

# Report

## on

# UCB Ltd.





Inspiring Excellence

# BRAC UNIVERSITY

Internship Report

on

**“Comparative Study on Loan products of UCB”**

Submitted to

Mr. Md. Tamzidul Islam  
**Assistant Professor,**  
BRAC Business School

Submitted by

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Date of Submission: **29<sup>th</sup> August, 2016.**



## Letter of Transmittal

**August 29, 2016**

Mr. Md. Tamzidul Islam  
**Assistant Professor,**  
Management, Marketing  
BRAC Business School,  
BRAC University

Subject: **Submission of Internship Report.**

Dear Sir,  
Greetings!

With great pleasure, here I submit my internship report on “**Comparative study on loan products of UCB**” that you have assigned as a pre-requisite to complete my Post-Graduation degree.

This report is based on the knowledge and experiences I have gained my internship period at United Commercial Bank Limited. Hence, I would be extremely delighted and honored if you accept my Internship Report and recognize my hard work and determination I have put together in the preparation and completion of this report. I have tried my best to bring out the original scenario of the Loans & Advances of UCB with full of effectiveness & efficiency.

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.

Sincerely Yours,

---

Sayful Islam Bhuiyan.  
MBA, ID-13264047.



## Letter of Acceptance

This internship report is entitled “**Comparative study on loan products of UCB**” is prepared with thoughtful and relevant document under my direct supervision. This report is submitted by Sayful Islam Bhuiyan, a student of Masters of Business Administration (MBA), BRAC University, ID No: 13264047. The Report has been accepted.

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Mr. Md. Tamzidul Islam  
Assistant Professor,  
BRAC Business School,  
BRAC University.



## Acknowledgement

First of all, I would like to express my gratefulness to Almighty for giving us strength to survive. A warm felicitation goes for me to acknowledge the people, who hold the desirability for encouraging, praising, assisting as well as believing me in preparing this report on **“Comparative Study on Loans products of UCB”** on what I have worked through my internship period. I would like to take the opportunity to thank Mr. Md. Tamzidul Islam, **Assistant Professor**, BRAC Business School, BRAC University, who provided me guidelines, helped in preparing my report. He has supported me with his inspiring personality.

The report titled as **“Comparative Study on Loans products of UCB”** has been prepared to fulfill the requirements of Post-Graduate Degree. I am very much fortunate that I have received sincere guidance, supervision and co-operative from various respected people while preparing this report.

I would like to take the opportunity to thank Mr. Md. Momtaz Hasan (**Vice President** & Head of Branch) for giving me a chance to do prepare internship report.

I would like to take the opportunity to thank Mrs. Shahanaz Akter (Executive Officer) , United Commercial Bank Limited (Donia Branch) for providing me time to time information, suggestion as well as procedures to work with my topic.



## Executive Summary

This report is based on “**Comparative Study on Loans products of UCB**” which is prepared from my experience of working in Credit (Loans & Advances) Department at UCB Ltd. Bank’s most important works are collecting deposit from clients and giving loan to clients. Through this process banks are making revenue. The employees of UCB are very conscious about their work. They maintain a protocol to establish a good relationship with existing clients and new clients. For their good services every month UCB collected big amount deposit from clients. Managing those deposit money is very important work for any bank. UCB believe that about 80% to 90% of deposit money must be invested in loan section. This report focuses on different credit facilities provided by UCB and its overall procedure of lending.

With the clear mission provide effective banking services and to contribute socio-economic development of the country, UCB emerged as commercial bank and launched its operation on mid 1983. The bank has 158 branches all over the country. Those branches are always ready to provide good services for their clients.

The major task for a bank is to survive in the competitive environment of credit service by managing its assets and liabilities in an effective way. UCB manages the assets and liabilities in effective way and earns success and prosperity constantly. Is operates in a disciplined and prudent manner with a focus on driving productivity with delivering sustainable improvements in business performance.

# Table of Contents

| SL. No.    | Particulars                                     | Page |
|------------|---|------|
| <b>01.</b> | <b>Chapter One - Introduction</b>               |      |
|            | Introduction                                    | 02   |
|            | 1.1 Statement of study                          | 02   |
|            | 1.2 Objectives of the study                     | 02   |
|            | 1.3 Significance or rationale of the study      | 02   |
|            | 1.4 Hypothesis of the study                     | 03   |
|            | 1.5 Terms and abbreviation                      | 03   |
|            | 1.6 Limitation of the study                     | 04   |
| <b>02.</b> | <b>Chapter two – Review of the literature</b>   |      |
|            | 2.0 Literature Review                           | 06   |
| <b>03.</b> | <b>Chapter Three – Methodology of the study</b> |      |
|            | 3.1 Primary sources of data                     | 09   |
|            | 3.2 Secondary sources of data                   | 09   |
| <b>04.</b> | <b>Chapter Four – An overview of UCB Ltd.</b>   |      |
|            | 4.1 Background                                  | 12   |
|            | 4.2 History                                     | 12   |
|            | 4.3 Corporate Profile                           | 14   |
|            | 4.5 Key Milestones                              | 15   |
|            | 4.6 Board of Directors of UCB Ltd.              | 16   |
|            | 4.7 Organization Structure / Organogram         | 17   |
|            | 4.8 Strategic Priority                          | 18   |
|            | 4.9 Products or Service schemes                 | 19   |
|            | 4.10 SWOT Analysis                              | 19   |

|            |  |           |
|------------|--|-----------|
| <b>05.</b> | <b>Chapter Five – Discussion and Interpretation</b>    |           |
|            | 5.1 Definition of Loans & Advances                     | 22        |
|            | 5.2 Category of Loans                                  | 22        |
|            | 5.3 Retail Loan  | 23        |
|            | 5.3.1 Scenario of Retail loan for last 05 years        | 26        |
|            | 5.4 SME (Small & Medium Enterprise)                    | 27        |
|            | 5.4.1 Scenario of SME loan for last 05 years           | 31        |
|            | 5.5 Corporate Loan                                     | 32        |
|            | 5.5.1 Scenario of Corporate loan for last 05 years     | 37        |
|            | 5.6 UCB loans & Advances Performance for last 05 years | 38        |
|            | 5.7 Growth rate of loans & Advance of UCB Ltd.         | 39        |
|            | 5.8 Classified Loans & Advance figure of UCB ltd.      | 40        |
| <b>06.</b> | <b>Chapter Six – Survey Findings</b>                   |           |
|            | 6.1 Clients Perception about UCB’s Loans & Advances    | 42        |
| <b>07.</b> | <b>Chapter Seven – Recommendation &amp; Conclusion</b> |           |
|            | 7.1 Recommendations                                    | 46        |
|            | 7.2 Conclusion   | 47        |
| <b>08.</b> | <b>Bibliography</b>                                    | <b>48</b> |
| <b>09.</b> | <b>Reference</b>                                       | <b>49</b> |
| <b>10.</b> | <b>Appendices</b>                                      | <b>50</b> |





# Chapter- One

## Introduction

## **Introduction:**

Credit is continuous process. Recovery of one credit gives rise to another credit. In this process of revolving of funds, bank earns income in the form of interest. A bank can invest its fund in many ways. Bank makes loans and advances to traders, businessmen, and industrialists. Moreover nature of credit may differ in terms of security requirement, disbursement provision, terms and conditions etc. The bankers have to keep in mind that lending is for the best interest of the community and lending should be directed to productive sectors only. We often use loans and advances as an alternative to one another. But academically this concept is incorrect. Academically Advances is the combination such items where loans is a part only. For this credit section of the banks is known as advance section.

### **1.1 Statement of study :**

Financial institution is investment intermediaries linking the savers and users of fund. These intermediaries are interposed between the ultimate borrowers and lenders permitting. Then efficient transfer of fund. Individuals having surplus fund can lend them for reasonable return to entrepreneurs who need fund to take the advantage of economically and financially viable investment opportunities. The existence of financial institution facilities such exchange of resources. As a result, both the between and lenders are better off than they would have been without financial institution and market intermediaries. Thus these financial institution, such as banks, have a positive role in financial and investment which is a multidimensional process involving the completing of many interrelated and interdependent factors of diversified nature.

### **1.2 Objectives of the study:**

To understanding the banks loans & advances position into the country, customer's perception about loan products of UCB Ltd. and to complete the pre-requisite of my post-graduate degree.

### **1.3 Significance or rationale of the study:**

With a firm commitment of the economic and social development of Bangladesh, United Commercial Bank (UCB) started its journey in mid-1983 and has since been able to establish itself as one of the largest first generation banks in the country. With a vast network of 158 branches the Bank has already made a distinct mark in the realm of Private Sector Banking through personalized service, innovative practices, dynamic approach and efficient Management.

The Bank has expanded its arena in different and diverse segments of banking like Retail Banking, SME Banking, Corporate Banking, Off-shore Banking, and Remittance etc. Besides various deposit and loan products of Retail Banking, the Bank caters export and import loan to deserving candidates which in turn helps the overall economy of the country through increased earning of foreign exchange. Other consumer products like UCB Cards have been showing tremendous success and growth since its inception in 2006 and soon became the leader in local market with around 40000 card holders.

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

With a firm commitment to promote SME sector, the Bank is also assessing and monitoring business loans, managing business financing risks, pricing products and working for further development of SME. Its Corporate banking service consists of simple business of issuing loans to more complex matters, such as helping minimize taxes paid by overseas subsidiaries, managing changes in foreign exchange rates or working out the details of financing packages necessary for the construction of a new office, plant or other facility. Its area of expertise is in-depth knowledge in financial analysis with analytical capability of financing large project including RMG and infrastructure development projects.

The Bank, aiming to play a leading role in the economic activities of the country, is firmly engaged in the development of trade, commerce and industry by investing in network expansion and new technology adoption to have competitive advantage.

#### 1.4 Hypothesis of the study :

It can be said that loan and advance of bank is being operated sincerely however such operation of Central bank is not beyond the management system of Bangladesh.

- A. It is assumed that the loans and advance management system of UCB Ltd is operating smoothly.
- B. The loans and advance management of the Bank are well equipped to prevent large loan default.

#### 1.5 Terms and abbreviation:

|          |                             |     |                                  |
|----------|-----------------------------|-----|----------------------------------|
| BB       | Bangladesh Bank             | CL  | Classified Loan                  |
| UCB Ltd. | United Commercial Bank Ltd. | BL  | Bad & Loss                       |
| STD      | Short Term Deposit          | DF  | Doubtful                         |
| SND      | Short Notice Deposit        | SS  | Sub Standard                     |
| PO       | Par order                   | SMA | Special Mentioned Account        |
| DD       | Demand Draft                | CIB | Customer Information Bureau      |
| LC       | Letter of credit            | SPC | Security Perfection Certificate. |
| UC       | Unclassified.               | PPG | Product Program Guideline.       |

On the other hand, the nature of the study reveals it as a typical form of case study by nature. However the required related data and information for the report has been collected both from primary secondary and internal sources, after necessary editing.

## 1.6 Limitation of the study:

A comprehensive knowledge on the organization and a thorough knowledge on the credit management of the organization have come under the scope of the report.

The limitations are:

- ✚ To continue study in such a vast area requires a big deal in time.
- ✚ To collect information I faced difficulty because of the excessive nature of confidentiality mentioned by the officials of United Commercial Bank Ltd.
- ✚ Available data also could not be verified. In most cases I simply did not have any option but to furnish with data verification.
- ✚ It requires a lot of assistance from all level officers and staff but as a bank the officers were busy in doing their jobs.
- ✚ The study was limited by the availability of the data.
- ✚ Some of the supplied information was contradictory.
- ✚ To protect the organizational loss in regard of maintaining confidentiality, some parts of the report are not in depth.

# **Chapter- Two**

## **Review of the Literature**

## 2.0 Literature Review:

**Choi, Eluasiani and kopecky** (1992) stated that effects of exchange rate depend on the net position of the bank in foreign currencies, when banks had positive net position, depreciation of foreign currencies negatively affected the stock prices of banks before year 1979 and after 1979 banks stock returns responded positively with the depreciation of foreign currencies as banks had changed from positive to negative net open positions.

**Chowdhury and islam** (2007) stated that deposits and loan advances of nationalized Commercial Bank (NFCs) are less sensitive to interest changes than those of specialized Banks (SBs) So SBs should not make abrupt change in lending or deposit rates by following the NCBs. If NCBs change their lending or deposit rates, their deposits or loans and advances will be affected less than those of SBs. Moreover, deposits of UCBLtd. have higher volume and higher volatility than those of SBs.

**K.A Francis** stated that loan is an amount borrowed from a bank or other institution that loans money. Borrowers sign a promissory note that states the terms of the loan and the length of time for repayment. Loans usually require an amount of interest to be paid back with the loan. Also stated that a loan can be borrowed and paid back in increments over a period of time. Because it can be paid back in smaller amounts, paying back the loan is less than a hardship that losing a large amount from one paycheck.

**According to Al-Shamrari and salirnt**(1998) profitability ratio especially return on equity (ROE) signals the earning capability of the organization. They also suggest that higher return on equity (ROE) ratio is appreciable as it is the primary indicator of bank's profitability and functional efficiency.

**NilKokemuller** stated that loans and advances are general descriptions of debt obligations companies owe and must show on balance sheet as part of total liabilities formal contracted loans are typically designed as "notes payable" on a balance sheet, whereas advances or purchases on credit are recorded as accounts payable.

**Avkiran**(1997) stated that the details the process whereby multivariate interdisciplinary business drivers are the theorized potential variables that measure the capacity to generate retail business. It measures of potential to potential to perform are integrated with performance measures to develop models of retail performance for bank branches. The predictive models use the key business drivers of a major trading bank as dependent variables. Independent variables explaining. In 2002, Italian researchers AlexandereKurth, Hadley Taylor and Armin Wagner presented "An Extended analytical approach to Loan&advance Management". Some of the key factors in Loan&advance modeling are very influential in the implementation of the models. 'Reduced form models' for the measurement of Loan& advance provide closed-form solution for calculating portfolio loss distribution. The limitations of this model do exist but often misinterpreted. An analytical approach allows us to dismantle the mathematical components of the models for its modification and extension in numerous ways. The orthogonality of background factors is the main hindrance to real-world macroeconomics indexes or industrial sectors and geographical areas which is one of the most repellent features of this model.

In 2002 a comprehensive study was conducted by Edward I. Altman named as "Managing Loan& advance A Challenge for the New Millennium". The research emphasized the importance of Loan

& advance management in the present era. The high default rates and bankruptcies are now more important factors in Loans & advance management. The interest rate was very high in that scenario. In 1999 banks, regulators and financial market practitioners were considering the Loan & advance management inevitable because of various reasons.

In Bangladesh, continuing growth of the RMG sector is dependent on the development of a strong backward linkage in order to reduce the lead time. However, other factors constraining competitiveness of Bangladesh's RMG exports included the absence of adequate physical infrastructure and utilities. 'Lead Time' is a crucial factor maintaining export competitiveness. Bangladesh happens to feature the longest lead time in the RMG world.

Islam and Quddus (2006) present an overall analysis of the industry to evaluate its potential as a catalyst for the development of the rest of the Bangladesh economy. The garment industry of Bangladesh has been the key export division and a main source of foreign exchange for the last 25 years. National labor laws do not apply in the EPZs, leaving BEPZA in full control over work conditions, wages and benefits. Garment factories in Bangladesh provide employment to 40 percent of industrial workers. But without the proper laws the workers are demanding their various wants and as a result conflict is begun with the industry. Those are- lack of marketing tactics, absence of easily on-hand middle management, a small number of manufacturing methods, lack of training organizations for industrial workers, supervisors and managers, autocratic approach of nearly all the investors, fewer process units for textiles and garments, sluggish backward or forward blending procedure, incompetent ports, entry/exit complicated and loading/unloading takes much time, time-consuming custom clearance etc. (BGMEA, BKMEA, 2008).

**Stephen Kealhofer** stated that banks earn money from loans by their underwriting or distribution activities. These earnings are represented by the difference in value between the funds lent and the claim created on the borrower. Those earnings can be achieved immediately, via selling the loan, or subsequently, by holding the loan until it matures. However, in the latter case, it is difficult to separate from the subsequent cash flows which ones represent the earnings to underwriting and which the earnings to the portfolio itself.

# **Chapter- Three**

## **Methodology of the Study**



## **3.0 Methodology:**

Both primary and secondary data are used here in this study for make the report fruitful. As my related topic is more narrative I have used the primary source as the main of information.

### **3.1 Primary sources of data**

- ✓ Face to face conversation with the bank officers & staffs
- ✓ Informal conversation with the clients
- ✓ Different circulars of UCB Ltd

### **3.2 Secondary sources of data**

- ✓ Annual report of UCB Ltd.
- ✓ Different manuals of UCB Ltd.
- ✓ Prospectus of UCB Ltd
- ✓ Different papers of UCB Ltd.
- ✓ Unpublished data
- ✓ Different Text Books

# **Chapter - Four**

## **An Overview of UCB Ltd.**



# VISION MISSION CORE VALUES

## VISION

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

## MISSION

To offer financial solutions that create, manage and increase our clients' wealth while improving the quality of life in the communities we serve

## CORE VALUES

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



## 4.1 Background

As a financial intermediary commercial bank play an important role to match the surplus & deficit unit. They collect deposit from surplus unit & lend it to the deficit unit. This mobilizations of deposit & allocation of credit to productive & consumer services leads towards the economic development, but commercial bank in Bangladesh was not so much careful in credit management&, which leads to the widespread loan default & ultimately worse the entire financial cycle. Different commercial banks, specialized banks, Islamic banks offer different types of loan to their Business & individual customer. Especially bank now focus on lending to consumer credit, because it has risk then individual consumer loan, although consumer loan is mainly unsecured. Bank usually gives long-term loan to business firm. However credit management is crucial issue. Bank performance or profitability almost depends on proper credit management.

In today's world, Credit officers skilled in evaluating the credit request of business firms rank among the most experienced and highest paid people in the financial services field along with investment bankers. Well, United Commercial Bank Limited (UCB LTD.) credit department try their best in maintenance of credit. So in my study I wanted to focus on Credit Analysis of UCB Ltd.

## 4.2 History

Array of skills, vast experience and pro customer attitudes. The management concentrates its energies on making informed economic decisions, translating it into greater returns for our investors and customers. This careful attitude has created a synergistic organizational structure leading to improvements in profitability and United Commercial Bank Limited was incorporated on June 21st, 1983 as a public limited company, under the Companies Ordinance 1979. The bank is engaged in Islamic banking, commercial banking and related services as defined in the Banking Companies Ordinance, 1962. The Bank is currently operating through 158 branches. Management of United Commercial Bank Ltd. accepted the challenge to transform this bank into a highly professional, most efficient & service oriented institution. It has been successful in making a significant contribution to both corporate and retail banking in Bangladesh.

Over the years, its emphasis on growth has resulted in a strong entity capable of offering high quality services to a wide spectrum of clients, in a highly challenging business environment. Its strategy is to maximize the synergies of branch network through an optimal allocation of financial resources in the face of dynamic challenges of present financial environment. Strengthened with the banking of the sponsored by some dynamic and reputed entrepreneurs and eminent industrialists and also participated by the Government and driven by the strategic goals set out by its board of management, the Bank has invested in revolutionary technology to have an extensive range of products and services.

This facilitates their commitment to a culture of innovation and seeks out synergies with clients and service providers to ensure uninterrupted services to its customers. The bank perceives the requirements of its customers and matches them with quality products and service solutions. During the past Thirteen years, it has emerged as one of the foremost financial institution in the region endeavoring to meet the needs of tomorrow today. United Commercial Bank Limited has continued its upward climb in pursuit of excellence. Strengthened by the backing of the sponsored



by some dynamic and reputed entrepreneurs and eminent industrialists and also participated by the Government and driven by strategic goals set out by its Board and management, United Commercial Bank Limited increasingly inspires trust and confidence of all its clients. Within a short span of time the bank has carved a significant niche for itself in the banking industry.

These achievements have been preceded by concerted effort to provide highest levels of service and value to our customers. The bank aims to further enhance performance standards through implementation of innovations in both products as well as customer care, by discovering newer avenues of client benefit. This customer-focused strategy has enabled United Commercial Bank Limited to evolve as a single source financial service provider of corporate and retail banking services. United Commercial Bank Limited reputation has been built on its tradition of high quality and the expertise of its extremely motivated and qualified staff. With strategic mergers and acquisition, UCB LTD. has become a leading player in the global banking arena. The United Commercial Bank Limited team comprises of dedicated professionals equipped with a diverse a sustainable competitive advantage for the bank.

A Highly Responsive Product Portfolio is not only comprehensive but also customizable to match the needs and preferences of the customers. These characteristics of the portfolio have helped United Commercial Bank Limited to face challenging economic conditions. The product line-up continues to fulfill and satisfy the banking requirements of not just the conventional consumer, but the demanding financial needs of the corporate sector as well. Today, as Bangladesh moves into the 21st century with its ambitious expansion and development programs, UCB LTD. is here to join the efforts to help the country meet its growth objectives. The bank offers an extensive range of financial services specifically designed to cater to the needs of its successful associations with the Government and Private Sector.

### 4.3 Corporate profile

|                                  |  |
|----------------------------------|--|
| Name                             | <b>United Commercial Bank limited</b>  |
| Legal Status                     | <b>Public Limited Company</b>  |
| Date of Incorporation            | <b>26 June 1983</b>  |
| Date of Commencement of Business | <b>27 June 1983</b>  |
| Chairman                         | <b>Mr. M A Sabur</b>   |
| Vice Chairman                    | <b>Mr. Anissuzzaman Chowdhury</b>  |
| Managing Director                | <b>Mr. Muhammed Ali</b>  |
| Company Secretary                | <b>Mr. ATM Tahmiduzzaman FCS</b>   |
| Date of listing with DSE & CSE   | <b>30 November 1986 &amp; 15 November 1995</b>                                       |
| Authorized Capital               | <b>Taka 15,000 Million</b>   |
| Paid up capital                  | <b>Taka 10,039.34 Million</b>  |
| Total Manpower                   | <b>3,837 (as on 31.12.2015)</b>  |
| Number of Branches               | <b>158</b>   |
| Number of AD branches            | <b>28</b>  |
| Number of Agri. Branches         | <b>02</b>  |
| Number of ATM booths             | <b>151</b>   |
| Auditors                         | <b>Hoda Vasi Chowdhury &amp; Co.</b>   |
| Tax Consultants                  | <b>Mr. Md. Mosharoff Hossain, Advocate</b>   |
| Legal Consultant                 | <b>T.I.N Nurun Nabi Chowdhury</b>  |
| Rating Agency                    | <b>Emerging credit rating Ltd.</b>   |
| Registered Office                | <b>CWS(A)-1, Gulshan Avenue Dhaka-1212, Bangladesh.<br/>Phone – 0088 09611999999</b> |
| Website                          | <b>www.ucb.com.bd</b>  |
| SWIFT                            | <b>UCBLBDDH</b>  |

## 4.5 Key Milestones:-

| <u>Date</u>       | <u>Particulars/Events</u>   |
|-------------------|---|
| 26 June 1983      | Incorporation of the Company  |
| 27 June 1983      | Certificate of Commencement of Business                             |
| 28 June 1983      | License issued By Bangladesh Bank                                   |
| 28 June 1983      | License issued for opening of first Branch (Principal Branch)       |
| 30 November 1986  | Listed with Dhaka stock Exchange Limited                            |
| 27 November 1988  | 50 <sup>th</sup> Branch Opening (Mohammadpur Branch)                |
| 15 November 1995  | Listed With Chittagong Stock Exchange Limited                       |
| 19 October 2003   | Registered as Depository Participant of CDBL                        |
| 29 May 2005       | Trading of shares started in Demat Form in Stock Exchanges          |
| 20 July 2009      | Opening of 1 <sup>st</sup> ATM                                      |
| 28 January 2010   | Incorporation of UCB securities Limited                             |
| 01 February 2010  | Shifting Corporate Office from Motijheel to Gulshan                 |
| 24 May 2010       | 100 <sup>th</sup> Branch Opening (Kanchan Branch)                   |
| 01 November 2010  | Opening of 1 <sup>st</sup> Off Shore Banking Unit at Gulshan, Dhaka |
| 10 December 2010  | Change of Face Value & Market lot of Shares                         |
| 24 January 2011   | Obtained Permission for issuance of Rights Share                    |
| 21 June 2011      | Exempted From Early Warning Signal                                  |
| 03 August 2011    | Incorporation of UCB Investment Limited                             |
| 16 May 2013       | Issued subordinated bond of BDT 2,000 million                       |
| 23 November 2013  | Launched UCash Mobile Financial Service                             |
| 29 July 2015      | Issued subordinated bond of BDT 2,000 million                       |
| 17 September 2015 | UCB new logo Launching  |
| 03 November 2015  | 150 <sup>th</sup> Branch Opening (Joypurhat Branch)                 |

## 4.6 Board of Directors of UCB Ltd.

### Chairman

Mr. M.A.Sabur

### Vice-Chairman

Mr. AnisuzzamanChowdhury

### Director & Chairman, Executive Committee

Mr.Showkat Aziz Russell

### Director & Chairman, Risk Management Committee

Mr. Md. Jahangir Alam Khan

### Director

Mr. M. A. Hashem

Mr. Ahmed ArifBillah

HajeeYunus Ahmed

Hajee M. A. Kalam

Mr. Sharif Zahir

Mr. Shabbir Ahmed

Mr. Md. Tanvir Khan

Mr. AsifuzzamanChowdhury

Mr. Nurul Islam Chowdhury

Mrs. Sultana Rezia Begum

Mrs. RukhmilaZaman

### Independent Director

Mr.Syed Mohammed Nuruddin

Dr. Salim Mahmud

### Managing Director

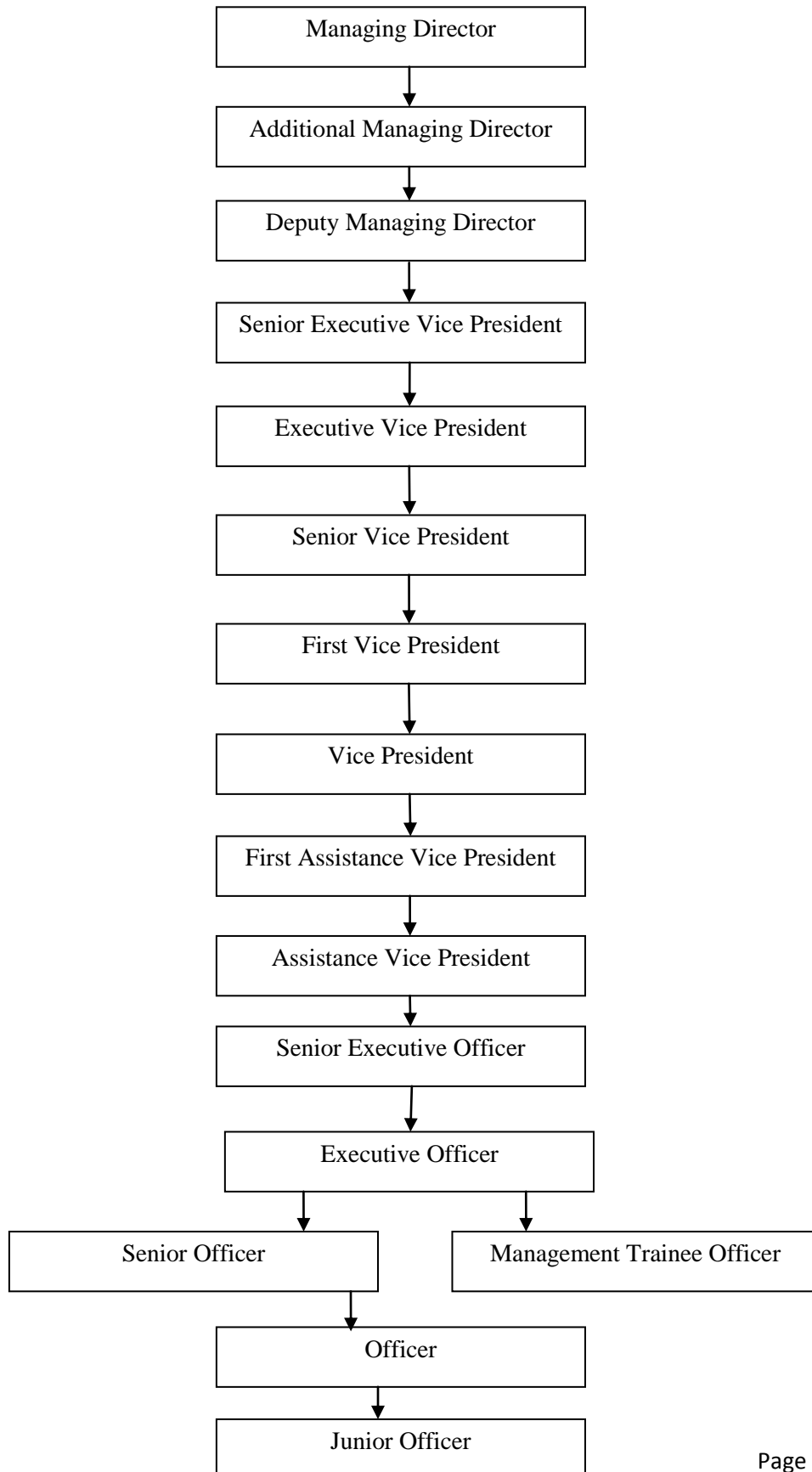
Mr. Muhammed Ali

### Company Secretary

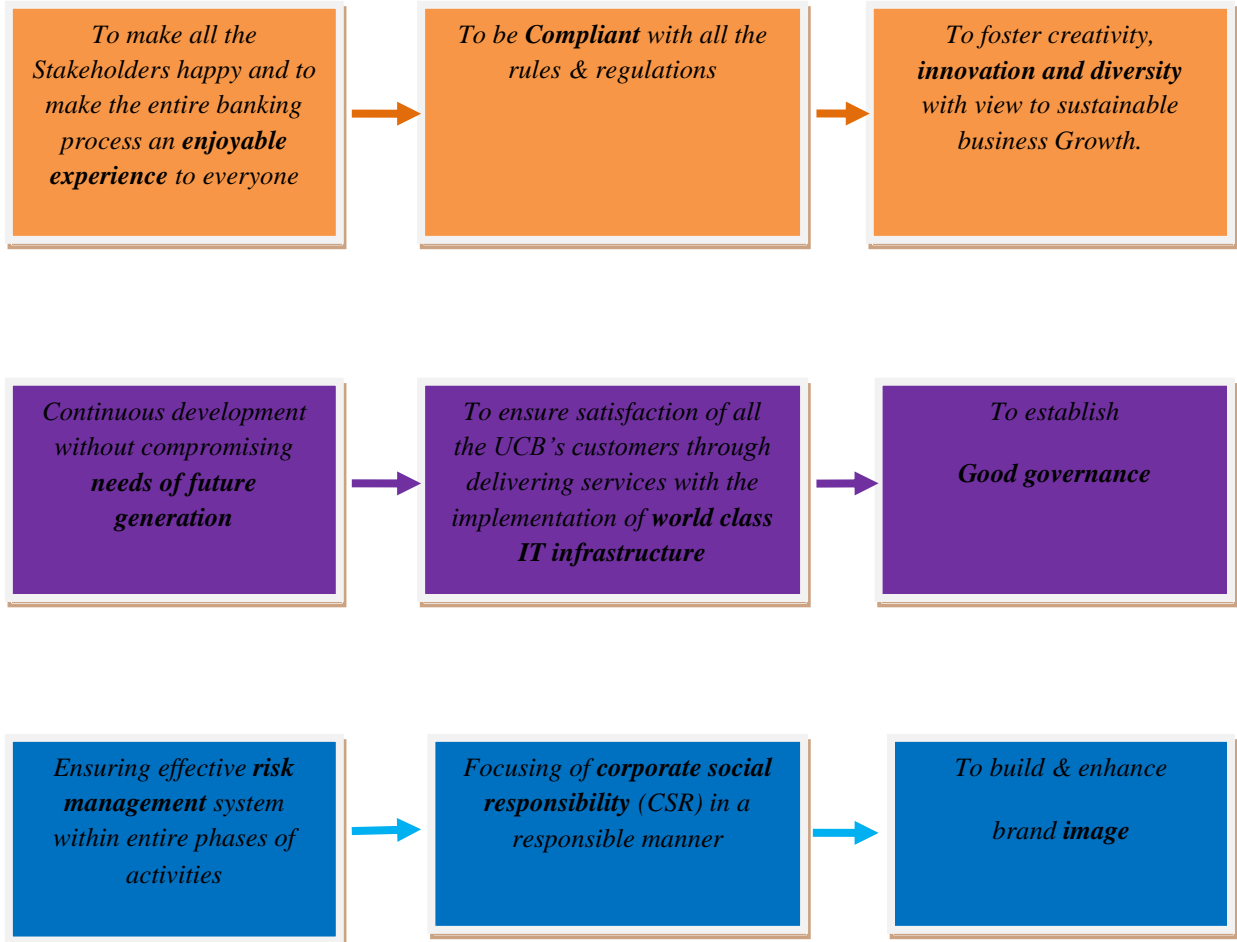
Mr. ATM Tahmiduzzaman FCS



## 4.7 Organizationstructure:



## 4.8 Strategic priority



## 4.9 Product / Services Schemes:

United Commercial Bank Limited offers different types of products and services to its customer for their satisfaction. These products and services create more competitive advantages for the bank as well as the customer.

**UCB has a set of versatile products & services:-**

| Deposit Products   | Loan Products  | Other Services   |
|--|--|--|
| <ul style="list-style-type: none"> <li>☞ Current Deposits</li> <li>☞ Savings Deposits</li> <li>☞ Special Notice Deposit</li> <li>☞ Fixed Deposit</li> <li>☞ FC Deposit Account</li> <li>☞ UCB Multi-Millionaire</li> <li>☞ UCB Money Maximizer</li> <li>☞ UCB earning plus</li> <li>☞ UCB DPS Plus</li> <li>☞ UCB youngsters Savings</li> <li>☞ UCB youngsters DPS</li> <li>☞ UCB Savings Plus</li> <li>☞ UCB woman's savings</li> <li>☞ UCB woman DPS plus</li> <li>☞ UCB NRB savings</li> <li>☞ UCB NRB DPS plus</li> <li>☞ UCB RMG DPS plus.</li> </ul> | <ul style="list-style-type: none"> <li>➤ Trade Finance</li> <li>➤ Industrial finance</li> <li>➤ Import Finance</li> <li>➤ Export Finance</li> <li>➤ Loan Syndication</li> <li>➤ Working capital Finance</li> <li>➤ Packing credit</li> <li>➤ Transport loan</li> <li>➤ Lease Finance</li> <li>➤ Hire Purchase loan</li> <li>➤ House building loan</li> <li>➤ Home loan</li> <li>➤ Consumer credit scheme</li> <li>➤ Auto loan</li> <li>➤ Doctors loan</li> <li>➤ Marriage loan</li> <li>➤ Education loan</li> <li>➤ Hospitalization loan</li> <li>➤ Travel loan</li> <li>➤ CNG conversion loan</li> <li>➤ Home mortgage loan</li> <li>➤ Household durable loan</li> <li>➤ Credit Card</li> </ul> | <ul style="list-style-type: none"> <li>✚ Western union money transfer</li> <li>✚ SMS Banking Service</li> <li>✚ Online Services</li> <li>✚ Inward &amp; Outward Remittances</li> <li>✚ Travelers Cheques</li> <li>✚ Underwriting &amp; Bridge Financing</li> <li>✚ Locker Services</li> <li>✚ Offshore Banking</li> <li>✚ Ucash (Mobile Financial Services)</li> <li>✚ Internet Banking</li> </ul> |

## 4.10 SWOT Analysis

SWOT analysis refers to analysis of strengths, weaknesses, opportunities and threats of an organization. This facilitates the organization to make its future performance improved in comparison to its competitors. An organization can also study its current position through SWOT analysis. For all of these, SWOT analysis is considered as an important tool for making changes in the strategic management of an organization.

### Strengths:

- ✓ UCB is already well established in the banking industry of the country. It is one of the leading first generation private sector commercial banks in Bangladesh.
- ✓ It has got significant image in the banking industry.

- ✓ UCB has the reputation of being the provider of good quality services to its present and potential customers.
- ✓ Excellent Management
- ✓ High Commitment of Customer
- ✓ Qualified and experienced Human Resource
- ✓ Strong network.
- ✓ Sophisticated Automated System
- ✓ UCB has already achieved a high growth rate. Deposits as well as loans & advances are increasing rapidly.

#### **Weaknesses:**

- ✓ Lack of motivation of work among some employees.
- ✓ Heavily depended on Head Office for decision making.
- ✓ Some of the job positions in the UCB have no growth or advancement path which brings job dissatisfaction among some employees.
- ✓ UCB Bank has more redundant manpower compared to other banks of the same generation which increases its operational cost.

#### **Opportunities:**

- ✓ Increasing demand of customer finance.
- ✓ Investment potential of Bangladesh.
- ✓ Relationship Management.
- ✓ A large portion of our population is middle class. Different types of retail lending products have a great appeal to this class. So, a wide variety of retail lending products has a very large and easily pregnable market. Thus, UCB can adopt variety scheme for retail lending.
- ✓ Bank can introduce special corporate scheme for corporate customers or service holders according to the professions, such as engineers, lawyers, doctors etc.

#### **Threats:**

- ✓ Some commercial/ foreign as well as private bank.
- ✓ Similar types of retail banking products.
- ✓ Certain Bangladesh Bank rules and regulations.
- ✓ Customer awareness of pricing and services.

Industries are becoming sick at an increasing rate and growth of industrialization is very slow in the country. Therefore, it is very likely that poor industrial growth will affect the potentiality of UCB ltd.

# **Chapter-Five**

## **Discussion and Interpretation**

## 5.1 Definition of Loans & Advances

Loan and advances granted by UCB are highly beneficial for firms, individuals, companies and industrial concerns. Loan may be regarded as credit granted where the money is disbursed and its recovery is made on a later date. It is a debt for the borrower. Advance is a credit facility granted by the bank. Bank grants advances for short-term purposes. Loan and advances granted by banks help in meeting short-term and long-term financial needs of business enterprises. Loan and Advances comprise the most important assets as well as the primary sources of earning of the bank. On the other hand; loan is also the major source of risk for the bank management. A prudent bank management should always try to make an appropriate balance between return and risk involved with the loan portfolio and unregulated bank might be with unregulated risk for maximizing its potential return. In such a situation, bank might find itself in a serious financial distress instead of improving its financial health. Consequently not only the depositors but also the general shareholders will be deprived of getting back their money from the bank. Bank does not interfere with the use, management and control of borrowed money but takes care to ensure that the money lent is used only in business purpose.

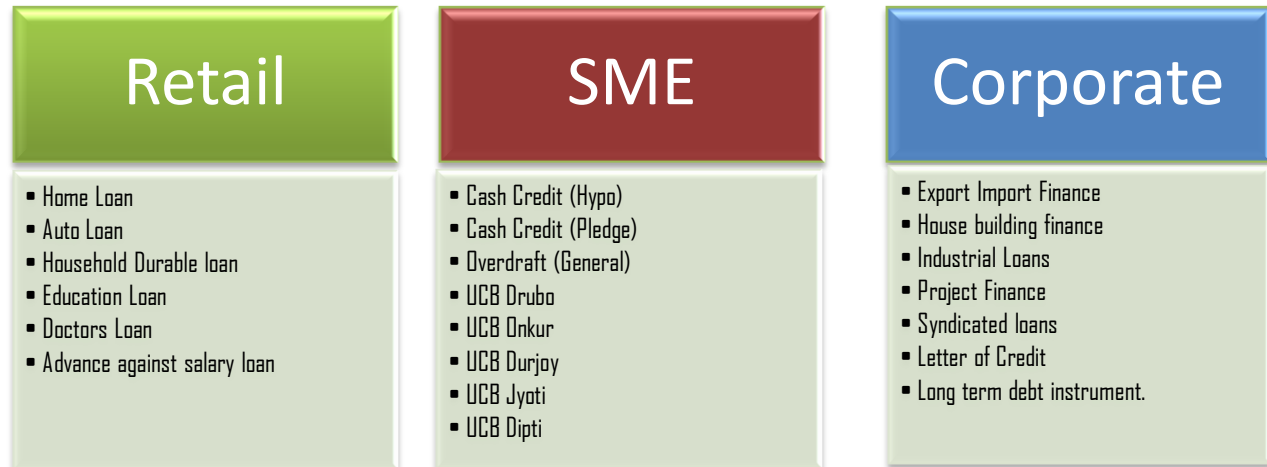
- Loan and advances are utilized for making payment of current liabilities, wages and salaries of the employees and also the tax liability of business.
- Loan and Advances from banks are found to be economical for traders and businessmen because banks charge a reasonable rate of interest on such loans and advances.
- Loan and advances can be arranged from banks in keeping with the flexibility in business operation.
- Loan and advances by Banks generally carry element of secrecy with it. Banks are duty-bound to maintain secrecy of their transactions with the customers.

## 5.2 Category of Loans

UCB has different types of loans. As per banking company act 1991 every company has to maintain a specified minimum (presently 16%) of the total of its demand and time liabilities in the form of cash and approved securities with Bangladesh Bank. This percentage or ratio is termed statutory liquid ratio. The Bank continued to consolidate and diversify its portfolio in 2015 to have a diversified client base and portfolio distribution across the sector to reduce client specific concentration and industry specific concentration and to reduce overall portfolio risk. In 2015 UCB registered a steady growth in the credit portfolio posting a growth of 14 percent. Total loans and advances of the bank stood at taka 19,741 million during the year 2015 as compared to TK 17,414 million of the previous year. Average loan per Branch stood at TK 125 million. Sector wise allocation of advances revealed a well-diversified portfolio of

the bank with balanced exposure in different sectors.

Mainly UCB offers for three categories loans & advances. The most popular categories loans products are given below:-



### 5.3 Retail Loan:

Retail loan also known as Consumer loan is the provision of services by a bank to individual consumers, rather than to companies, corporations or other banks. Services offered include, mortgages, personal loans, debit cards, and credit cards. The term is generally used to distinguish these banking services from investment banking, commercial banking or wholesale banking. It may also be used to refer to a division or department of a bank dealing with retail customers.

#### Home loan:

#### Purpose:

- Purchasing apartment/ House (if old not older than 10 years)
- Construction of Building
- Renovation of Existing House/Flat

#### Customer Segment:

Any Bangladeshi (Singly or jointly with other co-owners/co-borrowers e.g. spouse/son). Employees of Govt./ Semi Govt./ Autonomous body, Employees of financial institution Employees of different Public Limited Company/ Private Limited company having Corporate Structure, Teachers of any school/ college/ university, Doctor, Engineer, Accountants, Businessman (having two years of experience both salaried individual and businessman), Land lord having significant rent income.

Interest Rate: 11% Annually.

### **Auto Loan:**

This product will allow car financing to the customer segment. Under this scheme, the vehicle is hypothecated to the bank only. In addition to this registration requirement, on a case-to-case basis, bank may also secure the loan partially by the commonly acceptable form of cash/quasi cash securities available in the market.

#### **Purpose:**

Purchase of non-commercial new and reconditioned vehicles for personal use only by an individual.

#### **Customer Segment:**

Any Bangladeshi individual who has the means and capacity to repay the loan. In specific terms, the target customers should cover salaried executives of multinational Companies, middle to large size local corporate, Government officials, Officials working in Semi- Government, Autonomous and reputed NGOs (Non-Government Organizations), international aid agencies & UN bodies, any tax paying businessmen of repute and self-employed tax-paying individual having a reliable source of income.

Interest Rate: 13% Annually.

### **Household Durable Loan:**

#### **Purpose:**

Purchase of household durables like Television, Refrigerator, Air Conditioner, Washing Machine, Computers, other household furniture etc. for personal use only.

#### **Customer Segment:**

Any Bangladeshi individual who has the means and capacity to repay the loan. In specific terms, the target customers should cover salaried executives of multinational Companies, middle to large size local corporate, Government officials, Officials working in Semi- Government, Autonomous and reputed NGOs (Non-Government Organizations), international aid agencies & UN bodies, any tax paying businessmen of repute, any employed / self-employed tax-paying individual having a reliable source of income.

**Loan Size:**Maximum Limit of Tk. 500,000.

**Interest Rate:** 13% Annually.

### **Education Loan:**

#### **Purpose:**



For educational purposes.

**Customer Segment:**

Employees of reputed Multinational Companies and large local corporate. Employees of medium sized or mid-range local companies such as reputed schools & colleges, pathology labs, hospitals, restaurants, hotels, newspapers, airlines, real-estate developers of repute, insurance & leasing companies, NGOs, aid agencies, UN bodies, reputed trading firms and business establishments and all other salaried employees including employees of Government, Semi-government & Autonomous bodies. Any tax paying businessmen of repute, any employed / self-employed tax-paying individual having a reliable source of income.

**Minimum Service length:**

For salaried individual, minimum service length of 2 years.  
Govt. employees must be confirmed on job.

**Advance against Salary loan:**

**Purpose:**

To meet the financial need of any acceptable purpose.

**Customer Segment:**

Employees of reputed Multinational Companies and large local corporate. Employees of medium sized or mid-range local companies such as reputed schools & colleges, pathology labs, hospitals, restaurants, hotels, newspapers, airlines, real-estate developers of repute, insurance & leasing companies, NGOs, aid agencies, UN bodies, reputed trading firms and business establishments and all other salaried employees including employees of Government, Semi-government & Autonomous bodies.

**Loan Limit:**Maximum Tk. 10,00,000/-

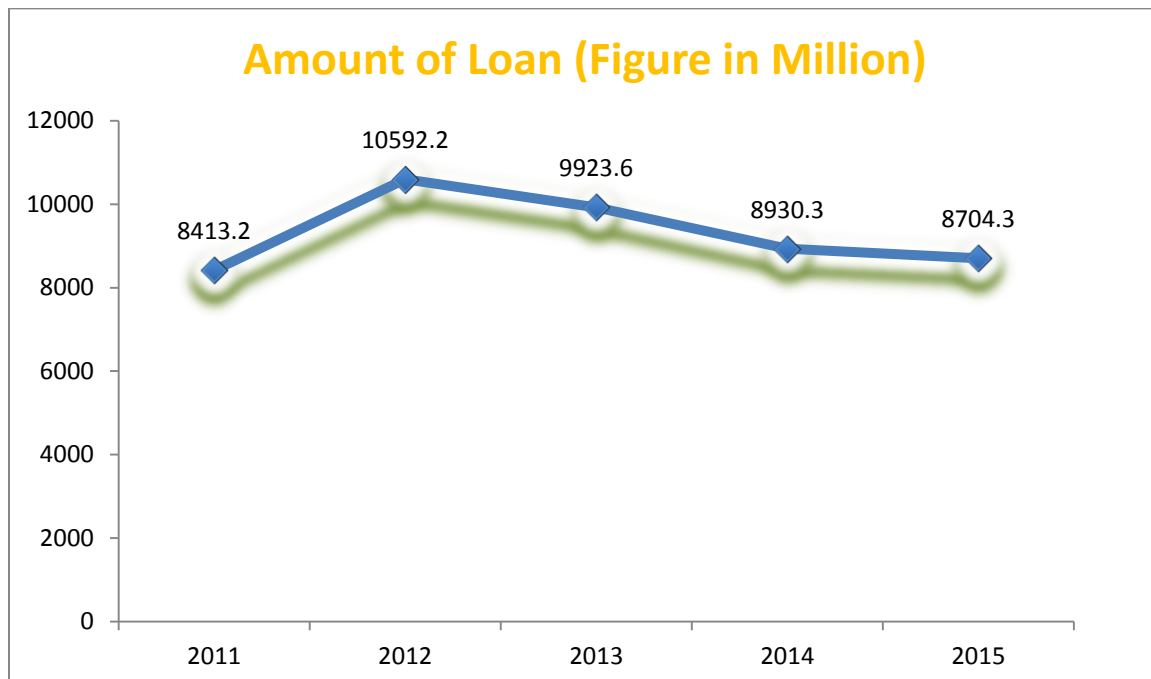
**Minimum Service length:**

For salaried individual, minimum total service length of 2 years.  
Govt. employees must be confirmed on job.

**5.3.1 Scenario of Retail loan for last 05 years:**

| Year | No. of Clients | Amount<br>(Figure in Crore) |
|------|----------------|-----------------------------|
| 2011 | 8,073          | Tk. 841.32                  |
| 2012 | 10,107         | Tk. 1059.22                 |
| 2013 | 9,416          | Tk. 992.36                  |
| 2014 | 8,283          | Tk. 893.03                  |
| 2015 | 8,114          | Tk. 870.43                  |

**Graphical View:**



**Figure: Retail loan performance for last 05 years.**

#### 5.4 SME (Small & Medium Enterprise):

SME sector has been the key engine for job creation, entrepreneurship and economic growth in Bangladesh. Although the sector had been in the focus of banking industry since long, the ongoing conscious effort of developing and nurturing SME sector started when different multilateral development agencies especially IFC started promoting it after the global financial crisis in early 2000s.

UCB has been a SME friendly bank since its incorporation in the year 1983. As the many customers of the bank are of SME enterprises, UCB created a specialized SME division in the year 2009 for paying maximum priority to the SME Entrepreneurs of the country. Later from 2012 the management of the bank has placed the SME financing in the center of its business focus and pursuing business strategies, allocation of funds and infrastructure for expanding SME business further in line with national economic goals.

#### Cash Credit (Hypo):

Cash Credit allowed against hypothecation of good is known as Cash Credit (HYPO) limit. In case of hypothecation, the borrower retains the ownership and possession of goods on which charge of the lending bank is created. Under this arrangement credit is sanctioned against hypothecation of the raw material or finished goods. The letter of hypothecation creates a charge against the goods in favor of the Bank but neither the ownership nor its possession is passed to it; only a right or interest in the goods is created in favor of the Bank and the borrower binds himself to give possession of the goods to the bank when called upon to do so. When the possession is handed over, the charge is converted into pledge. This type of facility is generally given to the reputed borrowers of undoubted integrity.

#### Interest rate 12.50% quarterly.

The bank should take the following precaution:-

- ✚ The bankers should carefully verify the stocks of hypothecated goods and their market price.
- ✚ Stocks should be duly insured against fire and burglary.
- ✚ Bank should try obtaining sufficient collateral security.
- ✚ Periodical statement of stock duly signed by the borrower should be obtained.
- ✚ The goods are readily saleable and have good demand in the market.
- ✚ The borrower should be trustworthy and prudent customer.
- ✚ The price of the goods, offered as security, is to be calculated as per purchase price or market price whichever is lower.
- ✚ The price of goods is steady etc.

### **Cash Credit (Pledge):**

Cash credit allowed against pledge of good is known as Cash Credit (Pledge). In case of Cash credit (Pledge), the borrower pledges his goods to the bank as security against the Credit facility. Banks retain the effective control of the pledged goods. Pledge goods may be stored in a godown of the borrower but under lock and key of the bank. Bank guards are posted to protect the godown sometimes; Pledge goods are in Banks godown.

**Interest rate 12.50% quarterly.**

### **Overdraft (General):**

When overdraft is allowed against lien of FDR or other financial instruments like bills or Accounts Receivable or work order, it is termed as Overdraft. Overdraft facility to the borrower may be allowed generally in the following ways:

- i. Overdraft against guarantee.
- ii. Overdraft against FDR in the name of borrower.
- iii. Overdraft against savings certificate.
- iv. Overdraft against DPS.
- v. Overdraft against Accounts Receivable.
- vi. Overdraft against Work order.

**Interest rate 12.50% quarterly.**

### **UCB Drubo:**

UCB Drubo is a loan facility for small enterprises involved in trading, manufacturing, service, non-farm rural activities, agro based industries and many other acceptable sectors spread all over Bangladesh marketed through their branches/SME branches/Krishi branches across the country.

**Product Features** : Overdraft Lending Product for Small Enterprises

**Amount Range** : Up to Tk. 500.00 lac

**Tenor** : 01 year, renewable each year.

**Eligibility** : The business must be a going concern with a minimum 1 year operation.

**Purpose** : Working capital, agriculture production/trading, and other business purposes for small sized trading, service, manufacturing concerns.

**Interest Rate** : 12.50% (quarterly)

### **UCB Onkur:**

UCB Onkur is a loan facility for small enterprises involved in trading, manufacturing, service, non-farm rural activities, agro based industries and many other acceptable sectors spread all over Bangladesh marketed through their branches/SME branches/Krishi branches across the country.

- Product Features** : Terminating Lending Product for Small Enterprises
- Amount Range** : Up to Tk. 500.00 lac
- Tenor** : 12 Months/24 Months/36 Months/48 Months/60 Months.
- Eligibility** : The business must be a going concern with a minimum 1 year operation.
- Purpose** : Working capital, agriculture production/trading, and other business purposes for small sized trading, service, manufacturing concerns.
- Interest Rate** : 12.50% (quarterly)

### **UCB Durjoy:**

UCB Durjoy is a loan facility for small enterprises involved in trading, manufacturing, service, non-farm rural activities, agro based industries and many other acceptable sectors spread all over Bangladesh marketed through their branches/SME branches/Krishi branches across the country.

- Product Features** : Fixed Asset Purchase Lending Product for Small Enterprises
- Amount Range** : Up to Tk. 500.00 lac
- Tenor** : 12 Months/24 Months/36 Months/48 Months/60 Months.
- Eligibility** : The business must be a going concern with a minimum 1 year operation.
- Purpose** : Fixed asset (Machinery, Equipment's, Furniture, Vehicle for Commercial use etc.) For small sized trading, service, manufacturing concerns.
- Interest Rate** : 12.50% (quarterly)

### **UCB Jyoti:**

UCB Jyoti is a loan facility for 'women' entrepreneur's small enterprises involved in trading, manufacturing, service, non-farm rural activities, agro based industries and many other acceptable sectors spread all over Bangladesh marketed through their branches/SME branches/Krishi branches across the country.

|                         |  |
|-------------------------|--|
| <b>Product Features</b> | : Overdraft Lending Product for Women Small Enterprises  |
| <b>Amount Range</b>     | : Up to Tk. 500.00 lac   |
| <b>Tenor</b>            | : 01 year, renewable each year.  |
| <b>Eligibility</b>      | : The business must be a going concern with a minimum 1 year operation by women entrepreneur.  |
| <b>Purpose</b>          | : Working capital, agriculture production/trading, and other business purposes for small sized trading, service, manufacturing concerns. |
| <b>Interest Rate</b>    | : 10% (quarterly)  |

### **UCB Dipti:**

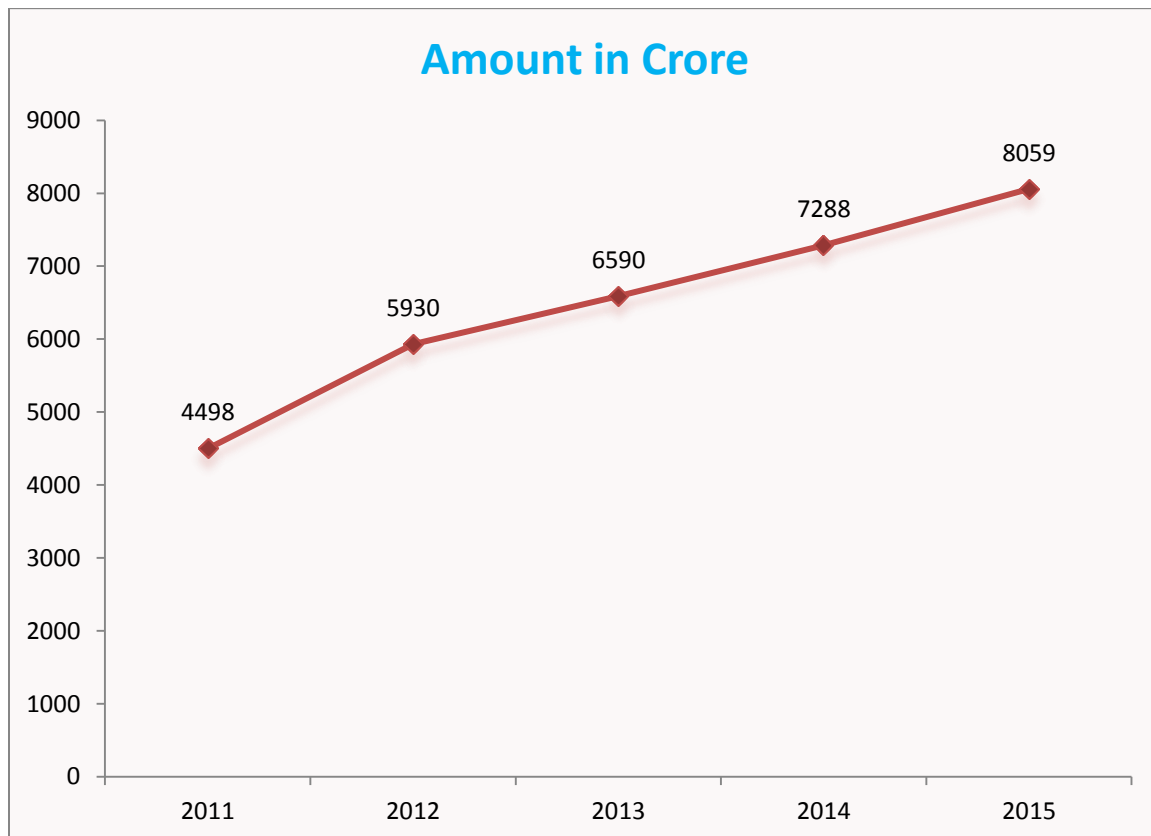
UCB Dipti is a loan facility for 'women' entrepreneur's small enterprises involved in trading, manufacturing, service, non-farm rural activities, agro based industries and many other acceptable sectors spread all over Bangladesh marketed through their branches/SME branches/Krishi branches across the country.

|                         |  |
|-------------------------|--|
| <b>Product Features</b> | : Terminating Lending Product for Women Small Enterprises  |
| <b>Amount Range</b>     | : Up to Tk. 500.00 lac   |
| <b>Tenor</b>            | : 12 Months/24 Months/36 Months/48 Months/60 Months.   |
| <b>Eligibility</b>      | : The business must be a going concern with a minimum 1 year operation by women entrepreneur.  |
| <b>Purpose</b>          | : Working capital, agriculture production/trading, and other business purposes for small sized trading, service, manufacturing concerns. |
| <b>Interest Rate</b>    | : 10% (quarterly)  |

#### 5.4.1 Scenario of UCB SME loan for last 5 years:

| Year | No. of Clients | Amount<br>(Figure in Crore) |
|------|----------------|-----------------------------|
| 2011 | 10,122         | Tk. 4,498                   |
| 2012 | 11,990         | Tk. 5,930                   |
| 2013 | 14,655         | Tk. 6,590                   |
| 2014 | 18,570         | Tk. 7,288                   |
| 2015 | 20,734         | Tk. 8,059                   |

Graphical view:



**Figure: SME loan performance for last 05 years**

## 5.5 Corporate Loan:

Corporate Loan is loans that are taken by corporate bodies for doing business. Corporate lending is essentially the same thing as a personal loan, except instead of being made from a bank to an individual; it is made from a bank to a company. As a result, the amounts of Credit money being dealt with tend to be substantially larger, and some of the protections are a bit different. The corporate loan portfolio of UCB is well diversified among more than thirty uncorrelated industrial sectors and distributed in all the divisions of the country. By and large, all the prominent corporate houses in Bangladesh have kept their confidence on UCB and created a rapport based on mutual benefits. UCB's key corporate sectors include RMG, Pharmaceuticals, Steel, textiles, spinning, ship breaking, Ship building, packaging, food products, paper & paper products, furniture, cement industries, power, construction, housing, aviation, oil refinery, healthcare, transportation & communication etc.

### Export Import Finance:

#### Export-

- **Pre-shipment Financing:** This facility is offered to an exporter by way of packing credit to enable him to finance purchase or import of raw materials, processing and packing of the goods meant for exports.
- **Post-shipment Financing:** Post-shipment Credit is offered to an exporter to finance export sales receivables after the date of shipment of goods till the date of realization of export proceeds.
- **Advances against accepted bills for collection:** This offering is in the form of a loan provided to the exporter to bridge the working capital gap that exists before the export proceeds are realized. Once the export proceeds are realized the loan is liquidated.

#### Import-

UCB offers post import finance to the importers in the form of Loan against Imported Merchandise (LIM), Loan against Trust Receipt (LTR), and Payment against Documents (PAD).

### House Building Financing:

**UCB provides House Building Loan (HBL) for:**

- Commercial purposes
- Post-shipment Financing:

It includes medium to long-term finance to construct commercial buildings/apartments.



### **Industrial Loan:**

Since independence, the aim of successive Governments has been rapid industrialization of the country. UCB being a socially responsible Bank is providing short, medium and long term financing to the industrial enterprises to accelerate the economic development of the country and to generate employment for the mass people. UCB is extending industrial loans to -

- RMG
- Textile
- Food Processing
- Jute Industries
- Leather & Leather Products
- Paper & Paper Products
- Chemical Industries
- Transport & Communication
- Power & Energy
- Telecommunication Sector, etc.

### **Project Finance:**

Project finance is the long-term financing of infrastructure and industrial projects based upon the projected cash flows of the project rather than the balance sheets of its sponsors. Usually, a project financing structure involves a number of equity investors, known as 'sponsors'; a 'syndicate' of banks or other lending institutions that provide loans to the operation. They are most commonly non-recourse loans, which are secured by the project assets and paid entirely from project cash flow, rather than from the general assets or creditworthiness of the project sponsors, a decision in part supported by financial modeling. The financing is typically secured by all of the project assets, including the revenue-producing contracts. Project lenders are given a lien on all of these assets and are able to assume control of a project if the project company has difficulties complying with the loan terms.

Generally, a special purpose entity is created for each project, thereby shielding other assets owned by a project sponsor from the detrimental effects of a project failure. As a special purpose entity, the project company has no assets other than the project. Capital contribution commitments by the owners of the project company are sometimes necessary to ensure that the project is financially sound or to assure the lenders of the sponsors' commitment. Project finance is often more complicated than alternative financing methods. Traditionally, project financing has been most commonly used in the extractive (mining), transportation, telecommunications industries as well as sports and entertainment venues.

**UCB provides Project Finance to various industries namely:**

- ❖ RMG–Woven & Knit
- ❖ Power
- ❖ Yarn Spinning

- ❖ Footwear
- ❖ Battery
- ❖ Pharmaceuticals
- ❖ Poultry Feeds
- ❖ Steel & Billet
- ❖ ICT
- ❖ Garments Accessories
- ❖ Plastics
- ❖ Particle Board
- ❖ Glass & Tubes
- ❖ Ceramics
- ❖ Petro-Chemical
- ❖ Dyeing
- ❖ Printing and Finishing
- ❖ Food Processing
- ❖ ICT
- ❖ Renewable Energy, etc.



### Syndicated Loans:

A syndicated loan is one that is provided by a group of lenders and is structured, arranged, and administered by one or several commercial banks or investment banks known as lead arrangers. UCB provides tailor made solutions to meet their clients' requirements while mitigating the credit and price risk at the same time. UCB has a dedicated and professional Structured Finance Team who arranges and underwrites financial solutions incorporating Debt and Equity Syndication as well as Financial Advisory Services.

Their expert team co-ordinates the activities at various stages of syndication proposal through appraisal, sanction, documentation, sharing of security, disbursement, inspection, follow-up, recovery, arranging meetings of syndication members, etc. as a Lead Bank. UCB also works as a Participating Bank.



**Le Meridian; 5 star Hotel; UCB is one of the syndicate member for financing the project.**

### Letter of Credit:

A letter of credit is a document; typically from a bank (Issuing Bank), assuring that a seller (Beneficiary) will receive payment up to the amount of the letter of credit, as long as certain documentary delivery conditions have been met. In the event that the buyer (Applicant) is unable to make payment on the purchase, the Beneficiary may make a demand for payment on the bank. The bank will examine the Beneficiary's demand and if it complies with the terms of the letter of credit, will honor the demand. The letter of credit states what documents the Beneficiary must present, what information they must contain, and the place and date it expires. Beneficiaries who sell goods and utilize a letter of credit as the method of payment have the assurance of the issuing bank that if they present the documents stated in the letter of credit, the issuing bank will honor their demand for payment.

UCB offers an array of services to meet Letter of Credit requirement which includes

- Opening, Negotiating or Discounting
- Advising, Confirming, Reimbursement
- Foreign Exchange services

UCB has an extensive correspondent bank network across the globe.

### Long Term Debt Instrument:

Debts obligations such as bonds and notes, which have maturities greater than one year, would be considered long-term debt. Debt instrument is the way to transfer the ownership of debt obligations from one party to another. Debt obligation increases liquidity and gives creditors a means of trading debt obligations on the market.

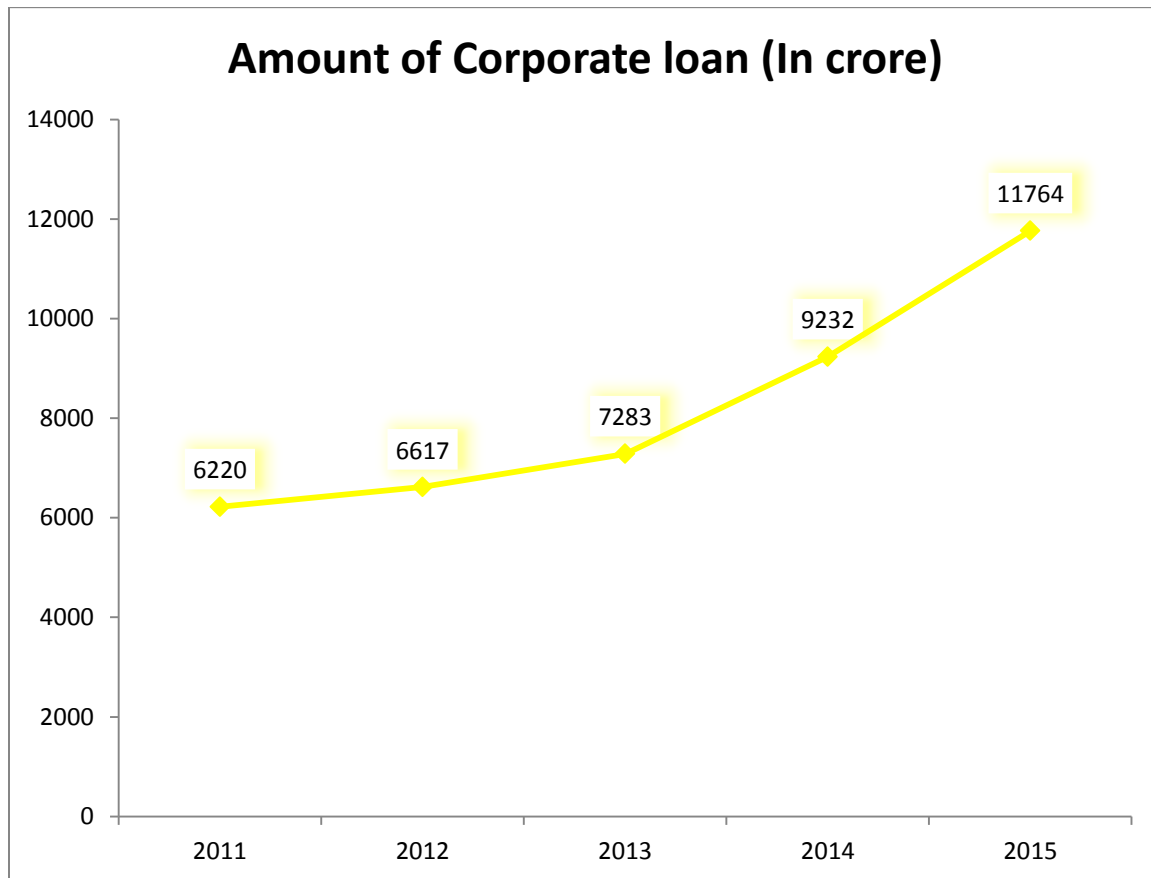
UCB facilitates four types of debt instruments for corporate bodies.

- ✚ Zero coupon ( Convertible & Non Convertible)
- ✚ Coupon bearing bond ( Convertible & Non Convertible)
- ✚ Preference Share ( Redeemable & Perpetual )
- ✚ Commercial Paper and other Fixed income securities

**5.5.1 Scenario of UCB Corporate loan for last 05 years:**

| Year | No. of Clients | Amount<br>(Figure in Crore) |
|------|----------------|-----------------------------|
| 2011 | 1,585          | Tk. 6,220                   |
| 2012 | 1,463          | Tk. 6,617                   |
| 2013 | 1,634          | Tk. 7,283                   |
| 2014 | 4,027          | Tk. 9,232                   |
| 2015 | 6,049          | Tk. 11,764                  |

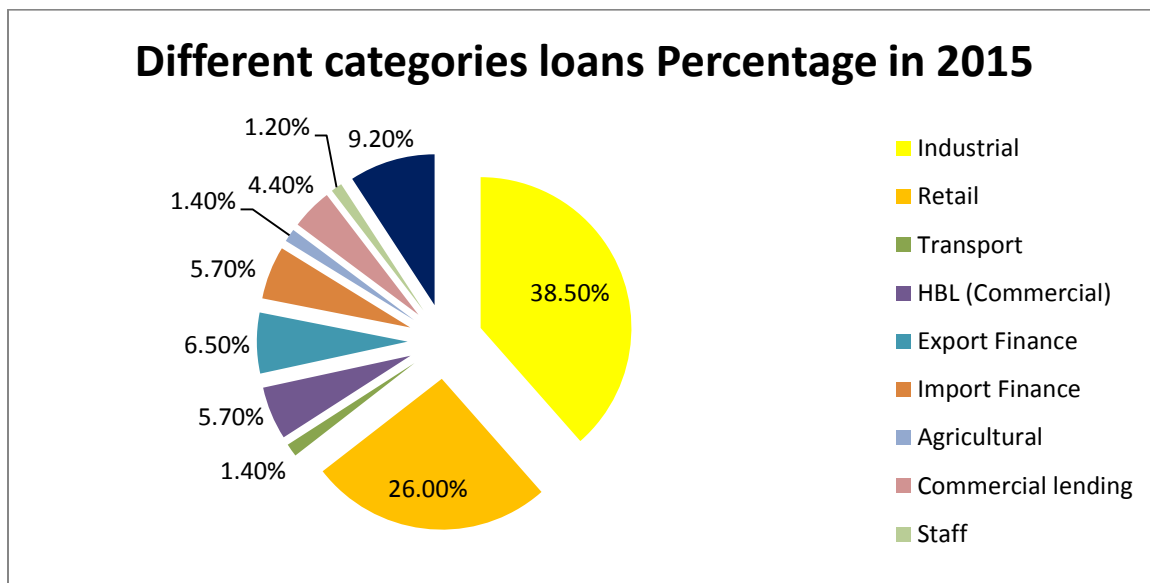
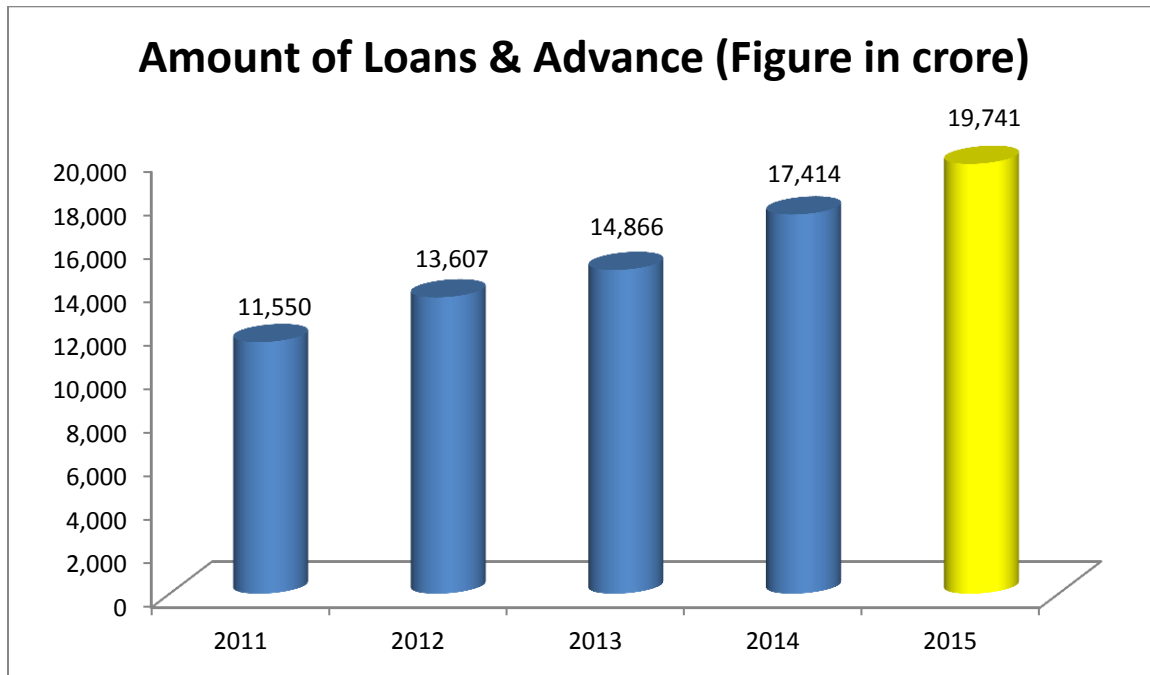
**Graphical View:**



**Figure: Corporate loan performance for last 05 years.**

**5.6 UCB loans & Advances Performance for last 05 years:**

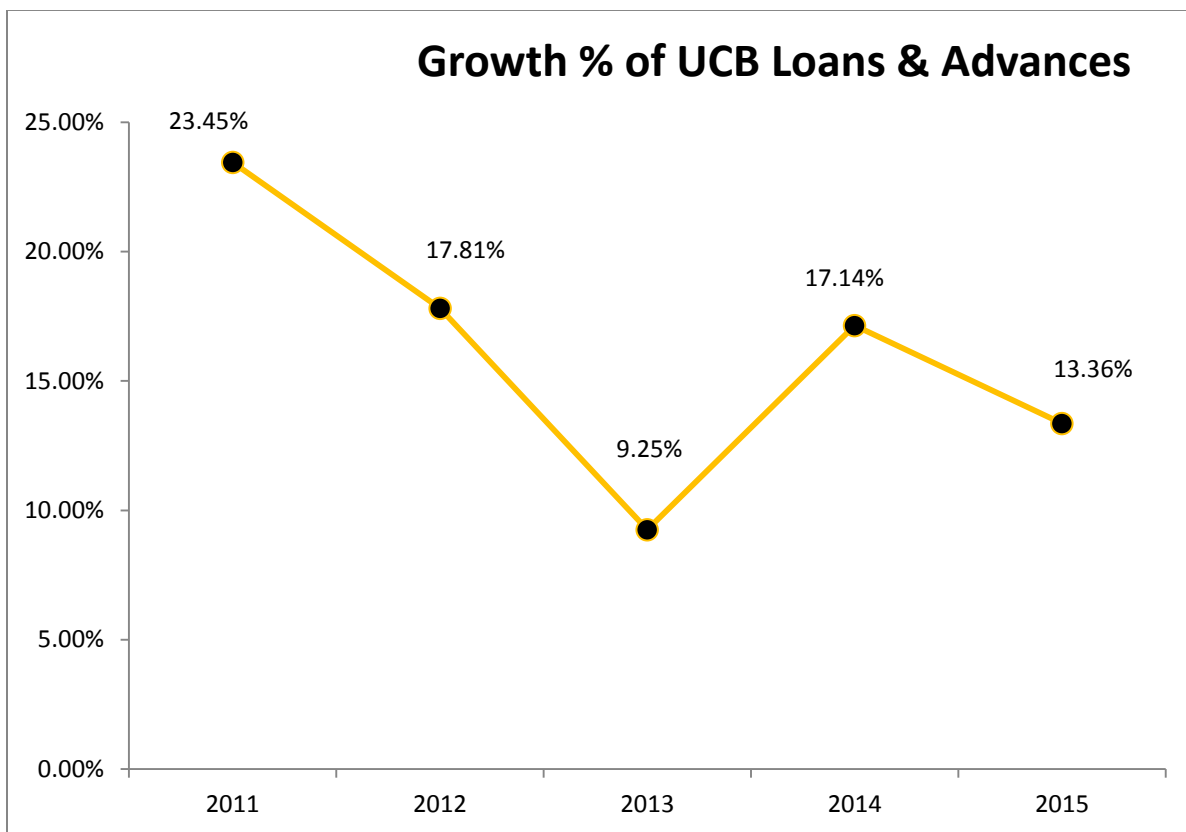
UCB’s loans and advance increased by BDT 2,326 crore during the year 2015 and stood at BDT 19,741 crore which was BDT 17,414 crore in 2014 showing a substantial growth of 13.36% over the previous year. Concentration of loans and advances was well managed. The ratio of non-performing loan was 5.23% which is much lower than the industry average. The bank continued its participation in different credit program for financing in industrial projects, import, export, house-building, retail, agriculture etc.



### 5.7 Growth rate of Loans & Advance of UCB:

Growth Rate (GR) is the fractional rate at which the amount of loan & advance increase or decreases. Specially, GR ordinarily refer to the change in loan and advance over a unit time period, often expressed as a percentage of the amount of loan and advance at the beginning of that period. This can be written as the formula:

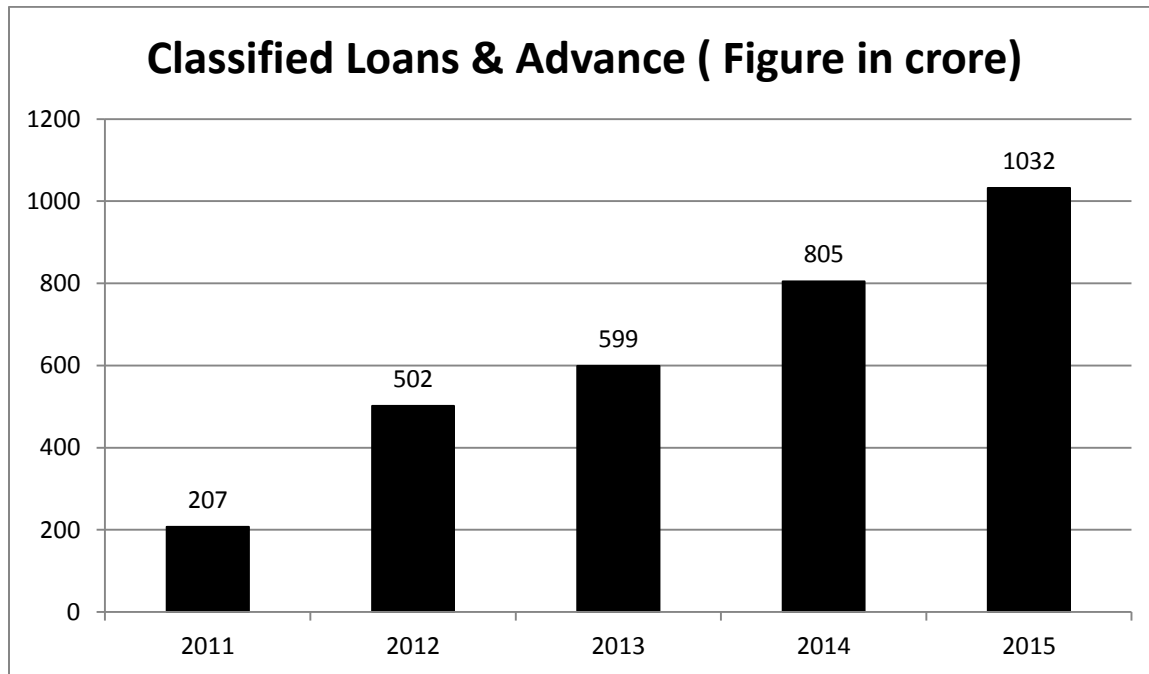
$$\frac{(\text{Loan at the end of the period} - \text{Loan at the beginning of the period})}{\text{Loan at the beginning of the period}} \times 100$$



**Figure: Growth % of Loans & Advances**

Form the figure it is seen that in 2011 the growth rate was higher but, in 2012 it decreased by around 6%. In 2013 the growth rate decreased in a higher rate. But after that the growth rate shows an increasing trend in the remaining year. So, it can be said that the growth rate was very much fluctuating from 2011 to 2013. But after that UCB LTD. handle the growth rate and it is showing and increasing trend which is a good sign.

## 5.8 Classified Loans & Advance Figure of UCB:



Though UCB's Loans & Advance portfolio is increasing day by day, their classified loans figure also increasing. But, In Bangladesh the Banking industries average classified loan is 8.79% of overall loan portfolio whereas UCB's classified loan is only 5.23% of its total loans & Advance figure. So, it's a tremendous success to kept classified loan in only 5 percent.



# Chapter-Six

## Survey Findings

## 6.1 Clients Perception about UCB's Loans & Advances:

### Retail Clients-

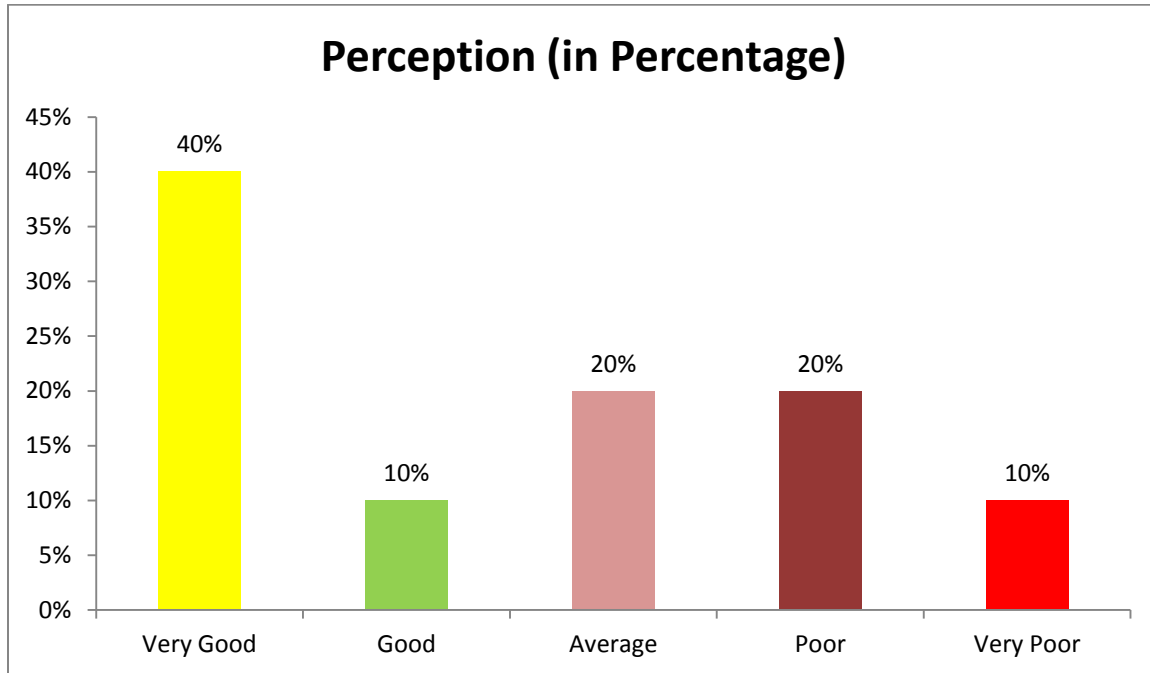


Figure: - Perception of Retail Clients about UCB's Loans & Advance.

From above survey, I can say that most of the retail clients are not satisfied enough with their facility from UCB. Though 40% of the clients are highly satisfied with their facility from UCB and they identified UCB's retail loan as "Very Good" and 10% identified as "Good". But, the rest 50% has identified "Average to Very Poor", which is not a good sign for UCB. In the time survey I found that, clients are mostly dissatisfied with the interest rate of retail products and long duration time for sanctioning the facility. Rather interest rate & Long duration time, clients are happy with all other advantage or services.

**\*\*\*Survey Questionnaire has been enclosed with Appendix Section.\*\*\***

**SME Clients:**

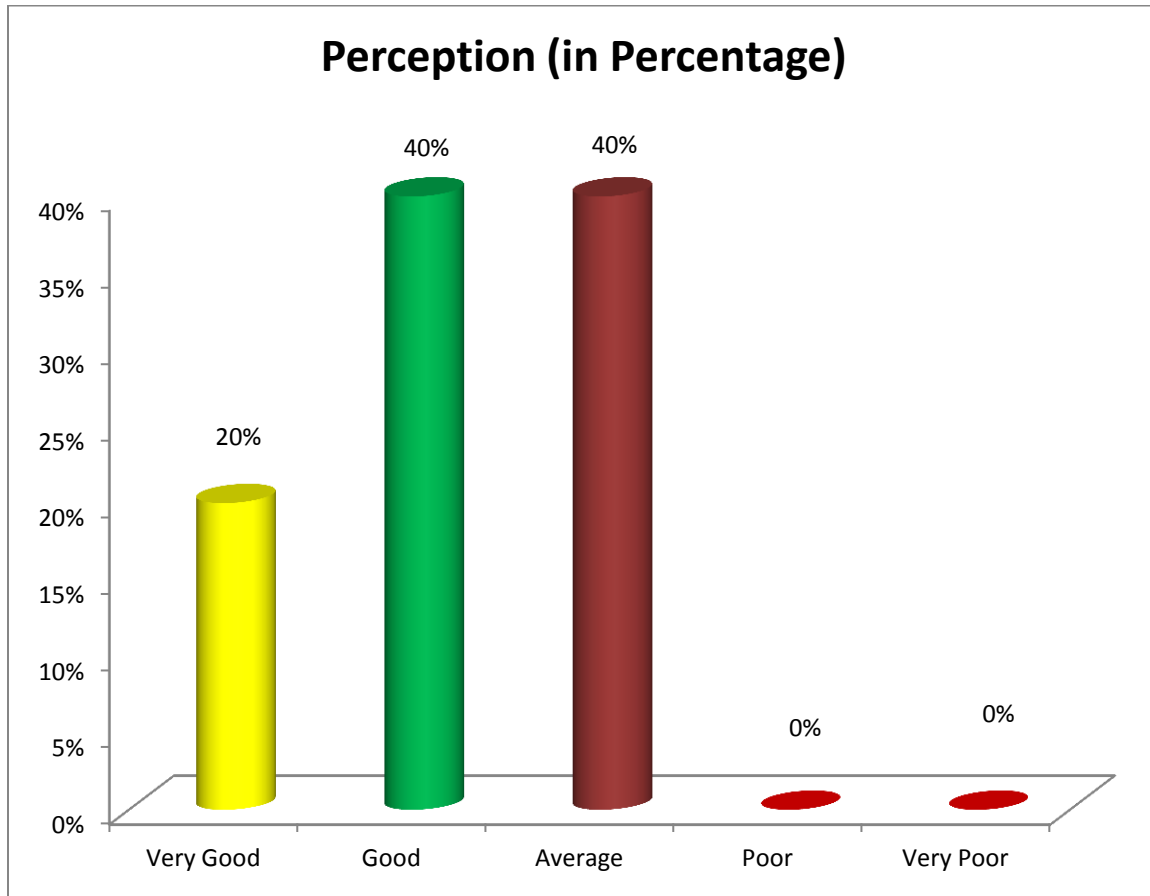


Figure: - Perception of SME Clients about UCB’s Loans & Advance.

From this survey result, it can easily identify that UCB’s SME loans & Advance products are in a very standard position. Because, 20% of clients are identified UCB SME Loans & Advance products as “Very Good” and 40% are marked as “Good”. So, total 60% of clients are highly satisfied about this facility from UCB and rest 40% are somewhat satisfied with their facility service. But, none of the clients are marked UCB SME Loans & Advance as “Poor” or “Very Poor”. It’s a very good sign for UCB to survive in the market strongly.

**\*\*\*Survey Questionnaire has been enclosed with Appendix Section.\*\*\***

**Corporate Clients:-**

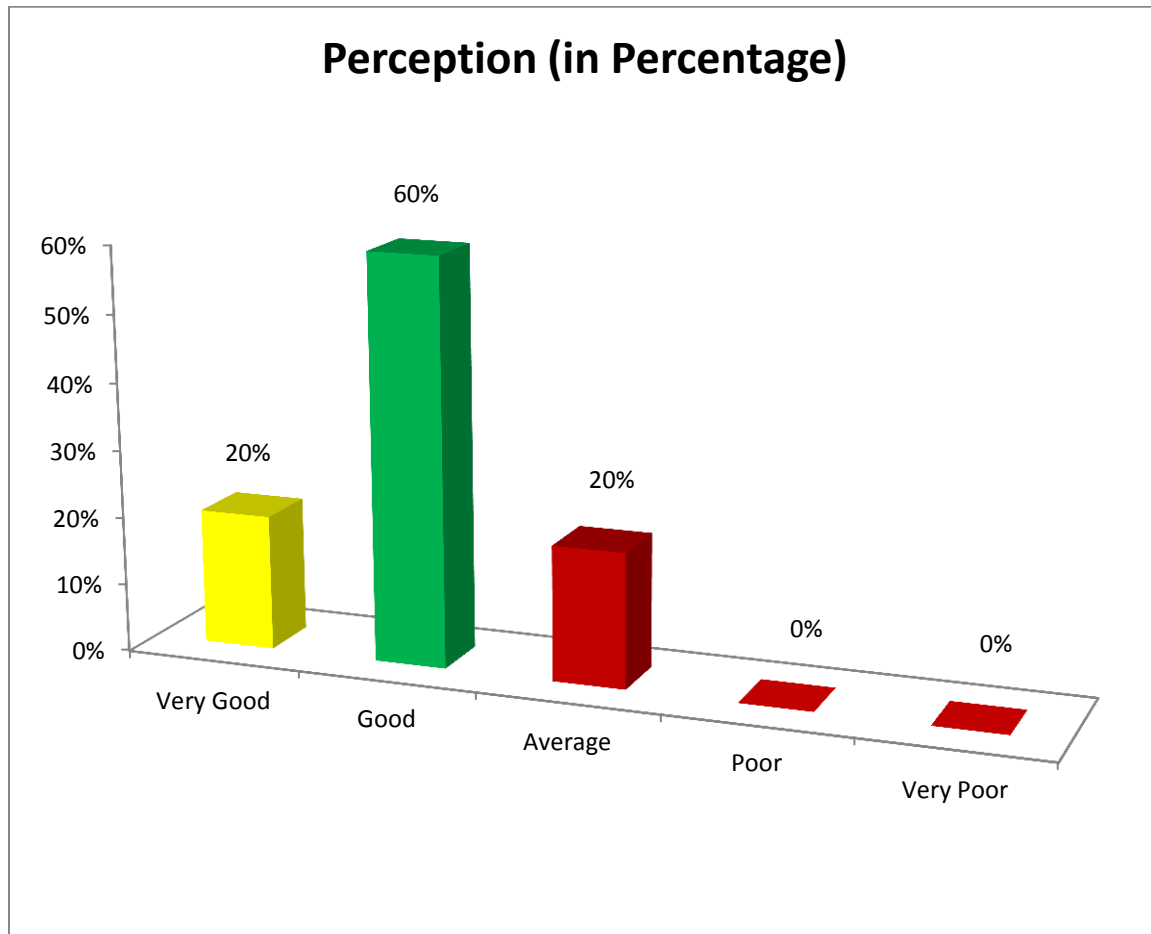


Figure: - Perception of Corporate Clients about UCB’s Loans & Advance.

UCB corporate loan has been captured almost 60% of their total loan portfolio. So, it is very easy that UCB has captured clients mind especially in corporate sector to kept them with UCB. From my survey, I found 80% clients who has been identified UCB Corporate loans & advance as “Good” to “Very Good” and they don’t have any objections related Interest rate, Processing time, processing fees, Sanctioning procedure and also repayment policy. Only, 20% clients has neutral opinion about their facility with UCB. So, by this survey it can show that UCB has a very good reputation in the market about corporate loans & advance products.

**\*\*\*Survey Questionnaire has been enclosed with Appendix Section.\*\*\***

# Chapter-Seven

## Recommendations & Conclusion.

## 7.1 Recommendation:-

While working at UCB, there were certain things that I think UCB should consider for the development of Loans & Advance Division. Perhaps UCB has its own options and strategy to follow in these issues, however I am not fully acknowledged about those. Here are some recommendations from my point of view-

**1) The bank must analyze all evidences of mortgaged property:** As title of mortgaged properties may have complexity, so a comprehensive and accurate appraisal of the property in every credit proposal of the bank is important and mandatory. No proposal can be put on place unless there has been found a complete, accurate evaluation of property. In order to safeguard the mortgage over the entire period of the advance, a comprehensive view of the capital of borrower, adequacy, and nature of security should be compliance with all regulatory/legal formalities and condition of all documentation. It is absolute responsibility of the Credit Officer to ensure that all the necessary documents are analyzed properly before the loan is placed for approval. On the other-hand, where Loans/Advances/Credit facilities are granted against the guarantee of the third party, that guarantor must be subject to the same credit assessment as made for the principal borrower.

**2) Valuation task should be assigned to confident party:** Sometimes the bank becomes swindled by valuation party. So the bank must assign property valuation task to that kind of confident party who strictly follows the terms and condition in evaluating proper value of the property, assets as well as maintaining confidentiality. Enlisted Surveyor Company approved by the bank should make valuation of property and properly assess the quality and priority of the proposed security. The bank should keep a pleasant relationship with valuation party in order to acquire proper valuation.

**3) Bank need to hire best lawyer to justify the mortgage land**

**4) The bank should being independent from pressures:** Credit proposals should not be influenced by any political person whether it is the matter between bank and client.

**5) The bank must keep close follow up after the disbursement:** The loan should be utilized for the specified purpose for which it has been sanctioned. Furthermore, the bank must be vigilant so that the disbursed funds for a particular purpose are not diverted elsewhere without their knowledge.

**6) The Bank should consider about interest rate**

Therefore, the bank must accept any difficulties and think of them as objective to pursue future goals by solving the problems instead of blaming other factors and UCB must be able to keep on playing its important roles in our economy.

## **7.2 Conclusion:-**

United Commercial Bank has established credit relationship with many reputed multinational companies, semi-government organization as its customer group ranges from individuals, organizations and small businesses covering all sectors of Corporate and Retail businesses. UCB has aim to contribute in potential sectors like as agriculture, electronics, SME, healthcare etc. by providing not only credit services but also taking essential steps to expand these sectors through participating actively in economic development of the country.

UCB will make a positive attempt to be more outward looking in their goals and emphasize on the domestic scenario more closely and analyze any certain trends and strategies of their competitors.

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-  Mr. Sk. AkramHossainJamil, Senior Executive officer, Retail, UCB Ltd.
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10.0

# Appendices