

**United Commercial Bank Limited**



**An Internship Report Presented to the BRAC Business School in Partial Fulfillment of the Requirement for the Degree of Masters of Business Administration.**



Internship Report

On

**SME Banking of United Commercial Bank Limited**

(BUS 699: Internship)

**Submitted To**

**Md. Tamzidul Islam**

Assistant Professor  
BRAC Business School  
BRAC University

**Submitted By**

**Kanij Sharmin**

ID No: 13164102

**Program:** Masters of Business Administration  
BRAC Business School

**Date of Submission: June 16, 2016**



Inspiring Excellence

# ***LETTER OF TRANSMITTAL***

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June 16, 2016

Asst. Prof. MD. Tamzidul Islam  
BRAC Business School  
BRAC University  
Mohakhali, Dhaka, Bangladesh

## **Letter of Transmittal**

Dear Sir,

It is my great pleasure to submit the internship report on “SME banking of United Commercial Bank Limited” which I have prepared as a partial fulfillment of the course BUS699 practicum.

I made sincere efforts to study related materials, documents, observe operations performed & examine relevant records for preparation of the report.

Within the time limit, I have to make this report as comprehensive as possible. But there may be some mistakes due to various limitations. For this reason, I beg your kind consideration in this regard.

Sincerely yours

.....  
Kanj Sharmin  
ID # 13164102

## ***Student Declaration***

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I, Kanij Sharmin, student of Master of Business Administration (MBA), under BRAC Business School (BBS) at BRAC University declaring that this internship report on the topic of "SME banking of United Commercial Bank Limited" have only been prepared for the fulfillment of the course of BUS699 Practicum as the partial requirement of the Master of Business Administration (MBA).

I hereby declare that this report has been solely prepared by me and to the best of my knowledge. It contains no materials previously published or written by any other person which have been accepted for the degree at BRAC University or any other educational institution, except the quotations and reference which have been duly acknowledged.

It has not been prepared for any other purpose, reward, or presentation.

.....

Kanij Sharmin

Program: MBA

ID # 13164102

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## ***Acknowledgement***

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I would like to convey my sincere gratitude to Md. Tamzidul Islam (Assistant Professor, BRAC Business School) for his frank inspiration as well as guidelines in preparing this report. I am also indebted to thank Muhammad Raqib Uddin, Executive Officer, Sonagaon Janapath Branch, UCBL for his constant guidance and valuable suggestion from time to time.

Finally, I am also indebted to all the employees of Sonagaon Janapath Branch, UCBL who extended their wholehearted cooperation to me despite their heavy workload during my practical orientation.

I am again expressing my special gratitude to all.

With Warm Thanks,

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Kanij Sharmin

ID – 13164102

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## *Executive Summary*

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The purpose of this report to analyze "SME banking of United Commercial Bank Limited" as well as to fulfill the partial requirement for MBA degree at BRAC University.

The study is made under the supervision of Assistant Professor Md. Tamzidul Islam BRAC University.

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.

SME sector through promoting new entrepreneurs with new and innovative ideas of diversified products. UCBL is a SME friendly bank since its inception in the year 1983. According to the customer demand UCB created specialized SME division in 2009. Later from 2012 SME financing is in the center of the business focus for expanding SME business further in the line with national economic goal.

In the report, I have described the operation of SME products & current business, my job responsibility, problems that the department is facing currently and finally recommendation.

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**1) Introduction:** Now the world is very much competitive. So everybody has to be expert in his field in both practical knowledge and theoretical knowledge. As BRAC University aims to build future magnate with the theoretical knowledge as well as practical knowledge of economic field of our country, Internship course and its report is a significant aspect in the direction of accomplishing the goal. It is a systematic process for gathering, recording and analyzing of data about the topic that a student goes to learn on the program.

The aim of this internship program is to connect practical knowledge with theoretical aspects. Being a student of MBA, I have completed my internship report from Sonagaon Janapath Branch of United Commercial Bank Limited.

During my internship period, I have tried my best to use the opportunity to enrich my knowledge about UCBL Credit department, particularly on SME banking.

## **1.1 Objective of the Report**

### Broad Objective

To suggest an overview of SME banking practices in UCBL

### Specific Objective

- To give an overview of SME related product of UCB.
- To analyze SME credit management system & practices.
- To identify and critically evaluate current challenges of SME banking.



## **1.2 Methodology of the study**

The data needed for conducting the study has been collected from the primary sources as well as secondary sources. In collecting the necessary data, care has been taken so that all the variables that may in some way can't affect the objectives of the study. The information that I used in this study is collected from the following sources:

### **Primary data sources:**

- Personal experience of working.
- Practical desk work
- Face to face conversation with the colleagues.

### **Secondary data sources:**

- UCBL Website.
- Existing Documents

## **1.3 Limitation of the Study**

Like every other studies, I too faced some constraints during my internship period which otherwise would have enabled me in making my study more appropriate and logical.

The main limitations are as follows:-

- Some of work in this organization is confidential and not accessible.
- It is tough to summarize the total SME practices in a report from huge information's.
- Time Constraint.

**2)History:**United Commercial Bank is one of the largest Banks in Bangladesh. Day by day UCBL has become a giant in the banking sector. 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. UCBL aspire to be the most admired financial institution in the country, recognized as a dynamic, innovative and client focused company that offers an array of products andservices in the search for excellence and to create an impressive economic value. To be the bank of 1st choice by creating exceptional value for our clients, investors and employees

## UCBL at a glance

Name of the Company	: United Commercial Bank Ltd.
Legal Form	: A public limited company incorporated in Bangladesh on 26th June 1983 under the companies Act 1994 and listed in Dhaka Stock Exchange Limited on 30th November 1986 and Chittagong Stock Exchange Limited on 15th November 1995.
Commencement of Business	: 27 June 1983
Head Office	: Bulus Center Plot - CWS- (A)-1 Road No - 34 Gulshan avenue, Dhaka-1212
Telephone No.	: +88-02-55668070 +88-09611999999
Fax No.	: +88-02-55668070-6000, +88-09611999911-5200
Website	: <a href="http://www.ucb.com.bd">www.ucb.com.bd</a>
SWIFT	: UCBL BDDH
E-mail	: <a href="mailto:info@ucb.com.bd">info@ucb.com.bd</a>
Chairman	: Mr. M. A. Sabur
Managing Director	: Mr. Muhammed Ali
Auditors	: HodaVasi Chowdhury & Co. Chartered Accountants
Tax Consultants	: Mr. Md. Mosharraf Hossain, Advocate
Legal Consultant	: T.I.M NurunNabi Chowdhury
No. of Branches	: 158
No. of ATM Booth	: 135
No. of SME Centers	: 2
Off-Shore Banking Unit	: 1
No. of Employees	: 3,374 (31.12.2012)
<b>Stock Summary</b>	
Authorized Capital	: Tk. 15,000 million
Paid up Capital	: Tk. 10,541.31 million
Face Value per Share	: Tk. 10
Registered Office	: Bulus Center Plot - CWS- (A)-1 Road No - 34 Gulshan avenue, Dhaka-1212 Phone : +88-02-55668070 +88-09611999999 E-Mail : <a href="mailto:info@ucb.com.bd">info@ucb.com.bd</a> Web site : <a href="http://www.ucb.com.bd">www.ucb.com.bd</a>
Chairman's Office	: Plot - CWS- (A)-1 Road No - 34

**3)UCBL Product and Services:** UCB has versatile product and services. Services and products are 3 categories-

### **Deposit Products**

- ❖ Current Deposit
- ❖ Service Deposit
- ❖ Special Notice deposit
- ❖ Fixed Deposit
- ❖ Foreign Currency Deposit A/C
- ❖ UCB multi millionaire
- ❖ UCB money Maximizer
- ❖ UCB Earning Plus
- ❖ UCB DPS Plus
- ❖ UCB youngsters saving
- ❖ UCB Youngsters DPS
- ❖ UCB Saving Plus
- ❖ UCB women's saving
- ❖ UCB women DPS plus
- ❖ UCB NRB Saving
- ❖ UCB NRB DPS plus
- ❖ UCB RMG DPS plus

### **Loan Products**

- ❖ Trade finance
- ❖ Industrial finance
- ❖ Import finance
- ❖ Export Finance
- ❖ Loan Syndication
- ❖ Working Capital Finance
- ❖ Packing credit
- ❖ Transport Loan
- ❖ Lease Finance
- ❖ Hire Purchase Loan
- ❖ House Building Loan
- ❖ Home Loan
- ❖ Consumer credit Scheme
- ❖ Auto Loan
- ❖ Doctors Loan

- ❖ Marriage Loan
- ❖ Education Loan
- ❖ Hospitalization Loan
- ❖ Travel Loan
- ❖ CNG Conversion Loan
- ❖ Home Mortgage Loan
- ❖ House Hold Durable Loan
- ❖ Credit Card

#### **Other Services**

- ❖ Western Union Money Transfer
- ❖ SMS banking service
- ❖ Online services
- ❖ Inward & outward Remittances
- ❖ Travelers Cheques
- ❖ Underwriting and bridge Financing
- ❖ Locker Services
- ❖ Offshore Banking
- ❖ Loan syndication
- ❖ Ucash(Mobile Financial service)

#### **4) Vision, Mission and Core Values of UCBL**

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

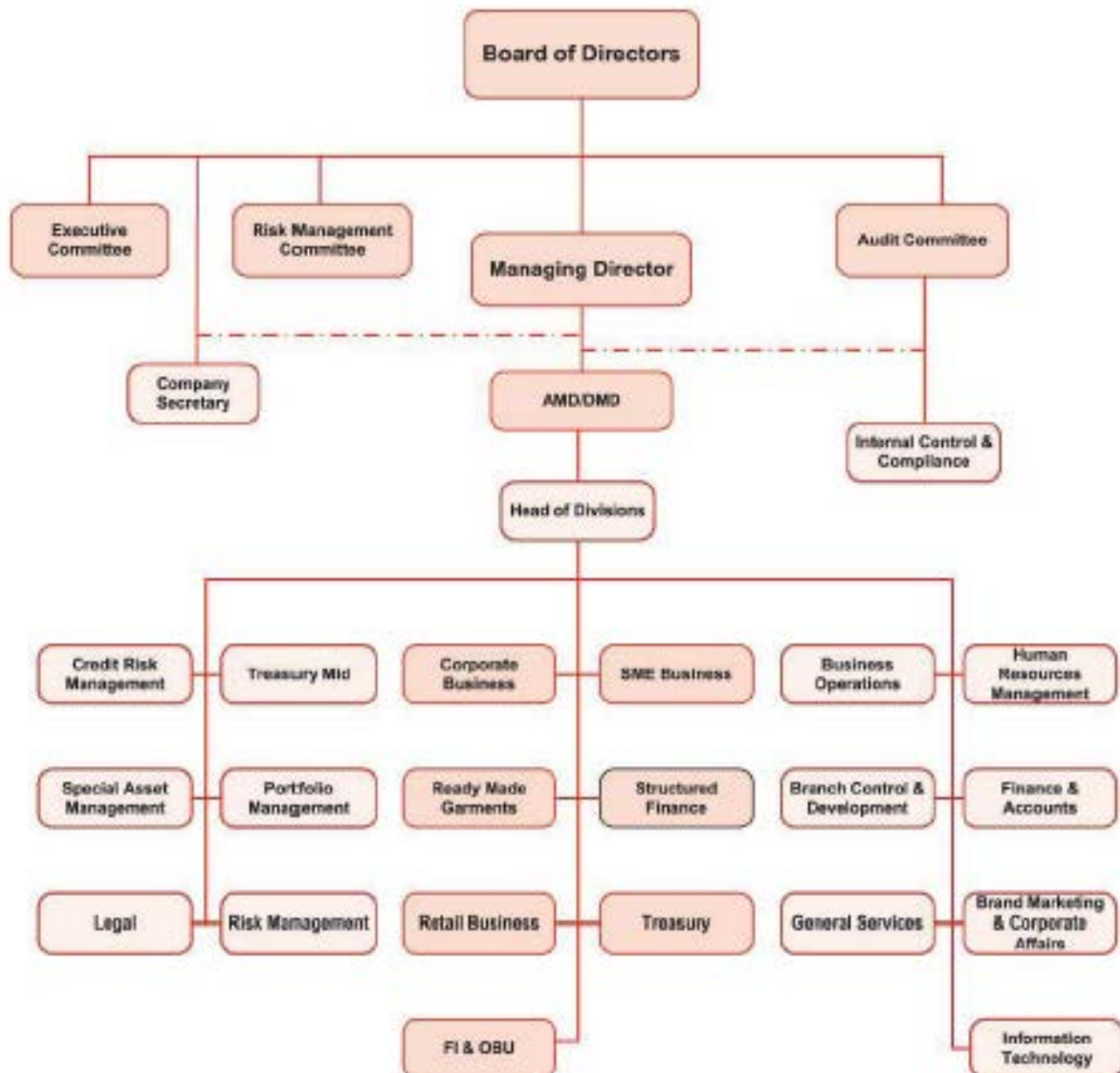
**MISSION:** To offer financial solution that create, manage and increase our client's wealth while improving the quality of life in the communities we serve.

##### **Core Values:**

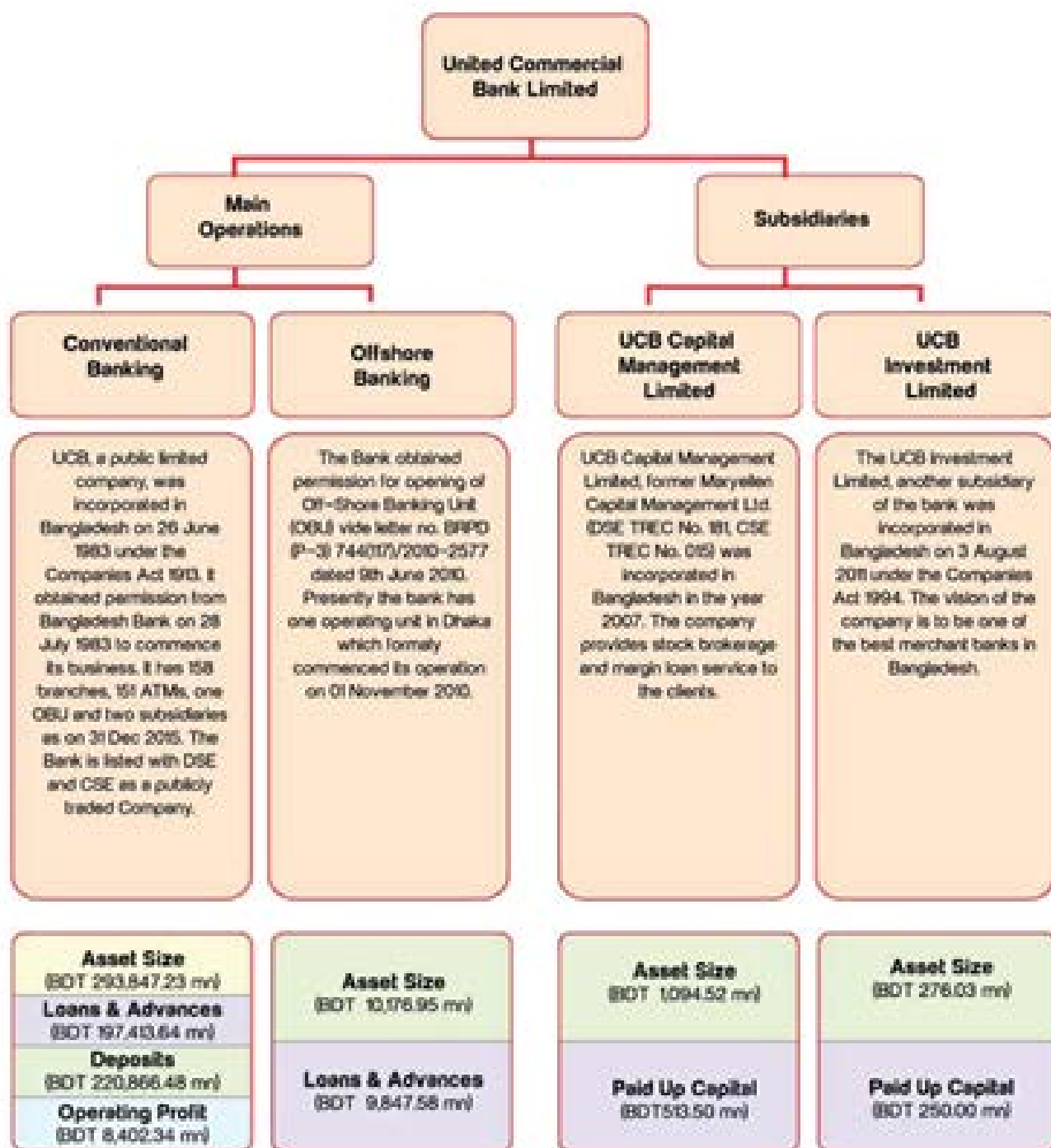
- ✓ We put our customer first.
- ✓ We emphasize on professional ethics
- ✓ We maintain quality at all levels
- ✓ We believe in being a responsible corporate citizen
- ✓ We say that we believe in.

- ✓ We foster participative management

## Organogram of Corporate Office



# Group Corporate Structure



**6) Credit Department of UCBL:** Credit division are segregated in to 03 (Three) separate Department:

1. Credit Administration Department
2. Credit relationship.
3. Marketing.

There have 03 (Three) types of borrower:

**Retail:** In the name of the individual person.

**SME:** As per SMESPD circular in 07-01-16

&

**Corporate:** As per Policy

**In general the credit cycle works is as follows:**

- ❖ Induction of new client
- ❖ Proposal /Approval
- ❖ Documentation
- ❖ Disbursement
- ❖ Monitoring & Follow up
- ❖ Recovery & settlement

**Steps of Borrower Selection:**

- 1) **Character:** Business behavior of the client, others loan if he/she taken. CIB (credit Information Bureau) report from Bangladesh bank verifying the loan detail the client has taken from UCBL or other banks.
- 2) **Capital:** Clients net worth in the business. How much capital the client invested in the business its gives an overview of the client's recovery capability.



- 3) **Condition:** Business/ industry condition in the market for which the client is asking for loan. If the industry condition is good it indicates the success of the business. If the condition of the business is bad then the recovery chance reduces.
- 4) **Capacity:** Income expense ratio analysis of the client gives the recovery capability of the client.
- 5) **Collateral:** To recover the loan need to verify the collateral. If the collateral has no legal barrier then recovery will be easy.

**Credit Risk Grading analysis: There have 5 Major component risk % in CRG:**

- Financial Risk-50%
- Business/ Industry Risk-18%
- Management Risk-12%
- Security Risk-10%
- Relationship-10%

Moreover there have to 20 nos. of risk in CRG.

**Frequency of CRG-**

1. Superior: Guaranteed by Bangladesh bank or any other govt. organization are considered as superior client.
2. Good:85+
3. Acceptable:75-84
4. Marginal/watchlist:65-74
5. Special Mention 55-64
6. Substandard 45-54
7. Doubtful35-44
8. Bad and Loss(below 35)

**UCBL ask for several documents to verify the prospective clients. The documents are-**

- Trade License
- TIN certificate
- NID/ Passport copy
- Bio data mentioning educational experiences
- Business supportive paper(work order copy)
- If the business is stock related need to give a stock report
- Financial report of the company
- Security, utility, land related papers
- Account statement
- Previous business performance
- Net worth
- Credit Application
- CIB(Credit information Bureau)
- CRG(credit risk grading)
- Visit/call report
- Surveyor report of mortgage property.
- Physical verification report of the property to be mortgage.
- Lawyer's legal opinion.

**7) SME (Small and Medium enterprise):** SME are now the key driving force for the economic and social development of emerging country like Bangladesh. SME can play a vital role in the development of the country like Bangladesh specially workers with limited skills and woman who have few alternative sources of income.

**UCB SME Banking Services:**With a view to be the part of the journey UCB has firm commitment to encourage SME sector through promoting new entrepreneurs with new and innovative ideas of diversified products. UCBL is a SME friendly bank since its inception in the year 1983. According to the customer demand UCB created specialized SME division in 2009. Later from 2012 SME financing is in the center of the business focus for expanding SME business further in the line with national economic goal.

In the 377<sup>th</sup> meeting of board of directors UCBL in 29.03.2015 has approved newly designed Asset products for Small Enterprises and liability products for SME. UCB has got the largest portfolio in the banking industry of the country. At the end of FY2015 total loans & advances stood TK 8059.83 corer against total credit portfolio of TK 19741.36 corer by holding 40.82% share. TK 115.56 corer was financed among women entrepreneurs and Tk278.72 corer in Agriculture sector.

#### **7.1. SME Asset products are-**

1. UCB Dhrubo
2. UCB Onkur
3. UCB Durjoy
4. UCB Jyoti
5. UCB Dipti

#### **7.2. SME Liability Products are-**

1. SONIRVOR Current Account
2. SABOLOMBI Easy account

3.PROOTTOYI monthly deposit

4.UDDOMI Fixed Deposit

**UCB DHRUBO:** UCB DHRUBO is a loan facility for small enterprises (defined within the frame work of Prudential Regulations) involved in trading, manufacturing, service, non-farm rural activities, agro-based industries, and many other acceptable sectors spread all over Bangladesh marketed through our branches/SME branches/Krishi branches across the country. The product offers ‘overdraft’ facility for the purpose of working capital finance and agriculture production/trading. This product program guideline (PPG) is being presented as a product review document for the SME Division of United Commercial Bank Limited.

**UCB Dhrubo:** 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.

Legal Form of Business:

- a) Sole proprietorship
- b) Partnership
- c) Private Limited Company

Location: The business should be located within 5km of urban branches 10km for sme branches/krisi branches.

### Market Analysis

A number of Banks and Financial Institutions are offering a variety of lending facilities to SMEs of Bangladesh. Many banks offer products similar to UCB DHRUBO. A comparison follows:

Bank/FI Name	Product Name	Loan Range
Brac Bank Limited	Apurba	BDT 10-100 lac
The City Bank Limited	Muldhon	BDT 10-100 lac

Eastern Bank Limited	Puji	BDT 10-50 lac
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**UCB ONKUR:** UCB ONKUR is a loan facility for small enterprises (defined within the frame work of Prudential Regulations) involved in trading, manufacturing, service, non-farm rural activities, agro-based industries, and many other acceptable sectors spread all over Bangladesh marketed through our branches/SME branches/Krishi branches across the country. The product offers ‘Terminating’ lending facility for the purpose of working capital finance and agriculture production/trading.

This product program guideline (PPG) is being presented as a product review document for the SME Division of United Commercial Bank Limited.

#### UCB Onkur

Product Features:Terminating Lending Product for Small Enterprises

Amount Range:Up to Tk. 500.00 lac

Tenor:12 to 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.

#### Market Analysis

A number of Banks and Financial Institutions are offering a variety of lending facilities to SMEs of Bangladesh. Many banks offer products similar to UCB ONKUR. A comparison follows:

Bank/FI Name	Product Name	Loan Range
Brac Bank Limited	Apurba	BDT 10-100 lac
The City Bank Limited	Muldhon	BDT 10-100 lac

Eastern Bank Limited	Puji	BDT 10-50 lac
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**UCB DURJOY** is a loan facility for small enterprises (defined as per Bangladesh within the frame work of Prudential Regulations) involved in trading, manufacturing, service, non-farm rural activities, agro-based industries, and many other acceptable sectors spread all over Bangladesh marketed through our branches/SME branches/Krishi branches across the country. The product offers terminating lending facility for the purpose of **Fixed Asset Purchase**.

This product program guideline (PPG) is being presented as a product review document for the SME Division of United Commercial Bank Limited.

### **UCB Durjoy**

Product Features :Fixed Asset Purchase Lending Product for Small Enterprises

Amount Range :Up to Tk. 500.00 lac

Tenor :12 to 60 months.

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

Purpose :Fixed asset (Machinery, Equipments, Furniture, Vehicle for Commercial use etc.) For small service, manufacturing concerns.

### **Market Analysis**

A number of Banks and Financial Institutions are offering a variety of lending facilities to SMEs of Bangladesh. Many banks offer products similar to UCB DURJOY. A comparison follows:

<b>Bank/FI Name</b>	<b>Product Name</b>	<b>Loan Range</b>
Brac Bank Limited	Apurba	BDT 10-100 lac
The City Bank Limited	Muldhon	BDT 10-100 lac

Eastern Bank Limited	Puji	BDT 10-50 lac
----------------------	------	---------------

**UCB JYOTI** is a loan facility for ‘women’ entrepreneur’s small enterprises (defined within the frame work of Prudential Regulations) involved in trading, manufacturing, service, non-farm rural activities, agro-based industries, and many other acceptable sectors spread all over Bangladesh marketed through our branches/SME branches/Krishi branches across the country. The product offers overdraft facility for the purpose of working capital finance and agriculture production/trading.

This product program guideline (PPG) is being presented as a product review document for the SME Division of United Commercial Bank Limited.

### **UCB Jyoti**

Product Features : Overdraft Lending Product for Women 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 by women entrepreneur

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

### **Market Analysis**

A number of Banks and Financial Institutions are offering a variety of lending facilities to SMEs of Bangladesh. Many banks offer products similar to UCB JYOTI. A comparison follows:

<b>Bank/FI Name</b>	<b>Product Name</b>	<b>Overdraft Range</b>
Brac Bank Limited	Apurba	BDT 10-100 lac
The City Bank Limited	Muldhon	BDT 10-100 lac
Eastern Bank Limited	Puji	BDT 10-50 lac

**UCB DIPTI** is a loan facility for ‘women’ entrepreneur’s small enterprises (defined within the frame work of Prudential Regulations) involved in trading, manufacturing, service, non-farm rural activities, agro-based industries, and many other acceptable sectors spread all over Bangladesh marketed through our branches/SME branches/Krishi branches across the country. The product offers terminating lending facility for the purpose of working capital finance and agriculture production/trading.

This product program guideline (PPG) is being presented as a product review document for the SME Division of United Commercial Bank Limited.

### **UCB Dipti**

Product Features	:Terminating Lending Product for Women Small Enterprises
Amount Range	:Up to Tk. 500.00 lac
Tenor	:12 to 60 months.
Eligibility	:The business must be a going concern with a minimum 1 year operation by women entrepreneur
Purpose	:Working capital, agriculture production/trading, and other business purposes for small size manufacturing concerns.

### **Market Analysis**

A number of Banks and Financial Institutions are offering a variety of lending facilities to SMEs of Bangladesh. Many banks offer products similar to UCB DIPTI. A comparison follows:

<b>Bank/FI Name</b>	<b>Product Name</b>	<b>Loan Range</b>
Brac Bank Limited	Apurba	BDT 10-100 lac
The City Bank Limited	Muldhon	BDT 10-100 lac
Eastern Bank Limited	Puji	BDT 10-50 lac



**The following credit principles are the ultimate reference points for making lending decisions for SMEAsset products:**

1. Assess the customer's character for integrity and willingness to repay
2. Only lend when the customer has capacity and ability to repay
3. Plan for the possibility of default
4. Only extend credit if we can sufficiently understand and manage the risk
5. Use common sense and past experience in conjunction with thorough evaluation and credit analysis. Do not base decisions solely on customer's reputation, other lender's risk assessment or the recommendations of other officers
6. Behave ethically in all credit activities
7. Be proactive in identifying, managing and communicating credit risk
8. Be diligent in ensuring that credit exposures and activities comply with the requirement set out in this Product Program
9. Optimize risk and reward by striking a suitable balance between risk and reward
10. Build and maintain a diversified credit risk portfolio to avoid risk concentrations and to ensure better liquidity management

## **Sonirvor Current Account: Current Account for SME's**

"SONIRVOR Current Account" is a Current Account for SME's to encourage them to enter into the wide range of modern banking facilities of United Commercial Bank Limited.

### Eligibility:

Any type of institution/organization (preferably near UCBL Branches). It includes:

- Sole proprietorship business
- Partnership Business
- Limited Company
- Educational Institution
- NGOs/project
- Co-operative Society
- Market/Shop owner association
- Other organization

### Features of Sonirvor:

- A perfect transactional account for Small & Medium entrepreneurs
- Free Online Banking
- Up to 5% interest
- Unlimited transaction, no restriction
- Business Debit (VISA/MASTER) Card (Sole Proprietorship Concerns only)
- SMS Banking Facility
- 24 hour Access to ATMs
- Internet Banking (on demand)

## **Sabolombi Easy Account: Current Account for Micro/Small Entrepreneur and Farmers**

"SABOLOMBI Easy Account" is a current account in individual name used to open accounts of

1) Farmers, & 2) Owners of Sole Proprietorship business concerns.

Eligibility:

- Owners of sole proprietorship concerns, without having trade license issued in favor of themselves
- Farmers

Features of SABOLOMBI Easy Account:

- Free Online Banking
- Unlimited transaction, no restriction
- Up to 5% interest
- 24 hour Access to ATMS
- Internet Banking (on demand and free)
- SMS Banking (Farmer & Sole Proprietorship only)

## **Prottoy Monthly Deposit: Monthly Deposit Scheme for SME's**

"PROTTOYI Monthly Deposit Scheme": is a monthly savings scheme targeted to small and medium enterprises located all over Bangladesh. The objective is to contribute to the growth of SME deposit book by offering monthly contributory deposit scheme, which will provide a pre-thought amount of deposit at the end of the plan/scheme tenor at a profitable interest rate on daily balance.

### **Eligibility:**

Any type of organization (preferably near UCBL Branches). It includes:

- Sole proprietorship business
- Partnership business & limited company
- Educational institution
- NGO/project
- Co-operative society
- Market/shop owner association
- Existing SONIRVOR/SABOLOMBI Account holders
- Other organizations

<b>Minimum monthly contribution amount</b>	BDT 500
<b>Maximum monthly contribution amount</b>	Multiple of BDT 500 with no upper ceiling
<b>Tenor (Yrs)</b>	1/2/3/4/5/6/7/8/9/10 Years

## **Uddomi Fixed Deposit: Fixed Deposit for SME's**

UDDOMI Fixed Deposit is a term deposit product designed for SME clients.

Eligibility:

Any type of institution/organization (preferably near UCBL Branches. It includes:

- Sole proprietorship business
- Partnership Business & Limited Company
- Educational Institution
- NGOs/project
- Co-operative Society
- Market/Shop owner association
- SONIRVOR/SABOLOMBI account holders
- Other organizations

<b>Minimum amount</b>	BDT 10,000
<b>Maximum amount</b>	No upper ceiling
<b>Tenor</b>	1, 3, 6, 12, 24, 36, 48, 60 months

### **7.3.Generic SME Products**

#### Working Capital Finance:

UCB offers working capital finance by way of:

- Cash credit
- Overdraft
- Working capital loans

These are suitably structured to your needs and your risk profile as a part of consortium or as a sole banker. These products are designed to ease the liquidity position of the client.

#### Letter of Credit:

Whether you are an exporter or an importer, UCB offers an array of services to meet your Letter of Credit requirement which includes:

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

#### Import Finance

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 Finance

UCB provides House Building Loan (HBL) for:

- Commercial purposes
- Real Estate Development Finance

## **7.4. Other SME Loans**

### Hire Purchase

UCB provides Hire Purchase (HP) facility to finance capital machinery, equipment and vehicle of industrial and other business units. In a Hire Purchase facility the borrower agrees to take the machinery and equipments on hire at a stated rental on an agreed tenure payable in equal installments that includes both principal and interest. Once payments of all required installments are made the ownership of the goods is transferred to the borrower.

### Lease Finance

UCB also provide loan under lease agreement to finance capital machinery, equipment and vehicle to the manufacturing and other business units. In this case the leaseholder is given the exclusive right to use the leasehold asset for an agreed period of time against payment of rent.

### Transport Loan

UCB is extending its facility to the transportation sector by providing transport loan to help purchase vehicles used in the public transportation services.

### Work Order Finance

UCB provide work order finance for execution of work order against assignment of work order/bill for implementation of contractual works. This facility is provided both in funded and non-funded form for both short and medium term as Overdraft against Work Order or OD (Work Order), Performance Guarantee (PG), Advance Payment Guarantee (APG), Guarantee against Retention Money, Earnest Money, and Bid Bond.

### Purchase of Bills

UCB purchases export documents against valid Sight/Usance Export L/C and Local Usance L/C under the head of Local Documentary Bills Purchased (LDBP) as Post-shipment finance.

### Guarantee

UCB provides both foreign and local Letter of Guarantee on behalf of our valued customers. Our guarantee services include Bid-Bond, Performance Guarantee, Advance Payment Guarantee, Customs Guarantee, Shipping Guarantee, etc.

Last few years SME banking of UCBL is growing:

Year	Balance(corer)	Growth
2012	57,545.60	40.09%
2013	70,246.60	22.07%
2014	87,670.00	24.80%

**7.5)Challenges of SME:** Though SME banking is a prospective business for banking sector still they have some challenges. UCBL also face challenges to compete in the market. The challenges are:-

- High Interest rate.
- Political Insatiability reduces the business prospect.
- Economic meltdown
- New Entrance in the banking industry
- Bad or loss in recovery.



## **8) Recommendations**

- Need to reduce the interest rate to attract more SME borrower.
- Need to set a good marketing plan to compete with other banks.
- They should follow Specific Marketing plan for each product according to target group.
- Credit department works in branch level need to be more specifically distributed to be more focused.
- Overall future forecasting need to be more effective.

## **9) Conclusion**

Despite many challenges and uncertainty, economic meltdown UCBL is continuously trying to focus on smooth banking for their clients in SME banking. UCB introduces various type of new products to maintain the customer demand. To fulfill the customers need they have 2 dedicated SME branches and 156 urban & rural branches. UCB also keeping only .25% provisioning for SME where they keep 1 or 2 % for other loan products. Its indicate UCBL is a SME friendly bank & aspire to be the most admired financial institution in the country, recognized as a dynamic, innovative and client focused company that offers an array of products and services in the search for excellence and to create an impressive economic value. To be the bank of 1st choice by creating exceptional value for our clients, investors and employees.

## 10) Attachments & References

### Five Years' Financial Summary

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

Results of operation	2015	2014	2013	2012	2011
Interest income	22,434.57	22,360.83	22,999.36	21,318.92	15,351.63
Interest expense	14,711.8	14,430.24	15,999.86	14,705.21	10,203.21
Net interest income	7,723.38	7,930.59	7,079.50	6,613.71	5,148.42
Non-interest income	7,824.62	7,278.80	5,339.08	3,563.95	4,145.95
Non-interest expenses	7,345.66	6,488.93	5,272.21	4,415.44	3,321.46
Gross Revenue	30,259.19	29,639.63	28,318.44	24,882.87	19,497.58
Gross Profit	15,548.00	15,206.39	12,398.58	10,377.66	9,294.37
Operating profit	8,402.34	8,719.46	7,206.37	5,762.22	5,972.91
Earning before interest on long term debt, dep. and tax	8,254.73	7,571.27	6,443.71	4,208.94	5,375.35
Profit before tax	7,292.34	6,835.67	5,887.32	3,739.06	5,172.91
Net profit after tax	3,977.34	3,668.73	3,065.41	1,586.13	2,945.80
<b>Balance Sheet</b>					
Authorized capital	15,000.00	15,000.00	15,000.00	15,000.00	15,000.00
Paid up capital	10,039.34	8,366.12	8,366.12	8,366.12	7,274.88
Shareholders' equity	25,588.82	22,491.54	20,504.97	18,170.22	15,966.41
Borrowing	10,705.57	6,024.88	6,993.51	4,713.33	-
Deposits	220,866.48	210,721.06	194,896.85	170,530.54	139,484.75
Loans and advances	197,413.64	174,146.10	148,664.86	136,071.65	115,506.33
Investments	44,345.73	44,288.60	35,587.25	26,090.32	19,383.42
Fixed assets	8,586.73	8,010.00	7,957.31	5,222.78	3,288.09
Off-balance sheet exposure	150,713.79	144,554.47	177,984.06	152,853.26	142,255.37
Total assets	293,847.23	266,100.74	226,333.13	207,448.38	168,891.78
Total liabilities	268,258.41	243,609.20	205,828.17	189,277.37	152,925.36
<b>Share Information</b>					
Market price per share	21.30	29.30	25.10	23.60	43.90
No. of shares outstanding (No. in million)	1,003.93	836.61	836.61	836.61	727.49
Earnings per share (basic)	3.96	4.39	3.66	1.90	4.20
Earnings per share (restated)	3.96	3.65	3.05	1.58	2.93
Dividend (percent)	25.00	30.00	20.00	10.00	27.00
Cash Dividend (percent)	20.00	10.00	20.00	10.00	12.00
Stock Dividend (percent)	5.00	20.00	-	-	15.00
Net asset value per share	25.49	26.88	24.51	21.72	21.95
Price earning ratio (times)	5.38	6.68	6.85	12.42	10.45
Dividend cover ratio	68.47	146.17	183.20	189.59	149.97
Dividend Yield (percent)	1.74	10.24	7.97	4.24	6.15
Market capitalization (BDT in million)	21,383.79	24,512.72	20,998.95	19,744.03	31,936.74
<b>Financial ratios (%)</b>					
Cost-income ratio	45.96	42.67	42.52	43.38	35.74
Credit-deposit ratio	84.57	78.92	79.81	79.79	82.81
Debt equity ratio (times)	9.36	9.85	9.19	9.45	8.74
Gross profit ratio	51.38	51.31	43.78	40.90	47.67
Current Ratio	13.92	12.94	12.57	10.48	17.05
Return on Capital Employed	12.27	13.10	12.97	8.17	24.77
Net interest income as a % of working funds i.e. Operating Cost-Efficiency Ratio	40.46	45.35	44.47	20.36	20.68
Operating profit as % of working funds	44.02	49.86	44.77	17.75	33.58
Return on assets	1.42	1.49	1.41	0.84	1.97
Return on equity	16.54	17.07	15.85	9.29	24.77
Burden coverage ratio	109.50	112.36	100.89	101.72	114.82
CASA Deposit as % of Total Deposit	25.14	21.08	16.69	14.97	17.46
Cost of fund	9.18	10.16	11.66	12.46	11.09
Yield on advance	11.75	13.87	16.21	16.23	14.81
Spread	2.57	3.71	4.55	3.77	3.72

## Five Years' Financial Summary

	2015	2014	2013	2012	2011
<b>Foreign business</b>					
Import	169,577.70	155,282.40	117,542.90	94,843.80	90,919.70
Export	148,229.30	130,447.20	94,288.50	78,309.10	76,962.80
Remittance	1,098.50	16,667.90	10,788.07	14,848.30	16,802.80
No. of Foreign correspondents	537	532	363	357	333
<b>Capital measures</b>					
Total Risk Weighted Assets	273,327.11	243,250.40	197,380.55	177,900.41	155,231.89
Tier I Capital	22,406.21	19,265.48	17,269.97	15,041.18	14,278.04
Tier II Capital	10,820.24	6,425.70	5,488.79	3,414.56	2,599.02
Total Capital	33,226.45	25,691.18	22,758.76	18,455.74	16,877.06
Tier I Ratio (percent)	8.20	7.92	8.75	8.45	9.20
Tier II Ratio (percent)	3.96	2.64	2.78	1.92	1.67
Capital Adequacy Ratio (percent)	12.16	10.56	11.53	10.37	10.87
Required Capital	27,332.71	24,325.04	19,738.05	17,790.04	15,523.19
Capital Surplus/(Shortage)	5,893.74	1,366.14	3,020.71	665.70	1,353.87
<b>Liquidity Measures:</b>					
Cash Reserve Requirement (percent)	6.82	7.40	6.35	6.29	6.80
Statutory Liquidity Ratio (percent)	19.68	23.57	21.85	17.84	16.67
Current Assets	156,194.81	152,644.65	142,570.40	133,804.72	113,016.55
Current liabilities	137,106.88	135,156.26	126,652.28	166,262.80	129,836.06
Net Current Assets	19,087.93	17,488.39	15,918.12	(32,458.08)	(16,819.51)
Long term liabilities	131,151.53	108,452.94	79,175.89	21,814.54	23,089.30
Long term liabilities/ Current liabilities (percent)	95.66	80.24	62.51	13.12	17.78
<b>Asset Quality</b>					
Non Performing Loans	10,324.69	8,050.04	5,985.17	5,015.58	2,067.54
% of NPL to Total Loans and advances	5.23	4.62	4.03	3.69	1.79
Total provision for Classified loans and advances	2,730.27	1,929.58	2,122.87	1,850.54	759.66
Total provision for Unclassified loans and advances	1,672.98	1,751.24	1,200.34	1,328.09	1,417.48
Total provision for investment	292.84	292.84	292.84	351.89	-
Total provision for Other assets	97.44	58.34	31.41	24.91	14.91
Total provision for Off BS items	1,252.10	1,055.51	670.95	521.55	402.60
<b>Other informations</b>					
No. of branches	158	148	139	130	115
No. of ATM	151	115	101	81	77
No. of employees	3,837	3,679	3,445	3,374	2,982
Operating Profit per employee (BDT in million)	2.19	2.37	2.07	1.71	2.00

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