

Report On

Analyzing Credit Risk Management Techniques of United Commercial Bank

By
Prottoy Kirty
19304056

An internship report submitted to the BRAC Business Scholl in partial fulfillment of the
requirements for the degree of
Bachelor of Business Administration

BRAC Business Scholl
BRAC University
September 9, 2023

© 2023. BRAC University
All rights reserved.



Declaration

It is hereby declared that

1. The internship report submitted is my/our own original work while completing degree at Brac University.
2. The report does not contain material previously published or written by a third party, except where this is appropriately cited through full and accurate referencing.
3. The report does not contain material which has been accepted, or submitted, for any other degree or diploma at a university or other institution.
4. I/We have acknowledged all main sources of help.

Student's Full Name & Signature:

Prottoy Kirty
19304056

Supervisor's Full Name & Signature:

Dr. Mohammad Mujibul Haque
Professor & Associate Dean (Acting Dean)
BRAC Business School (BBS), BRAC University (BRACU)
1 Bank



Letter of Transmittal

Dr. Mohammad Mujibul Haque
Professor & Associate Dean (Acting Dean)
BRAC Business School (BBS),
BRAC University (BRACU)

Subject: Submission of internship report on “Enhancing Credit Risk Management Strategies: A Case Study of UCBL”

Dear sir,

This is my pleasure to present my internship report on “Enhancing Credit Risk Management Strategies: A Case Study of UCBL”. This report focuses on my findings and experiences I gathered throughout my internship at The United Commercial Bank Limited. As a result, I would be extremely thankful and proud if you would accept my Internship Report and reward my hard work and effort in preparing and finishing of this report. I did everything I could to present the initial situation of Credit Management with maximum effectiveness and productivity.

I would like to thank you for your support, guidelines & observation of my works which made it easy for me as well as provided knowledge of learning in practical.

Yours Faithfully,

Sincerely yours,

Prottoy Kirty
19304056
BRAC Business School
BRAC University

Date: Month Day, Year



Non-Disclosure Agreement

[This page is for Non-Disclosure Agreement between the Company and The Student]

This agreement is made and entered into by and between United Commercial Bank Ltd. and the undersigned student at Brac University Protttoy Kurity ID: 19304056



Acknowledgement

First and foremost, I'd like to thank the Almighty for giving us the ability to survive. I would like to convey my gratitude for all those who was encouraging, praising, assisting, and believing in me as I worked on this report on Credit Management of United Commercial Bank Limited throughout my internship time. I would like to take this opportunity to thank Dr. Mohammad Mujibul Haque, professor & Associate Dean (Acting Dean), BRAC University, for providing me with instructions and assisting me in the preparation of my report. With his motivating personality, she has supported me.

I would like to take the opportunity to thank Mohammad Maidul Islam (first vice president & head of branch) for giving me a chance to do an internship in his branch and also for giving me the opportunity to do work at every desk.

I'd like to thank my colleagues at United Commercial Bank Ltd for their wonderful help and professional knowledge in supporting me with my internship assignments.



Executive Summary

This internship program helped for gaining knowledge about how the corporate things works. This also helped to learn about how to deal with customers. This internship provided me with an outstanding opportunity which will assist me grow in my career. My trust and capacity to speak with a wide range of officials has grown as a result of the internship. It also allowed me to improve and expand my skills.

In order to enhance its long-term efficacy, UCBL should concentrate on numerous important areas. It needs to update the IT system in order to get quicker server speeds using the latest innovations. Expanding deposit options for lower-income persons can help to expand the client base. Employee development is ensured through regular instruction and performance evaluations. Client satisfaction depends on the efficient agreement of customer issues. Loan applications should be approached with care. To acquire a prominent market position, competitive services must outperform competitors.

The credit risk management of UCBL is examined from three perspectives. To begin, a theoretical evaluation of the 16 principles mentioned in "Credit Operation and Management" is performed to examine UCBL's compliance with these standards. Loan proposal documents, information collecting, and security analysis are all reviewed for compliance with these criteria. Furthermore, ratio analysis shows the credit risk performance of UCBL in comparison to other banks. With a rise in overall advances and loans in 2022, an increase in non-performing loans indicates more default rates. When compared to other leading banks, UCBL has a significantly greater ratio of non-performing loans to total loans in 2022 than City Bank, Brac Bank, Mutual Trust Bank, Prime Bank, and Bank Asia.



Table of Contents

Chapter 1 Overview of Internship	12
1.1 [Student Information:]	12
1.2: Internship Information	12
1.2.1 Internship Period, Company Name, Department, Address	12
1.2-2 Internship Company Supervisor’s Information.....	12
1.2.3 Job Scope – Job Description/Duties/Responsibilities	12
1.3 Internship Outcome	13
1.3.1 Student’s contribution to the company.....	13
1.3.2 Benefits to the student	13
1.3.3 Problems/Difficulties (faced during the internship period).....	14
1.3.4 Recommendations (to the company on future internships).....	14
Chapter 2: Organization Part	15
2.1. Introduction:	15
2.1.1 Objective:	15
2.1.2 Methodology:	16
2.1.3 Scope:	16
2.1.4 Limitations:	16
2.1.5 Significance:.....	17
2.2 Overview of the Company:	17
2.2.1 History of UCBL:	17
2.2.2 Mission:	18
2.2.3 Vision:	18
2.2.4 Core values:	18
2.2.5 Slogan:	18
2.2.6 Organizational Information	19
2.3 Management Practices:	20
2.3.1 Leadership style.....	20
2.3.2 Human resource Planning Process:	23
2.4 Marketing Practices:.....	24
2.4.1 4Ps of UCBL marketing strategy:	24
2.5 Financial Performance and Accounting Practices:.....	28



2.5.1 Financial practices:.....	28
2.6 Operations Management and Information System Practices	37
2.6.1 Connection within the branch as well as with the headquarters.....	37
2.7 Industry and Competitive Analysis:.....	39
2.7.1 Porter’s Five Forces analysis:.....	39
2.7.2 SWOT Analysis:.....	40
2.8 Conclusion:.....	41
2.9 Recommendation:.....	42
Chapter 3: Project Part	43
3.1 Introduction	43
3.1.1 Background/Literature Review.....	43
3.1.2 Objective(s)	44
3.1.3 Significance	44
3.2 Methodology.....	45
3.3 Findings and Analysis	45
3.3.1 Credit risk:	45
3.3.2 Why is Credit Risk Management Important for Banks?	46
3.3.3 There are some suggestions regarding credit risk management, suggested by Mr. Md/ Ali Hossain Prodhania in his book “Credit Operations and Management”:	46
3.3.4 Now lets see what the procedures of UCBL about Credit Process and Credit Risk Management:	47
3.3.4.3 Selection of borrower	50
3.3.4.4 CIB (Credit Information Bureau) Inquiry:	50
3.3.4.6 Credit approval process:	51
3.3.4.7 Credit monitoring:	52
3.3.4.8 Recovery of default credit:	53
3.3.4.9 How mitigate credit risk:	53
3.3.5 Ratios that gives us information about credit risk management of a bank:.....	54
3.3.5.5 Total Provision for classified loans and advances.....	59
3.3.5.6 Compared to other top five banks position of UCBL.....	60
3.3.6 According to Corporate Finance website, ratios that needs for assessing the credit risk management:.....	65



3.3.6.1 Gross Profit Ratio	65
Gross Profit Ratio	65
3.3.6.2 Return on Assets (ROA).....	66
Return on Assets (ROA).....	66
3.3.6.3 Return on Equity (ROE).....	67
Return on Equity (ROE).....	67
3.3.6.4 Debt-to-Assets Ratio.....	68
3.3.7 Now let's see the results of 2021 to 2018 :.....	72
3.3.8 Portfolio of investment:.....	75
3.4: Summary:	79
3.4.1 Conclusion:.....	80
3.5 Recommendation:.....	81
Reference:	82
Appendix:.....	84



List of Tables:

<i>Table 1: Board of directors</i>	19
<i>Table 2: about organization</i>	19
Table 3: product name	25
Table 4: product price	26
Table 5: SWAT analysis	40
Table 6: comparison with industry average of 2021	72
Table 7: comparison with industry average of 2020.....	72
Table 8: comparison with industry average of 2019.....	73
Table 9: comparison with industry average of 2018.....	73



List of Figures:

Figure 1: current ratio of last 5 years 28

Figure 2: Debt management ratio of last 5 years 29

Figure 3: Gross Profit of last 5 years 30

Figure 4: Operating Profit Margin of last 5 years 31

Figure 5: Net profit margin of last 5 years..... 32

Figure 6: Return on Assets of last 5 years. 33

Figure 7: Return on Equity of last 5 years. 34

Figure 8: EPS of last 5 years 35

Figure 9: Total asset Turnover ratio of last 5 years. 36

Figure 10: Total loan amount of last 5 year each..... 55

Figure 11: Total nonperforming loan of last 5 year each..... 56

Figure 12: percentage of non performing loan to total loan 57

Figure 13: loan to deposit ratio of last 5 year. 58

Figure 14: Total provision of last 5 year..... 59

Figure 15: Total loans of 2022 of 6 banks. 60

Figure 16: Total nonperforming loan of 6 banks 61

Figure 17: percentage of non performing loan to total loan of other 6 bank..... 62

Figure 18: Total Provision for classified loans and advances of 6 banks..... 63

Figure 19: loan to deposit ratio of 6 banks. 64

Figure 20: Gross profit ratio of last 5 years. 65

Figure 21: Return on asset of last 5 years..... 66

Figure 22: Return on Equity of last 5 years..... 67

Figure 23: Debt-to-Assets Ratio of 6 banks..... 68

Figure 24: Asset to Equity ratio of 6 Banks..... 69

Figure 25: ROA of 6 banks..... 70

Figure 26: ROE of 6 banks. 71

Figure 27: Bar chart of loan portfolio of 2022..... 76

Figure 28: Pie chart of loan portfolio..... 76



List of acronyms:

UCB: United Commercial Bank

MTB: Mutual Trust Bank

NPL: Non-Performing Ratio

NPLR: Non-Performing Loan Ratio.

ROA: Return On Asset

ROE: Return On Equity.



Chapter 1 Overview of Internship

1.1 [Student Information:]

Name: Prottoy Kirty

ID:19304056

Program: Bachelor of Business Administration

Major: Finance and Human Resource Management

1.2: Internship Information

1.2.1 Internship Period, Company Name, Department, Address

Internship Period: 3 months

Company Name: United Commercial Bank Ltd

Department: I worked in three of the departments such as General Banking, Foreign trade and Credit

Address: 54, North Brook Hall Road, Bangla bazar, Dhaka 1100, Bangladesh

1.2-2 Internship Company Supervisor's Information

Supervisor Name: Mahfuz Abedin Shahriar

Position: Operation Manager

1.2.3 Job Scope – Job Description/Duties/Responsibilities

United Commercial Bank Ltd. has an internship program for people interested in working with the bank. The primary objective of this internship, to recruit the interns from universities. This internship program\, which undergoes assessment in the bank's headquarters, recruits interns for many divisions of United Commercial Bank Ltd.

Responsibilities: Here for the first month, I had worked at the general banking part. There I get to know how to open bank account and the procedures ,then I also did form fillip staffs such as



account opening from fillup etc. After that i shift on foreign trade department. Here I didn't need do some heavy tasks but i learned what is PI. then how many information needed for doing a PI. then how to start LC. In last I shifted in credit department. It is the busiest part of the banking institution. Officers here didn't have sufficient time on their hands to train me. They were too preoccupied with their work and only became available after 6 p.m., whereas an intern worked at the bank from 10 p.m. to 6 p.m. In this situation, I learnt about the various types of loans available, the loan application process, and the distinctions between corporate loans, retail loans, and SME loans.

1.3 Internship Outcome

1.3.1 Student's contribution to the company

When I worked in general banking section for the first month I learned account opening there, and I also did form fillip staffs like account opening from fillip, and so on. This part includes three fields: Account Opening, Remittance and Billing, and Clearing and Dispatch. I initially helped my seniors in filling out account opening forms. I also assisted a colleague in keeping the Dispatch register up to date. I occasionally visited the Clearing and Remittance area to learn how it works. After that, I worked in the foreign trade department. I didn't have to do any heavy lifting here, but I did understand what PI is, how much information is required for a PI, and how to begin LC. I began working in the Credit department in the third month. In this part, I used to create portfolios that were sent to The UCB's head office for approval. Various businesses acquired loans in different categories according to their investment portfolios. It is the busiest area of the banking establishment. Officers here simply did not have enough time to train me. They were too engrossed with their work to be available till after 6 p.m. whereas an intern worked from 10 p.m. to 6 p.m. at the bank. I learned about the many sorts of loans available, the loan application process, and the distinctions between corporate loans, retail loans, and SME loans in this case.

1.3.2 Benefits to the student

The internship program has provided me with invaluable experience in my subject of study. There had been a lot to discover regarding workplace conditions and teamwork among employees. During this internship programme, I learned that practical use of theoretical understanding is not always possible, and that some situations necessitate a practical reaction. After the first two months of my internship programme, they provided me with certain opportunities to obtain credit ratings, which assisted me in preparing an investment portfolio. In the credit section, I learnt how to process loans. Working fast may assist us improving the condition and please a huge number of customers. My



trust and capacity to speak with a wide range of officials has grown as a result of the internship. It also allowed me to improve and expand my skills.

1.3.3 Problems/Difficulties (faced during the internship period)

The very first thing I discovered at bank was that if you fail to take responsibility to learn, nobody will have the time to educate you. The officers did not offer me an account opening form for me to fill up while I was in the account opening department. Later I learned by observing and did the work. In the clearing stage, I must patiently wait for the officers to make themselves available so that I can gain knowledge from them as well. After observing the officer in the clearing department, I figured out how to accept a cheque, how to authenticate it, as well as which seal to use, and then I began using it. All paper work and computer work in the Letter of Credit division has been completed by officers, and they do not allow interns to participate in this. They wondered why I would need to learn so many things if he worked at a bank and ultimately learned. But I persuaded them and they then showed me how to fill up an LC register by looking at LC paperwork. My working tenure in the loan area is close to one month. This serves as the most busy department of the bank. Officers here did not have free time to train me. some other minor problems that I have faced those are, inside office there i cannot access any sim network unless I go to the front door. then there is not internet. after that intern do not get ay id card for them.

1.3.4 Recommendations (to the company on future internships)

UCBL must provide sufficient instruction to its employees in order to enable them to effectively use the new flex cube software. Have to place a higher priority on making customers happy and not be hard with customers. UCBL has numerous appealing products and services, however they do not promote them. They can publicize their product/service so that more people are attracted to it. The recently released UCBL software has a bug in that it logs out officers after a certain amount of time. As a result, they must address this issue. They should also make sure that interns get an id card. Then they should keep some specific tasks for their interns.



Chapter 2: Organization Part

2.1. Introduction:

According to “Business Inception BD” United Commercial Bank has grab the 8th rank in among the 58 commercial bank listed by Bangladesh Bank. United Commercial Bank (UCB) began in the middle of 1983. The Bank dedicates itself to developing small and medium-sized enterprises in addition to analyzing and tracking business loans, controlling business financing risks, and pricing goods. Additionally, the bank offers its customers remittance services. The Bank is currently making an interesting impact in the area of Private Sector Banking in this nation, including an extensive network of 224 branches, 574 ATM booths, 2 SME banking centers, and 1 offshore banking unit. From beginnings in 2006, UCB Cards has had great growth and achievement, immediately becoming the market leader in the community with over 40000 card users. The internet-based financial service brand Upay is owned by UCB Fintech Company Limited, a subsidiary of United Commercial Bank. Upay's broad variety of mobile banking services is available to customers within the country. Bulus Centre, Gulshan Avenue, Dhaka-1212 is the bank's headquarters. The bank has 4,988 skilled.

2.1.1 Objective:

Broad Objectives:

Analyzing the whole organization practices.

Specific objective:

- Analyzing overview, history of the organization
- Analyzing management practices
- Analyzing marketing practices
- Analyzing financial performance
- Analyzing operation management and information system
- Analyzing industry and competitive analysis through porter's five forciers model and swat analysis



2.1.2 Methodology:

This report is mainly defined as descriptive created using subjective data, statistics, . This chapter wraps up by collecting throughout the multiple types of papers, information, and details that UCB publishes for the public.

1) Primary data:

- Observation during the internship period
- Working with different department and different officers, and conversation with them.

2) Secondary data:

- The annual report of UCB.
- News paper, research paper of other, journals.

2.1.3 Scope:

We all know that banking sector in our country is now in a leading position. In this competitive market UCB has lots of potential to do a better banking system. In this report the datils of overall banking of UCB is highlighted. This report will also help to analyze the banking performance their lackings and how to improve those things. Also some scope of this chapter:

- Identify the lacking.
- The factors that will help for sustain and grow.
- Overall this chapter will help for knowing the current condition of banking of UCB.

2.1.4 Limitations:

To start by, among the most important obstacles was time. Since I feel that only a three-month period was not enough, and additional to, they held a seven-day audit programmed in which all interns were not able to take part. Second, banks do not reveal private data due to privacy concerns. As a result, the progress of the investigation is slowed.



2.1.5 Significance:

This chapter will help reader to know about the performance of UCB then the management and marketing policy and lastly the financial performance more specify ratio performance of last 5 years. So this chapter will show the over all over view of the UCB in the banking sector.

2.2 Overview of the Company:

2.2.1 History of UCBL:

Shahjahan Kabir, the late founder chairman of UCBL Limited. When the firm was founded on June 3, 1983, Shahjahan Kabir was the first chairman. He has a proven track record of financial achievement since joining the bank. To achieve his goal, the first chairman cooperated with a group of exceptionally qualified and accomplished business leaders.. In reality, they all proven to be the most successful stars in their respective enterprises by combining their intelligence, hard work, and entrepreneurship skill. Mr. Nazrul Islam Mazumder was selected as honourable chairman after the death of the honorable original chairman. UCBL Bangladesh Limited (UCBL) was formerly known as UCBL. Currently the chairman of United Commercial Bank is Mrs. Rukhmila Zaman. UCB has achieved significant achievements over the past decade due to its excellent management, innovative practises, effective method, and high-yielding administration. It has divided its activities into multiple banking types including corporate banking, offshore banking, retail banking, SME banking, remittance (incoming-outgoing), and others. To assist in enhancing the country's situation, UCB provides import-export loans. Since 2006, it has achieved great success in providing card services to clients. UCB became one of the industry leaders after launching their card service, with 4000 card holders.



2.2.2 Mission:

to offer financial solution that create, manage, and increase our clients wealth while improving quality of life in the communities we serve.

2.2.3 Vision:

To be the banks of the first choice through maximizing value for our clients, shareholders & employees and contributing to the national economy with social commitments

2.2.4 Core values:

- We put our customers first.
- We emphasize professional ethics
- We maintain quality at all levels
- We believe in being a responsible corporate citizen
- we say what we believe in
- we foster perspective management

2.2.5 Slogan:

United We Are



2.2.6 Organizational Information

Chairman	Mrs. Rukhmila Zaman
Vice-Chairman	Mr. Bashir Ahmed
Director & Chairman, Executive Committee	Mr, Anisuzzaman Chowdhury
Independent Director & Chairman, Audit Committee	Mr. Touhid Shipar Rafiquzzaman
Director & Chairman, Risk Management Committee	Mr.M.A Sabur
Director	Mr. Nurul Islam Chowdhury
Managing Director & CEO	Mr. Arif Quadri
Independent Director	Dr. Aparup Chowdhury

Table 1: Board of directors

Total Branches	224
ATMs	628 (As on 31.12.2021)
SME unit office	2
Off-Shore Banking Unit	1
Number Of Employee	5060 (As on 31.12.2021)

Table 2: about organization



2.3 Management Practices:

2.3.1 Leadership style

We get to know that UCBL has a board of directors which have 19 members. They decide the policies and each and everything. The top-level authority makes all administrative decisions and helps the board in making choices. UCBL has youthful and committed managers with banking expertise. But when I worked in UCB then I talked about their leadership style with one of their employee. Then she said that though decisions all takes by their top level authority but they do meeting basing division such as Dhaka division, Chattagram division etc. Then employees also have chances to say something on their decision taking system. So here we can say that UCB has “democratic leadership style”.

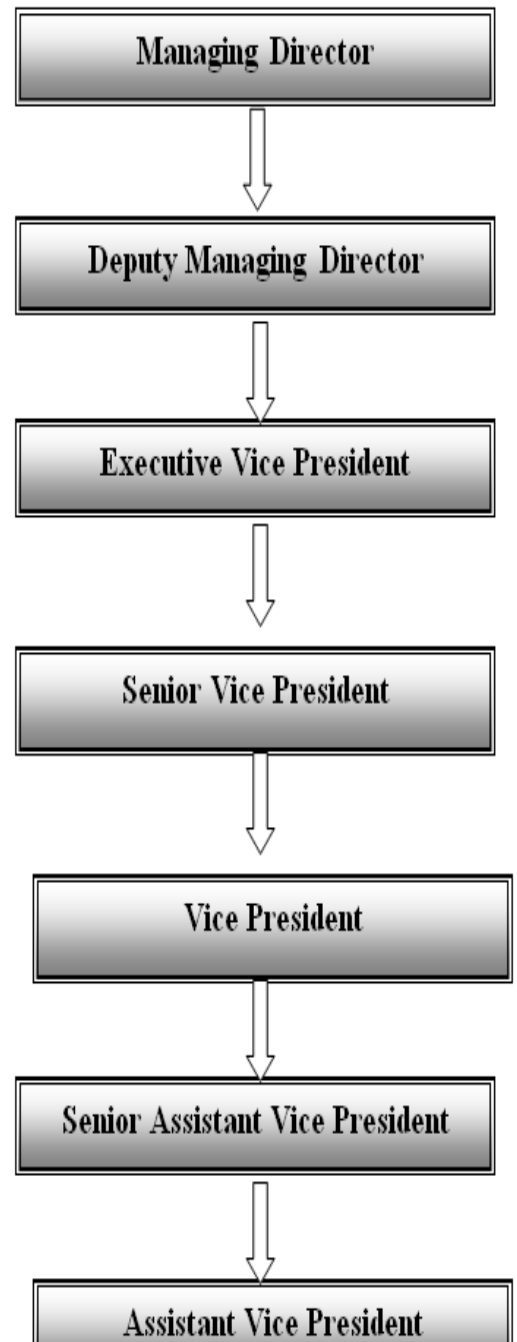
On the other hand A sub-group of the board, the executive committee, has been given particular authority to act on behalf of the board as a whole. They have less power than boards do; they are unable to take action without first receiving consent from the entire board. In addition to Whereas the board of directors determines the organization's broad aim and tactics, management is in the role of executing that plan and conducting everyday activities. Management's important duties include the following:

- Putting the board-approved strategic strategy into action.
- Managing the business/operations under the board's assignments.
- Getting board approval for things outside the CEO's assignments with well-thought-out proposals.
- Bringing the board up to date through innovative, clear reporting, and making sure bad news and warning indicators emerge swiftly.
- recognising, controlling, and minimizing organizational risks.
- Establishing a standard for the culture, performance, and risk management of the organisation.

So here we can come to an summary that as UCBL’s most decision is made by board of directors but as they do meeting with employees so we can say that their leadership style is democratic leadership style.

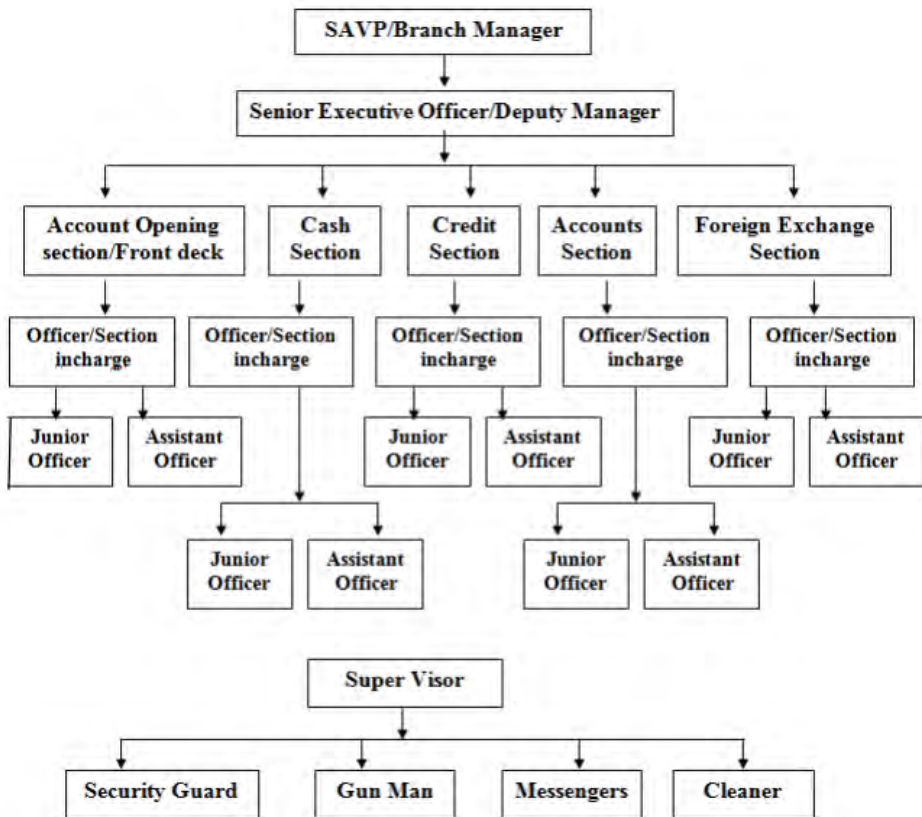


Executive Committee Structure:





Branch Structure:





2.3.2 Human resource Planning Process:

2.3.2.1 Recruitment and selection process:

There are actually two different types of recruiting procedures at UCBL. The initial one is hiring within the company, while the second is hiring from the outside. A significant number of Executive-level positions are occupied through internal hiring. Each three-year period, an employee can submit to a promotional test.

For probationary officer UCBL prefers the external sources recruitment strategy. In these situations, a huge number of candidates apply for specific employment. They get chosen after application screening and have to pass a test that is written. Candidates that pass the written test are afterwards invited to a interview session, where the most qualified candidates are selected.

2.3.2.2 The compensation system:

UCBL's compensation plan focuses on financial and nonfinancial benefits such as a basic wage, promotions, additional wages, insurance, vacations, transportation, and accommodation.

2.3.2.4 The training and development initiatives:

United Commercial Bank's training center is situated at the bank's head office. They utilize many training facilities for long-term seminars. After then, the organization has provided a variety of skills training on a variety of banking topics in order to improve bank personnel's understanding, abilities, and attitudes. Here also exists on-the-job training, such as job rotations or extra lectures.

2.3.2.5 Performance appraisal system:

The feedback provided to HR serves to evaluate the effectiveness of the human resources department within the organization. When unbiased evaluations reflecting job-related achievements are used, equal job possibilities are provided, eliminating unfair internal placements. whatever its quality, the recruitment process reveals the positive and negative aspects of the personnel department's hiring practises. Performance evaluations can help identify problems in job design that may be contributing to poor performance among workers. Workers, managers, and HR professionals may use performance feedback to encourage successful performance-improvement methods. Additionally, choices on honors, advancements, are often based on past performance, with advancements usually acting as gratitude for earlier accomplishments.



2.4 Marketing Practices:

United Commercial Bank for staying competitive in marketplace, they should ensure good marketing strategy. They send immediate cash utilising the most current technology. UCBL completes tasks on time. Customers may therefore quickly and easily receive a card as a consequence. Customer satisfaction is a priority for UCBL, so they make great efforts to provide customers with an easier, more organised service. They constantly attempt to keep their customers informed about the latest technology that helps the business provide the service.

2.4.1 4Ps of UCBL marketing strategy:

Product :

Loan Product	Deposit Products
Trade Loan	Retail Savings Deposit
Industrial Finance	Retail UCB Savings Plus Deposit
Import Finance	Retail UCB AYMA Savings
Export Finance	Dynamic Savings Account
Working Capital	Imperial Savings
Transport Loan	Special Notice Deposit
Lease Finance	Probashi Saving Deposit
Hire Purchase Loan	Sabolombi Digital Account
House Building Loan	SME Hajj Deposit
Home Loan	
Customer Credit	



Scheme	
Auto Loan	
Doctors Loan	
Marriage Loan	
Education Loan	
Hospitalization Loan	
Travel Loan	

Table 3: product name

The following are the various service charges that UCBL levies:

They charge 300 Taka per year for ATM service, 4000 Taka for locker entry, and 5000 Taka for yearly costs. If anyone wants to see an account statement that will cost 115tk.

In addition, the quantity of money in the bank determines the cost of an early account fee.

Price:

Account name	Details of account(TK)	Interest rate
Retail Savings Deposit	Below 10000	1.00%
	10000-50000	1.50%
	3.00lac to 10.00 lac	1.50%
	10.00 lac to 50.00 Lac	1.75%
	50.00 lac and above	2.25%
Retail UCB Savings Plus Deposit	Below 10.00lac	0.00%
	From 10.00 lac to 50.00 lac	1.50%
	50.00 lac to 1.00 crore	2.00%
	1.00 crore and more	2.25%
Retail UCB AYMA Savings	Below 10000	0.50%
	10000-30000	.50%
	30000-2.00lac	1.25%
	2.00 lac and above	1.75%
Dynamic Savings Account	50,000.00	0.00
	50k to 3.00 lac	1.00%



	3.00 lac – 50.00 lac	1.75%
	50.00 lac and above	2.25%
Imperial Savings	Less than 5.00 lac	0.00%
	5.00 lac to 30.0 lac	1.25%
	30.00 lac to 1 crore	2.00%
	1.00 crore and more	2.25%

Fixed Deposit (FDR) – SME	Amount (tk)	Interest rate	
		SME	Approved Provident Fund & Other funds related to Retirement Benefit
For 3 months & above but below 6 months	Below 25.00 lac	3.75	6.35%
	25.00 lac to 50.00 lac		
	50.00 lac to 1.00 crore		
	1.00 crore and above		
For 12 (Twelve) months	Below 25.00 lac	4.00%	6.50%
	25.00 lac to 50.00 lac		
	50.00 lac to 1.00 crore		
	1.00 crore and above		

Table 4: product price

Place:

They have total 224 branches and 628 atm booths. Most of their branches in business areas. Such as North Brook hall road branch, Motijheel principal branch.

Promotion:

UCBL is putting more focus than ever before on the marketing and promotional industries. Their marketing and promotional activities are mentioned below:

- For its new services, UCBL has selected celebrity endorsement. They have included well-known and well-liked celebrities like Shakib Al Hasan, Fazlur Rahman Babu and Mosahrraf Karim in their advertising efforts. Both Mosharraf Karim and Shakib Al Hasan and Fazlur Rahman Babu promoted Ucash and Upay systems.
- UCBL publishes a news release on its activities. It holds news conferences whenever it opens a new branch, launches new items, or changes its management.



- UCBL executes charitable and social activity as well as publishes it to inform others. For example, providing blankets to the poor. This information was widely disseminated by most major newspapers.
- UCBL regularly publishes all of its activity on its official website.
- Additionally, UCBL sponsored the Bangladesh Cricket Team and joined partners with several match ticket vendors.
- Television commercials were used by UCBL to advertise its many services.
- It exposes to the public its celebration of achievement or anniversary.
- UCBL organises the campaign. It organised a debit card campaign in 2018. In earlier years, they had also organised a school banking campaign.

To sum up, UCBL has a huge variety of product variations. To sell its products, UCBL uses a variety of marketing tactics, the majority of which are direct marketing. UCBL uses the push advertising approach to create several types of advancement. They established a target for their employees to gather and evaluate them suitably. Because progress and income increases are dependent upon their product selling. Direct advertising in internet media, often paid advertisement on YouTube to their target segments, and utilising large announcements, brushers, call, mailing, delivering writings, and more plain methods are critical variables for UCBL. In addition, the integration of installations with other administrations is critical for their expansion and brand association.



2.5 Financial Performance and Accounting Practices:

2.5.1 Financial practices:

Liquidity Ratios:

Current ratio = Current assets/Current liabilities

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

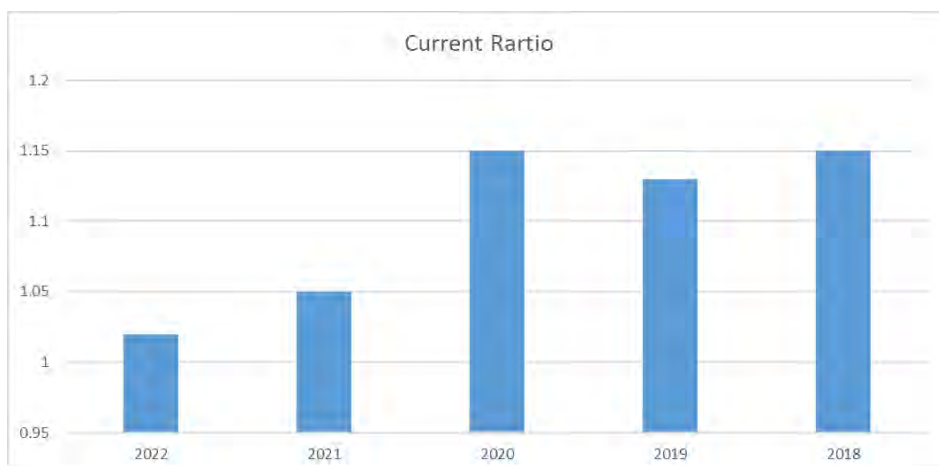


Figure 1: current ratio of last 5 years

The current ratio acts as a financial data that analyzes the present value of a business's assets to current liabilities to figure out its ability to meet short-term obligations. A greater current ratio indicates that the company's assets exceed its liabilities, and typically indicates a better financial position. According to the website www.freshbooks.com, an appropriate current ratio should be around 1.2 and 2, indicating that the organization is able to meet its short-term goals. In this scenario UCBL, it looks like their current ratio presents reason for alarm. Their current ratio has regularly went beneath the normal range of 1.2 to 2, indicating possible financial challenges, throughout the past five years. Additionally, the organization's current ratio in 2022 was 1.02%, indicating its vulnerability to fulfilling their short-term financial needs. It indicates that UCBL may need to rethink its financial method in order to improve.



Debt Management Ratios:

Debt Ratio = Total debt/Total assets

	2022	2021	2020	2019	2018
debt ratio	93.47903663%	93.37677891%	92.89160025%	92.66205318%	92.57596106%

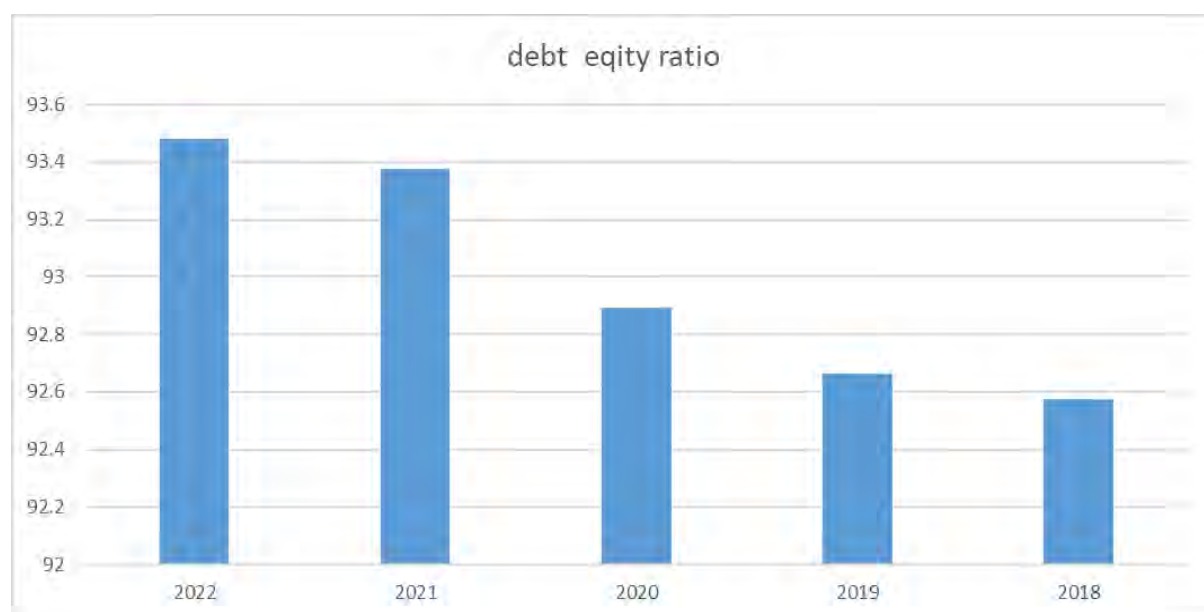


Figure 2: Debt management ratio of last 5 years

To determine the company's debt ratio, divide total debt by total assets. A ratio of debt below 100 percent indicates that the assets of a company exceed its debts, while a debt ratio greater than 100% indicates the opposite. In this scenario we can see that from 2018 to 2022 UCBL is managing good debt ratio. Because they can keep this below 100% additions to they can keep with in 92-93 percent which is good. So here we can say that the UCBS debt is not exceeding their total asset. So this is a good sign for not blundering in managing debt, because they have more asset than debt.



Profitability Ratios:

Gross Profit Ratio = Gross Profit / Sales

	2022	2021	2020	2019	2018
Gross Profit Ratio%	62.64	64.06	53.52	50.68	53.3



Figure 3: Gross Profit of last 5 years

By comparing gross profit to net sales, the gross profit ratio evaluates the profitability of an organization. It shows how much of net sales go towards gross profit. The net profit ratio, on the other hand, evaluates a business' total profitability by comparing net profit to net sales. A acceptable gross profit ratio should be in between 50 and 70 percent. In this scenario we can see in last 5 years UCBL is maintaining an good gross profit ratio while the ratio is even better in 2021 and 2022. Here we can see that in 2022 and 2021 UCB has maintained about 62.64% and 64.06%. But in 2020,2019,2018 UCB was just in borderline. So here we can se the improvements of this ratio and this will help UCB to achieve its success.



Operating Profit Margin = Operating income (EBIT)/Sales

	2022	2021	2020	2019	2018
Operating Profit Margin(%)	18.57886774	21.74596743	20.27985819	18.35869116	19.48165064



Figure 4: Operating Profit Margin of last 5 years.

The operational profit margin ratio indicates the amount of money an organization generates after deducting variable expenses for manufacturing such as raw materials and labor. It may additionally be represented as a percentage of sales, indicating how effectively an organization controls every expense and expenses associated with carrying out its business. An operational profit ratio of around 20% is usually regarded as good, while one of less than 5% as poor.

In this scenario UCBL is doing excellent job because they are maintaining 18-20% ratio in last 5 years. And in 2021 and 2020 the ratio goes beyond the range because in 2020 it was 20.27% and in 2021 it was 21.74%. But they again improved it in 2022 because in 2022 it is 18.57%



Net Profit Margin = Net income/Sales

	2022	2021	2020	2019	2018
Net Profit Margin(%)	8.84	8.20	7.46	6.78	6.90

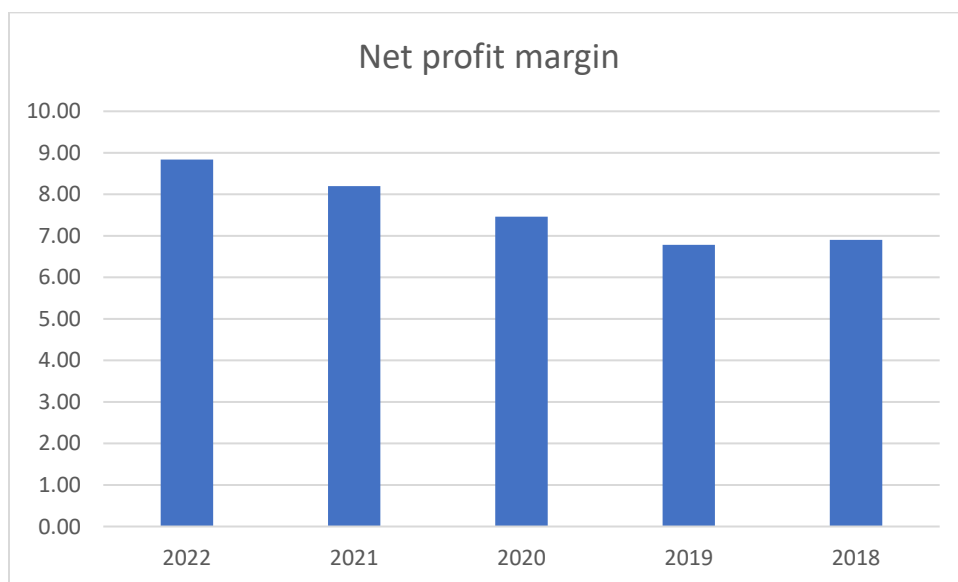


Figure 5: Net profit margin of last 5 years.

This ratio shows the percentage of net income a company can generate after covering all of its expenses such as interest rate, taxes. For a business the ratio 10%-20% is considered as good.

Now if we focus on UCBL then we can see UCB has failed maintain a good net profit margin. Because in last 5 years none of its ratio has touched the range. Yes we can see the gradual improvements but still they are far behind the range. So they should focus here more.



Return on Assets (ROA) = Net income/Total assets

	2022	2021	2020	2019	2018
Return on Assets (ROA)%	0.67	0.6	0.61	0.65	0.62

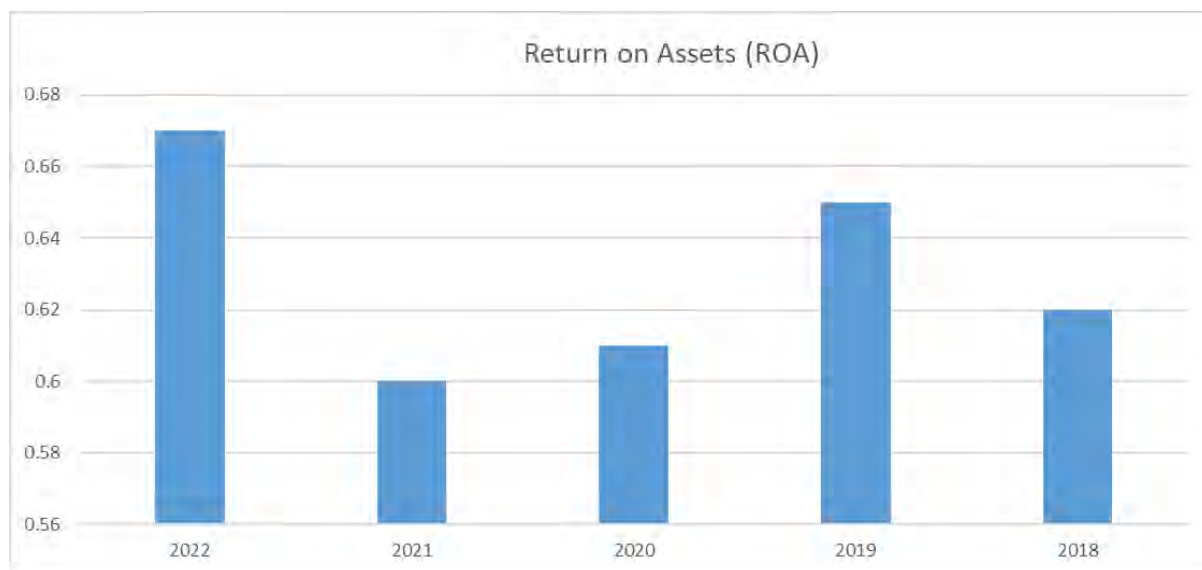


Figure 6: Return on Assets of last 5 years.

Return on assets (ROA) measures the rate of how a company's management generates revenues from every one of its balance-sheet assets. A ROA of 5% to 20% is seems quite well for a company.

Here bank is in the range. In last 5 years, no years has below than the range a company should have for ROA measurement. So here we can say that the Bank is using their assets properly as their ROA ratio seems quite well.



Return on Equity (ROE) = Net income/Common equity

2022 2021 2020 2019 2018

Return on Equity (ROE)% 10.27 8.76 8.42 8.84 8.4

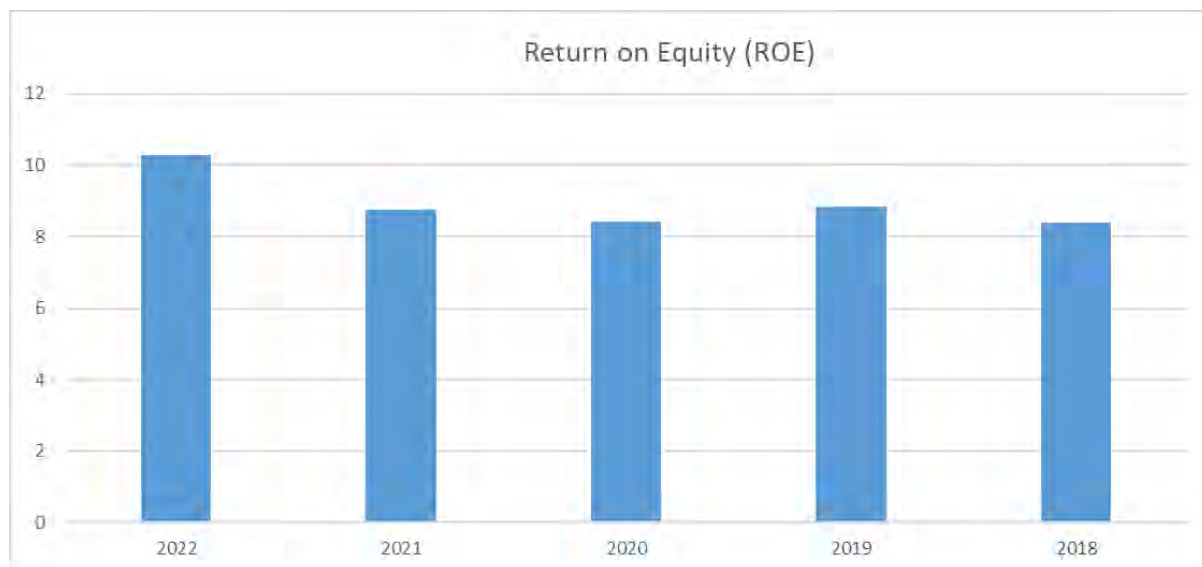


Figure 7: Return on Equity of last 5 years.

Return on equity (ROE) represents the ratio of a company's net income divided by shareholders' equity. Return on equity (ROE) evaluates how profitable a business is and how successful of its revenue generating. We are analyzing this ratio by dividing net income by common equity. So we can get how much income we can generate from each shareholders equity. An acceptable ROE is between 15 and 20%.

Here banks ROE is below 15% and even not more than 10%. So we can end up with a statement that the bank is not performing well when it comes to ROE measurement. Though they were worst in 2021, 2020,2019,2018. Because on that time there ROE ratio was even below 9 but they improved in 2022 and it was 10.27. yes we can see the improvements but thing is they should have to touch the acceptable line of this ratio.



Stock Market Ratios:

Earnings per Share (EPS) = Net Income / Total Number of Common Share Outstanding

	2022	2021	2020	2019	2018
Earnings per Share (EPS)	2.86	2.49	2.35	2.39	2.4



Figure 8: EPS of last 5 years.

EPS, an effective data used to calculate the value of a company, this ratio shows that how much a company generates against their each of common share. It's a important part of a company's analysis because investors will take their investment decision based on how much a company earns against their share.

In this case we can see from 2018 to 2022 UCBL is constantly trying to increase the eps because in 2018 it was 2.4 while in 2022 it was 2.86. So this is good for UCBL. This improvement will lead UCB to make themselves unique than other bank in banking race. Investors will be more motivated to invest here if they saw that a company's EPS is improving and better than others.



Asset Management/Efficiency Ratios:

Total Asset Turnover = Sales/total assets

	2022	2021	2020	2019	2018
Total Asset Turnover %	7.25	6.85	7.76	9.15	8.52

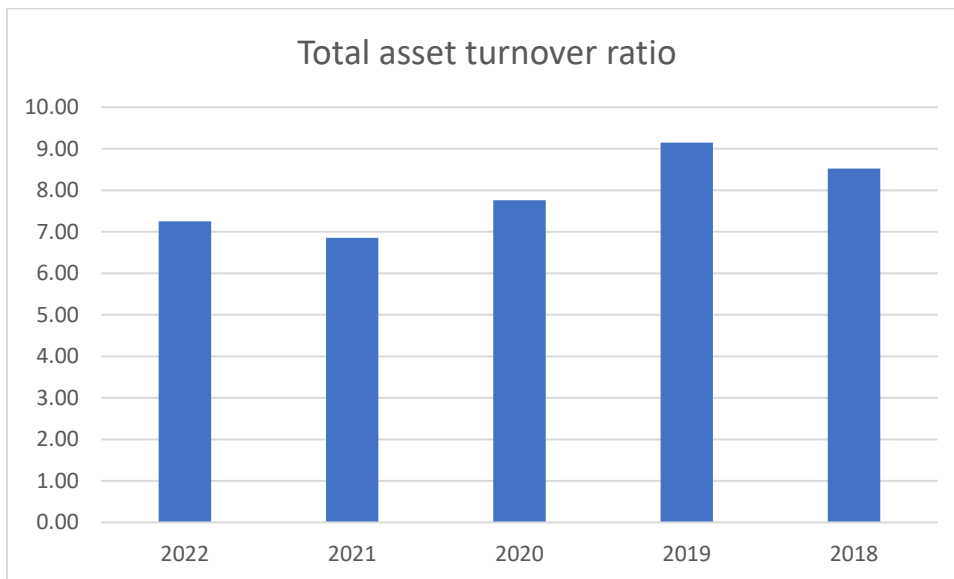


Figure 9: Total asset Turnover ratio of last 5 years.

The total asset turnover ratio shows us the effectiveness of each assets in terms of generating revenue. Because here we divide sales by total asset. So here we can find how much sales is generating based on each balance sheet listed assets. A higher percentage suggests that management is making better use of its fixed assets. A decent asset turnover ratio would 2.5 or higher.

In our scenario we can see that UCB is maintaining a good asset turn over ratio. Though compared to 2022 and 2021 the total asset turnover ratio was higher in 2019 and 2018, but still they are in the range.



2.6 Operations Management and Information System Practices

2.6.1 Connection within the branch as well as with the headquarters:

The branches gather every piece of data and submit it to the head office regularly. The documents are verified and stored at the headquarters for use in the future. In addition, the instructions were given to the branch by the head office. A branch cannot keep more than 2 crore in cash, and the remaining amount must be remitted to the central office using a unique process.

2.6.2 ATM Booth:

The ATM booth is designed to make simple to deposit or credit money. The bank has constructed around 628 ATM booths to make it easier the transaction. It will be easy for customer for finding an ATM booth easily.

2.6.3 Upay:

A specialised mobile banking platform called Upay was created by UCBL to speed up online transactions. To do so, one must create a bank account with a certain email address that serves as the Upay key.

2.6.4 16419:

UCBL has the greatest customer service department, which is extremely helpful to the customers to make their lives easy, for emergencies or any type of support to their customers. Calling 16419 will solve any problems if a card is misplaced, gets trapped in the machine, or if a massacre occurs.

2.6.5 BEFTN:

Due to the frequent occurrence of check transfers between banks, a bank must interact with other banks. The Bangladesh Electric Fund Transfer Network links all of the banks in a connected network, and it is through this network that all checks are cleared. In addition, the bank serves as an intermediary to facilitate international transactions when two parties are involved.



2.6.6 Internal Communication:

Banks additionally utilize traditional forms of communication, such as sending customers mail for letting them know banks services and banking procedues.For customers to transport their cards and paperwork from one branch to another branch, banks use courier services as well. Furthermore, every branch of UCBL features the customary front row, which only helps customers. Additionally, messengers are used to send files and documents from one branch to another.

2.6.7 Software that UCBL use:

Almost all of the UCBL staff uses specialized software. The internal networking system of Ucbl connects the whole network structure. The security system has been significantly improved to mitigate the risk of cyberattack and information leaking from within. They continue to be connected to one another through a different mass-customized mailing method. A letter is always restricted to 3 MB in order to avoid threats from data transmission. In addition, it is unable to connect any external devices to the system. All the data is stored in an internal database from which it may be retrieved as needed. In 2013, Oracle Financial Services Software Limited and Data Edge Limited inked a contract with United Commercial Bank Limited (UCBL) for the licencing and installation of Oracle FLEXCUBE UBS as the bank's primary banking software. Prior to it, UCBL used computer banking software.





2.7 Industry and Competitive Analysis:

2.7.1 Porter's Five Forces analysis:

The threat of new entrants:

The banking sector is tightly controlled, due to the Bangladesh Bank (BB) implementing several rules and regulations. Tk 400 crore is the required minimum capital and backup fund requirement, while Tk 200 crore is the paid-up capital. Even though the cost of entry has been raised, banks are still joining the industry. From 1972 and 2016, the banking sector included 57 competitors. Yet, the rise and development of Mobile Financial Services (MFS) is the more important than the growing number of conventional banks.

Threats of new substitute:

The sector of banking of our country is facing a growing amount of alternatives in regard to the risk of new competitors. In total, there are around 9000 branches of banks and 183,000 co-operative outlets, totaling roughly 2.1 lakh branch/outlets for the 56.6 million economically active individuals.

Bargaining power of buyer:

The total number of customers in the finance industry in Bangladesh is huge. Only the banking sector has over 5.5 crore registered bank accounts in more than 9,000 branches

In addition, switching costs are cheap for consumers who want to leave United Commercial Bank, and customers can easily get financial services from other banks.

Supplier bargaining power:

Account holders' negotiating power has increased as a result of advances in technology. Depositors have been motivated by the growing popularity of mobile banking as well as internet banking. Depositors are able to profit quickly by searching in internet that which has the highest interest rate. And when customer search for loans they search for which has the lowest interest rate for loan. So we can say that due to large number of banks supplier has huge power of bargaining due they can switch easily.



Competition among industry:

Foreign and our country bankers are becoming more competitive with one another for the same customer base. In addition, with customers local banks have an good record loyalty and trust, which gives them a competitive edge.

2.7.2 SWOT Analysis:

Strength <ul style="list-style-type: none">• Have a base of loyal consumer• customized services basing on client• MFS system such as Upay & Unet	Weakness <ul style="list-style-type: none">• no frequent marketing or advertising in core or valuables media
Opportunity <ul style="list-style-type: none">• booming economy• good chances of cope up with rapid technology changes	Threat <ul style="list-style-type: none">• Dollar crisis• BB lock on interest rate(6%-9%)• 90% LC margin rate

Table 5: SWAT analysis



2.8 Conclusion:

To conclude we can sum up with some issues those are, if we keep aside that UCB has ranked 8th according to business inception bd, they have huge number of branches and loyal employees. Their marketing policy is so polished and they have quite good services. Then if we focus on financial activities, to some extent they have good ratio results. But there are some ratios which they are not with in the range. This little things might not be crucial right now, but might affect the future growth. Because now in our country the financial industry is so big that its quite so touch to sustain in this competition. So UCB should focus on this things. Then if we focus on porters five force, then we will see that the suppliers bargaining power is so much high. Here we are considering depositors as suppliers. Because they deposit their money and this money bank use for lending. So as for internet now a customer can easily see the interest rates of all banks, and he can choose which is better for him. On the other hand borrowers are the buyers. And their power is also high. Because they can easily switch bank is there is gap between UCB with other. So here UCB should maintain a good ratio and good service that the customers don't shift easily. So the main thing is as the number of bank is so high though there are rules implemented by Bangladesh bank but still banks are growing and new competitors are coming and those who cannot sustain are ending their business.



2.9 Recommendation:

Aspects to Improve UCBL's Effectiveness:

For increased future efficacy, UCBL has to improve across multiple areas.

Modernization of the Information Technology Infrastructure:

UCBL should invest more in updating its information technology systems.

With the use of modern technology, the performance of servers can appear fast.

Increased Deposit options:

Increase the number of deposit options available to people with lower incomes.

Diversify what you offer to appeal to a larger group of clients.

Employee Training and Performance Evaluations on a Regular Basis:

Provide based on need training on an ongoing basis for UCBL employees.

Conduct employee performance reviews on a regular schedule.

Client Problem Resolution:

Bank staff have to react appropriately to various client issues.

Effective client problem resolution is critical for satisfaction with clients.

Loan Approvals Use Caution:

Avoid from making huge loans without enough paperwork.

Maintain enough investigation and loan approval papers.

Provision of Competitive Services:

Highlight the importance of UCBL delivering better and more smooth services than rivals.

Sustain competitiveness in order to secure a prominent place in the marketplace.



Chapter 3: Project Part

3.1 Introduction

United Commercial Bank Limited (UCBL) is a private commercial bank located in Bangladesh that offers financial products and services such as retail banking, credit card, loan, online banking etc. The head office of UCB is situated in Gulshan, Dhaka. UCBL is a first-generation bank that values its customers. They are employing flex cube software to deliver greater value to their customers. UCBL bank makes every effort to deliver superior service to their customers. So they also provide loans to their customers. Loan is the kind of income of a bank and the borrower is known as a buyer of loan. From this loan there comes credit risk management techniques. Because this if a bank has not enough good management techniques of credit risk management then there is a huge possibility of failure. On the other hand this loan is also calls the investment of a bank. Because as we know that this loan is the income for bank. So if bank makes invest in some party where the loan amount is too big but the party did not repay the loan, so this will lead a bank to end its journey. There are lots of cases regarding this. According to news of The Daily Star on 13 December, 2022, in our country 11 banks are suffering from capital shortform. Some name of these banks are Bangladesh Krishi bank, Agrani Bank, Rupali Bank, Janata bank, Sonali bank etc. in September, Bangladesh Krishi Bank had the highest amount of shortfall(AKM Zamir Uddin, The Daily Star). So from this we can understand that how importance the credit risk management is .

3.1.1 Background/Literature Review

Now a days in our country the banking sector is increasing rapidly. According to Bangladesh bank there are 61 banks active right now. So for sustain in this tough competition needs a good and skilled branch of employees. And as we know that loan in a investment for a bank so if bank invest in some area where bank did not get his money bank as well as interest then this might lead a bank to the end line. So for this managing credit risk is a very crucial thing for a bank. So here we are going to measure the effectiveness of the credit risk management of UCB.

Azam Ahmadyan, in his research paper name “Measuring Credit Risk Management and its Impact on Bank Performance in Iran” he stated that non performing loan to a total loan ratio is a significant economic indicator for evaluating a bank's credit risk management. It suggests that



lower NPLR and lower risk and deposit rates are connected. Moreover he also stated in his writings that there are other ratios we can use for measuring credit risk management of a bank , they are credit deposit ratio, provision for unclassified loans, provision for total investment.

corporatefinanceinstitute.com they also suggest some ratios which will tell the effectiveness of a banks or credit risk management policies. Those are debt to asset ratio, asset to equity ratio, gross profit ratio, return on asset and return on equity.

In last, Jeff Madura in his book ‘Financial Institution and Markets’ suggest that bank should diversify their investment. Means they should increase their portfolio of investment.

3.1.2 Objective(s)

Broad Objectives:

- Analyzing the credit risk management and credit policy as well as position with in industry.

Specific objective:

- Analyzing how they manage 5cs
- Analyzing their performance of 5 years by using ratios
- Analyzing their performance with industry
- Analyzing investment portfolio.

3.1.3 Significance

As a financial institution, UCBL operates in an environment loaded with credit risks. Effective credit risk management methods enable UCBL to detect and evaluate potential lending risks, assuring the bank's financial stability and sustainability. UCBL may enhance its ability to assess borrower creditworthiness, set appropriate credit limits, and successfully monitor loan portfolios by using advanced credit risk management methods. This method reduces the chance of default, lowers potential financial losses, maintains regulatory compliance, and, eventually, improves the bank's overall performance and reputation in the market.



3.2 Methodology

The research process requires a methodical approach from choosing a subject to final preparation. In order to conduct the research, data sources will be located, gathered, and organized. They will then be systematically categorized, analyzed, interpreted, and presented. Below listed the general processes of the methodology:

1) Primary data:

- Direct observation
- Discussion with officers of UCBL
- Direct involvement in the credit management activities in UCBL.

2) Secondary data:

- Website of United Commercial Bank Limited
- Annual report of United Commercial Bank Limited
- Other research regarding credit risk management

3.3 Findings and Analysis

3.3.1 Credit risk:

According to a book name credit operations and management written by the Institute of Banker (IBB) they say that Credit risk is the possibility that a borrower will not be capable to pay back a loan's principle or accrued interest in accordance with the terms laid out in the contract of credit. In a nutshell, it is a possibility that the borrower will fail to adhere to the terms of the arrangement. A bank's relations with a human being, a company, a bank, an NBFI, or another entity create credit risk. It could develop as a result of incapacity or resistance to perform. It could result from both on- and off-balance sheet behavior. Risk of default is just one aspect of credit risk. Additionally decrease danger. Excessive credit risk has a negative impact on a bank's profitability, capital sufficiency, and cash flows.

The loss may be whole or partial and can occur under many conditions. For instance,

- a customer might forego making a payment.
- The company might be unable to return the money.
- Commercial customers have no obligation to pay trade invoices by the deadline.
- An insolvent bank may not repay monies to a depositor.



- An unprofitable insurance business may not pay a policy obligation.
- An insolvent consumer or firm is granted bankruptcy protection by the government.

3.3.2 Why is Credit Risk Management Important for Banks?

According to “Credit Operations and Management” A bank's primary source of revenue and cash flow is credit. The income, cash flow, and capital adequacy of banks are negatively impacted if the quality of bank credit deteriorates. A cash flow issue might result in credit restrictions and missed payments to depositors. Failure to pay might give rise to a decrease in customer trust, and this loss in confidence could lead to bank failure. .(Mr. Md. Ali Hossain Prodhania, April2023)

3.3.3 There are some suggestions regarding credit risk management, suggested by Mr. Md/ Ali Hossain Prodhania in his book “Credit Operations and Management”:

1. Board of a bank should take the responsibilities for making strategy for credit risk as well as developing policies and procedures for identifying, controlling and measuring the risk.
2. the senior management should take the responsibility for implementing the strategy of credit risk approved by board.
3. banks must have an credit limits for individual borrower as well as group of parties.
4. Bank should monitor the condition of the individual borrowers credit.
5. A bank should develop internal risk rating system for managing the credit risk.
6. Bank must monitor the quality of overall portfolio investment .
- 7.



3.3.4 Now lets see what the procedures of UCBL about Credit Process and Credit Risk Management:

The loaning process at UCBL involves a number of processes while following to Bangladesh Bank's terms and regulations. The stages for lending are as follows for the UCBL Credit department:

3.3.4.1 General System & procedure related to credit:

One of a bank's most crucial duties is to offer loans. The quality of a bank's loans and how much of them bear on total deposits determine the strength of the institution. Safety, liquidity, and profitability are three of the fundamental principles that banks have consistently adhered to when providing loans under different credit schemes. Another choice, though not an essential one, is that the bank takes into account people. The bank is continuously on search for genuine entrepreneurs who can truly serve society by creating their own businesses. The foundation of a secured loan is trust in the borrower. Five (5 C's) considerations are used to evaluate the trust:

1. **Character:** The borrower's dependability is indicated. This demonstrates the borrower's integrity and readiness to repay the loan in accordance with the agreed-upon terms. When a borrower applies for a personal loan, the answers to questions like the following assist the lender in assessing the applicant's character (Odonkor, 2018):
 - Are your bills paid on time?
 - Have you ever utilised credit?
 - How many years have you resided at your present location?
 - Where and how long have you maintained your current position?

And we can see that when it comes for application UCBL get this information from the documents they collect such as Detailed approach for the required credit limit, Project and company profiles and corporate histories, A certificate of pay

2. **Capacity:** Credit worthiness is the ability of the borrower to conduct business and generate sufficient finances from that source. Ucbl also judge borrower's capacity by collecting



information and documents such as A business card, A copy of your office ID, Documentation showing additional income etc.

3. **Capital:** Participation of the borrower to the firm. financial capability to handle risk for the company. UCBL get this information by Certificate for personal and business TIN, A business card, Owners, partners, and directors' individual net worth
4. **Condition:** The condition of the business, o having trouble, as well as the strategies for how will he/she use his money. Financial reports for the last three years and A list of the equipment and machines and Buyers' and sellers' list, this three information helps UCBL to get information about the condition of business.
5. **Collateral:** One can just sign into a particular kind of loan agreement to strengthen the security they have. To ensure that they have the legal right to recoup damages in the case of a loan default, a lender will frequently place a lien on particular kinds of assets. The loan that received can be subject to this collateral agreement. UCBL also keeps the documents of the assets of their borrower by taking documents of the equipment and machineries of business.

3.3.4.1.1 How bank can improve 5c:

Character: Candidates for loans should check their credit report to confirm that their credit history is correct and up to date. Negative, erroneous discrepancies might harm your credit history and credit score. Consider setting up automated payments for recurring bills to ensure that future commitments are met on schedule. Paying monthly recurring obligations and establishing a track record of on-time payments help to improve your credit score.

Capacity: So increase the ability by raising salary or wages or by paying off your debt. A lender will most likely want to see a track record of consistent income. While changing employment may result in increased salary, the lender may want to confirm that your job security is steady and that your pay will remain consistent. Lenders may think about including freelance, gig, or other extra income. However, for greatest consideration and benefit, revenue must frequently be solid and recurrent. Increasing your potential by securing more stable income streams. Paying down debt balances will continue to boost your capabilities. Debt refinancing for lower interest rates or lower monthly payments may momentarily relieve pressure on your debt-to-income ratios, but these new loans may cost more in the long run. Keep in mind that lenders are frequently more concerned in monthly payment responsibilities than in total loan balances. Paying off your full loan and reducing that monthly payment will therefore increase your capacity.



Capital: Capital is generally earned over time, and it may take a little more perseverance to save for a higher down payment on a substantial purchase. Depending on your buying timeline, you may want to make sure that your down payment savings are growing, such as through investing. Some investors with a lengthy investment horizon may consider investing in index funds or exchange-traded funds (ETFs) for possible growth while risking capital loss.

Another factor to consider is the timing of the significant purchase. It may be more profitable to proceed with a significant purchase with a lower down payment rather than waiting to accumulate funds. In many cases, the asset's value may rise (for example, rising home prices). Spending time accumulating capital would be less helpful in these instances.

Condition: Conditions are the most unlikely of the five Cs to be controllable. Many conditions, such as macroeconomic, global, political, or broad financial events, may not apply explicitly to a borrower. Instead, they could be conditions that all borrowers confront. Some factors may be under a borrower's control. Ensure that you have a compelling rationale for acquiring debt and that you can demonstrate how your existing financial situation supports it. Businesses, for example, may be required to demonstrate excellent prospects and healthy financial projections.

Collateral: Simply signing into a specific form of loan agreement can help you boost your collateral. A lender will frequently place a lien on specified sorts of assets to ensure that they can recoup damages if you default. This collateral agreement may be required by your lender.

Other sorts of loans may necessitate the use of external collateral. Private, personal loans, for example, may ask you to put your car up as collateral. Make sure you have assets to post for these types of loans, and keep in mind that the bank only has the right to these assets if you default.

3.3.4.2 Required documents for loan proposal:

1. CIB project from fully completed.
2. Resolution of the board (mentioning loan documents, operations, and credit facilities).
3. Project and company profiles and corporate histories.
4. Group profile
5. A photocopy of a current business licence.
6. A photocopy of the incorporation certificate.
7. A photocopy of each proprietor's, partner's, or director's Tax Identification Number (TIN).



8. A picture of the owner, partners, or directors.
9. Owners, partners, and directors' individual net worth. (Format attached)
10. The most recent list of directors that RJSC (The Register of Joint Stock Companies and Firms) has properly certified.
11. A letter of approval from all relevant authorities.
12. Financial reports for the last three years (including cash flow statement, balance sheet, etc.) (audited plus management copy)
13. A list of the equipment and machines.
14. Buyers' and sellers' list.

3.3.4.3 Selection of borrower:

The choosing procedures involve locating the source of payback, evaluating the consumer's capacity to make payments, and evaluating anticipated future cash flows, past interactions with the financial institution, assets, and data from the CIB (Credit Information Bureau). The Bank has to identify both the primary variables which impact the borrower's business and the main business risks.

3.3.4.4 CIB (Credit Information Bureau) Inquiry:

We all know that its impossible for a bank to have a complete knowledge of an individual. However, it's essential that you comprehend the client before granting a loan. A customer's entire profile is kept on record by a bank in Bangladesh. For example, a client may borrow money from BRAC Bank. The customer visited UCBL and submitted a loan application. When UCBL finished the CIB application and submitted it to the Bangladesh bank, the Bangladesh bank provided all of the customer's information, allowing UCBL know that the customer has a loan with BRAC Bank. After every two months, a customer's CIB report must be updated. Customers need a CIB report if they wish to borrow more than five lacs.

3.3.4.5 Site visit:

The borrower's land, which is used as collateral for loans, has been visited by the management of the bank. Here, the Head Office Credit Team supports with site visits as needed. Following a site inspection, the bank initially evaluates the stock, the products, and the market price of the products. The current value of the mortgaged land was then determined through study.

The Branch Credit Committee then submits a thorough site inspection report for the project.



3.3.4.6 Credit approval process:

Pre-sanction paperwork: Pre-sanction paperwork are the first stage of the credit request process, performed prior to the loan proposal. All of the credit-related documentation must first be correctly obtained from the lender. Furthermore, the bank keeps records of the amount of loans and never allocates more than 50% of the capital it has paid off to a single loan.

Process of approval of credit:

First step: The first thing the borrower must do is take up a credit application from the lending officer at the bank or corporate office. He then sends the credit application form and all required paperwork and documentation to obtain the credit.

Second step: The officer examines the application for credit alongside any additional records that the customer provided before starting the credit request process. If additional information is required, the connection officer gets it from the consumer. The officer will issue the customer a letter of rejection if he decides that the request is not credit qualified. Yet, when the officer thinks the idea is appropriate, he or she will forward the application along with his or her remarks to the relationship manager.

Third step: The relationship manager pays a visit to the borrower's place of business and gathers pertinent data on the company' status, standing, purpose, and sources of repayment. The relationship manager will then compile all of this data into a report that, in accordance with the bank's structure, is referred to as a pre-sanction report. The customer was also instructed by the manager to complete a CIB inquiry form, which also includes a copy of Bangladesh Bank's credit policies, and send it to the credit administration division of the main office.

Fourth step: After gathering further information on the borrower, the head office will get in touch with the relationship manager to communicate their credit decision.

Fifth Step: The relationship manager will submit Bangladesh Bank the CIB inquiry report if the top office agrees to accept the loan. The CIB report will be resent by email from Bangladesh Bank to the relationship manager right away. The bank will extend credit if the CIB report is favourable. If the CIB report is poor, the bank will make a letter of regression with proper reasons for the borrower.



Sixth Step: The relationship manager drafts a formal credit proposal with some appropriate suggestions for the customer after obtaining the CIB report from Bangladesh Bank. After receiving the customer's signature on the proposal, the bank copies it for the branch and sends the original to the main office's credit administration division.

Step Seven: The plan will be approved by the head office, and a copy of that approval will be sent to the branch. The credit risk review section gives a penalty advise along with the necessary paperwork for the branch to receive it. The relationship manager and the credit administration officer must both sign the sanction form.

Step Eight: The proposal will be approved by the main office, who will also provide a copy of the approval to the branch. A sanction advise is sent by the credit risk review department together with the necessary paperwork for submitting it to the branch. Both the credit administration officer and the relationship manager must sign the sanction form.

Post sanctions documentation: Post-sanction documents refer to the sanction letter on which the bank details the sanctioned sum, the applicable interest rate, and the repayment terms. The joint stock company should have authorized the paperwork.

Disbursement: The distribution procedure begins after all the paperwork has been completed and the necessary authorizations have been obtained. The branch follows a structured method for disbursing loans. The bank then keeps up the loan implementation procedure of monitoring.

3.3.4.7 Credit monitoring:

A structured technique for routinely examining the current debts is called credit monitoring. The monitoring procedure for analyzing the payments begins as soon as the borrower begins his payment. It will keep going till he covers the entire sum. The monitoring process's steps are as follows:

Sending Statement:

The bank should submit the credit administration department a daily statement of disbursement.

Accounts activity:

The relationship manager and credit administration officer should check on account activity once every month.

Monthly Statement:



The bank should additionally create a monthly statement that includes all observations and deliver the document to the corporate headquarters.

Yearly Statement:

The relationship manager should also keep an eye on the borrower's company operations to see how well they are running. The manager creates the credit administration department's annual statement as a result.

Records:

The bank should also keep a record of every update made in relation to credit. Additionally, all deposits of any type must be documented.

Furthermore, through their relationship and credit administration teams at the Branch and Corporate Office, they regularly analyze credit exposures, portfolio performance, and external trends. Internal risk management reports are delivered to the appropriate divisions, comprising information on critical environmental, political, and economic developments across major portfolios; portfolio delinquency and loan impairment performance; and credit grade migration. The divisions meet on a regular basis to analyze the impact of external events and trends on the credit risk portfolio and to develop and implement appropriate modifications to portfolio shape, underwriting requirements, risk policy, and processes. When accounts or portfolios show indicators of weakness or financial degradation, they are placed on Early Alert (EA). The Special Asset Management Division oversees such accounts and portfolios using a specific approach. Account plans are re-evaluated, and corrective measures are agreed upon and tracked. Portfolio delinquency patterns are regularly tracked at a thorough level in Retail/Consumer Banking. Individual client behavior is also monitored and used to guide lending decisions. Accounts that are past due are subject to a collection process, which the Risk function monitors in coordination with the Relationship manager. Bank charged-off accounts are maintained by Special Asset Management Division recovery teams.

3.3.4.8 Recovery of default credit:

The most crucial step for the bank to reduce credit risk is the credit recovery procedure. The borrower has the option of making one lump sum payment or many payments. If the borrower doesn't pay back the money, the credit recovery process begins. The borrower is first instructed by the bank to pay the entire amount within a certain amount of time. The bank will notify the borrower of the mortgage's modification procedure if the borrower repeatedly defaults on payments. After then, the bank will file a lawsuit against the borrower in court under the 2003 Money Loan Act.

3.3.4.9 How mitigate credit risk:



Credit losses from any one account, customer, or portfolio are minimized by the use of a variety of mechanisms such as collateral, netting agreements, insurance, and other guarantees. The dependence on these mitigants is carefully evaluated in light of concerns such as legal certainty and enforceability, market valuation correlation, and the guarantor's counterparty risk. The eligibility of collateral kinds is determined by risk mitigation measures. Cash, residential, commercial, and industrial property; fixed assets such as motor vehicles, plant, and machinery; marketable securities; commodities; bank guarantees; and letters of credit are all eligible for risk mitigation. Collateral is appraised in accordance with their Methodology for Valuation of Security/Collateral Assets, which specifies the frequency of valuation for various collateral kinds based on their price volatility. Collateral held against defective loans is kept at fair market value.

3.3.5 Ratios that gives us information about credit risk management of a bank:

According to research done by Azam Ahmadyan, in his research paper name “Measuring Credit Risk Management and its Impact on Bank Performance in Iran” he stated that nonperforming loan to a total loan ratio is a significant economic indicator for evaluating a bank's credit risk management. Moreover, he also stated in his writings that there are other ratios we can use for measuring credit risk management of a bank, they are credit deposit ratio, provision for unclassified loans, provision for total investment.



3.3.5.1 Total Loans and Advances(BDT Million)

	2022	2021	2020	2019	2018
Total Loans and Advances(BDT Million)	468605.1	402481.74	351683.56	322728.14	294671.94

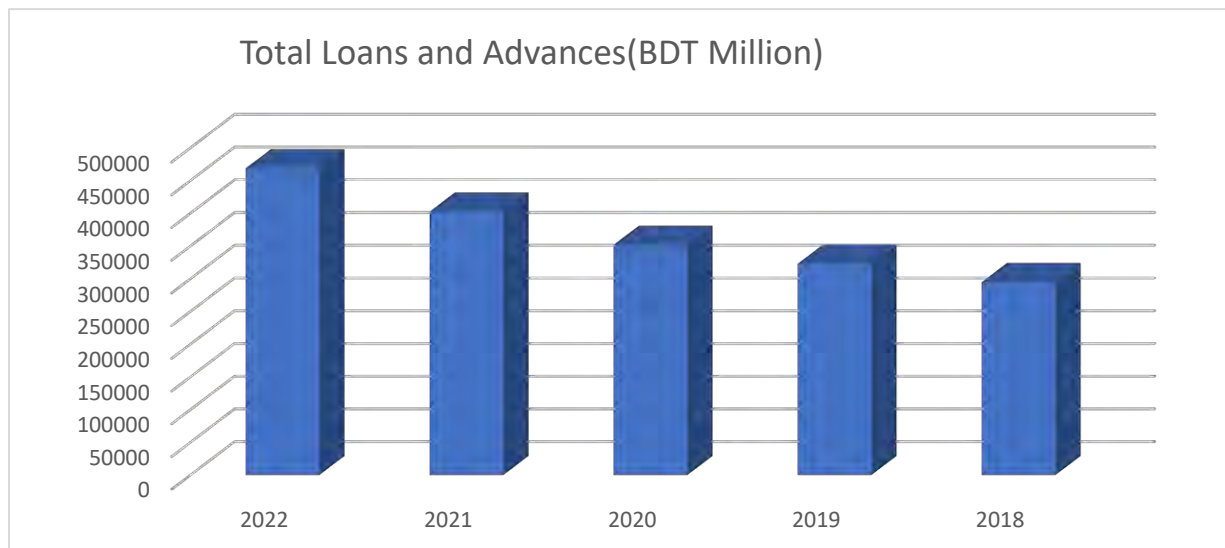


Figure 10: Total loan amount of last 5 year each.

This Graph shows us about the increasing of total loans and advances from 2018 to 2022. So here we can understand that the amount of total loan of UCB is increasing year by year. Its is good for investing more because this is the income of the bank but on the other hand wrong investment may also create the increasing of default amount of loans.



3.3.5.2 Non-performing loan of last 5 years :

	2022	2021	2020	2019	2018
Non-performing loan (BDT million)	28077.69	17737.29	8983.56	11711.23	20021.63

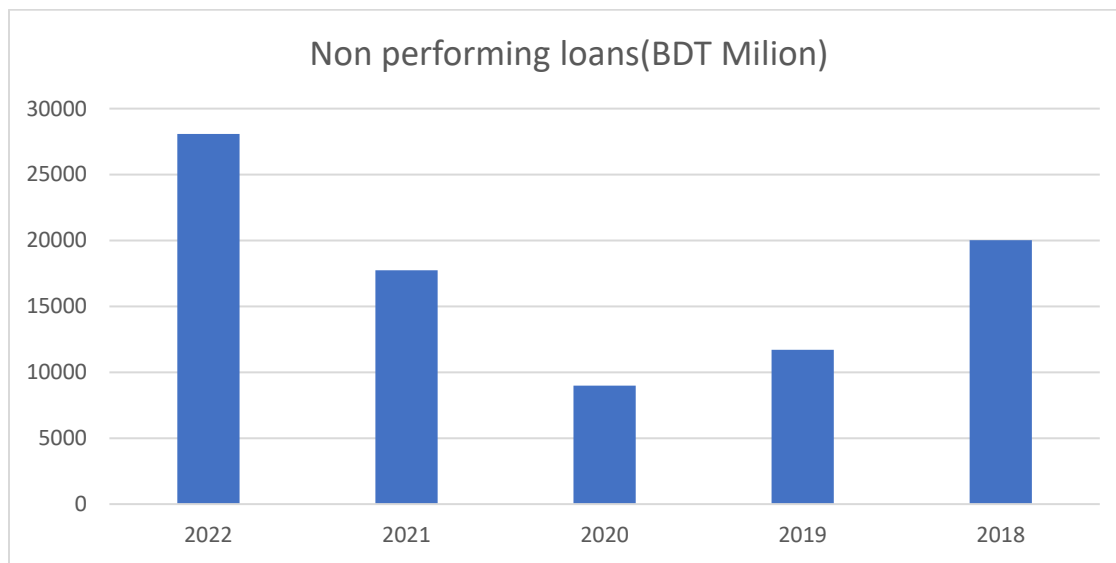


Figure 11: Total nonperforming loan of last 5 year each.

From this graph we can see that UCB has max amount of total nonperforming loan in 2022. It's should be the alarming situation for them. It is true that in 2022 they invested highest amount so according to their increased loan the non-performing loans also will be increased. But if we focus on graph the jump of total loan from 2021 to 2022 is not that much if we see the jump of total nonperforming loan in 2021 to 2022.

So as we don't know the situation of 2023 hope UCB will be in a good situation but still they need to focus on more investment so that the jump never comes again and the amount of non performing loan should decreased.



3.3.5.3 % of non performing loans to total loan:

	2022	2021	2020	2019	2018
Non performing loan to total loan %	5.99	4.41	2.55	3.63	6.79

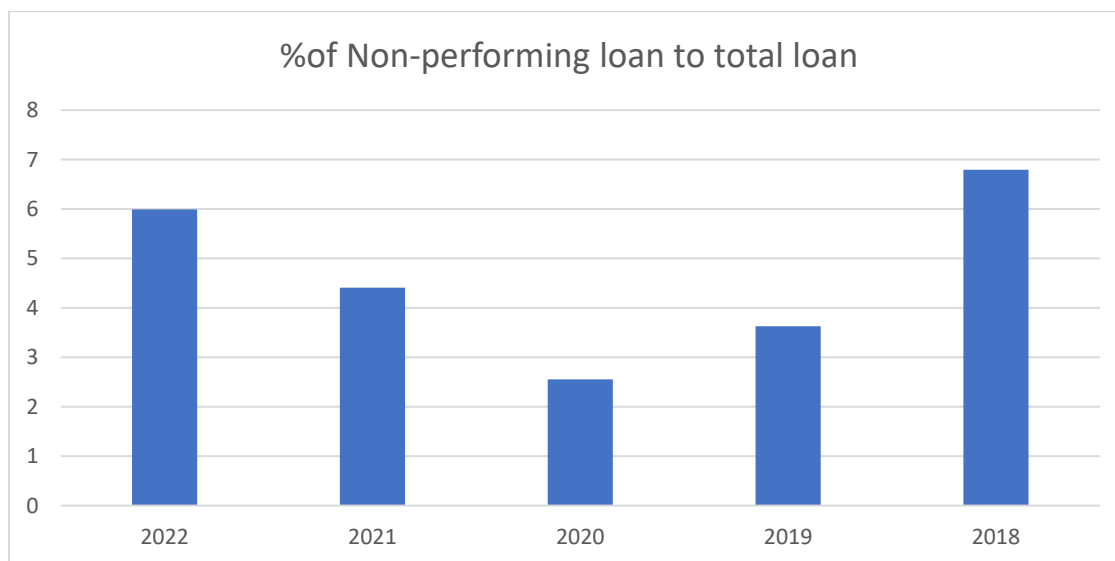


Figure 12: percentage of non performing loan to total loan

A nonperforming loan (NPL) is seen as being in default or almost so. The probability that the borrower is going to repay a loan in full once it becomes nonperforming decreases significantly. Even if the borrower fails to make up all of the missing payments, an NPL turns become a reperforming loan (RPL) if the borrower starts making payments again on it.

In this scenario in 2018 the percentage of NPL was above 6% but it decreased in 2018 though its gradually increased again. Now in 2022 it was 5.99% almost near to 6%. So from previous we have seen that the amount of loan increased in 2022 as well as the amount of default loan also increased. But the success of bank should be there when a bank can minimize the ratio of non performing loans to total loan. But in the scenario of UCB the ratio also increased. So it's a cautious situation for them. They should revise their credit management policies. Because if this situation is not minimized then UCB will have to stand in a situation where they might end their journey.



3.3.5.4 Loan to Deposit ratio of last 5 years:

	2022	2021	2020	2019	2018
Loan deposit ratio	109.99	103.23	99.35	97.56	99.16

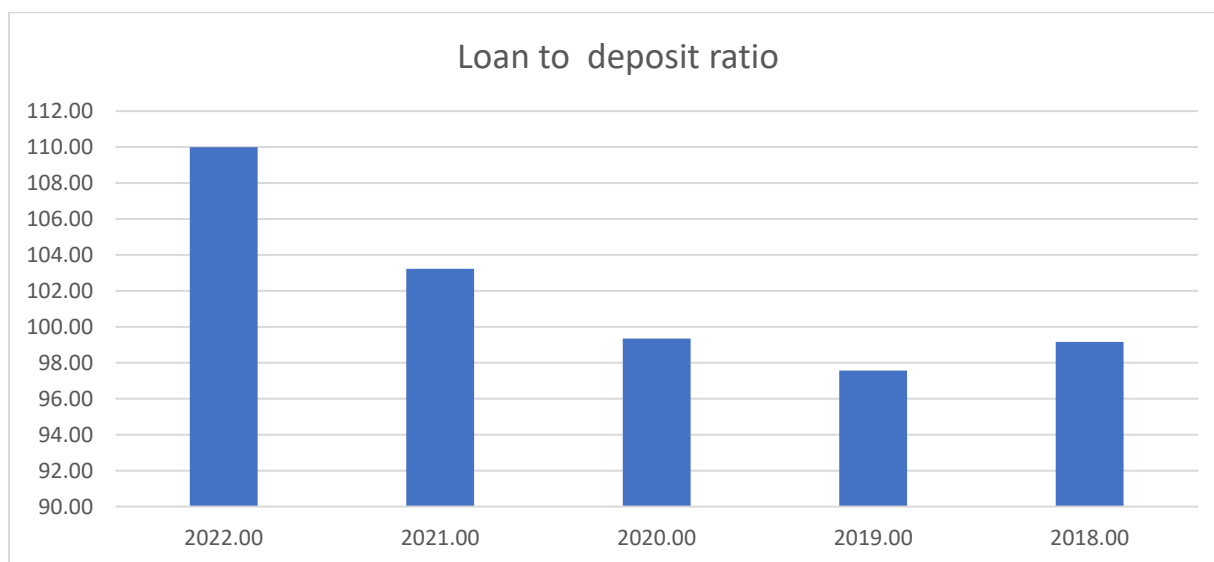


Figure 13: loan to deposit ratio of last 5 year.

This ratio shows us the amount of loan against the deposit amount of bank. So here we can see the loan to deposit ratio is increasing day by day. And in 2022 2021 the amount of loan exceeds the amount of deposit. Yes they have other incomes from LC then locker system etc. but their main suppliers are the depositor and main buyer are the borrower. So from my point of view the loan amount should not exceed the deposit amount as there main suppliers are deposit. A bank might have income form other sites but still deposit amount is the main way where bank gets money and invest these money and earn money.



3.3.5.5 Total Provision for classified loans and advances:

	2022	2021	2020	2019	2018
Total Provision for classified loans and advances(million):	10285.82	6139.49	2364.79	3335.2	4934.38

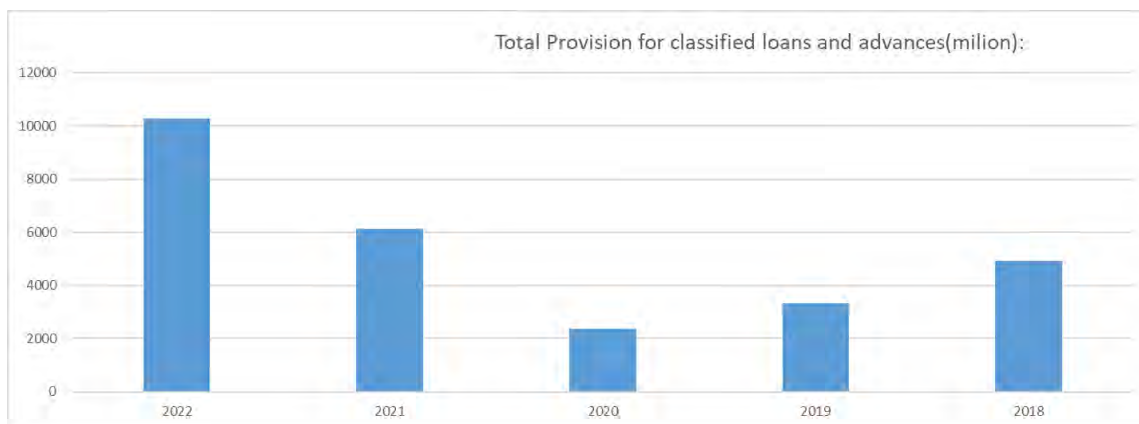


Figure 14: Total provision of last 5 year.

Here we can see that in 2022 UCBL kept the highest amount of provision against their classified loans and advances. So we can assume that UCBL's risk for doubtful loans has increased. So here as their total loan increased as well as the total amount of non performing loans also increased. So we can see in previous that their ratio of total amount of non performing loan to total loan also increased. So they had to keep more provision than previous.

So here we can see that UCB kept the highest amount of provision in 2022 than previous years.



3.3.5.6 Compared to other top five banks position of UCBL

Comparison by total amount of loan in 2022

Comparison with other banks of 2022	UCBL	CITY Bank	BRAC bank	Mutual Trust bank	Prime bank	Bank Asia
Total loans of 2022	468605.10	354774	410676	253,836	296481	277870.36

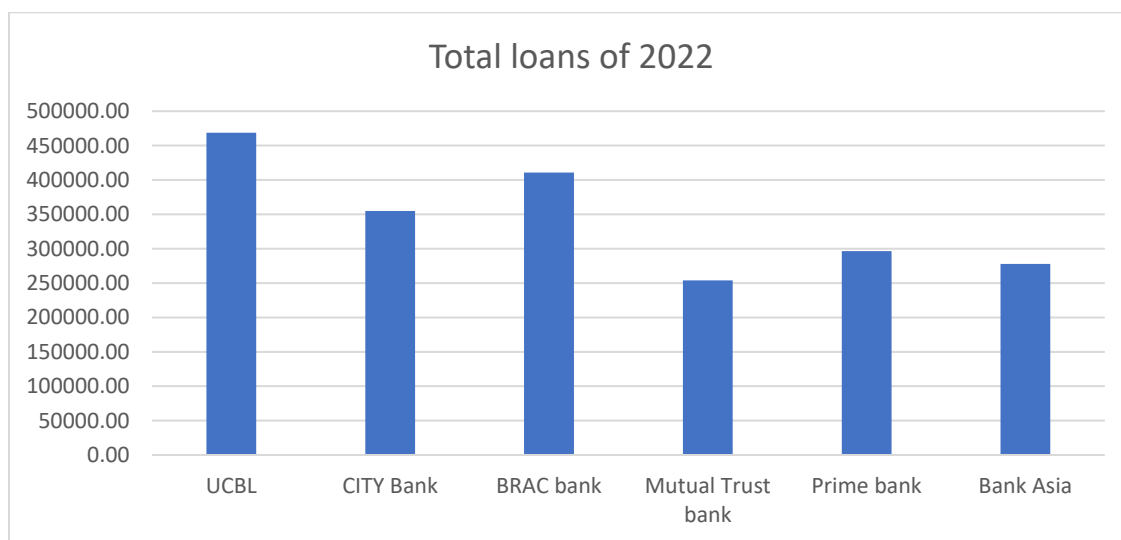


Figure 15: Total loans of 2022 of 6 banks.

Here we can see UCB has invested highest in number in 2022 than other 5 banks. So this is a good news for them because they can generate more profit than other. But still if they invest in some sector where they didn't get back their money that will be worst for them.

In this graph we can see that UCB has highest amount of loan then the second highest is BRAC bank.

3.3.5.7 Comparison by total amount of nonperforming loan in 2022:



Comparison with other banks of 2022	UCBL	CITY Bank	BRAC bank	Mutual Trust bank	Prime bank	Bank Asia
Total non performing loans of 2022	28077.69	13671	15369	14,653	10132	13519.79

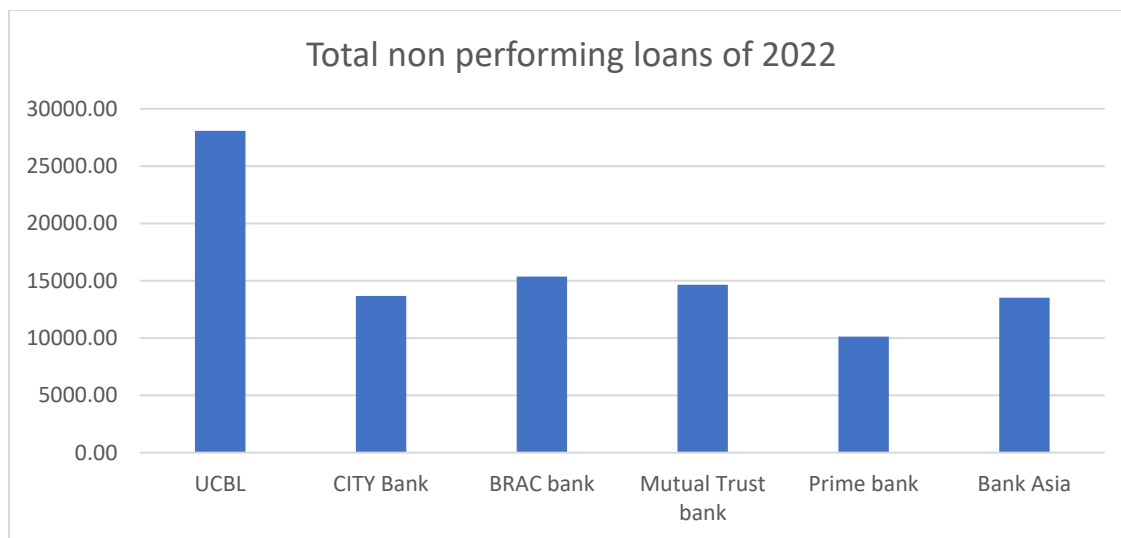


Figure 16: Total nonperforming loan of 6 banks

In previous graph we saw that UCB has highest amount of loan in 2022 than other banks. Now we can see that in 2022 the total nonperforming loan is also the highest than other bank. Not only highest but also the difference is huge. Because in 2022 the highest ranked is UCB and the second highest is BRAC bank in terms of nonperforming loan and the difference between them is 12708.69 BDT million. But on the other hand the difference between the second highest BRAC Bank and Mutual trust bank the difference is only 716.00 BDT million. So now we can say that UCB is in a alarming situation if we compare with other banks.



3.3.5.8 Compared to other top five banks position of UCBL in terms of %Non-performing loan to total loan

	UCBL	CITY Bank	BRAC Bank	Mutual Trust Bank	Prime Bank	Bank Asia
%Non-performing loan to total loan	5.99%	2.30%	3.72%	5.84%	3.42%	4.87%

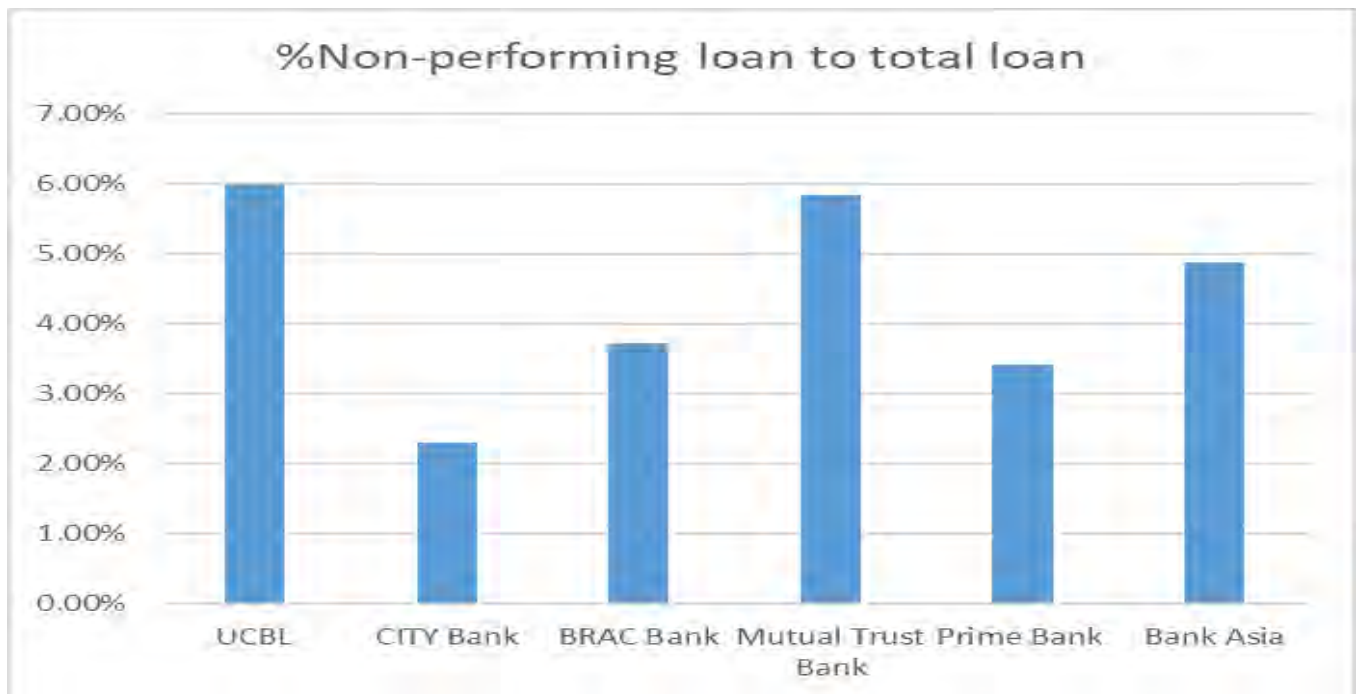


Figure 17: percentage of non performing loan to total loan of other 6 bank.

In this graph we can see that compared to other top five banks UCBL's percentage of total non performing loans to total loans is much higher than others. Here city bank has the lowest ratio. So we can see that UCBL is not in a good position. They have to improve their credit risk management system.

So in previous we have seen that in 2022 the loan amount has increased in 2022 according to this the non performing loan also increased. But important thing is the ratio has also increased. But when we are comparing with other bank UCB will be in the worst situation. Because they have the highest percentage. And second highest is Mutual Trust bank. So here my suggestion will be as soon as possible they should revise their credit policies.



3.3.5.9 Compared to other top five banks, position of UCBL in terms of Total Provision for classified loans and advances:

	UCBL	CITY Bank	BRAC Bank	MTB	Prime Bank	Bank Asia
Total Provision for classified loans and advances(millions):	10285.82	6,911	9,401	3703.27	2,622	9,092.54

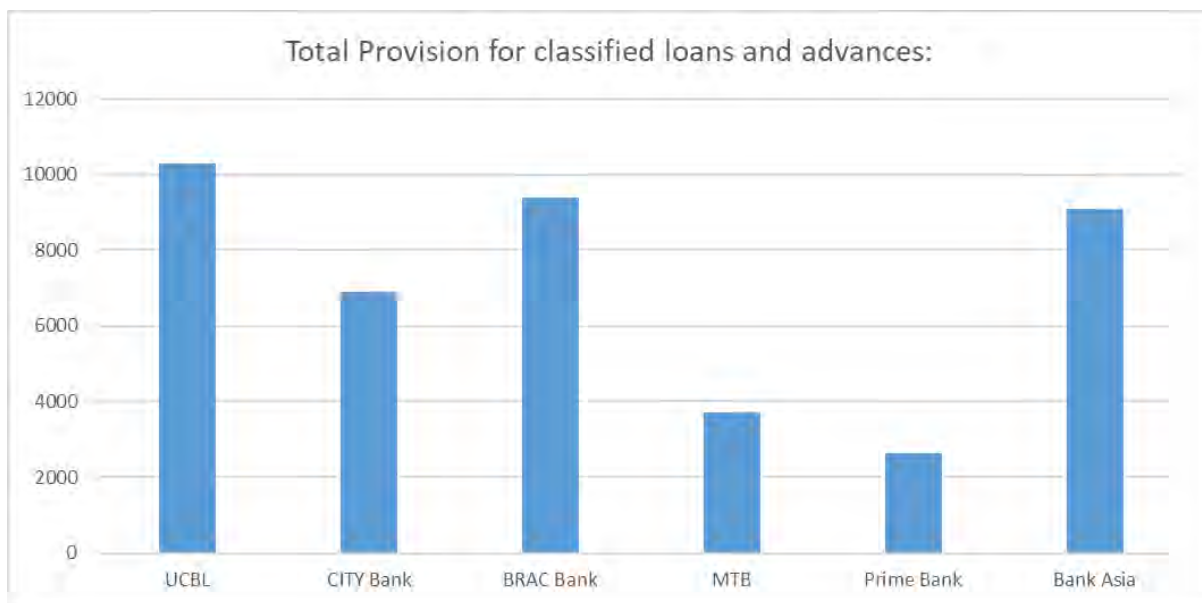


Figure 18: Total Provision for classified loans and advances of 6 banks.

As we have seen previous graph that the percentage of NPL is higher for UCBL than other banks, here we can see like previous UCBL has higher provision for their classified loans and advances than other five banks. This also indicates that UCBL is not in a good position and they need to improve their credit risk management system and their policies.

So even UCBL needed to keep more provision than other in 2022. So it is a alarming situation for them.



3.3.5.10 Compared to other top five banks, position of UCBL in terms of credit to deposit ratio

	UCBL	CITY Bank	BRAC Bank	MTB	Prime Bank	Bank Asia
loan to deposit ratio:(%)	109.99	106.8950	106.81697	109.10310	111.5256	82.28431

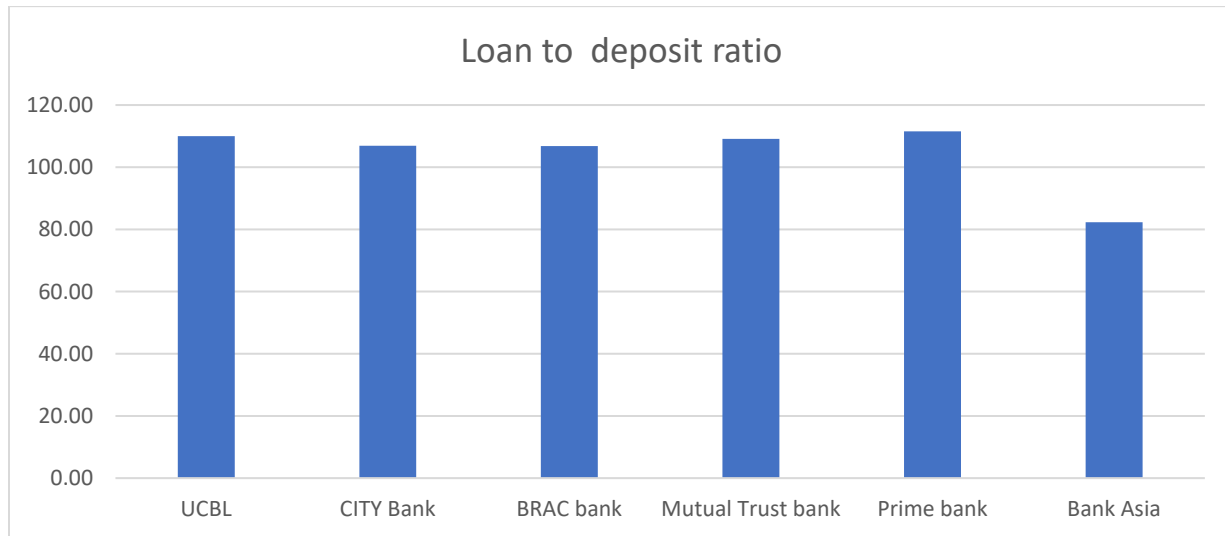


Figure 19: loan to deposit ratio of 6 banks.

As we know that loan to deposit ratio compares the loan amount against total deposit amount. So in this scenario the UCB is kind of a similar situation with other 5 banks. The reason maybe that the business expansion, online business, then massive development of country, so this thing could be the reason for banks to invest more. But from my point of view bank should not lend excessive amount of loan .



3.3.6 According to Corporate Finance website, ratios that needs for assessing the credit risk management:

Ratios used in credit analysis are instruments that support this method of analysis. These measures serve analysts and investors to assess if people or businesses are able to meet their financial obligations. Both qualitative and quantitative factors are included in credit analysis. The quantitative portion of the investigation is covered by ratios. (www.corporatefinanceinstitute.com)

3.3.6.1 Gross Profit Ratio

$$\text{Gross Profit Ratio} = \text{Gross Profit} / \text{Sales}$$

	2022	2021	2020	2019	2018
Gross Profit Ratio%	62.64	64.06	53.52	50.68	53.3



Figure 20: Gross profit ratio of last 5 years.

By comparing gross profit to net sales, the gross profit ratio evaluates the profitability of an organization. It shows how much of net sales go towards gross profit. The net profit ratio, on the other hand, evaluates a business' total profitability by comparing net profit to net sales. A acceptable gross profit ratio should be in between 50 and 70 percent. In this scenario we can see in last 5 years UCBL is maintaining an good gross profit ratio while the ratio is even better in 2021 and 2022. Here we can see that in 2022 and 2021 UCB has maintained about 62.64% and 64.06%.



But in 2020,2019,2018 UCB was just in borderline. So here we can se the improvements of this ratio and this will help UCB to achieve its success.

3.3.6.2 Return on Assets (ROA)

Return on Assets (ROA) = Net income/Total assets

	2022	2021	2020	2019	2018
Return on Assets (ROA)%	0.67	0.6	0.61	0.65	0.62

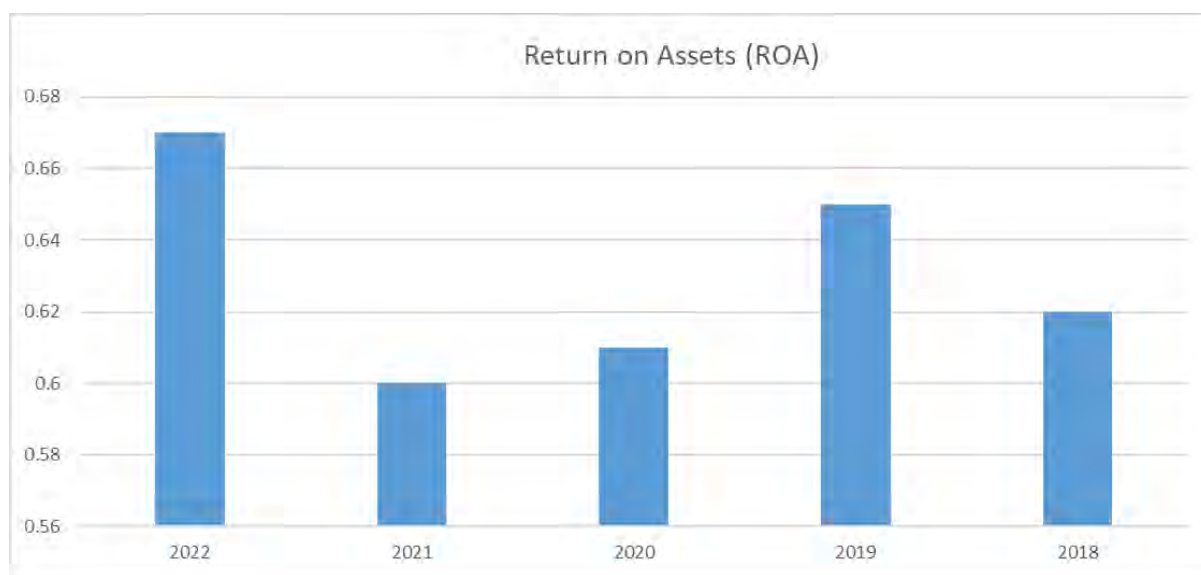


Figure 21: Return on asset of last 5 years.

Return on assets (ROA) measures the rate of how a company's management generates revenues from every one of its balance-sheet assets. A ROA of 5% to 20% is seems quite well for a company.

Here bank is in the range. In last 5 years, no years has below than the range a company should have for ROA measurement. So here we can say that the Bank is using their assets properly as their ROA ratio seems quite well.



3.3.6.3 Return on Equity (ROE)

Return on Equity (ROE) = Net income/Common equity

	2022	2021	2020	2019	2018
Return on Equity (ROE)%	10.27	8.76	8.42	8.84	8.4

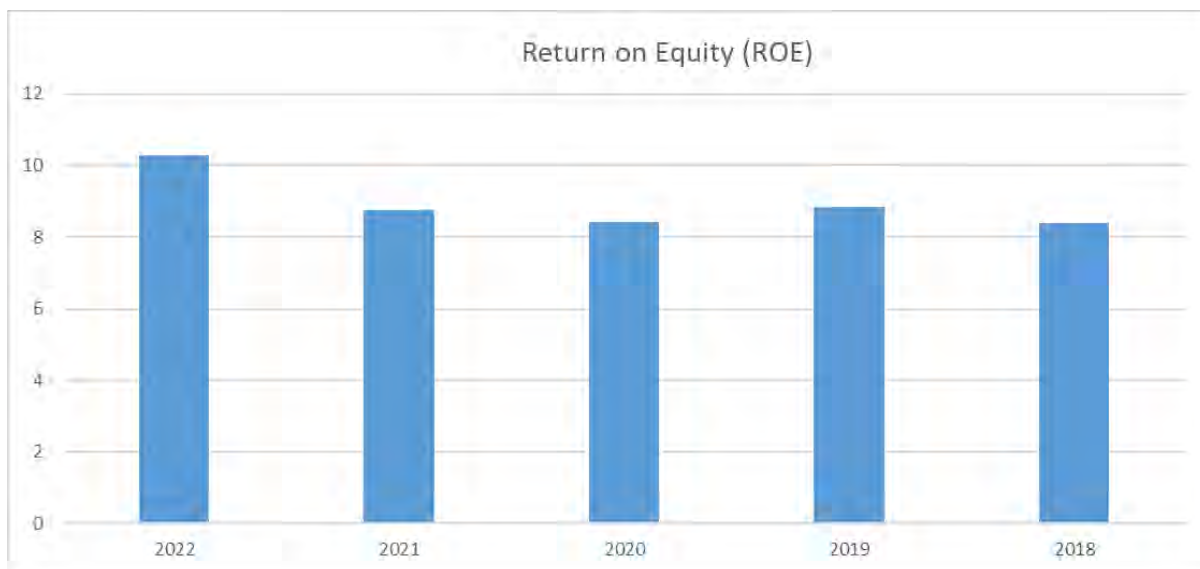


Figure 22: Return on Equity of last 5 years.

Return on equity (ROE) represents the ratio of a company's net income to its shareholders' equity. Return on equity (ROE) evaluates how profitable a business is and how successful of its revenue generating. We are analyzing this ratio by dividing net income by common equity. So we can get how much income we can generate from each shareholders equity. An acceptable ROE is between 15 and 20%.

Here banks ROE is below 15% and even not more than 10%. So we can end up with a statement that the bank is not performing well when it comes to ROE measurement. Though they were worst in 2021, 2020, 2019, 2018. Because on that time there ROE ratio was even below 9 but they improved in 2022 and it was 10.27. yes we can see the improvements but thing is they should have to touch the acceptable line of this ratio.



3.3.6.4 Debt-to-Assets Ratio

Debt-to-Assets Ratio = Total Debt / Total Assets.

	2022	2021	2020	2019	2018
Debt-to-Assets Ratio	16.54127091	15.17804231	12.04100814	9.157337051	11.09729606

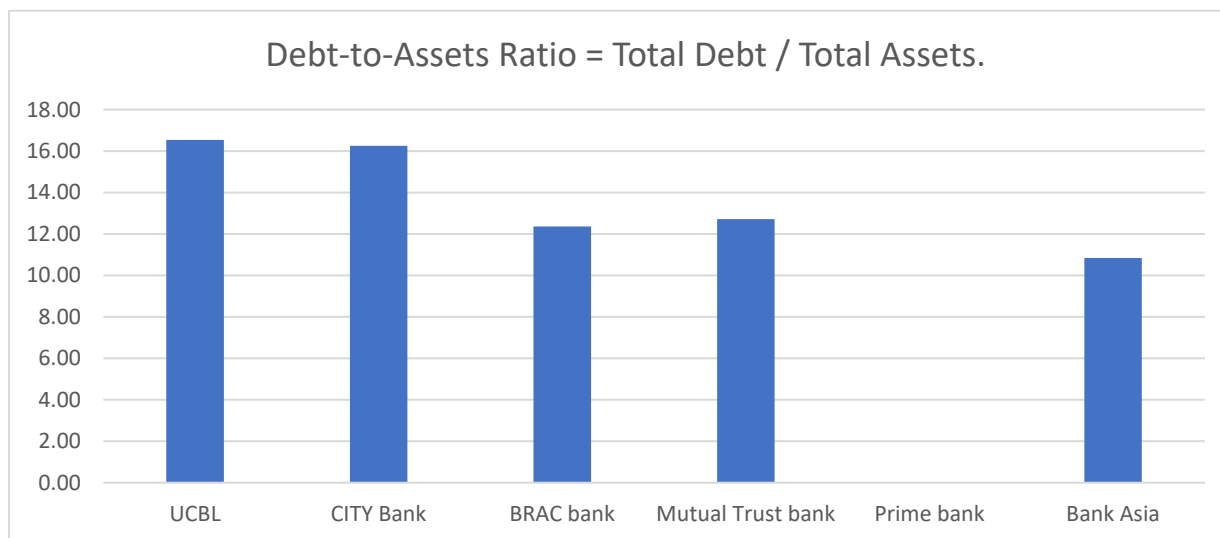


Figure 23: Debt-to-Assets Ratio of 6 banks.

Debt to asset ratio shows us the amount of total debt against the total asset listed on their balance sheet. Because here we are dividing total debt by the total asset.

In this graph we can see that UCB has the similar position with other banks. We know that debt to asset ratio should be less than 100%. And here we can see that every bank has less than 100%. Then if we compare with other banks then we will see that percentage of UCB is higher than other banks. And the second highest is CT bank.



3.3.6.5 asset to equity ratio of 2022

Comparison with other banks of 2022	UCBL	CITY Bank	BRAC bank	Mutual Trust bank	Prime bank	Bank Asia
asset to equity ratio = total asset/ total share holders equity	15.34	15.43	10.73	16.58	13.54	16.54

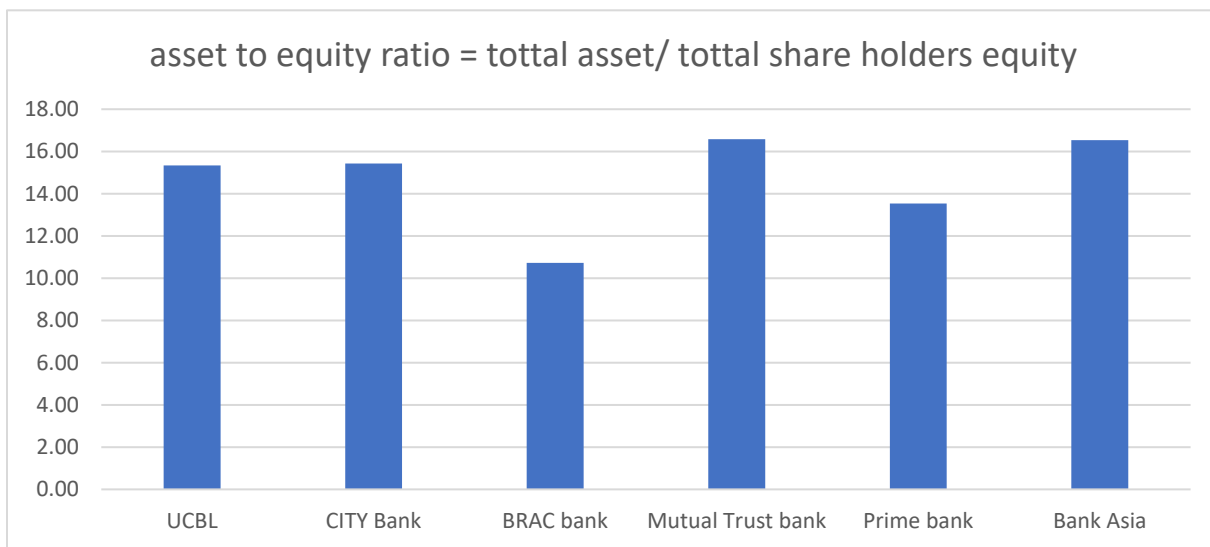


Figure 24: Asset to Equity ratio of 6 Banks.

asset to equity ratio shows how much funds a company gather by issuing debt rather than by equity. This might be a risky investment of a company. The higher the ratio the higher the risk is. So this ratio should be maintained low.

In this graph we can see UCB has kind of similar ratio in compared with other. But the BRAC bank has the lowest which a good side for them because they will have less risky investment than other five banks. Where as UCB and other five banks is in the risky position.



3.3.6.6 Comparison of ROA with other banks of 2022

Comparison with other banks of 2022	UCBL	CITY Bank	BRAC bank	Mutual Trust bank	Prime bank	Bank Asia
ROA	0.67%	1.00%	1.14%	0.72%	0.98%	0.67%

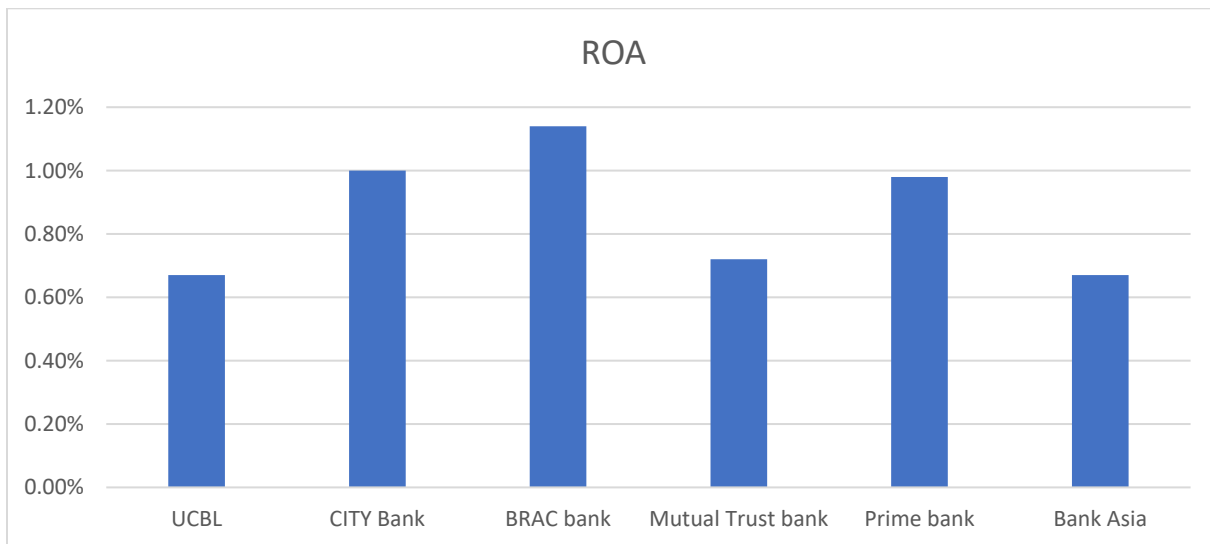


Figure 25: ROA of 6 banks

Here we can see that UCB has kind of the lowest amount if we compare these five banks. So here it sums up that the more better the other five banks are utilizing there asset than UCB and Bank Asia. So return from total asset listed down in balance is important because this will show the successfully using assets in terms of generating profit. So here rather than BRAC bank every other bank is not in a good situation. Because BRAC bank only has the higher number.



3.3.6.7 Comparison of ROE with other banks of 2022

Comparison with other banks of 2022	UCBL	CITY Bank	BRAC bank	Mutual Trust bank	Prime bank	Bank Asia
ROE	10.27%	14.10%	10.22%	11.56%	12.93%	10.88%

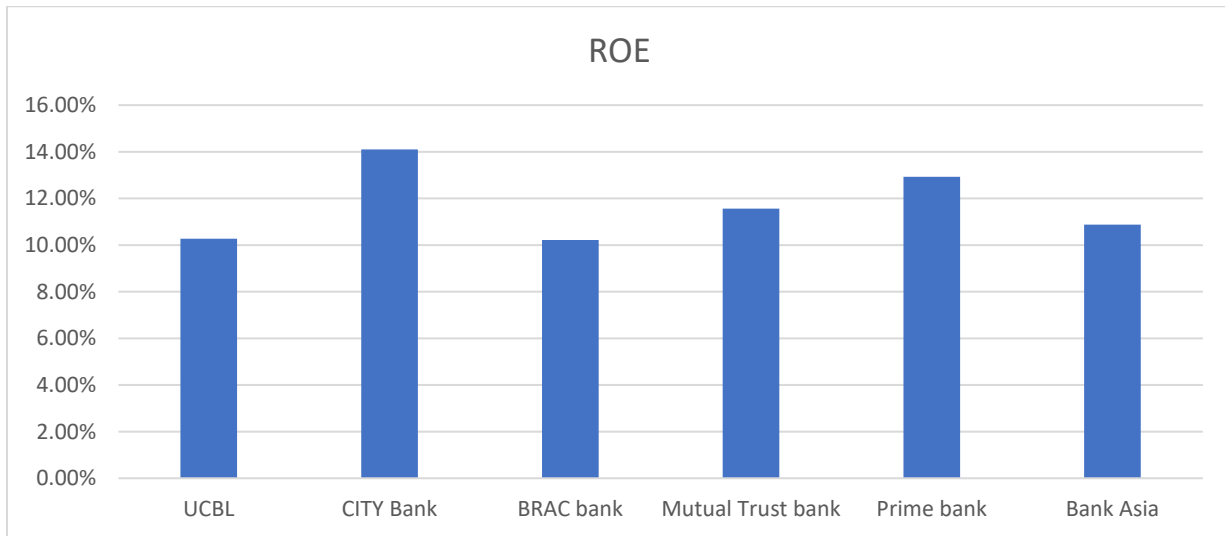


Figure 26: ROE of 6 banks.

When ROA is higher is good on the other hand higher ROE is better for a company. And in this graph we can see that the ROE ratio of UCB is lower than other banks, to some extent they are the second lowest. So here we can say that they are not doing quite well maintaining a good ROE ratio.

This will effect on investors for investing in UCB. When they will see that they have lower percentage of ROE than other players in market then will believe that this company is not a good choice for investment because return on each share is not like others. Then they will move to them whose who have more ROE ratio.



Until now we have analyzed some ratio of UCB based on 2022 result. From these analysis we can sum-up that they are not in a good position compared with other banks. Because they have huge amount of non performing loan. Amount is the highest ibn last 5 years as well as also highest than other 5 banks. Then they have increasing amount of non performing loan ratio to total loan. This is also highest in 2022 and also increasing day by day. And likewise their NPL ratio to total loan ratio is also highest than other 5 banks those I have taken for this research. Then we have analyzed their debt to asset ratio, asset to equity ratio, return on asset and return on equity. In this ratio analysis they seems quite well comparing to other 5 banks. so until now we have seen the results of 2022. So now lets see the result of 2021 to 2018. For analyzing this 4 years, I averaged the results of 5 banks ratios of each year and compared with the result of ratio of UCB on each year.

3.3.7 Now let's see the results of 2021 to 2018 :

Comparison with other banks of 2021	UCBL	Industry Average of 2021	Comparison
Total loans of 2021	402481.74	271777.14	UCB has higher than average
Total non performing loans of 2021	17737.29	13143.71	UCB has higher than average
%of Non-performing loan to total loan	4.41	4.90	UCB is lower than average
Total provision for calssified loans and advances(BDT Million)	6139.49	6498.60	UCB is lower than average
total deposit	389901.00	273857.89	UCB has higher than average
Loan to deposit ratio	103.23	100.22	UCB has higher than average
Debt-to-Assets Ratio = Total Debt / Total Assets.	15.18	11.13	UCB has higher than average
asset to equity ratio = tottal asset/ tottal share holders equity	15.10	13.45	UCB has higher than average
ROA	0.60	0.18	UCB has higher than average
ROE	8.76	4.19	UCB has higher than average

Table 6: comparison with industry average of 2021

Comparison with other banks of 2020	UCBL	Industry Average of 2020	Comparison
Total loans of 2020	351683.56	244410.21	UCB has higher than average
Total non performing loans of 2020	8983.56	8842.39	UCB has higher than average
%of Non-performing loan to total loan	2.55	2.97	UCB is lower than average
Total provision for calssified loans and advances(BDT Million)	2364.00	4926.24	UCB is lower than average
total deposit	353982.00	253725.02	UCB has higher than average
Loan to deposit ratio	99.35	97.63	UCB has higher than average
Debt-to-Assets Ratio = Total Debt / Total Assets.	12.04	11.56	UCB has higher than average
asset to equity ratio = tottal asset/ tottal share holders equity	13.63	13.12	UCB has higher than average
ROA	0.65	0.22	UCB has higher than average
ROE	8.84	2.89	UCB has higher than average

Table 7: comparison with industry average of 2020



Comparison with other banks of 2019	UCBL	Industry Average of 2019	Comparison
Total loans of 2019	322728.14	228403.79	UCB has higher than average
Total non performing loans of 2019	11711.23	11088.40	UCB has higher than average
%of Non-performing loan to total loan	3.63	4.88	UCB is lower than average
Total provision for calssified loans and advances(BDT Million)	3335.20	4336.13	UCB is lower than average
total deposit	330787.00	235222.91	UCB has higher than average
Loan to deposit ratio	97.56	97.27	UCB has higher than average
Debt-to-Assets Ratio = Total Debt / Total Assets.	9.16	9.85	UCB is lower than average
asset to equity ratio = tottal asset/ tottal share holders equity	13.63	13.15	UCB has higher than average
ROA	0.65	0.23	UCB has higher than average
ROE	8.84	2.89	UCB has higher than average

Table 8: comparison with industry average of 2019

Comparison with other banks of 2018	UCBL	Industry Average of 2018	Comparison
Total loans of 2018	294671.94	211194.43	UCB has higher than average
Total non performing loans of 2018	20021.63	10030.37	UCB has higher than average
%of Non-performing loan to total loan	6.79	4.82	UCB has higher than average
Total provision for calssified loans and advances(BDT Million)	4934.38	4039.15	UCB has higher than average
total deposit	297173.00	204965.74	UCB has higher than average
Loan to deposit ratio	99.16	103.07	UCB is lower than average
Debt-to-Assets Ratio = Total Debt / Total Assets.	11.10	11.86	UCB is lower than average
asset to equity ratio = tottal asset/ tottal share holders equity	13.47	12.93	UCB has higher than average
ROA	0.62	0.31	UCB has higher than average
ROE	8.40	3.79	UCB has higher than average

Table 9: comparison with industry average of 2018

So here we can see the result of 2021 to 2018. Here in terms of total loan UCB has higher number than the industry average. So yes we can see they maintaining a huge number of loan each year. After that the non performing loan is also higher than the industry average. But the interesting fact is the percentage of non performing loan to total loan is less than industry average. So we can see that from 2021 to 2018 they have higher number in terms of total loan and total non-performing loan than the industry average. So as we said before, this is kind of good because they invested more than industry average and they will generate more profit. So now we will measure how well they have invested and generated profit by measuring the percentage of non-performing loan to total loan ratio. So we can see only in 2018 the % of NPL to total loan is higher than industry average but they managed to reduce it in next years because if we see on the report then we can see that 2021, 2020, 2019 they have lower ratio of NPL to total loan than industry average. So it is a good thing that we can say they improved a lot. But when we see on the last year which is 2022 they have higher ratio than industry average. So they failed again to maintain lower NPL ratio. As like NPL ratio except 2018 they also have lower provision for classified loan in 2019 to 2021. But again it exceeds in 2022.



After that comes total deposit and deposit to loan ratio. Here we can see that every UCB has exceeded number of total deposit than industry average. The reason for this maybe the huge number of branches and good advertising and marketing policy. So yes they have managed to make better amount of deposit than other banks. then from this here comes the amount of loan against the deposit. In this case only 2018 has lower than industry average but in other 4 years they outpaced the industry average in terms of total loan against the total deposit.

Then in debt to asset ratio in 2019 and 2018 has lower result than industry average but it outpaced industry average in 2022, 2021, 2020, 20189. So we can say that they have higher debt than industry average but in 2019 and 2018 they managed to keep less that to asset ratio than industry average it is because their debt was lower than their asset.

Further we can see that the asset to equity ratio is higher than industry average in every year. We came to know that the lower the asset to equity ratio better for a company. Because this indicated a risky investment. Because higher asset to equity ratio means company is collecting its funds from debt rather than form capital market. And showing those as assets of the company. So it should be good to maintain a lower ratio. But when we focus on industry average and results of UCB then we can see that, every year UCB's result has exceed the industry average. So this is a bd sign form UCB for their future growth.

In last comes the analysis of ROA and ROE. ROA means return on asset. Which indicates how successful a company is utilizing their total assets and generating profit. In our research we have seen that except 2022 UCB has higher percentage or ROA than industry average. So here it is a good symbol that UCB is utilizing its asset more carefully then other plyers in industry as well as they are also generating profit.

On the other hand ROE is also higher then industry average. But when it comes for 2022 the result says they have lower ROE ratio than industry average. But in 2021, 2020, 2019, 2018 we can see that they have maintained a good ROE ratio and this is also outpaced industry average.



3.3.8 Portfolio of investment:

In “Financial Institution and Markets” Jeff Madura stated that bank can reduce credit risk by Industry diversification of loans. So now question is what is industry diversification. It means not investing only little amount of sector but also invest various sectors. So that if one sector is failed to repay the loan but the other sectors will give profit.

Lets see whether UCBL has maintain diversification or not:

Industry wise loan	BDT in Million
RMG	69473.3
Textile	32456.9
Food and Allied Industries	18837.8
Pharmaceutical Industry	3867.4
Chemical, Fertilizer, etc.	9846.1
Cement and Ceramic Industries	15482.6
Ship building Industries	1850.6
Ship breaking Industries	11943
Power and Gas	10870.1
Other manufacturing or extractive industries	63625.3
Service Industries	43393.6
others	
Total	281646.7
Industry wise loan	BDT in Million

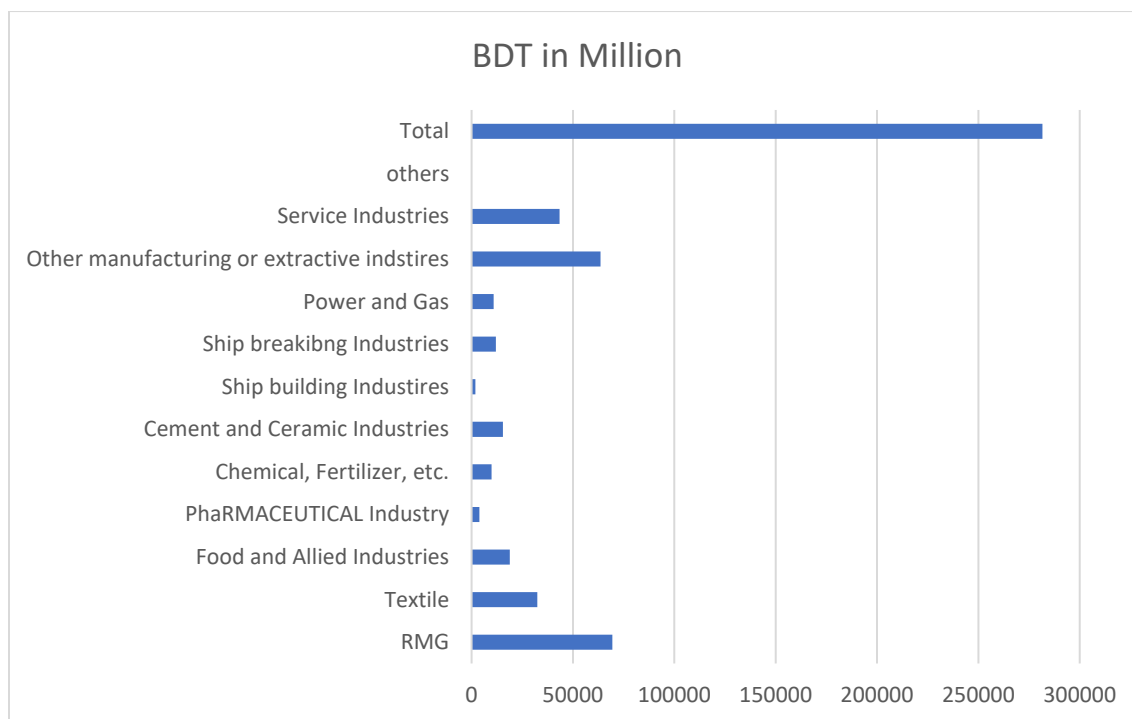


Figure 27: Bar chart of loan portfolio of 2022

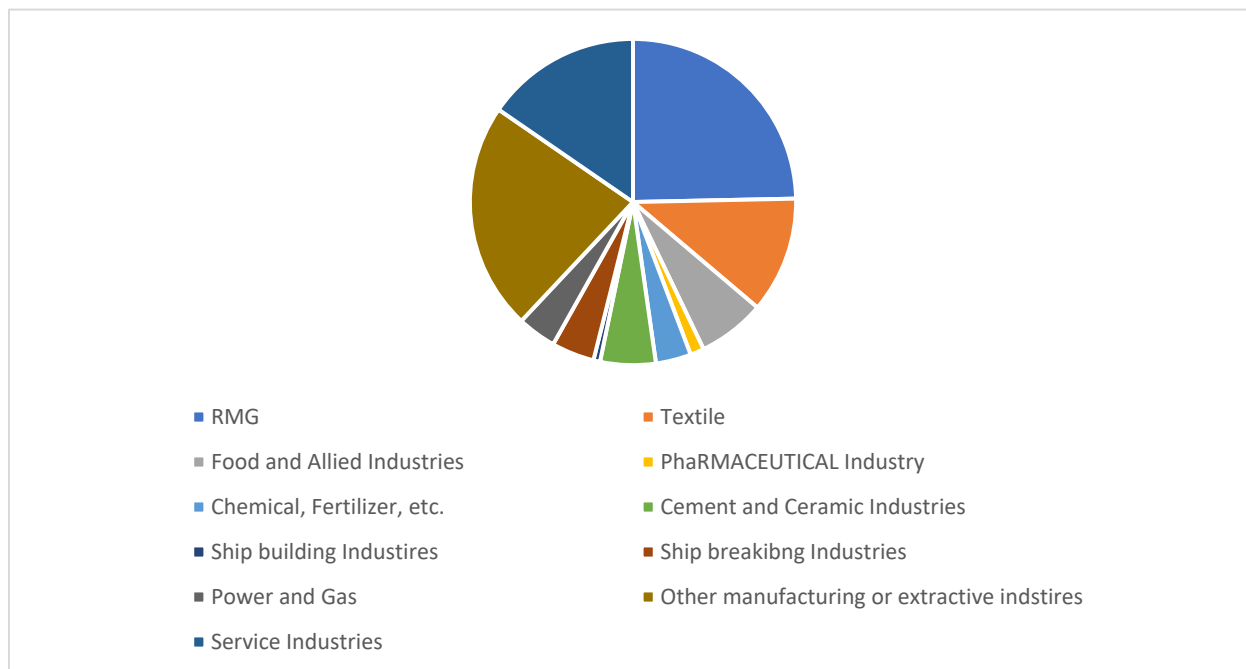


Figure 28: Pie chart of loan portfolio.



When UCB's industry-specific loans are broken down in depth, it appears that their investment strategy is distinguished by a high level of diversification across a variety of industries. The Ready-Made Garments (RMG) sector is receiving the majority of their loans, getting BDT 69,473.3 million, showing a considerable dedication to a key sector of the national economy.

In addition, UCB has made significant investments to the textile industry worth BDT 32,456.9 million, illustrating their understanding of the sector's importance in the industrial environment. After that, loans of BDT 18,837.8 million were given to the Food and Allied Industries, showing the bank's support for this crucial industry.

In addition to industries where loans are often lower, UCB is present. With loans with a total BDT 3,867.4 million, the pharmaceutical industry shows its dedication to the vital healthcare industry. The bank's strong industry participation is further shown by the BDT 9,846.1 million in loans in the Chemical, Fertilizer, and Related areas.


The Cement and Ceramic Industries, Shipbuilding, and Shipbreaking industries, which have received loans of BDT 15,482.6 million, BDT 1,850.6 million, and BDT 11,943 million, accordingly, additionally show UCB's strategic investment. This demonstrates how much they value the marine and infrastructure sectors.

The bank's involvement in important energy-related projects extends to the Power and Gas industry, as evidenced by loans worth BDT 10,870.1 million. With loans totaling BDT 63,625.3 million, the commitment to Other Manufacturing or Extractive Industries further demonstrates the bank's diverse portfolio.

UCB's strategic diversification strategy can be seen by the thorough distribution of loans across such a wide range of businesses, totaling BDT 281,646.7 million. In addition to reducing the bank's exposure to specific to a sector risks, this strategic allocation places them in a position to seize growth opportunities across several industries, enhancing the stability of the bank's total investment portfolio.



Credit rating of UCBL:


UNITED COMMERCIAL BANK LIMITED | **UCB** 

Credit Rating of UCBL

Long Term Rating	Short Term Rating	Outlook	Base Year
AA	ST-2	Stable	2021
AA	ST-2	Stable	2020
AA	ST-2	Stable	2019

United Commercial Bank Limited has been rated as AA (Pronounced as "Double A") long term credit rating and ST-2 short term credit rating by Emerging Credit Rating Limited (ECRL) based on audited financials of FY2018–2021 and other available information up to the date of rating declaration. The outlook on the rating is Stable.

The affirmed rating reflects the strengths of the Bank which is backed by its strong management, good liquidity position and satisfactory capital base as well as branch coverage throughout the country.

16419 

www.ucb.com.bd



3.4: Summary:

We have analyzed UCBL's credit risk management in 3 different ways. First of all we have analyzed on theoretical aspects. We have 16 principals written in "Credit Operation and Management". A bank must follow these principals. Now our duty is to find whether UCBL are following these or not. From analyzing their activities such as documentation on loan proposal, collecting information, collecting information on 5c, preliminary screening of loan proposal, credit information bureau inquiry, security analysis, then site visit of customer, these are all helps us to know about how effectively UCB is following the principles mention in "credit operation and management".

Secondly we did some ratio analysis which also helps us to know about the mathematical performance of UCBL with other banks interns of credit risk management. At first we can see that the amount of total loans and advances is increasing year by year. It reached its highest point in 2022 rather than previous years. After that we have information about non performing loans of total loan. Here we can see that in 2022 UCBL's non performing loan to total loan is highest. So here we can say the default loan of ucbl has increased as well increased their total loans and advances in 2022. On the other hand the Credit Deposit ratio which indicates the financial stability of a bank is also increased than recent years. Then as in 2022 the amount of loans and advances is highest as well as the non performing loans to total loans also reached its peak so as consequence the total provision for classified loans has also increased in 2022 and it is the highest within last 5 years.

Now lets see the result of comparison with other top 5 banks in Bangladesh. It is bad news that in 2022 the percentage of non performing loans to total loan of UCBL is the most compared to CItY bank, Brac bank, Mutual trust bank, prime bank and Bank asia. In this case CItY bank is in the safest position because they have the lowest amount. As UCBL has the highest amount of non performing loan as a result their provision for classified loans and advances also highest comparted to other 5 banks. Front his analysis we can closeup with a statement that though UCBL's credit risk management is doing good in terms of theoretical analysis but when it comes ration analysis they are lag behind from other banks. This tells us that they have some bad investments.

And in last we have analyzed that weather they have diversified investment or not. And herer we cans ee that UCBL has invested 11 different sectors on the other hand CITY banks as invested 19 different sectors, BRAC bank has invested 15 different sectors, Mutual Trust Bank has invested 17 different sectors, Prime Bank has invested 10 different sectors, and in last BANK Asia has a portfolio of 24 different sectors of investment. And in this scenario UCBL has also the lowest number of investment portfolio. Which maybe a bad sign for them.



3.4.1 Conclusion:

With a big number of branches and a committed client base, UCBL looks to be doing well in many areas. Yet, if they don't pay attention to particular financial measures and mathematical performance, their reputation may be in danger. Although it looks that UCBL complies to the BIBM (Bangladesh Institute of Bank Management) guidelines, its quantitative outcomes fall short of those of other banks.

1. **Focus of Ratio Analysis:** UCBL should give financial ratio outcomes more consideration. Sustaining their financial stability and reputation may be helped by monitoring and improving these ratios. They may maintain their favourable reputation by identifying and fixing any shortcomings in their financial performance.
2. **Diversity and Portfolio Management:** UCBL has to increase the diversity of their portfolio management and make investments in various industries. By spreading the risk, this type of diversification may also increase revenues. Their entire financial stability and health might be influenced by a well-managed portfolio.
3. **Long-Term Profitability:** These methods are crucial for the long-term stability and profitability of UCBL. They may lose their security and financial security in the banking sector if these issues aren't addressed.

In conclusion, we believe that UCBL should concentrate on enhancing their financial ratios, think about optimizing their current branches as opposed to opening new ones, diversify their assets, and improve their portfolio management procedures. They may eventually become more stable and profitable as a result of these activities.



3.5 Recommendation:

Until now we have seen there strong points and weak points by analyzing, ratios and portfolio management.

So here some of my recommendation for them:

1. They have high amount of loan than the industry average so it is good for them that they have invested more TK than other performers in industry but they need to keep a pace with industry so that their default loan might get less.
2. Their NPL ratio is also high than the industry average in 2022. Though in 2021 to 2018 the ratio was below industry average but I think they had made a huge risky investment that is why their NPL ratio is high in 2022 so they need to revise their investment portfolio and investment policies. So that their NPL ratio will go below the average.
3. They should increase their diversity of portfolio. We have seen that they have invested more than industry average in last 5 years. But in 2022 their NPL ratio is high. So to minimize this they can invest more sectors and industries. In my analysis they have invested only 11 sectors but if we focus on the banks then we will see that the CITY bank has invested 19 different sectors and BRAC has invested 15 different sectors and MUTUAL trust bank has invested 17 different sectors. But if we focus on graph then we will see that their NPL ratio is lower than UCB. So UCB can invest in more sectors to reduce their risk of investments.
4. They should be more careful when choosing borrowers. Because yes now a days coemption in our banking industry is very high. So banks want more customer at any cost. In this case choosing borrower sometimes makes bank lag behind because if a customer can easily get a loan without hassle of documentation, then he or she will move there. But in my perspective bank should do proper documentation, they should validate the documents properly that is the borrower is fake or not. By this bank can more better choose the best borrower who will repay their loan.
5. UCB can design a client selection technique by which they can screen out unworthy borrowers.
6. UCB can also increase their monitoring system where they will highly monitor the officials who are in loan department and work for providing loan.



Reference:

Business Inspection BD. (2023). Top 10 Commercial Banks in Bangladesh In 2023. *Business Inspection BD*. <https://businessinspection.com.bd/top-commercial-banks-in-bangladesh/>

Bradman, R., & Bradman, R. (2022). Board Of Directors vs Executive Committee - The Key Differences | UK Business Blog. *UK Business Blog*. <https://business.clickdo.co.uk/board-of-directors-vs-executive-committee/>

Barnett, N., & Barnett, N. (2023). What is the difference between the board of directors & management? *Board Surveys | Board Assessments Benchmarked | Board Effectiveness Review*. <https://boardsurveys.com/what-is-the-difference-between-the-board-of-directors-management/#:~:text=The%20board%20of%20directors%20is,and%20implementation%20of%20that%20strategy.>

Ahmadyan, A. (2018, September 1). *Measuring credit risk management and its impact on bank performance in Iran*. https://papers.ssrn.com/sol3/papers.cfm?abstract_id=3347026#:~:text=To%20measure%20credit%20risk%2C%20four,to%20measure%20credit%20risk%20management.

Hossain Prodhania, Mr. Md. A. H. P. (2023). *Credit Operations and Management*. The Institution of Banker's, Bangladesh.

Odonkor, A. A. (2018). An assessment of credit risk management practices of Adansi Rural Bank Limited. *Social Science Research Network*. <https://doi.org/10.2139/ssrn.3252463>

Team, C. (2023). Credit Analysis Ratios. *Corporate Finance Institute*. <https://corporatefinanceinstitute.com/resources/commercial-lending/credit-analysis-ratios/>

Mehjabeen, L. (2018). Assessing attractiveness of banking industry of Bangladesh by applying Porter's 5 Forces model. *International Journal of Business and Management Future*, 2(1), 55–62. <https://doi.org/10.46281/ijbmf.v2i1.238>



9 banks suffer Tk 13,219cr in provision shortfall. (n.d.). New Age | the Most Popular Outspoken English Daily in Bangladesh. <https://www.newagebd.net/article/178449/9-banks-suffer-tk-13219cr-in-provision-shortfall>

Uddin, A. Z. (2022, December 13). 11 banks suffer capital shortfall. *The Daily Star*. <https://www.thedailystar.net/business/economy/news/11-banks-suffer-capital-shortfall-3194621>

Jeff Madura, Financial Institutions and Markets, 10th edition.

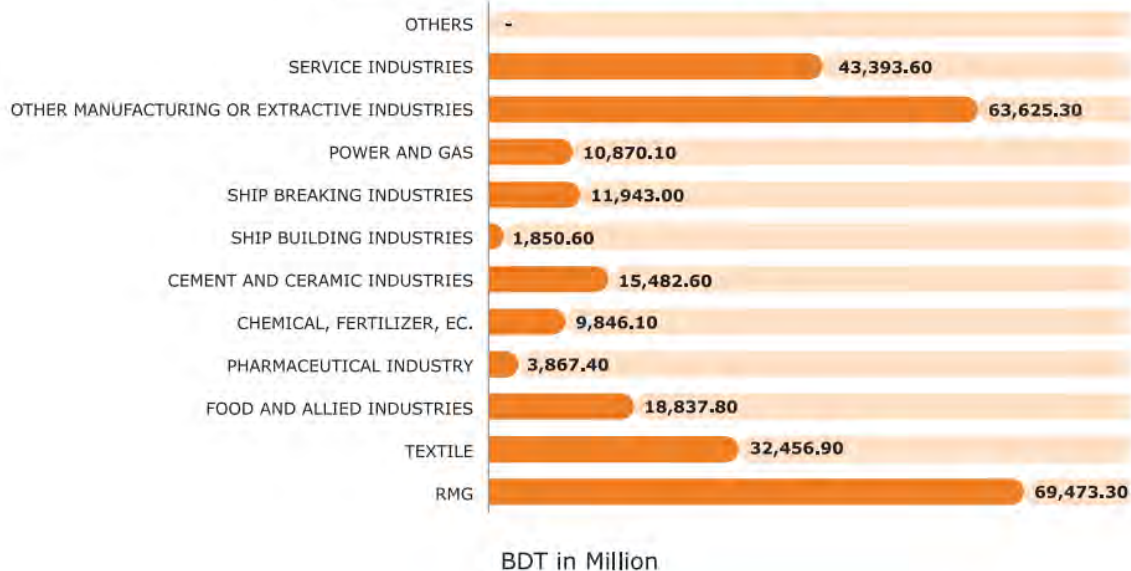


Appendix:

4. Industry-wise loan concentration

Particulars	BDT in Million
RMG	69,473.30
Textile	32,456.90
Food and allied Industries	18,837.80
Pharmaceutical Industry	3,867.40
Chemical, Fertilizer, etc.	9,846.10
Cement and Ceramic Industries	15,482.60
Ship Building Industries	1,850.60
Ship Breaking Industries	11,943.00
Power and Gas	10,870.10
Other Manufacturing or Extractive Industries	63,625.30
Service Industries	43,393.60
Others	-
Total	281,646.70

Industry-wise loan concentration





Analyzing credit risk management techniques of United Commercial Bank

UNITED COMMERCIAL BANK PLC

HORIZONTAL ANALYSIS (STAND ALONE)

Profit & Loss Account

(Figures in million Taka except ratios and per share data)

Particulars	2022		2021		2020		2019		2018	
	BDTM	Δ%	BDTM	Δ%	BDTM	Δ%	BDTM	Δ%	BDTM	Δ%
Interest Income	31,684.84	15.96%	27,323.65	0.06%	27,306.96	-12%	30,948.75	22%	25,266.93	20%
Interest paid on deposits and borrowings etc	17,010.39	22%	13,927.26	-22%	17,796.18	-12%	20,150.94	26%	16,024.50	-33%
Net Interest Income	14,674.45	10%	13,396.39	41%	9,510.78	-12%	10,797.81	17%	9,242.44	3%
Investment income	5,685.11	4%	5,463.61	11%	6,135.36	26%	4,853.22	10%	4,420.71	8%
Commission, exchange and brokerage	7,899.47	38%	5,739.17	22%	4,693.98	-9%	4,920.06	10%	4,480.62	10%
Other operating income	263.70	20%	220.57	49%	148.09	7%	137.80	-1%	138.76	-49%
Total operating income	28,322.74	15%	24,819.74	21%	20,488.21	-1%	20,708.89	13%	18,292.52	8%
Salary and allowances	7,658.70	7%	7,166.52	13%	6,354.17	7%	5,912.08	-9%	6,491.61	-13%
Rent, taxes, insurance, electricity etc.	1,623.56	45%	1,122.45	13%	995.87	-0.21%	998.00	-19%	1,226.15	0%
Legal expenses	94.59	-26%	128.65	37%	94.18	40%	67.21	6%	63.18	-1%
Postage, stamps, telecommunications etc.	219.09	19%	184.56	6%	174.62	-8%	189.26	33%	141.98	-5%
Stationery, printing, advertisements etc.	1,694.26	36%	1,249.15	-16%	1,482.82	21%	1,227.39	9%	1,127.86	74%
Chief Executive's salary and fees	14.10	5%	13.45	-10%	15.02	9%	13.74	39%	9.91	23%
Directors' fees	3.54	37%	2.59	-4%	2.71	-22%	3.46	-36%	5.40	-0.099%
Auditors' fees	1.73	50%	1.15	-33%	1.73	50%	1.15	0%	1.15	43%
Depreciation and repair of banks assets	2,073.61	14%	1,822.19	13%	1,609.94	12%	1,437.61	80%	799.96	5%
Other expenses	3,670.80	25%	2,945.32	2%	2,900.05	12%	2,580.20	149%	1,035.10	15%
Total Operating Expenses	17,053.97	17%	14,636.03	7%	13,631.10	10%	12,430.21	14%	10,902.27	16%
Profit / (Loss) before provision	11,468.77	13%	10,183.71	49%	6,857.12	-17%	8,278.68	12%	7,390.25	-7%
Loans & advances	5,659.63	30%	4,362.47	97%	2,210.63	-21%	2,785.85	-18%	3,422.29	64%
Recovery from Write-Off	(236.94)	131%	(102.58)	-1%	(103.35)	-39%	(169.29)	-37%	(267.64)	100%
Diminution in value of investments	612.04	-380%	(235.22)	-86%	(438.25)	-16%	673.47	-330%	(292.89)	100%
Off balance sheet items	(482.03)	-188%	549.13	129%	340.06	416%	46.53	111%	(405.43)	-202%
Other Provisions	-	-	-	-	-	-100%	0.04	-100%	30.11	100%
Total provision	5,552.70	21%	4,573.81	140%	1,909.10	-43%	3,346.60	35%	2,482.49	-0.302%
Total Profit / (Loss) before taxes	5,916.07	8%	5,609.91	13%	4,948.01	0.323%	4,932.09	0.496%	4,907.76	-10%
Provision for taxation:										
Current tax expense	3,133.38	-18%	3,823.48	45%	2,632.95	-5%	2,783.08	19%	2,360.09	-22%
Deferred tax expense/ (income)	(1,241.32)	-11%	(1,390.74)	157%	(542.13)	-13%	(623.03)	-44%	178.72	100%
Total provision for taxation	1,892.06	-22%	2,432.73	16%	2,090.82	-3%	2,160.05	-15%	2,538.81	-16%
Net Profit after taxation	4,024.01	27%	3,177.17	11%	2,857.20	3%	2,772.04	17%	2,368.95	-3%

Annual Report 2022

UNITED COMMERCIAL BANK PLC
UCB

UNITED COMMERCIAL BANK PLC

VERTICAL ANALYSIS (STAND ALONE)

Statement of Financial Position

(Figures in million Taka except ratios and per share data)

Particulars	2022		2021		2020		2019		2018	
	BDTM	%	BDTM	%	BDTM	%	BDTM	%	BDTM	%
PROPERTY AND ASSETS										
Cash	30,939.03	5%	25,380.18	4%	24,947.58	5%	26,403.42	6%	22,790.71	6%
Balance with other banks & financial institutions	16,872.05	3%	19,409.25	3%	20,468.43	4%	12,123.38	3%	16,256.14	4%
Money at Call on short notice	-	0%	3,200.00	1%	930.00	0%	1,700.00	0%	150.00	0%
Investments	76,434.56	12%	81,387.61	14%	65,323.45	13%	57,800.97	13%	50,830.84	13%
Loans and Advances	468,605.10	75%	402,481.74	71%	351,683.56	71%	322,728.14	72%	294,671.94	73%
Fixed assets including premises, furniture & fixture	14,579.41	2%	14,721.19	3%	14,539.96	3%	14,454.64	3%	9,056.11	2%
Other assets	20,646.67	3%	18,734.25	3%	15,413.97	3%	11,549.57	3%	8,993.36	2%
Non-banking assets	-	-	-	-	-	-	-	-	-	-
Total property and assets	628,076.83	100%	565,314.21	100%	493,306.95	100%	446,760.12	100%	402,749.10	100%
LIABILITY AND CAPITAL										
Liabilities										
Borrowings from other banks, financial institutions and agents	20,877.42	3%	14,353.40	3%	2,826.68	1%	3,444.50	1%	5,160.68	1%
Borrowings from Bangladesh Bank	67,824.47	11%	58,150.24	10%	40,272.45	8%	22,066.82	5%	24,133.58	6%
Convertible Subordinate Bonds	11,480.00	2%	13,300.00	2%	16,300.00	3%	15,400.00	3%	15,400.00	4%
Money at Call on short notice	3,710.00	1%	-	0%	-	0%	-	0%	-	0%
Deposits and other accounts	426,028.44	68%	389,900.72	69%	353,981.62	72%	330,786.67	74%	297,172.82	74%
Other liabilities	57,199.84	9%	52,167.85	9%	44,859.97	9%	42,279.11	9%	30,981.77	8%
Total Liabilities	587,120.17	93%	527,872.20	93%	458,240.72	93%	413,977.10	93%	372,848.85	93%
Capital and Shareholders' Equity										
Total Shareholders' Equity	40,956.66	7%	37,442.01	7%	35,066.23	7%	32,783.02	7%	29,900.25	7%
Total Liabilities and Shareholders Equity	628,076.83	100%	565,314.21	100%	493,306.95	100%	446,760.12	100%	402,749.10	100%



Horizontal Analysis

For the last five years, profit and Loss Statement

	2022	2021	2020	2019	2018
OPERATING INCOME					
Interest income	97.67%	87.71%	86.62%	109.34%	100.00%
Interest paid on deposits and borrowings, etc	114.67%	97.64%	114.75%	111.18%	100.00%
Net interest income	69.68%	71.37%	40.31%	106.30%	100.00%
Investment income	271.29%	296.30%	280.53%	142.47%	100.00%
Commission, exchange and brokerage	244.63%	105.94%	82.76%	112.39%	100.00%
Other operating income	124.08%	112.92%	112.68%	111.01%	100.00%
Total operating income	143.26%	118.20%	93.32%	113.82%	100.00%
Salaries and allowances	175.06%	134.28%	122.71%	113.33%	100.00%
Rent, taxes, insurance, electricity, etc	84.47%	70.23%	64.35%	64.29%	100.00%
Legal expenses	100.79%	65.66%	52.00%	81.44%	100.00%
Postage, stamp, telecommunication, etc	141.13%	109.06%	116.09%	114.73%	100.00%
Stationery, printing, advertisements, etc	130.60%	86.99%	110.99%	117.41%	100.00%
Managing Director's salary and fees	135.64%	146.77%	138.58%	119.23%	100.00%
Directors' fees	82.71%	110.50%	87.75%	93.65%	100.00%
Auditors' fees	109.08%	111.66%	97.43%	168.84%	100.00%
Depreciation and repairs of Bank's assets	200.87%	182.09%	178.63%	175.33%	100.00%
Other expenses	148.92%	115.75%	113.63%	108.85%	100.00%
Total operating expenses	157.33%	123.73%	117.25%	111.37%	100.00%
Profit before provision	132.68%	114.05%	75.32%	115.66%	100.00%
Provision for loans and advances/investments					
General provision	248.92%	-112.28%	218.54%	287.32%	100.00%
Specific provision	66.39%	202.38%	-15.89%	107.85%	100.00%
Provision for off-balance sheet items	170.55%	-280.39%	-25.06%	113.53%	100.00%
Provision for diminution in value of investments	0.00%	0.00%	1800.00%	-800.00%	100.00%
Other provisions	1666.67%	1000.00%	913.33%	166.67%	100.00%
Total provision	120.46%	138.96%	61.36%	156.84%	100.00%
Total profit before tax	141.80%	95.46%	85.73%	84.93%	100.00%
Provision for taxation					
Current tax	148.94%	72.34%	81.79%	83.40%	100.00%
Deferred tax	0.00%	0.00%	0.00%	0.00%	100.00%
Net profit after tax	134.40%	119.44%	89.83%	86.52%	100.00%



Horizontal Analysis

For the last five years balance Sheet

	2022	2021	2020	2019	2018
PROPERTY AND ASSETS					
Cash	166%	215%	115%	154%	100%
In hand (including foreign currencies)	153%	135%	111%	121%	100%
Balance with Bangladesh Bank and its agent bank (including foreign currencies)	169%	231%	116%	161%	100%
Balance with other banks and financial institutions	153%	156%	122%	89%	100%
In Bangladesh	158%	166%	125%	83%	100%
Outside Bangladesh	104%	59%	85%	152%	100%
Money at call and on short notice	3750%	6400%	0%	4600%	100%
Investments	286%	214%	262%	153%	100%
Government	286%	213%	272%	158%	100%
Others	283%	221%	147%	95%	100%
Loans and advances/investments	129%	122%	114%	106%	100%
Loans, cash credits, overdrafts, etc/investments	131%	121%	118%	107%	100%
Bills purchased and discounted	112%	134%	77%	92%	100%
Fixed assets including premises, furniture and fixtures	103%	111%	124%	129%	100%
Other assets	133%	132%	141%	132%	100%
Total Assets	152%	143%	133%	115%	100%
LIABILITIES AND CAPITAL					
Liabilities					
Borrowings from other banks, financial institutions and agents	163%	153%	115%	110%	100%
Subordinated non-convertible zero coupon bonds	126%	116%	138%	159%	100%
Deposits and other accounts	152%	143%	136%	114%	100%
Current/AI-wadeeah current accounts and other accounts	145%	135%	126%	100%	100%
Bills payable	101%	96%	91%	91%	100%
Savings bank/Mudaraba savings bank deposits	199%	200%	162%	122%	100%
Fixed deposits/Mudaraba fixed deposits	142%	130%	134%	117%	100%
Other liabilities	183%	161%	141%	128%	100%
Total liabilities	155%	145%	134%	116%	100%
Capital/shareholders' equity					
Total shareholders' equity	123%	117%	117%	106%	100%
Paid-up capital	105%	105%	105%	105%	100%
Statutory reserve	142%	130%	119%	109%	100%
Revaluation reserve	100%	102%	178%	97%	100%
General reserve	100%	100%	100%	100%	100%
Retained earnings	169%	152%	114%	107%	100%
Total Liabilities and Shareholders' Equity	152%	143%	133%	115%	100%



PRIME BANK LIMITED
CONSOLIDATED BALANCE SHEET
 AS AT 31 DECEMBER 2022

Particulars	Notes	Amount in Taka	
		31 Dec 2022	31 Dec 2021
PROPERTY AND ASSETS			
Cash	3		
Cash in hand (including foreign currencies)		3,515,224,316	4,192,297,236
Balance with Bangladesh Bank and its agent bank (8) (including foreign currencies)		13,951,880,155	11,677,721,619
		17,467,104,471	15,870,018,855
Balance with other banks and financial institutions	4		
In Bangladesh		3,355,292,845	9,050,122,540
Outside Bangladesh		2,120,606,765	3,341,443,318
		5,475,899,610	12,391,565,858
Money at call on short notice	5	-	-
Investments	6		
Government		63,858,940,387	53,969,145,650
Others		8,693,822,257	8,417,158,640
		72,552,762,644	62,386,304,290
Loans, advances and lease /investments	7		
Loans, cash credits, overdrafts etc./ investments		252,108,270,020	220,623,213,932
Bills purchased and discounted	8	46,094,715,922	44,339,148,120
		298,202,985,942	264,962,362,052
Fixed assets including premises, furniture and fixtures	9	9,013,898,468	8,394,441,334
Other assets	10	32,527,241,715	27,650,090,303
Non - banking assets	11	220,500,640	220,500,640
Total assets		435,460,393,490	391,875,283,332
LIABILITIES AND CAPITAL			
Liabilities			
Borrowings from other banks, financial institutions and agents	12	77,718,293,062	62,932,481,200
Deposits and other accounts	13		
Current / Al-wadeeah current deposits		48,559,420,979	47,420,761,550
Bills payable		17,107,305,201	4,923,791,928
Savings bank / Mudaraba savings deposits		64,680,744,665	70,358,701,527
Term deposits / Mudaraba term deposits		135,378,687,680	120,109,551,767
Bearer certificate of deposit		-	-
Other deposits		-	-
		265,726,158,525	242,812,806,770
Other liabilities	14	59,845,271,291	56,394,612,364
Total liabilities		403,289,722,879	362,139,900,334
Capital / Shareholders' equity			
Paid -up capital	15.2	11,322,834,770	11,322,834,770
Share premium	15.8	1,211,881,786	1,211,881,786
Non-controlling interest	15.9	58	57
Statutory reserve	16	10,353,413,584	10,353,413,584
Revaluation gain / loss on investments	17	122,985,293	77,762,255
Revaluation reserve	18	1,555,128,315	1,507,173,559
Foreign currency translation gain	19	105,135,102	20,460,078
General reserve		28,002,888	28,002,888
Surplus in profit and loss account / Retained earnings	20	7,471,288,815	5,213,854,021
Total Shareholders' equity		32,170,670,611	29,735,382,998
Total liabilities and Shareholders' equity		435,460,393,490	391,875,283,332



PRIME BANK LIMITED
CONSOLIDATED PROFIT AND LOSS ACCOUNT
 FOR THE YEAR ENDED 31 DECEMBER 2022

Particulars	Notes	Amount in Taka	
		2022	2021
Interest income / profit on investments	23	18,390,953,602	14,883,464,368
Interest / profit paid on deposits, borrowings, etc.	24	(9,878,358,816)	(6,794,530,559)
Net interest / net profit on investments		8,512,594,786	8,088,933,809
Investment income	25	4,073,005,729	4,366,920,350
Commission, exchange and brokerage	26	3,402,500,927	2,371,627,505
Other operating income	27	1,084,602,103	925,398,225
Total operating income (A)		17,072,703,544	15,752,879,888
Salaries and allowances	28	4,713,612,669	4,285,048,219
Rent, taxes, insurance, electricity, etc.	29	474,117,542	536,382,396
Legal expenses	30	56,230,569	56,160,733
Postage, stamp, telecommunication, etc.	31	104,811,493	88,463,056
Stationery, printing, advertisements, etc.	32	251,462,755	219,758,403
Managing Director's salary and fees	33	16,531,694	12,846,774
Directors' fees	34	6,777,932	6,080,679
Auditors' fees	35	2,818,321	3,039,752
Charges on loan losses	36	-	-
Depreciation and repair of Bank's assets	37	902,020,919	890,565,711
Other expenses	38	1,610,160,046	1,122,476,462
Total operating expenses (B)		8,138,543,940	7,220,621,985
Profit / (loss) before provision (C=A-B)		8,934,159,603	8,532,257,903
Provision for loans & advances	39	2,622,123,163	1,897,414,706
Provision for diminution in value of investments	39	133,925,228	(93,118,558)
Provision for impairment of client margin loan	39	40,000,000	193,986,044
Other provisions	39	(105,623,163)	746,988,687
Total provision (D)		2,690,425,228	2,745,270,879
Total profit / (loss) before taxes (C-D)		6,243,734,375	5,786,987,024
Provision for taxation:			
Current tax	40	2,902,877,863	3,117,306,973
Deferred tax		(654,008,843)	(579,936,733)
		2,248,869,020	2,537,370,240
Net profit after taxation		3,994,865,355	3,249,616,784
Retained earnings brought forward from previous year	20.1	3,476,423,458	1,964,237,234
		7,471,288,814	5,213,854,018



SECTORAL DISTRIBUTION OF CREDIT

The Bank's loans and advances to Tk. 277,683.68 million achieving a growth of 5.87%.

Sectorwise distribution of loans and advances is as follows:

Million Taka

SL. No	Sectors/Sub-Sectors	2022		2021	
		Million Taka	% of Loan	Million Taka	% of Loan
1	Agriculture	7,409.10	2.67%	5,936.20	2.26%
2	Industries				
	Food Manufacturing	14,167.5	5.10%	12,275.80	4.68%
	Beverage industry	244.6	0.09%	227.1	0.09%
	RMG Industry	33,951.9	12.23%	38,369.20	14.630%
	Textile industry	24,298.9	8.751%	29,541.50	11.264%
	Wood cork and allied products	46.6	0.02%	49.6	0.02%
	Furniture and Fixture	313.4	0.11%	383.4	0.15%
	Paper and paper products	5,024.4	1.81%	4,939.50	1.88%
	Leather and leather products	3,157.3	1.14%	2,036.10	0.78%
	Rubber products	4,577.7	1.65%	2,409.60	0.92%
	Chemical and chemical products	916.2	0.33%	1,122.40	0.43%
	Basic metal products	11,429.8	4.12%	8,583.40	3.27%
	Electrical machinery and apparatus	3,499.3	1.26%	3,519.80	1.34%
	Other manufacturing industries	23,046.0	8.30%	23,190.51	8.84%
	Ship building	4,468.7	1.61%	4,730.40	1.80%
	Ship breaking	1,435.1	0.52%	1,749.20	0.67%
	Pharmaceutical	7,899.8	2.84%	3,611.00	1.38%
	Subtotal	138,477.18	49.87%	136,738.51	52.14%
3	Constructions	8,404	3.03%	9,489.20	3.62%
4	Power, Gas, Water and Sanitary Services	13,914.80	5.01%	9,459.50	3.61%
5	Transport, Storage and Communication	2,532.9	0.91%	1,964.10	0.75%
6	Trade Services	51,879.2	18.68%	46,140.10	17.59%
7	Housing Services	18,448.60	6.64%	19,312.40	7.36%
8	Banking and Insurance	4,857.40	1.75%	3,128.80	1.19%
9	Professional and Misc. services	31,760.5	11.44%	30,097.50	11.48%
	Total	277,683.68	100%	262,266.31	100%



Analyzing credit risk management techniques of United Commercial Bank

d) Details of Industrial loans / investments

- i) Agricultural industries
- ii) Textile industries
- iii) Food and allied industries
- vi) Pharmaceutical industries
- v) Leather, chemical, cosmetics, etc.
- vi) Tobacco industries
- vii) Cement and ceramic industries
- viii) Service Industries
- ix) Transport and communication industries
- x) Other industries including bills purchase and discounted

4,549,115,124	3,719,573,065
18,406,170,755	12,165,775,358
6,245,819,948	7,211,752,253
11,096,979,096	10,420,006,281
3,501,761,990	2,653,336,974
1,087,032,732	149,262,608
6,531,651,505	5,988,202,236
25,305,035,361	12,353,539,242
1,994,360,452	1,558,648,672
100,830,999,415	98,719,912,630
179,548,926,378	154,940,009,320

SL	Sectors	Total Outstanding	% of Total Outstanding	Amount Classified	% of Total NPL
1	Agriculture	4,176,042,840	1.66%	323,133,874	2.21%
2	RMG	38,210,821,382	15.23%	1,219,264,702	8.32%
3	Textile	10,243,389,051	4.08%		
4	Ship Building	1,982,118,073	0.79%		
5	Ship Breaking	3,785,669,260	1.51%	685,416,262	4.68%
6	Other Manufacturing industry	88,723,446,369	35.36%	1,408,306,681	9.61%
7	SME loans	32,376,279,324	12.90%	8,233,917,975	56.19%
8	Construction	10,401,416,269	4.14%		
9	Power, Gas	2,670,674,429	1.06%		
10	Transport, Storage and Communication	2,085,813,435	0.83%		
11	Trade Service	15,784,403,073	6.29%	1,482,982,357	10.12%
12	Commercial real estate financing	6,115,036,200	2.44%		
13	Residential real estate financing	730,233,679	0.29%		
14	Consumer credit	18,888,018,055	7.53%	664,447,050	4.53%
15	Capital Market	422,923,095	0.17%		
16	NBFIs	4,746,788,198	1.89%	288,127,237	1.97%
17	Others	9,602,166,927	3.83%	347,213,239	2.37%
	Total	250,945,239,659	100.00%	14,652,809,376	100.00%

To reduce NPL and avoid further defaults, MTB has strengthened its recovery and monitoring activities, as well as its legal team, in order to intensify the recovery drive and bring defaulting clients under negotiation. Training sessions and workshops are arranged to increase negotiation skills to expedite collection of payments. The bank will also focus on preventing further NPL by promoting teamwork and maximizing recovery and settlement using both legal and non-legal measures.



Horizontal Analysis FOR THE LAST FIVE YEARS

Consolidated Profit & Loss Account

Particulars	2022	2021	2020	2019	2018
Interest Income/profit on investments	102%	93%	99%	117%	100%
Interest paid/profit shared on deposits and borrowings etc.	117%	84%	111%	124%	100%
Net Interest Income/profit on investments	74%	109%	75%	103%	100%
Income from Investments	156%	157%	148%	108%	100%
Commission, Exchange and Brokerage	449%	148%	114%	156%	100%
Other Operating Income	187%	163%	119%	111%	100%
Total Operating Income	164%	130%	102%	114%	100%
Less: Operating Expenditure:					
Salary and Allowances	163%	147%	134%	121%	100%
Rent, Taxes, Insurance, Electricity etc.	106%	104%	83%	96%	100%
Legal Expenses	38%	87%	65%	140%	100%
Postage, Stamps, Telecommunication etc.	286%	158%	47%	117%	100%
Stationery, Printings, Advertisements etc.	115%	94%	62%	109%	100%
Chief Executive's salary and fees	136%	137%	137%	121%	100%
Director's Fees	106%	109%	81%	89%	100%
Auditor's Fees	140%	117%	155%	134%	100%
Depreciation and repair of bank's assets	213%	181%	173%	136%	100%
Other Expenses	215%	157%	148%	133%	100%
Total Operating Expenses	168%	144%	131%	121%	100%
Profit Before Provision	160%	116%	72%	107%	100%
Less: Provision for Loans, Investment & Other					
Provision for Unclassified Loans and Advances	381377%	2323%	28566%	284535%	100%
Special General Provision - COVID-19	416%	86%	100%	-	-
Provision for Classified Loans and Advances	79%	33%	40%	8%	100%
Provision for Off-Balance Sheet Items	2734%	6282%	1135%	2939%	100%
Provision for Margin Loans and Investment in Shares	248%	524%	93%	94%	100%
Provision for Other Assets	600%	240%	762%	262%	100%
Total Provision	195%	91%	72%	91%	100%
Profit Before Tax	127%	139%	72%	122%	100%
Less: Income Tax Expenses	106%	70%	106%	218%	100%
Current Tax Expenses	140%	138%	82%	158%	100%
Deferred Tax Expenses/(Income)	253%	367.2%	-1%	-42%	100%



Vertical Analysis FOR THE LAST FIVE YEARS

Consolidated Balance Sheet

Particulars	2022	2021	2020	2019	2018
Property and Assets					
Cash	5.43%	4.83%	4.38%	5.67%	5.53%
In Hand (Including Foreign Currency)	1.21%	1.18%	1.05%	1.12%	1.13%
With Bangladesh Bank and its agent Bank(s) (including Foreign Currency)	4.22%	3.65%	3.32%	4.54%	4.40%
Balance with Other Banks & Financial Institutions	2.13%	1.29%	1.87%	1.32%	1.43%
In Bangladesh	0.63%	0.59%	1.23%	0.25%	0.39%
Outside Bangladesh	1.50%	0.71%	0.63%	1.07%	1.04%
Money at Call and Short Notice	0.09%	0.07%	0.41%	0.08%	0.71%
Investments	14.78%	15.47%	13.61%	13.31%	12.32%
Government	11.78%	13.33%	12.19%	12.09%	10.98%
Others	3.00%	2.14%	1.42%	1.22%	1.34%
Loans and Advances/Investments	71.78%	73.74%	75.67%	73.85%	74.68%
Loans, Cash Credits, Overdrafts, etc./Investments	70.99%	72.59%	75.02%	72.78%	73.45%
Bills Purchased and Discounted	0.78%	1.15%	0.65%	1.07%	1.24%
Fixed Asset including Premises, Furniture & Fixture	1.49%	1.76%	1.82%	1.67%	1.41%
Other Assets	4.31%	2.84%	2.25%	4.10%	3.92%
Non-Banking Asset	-	-	-	-	-
Total Property and Asset	100.00%	100.00%	100.00%	100.00%	100.00%
Liabilities and Capital					
Borrowing from other Banks, Financial Institutions & Agents	12.72%	11.49%	11.46%	8.45%	8.83%
Deposit and Other Accounts	65.79%	69.10%	70.09%	74.32%	74.69%
Current Deposits & Other Accounts	8.29%	8.78%	7.14%	6.36%	6.33%
Bills Payable	0.62%	0.64%	0.74%	0.64%	0.77%
Savings Bank Deposits	12.65%	13.90%	13.45%	11.63%	12.69%
Fixed Deposits	29.93%	29.86%	27.97%	35.44%	34.63%
Special Notice Deposits	7.36%	8.21%	5.71%	5.03%	5.78%
Deposit Products	6.94%	7.70%	15.09%	15.21%	14.48%
Other Liabilities	11.36%	8.89%	8.11%	8.24%	7.16%
Subordinated Debt	4.10%	4.11%	4.03%	2.65%	3.33%
Total Liabilities	93.97%	93.59%	93.68%	93.66%	94.01%
Capital/Shareholders' Equity					
Paid up Capital	2.53%	2.65%	2.74%	2.74%	2.58%
Statutory Reserve	1.78%	1.86%	1.87%	1.83%	1.84%
Share Premium	0.31%	0.36%	-	-	-
Revaluation Reserve on Investment in Securities	0.11%	0.15%	0.20%	0.16%	0.24%
Foreign Currency Translation gain/(loss)	0.00%	0.00%	0.00%	0.00%	0.00%
General Reserve	0.22%	0.26%	0.29%	0.31%	0.35%
Retained Earnings	1.08%	1.14%	0.80%	0.88%	0.98%
Total Shareholders' Equity	6.03%	6.41%	6.32%	6.34%	5.99%
Non-Controlling Interest	0.00%	0.00%	0.00%	0.00%	0.00%
Total Liabilities and Total Equity	100.00%	100.00%	100.00%	100.00%	100.00%
Off-Balance Sheet Items					
Contingent Liabilities					
Acceptances and endorsements	33.45%	33.97%	27.43%	34.01%	42.66%
Letter of Guarantee	32.99%	30.57%	37.27%	36.74%	29.40%
Irrevocable Letter of Credit	25.98%	27.85%	27.52%	27.13%	25.33%
Bills for Collection	7.58%	7.62%	7.78%	2.12%	2.61%
Total Off Balance Sheet Items including Contingent Liabilities	100.00%	100.00%	100.00%	100.00%	100.00%



Analyzing credit risk management techniques of United Commercial Bank

8.7 Overall Sector wise concentration of loans and advance				
Agriculture	5,687,724,141	5,753,930,713	5,687,724,141	5,753,930,713
Communication	3,287,943,562	1,925,739,616	3,287,943,562	1,925,739,616
Construction	1,671,888,713	1,137,737,429	1,671,888,713	1,137,737,429
Consumer credit	77,082,055,787	65,474,596,100	77,082,055,787	65,474,596,100
Other manufacturing industries	84,860,249,089	66,934,713,222	84,860,249,089	66,934,713,222
Power, Gas	1,034,096,725	1,160,503,826	1,034,096,725	1,160,503,826
Readymade garments	27,869,772,720	22,844,920,562	27,869,772,720	22,844,920,562
Residential real estate financing	574,576,479	1,077,921,947	574,576,479	1,077,921,947
Service industries	24,825,639,412	17,999,936,722	24,825,639,412	17,999,936,722
Textile	6,489,929,560	4,943,877,117	6,489,929,560	4,943,877,117
Trade service	146,335,501,432	106,736,606,921	146,335,501,432	106,736,606,921
Ship building	70,285,749	70,785,749	70,285,749	70,785,749
Others	32,295,087,215	26,073,918,516	30,886,743,591	25,150,961,064
	412,084,750,584	322,135,188,439	410,676,406,960	321,212,230,987



BRAC Bank Limited and its subsidiaries

Consolidated Cash Flow Statement

For the year ended 31 December 2022

Particulars	Note	2022 Taka	2021 Taka
A. Cash flows from operating activities			
Interest receipts in cash		37,022,269,415	30,510,937,817
Interest payment		(10,349,004,887)	(8,765,182,197)
Dividend receipts		294,041,064	225,198,769
Fees and commission receipts in cash		44,272,349,310	36,148,193,743
Recoveries on loans previously written off		809,572,845	707,517,594
Cash payments to employees		(11,662,291,298)	(9,942,261,926)
Cash payments to suppliers		(34,548,789,786)	(29,490,800,154)
Income tax paid		(10,350,920,142)	(7,109,584,330)
Receipts from other operating activities	45	953,966,643	592,067,664
Payment for other operating activities	46	(5,714,933,022)	(4,049,473,180)
Operating cash flow before changes in operating assets and liabilities (i)		10,726,260,142	8,826,613,800
Increase/(decrease) in operating assets and liabilities			
Loans and advances		(90,450,491,062)	(47,587,679,964)
Other assets		(484,467,659)	(376,833,057)
Borrowings from other banks and financial institutions		33,877,162,172	10,667,650,315
Proceeds from issuance of affordable housing bond		4,751,000,000	-
Deposits from customers		80,145,069,185	31,712,233,455
Other liabilities		(937,467,553)	483,029,607
Cash utilised in operating assets and liabilities (ii)		26,900,805,083	(5,101,599,644)
Net cash flows from operating activities (i+ii) (a)		37,627,065,225	3,725,014,156
B. Cash flows from investing activities			
Treasury bills		1,155,677,121	7,996,369,494
Treasury bonds		(48,629,090,534)	14,187,750,778
Investment in shares		(615,054,764)	(863,128,507)
Sale/ (Investment) in bonds		410,000,000	642,282,917
Acquisition of fixed assets		(3,541,826,973)	(4,696,385,425)
Disposal of fixed assets		17,736,063	601,372,697
Net cash used in investing activities (b)		(51,202,559,087)	17,868,261,954
C. Cash flows from financing activities			
Proceeds from issue of convertible preference shares		-	22,330,724,613
Proceeds from issue of ordinary shares		112,140,000	-
Cash dividend paid		(1,042,217,221)	(1,383,245,432)
Net cash flows from financing activities (c)		(930,077,221)	20,947,479,181
Net increase/(decrease) in cash (a+b+c)		(14,505,571,083)	42,540,755,291
Cash and cash equivalents at the beginning of the year		105,222,018,140	62,639,236,011
Effect of exchange rate changes on cash and cash equivalent		934,394,370	42,026,838
Cash and cash equivalents at the end of the year	44	91,650,841,427	105,222,018,140
Cash and cash equivalents at the end of the year:			
Cash in hand (including foreign currency)		11,918,067,777	9,207,161,626
Balance with Bangladesh Bank and its agents bank(s) (including foreign currency)		19,953,525,473	14,252,262,804
Balance with other banks and financial institutions		52,951,344,277	78,261,312,910
Money at call on short notice		6,826,376,000	3,500,000,000
Prize Bond		1,527,900	1,280,800
		91,650,841,427	105,222,018,140
Net operating cash flow per share (NOCFPS)	50	25.14	2.49

The notes 1 to 51.5 and annexures A to J form an integral part of these financial statements.



BRAC Bank Limited
Balance Sheet

As at 31 December 2022

Particulars	Note	2022 Taka	2021 Taka
PROPERTY AND ASSETS			
Cash	4	31,776,214,097	22,676,943,467
Cash in hand (Including foreign currency)		11,622,688,624	8,424,680,663
Balance with Bangladesh Bank and its agent bank(s) (Including foreign currency)		19,953,525,473	14,252,262,804
Balance with other banks and financial institutions	5	16,256,534,724	19,880,951,145
Inside Bangladesh		11,127,982,840	12,261,365,946
Outside Bangladesh		5,127,551,884	7,619,585,199
Money at call on short notice	6	6,826,376,000	3,500,000,000
Investments	7	64,287,682,264	51,590,814,842
Government		56,637,659,673	44,051,796,178
Others		7,650,012,591	7,539,016,664
Loans and advances	8	410,676,406,960	321,212,230,987
Loans, cash credit, overdrafts etc.		221,303,533,974	168,205,415,381
Small and medium enterprises		187,247,111,913	150,749,009,625
Bills purchased & discounted		2,125,761,073	2,257,805,981
Fixed assets including premises, furniture and fixtures	9	7,779,346,693	7,454,867,399
Other assets	10	25,626,075,864	22,763,775,341
Non-banking assets	11	11,341,700	4,541,700
Total property and assets		563,238,978,302	449,084,124,881
LIABILITIES AND CAPITAL			
Liabilities			
Borrowings from other banks, financial institutions & agents	13	38,685,377,271	24,134,564,025
Borrowings from central bank & government agencies	14	42,184,501,809	23,175,903,824
Affordable housing bond	15	4,751,000,000	-
Money at call on short notice		-	-
Deposits and other accounts	16	384,466,775,242	314,590,914,520
Current accounts & other accounts		123,148,401,399	109,462,945,554
Bills payable		1,739,503,614	2,367,889,416
Savings deposits		71,890,957,598	68,334,576,200
Term deposits		185,088,946,361	133,172,621,149
Other deposits		2,598,966,270	1,252,882,201
Other liabilities	17	34,760,769,207	32,763,271,381
Total Liabilities		504,848,423,529	394,664,653,750
Capital and shareholders' equity			
Paid up capital	18.2	14,965,853,280	13,921,723,990
Share premium	18.7	3,853,767,032	3,853,767,032
Statutory reserve	19	11,112,086,248	10,067,956,958
Dividend equalization fund	20	355,218,455	355,218,455
Revaluation reserve on govt. securities	21	1,837,245,165	2,490,292,927
Fair value gain/(loss) on equity investment	22	7,643,913,224	7,384,920,564
Foreign currency translation reserve	23	323,536,914	15,729,653
Surplus in profit and loss account/Retained earnings	24	18,798,934,455	16,329,861,552
Total shareholders' equity		58,390,554,773	54,419,471,131
Total liabilities and shareholders' equity		563,238,978,302	449,084,124,881



Analyzing credit risk management techniques of United Commercial Bank

8.a.9 Sector wise concentration of loans and advances/investments including bills purchased and discounted

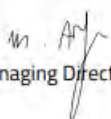
	2022		2021	
	% of total loan	Taka	% of total loan	Taka
Readymade garments industry	16.98%	60,249,132,914	19.52%	55,895,474,394
Consumer credit	16.56%	58,752,408,734	16.96%	48,579,926,597
Trade service	14.22%	50,465,523,039	11.36%	32,541,741,752
Other manufacturing industry	11.35%	40,266,080,664	7.36%	21,076,445,319
Energy and power industry	10.48%	37,192,113,065	13.37%	38,294,817,873
Textile & spinning mills	4.88%	17,318,281,335	5.09%	14,585,478,183
Real estate financing	4.83%	17,152,466,026	4.88%	13,981,724,944
Agri & micro-credit through NGO	4.53%	16,063,339,200	3.20%	9,150,568,326
Steel industry	3.12%	11,071,850,265	4.09%	11,714,170,336
Assembling industry	2.75%	9,746,027,990	2.58%	7,400,704,223
Service industry	2.71%	9,607,065,335	3.06%	8,764,792,801
Construction	2.40%	8,527,217,046	0.85%	2,422,311,500
Pharmaceuticals industry	1.53%	5,416,483,192	1.57%	4,487,092,257
Edible oil and food processing	0.93%	3,309,664,016	1.29%	3,687,538,755
Others	0.81%	2,871,692,089	2.94%	8,427,189,589
Transport, storage & communication	0.66%	2,342,120,164	0.81%	2,310,004,701
Chemical industry	0.58%	2,051,968,784	0.39%	1,112,039,937
Ship breaking & building	0.52%	1,857,527,422	0.49%	1,405,809,673
Hospitals	0.14%	512,724,974	0.19%	541,847,316
	100.00%	354,773,686,254	100.00%	286,379,678,476

**CONSOLIDATED PROFIT AND LOSS ACCOUNT**

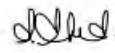
for the year ended 31 December 2022

	Note	2022 Taka	2021 Taka
Interest income/profit on investments	26	25,833,360,887	21,053,274,613
Interest paid/profit shared on deposits and borrowings etc.	27	13,225,891,143	8,726,480,778
Net interest income/profit on investments		12,607,469,744	12,326,793,835
Investment income	28	3,767,626,961	2,862,413,580
Commission, exchange and brokerage	29	7,377,540,118	5,712,723,956
Other operating income	30	1,906,293,986	2,105,410,504
		13,051,461,065	10,680,548,040
Total operating income (A)		25,658,930,809	23,007,341,875
Operating expenses			
Salaries and allowances	31	7,233,372,280	6,330,980,879
Rent, taxes, insurance, electricity, etc.	32	799,824,315	632,552,825
Legal expenses	33	76,105,462	30,625,753
Postage, stamp, telecommunication, etc.	34	136,723,234	108,138,815
Stationery, printing, advertisements, etc.	35	588,525,842	482,065,681
Chief executive's salary and fees	36	24,545,807	20,301,212
Directors' fees	37	7,322,107	6,446,544
Auditors' fees		3,951,988	3,590,527
Depreciation and repair	38	2,148,864,480	1,893,528,557
Other expenses	39	2,272,802,262	1,414,397,582
		13,292,037,777	10,922,628,375
Profit before provision (C = A-B)		12,366,893,032	12,084,713,500
Provision for loans and advances/investments	40	2,941,583,756	1,757,890,729
Provision for off-balance sheet exposures		-	749,527,841
Provision for diminution in value of investments	40.b	47,277,401	33,327,131
Other provision		-	-
		2,988,861,157	2,540,745,701
Total provision (D)		2,988,861,157	2,540,745,701
Total profit before tax (E = C-D)		9,378,031,875	9,543,967,799
Provision for taxation (F)			
Current tax expense	41	4,379,411,801	4,859,063,030
Deferred tax (income)/expense		217,355,085	(809,252,658)
		4,596,766,886	4,049,810,372
Total provision for tax		4,596,766,886	4,049,810,372
Net profit after tax (G = E-F)		4,781,264,989	5,494,157,427
Net profit after tax attributable to:			
Equity holders of the bank		4,781,258,903	5,494,124,449
Non-controlling interest		6,086	32,978
		4,781,264,989	5,494,157,427
Appropriations			
Statutory reserve		1,334,007,490	508,193,330
Start up fund		45,077,667	87,552,311
Transfer to CSR fund		245,232,869	-
Coupon/dividend on perpetual bond		296,613,111	297,745,555
General reserve		-	-
		1,920,931,137	893,491,196
Retained surplus for the year		2,860,327,766	4,600,633,253
Earnings per share (EPS)	47	3.98	4.58

The annexed notes 1 to 53 form an integral part of these financial statements.

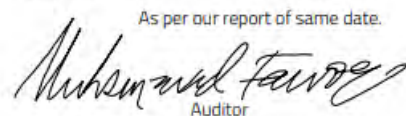

Managing Director & CEO


Director


Director


Chairman

Dhaka, 11 April 2023

As per our report of same date.

Auditor
Muhammad Farooq, FCA
Managing Partner
Enrollment Number: 0521



Name of ratio	2022	2021	2020	2019	2018
Current ratio	299997.4/29331 0.96	270583.21/25726 5.96	226648.94/19765 0.27	242112.95/21474 7.29	219304.65/1911 06.98
Debt ratio	587120.17/6280 76.83*100	527872.2/565314. 21*100	458240.72/49330 6.95*100	413977.1/446760. 12*100	372848.85/4027 49.1*100
Equity ratio	587120.17/4095 6.66	527872.2/37442.0 1	458240.72/35066. 23	413977.1/ 32783.02	372848.85/2990 0.25
Gross profit ratio	28522.74/45533 .13*100	24819.74/38747* 100	20488.21/ 38284.39*100	20708.89/40859.8 3*100	18292.52/34317. 01*100
Operating profit margin	8459.54/45533. 13*100	8425.91/38747*1 00	7764.02/38284.39 *100	7501.33/4 0859.83*100	6685.52/34317.0 1*100
Net profit margin	14674.45/45533 .13*100	11423.35/38747* 100	9510.78/38284.39 *100	10797.81/40859.8 3*100	9242.44/34317.0 1*100
Cost Income Ratio	17053.97/28522 .74*100	14636.03/24819.7 4*100	13631.12/20488.2 1*100	2772.04/1159.54	2368.95/1054.13
EPS	4024.01/1406.2 4	3177.17/1 278.4	2857.2/1217.52	2772.04/1159.54	2368.95/1054.13
price to earnings ratio	13/2.86	15.3/2.48	14.1/2.34	13.3/2.39	17.6/2.24
Total asset turnover ratio	45533.13/62807 6.83*100	38747/565314.21 *100	38284.39/ 493306.95*100	40859.83/446760. 12*100	34317.01/40274 9.1*100



Analyzing credit risk management techniques of United Commercial Bank

%of Non-performing loan to total loan	28077.69 / 468605.1	17737.29 / 402481.74	8983.56 / 351683.56	11711.23 / 322728.14	20021.63 / 294671.94
Loan to deposit ratio	468605.1 / 426028	402481.74 / 389901	351683.56 / 2.554444114	322728.14 / 330787	294671.94 / 297173
Debt-to-Assets Ratio = Total Debt / Total Assets.	$(20877.42 + 67824.47) / 628076.83 * 100$	$(14353.4 + 58150.24) / 565314.21 * 100$	$(2826.68 + 40272.45) / 493306.95 * 100$	$(3444.5 + 22066.82) / 446760.12 * 100$	$(5160.68 + 24133.58) / 402749.1 * 100$
asset to equity ratio = total asset / total share holders equity	628076.83 / 40956.66	565314.21 / 37442.02	493306.95 / 35066.23	446760.12 / 32783.02	402749.1 / 29900.25



Analyzing credit risk management techniques of United Commercial Bank

Comparison with other banks Of 2022	UCBL	City bank	BRAC bank	Mutual Trust Bank	Prime Bank	Bank Asia
%of Non-performing loan to total loan	28077.69 /468605.1	13671 / 354774	15369 / 410676	14653 / 250945.24	10132 / 296481	13519 / 277870.36
Loan to deposit ratio	468605.1 / 426028	354774 / 331,890	410676 / 447,059	250945.24 / 232,657	296481 / 265841	277870.36 / 337,695.42

Comparison with other banks Of 2021	UCBL	City bank	BRAC bank	Mutual Trust Bank	Prime Bank	Bank Asia
%of Non-performing loan to total loan	17737.29 / 402481.74	13,906 / 286,380	12,523 / 321,212	13,107 / 226,012	12,713 / 263,015	13,469.54 / 262,266.70
Loan to deposit ratio	402481.74 / 389901.00	286,380 / /	286,380 / 314,591	226,012 / 211,782	263,015 / 243,070	262,266.70 / 317,782.43

Comparison with other banks Of 2020	UCBL	City bank	BRAC bank	Mutual Trust Bank	Prime Bank	Bank Asia
%of Non-performing loan to total loan	8983.56 / 351683.56	10,850 / 268,202	8,009 / 273,063	9,388 / 203,744	8,034 / 232,400	7,930.93 / 244,642.03
Loan to deposit ratio	389901.00 /351683.56	282,064 /268,202	314,591 /273,063	211,782 /203,744	243,070 /232,400	317,782.43 /244,642.03



Analyzing credit risk management techniques of United Commercial Bank

Comparison with other banks Of 2019	UCBL	City bank	BRAC bank	Mutual Trust Bank	Prime Bank	Bank Asia
%of Non-performing loan to total loan	11711.23/ 322728.14	14,244 / 246,944	10,525 / 264,091	10,227 / 189,730	9,966 / 213,955	10,479.99 / 227,298.96
Loan to deposit ratio	330787.00 /322728.14	246,704 /246,944	268,309 / 264,091	190,948 /189,730	216,444 /213,955	253,709.57 /227,298.96

Comparison with other banks Of 2018	UCBL	City/ bank	BRAC bank	Mutual Trust Bank	Prime Bank	Bank Asia
%of Non-performing loan to total loan	20021.63 / 294671.94	12,326 / 231,391	7,379 / 238,008	8,951 / 166,145	12,686 / 205,810	8,809.83 / 214,618.15
Loan to deposit ratio	297173.00 /294671.94	205,170 /231,391	233,509 /238,008	166,160 /166,145	197,518 /205,810	222,471.72 /214,618.15



Industry average of 2022

Ratios of 2022	
Total loans of 2022	(354774+410676+253,836+296481+277870.36)/5
Total non performing loans of 2022	(13671+ 15369 +14,653 +10132 +13519.79)/5
%of Non-performing loan to total loan	(3.853439091 +3.742366245 +5.772624844 +3.417419666 +4.865502747)/5
total deposit	(331,890 +384,467 +232,657 +265841 +337,695.42)/5
Loan to deposit ratio	(106.8950556+ 106.81697 +109.1031003+ 111.5256864 +82.28431407)/5
Debt-to-Assets Ratio = Total Debt / Total Assets.	(16 +12.3629251 +12.71646062 +10.83953301)/4
asset to equity ratio = tottal asset/ tottal share holders equity	(15 +10.72598685 +17 +13.53594393 +16.53754974)/5
ROA	(1.00% +1.14% +0.72% +0.98% +0.67%)/5
ROE	(14.10% +10.22% +11.56% +12.93% +10.88%)/5



Industry average of 2021

Ratios of 2021					
Total loans of 2022	(286,380	+321,212	+226,012	+263,015	+262,266.70)/5
Total non performing loans of 2022	(13,906	+12,523	+13,107	+12,713	+13,469.54)/5
%of Non-performing loan to total loan	(4.855786019	+3.898671283	+5.799249597	+4.833564626+	5.1358178537)/5
total deposit	(282,064	+314,591	+211,782+	243,070	+317,782.43)/5
Loan to deposit ratio	(101.53	+102.10	+106.72	+108.21	+82.53)/5
Debt-to-Assets Ratio = Total Debt / Total Assets.	(13	+9	+11	+10.91418752)/4	
asset to equity ratio = tottal asset/ tottal share holders equity	(13	+9	+15.59404732	+13.04419686	+16.02145914)/5
ROA	(1.20%	+1.31%	+1.03%	+0.84	+0.64%)/5
ROE	(15.80%	+11.00%	+16.22%	+10.61	+9.89)/5



Industry average of 2020

Ratios of 2020	
Total loans of 2022	(268,202 +273,063 +203,744 +232,400 +244,642.03)/5
Total non performing loans of 2022	(10,850 +8,009 +9,388 +8,034 +7,930.93)/5
%of Non-performing loan to total loan	(4.045458274 +2.933022782 +4.60774305 +3.46% +3.241850961)/5
total deposit	(254,781 +289,054 +188,734 +233,028 +303,028.11)/5
Loan to deposit ratio	(105.2676612 +94.4678157 +107.952992 +99.73050449 +80.73245416)/5
Debt-to-Assets Ratio = Total Debt / Total Assets.	(15 +8 +11.45583041)/3
asset to equity ratio = tottal asset/ tottal share holders equity	(13 +9 +15.82911058 +12.0807231 +14.93598421)/4
ROA	(1.10% +1.19% +0.37% +0.54 +0.53)/5
ROE	(14.80% +10.69% +5.83% +6.31 +7.81)/5



Industry average of 2019

Ratios of 2019	
Total loans of 2022	(246,944 +264,091 +189,730 +213,955 +227,298.96)/5
Total non performing loans of 2022	(14,244 +10,525 +10,227 +9,966 +10,479.99)/5
%of Non-performing loan to total loan	(5.768109369 +3.98536868 +5.390291467+ 4.657988829 +4.610663419)/5
total deposit	(246,704 +268,309 +190,948 +216,444 +253,709.57)/5
Loan to deposit ratio	(100.0972826 +98.42793197 +99.36213 +98.85004897 +89.59021924)/5
Debt-to-Assets Ratio = Total Debt / Total Assets.	(12 +8.665437321 +8.446828304)/3
asset to equity ratio = tottal asset/ tottal share holders equity	(14 +10.22263565 16 +11.50223801 +14.29778356)/4
ROA	(0.70% +1.64% +0.56% +0.54 +0.59)/5
ROE	(9.90% +15.60% +9.03% +5.93 +8.16)/5



Industry average of 2018

Ratios of 2018	
Total loans of 2022	(231,391 +238,008 +166,145 +205,810 +214,618.15)/5
Total non performing loans of 2022	(12,326 +7,379 8,951 +12,686 +8,809.83)/5
%of Non-performing loan to total loan	(5.326914184 +3.100315956 +5.387462758 +6.163937612+ 4.104885817)/5
total deposit	(205,170 +233,509 +166,160 +197,518 +222,471.72)/5
Loan to deposit ratio	(112.7801335 +101.9266923 +99.99097256 +104.1980984 +96.46985693)/5
Debt-to-Assets Ratio = Total Debt / Total Assets.	(19 +8.130543759 +8.828844217)/3
asset to equity ratio = tottal asset/ tottal share holders equity	(13 +10.92212766 +17 +10.59772711 +13.16579642)/4
ROA	(0.70% +1.87% +0.82% +0.76 +0.76)/5
ROE	(8.20% +19.25% +13.83% +8.31 +10.21)/5