reviewed. A process should be established to share the lessons learned from the experience of credit losses in order to update the lending guidelines.

**PART: 5**

**FINANCIAL PERFORMANCE**

**OF**

**UNINETD COMMERCIAL BANK**





## 5. FINANCIAL PERFORMANCE

A subjective measure of how well a bank can use assets from its primary mode of business and generate revenues. This term is also used as a general measure of a bank's overall financial health over a given period of time.

### 5.1 Authorized Capital

The authorized capital of a bank (sometimes referred to as the authorized share capital or the nominal capital) is the maximum amount of share capital that the bank is authorized by its constitutional documents to issue to shareholders. Part of the authorized capital can (and frequently does) remain unissued. The part of the authorized capital which has been issued to shareholders is referred to as the issued share capital of the bank.

**Table.15: Authorized Capital of UCB**

( (Figure in: Million, Taka)

YEAR	AUTHORIZED CAPITAL	GROWTH RATE
2006	1000	
2007	1000	0%
2008	1000	0%
2009	1000	0%
2010	8000	700%

Source: Annual Report, UCB, 2010

Table: 15 shows the status of authorized capital of UCB which remained same from 2006 to 2009 at BDT 1000 million. However, in 2010 the bank increased the authorized capital to BDT 8000 million and observed a growth of 700%

## 5.2 Paid Up Capital

It is the amount of a bank's capital that has been funded by shareholders. Paid-up capital can be less than a bank's total capital because a bank may not issue all of the shares that it has been authorized to sell. Paid-up capital can also reflect how a company depends on equity financing.

**Table.16: Paid Up Capital of UCB**

(Figure in: Million, Taka)

YEAR	PAID UP CAPITAL	GROWTH RATE
2006	299	
2007	299	0%
2008	299	0%
2009	1194	299%
2010	2910	144%

Source: Annual Report of UCB, 2010

It is reflected from table 16 that from 2006 to 2008 paid up capital was same, BDT 299 million. However, UCB raised more capital in recent years and currently has around 10 times the capital they had in 2008. This may be due to the business expansion phase UCB is going through.

## 5.3 Reserve Fund

It is an account set aside by bank to meet any unexpected costs that may arise in the future as well as the future costs of upkeep. In most cases, the fund is simply a savings account or another highly liquid asset, as it is impossible to predict when an unexpected cost may arise. However, if the fund is set up to meet the costs of scheduled upgrades, less liquid assets may be used.

**Table.17: Reserve Fund of UCB****(Figure in: Million, Taka)**

<b>YEAR</b>	<b>RESERVE FUND</b>	<b>GROWTH RATE</b>
<b>2006</b>	1262	
<b>2007</b>	1596	26%
<b>2008</b>	1889	18%
<b>2009</b>	2818	49%
<b>2010</b>	3451	22%

**Source: Annual Report of UCB, 2010**

Table 17: shows the growth of pattern of reserve funds of UCB. From 2006 to 2010 in every year reserve fund has increased from the previous year due to the continuous profit trend. Every year the higher amount of loans generated higher amount of profit which resulted in a higher growth rate year by year. In case of any unexpected loss situation, UCB can absorb the hit though this reserve fund. The highest growth rate of reserve fund was in 2009 that was 49% and the highest reserve fund amount was in 2010 that was BDT 3,451 million.



## 5.4 Gross Income

An individual's total personal income before taking taxes or deductions into account. A company's revenue minus cost of goods sold. Also called "gross margin" and "gross profit"

**Table 18: Gross Income of UCB**

(Figure in: Million, Taka)

YEAR	GROSS INCOME	GROWTH RATE
2006	4118	
2007	6052	47%
2008	7850	30%
2009	9540	22%
2010	13487	41%

**Source: Annual Report of UCB, 2010**

Table 18: shows the growth pattern of UCB, from 2006 to 2010 amount of gross income has risen in every year from the previous year, that was BDT 4118 million in 2006 and it has increased BDT 13487 million in 2010. It has some reasons to increase gross income in every year because they give more loans than the previous year loans, so their interest income is increasing from the previous year. On the other hand they take some loan from the other financial institution, so they have to pay interest on those loans which they borrow. Now Interest income minus paid of interest is the operating income of the UCB. They give more loans than they borrow loans from the other institutions. That means their operating income is increasing, those affects on gross income. The highest growth of gross income was 47% in 2007 and the lowest rate was 22% in 2009 in last five years.

## 5.5 Gross Expenditure

Total of all expenditure of all kinds within the economy, public and private. It is usually different from gross domestic product.

**Table.19: Gross Expenditure of UCB**

(Figure in: Million, Taka)

YEAR	GROSS EXPENDITURE	GROWTH RATE
2006	2797	
2007	4034	44%
2008	5400	34%
2009	6415	19%
2010	8755	36%

**Source: Annual Report of UCB, 2010**

It is reflected from Table 19 that during 2006 to 2010 in every year Gross Expenditure has increased from the previous years because their operating expenditure is increasing in every year (like- salaries, wages, director's salary etc). The highest amount of Gross Expenditure is BDT 8755 (million) in 2010 and the lowest Gross Expenditure was BDT 2797 (million) in 2006. On the other hand the highest growth rate was 44% in 2007. And the lowest growth rate was 19% in 2009.

## 5.6 Comparison between Gross Income and Gross Expenditure

Here is shown a comparison between gross income and expenditure, also shown how much gross expenditure is increased against income.

**Table. 20: Comparison between Gross Income and Gross Expenditure of UCB**

(Figure in: million, BDT)

YEAR	GROSS INCOME	GROSS EXPENDITURE	DIFFERENCE BETWEEN GROSS INCOME – GROSS EXPENDITURE	HIGH/LOW	GROWTH RATE
2006	4118	2797	1321		
2007	6052	4034	2018	Increase	53%
2008	7850	5400	2450	Increase	21%
2009	9540	6415	3125	Increase	28%
2010	13487	8755	4732	Increase	51%

(Source : Annual Report of UCB, 2010)

Table- 20: shows the growth rate between gross expenditure and gross income was increased in 2007 from, and in 2010 it was increased again 51%. The lowest rate was 18% in 2008. But it was increased for different reasons that were increasing of operating expenses and operating income both in 2010.

## 5.7 Net Profit

net profit is calculated by subtracting a bank's total expenses from total revenue, thus showing what the bank has earned (or lost) in a given period of time (usually one year). It is also called net income or net earnings.

**Table.21: Net Profit of UCB****(Figure in: Million, Taka)**

<b>YEAR</b>	<b>NET PROFIT</b>	<b>GROWTH RATE</b>
<b>2006</b>	1321	
<b>2007</b>	1668	26%
<b>2008</b>	1463	-12%
<b>2009</b>	1542	5%
<b>2010</b>	4732	207%

**Source: Annual Report of UCB, 2010**

Table 21: shows the growth pattern of Net Profit of UCB, during 2006 to 2010 in every year Net profit amount has increased from the previous year because every year total revenue and expenses are increased of UCB. The highest Net Profit was BDT 4732 (million) in 2010 and the highest growth rate of Net Profit was 207% in the same year. On the other hand, the lowest Net profit growth was -12% in 2008.

## **5.8 Import Business**

The term import is derived from the conceptual meaning as to bring in the goods and services into the port of a country. The buyer of such goods and services is referred to an "importer" who is based in the country of import whereas the overseas based seller is referred to as an "exporter". Thus an import is any good (e.g. a commodity) or service brought in from one country to another country in a legitimate fashion, typically for use in trade. It is a good that is brought in from another country for sale. Import goods or services are provided to domestic consumers by foreign producers. An import in the receiving country is an export to the sending country.

**Table.22: Import Business of UCB****(Figure in: Million, Taka)**

<b>YEAR</b>	<b>IMPORT BUSINESS</b>	<b>GROWTH RATE</b>
<b>2006</b>	39853	
<b>2007</b>	60329	51%
<b>2008</b>	60009	-1%
<b>2009</b>	58857	2%
<b>2010</b>	86667	47%

**Source: Annual Report of UCB, 2010**

Table 22: Shows the growth pattern of Import Business of UCB. In the year 2010, UCB achieved a significant growth of import business. Total import business handled was TK. 866,667 million. The growth rate of import business was 47% in 2010. The highest growth rate was 51% in 2007. The main imports items were industrial raw materials, commodities are (wheat, sugar, lentils, edible oil, cotton etc). The growth of import business was one of the key attributing factors towards the overall profitability of the bank in 2010.

## **5.9 Export Business**

The term export is derived from the conceptual meaning as to ship the goods and services out of the port of a country. The seller of such goods and services is referred to as an "exporter" who is based in the country of export whereas the overseas based buyer is referred to as an "importer". In International Trade, "exports" refers to selling goods and services produced in home country to other markets.



**Table.23: Export Business of UCB****(Figure in: Million, Taka)**

<b>YEAR</b>	<b>EXPORT BUSINESS</b>	<b>GROWTH RATE</b>
<b>2006</b>	20803	
<b>2007</b>	27230	31%
<b>2008</b>	36500	34%
<b>2009</b>	38519	6%
<b>2010</b>	50712	32%

**Source: Annual Report of UCB, 2010**

Table 23: shows the growth pattern of Export business of UCB, during 2006 to 2010 every year amounts of export have increased. The highest exports amounts was Tk. 50,712 million in 2010 and the lowest amount was 20,803 million, and the highest growth of exports 34% respectively which were above the industry average in 2008. The major exports items of UCB were RMG, Jute Goods, and Tobacco etc. The growth in export business was one of the key attributing factors towards the overall profitability of the bank.



## 5.10 Foreign Correspondents

These are correspondents who send news, reports or commentary from a foreign country for broadcast or publication.

**Table.24: Foreign Correspondents of UCB**

(Figure in: Million, Taka)

YEAR	FOREIGN CORRESPONDENTS	GROWTH RATE
2006	213	
2007	235	10%
2008	257	9%
2009	274	7%
2010	296	8%

Source: Annual Report of UCB, 2010

It is reflected from table 24 that during 2006 to 2010 the number of Foreign Correspondents has increased from previous year. The highest number of Foreign Correspondent was 296 in 2010 and the highest growth rate was 10% in 2007. From 2008 to 2010 growth rate has declined.

## 5.11 Earnings per Share

The portion of a banks profit allocated to each outstanding share of common stock. Earnings per share serve as an indicator of a bank's profitability.

**Table.25: Earning Per Share of UCB**

YEAR	EPS	GROWTH RATE
2006	2.00	
2007	2.80	40%
2008	2.63	-6%
2009	3.21	22%
2010	7.49	133%

**Source: Annual Report of UCB, 2010**

Table- 25 shows EPS and its growth rate from 2006 to 2010. It can be seen from the table that the highest EPS was in 2010 with 7.50 and the lowest EPS was in 2006 with 2.00. For this ratio, higher score is better for the shareholders and means a better performance of the organization. The highest growth in EPS was observed in 2010 with 133% increase and the lowest was in 2008 with a decline of 6%.

## 5.12 Number of Shareholder

Stockholders (Shareholders) are banks that own shares of a for-profit corporation. The individuals own a specific number of shares, which they each purchased at a specific price. The stockholders have invested their money to purchase these shares and they gain in two ways:

(1) Through dividends paid on these shares due to the bank's profits,

(2) By selling their shares at a profit.

The rights of the shareholders are subordinated (placed under) the rights of bond-holders, so that shareholders lose the value of their shares if the banks becomes bankrupt. Shareholders may also lose some or all of the value of their shares if the stock price is lower when they sell than the price when they bough

**Table.26: Number of Share Holder of UCB****(Figure in: Million, Taka)**

<b>YEAR</b>	<b>NUMBER OF SHARE</b>	<b>GROWTH RATE</b>
<b>2006</b>	4120	
<b>2007</b>	7499	82%
<b>2008</b>	10337	38%
<b>2009</b>	10337	0%
<b>2010</b>	72793	604%

**Source: Annual Report of UCB, 2010**

It is reflected from table- 26 that during 2006 to 2010 every year Number of Shareholders has increased from the previous year. The highest Number of shareholders was 72793 million in 2010 and the highest growth rate was 604% in 2010 and the lowest growth rate was 0% in 2009 from the previous year because the numbers of shareholders were same in 2009.

## 6. RATIO ANALYSIS

A tool used by individuals to conduct a quantitative analysis of information in a bank's financial statements. Ratios are calculated from current year numbers and are then compared to previous years.

### 6.1 Return on Asset (ROA)

The return on assets (ROA) percentage shows how profitable a bank's assets are in generating revenue. The ROA of UCB banks are presented in the following table –

**Table.27: Return on Assets**

YEAR	RETURN ON ASSETS
2006	1.51%
2007	1.62%
2008	1.18%
2009	1.03%
2010	1.68%

**Source: Annual Report of UCB, from 2006 to 2010**

From the above table-27, it can be said that the efficiency of UCB declined in 2008 and 2009 and increased again in 2010. However, there is a fluctuation in the performance over the years. The highest ROA was in 2010 with 1.68% and the lowest ROA was in 2009 1.03%. For this ratio, higher score reflects higher efficiency of the organization in using assets.

### 6.2 Return on Equity (ROE)

Return on equity (ROE) measures the rate of return on the ownership interest (shareholders' equity) of the common stock owners. It measures the bank's efficiency at generating profits from every unit of shareholders' equity (also known as net assets or assets minus liabilities).

ROE shows how well a bank's uses investment funds to generate earnings growth. The ROE of UCB banks is presented in the following table –

**Table.28: Return on Equity**

YEAR	RETURN ON EQUITY
2006	25.05%
2007	25.98%
2008	17.44%
2009	16.35%
2010	27.91%

**Source: Annual report of UCB, From 2006 to 2010**

It is seen from the table-28 that during 2006 to 2010 every year ROE has fluctuated a lot. ROE ratio increased in 2006 and 2007 but it decreased in 2008 and 2009 because the increasing rate of total equity was higher than the increasing rate of net income. . The highest ROE was in 2010 with 27.91% and the lowest ROE was in 2009 16.35%. Higher percentage of ROE refers higher efficiency in using equity fund. So in 2010, UCB bank had a higher ROE from previous years which means they were using their capital fund with higher efficiency.

### 6.3 Net Interest Margin

A performance metric that examines how successful a bank's investment decisions are compared to its debt situations. A negative value denotes that the bank did not make an optimal decision, because interest expenses were greater than the amount of returns generated by investments.

**Table.29: Net Interest Margin**

YEAR	NET INTEREST MARGIN
2006	4.93%
2007	4.33%
2008	4.52%
2009	4.24%
2010	4.10%

**Source: Annual report of UCB, 2010**

Table-29 shows that NIM was fluctuated in last five years. NIM was decreased in 2007 with 4.33% than previous year but it was increased in 2008 with 4.52%% and it was again decreased in 2009 with 4.24%%. The highest NIM was in 2006 with 4.93% and the lowest NIM was in 2010 with 4.10%. Higher ratio means higher efficiency of interest income against loans. In 2009 and 2010 it decreased which means either the net interest income decreased consistently over the period or the bank could not manage its assets efficiently and effectively.



## 6.4 Net Non Interest Margin

It is determined how much Burden a bank carries against its average total assets. Burden means, Noninterest income subtracted by the Noninterest expenses.

**Table.30: Net Non Interest Margin**

YEAR	NET NON INTEREST MARGIN
2006	2.20
2007	2.97
2008	2.69
2009	2.37
2010	1.95

**Source: Annual report of UCB, from 2006 to 2010**

From the table-30 it is assumed Net Non Interest Margin is fluctuated from 2006 to 2010. The highest Net Non Interest Margin was in 2007 with 2.97 and the lowest Net Non Interest Margin was in 2010 with 1.95. In 2010 UCB did not take borrow from other financial institution so their interest expense is decreased from the previous year. That means banks position was going to better in 2010 than previous year's. Net noninterest margin lower means bank's burden is lower against average total assets. Higher Net non interest margin ratio means lower burden against their average total assets. So a lower ratio indicates a better performance. Net non interest margin was decreased in 2010 with 1.95 that means UCB decreased their burden from previous year but in 2007 it was 2.97 that means they increased their burden in that year.

## 6.5 Equity Multiplier

The equity multiplier is a way of examining how a bank uses debt to finance its assets. Also it is known as the financial leverage ratio or leverage ratio.



**Table.31: Equity Multiplier**

YEAR	EQUITY MULTIPLIER
2006	16.60
2007	16.00
2008	14.78
2009	15.86
2010	16.62

**Source: Annual Report of UCB, From 2006 to 2010**

Table- 31 shows the Equity Multiplier of UCB. The highest Equity Multiplier was in 2010 with 16.62% and the lowest multiplier was in 2008 with 14.78%. With the higher equity multiplier in 2010, it can be said that the bank relied more heavily on debt in order to finance its assets. Higher equity multiplier means higher financial leverage and better profitability. However, bank should also consider any risk to the going concern issue due to liquidity crisis in case of a very high financial leverage scenario.

## 6.6 Credit Deposit Ratio (CDR)

Credit Deposit Ratio (CDR) is an important ratio, especially for banks. By the CDR it is founded a bank could invest how much of the money that it collected from the depositors or peoples. The CDR of the UCB bank's in the last 5 years is given in the following table:

**Table.32: Credit Deposit Ratio**

YEAR	CREDIT DEPOSIT RATIO
2006	79.08%
2007	88.82%
2008	81.57%
2009	79.37%
2010	82.66%

**Source: Annual Report of UCB, From 2006 to 2010**

Table-32 shows the Credit Deposit ratio of UCB. It can be seen from the table that it increased in 2007 with 88.82% but decreased in 2008 to 81.57% and in 2009 to 79.37%. It increased in 2010 with 82.66%. The highest CDR was in 2007 with 88.82% and the lowest CDR was in 2006 with 79.08%. Higher CDR indicates that higher percentage of money collected is invested and hence means higher efficiency in using money.

### 6.7 Provision for Loan Loss

An expense set aside as an allowance for bad loans (customer defaults, or terms of a loan have to be negotiated. The ratio is as follows-

**Table.33: Provision for Loan Loss**

YEAR	PROVISION FOR LOAN LOSS
2006	1.11%
2007	1.15%
2008	1.02%
2009	1.17%
2010	1.22%

**Source: Annual Report of UCB, From 2006 to 2010**

It is assumed from the table –33 that during 2006 to 2010 the Provision for loan loss was fluctuated. From the table we can see that the highest provision for loan loss was in 2010 with 1.22% and the lowest ratio was in 2008 that was 1.02%. Generally, banks conduct their business by taking deposits and making loans using those deposits. It is a bit more complicated (e.g. investments, securitization, etc.) however, this is the basic banking model. Banks must balance their loan receivables (i.e. the principal and interest repayments from borrowers), with the demand for deposits (i.e. the requests from depositors for all or a portion of their deposits.) In any group of loans, banks expect there to be some loans that do not perform as expected. These loans may be delinquent on their repayments or in default of the loan entirely, creating a loss for the bank on expected income.

## 6.8 Net Profit Margin

Net Profit Margin measure the efficiency of the operating cost to generate profit or net income. The ratio is as follows:

**Table.34: Net Profit margin**

YEAR	NET PROFIT MARGIN
2006	44.05%
2007	40.40%
2008	18.61%
2009	17.97%
2010	27.78%

**Source: Annual Report of UCB, From 2006 to 2010**

From table-34: shows that during 2006 to 2010 the Net Profit Margin fluctuated. The highest NIM was in 2006 with 44.05% and the lowest NIM was in 2009 with 17.97%. Higher the percentage of net income, higher the efficiency of the operating expenses. Net profit margin decreased in last three years compared to that on 2006 and 2007. The main reason of the profit margin decline is high cost. High cost, in turn, generally occurs due to inefficient operations. NIM declined in 2008-09 because UCB used a lot of long-term debt. This invariably resulted in more interest cost, which brought the Net income down.

## 6.9 Earnings per Share

Earnings per Share (EPS), one of the major concern for investor, indicate the earnings of the bank against its' each share or stock. This ratio usually used to find out the operating efficiency of the bank against its' total number of share. The portion of a bank's profit allocated to each outstanding share of common stock. Earnings per share serve as an indicator of a bank's profitability. The EPS of the UCB bank's in the last 5years are as follows –

**Table.35: Earning Per Share \***

YEAR	EARNINGS PER SHARE
2006	2.00
2007	2.80
2008	2.63
2009	3.21
2010	7.50

\* For better comparability number of shares for 2010 has been used in calculating the EPS

**Source: Annual Report of UCB, from 200 to 2010**

Table- 35 shows the ratio of EPS. It is assumed from the table that the highest EPS was in 2010 with 7.50 and the lowest EPS was in 2006 with 2.00. For this ratio, higher score is better for the shareholders and means a better performance of the organization.

## **6.10 Return on Investment (ROI)**

Return on Investment (ROI) is the ratio of money gained or lost (whether realized or unrealized) on an investment relative to the amount of money invested. The amount of money gained or lost may be referred to as interest, profit/loss, gain/loss, or net income/loss. By this ratio we can measure the efficiency of the bank in investment decision making to earn the highest return.. The ROI of the UCB bank's is presented in the following figure –

**Table.36: Return On Investment**

<b>YEAR</b>	<b>RETURN ON INVESTMENT</b>
2006	4.72%
2007	8.02%
2008	9.31%
2009	10.31%
2010	13.11%

**Source: Annual Report of UCB, from 2006 to 2010**

It can be seen from table-36 that ROI has increased during 2006 to 2010 in every year.. The highest ROI was in 2010 with 13.11% and the lowest ROI was in 2006 with 4.72%.

For this ratio, higher the return on investment, higher the efficiency of the organization on investment decision making.

### 6.11: Ratio of classified loan against total loan (%NPL)

Ratio of classified loan against total loan dictates the percentage of bad loans to total loans. This ratio is very much useful to measure the efficiency in collecting money. This ratio for UCB bank in the last 5 years is as follow-

**Table.37: Ratio of classified loan against total loan**

YEAR	RATIO OF CLASSIFIED LOAN AGAINST TOTAL LOAN
2006	3.53%
2007	4.92%
2008	4.62%
2009	2.63%
2010	1.20%

**Source: Annual Report of UCB, from 2006 to 2010**

It can be seen from table-37 that % of NPL fluctuated during 2006 to 2010. The highest % of NPL was in 2007 with 4.92% and the lowest % of NPL was in 2010 with 1.20%. Under this ratio higher the percentage, lower the efficiency of bank. UCB had 1.20% NPL in 2010 which was lower from the previous year that means their efficiency of loan collection increased in that year. But in 2007 and 2008 the % of NPL was higher that means those years their efficiency of loan collection decreased.

### 6.12 Cost of Fund (COF)

Another ratio to judge the efficiency is the cost of fund. The percentage of this ratio indicate amount of cost required to incur by the bank to collect a certain amount of money. The cost of collection of money of the UCB bank's for the last 5 years are presented in the following-

**Table.38: Cost of Fund**

<b>YEAR</b>	<b>COST OF FUND</b>
2006	10.48%
2007	10.76%
2008	11.32%
2009	10.72%
2010	9.81%

**Source: Annual Report of UCB, from 2006 to 2010**

It can be seen from table-38 that Cost of Fund fluctuated during 2006 to 2010. The highest COF was in 2008 with 11.32% and the lowest COF was in 2010 with 9.81%. Under this ratio higher the percentage, lower the efficiency of bank. Higher the cost of fund, lower the efficiency of the bank. UCB reduced their COF in 2010 from the previous year that means their collection cost decreased that year but in 2008 their COF increased that means their collection cost increased in that year.



**PART-6**

**PROBLEMS**

**OF**

**UNINETD COMMERCIAL BANK**





## 7 .PROBLEMS

### 7.1 Problems of UCB

- LTR interest rate of UCB ranges from 13% to 16% which is quite high. This may be a barrier to earn more from the import export sector for UCB.
- UCB has lower number of employees compared to their number of branches which puts more pressure on the employees and may result in low employee morale.
- Provision of loan loss has increased due to lack of strategy for giving loan and recovery of the loan.
- Even with the huge number of deposit products, new customer number are not increasing fast enough.
- To import, someone has to have an account. UCB requires an introducer like existing customer or UCB employee. For this requirement, they are losing some potential customers as they may not know someone banking in UCB.
- Most of UCB's loans are in the large industry sector. If the performance of that sector crashes, the bank will fail to continue. This low diversification imposes a higher risk to the bank.
- Deposits of UCB are increasing at a lower rate than their expenses which may become a concern in future.
- Most of the loans provided by UCB are long-term industrial loans. Bank's clients are also limited. So, they are not directly serving the economy of the country that much.
- UCB has 110 branches all over the country. However, the geographical coverage is not similar in all the divisions. Barishal division has only 1 branch and Rangpur division has only 2 branches. It may be very hard for UCB to satisfy the customers of those divisions.

**PART - 07**

**RECOMMENDATIONS**

**OF**

**UNINETD COMMERCIAL BANK**



## 8 .RECOMMENDATIONS

### 8.1 Recommendations for UCB

- Their Long Term Loan's interest on document retiring can be lowered to 14% to increase their import business.
- If UCB increases number of employees, they can provide more satisfactory service to the customers.
- To reduce the risk of loan loss, more rigorous reviewing of collateral, lien, mentioned time period, interest rate etc are required.
- To increase their consumer base, the bank should increase the amount of consumer loans extended on a short-term basis.
- UCB should make attractive advertisements for new customers to open deposit to their bank. The increased deposits will offset the higher advertisement costs.
- UCB should fix their margin of decrease their margin; if they fix their margin into 35% to 45% then their import business can be increase.
- Loans extended to sectors other than large industry should be increased to have a more diversified portfolio. They should focus on other sectors like- import and export sector as Bangladesh economy relies highly on this sector. Loans of smaller scale may increase the cost, however, it will reduce the economic risk of the bank substantially.
- They should diversify their loans more in agriculture, new industries etc for better economic growth of the country.
- Improve and maintain a consistent relationship with customers, especially at retailing.
- In a competitive financial market, their products & services need to focused more on customers' needs then simply offering what the competitors are offering.
- They should do more marketing activities to improve their presence in the minds of the target market and also the potential target market. As we see that, Media coverage of UCB is not so strong. To attract new clients, they should go for mass media coverage .
- They already are, but they need to pay more attention towards the expansion the branch network. The latest branch that was opened was Barisal Branch but they should launch few more branches in Barishal and Rangpur division. UCB has a plan of launching 16 branches in 2012.
- Retail banking products should be increased. Like – shopping loan, furniture loan etc.

## 9 .CONCLUSION

### 9.1 Conclusion

The last 3 months was quite intriguing to do my internship at United Commercial Bank, Principal Branch and Head office. I found out about the nature of actually working in a professional environment.

At last, it can be said that after establishment of any company or bank have to suffer a lot to make them a competitive one and also to improve their performance. After analyzing, the performance of United Commercial Bank it can be said that, in year after year they are trying to improve themselves by establishing a sound capital base. They are trying to make their products and services more attractive to the customer. Though they still have adequacy, but if they can take appropriate steps then United Commercial Bank can be able to make a best performance and also can make their capital base wealthier. At last it can be said that, United Commercial Bank is well established bank and its contribution in our economy is also considerable. We hope that United Commercial Bank expand its services by expanding its branches more all over the country.

## REFERENCES

1. Financial Statement of United Commercial Bank, 2010
2. Financial Statement of United Commercial Bank , 2009
3. Financial Statement of United Commercial Bank, 2008
4. Financial Statement of United Commercial Bank, 2007
5. Financial Statement of United Commercial Bank, 2006
6. United Commercial Bank Annual Report, 2010
7. United Commercial Bank Annual Report, 2009
8. United Commercial Bank Annual Report, 2008
9. United Commercial Bank Annual Report, 2007
10. United Commercial Bank Annual Report, 2006
11. [www.ucbl.com](http://www.ucbl.com) (website)
12. Regular Circulars of UCB
13. UCBL Employees
14. Working Papers

# APPENDIX

## Appendix A - UNITED COMMERCIAL BANK'S

### Organogram

#### Board of Directors

Chairman

Mr. Akhtaruzzaman Chowdhury, MP

Vice Chairman

Mr. Showkat Aziz Russell

Director & Chairman, Executive Committee

Mr. M. A. Sabur

Director & Chairman, Audit Committee

Mr. Md. Jahangir Alam Khan

#### Members

Mr. M. A. Hashem (Director)

Hajee Yunus Ahmed (Director)

Hajee M. A. Kalam (Director)

Mr. Saifuzzaman Chowdhury (Director)

Mr. Shabbir Ahmed (Director)

Mr. Kazi Enamul Hoque (Director)

Mr. Nur Uddin Javed (Director)

Mrs. Sultana Rezia Begum (Director)

Mr. Sharif Zahir (Director)

Mr. Riyadh Zafar Chowdhury (Director)

Mr. Tanvir Khan (Director)

Mr. Ahmed Arif Billah (Director)



Mr. Emran Ahmed (Director)

Mr. Nasim Kalam (Director)

Mr. Bazal Ahmed (Director)

Mrs. Setara Begum (Director)

Mr. Nurul Islam Chowdhury (Director)

**Managing Director**

**Mr. M. Shahjahan Bhuiyan**

**DMD & Company Secretary**

**Mr. Mirza Mahmud Rafiqur Rahman**

## Appendix B – Financial Performance and Highlights

### Five years' Financial Performance at a glance

#### Last Five Years at a glance

	2006	2007	2008	2009	Fig in Million 2010
অনুমোদিত মূলধন Authorised Capital	1,000	1,000	1,000	1,000	8,000
পরিশোধিত মূলধন Paid up Capital	230	299	299	1,194	2,910
সংরক্ষিত তহবিল Reserve Fund	1,262	1,596	1,869	2,818	3,451
আসদাত Deposits	33,016	42,296	54,485	77,730	113,071
অগ্রিম Advances	26,110	37,556	44,446	61,692	93,460
স্থিতিগোপ Investments	6,101	5,518	7,201	9,346	15,048
শেট আয় Gross Income	4,118	6,052	7,850	9,540	13,487
শেট ব্যয় Gross Expenditure	2,797	4,034	5,400	6,415	8,755
নিট লাভ (সিঙ্গল পূর্বকর্তা) Net Profit (Pre-tax)	1,321	1,668	1,463	1,542	4,732
আমদানি বাণিজ্য Import Business	39,853	60,329	60,009	58,857	86,667
রপ্তানি বাণিজ্য Export Business	20,803	27,230	36,500	38,519	50,712
বৈদেশিক কর্তৃপক্ষ Foreign Correspondents	213	235	257	274	296
কর্মচারী সংখ্যা Number of Employees	2,029	2,082	2,292	2,508	2,738
শাখা সংখ্যা Number of Branches	84	84	84	98	107
শেয়ারহোল্ডার সংখ্যা Number of Shareholders	4,120	7,499	10,337	10,337	72,793



## Five Years Highlights

### Highlights on Overall Activities

Particulars	Amount in Taka 31 Dec 2010	Amount in Taka 31 Dec 2009
Paid-up Capital	2,909,953,500	1,193,827,100
Total Capital	9,085,028,284	6,035,002,412
Capital Surplus/(Deficit)	(3,882,221,331)	(509,009,446)
Total Assets	129,876,224,397	90,483,781,843
Total Deposits	113,070,782,505	77,730,401,057
Total Loans & Advances	93,480,374,606	61,892,218,339
Total Contingent Liabilities & Commitments	40,797,736,864	22,098,194,840
Credit Deposit Ratio (%)	82.66	79.37
Percentage of Classified Loans against Total Loans and Advances	1.20	2.63
Operating Profit	4,732,327,951	3,125,169,480
Profit after Tax & Provision	2,181,635,425	932,897,890
Amount of Classified Loans during the year	392,823,621	600,721,636
Classified Advance at the end of the year	1,120,803,000	1,622,305,000
Provision kept against Classified Loans	292,504,875	586,231,503
Provision Surplus/(Deficit)	7,586,875	11,178,503
Cost of Fund (%)	9.81	10.72
Interest Earning Assets	109,272,795,405	74,778,140,020
Non-interest Earning Assets	20,603,428,992	15,705,641,823
Return on Investment (ROI) (%)	13.11	10.31
Return on Assets (ROA) (%)	1.68	1.03
Income from Investments	1,972,538,276	963,452,759
Earnings Per Share (Taka)	7.50	3.21
Net Income Per Share (Taka)	7.50	3.21
Price Earnings Ratio (Times)	30.24	10.23

### Highlights on the overall activities for the year 2006 and 2005

Particulars	2006 Taka	2005 Taka
Paid-up Capital	250,157,606	250,157,606
Total Capital	2,620,408,094	1,942,908,347
Capital surplus/deficit	188,756,501	144,626,052
Total Assets	38,517,620,445	28,812,594,749
Total Deposits	33,015,843,862	24,559,331,007
Total Loans & Advances	26,110,094,793	20,210,642,370
Total Contingent Liabilities & Commitments	15,260,398,314	11,375,472,368
Credit Deposit Ratio (%)	79.08	82.29
Percentage of classified loans against total loans and advances	3.53	4.46
Operating Profit	1,320,568,909	1,152,257,012
Profit after tax & provision	581,756,931	417,096,328
Amount of classified loans during the year	742,200,000	406,900,000
Classified Advance at the end of the year	921,203,000	901,468,000
Provision kept against classified loans	718,952,981	623,922,333
Provision surplus/deficit	324,583,000	269,366,333
Cost of fund (%)	10.48	9.35
Interest earning Assets	33,369,266,677	24,470,249,399
Non-interest earning Assets	5,178,353,768	4,342,345,350
Return on Investment (ROI) (%)	4.72	7.48
Return on Assets (ROA) (%)	1.51	1.45
Income from Investments	286,122,804	215,152,384
Earning per share (Taka)	252.76	181.22
Net Income per share (Taka)	252.76	181.23
Price earning ratio (Times)	5.86	6.51

## Highlights on the Overall Activities

For the year 2008 & 2007

Particulars	Amount In Taka	
	2008	2007
Paid-up Capital	299,204,890	299,204,890
Total Capital	4,780,375,209	3,696,480,581
Capital surplus/(deficit)	155,659,682	(288,130,787)
Total Assets	64,794,884,487	50,180,583,526
Total Deposits	54,485,286,728	42,295,996,837
Total Loans & Advances	44,446,332,765	37,566,020,031
Total Contingent Liabilities & Commitments	18,085,795,609	24,162,756,371
Credit Deposit Ratio (%)	81.57	88.82
Percentage of Classified Loans against total loans and Advances	4.62	4.92
Operating Profit	2,449,898,878	2,017,837,432
Profit after Tax & Provision	784,745,570	815,123,487
Amount of Classified Loans during the year	1,204,664,700	819,088,641
Classified Advance at the end of the year	2,051,380,000	1,846,383,000
Provision kept against Classified Loans	793,837,863	825,234,039
Provision surplus/(deficit)	5,853,863	881,039
Cost of Fund (%)	11.32	10.76
Interest Earning Assets	52,999,967,072	42,169,200,191
Non-interest Earning Assets	11,794,897,415	8,011,383,335
Return on Investment (ROI) (%)	9.31	8.02
Return on Assets (ROA) (%)	1.18	1.62
Income from Investments	670,700,489	442,304,012
Earning Per Share (Taka)	255.59	272.43
Net Income Per Share (Taka)	255.59	272.43
Price Earning Ratio (Times)	12.48	15.43



## Consolidated Balance Sheet as at 31 December 2010

Notes	Amount in Taka		
	31 Dec 2010	31 Dec 2009	
<b>PROPERTY AND ASSETS</b>			
<b>Cash</b>	<b>3</b>	<b>10,029,475,236</b>	<b>7,003,756,028</b>
Cash in hand (including foreign currencies)		1,615,750,667	1,227,332,119
Balance with Bangladesh Bank & its agent Bank(s) (including foreign currencies)		8,413,724,569	5,776,423,909
<b>Balance with other Banks &amp; financial institutions</b>	<b>4(a)</b>	<b>1,824,534,862</b>	<b>2,419,277,292</b>
In Bangladesh		1,278,118,316	1,762,187,922
Outside Bangladesh		546,416,546	657,089,370
<b>Money at call on short notice</b>	<b>5</b>	<b>1,120,000,000</b>	<b>3,900,000,000</b>
<b>Investments</b>	<b>6(a)</b>	<b>15,171,379,647</b>	<b>9,346,392,014</b>
Government		12,408,114,292	7,849,872,964
Others		2,763,265,355	1,496,519,050
<b>Loans and advances</b>	<b>7(a)</b>	<b>93,560,701,744</b>	<b>61,692,218,339</b>
Loans, cash credits, overdrafts etc		91,186,581,801	60,487,087,494
Bills purchased and discounted		2,374,109,943	1,205,130,845
<b>Fixed assets including premises, furniture &amp; fixtures</b>	<b>8</b>	<b>1,986,349,087</b>	<b>1,305,810,015</b>
<b>Other Assets</b>	<b>9(a)</b>	<b>6,101,989,094</b>	<b>4,816,328,155</b>
<b>Non-Banking assets</b>		-	-
<b>Total Assets</b>		<b>129,774,429,670</b>	<b>90,483,781,843</b>
<b>LIABILITIES AND CAPITAL</b>			
<b>Liabilities:</b>			
Borrowings from other banks, financial institutions and agents	10	-	550,000,000
<b>Deposits and other accounts</b>	<b>11(a)</b>	<b>112,970,782,545</b>	<b>77,730,401,057</b>
Current Accounts & other Accounts		18,136,267,104	10,434,754,490
Bills Payable		2,542,828,147	976,655,485
Savings Bank Deposits		14,130,364,560	11,201,425,386
Fixed Deposits		80,161,302,685	55,055,565,697
Bearer Certificate of Deposit		-	-
Other Deposits		-	-
<b>Other Liabilities</b>	<b>12(a)</b>	<b>8,989,014,745</b>	<b>6,497,914,021</b>
<b>Total Liabilities</b>		<b>121,959,797,250</b>	<b>84,778,315,078</b>
<b>Capital / Shareholders' Equity</b>			
Paid up Capital	13	2,909,953,500	1,193,827,100
Dividend Payable		-	1,044,598,700
Statutory Reserve	14	2,559,695,017	1,833,335,403
General Reserve	15	91,577,961	114,123,086
Other Reserve	16	799,969,603	870,599,901
Retained Earnings	17(a)	1,433,436,242	648,382,575
<b>Total Shareholders' Equity</b>		<b>7,814,632,323</b>	<b>5,705,466,765</b>
Non controlling interest		97	-
<b>Total Shareholders' Equity with non-controlling interest</b>		<b>7,814,632,420</b>	<b>5,705,466,765</b>
<b>Total Liabilities and Shareholders' Equity</b>		<b>129,774,429,670</b>	<b>90,483,781,843</b>

## Balance Sheet

As at 31 December 2008

	Notes	Amount in Taka	
		31-Dec-08	31-Dec-07
<b>PROPERTY &amp; ASSETS</b>			
Cash	3.00	4,745,904,417	4,116,910,463
Cash in Hand (Including Foreign Currencies)		800,123,740	974,508,314
Balance with Bangladesh Bank & Sonali Bank ( Including Foreign Currencies)		3,945,780,677	3,142,402,149
<b>Balance With Other Banks &amp; Financial Institutions</b>	4.00	<b>4,248,401,025</b>	<b>744,467,647</b>
In Bangladesh		3,783,663,779	397,233,321
Outside Bangladesh		464,737,246	347,234,326
<b>Money at Call and Short Notice</b>	5.00	<b>130,000,000</b>	-
Investment	6.00	7,200,679,296	5,517,712,534
Government		6,151,499,849	4,919,523,196
Others		1,049,179,450	598,189,338
Loans and Advances	7.00	44,446,332,765	37,566,020,031
Loans, Cash Credit Overdrafts etc.		42,300,890,811	34,745,843,050
Bills Purchased and Discounted		2,145,441,954	2,820,176,981
Fixed Assets Including Premises, Furniture Fixtures	8.00	999,188,451	422,281,643
Other Assets	9.00	3,024,358,531	1,813,191,208
Non-Banking Assets		-	-
<b>Total Assets</b>		<b>64,794,864,487</b>	<b>50,180,583,526</b>
<b>LIABILITIES AND CAPITAL</b>			
Liabilities :			
Borrowings From Other Banks, Financial Institutions And Agents	10.00	458,306	321,835,385
Deposits and Other Accounts	11.00	54,485,266,725	42,295,996,837
Current Deposit & Other Accounts		6,990,524,781	6,897,631,814
Bills Payable		1,023,893,651	884,479,373
Savings Bank Deposits		8,860,391,761	8,069,147,075
Term Deposit		37,610,456,532	26,424,738,575
Bearer Certificate of Deposit		-	-
Other Liabilities	12.00	5,924,896,357	4,425,527,900
<b>Total Liabilities</b>		<b>60,410,621,388</b>	<b>47,043,360,122</b>
Capital / Shareholders' Equity			
Paid up Capital	13.00	299,204,890	299,204,890
Statutory Reserve	14.00	1,524,962,504	1,232,359,718
General Reserve	15.00	363,563,302	363,563,302
Assets Revaluation Reserve	13.06	456,496,559	-
Revaluation Reserve (HTM & HFT)	13.07	25,777,566	-
Retained Earnings	16.00	1,714,238,278	1,242,095,494
<b>Total Shareholders' Equity</b>		<b>4,384,243,099</b>	<b>3,137,223,404</b>
<b>Total Liabilities and Shareholders' Equity</b>		<b>64,794,864,487</b>	<b>50,180,583,526</b>

## Profit and Loss Account

for the year ended 31 December 2008

	Notes	Amount in Taka	
		31-Dec-08	31-Dec-07
<b>OPERATING INCOME</b>			
Interest Income	18.00	5,749,293,669	4,354,735,652
Interest paid on Deposits and Borrowings	19.00	3,740,765,703	2,727,030,152
<b>Net Interest Income</b>		<b>2,008,527,966</b>	<b>1,627,705,500</b>
Income from Investment	20.00	670,700,489	442,304,012
Commission, Exchange and Brokerage	21.00	1,135,917,466	968,013,235
Other Operating Income	22.00	294,296,118	286,452,048
<b>Total Operating Income (A)</b>		<b>4,109,442,039</b>	<b>3,324,474,795</b>
<b>OPERATING EXPENSES</b>			
Salary and Allowances	23.00	1,132,146,806	913,890,953
Rent, Taxes, Insurance, Lighting etc.	24.00	121,028,339	103,539,442
Legal Expenses	25.00	10,550,031	5,432,069
Postage, Stamps, Telegram, Telephone etc.	26.00	34,768,235	34,767,326
Stationery, Printing, Advertisements etc.	27.00	81,441,814	56,495,862
Chief Executive's Salary including Other Fees	28.00	5,345,204	4,084,000
Director's Fees and Other Expenses	29.00	3,584,325	1,645,141
Auditors Fees		225,000	200,000
Depreciation and Repair of Fixed Assets	30.00	94,672,783	73,519,107
Other Expenses	31.00	175,780,624	113,043,453
<b>Total Operating Expenses (B)</b>		<b>1,859,543,181</b>	<b>1,306,837,363</b>
<b>Profit/(Loss) before provision (C) = (A-B)</b>		<b>2,449,898,878</b>	<b>2,017,637,432</b>
Provision for Loans & Advance	32.00	817,307,000	228,378,405
Provision for Diminution in Value of Investments		89,892,000	1,726,595
Other Provision	33.00	79,686,000	119,895,000
<b>Total Provision (D)</b>		<b>986,885,000</b>	<b>350,000,000</b>
<b>Total Profit before income Tax (C - D)</b>		<b>1,463,013,878</b>	<b>1,667,637,432</b>
Provision for Taxation	34.00	698,268,308	852,713,945
<b>Net Profit after Tax</b>		<b>764,745,570</b>	<b>815,123,487</b>
<b>APPROPRIATIONS</b>			
Statutory Reserve		292,602,786	333,567,487
General Reserve		-	-
Dividend		-	-
Retained Surplus		472,142,784	481,556,000
<b>Earnings Per Share (EPS)</b>	35.00	<b>255.59</b>	<b>272.43</b>

The accompanying notes 1 to 40 form an integral part of these financial statements.






Managing Director

Director

Director

Director

Signed as per our annexed report of same date

Dated: June 9, 2009  
Place: Dhaka

M. J. ABEDIN & CO  
Chartered Accountants

# Balance Sheet

as at 31st December, 2006

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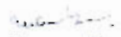
	Notes	2006 Taka	
<b>PROPERTIES &amp; ASSETS</b>			
<b>CASH</b>	03	2,812,472,933	2,176,450,000
Cash in Hand (including Foreign Currencies)		661,344,316	652,173,000
Balance with Bangladesh Bank & Sonali Bank (including Foreign Currencies)		2,151,128,617	1,524,277,000
<b>BALANCE WITH OTHER BANKS &amp; FINANCIAL INSTITUTIONS</b>	04	2,100,016,353	623,507,000
In Bangladesh		1,841,839,630	253,975,000
Outside Bangladesh		258,176,723	369,532,000
<b>MONEY AT CALL AND SHORT NOTICE</b>	05	10,000,000	1,570,000,000
<b>INVESTMENTS</b>	06	6,100,772,843	2,477,473,000
Government		5,064,187,159	2,706,893,000
Others		146,585,684	170,580,000
<b>LOANS AND ADVANCES</b>	07	26,110,094,793	20,210,642,000
Loans, Cash Credit, Overdrafts etc		24,385,316,032	18,665,428,000
Bills purchased and discounted		1,724,778,761	1,545,214,000
<b>PREMISES AND FIXED ASSETS</b> (Less Depreciated)	08	291,208,287	277,348,000
<b>OTHER ASSETS</b>	09	1,123,054,126	974,965,000
<b>NON BANKING ASSETS</b>			
<b>TOTAL ASSETS</b>		38,547,620,445	26,612,994,740
<b>LIABILITIES AND CAPITAL</b>			
<b>LIABILITIES</b>			
<b>BORROWING FROM OTHER BANKS, FINANCIAL INSTITUTIONS AND AGENTS ETC</b>			
	10	264,895,788	2,929,400,000
<b>DEPOSITS AND OTHER ACCOUNTS</b>			
	11	33,015,845,862	24,539,331,000
Current Deposit & Other Accounts		4,576,161,870	4,488,855,000
Bills Payable		561,000,710	561,593,170
Savings Bank Deposits		7,655,769,180	8,861,090,700
Term Deposit		19,922,913,093	17,668,885,500
Bearer Certificate of Deposit			
<b>OTHER LIABILITIES</b>	12	2,944,880,577	2,509,469,110
<b>TOTAL LIABILITIES</b>		36,225,620,228	27,077,725,510
<b>CAPITAL / SHAREHOLDERS' EQUITY</b>			
Paid up Capital	13	730,167,808	230,167,800
Statutory Reserve	14	658,782,251	666,899,210
General Reserve	15	363,663,302	366,065,400
Retained Earnings	16	829,596,776	459,722,840
<b>TOTAL SHAREHOLDERS' EQUITY</b>		2,322,099,917	1,714,855,150
<b>TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY</b>		38,547,620,445	26,612,994,740

# PROFIT AND LOSS ACCOUNT

for the year ended 31st December, 2006


		2006	2005
		Taka	Taka
<b>OPERATING INCOME</b>			
Interest Income	18	3,026,975,366	2,301,887,000
Interest paid on deposits and borrowings	19	(1,749,737,770)	(1,165,354,000)
<b>Net Interest Income</b>		<b>1,287,069,596</b>	<b>1,108,632,000</b>
Income from Investment	20	289,122,804	215,152,000
Commission, Exchange and Brokerage	21	639,543,608	552,096,000
Other operating income	22	151,139,033	116,077,000
<b>TOTAL OPERATING INCOME (A)</b>		<b>2,358,375,261</b>	<b>1,992,017,000</b>
<b>OPERATING EXPENSES</b>			
Salary and Allowances	23	723,844,714	593,013,960
Chief Executive's Salary including Other Fees	24	3,446,000	3,446,000
Rent, Taxes, Insurance, Lighting etc.	25	97,511,872	81,512,880
Legal Expenses	26	6,664,020	5,122,000
Postage, Stamps, Telegram, Telephone etc	27	25,783,980	23,413,960
Stationery, Printing, Advertisement etc	28	36,014,133	16,496,700
Director's Fee and other expenses	29	129,1977	1,225,320
Auditors Fees	30	170,500	1,646,000
Depreciation and repair of Fixed Assets	31	63,192,223	56,899,120
Other expenses	32	83,904,933	16,381,480
<b>TOTAL OPERATING EXPENSES (B)</b>		<b>1,647,806,352</b>	<b>840,165,060</b>
<b>Profit(Loss) before Provision (C) = (A-B)</b>		<b>1,320,568,909</b>	<b>1,152,454,000</b>
Provision for Loans & Advance	33	261,104,000	300,000,000
Provision for diminution in value of investments	34	-	-
Other provision	35	-	-
<b>Total provision (D)</b>		<b>261,104,000</b>	<b>300,000,000</b>
<b>Total profit before income Tax (C - D)</b>		<b>1,059,464,909</b>	<b>852,454,000</b>
Provision for Taxation	36	477,707,976	435,357,000
Current Tax Expense		477,707,976	430,707,976
Deferred Tax Expense		-	4,650,000
<b>Net Profit after Tax</b>		<b>581,756,931</b>	<b>417,096,320</b>
<b>Appropriations</b>			
Statutory Reserve		211,693,000	170,490,800
General Reserve		-	16,447,810
Dividends		-	-
<b>Retained Surplus</b>		<b>389,863,931</b>	<b>230,157,690</b>
<b>Earning per ordinary share (EPS)</b>	37	<b>252.76</b>	<b>181.7</b>

These Financial Statements should be read in conjunction with the annual report.

  
Managing Director

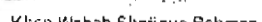
  
Director

  
Director

  
Director

Signed in terms of our separate report of even date.

Chartered Accountants  
May 27, 2007

  
Khan Wahab Sharique Rahman & Co.  
Chartered Accountants

