

Internship Report On *Scheduled Bank Statistics(SBS)*

Submitted To:

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Date: April 1st, 2017



Inspiring Excellence

Letter of Transmittal

April 1st, 2017

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Subject: Submission of Internship Report

Dear Sir,

I have the pleasure to inform you that I accomplished my internship program at the UNION BANK LTD. I tried my best to know about the company by observing its activities. This report which I would like to submit to you for your evaluation is a discussion of my observation.

I sincerely believe and hope that you will find this study very interesting, informative and instructive and will help my career development.

I beg your kind excuse for the unintentional error that may take place in the report in spite of my best efforts. I hope that you would be kind enough to receive this report and oblige thereby.

Thanking you
Yours Sincerely,

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Acknowledgement

All praises and thanks are to the gracious Creator Allah (SWT) for giving me strength, patience and ability to accomplish this work.

Regarding the outcome of this internship, I would like to express my gratitude, profound thankfulness, deep appreciation and indebtedness to my respectable teacher as well as supervisor **Mahmudul Haq, Associate Professor, BRAC Business School** for his constant supervision, moral support, valuable instruction and helpful advice during the course of studies.

I also wish to pay my deepest gratitude and thanks to **Mr. Kazi Abul Manjur, VP & Manager Operation, UNION BANK LTD. Gulshan Branch** for his kindly permission me to do internship in that branch. It would have been quite impossible to carry on the dissertation and give it a final shape without his encouragement.

I am also grateful to rest of the officer & employees, Union Bank Ltd, Gulshan Branch for their co-operation & frankly behavior.

Executive Summary

Union Bank Limited is a newly established full-fledged commercial Bank based on Islamic Shariah in Private Sector of Bangladesh. The Bank has emerged as a result of further liberalization of economic policies by the Government of Bangladesh to bring competitiveness in the banking industry. They have commenced their journey on 1st April, 2013 with an Authorized Capital of Tk.10,000 million and paid up capital of Tk.4,280 million. The Union Bank Limited, a 4th generation Bank, has now sprouted 58 branches across the country. The Bank has been sponsored by a group of renowned personalities from the field of Trade, Commerce & Industry. The Bank has a total of 20 Directors, all of them are renowned businessmen in Bangladesh. The bank is run by a group of highly professional and experienced bankers in order to render quick and quality services to their customer. They have so far introduced a number of customer-friendly Deposit and Investment Products which has already been acclaimed by all. They have established correspondent relationship with some reputed overseas Banks and the process is continuing to establish mutually benefitted relationship with other Banks also. They are committed to respond the needs of overseas customers.

In chapter two, there has been discussed about company profile such as overview of Union Bank Ltd. their corporate vision, value and Product and service of Union Bank Ltd.

I have showed in Third Chapter about my job Description in Accounts Department.

In chapter Four I have discussed about Scheduled Banking Statistics and The Necessity of it in Banking sector.

At last, I include a SWOT of Union Bank Ltd and other practical observation which is required to judge the performance from the aspects of strength, weakness, opportunity and threat.

Finally, I have included some recommendations made under some findings of Scheduled Banking Statistics.

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1.1 Introduction

Internship is a vital part under MBA program and already contains Three credits, course title BUS699. The company I have been assigned is Union Bank Ltd, Gulshan Branch 72, Bahela Tower, Gulshan-1 Dhaka-1212. As a course of Masters of Business Administration (MBA) program at BRAC University, this report entitled Scheduled Bank Statistics is a scheme description of the 3 months internship program in the UNION Bank Ltd.

The basic purpose of the study goes to the students who might be able to have practical and theoretical knowledge about the organizational activities and functions and also provides the best opportunity to apply theoretical learning in practice. As there are some differences between theories and practices, the internship program links between these two.

Actually the education is the combination of theoretical and practical knowledge where there remains a gap if the students can not apply his or her theoretical knowledge in work. That's why, we need to complete internship program to fulfillment our studies.

1.2 Objectives of the Study

The main objective of this study is to fulfill the academic requirement as well as to gather practical and theoretical knowledge about Scheduled Banking Statistics. This practical knowledge will help us face challenges in our future business career. In addition to the principal objective, the following are some of the common but significant objective of this type of the study.

- To describe about the Scheduled Banking Statistics in Detail within the Organization.
- To Study and analyze the Current Rules and Regulation of Scheduled Banking Statistics.
- To identify the major challenges of Making Scheduled Banking Statistics.
- To investigate Scheduled Banking Statistics practices in Banking sector.

1.3 Methodology of the Study

Different data and information are required to meet the goal of this report. Those data and information were collected from various sources such as primary and secondary which is showed below-

I. Primary sources-

- Day to day deskwork.

- Direct conversation with the employer

II. Secondary sources-

- Internet.
- File observing.

1.4 Scope of the Study

The study was kept limited to Union Bank LIMITED. Scope of the study has to describe in terms of two grounds-

- **Organizational scope**

I worked in Accounts Department at Union Bank Ltd.

- **Field scope**

This study started after completing the MBA course and continued for 3 months

1.5 Limitations of the Study

- The following limitations are apparent in this report:
- Time is the first limitation as the duration of the program was of 4 months only.
- As the officers are very busy with their daily work, they could provide very little time.
- Large scale research was not possible due to time constraints.
- Organizational problem of disclosing some sensitive data and Information for obvious reasons posed an obstacle to the practical Orientation.

2.1 CORPORATE PROFILE

2.1.1 Genesis

Union Bank Limited (UBL), an interest free Islamic Shariah based 4th Generation private commercial bank was incorporated on 07 March, 2013 as a public limited company under Companies Act 1994. The bank was sponsored by local individuals with a paid up capital of Tk.4,280.00 million against an authorized capital of Tk.10,000.00 million as on December 31, 2015 and started commercial operations on May 20, 2013. The bank will further enhance capital through initial public offering which extended to 2018. The bank started with the mission to emancipate the poor people from abject poverty by empowering them with smooth banking service, be the leading provider of Islamic Shariah compliant banking services in Bangladesh, provide fast, accurate and satisfactory customer service by maintaining corporate & business ethics and transparency at all levels, ensure technology based professional banking environment with strong capital base and thrust on investment facilitating banking product. General investment has increased significantly to Tk.45,592.87 million in YE2015 against Tk.28,277.79 million in YE2014 and Tk.43,101.49 million as on March 31, 2016. Subsequently, the asset size of the bank has also increased to Tk.63,059.96 million in YE2015 against Tk.40,951.53 million in YE2014. Due to its endeavor to service quality, the bank was awarded different certificates such as “International Quality Summit (IQS) for Total Quality Management”, “Certification of Registration in recognition of the organization’s Quality Management System which complies with ISO 9001:2008”. Currently the Board is chaired by Mr. Shahidul Alam while Mr. Syed Abdullah Mohammed Saleh (CC) is leading the management team as a Managing Director. At present, the bank carries out its activities through 58 branches as on November 01, 2016. The corporate Head Office of the bank is located at Bahela Tower, 72, Gulshan Avenue, Gulshan-1, Dhaka-1212.

2.1.2 Ownership Pattern

The ownership pattern of UBL has remained unchanged and concentrated within Sponsor Directors during the period under surveillance. Bank had total of 428.00 million ordinary shares of Tk.10.00 each as on 31 December, 2015 owned by only Sponsors Directors. However, from further analysis, it has been found that 99.07% of the total shares are in the range of over 1,000,001 shares indicating concentrated ownership state among shareholders.

2.1.3 Operational Network

UBL is currently operating with a small network as a newly established bank and is concentrated in Dhaka, Chittagong, Rajshahi, Khulna and Sylhet Divisions in line with the business concentration of the regions. The bank has already launched 58 branches as on January 01, 2017.

In addition to that the bank has the plan to open 20 new branches during the year 2017. Division wise branch distribution reveals that all the branches are located/to be located in Dhaka, Chittagong, Sylhet, Rajshahi, Khulna, and Sylhet. Out of these branches, the bank is maintaining 1:1 ratio in operating rural/urban branches. The bank has not yet established SME/Krishi branch during the period. The bank has 20 ATM service, Q-cash, NPS, EFT and SMS banking.

2.1.1 Vision:

The vision of the company is:

“To become socially committed world class financial institution.”

2.1.2 Mission:

The mission of the company is:

- Emancipate our poor people from abject poverty by empowering them with smooth banking service.
- Be the leading provider of Islamic Shariah compliant banking services in Bangladesh.
- Provide fast, accurate and satisfactory customer service by maintaining corporate & business ethics and transparency at all levels.
- Ensure technology based professional banking environment with strong capital base.
- Thrust on investment facilitating banking product.

2.1.3 Banking Strategy:

The banking strategy are:

- Diversify portfolio both the retail & wholesale markets.
- Ensure diversification by sector, size, economic purpose & geographical location wise investment & expansion based retail & SME / Women entrepreneur financing.
- Focus on customers by providing innovative products and service.

Management Strategy:

The management Strategy are:

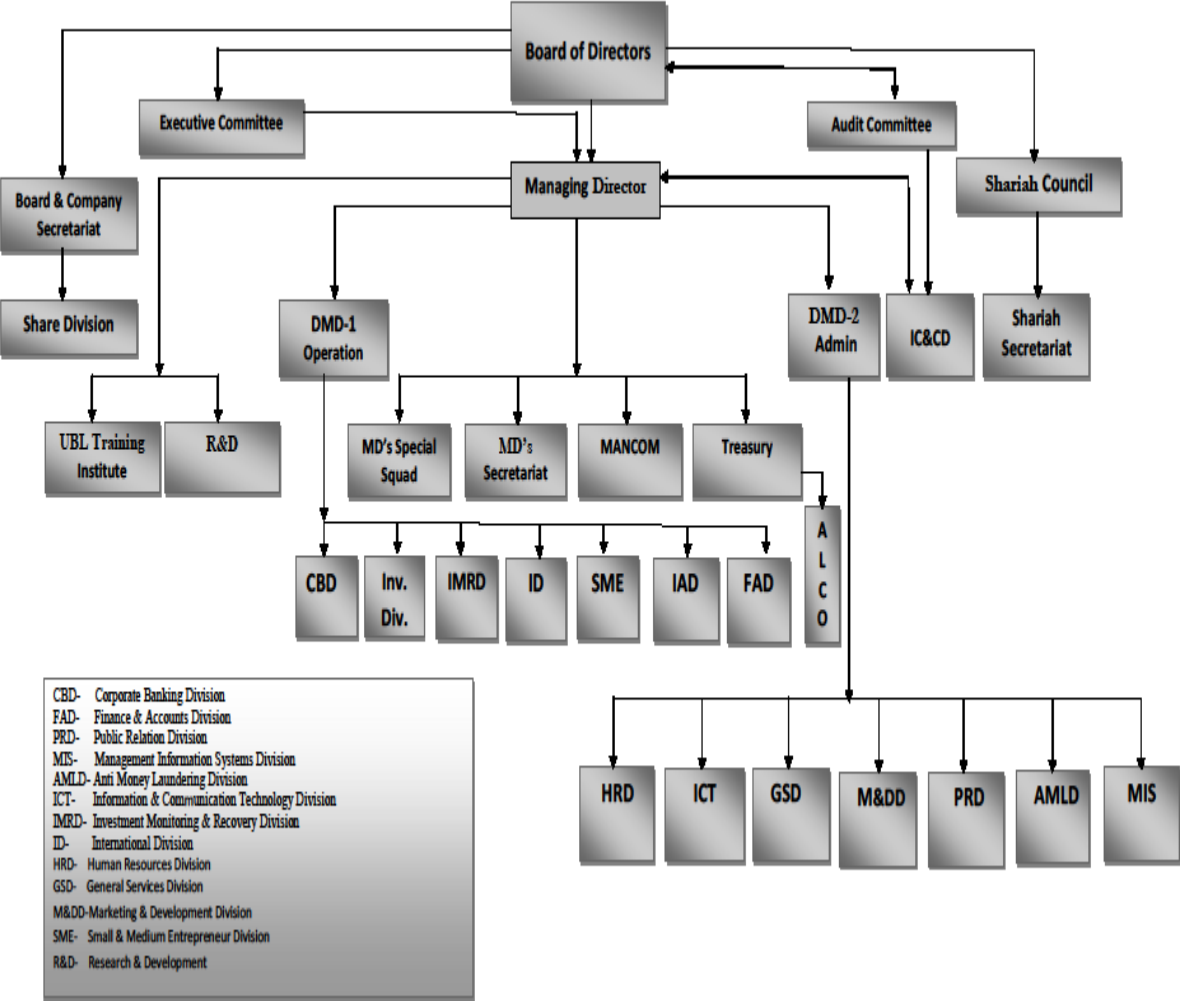
- Cultivate a congenial working environment.
- Manage & operate the bank in the most effective manner ensuring corporate governance.

STRATEGY FOR REACHING UNBANKED AREAS:

The strategy for reaching unbanked areas are :

- Meeting investment needs of small traders, hawkers, workshop owner, educated but unemployed women etc in the urban areas.
- Raising savings from the low earning rural people while extending effective investment to the rural areas;
- Providing banking access to the people of the tribal and coastal areas.
- Innovating appropriate saving instruments and investment packages for fishermen, cattle raisers, producers of milk and milk products, weavers and so on.
- Funding for setting up of diagnostic centers and clinics in the rural areas and encouraging new entrants in construction, repair and maintenance; Supporting investment facilities for the workers and professionals returning

Organogram of Union Bank Ltd.



- CBD- Corporate Banking Division
- FAD- Finance & Accounts Division
- PRD- Public Relation Division
- MIS- Management Information Systems Division
- AML- Anti Money Laundering Division
- ICT- Information & Communication Technology Division
- IMRD- Investment Monitoring & Recovery Division
- ID- International Division
- HRD- Human Resources Division
- GSD- General Services Division
- M&DD- Marketing & Development Division
- SME- Small & Medium Entrepreneur Division
- R&D- Research & Development

2.2 Product / Services & Market Position

2.2.1. Product and Services

The bank is focusing on different Shariah based deposit and investment products. Under the guidance of Shariah Supervisory Committee, the bank designed all deposit & investment products and services and formulated policy guideline, working procedure for banking activities. The bank has launched different deposit products which include Al-Wadiah Current Deposit Accounts (AWCD), Mudaraba Savings Deposit Accounts (MSD), Mudaraba Short Notice Deposit Accounts (MSND), Mudaraba No Frill Savings Account and Mudaraba Term Deposit Accounts (MTDR). In addition the bank has offered different liability products with various features which are Pension Scheme (Obolombon), Millionaire Deposit Scheme (Lackpoti), Monthly Deposit Scheme (Prerona), Double Deposit Scheme (Somriddhi) in 6 years 3 months, Triple Deposit Scheme (Sompod), Marriage Deposit Scheme (Sohozatri), Hajj Deposit Scheme (Hajj), Mudaraba Student Deposit Scheme (Udvas) and MudarabaMohor Deposit Scheme (Denmohor) etc.

The investment products of UBL are consisting of term finance, working capital financing, SME finance, home loan, Agricultural Loan project financing namely Bai-Murabaha (Hypo), Bai-Murabaha (General), Bai-Murabaha (SME), Bai-Murabaha (EMI) under SME, Bai-Murabaha (TR), Bai-Salam, BaiIstisna (Pre-Shipment Investment), Bai-Murabaha against MTDR, HPSM Consumer Durables, HPSM Auto, HPSM (Real Estate), HPSM House Building & Car Scheme for Staff, Bai-Muajjal, and non-funded facilities etc.

2.2.2 Market Position

The banking industry of Bangladesh had a deposit of TK.7,939.82 billion (excluding inter-bank and Government deposits) and Investment/loan of TK.6,043.81 billion as on 31st December, 2016, shared by 59 banks consisting of 6 State-Owned Commercial Banks (SCBs), 5 specialized banks, 9 foreign banks, 31 Private Commercial Banks (PCBs) 5 Non-Scheduled Bank and 8 Islamic banks. Total deposit base of UBL stood at TK.55.57 billion against TK.34.77 billion in YE2016 and YE2015 respectively. Total general investment/loan and advances stood at TK.45.59 billion and TK.28.28 billion respectively during the same period. Based on the above, UBL held 0.67% of total market share of deposits and 0.75% of total market share of general investment/loan and advances as on 31st December, 2016 against 0.44% and 0.53% of the previous year respectively which representing small market share. The growth rate of deposit of UBL was 59.83% against industry growth rate 20.51% and the growth rate of general investment/loan and advances was 61.23% against industry growth rate 10.87% in YE2016. The above scenario reveals that the bank's credit and deposit growth were higher than the industry growth because the bank is now growing stage.

Moreover, total foreign exchange business of UBL stood Tk.22,665.48 million in 2016 (such as import, export and inward remittance) against Tk.10,215.30 million in 2015. Export business of the bank stood at Tk.15,816.42 million in 2016 against Tk.8,698.40 million in 2015, whereas the import business of the bank has also increased to Tk.5,958.60 million in 2016 against Tk.1,514.20 million in 2015. Moreover, inward remittance stood at Tk.890.46 million in 2016 against Tk.2.70 million in 2015.

2.3.0 BANKING SECTOR REVIEW

The banking sector in Bangladesh passed another tricky year facing multiple challenges in area of falling credit growth, declining interest rate and profitability, poor asset quality, weak governance, and poor risk management especially in state owned commercial banks (SCBs). Extending credit to new economic sectors including existing major sectors and maintaining asset quality were major challenges for overall banking sector like previous year. Due to dearth of investment opportunities excess liquidity prevailed almost all over the year. Lower interest rate in call money market, downward adjustment of both deposit and lending rate indicates country's banking sector suffered from idle fund.

Non-performing loan remained the major concern in the industry. Asset quality of all types of banks marginally improved in FY2016. NPL ratio in the banking sector came down to 8.79% in Q4 of FY2016 from 9.69% in Q4, FY2015 due to loan rescheduling, loan write off and recovery drive from respective bank.

Despite lot of hurdles (political turmoil, structural constrains and global volatility) Bangladesh economy witnessed a GDP growth rate of 6.55% in FY2015-16 against 6.06% in FY2014-15. Industry sector growth increased to 9.67% in FY2015-16 from 8.16% in FY2014-15. Consistent but moderate agriculture & service sector growth helped achieve 6.55% growth in FY2015-16. Enhancement of export growth, single digit inflation rate (6.19% in December 2016), increasing female participation in the labor force, prospect of recovery of US and Euro Zone and strong domestic demand and boosting private investment, etc are the main stream for this growth. Bangladesh was also able to maintain inflation due to favorable international commodity price movements and sound macroeconomic management.

Reserves are at a comfortable level at over 6 months of imports of goods and services. But, the competitiveness of exports is eroding due to the growing strength of the US\$ compared to Euro. The Taka has appreciated by 17.60% against the Euro in FY16. The Bangladesh Bank has maintained monetary policy continuity, but success in reducing the vulnerability of the banking system remains elusive. The fiscal deficit in FY16 is stable at 3.5% of GDP. Tax revenue growth has been weaker. Fiscal gains from the oil price decline will be offset by a prospective wage hike and likely increased policy support to compensate businesses in FY16. Inflation is likely to be contained as the Bangladesh Bank is committed to maintain a restrained monetary policy stance.

Nine scheduled banks which have been licensed in 2013 are moving forward despite existence of above limitation and severe competition from old stable banks. Profitability performance of new banks is gradually improving despite the challenges of low spread, comparatively high cost of fund, excessive liquidity, negligible non-funded business, high operating cost due to opening new branch at rural area where loan growth is excessively negligible. Lack of credit line from foreign bank in case of import business is the major challenge that the new banks are facing. Against the above backdrop central bank has extended the time line of IPO of new bank till 2019.

A series of counteractive measures have been taken by BB to improve risk management, control practice and corporate governance of the banks. On-site and Off-site supervision tasks by bank regulator continued and enhanced further during the year. For ensuring more transparency and bringing discipline

through strengthening supervision, BB has revised core risk guidelines of credit, asset liability, internal control & compliance, foreign exchange risk management, money laundering etc. and issued various circulars in the area of rationalization of rate of interest on deposit and lending, guideline on ICT Security for Banks and Non-Bank Financial Institutions, precautionary measures to ensure safety of the bank branch, submission of Statement regarding Top-20 Loan Defaulters, regulation regarding investment in capital market by the scheduled banks, Investment in Special Purpose Vehicle, Alternative Investment Fund or Similar fund/funds by the scheduled bank, maintenance of provision against investment in Mutual Fund Units by scheduled banks, Setting up of Central Database for Large Credit (CDLC), Agricultural & Rural Credit Policy & Program for the FY2015-16, Foreign exchange transactions of freight forwarders etc.

To cope up with the international best practices and to make the bank's capital shock absorbent Bangladesh Bank issued Revised Regulatory Capital Framework for banks in line with Basel III at the end of FY2016. The instructions in Basel-III guideline are being adopted in a phased manner starting from the January 2015, with full implementation of capital ratios from the beginning of 2019. As per Basel guideline banks in addition to minimum CRAR will require Capital Conservation Buffer (CCB) of 2.5% of the total RWA which will be maintained in the form of CET1 capital. In order to avoid building-up excessive on- and off-balance sheet leverage in the banking system, a minimum Tier 1 leverage ratio of 3% is being prescribed both at solo and consolidated level.

The overall performance of the banking sector was not satisfactory as major performance indicators of all category schedule banks registered further decline and continued to move downward over the years.

Risk weighted capital asset ratio of the industry declined to 10.84% in Q4, 2016 against 11.35% in Q4,2015. State owned commercial banks (SCB) and Specialized banks were non-compliant in terms of Basel capital maintenance. CAR of SCBs stood at 6.35% in 2016 where as CAR of specialized bank stood at negative of 31.95% in 2015. CAR of private sector commercial banks (PCBs) slightly declined to 12.38% in FY2016 from 12.54% in 2015. Over the years Capital adequacy maintenance of Foreign Commercial Banks are satisfactory. CAR of FCBs stood at 25.6% in FY2016.

Though in terms of percentage non-performing loan declined slightly (8.79% in FY2016 from 9.69% in FY2015) due to write off of bad loan and loan rescheduling mainly, overall asset quality of banking sector is not good at all-particularly asset quality of SCBs and Specialized Banks. Gross NPL of SCBs and Specialized Banks stood at 21.46% & 23.24% respectively in 2016.

Profitability performance of the banking sector during FY2016 was not satisfactory except foreign commercial banks. Return on Asset (ROA) and Return of Equity (ROE) of overall industry stood at 0.47% and 6.61% respectively in FY2016 against 0.64% and 8.09% respectively in FY2015.

Profitability performance of SCBs and specialized Banks were not satisfactory as it incurred loss in 2016. Return on Asset (ROA) and Return of Equity (ROE) of FCB stood at 3.05% and 15.68% respectively in FY 2016 against 3.38% and 17.67% respectively in 2015.

2.4.0 CORPORATE GOVERNANCE

2.4.1 Board of Directors

There were some changes in the composition of Board of Directors during the period under surveillance. The 7 (seven) directors have been retired from the board. Currently, the Board of UBL consists of 14 members including the Managing Director as Ex-Officio. Mr. Ahsanul Alam has become Vice Chairman in the Board during the surveillance period. The Board is comprised of experienced members with diverse professional experiences in the fields of business, administration, banking and finance, accounting, management which makes it balanced in deciding and directing various issues of the bank. The bank is yet to appoint any Independent Director. The Board is currently chaired by Mr. Shahidul Alam. The Board is involved in setting key targets for the bank and monitoring the progress, approving long term strategic plan, appointing key management personnel and adopting sufficient risk management systems to mitigate core risks of the bank. For smooth operation of the bank, the Board formed three committees namely Executive Committee (EC), Audit Committee (AC) and Risk Management Committee (RMC). Board held 10 meetings during the year 2016 against 10 meetings during the year 2015.

2.4.2 Key Board Committees

The bank is operating with 4 (four) members Executive Committee (EC) chaired by Mr. Shahidul Alam. The Committee reviews different operational affairs including administration and investment, development/expansion of business of the Bank etc. The Audit Committee (AC) is comprised of four members. The committee is chaired by Mr. Showkat Hossain, FCA. Other three members are Mr. Mortuza Siddique Chowdhury, Mr. Shahedul Huq and Mr. Arif Ahmed. AC members play key role in finalization of the financial statements of the bank and other role under specific Terms of Reference (ToR) that sets out its responsibilities and composition. The EC committee did not attend any meetings during the year 2016. AC held 04 meetings during 2016.

2.4.3 Management Committee (M.C.)

The Management Committee of UBL is headed by Mr. Syed Abdullah Mohammed Saleh (CC), Managing Director. Mr. Saleh has been serving in the banking sector for around 32 years. The MANCOM is consisting of fifteen members committee. In Management Committee, Mr. Saleh is aided by an Additional Managing Director, a Deputy Managing Director along with three SVPs, a FVP, two SAVPs, four AVPs, a FAVP and SPO. The day-to-day banking functions are handled by these professionals having modern banking knowledge and experience. The above management team has to provide wide succession plan to carry out the objectives of the bank smoothly. MC held 12 meetings during 2016 against 4 meetings during 2015.

2.4.4 Delegation of Power

The bank has policies regarding delegation of power of management in terms of investment, administrative and financial issues. Delegation varies depending on different mode of investment which is from Tk.5 lac to Tk.30 million for Managing Director and beyond the above limit is executed by EC.

Moreover, the Board has to delegate substantial administrative power to the management for smoothing the day-to-day functioning of the bank.

2.4.5 Human Resources Management

UBL has been operating with total staff strength of 832 as on December 31, 2016 against 598 as on December 31, 2015. The total HR strengths are categorized in different positions which are Executives (62), one advisor, Officers (603) and staff (166). Mr. S.A.M. Salimullah, DMD has retired from bank during the period under surveillance. The bank has Board approved service rules including compensation package, incentive bonus, gratuity, contributory provident fund, benevolent fund and medical benefit, staff house building loan, staff car loan, staff consumer loan etc. UBL has qualified and experienced professionals in its human resource set up. In order to improve the efficiency of the human resources of the bank, UBL has been arranging training programs for its employees to participate. During 2016, UBL has arranged foundation, advance and other development training as well as workshops for a total of 806 officers on different issues organized by Bangladesh Bank, Dun & Bradstreet South Asia Middle East Ltd., Bangladesh Computer Society, Bangladesh Association of Bank, BBTA, FinExel, Islamic Bank Consultative Forum and Bangladesh Foreign Exchange Dealers Association to enhance banking knowledge and competencies of the professionals to adapt with emerging challenges. Though the bank has given training to its employees but is not given sufficient training in ICCD, ALM, IT related issues.

2.4.6 Management Information System

As a new bank the Management Information System is at developing stage. For smooth operation, the bank has implemented centralized core banking software (CBS) 'Ababil' of Millennium Information Solution Ltd. The above software helps the Bank with huge flexibility of MIS ranging from accurate statement generation to ease connectivity with other software like risk management, Basel II module, segregating data as per requirement of regulatory authorities. The bank has already implemented automated BACH system, Tier-III data center, EFT (Electronic Fund Transfer), ATM & Debit card facilities, Foreign Trade module under CBS, automated SWIFT & Remittance service, online CIB reporting system, auto SMS notification & Push-Pull services, Provident Fund Software, auto backup & recovery system etc. Moreover, the bank has developed some software such as Full Automated HRIS (Human Resources Information System) software, ICT Asset Management software and Trouble Ticketing or problem log management software which is testing stage. The bank has yet to set sufficient ATM booths but clients get this service through National Payment System (NPS). Bank is planning to provide some services through automation process such as prepaid card service, utility bill payment system, 24/7 call center service, video conferencing system, EMV compliant chip based card, internet banking facilities, customized and automated reporting system, compliant management system, secure transaction through mobile Apps based system, credit card service (both in local and foreign), POS and adding 50 nos ATM booth across the country phase by phase. All branches are connected with Head office and are providing branch banking service

using Wide Area Network (WAN) through fiber optic and radio link & V-sat network. Branch data are being uploaded in the Data Centre from all online branches, which are being used as branch backup data and for preparing MIS reports for different Divisions/Departments of Head Office. Currently the Disaster Recovery Site (DRS) is under process which will be located to Mouchak branch at Ma Super Market, ATC Bhaban, Mouchak, Kaliakair, Gazipur.

2.4.7 Shari'ah Compliance

The Shari'ah Supervisory Committee of UBL is constituted of eight members headed by Prof. Dr. Abu Reza Md. NezamuddinNadvi, MP. The Committee reviews different operational issues and gives independent opinion based on Islamic Shari'ah as well as provides necessary guidelines on different issues, creates awareness about the compliance of Shari'ah, suggests the bank to develop more awareness among the employees and clients about Islamic Banking and to train the employees on different aspects of Shari'ah principles. The Muraqibs of the Shari'ah Supervisory Committee has yet to appoint who will check the Shari'ah compliance in the banking activities.

2.5.0 RISK MANAGEMENT

Risk management is an essential part of bank management. In order to ensure effective risk management, Risk Management Unit was formed with Mr. Mansoor Ahmed, FVP as its head. The bank has formed Risk Management Division (RMD). The Bank has also formed Risk Management Committee (RMC) of the Board on April 16, 2014 in compliance with the Bank Company Act, 1991 and BB Circular.

As a part of regulatory requirement, the bank submitted its Internal Capital Adequacy Assessment Process (ICAAP) document for the year 2016. The total capital requirement became Tk.4,875.40 million of which Tk.4,000.00 million for minimum capital requirement under Pillar-1 and the remaining Tk.650.60 million for additional capital requirement under Pillar-2. Out of the total additional capital requirement, Tk.316.90 million was assessed for evaluation of core risk management, Tk.248.00 million for residual risk (capital charge only for documentation error under residual risk), Tk.84.40 million for concentration risk, Tk.42.20 million for strategic risk and the remaining Tk.1.30 million for environmental & climate change risk. It is evident from the above that the bank has still adequate capital to absorb the existing risk factors.

2.5.1 Investment Risk Management

UBL follows moderate procedure for investment risk management. In order to manage investment risk the bank formulated investment policies in compliance with regulatory requirements covering investment assessment, collateral requirements, documentation and legal formalities and procedures. The bank has developed Investment risk guideline in line with Bangladesh Bank guidelines but still is not implement branch level. The relationship manager makes the assessment of the investment proposals and places it to the investment committee of Head Office for approval. The investment committee reviews the investment proposals and recommends to appropriate authority (as per delegated limit) for approval. As per standard practice the Executive Committee approves the investment proposals which are beyond approving limit of management. Board of Directors reviews the investment proposals after its approval by the Executive Committee. Overall banking investment activities are segregated into three units such as Credit approval, Administration and Monitoring & recovery for smooth functioning of the investment activities. In addition there are still weaknesses in investment documentation as well as in the investment procedure for which bank has charged Tk.248.00 million as documentation error. In addition to the above, lack of documentation will hinder the future legal proceedings if those clients become defaulter. The bank's investment in SME sector has increased gradually but UBL has not yet formed separate investment guidelines for Small & Medium Enterprises and Consumer Investment Schemes. It is worth mentionable that the bank has disbursed Tk.12,959.76 million as investment/credit indicating around 28.42% of total investment as corporate investment against primary security as on December 31, 2016.

While reviewing the risk weight of on-balance sheet exposure under investment (credit) it was revealed that 11.63% of the exposures falls under 0% risk category, 13.51% under 20%, 23.43% under 50%, 1.33% under 60%, 0.20% under 75%, 8.08% under 80%, 18.97% under 100%, 16.28% under 125%, no exposure under 150% category and rest 6.57% falls under Credit risk mitigation. The above information reveals that major exposure of the bank falls relatively under high risk category. Among the corporate exposure, it has been found that 57.26% were rated by ECAs under Basel-III guideline. The bank requires its client's credit rating by ECAs under Basel-III guideline which can contribute significantly towards improvement of CAR in future.

2.5.2 Asset Liability Management (ALM)

In order to have an effective management of asset liability, UBL has reorganized the Asset Liability Committee (ALCO) and amended the Asset Liability Manual in conformity with the Bangladesh Bank ALM guideline. ALCO is headed by Managing Director and he is aided by AMD and DMD, Head of Investment, Treasury, Risk management and other department heads etc. ALCO meeting is held in every month and before meeting key agendas are prepared and circulated to all the members of the ALCO and minutes are prepared accordingly. ALCO is responsible for reviewing the liquidity management, deposit and investment trend, deposit mix, maturity profile, monitoring of limit; profit rate profile etc. ALCO held 12 regular meetings in 2016 against 12 meetings in 2015.

2.5.3 Operational Risk Management

2.5.3.1 Internal Control and Compliance

'Internal Control and Compliance Division' of the bank has been established to minimize the operational irregularities, lapses, malpractices, corruptions and frauds arising out of the deviations from the set rules and procedures. The bank has recently got the approval to segregate the tasks into separate divisions namely Audit & Inspection Division, Compliance Division and Monitoring Division.

2.5.3.2 Prevention of Money Laundering

Anti Money Laundering risk is defined as the loss of reputation and expenses incurred as penalty for being negligent in prevention of money laundering. The Bank has formed Anti Money Laundering Committee under the leadership of the Chief Anti Money Laundering Compliance Officer (CAMLCO) headed by a AMD, Mr. Syed Abdullah Mohammed Saleh. For complying with the Anti Money Laundering (AML) and Combating Financing of Terrorism (CFT) activities, the bank has a designated Chief Anti-Money Laundering Compliance Officer (CAMLCO) under Anti-Money Laundering Division, head office, who has sufficient authority to implement and enforce corporate wide AML policy, procedure & measure. Moreover, every branch of UBL has a designated Branch Anti-Money Laundering Compliance Officer (BAMLCO) under Branch Anti-Money Laundering Compliance Unit, who independently reviews the transaction of accounts, with verification of Know Your Customer (KYC) and

Suspicious Transaction Report (STR). During the year 2016, UBL has submitted nil Suspicious Transaction Report (STR). Presently, the bank is submitting Cash Transaction Report (CTR) generated by the cash transaction limit of Tk.10 lac & above. The AML Unit has also arranged Training/Workshop for developing awareness and skill regarding AML activities of branches. Bank has established a manual for Prevention of Anti-Money Laundering and issues circulars from time to time giving specific guidelines in accordance with Bangladesh Bank guidelines, regulations, Anti-Money Laundering Act, 2009 & Anti Terrorism Act 2009. Besides the above, the Bank has launched “UBL Go AML Interface and Anti-Money Laundering Utility Software” application as per the guideline of Bangladesh Financial Intelligence Unit (BIFU) of BB for the surveillance and detection of terrorist financing and money laundering where all branches report CTRs to Head Office, AMLD for final reporting to BB.

2.5.4 Market Risk

Major market risks arise from profit rate risk, equity and commodity financing risk and foreign exchange risk. The position of UBL in these regards stand as follows:

2.5.4.1 Profit Rate Risk

Regulatory pressure to reduce profit rate in the market has been creating substantial profit rate risk for the banks. The Asset Liability Committee (ALCO) of UBL monitors and evaluates the overall profit rate structure. UBL has been following a competitive profit rate and has flexibility of setting profit rate according to market conditions and Bangladesh Bank ceilings. For non trading portfolio (general investment), the bank has been operating through buying and selling policy i.e. Bai-Murabaha, Bai-Muajjal, Bai-Salam and Rent sharing mode like HPSM. In case of rent sharing mode i.e. HPSM, the bank can adjust the rate of rent in line with market situation.

2.5.4.2 Equity Risk and Commodity Financing Risk

The bank has investment in the equity market, which exposed it to equity risk. UBL has investment in equity portfolio in nine quoted shares where market value was Tk.359.20 million against the cost price of Tk.406.19 million as on 31 December, 2016 reflecting Tk.46.99 million unrealized loss. Besides that the bank invested of Tk.2,700.00 million as on December 31, 2016 against Tk.1,400.00 million as on December 31, 2015 in Bangladesh Govt. Islamic Investment Bonds which is low yielding.

2.5.5 Foreign Exchange Risk

In order to address the foreign exchange risk UBL has adopted foreign exchange risk manual and investment guideline in line with the Bangladesh bank instruction. The risks are measured and monitored by Treasury Department. The department monitors the FX price changes. However, UBL have established Correspondent relationship & Relationship Management Application with 116 Banks including 61 renowned foreign banks up to May 31, 2016. UBL also have opened 11

Nostro Accounts during the same period and 3 more accounts will be opened which is at final stage. Meanwhile the bank has started inward foreign remittance services through Wall Street Finance LLC and Trans-Fast Remittance Co. LLC directly and as a sub-agent of Ria Financial Services, Xpress Money Services, Placid Express & Money Gram Int'l Inc, First Security Islami Exchange (Italy, Srilanka), Western Union and Al Ansari Exchange. The bank also is going to provide remittance service with Instant Cash, UAE Exchange, Al Bader Exchange, UAE, Premier Money Transfer Co. Ltd. UK and Prabhu Money Transfer. UBL has got 7 (seven) Authorized Dealership license to deal foreign exchange transactions. However the bank is yet to set up dealer position limit, overnight limit and intra-day limit which is expected to complete by the end of June 2016

3.1 My Job description:

My Job Can Be described By Following Ways:

	Preparing SBS Reporting
	Preparing ISS Reporting
	Preparing Weekly Reporting
	Preparing Salary Sheet
	Calculating Depreciation
	Preparing Audit Report
	Supervising Logistic Support To The Branch
	Preparing & UPdating Supplementary

- **Preparing SBS Reporting:**

SBS Stands For Scheduled Bank Statistics SBS-1 is the statistical report required by Bangladesh Bank From each Bank. It is Basically Collecting data on Monetary and Financial Statistics which Must Be presented each Month. Two parts in SBS-1 report Liabilities & Assets. The reports Contains Code Wise liabilities and Assets. SBS 2 Returns is the Classification of deposits which Must Be Submitted every Quarterly.SBS-3 Reporting is submitted to Statistics Department of Bangladesh Bank has been collecting economic purpose and sector wise data on disbursement, recovery, outstanding balance and overdue from all branches of Scheduled Banks operating in Bangladesh on quarterly basis.

- **Preparing ISS Report:**

ISS Stands for Integrated Supervision System.Bangladesh Bank has introduce an Integrated Supervision System to supervise the Bank's and NBFI's Head Office as well as their branches' financial health. ISS enable us to ensure continuous and risk focusing supervision as well as to reduce the supervision gap of traditional supervision model.All scheduled banksare user of this.

- **Preparing Weekly Reporting:**

Bangladesh Bank Gives notice to provide a report on deposit matrix every week by each Bank to Bangladesh Bank. Basically we make it to provide a snapshot on Deposit Matrix, showing the current change on deposit.

- **Preparing Salary Sheet:**

My other job is to make a salary sheet in every month. Salary are basically depends on Basic Pay. Salary can be changed based on designation

- **Calculating Depreciation:.**

Every month end I Have to prepare Depreciation of our Branch Assets. We are calculating our asset Depreciation in Reducing Balance method.

- **Preparing Audit Reports:**

We Have to prepare an audit reports on our Branch as an Example are giving Below:

Sl No.	Name Of the Item	Quantity
1	CC Camera	7
2	Note Counting Machine	2
3	Fake Note Detecting Machine	2
4	Printer	4
5	File Cabinet	16
6	Fire Extinguisher	4
7	Fire alarm	3

- **Supervising Logistic Support To The Branch:**

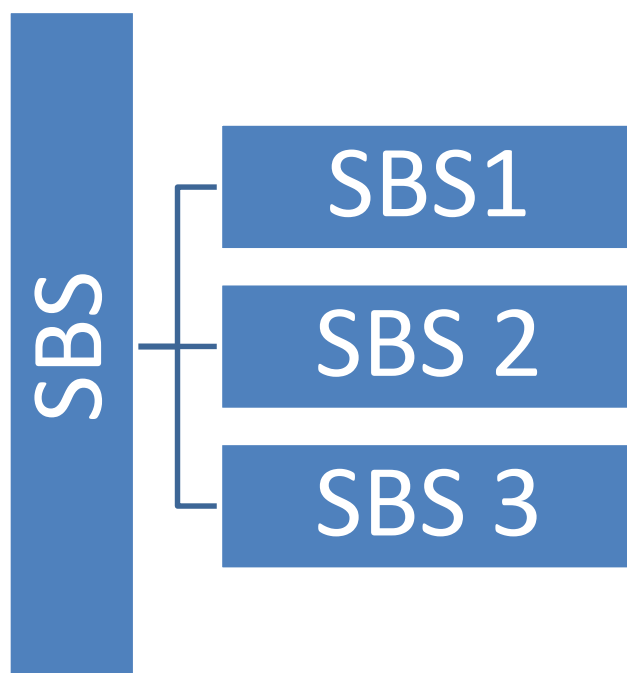
We haveto provide logistic support to the branch. We make a budget and prepare a list of on branch logistic requirement. We are purchasing allthings from an online shop and providing them to the desired person.

- **Preparing and Updating Supplementary:**

This is the main things I have to do in my office. I have to keep all vouchers which are producing In daily activities in a prescribed form. I have to audit the entire voucher where they are posted in right place.

4.1 Scheduled Bank Statistics(SBS):

Information on banking sector of our country plays an important role in formulating monetary policy and determining the trend of economic activities. In order to meet that end, the SBS forms which were used earlier for collection of all types of information from the banking sector in Bangladesh have been revised and enlarged. The SBS has three forms



SBS-1:

The monthly SBS-1 return is the core statistics of banking sector operating in Bangladesh. It is a comprehensive set of sector wise assets and liabilities of the banking systems. The money and banking statistics are prepared on the basis of SBS-1 return which is used for formulating and implementing monetary policy of the country by the Bangladesh Bank. The GOB, WB, IMF and other national and international agencies, researchers, students use these data for evaluating monetary and economic activities of the country. So the availability of reliable and comparable statistics is an essential pre requisite for formulating and implementing monetary policy. In order to meet that end, the compilation of a consistent database is, therefore, extremely vital.

Rationalized Input Template (RIT)

The **Rationalized input Template (RIT)** is standardized electronic data reporting form. Bangladesh Bank has established the **Enterprise Data Warehouse (EDW)** for online data reporting by the banks and financial institutions operating in Bangladesh. It allows an efficient method of reporting data to Bangladesh Bank in a secure internet environment.

4.2 DEFINITIONS, EXPLANATORY NOTES & INSTRUCTIONS OF SBS-1:

4.2.1 LIABILITIES:

Paid -up Capital

The amount of a company's paid up capital which has been paid in full/subscribed by the sponsors or shareholders. The paid-up capital can be less than a company's total authorized capital because a company cannot issue all of the shares that have been authorized to sell. Paid-up capital can also reflect how a company depends on equity financing. The Head Office of the reporting bank is required to report the amount of paid-up capital under this code in the SBS-1 return.

Reserve and Surplus:

The amount which has been retained in the business and not distributed to the owners or shareholders. It is the part of capital of a company/firm that has not been called up and is, therefore, available for drawing in case of need. Such reserves or funds set aside from profit to meet obligations/special purposes/emergencies should be reported in this code. Reserves such as Rural Credit Fund, Statutory Reserve, and Reserve for revaluation, Retained Earnings, Share premium, Reserve for Unforeseen Losses etc. and all borrowings from shareholders should also be included in reserves. It should be noted here that the capital brought in by the foreign bank branches operating in Bangladesh should also be included in this code.

Deposit Liabilities:

Total amount of the Deposit Classification Matrix (Table-A) should be reported in this code.

4.3 Classification of Sectors:

The sectors should be determined on the basis of main activity or professions of the depositors. The outstanding amount of deposits of different sectors should be reported against respective code given below:

I. Public Sector:

a) Government Sector:

The government sector is subdivided into the following two categories for reporting SBS-1 return.

i) Ministries & Judiciary, Directorates and Other Government offices/Institutions:

All kinds of deposits received from all Government offices should be reported against this code.

ii) Autonomous & Semi-Autonomous Bodies:

All kinds of deposits received from the Autonomous and Semi-Autonomous Bodies as listed at against this code.

b) Other Public Sector:

i) Local Authorities:

All types of deposits received from the Local Authorities as listed should be reported against this code number.

ii) Public Non-Financial Corporations:

All types of deposits received from the Public Non-Financial Corporations as listed reported against this code number.

iii) Non-Bank Depository Corporations (NBDC)-Public:

All types of deposits received from the Non-Bank Depository Corporations-Public as listed at should be reported against this code number.

iv) Other Financial Intermediaries (OFIs)- Public :

All types of deposits received from the Other Financial Intermediaries-Public should be reported against this code number.

v) Insurance Companies & Pension Funds- Public :

All types of deposits received from the Insurance Companies & Pension Funds- Public as listed should be reported against this code number.

II. Private Sector:

i) Non-Bank Depository Corporations (NBDC)- Private:

All types of deposits received from the Non-Bank Depository Corporations- Private as listed should be reported against this code number.

ii) Other Financial Intermediaries (OFIs) Private:

All types of deposits received from the Other Financial Intermediaries- Private as listed should be reported against this code number.

iii) Insurance Companies & Pension Funds- Private:

All types of deposits received from the Insurance Companies & Pension Funds-Private as listed in the annexure should be reported against this code number.

iv) Financial Auxiliaries- Private:

All types of deposits received from the Financial Auxiliaries- Private as Defined should be reported against this code number.

v) Non-Financial Corporations-Private:

All types of deposits received from the Private Non-Financial Corporations as defined should be reported against this code number.

vi) Non Profit Institutions Serving Household (NPISH):

All types of deposits received from the Non-Profit Institutions Serving Household as defined should be reported against this code number.

vii) Household /Individual-Resident:

All types of deposits received from the Household Resident/Individual as defined should be reported against this code number.

III. Deposit Money Banks (DMB) Deposits:

All types of interbank taka deposits should be reported against this code. Foreign currency deposits of DMBs held with the reporting bank **should not** be reported under this code.

4.4 Classification of Types of Deposits:

The types of deposits should be determined on the basis of the nature of the deposit accounts. The concepts and definitions of the types of deposits are given below:

a) Current Deposits:

The nature of current account is non-interest bearing and provide transferable chequing facilities, but in some cases a few number of banks provide interest on its balances. Balances of Current Accounts should be reported in this code according to sectors.

b) Cash Credit Deposits (Credit Balances of Loans & Advances):

Credit balance of all loans and advances should be reported in this code. Usually banks do not provide interest on these balances but in some cases a few number of banks provide interest on its balances.

c) Deposits with draw able on Sight:

This item includes all deposits which cannot be transferred through cheques, but are withdraw able on demand.

d) Savings Deposits:

Balances of Savings deposit accounts should be reported in this code according to sectors. Interests are paid in certain percentage on the balance of this account.

e) Fixed Deposits:

Deposits taken for any terms are specified as fixed deposits. Balances of fixed deposit accounts should be reported in this code according to the sectors. As compared with other deposits higher rate of interest is paid on the balance of this account. Monthly income scheme, Double/Triple Benefit Scheme, etc should also be reported under this code.

f) Special Notice Deposits (SND):

All the accounts like short term deposits and call deposits shall be treated as SND. Minimum 7 days prior notice from the depositors will be required to withdraw money from the SND accounts. This account is interest bearing and provides chequing facilities. Balances of Special Notice Deposit accounts should be reported in this code according to the sectors.

g) Pension Scheme Deposit/Recurring Deposits:

Balances of Deposit Pension Scheme should be reported in this code against Household/Individual-Resident only. Besides DPS, same nature of instruments those are introduced by different banks such as APS, SDPS, SPS, PDS, MSDS, PSS, Hajj Deposit Scheme, Education Savings Scheme, Marriage Scheme, Lakhopati Scheme, Millionaire Scheme etc. should be reported in this code.

h) Margin Deposits- Foreign Currency:

Equivalent Taka on the foreign currency margin deposits (Margins on Letter of Credits and Margins on Guarantees) should be reported in this code according to the sectors.

i) Margin Deposits-

Balances of Taka margin deposits on Letter of Credits and Letter of Guarantees should be reported in this code according to the sectors. Balances of margin deposit against credits or inland bills should also be reported here.

j) Special Purpose Deposits:

Balances of the following items should be reported in this code according to the sectors.

- a) Employees Provident /Pension Funds
- b) Employees Security/Guarantee Deposits
- c) Contribution Towards Insurance Funds
- d) Security Deposits
- e) Seasonal Hajj Deposits
- f) Gift Certificate Deposits
- g) Cash Waqf Deposits
- h) Sundry Deposits
- i) Surcharge and Development Tax, VAT, Income Tax, Source Tax, Excise Duties, Fees, Levies etc.

k) Negotiable Certificates of Deposits & Promissory Notes:

Balances of Negotiable Certificates of Deposits (NCD) should be reported in this code. The balances in the account of Promissory Notes/Savings Bonds issued by the reporting bank should be reported in this code according to the sectors.

l) Restricted (Blocked) Deposits:

Restricted deposits comprise obligation carrying special terms set by the appropriate authority that override normal liquidity characteristics (e.g. blocked or earmarked accounts). The nature of these deposits is that the account holders do not have access to the funds during blocked period. Balances of Restricted (Blocked) deposits should be reported in this code against private sector only. It should be noted that the deposit accounts blocked by the banks internal purposes **should not** be reported here.

m) Accrued Interest:

Accrued interest payable on deposits should be reported in this code according to the sectors and type of deposits.

4.5 Domestic Borrowings From:

a) Government for on- lending

Borrowing from Government comprises borrowing for on- lending on behalf of the government; the reporting banks in doing so act as agent of the Government. Generally these funds (e.g. IDA credit, IFAD fund, JICA etc.) have been borrowed from abroad by the Government, which are the Govt. foreign liabilities. The reporting bank carries liabilities to the government as these are routed through DMBs directly. Balances of such borrowings should be reported against this code. Branches of the reporting bank are not required to report here.

b) Non-Bank Depository Corporations (NBDC)- Public

i) Money payable at call:

It is a kind of short term borrowings/loans from Non Bank Depository Corporations. It does not have a set of repayment schedule but it is repayable immediately i.e, It is to repay within a couple of hours or a couple of days. Borrowings from Non-Bank Depository Corporations-Public (such as Ansar-VDP Unnayan Bank, Karmasangsthan Bank etc.) by the reporting banks in the form of money payable at call should be reported in this code.

ii) Repurchase agreement (REPO):

Repurchase agreement is the sale of a security with a commitment by the seller to buy the security back from the purchaser at a specified price and date. The transaction is called REPO from the perspective of the seller (i.e, cash taker)

of the security and Reverse REPO from the buyer side (i.e, cash provider). Borrowings of the reporting banks in the form of REPO from Non Bank Depository Corporations- Public (such as, Ansar-VDP Unnayan Bank, Karmasangsthan Bank etc.) should be reported in this code.

iii) Other Borrowings:

All other liabilities except deposits, money payable at call and REPO of the reporting banks should be reported against this code number.

C) Other Financial Intermediaries (OFIs)- Public

i) Money payable at call:

Borrowings from Other Financial Intermediaries- Public (such as HBFC, ICB, PKSF, GIIB, SME Foundation etc.) in the form of money payable at call should be reported in this code.

ii) Repurchase agreement (REPO):

Borrowings from Other Financial Intermediaries- Public (such as HBFC, ICB PKSF, EEF, GIIB, SME Foundation etc.) in the form of REPO should be reported in this code.

iii) Government Islamic Investment Bond (*Islamic Bond*)

Borrowings from Government Islamic Investment Bond should be reported in this code.

iv) Other Borrowings:

All other liabilities except deposits, money payable at call and REPO of the reporting banks should be reported here.

d) Insurance Companies and Pension Funds- Public

i) Money payable at call:

Borrowings from Insurance Companies and Pension Funds-Public (such as Sadaran Bima Corporation, Jiban Bima Corporation, and Pension Funds etc.) in the form of money payable at call should be reported in this code.

ii) Repurchase agreement (REPO) :

Borrowings from Insurance Companies and Pension Funds-Public (such as Sadaran Bima Corporation, Jiban Bima Corporation, and Pension Funds etc.) in the form of REPO should be reported in this code.

iii) Other Borrowings:

All other liabilities except deposits, money payable at call and REPO of the reporting banks should be reported here.

e) Non-Bank Depository Corporations (NBDC)- Private

i) Money payable at call:

Borrowings from Non-Bank Depository Corporations- Private (such as, Grameen Bank, Deposit taking Leasing Companies, Land Mortgage Co-operative Banks, and Central Co-operatives Banks etc.) in the form of money payable at call should be reported here.

ii) Repurchase agreement (REPO):

Borrowings from Non-Bank Depository Corporations- Private (such as, Grameen Bank, Deposit taking Leasing Companies, Land Mortgage Co-operative Banks, and Central Co-operatives Banks etc.) in the form of REPO should be reported in this code.

iii) Other Borrowings:

All other liabilities except deposits, money payable at call and REPO of the reporting banks should be reported here.

f) Other Financial Intermediaries (OFIs)- Private

i) Money payable at call:

Borrowings from Other Financial Intermediaries- Private (such as investment companies, mutual funds etc.) in the form of money payable at call should be reported in this code.

ii) Repurchase agreement (REPO):

Borrowings from Other Financial Intermediaries- Private (such as investment companies, mutual funds etc.) in the form of REPO should be reported in this code.

iii) Other Borrowings:

All other liabilities except deposits, money payable at call and REPO of the reporting banks should be reported here.

g) Insurance Companies and Pension Funds- Private

i) Money payable at call:

Borrowings from Insurance Companies and Pension Funds-Private in the form of money payable at call of the reporting banks should be reported in this code.

ii) Repurchase agreement (REPO):

Borrowings from Insurance Companies and Pension Funds-Private in the form of REPO of the reporting banks should be reported in this code.

iii) Other Borrowings:

All other liabilities except deposits, money payable at call and REPO of the reporting banks should be reported here.

h) Bangladesh Bank

i) On-lending projects:

These funds (IDA Credit, IFAD, JICA etc.) have been borrowed by the Government from abroad and lent by Bangladesh Bank to the DMBs for on-lending project purposes. These types of borrowings should be reported here.

ii) Normal borrowings:

Borrowings from Bangladesh Bank such as demand loan, borrowing against export bills, borrowing against promissory notes issued by Ministries should be reported under this code.

iii) Foreign Currency Loans:

Foreign currency loan or Over Draft received from the Bangladesh Bank for import & other purposes should be reported in this code.

iv) Repurchase agreement (REPO):

Borrowings from Bangladesh Bank in the form of REPO of the reporting banks should be reported in this code.

v) Borrowing for Refinancing:

Funds received from Bangladesh Bank by the reporting bank for refinancing (such as SME, Agro-Processing Industries, Housing Refinance Investment, Enterprise Growth & Bank Modernization Program, Solar & Bio-Gas Plant and Effluent Treatment Plant etc.) should be reported under this code.

vi) Other Borrowings:

All other Borrowings if any from Bangladesh Bank not included elsewhere should be reported under this code.

i) Deposit Money Banks (DMBs)

i) Money payable at call:

Borrowings from DMBs by the reporting bank in the form of money payable at call should be reported in this code.

ii) Repurchase agreement (REPO):

Borrowings from DMBs by the reporting bank in the form of REPO should be reported in this code.

iii) Other Borrowings:

All other liabilities (except money payable at call and REPO) such as T.T. discounting facility, swap, borrowings against term deposit etc by the reporting bank from the Deposit Money Banks should be reported in this code.

4.6 Securities other than shares

a) Non-Bank Depository Corporations (NBDC)- Public:

Securities (such as debenture, bonds, mutual funds etc.) issued by thereporting bank held with the Non-Bank Depository Corporations-Public should be reported in this code.

b) Other Public Sector (other than NBDC):

Securities (such as debenture, bonds, mutual funds etc.) issued by thereporting bank held with other public sectors (other than NBDCs)should be reported in this code.

c) Non-Bank Depository Corporations (NBDC)- Private:

Securities (such as debenture, bonds, mutual funds etc.) issued by thereporting bank held with the Non-Bank Depository Corporations-Private should be reported in this code.

d) Other Private Sectors (other than NBDC):

Securities (such as debenture, bonds, mutual funds etc.) issued by thereporting bank held with other private sectors (other than NBDCs)should be reported in this code.

e) Deposit Money Banks (DMBs):

Securities (such as debenture, bonds, mutual funds etc.) issued by thereporting bank held with the other DMBs should be reported in thiscode.

f) Non-resident (Individuals and Enterprises) :

Securities (such as debenture, bonds, mutual funds etc.) issued by thereporting bank held with the Non- resident (individuals or enterprisesnot included elsewhere) should be reported in this code.

4.7 Foreign Currency Deposits of Resident (RFCD)

a) Exporters Retention Quota

Generally merchandise exporters are entitled to a foreign exchangeretention quota of certain portion of repatriated FOB value of theirexports. Service exporters and software exporters may also be entitledto retain a certain portion in foreign currency of their repatriated income. Foreign exchange out of the retention quota of themerchandise and service exporters may be maintained in ForeignCurrency accounts with the concerned ADs which may also be kept asinterest bearing renewable term deposits.

b) RFCD of Individuals

1. Persons ordinarily resident in Bangladesh may open andmaintain Resident Foreign Currency Deposit (RFCD)accounts with foreign exchange brought in at the time oftheir return from travel abroad. Any amount brought inwith declaration to customs authorities in the form FMJ andup to US\$ 5000 brought in without declaration, can becredited to such accounts. Balances in these accounts shallbe freely transferable abroad. Authorized dealers may alsoissue the fund from these accounts to the account- holdersfor the purpose of their foreign travels in the usual manner.However, proceeds of export of goods or services from Bangladesh or commission arising from business deals inBangladesh shall not be credited to such accounts 2. Foreign Currency account may be opened in the names ofresident Bangladesh nationals working with the foreign/international organizations operating in Bangladesh provided their salary is paid in foreign currency.The balances ofthese accounts should also be reported in this code.

3. Freelancers Foreign Currency account balance should bereported here.

Table A- Deposit Classification Matrix

Sector	Code Nos.		
Instruments			
	1. Current Deposits	12901	
	2. Cash Credit Deposits	12902	
	3. Deposits withdrawable on Sight	12903	
	4. Savings Deposits	12904	
	5. Fixed Deposits	12905	
	6. Special Notice Deposits	12906	
	7. Pension Scheme Deposits	12907	
	8. Margin Deposits- F. C.	12908	
	9. Margin Deposits- Taka	12909	
	10. Special Purpose Deposits	12910	
	11. NCD & Promissory Notes	12911	
	12. Restricted Deposits	12912	
	13. Accrued Interest	12913	
	Total	99990	
		1	12110 Ministries & Govt. Offices
		2	12120 Autonomous & Semi-Autonomous
		3	12210 Local Authorities
		4	12220 Public Non Financial Corporations
		5	12230 Non-Bank Depository Corporations-Public
		6	12240 Other Financial Intermediaries-
		7	12250 Insurance Companies & Pension Funds-
		8	12330 Non-Bank Depository Corporations-Private
		9	12340 Other Financial Intermediaries-
		10	12350 Insurance Companies & Pension Funds-Private
		11	12360 Financial Auxiliaries
		12	12370 Non-Financial Corporations-
		13	12380 Non- Profit Institutions Serving Household
		14	12390 Household Residents
		15	12500 Deposit Money Banks
			Total

Table-B- Details of Foreign Liabilities & Assets

Instrument Name of Currency & Code	Currency-wise Exchange Rate																				
		Foreign Liabilities										Foreign Assets									
(Code)		17601	17602	17603	17604	17605	17606	17608	17609	22601	22602	22603	22604	23601	23602	24601	24602	24603	26600		
US Dollar (01)																					
Canadian Dollar(02)																					
Philippines Peso(03)																					
Pound Sterling (10)																					
Australian Dollar (11)																					
Newzealand Dollar (12)																					
Pakistani Rupee(13)																					
Burmeseyat (14)																					
Sri Lanka Rupee(15)																					
Indian Rupee(16)																					
Malaysian Ringgit (17)																					
Hongkong Dollar (18)																					
Bangladesh Taka (19)																					
Singapore Dollar (20)																					

5.1 SBS2 & SBS 3:

Since July,1974 the Statistics Department of Bangladesh Bank has been collecting the detailed information on deposits, debits, advances and bills from all branches of scheduled banks operating in Bangladesh in the prescribed formats SBS-2 and SBS-3 on quarterly basis. We are also collecting data on SME, Interest rate Spread and Economic purpose and sector wise disbursement, recovery, outstanding and overdue etc. On the basis of these returns a consistent data base is compiled for policy makers and other users. These information are therefore extremely vital for formulating monetary policy, credit policy, planning of economic developments.

PROCEDURE TO FILL IN THE SBS-2&SBS-3 RETURNS:

Reporting banks should report each account as a single entry in the returns.

- a) **For Deposits:** The reporting bank branches are required to pick up sector code, type of deposit code from *SBS-2&SBS-3 Reporting Form* and amount should be reported in unit taka(upto two decimal places) from their customer wise ledger balance and rate of interest should be reported against each corresponding deposit account.
- b) **For Advance:** The reporting bank branches are required to pick up sector code, economic purpose code, security code, product code and SME code from *SBS-2&SBS-3 Reporting For* mandate of interest should be reported which was imposed for each account. The amount should be reported in unit taka (upto two decimal places) on the basis of ledger balance of outstanding advance for each account. Loan classification code should be determined according to the classification status for each account.
- c) **For Bills:** The reporting bank branches are required to pick up sector code from account opening form and bill code should be determined according to nature of bills. The amount should be reported in unit for each bill which was discounted bills from code of the guidelines. It should be noted that bills amount (PAD, IBP,FBP etc) should be reported in advance when it becomes forced loan.

6.1 INTEREST RATE SPREAD:

The Statistics Department of Bangladesh Bank has been collecting detailed interest rate wise information on deposits and advances from all scheduled banks since August 2008 and from all nonbanks financial institutes since January, 2013 operating in Bangladesh in the prescribed formats on monthly basis. On the basis of these returns the weighted average rates on deposits and advances are calculated for compilation of Interest Rate Spread (IRS). Interest Rate Spread (IRS) is an important determinant of the productivity of the banking system in a country. Magnitude of the spread varies across the world. It is actually reverse to the degree of efficiency of the banking sector, which is an offshoot of a competitive environment. The nature and efficiency of the financial sector have been found to be the major reasons behind differences in IRS in countries across the world. In economies with weak financial sectors, the intermediation costs which are involved in deposits mobilization and channeling the funds to productive uses, are much larger. They have been found to be responsible for high spreads. The gap between the interest rate a financial Institute pays on deposits and the high rate it charges for loans .i.e., the difference between Weighted Average Lending Rates and Weighted Average Deposit Rates.

7.1 Corporate Social Responsibilities (CSR) :

Union Bank Ltd. has perform the following CSR Activities:

- ❖ Union Bank Ltd also provide scholarship to the poor student, In January 2016 this bank provides so many scholarship to the poor H.S.C. candidates.
- ❖ Union Bank provides clothes to the fire effected people, recently fire occurred in korail slum this bank provides food to flood effected people.
- ❖ Union Bank provides warm clothes to the cold effected people this year.
- ❖ Union Bank provides financial help to make a campaign for Tree Plantation Program.
- ❖ Union Bank takes part in the blood donation campaign in Dhaka Medical College.

8.1 OBSERVATION SUMMARY (SWOT)

<p>Comforts:</p> <ul style="list-style-type: none"> • Good assets quality • Good liquidity • Average financial performance • Experienced top management • Considerable expansion in branch network 	<p>Concerns:</p> <ul style="list-style-type: none"> • High cost of fund • Moderate operating efficiency • Concentrated sectorial exposure • IT infrastructure at developing stage • Few branches yet to make profit • Moderate foreign exchange business • Exposed to capital market operation • Small market share • Low investment in agriculture loan
<p>Business Opportunities:</p> <ul style="list-style-type: none"> • Product diversification • Portfolio diversification in low risk category business segment including SME 	<p>Business Challenges:</p> <ul style="list-style-type: none"> • Regulatory requirement for minimizing interest/profit rate spread • Entrance of new bank • Maintenance of Rural urban branch ratio • Lower credit demand • To get line of credit from foreign bank • Compete with existing established banks • Compliance with Basel-III

(9.1) Findings

The major findings that I was found in my study are as follows-

- **Cost of Fund:**

During my study I found that the Cost of Fund of Maintaining High deposit is increasing. As the high deposit bank has to pay large amount of profit, the fixed deposit rate are high. Bank attract customer by offering high deposit rate. But offering high deposit rate bank expense are increasing.

- **Operating Efficiency:**

From my study it has found that it operating efficiency is moderate. As it is a new bank all the operational activities are in developing stage.

- **Agricultural loan:**

I have seen that low investment in agriculture loan. As this branch has mainly focused on corporate loan and concentrate less on agricultural loan.

- **IT infrastructure:**

I have seen that IT Infrastructure at developing stage. As this bank at primary stage all the IT facilities are basically in primary stage and the software they use are a demo software.

- **Moderate Foreign Exchange:**

The Bank Has Moderate Foreign Exchange. As a new bank all the foreign exchange department are not in developing stage. Clients pay less attraction because of high interest rate.

- **Non-profitable branch:**

Approximately 26. Number of Branch are not in Profitable because all the branches are located in rural area. These branches can not generate high deposit and investment.

(10.1) Recommendation

- **Product Diversification:**

Finance & Accounts Department should be focus more on Product Diversification. If the product are diversified more customer may take the advantage of the product.

- **Treasury Department development:**

Treasury Department is small; it should be developed. If the department modified it will provide more data about CRR & SLR. It will also maintain a balance between high cost and low cost deposit.

- **Interest rate spread:**

Need More concentration to minimize Interest rate spread. It is the difference between deposit and investment rate. Interest rate spread should be low because it will provide high interest rate.

- **Branch establishment:**

More branch need to established in Urban instead of Rural. Rural branch will give high deposit and Investment client.

Bassel-3 Should Be established:

As it is the process to minimize the risk of investment.

(11.1) Conclusion

Having many hurdles & challenges, the banking sector is expected to grow during FY2016 with the growth of country's economy. During FY2015-16 GDP growth rate of Bangladesh economy reached 7.05% for the first time in the history of Bangladesh. RMG export (both knit & woven) would continue to be major contributor of export earning like previous year despite the concern raised by European buyers in compliance area, withdrawal of GSP facility etc. However worker's remittance rose to \$ 15,316.91 in FY2015-16 against \$ 14,228.26 in FY2014-15, and is expected to boost up as new horizon has opened with Govt. initiative to recruit more Bangladeshi workers in Saudi Arabia and Malaysia. Gulf Region will continue to contribute as major source of remittance income. Country's reserve position will stay in comfortable position to meet import expenses.

Due to fall of credit demand in industry & service sector, surplus liquidity may exist in total banking sector unless there is any improvement of credit demand. Interest rate of both deposit & loan is expected to fall further against the backdrop of falling credit demand. Sluggish scenario in capital market and real-estate sector may prolong unless there is any further motivation package from Govt. to encourage investors and buyers.

Maintaining existing asset quality and to improve it further as well as to ensure earnings of comfortable operating profit will be key challenge for the overall banking sector. Banking industry in the country will only improve in the coming year if political atmosphere in the country does not deteriorate further and infrastructure support, utility facility and Governance in public and private sector improve.

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