Date of Submission
15th January 2022

Internship Report on
Core Risk management



Submitted To:

Department of Business Administration Sonargaon University(SU)
Green Road, Dhaka-1215

Submitted By:

Md.Sharifur Rahman
Id No: EMBA2003021030
Program: EMBA
Major: Finance
Semester: Fall 2021
Contact: 01670267429

Submitted for the partial fulfillment of the degree of Executive Masters of Business Administration

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UGC & Govt. Approved
Sonargaon University (SU)
সোনারগাঁও ইউনিভার্সিটি (এসইউ)

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Green Road,Dhaka-1215

Prepared by:

Name: Md. Sharifur Rahman

ID: EMBA2003021030
Program: EMBA
Major: Finance
Semester: Fall 2021

Prepared for:

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Date of Submission: 15th January, 2022

Submitted for the partial fulfillment of the degree of Executive Masters of Business Administration

Letter of Transmittal

September 15, 2022
Md. Shahbub Alam
Lecturer
Department of Business Administration
Sonargaon University (SU)

Subject: Submission of Internship report.

Dear Sir,

With humble honor and respect, I am submitting my internship report on "**Core Risk Management"**. As per partial accomplishment of the requirements for the EMBA degree, this internship has been carried out under the supervision of you.

This report is an integral part of our academic courses in completion of the EMBA program which has given me the opportunity to have an insight into the core part of topic. I hope this report reflectson the contemporary issues on the finance area that are being practiced by organizations in our country.

In completing the report, I tried my best to blend all my knowledge and imparted every available detail and also attempted to avoid unnecessary amplification of the report.

I humbly request you to accept this report for your kind evaluation.

Sincerely,

_____

Md.Sharifur Rahman
ID:EMBA2003021030
Department of Business Administration
Sonargaon University (SU)

Student's Declaration

I, the undersigned, a student of Business Administration, Department of EMBA program, Major in Finance of Sonargaon University (SU) do hereby declare that the internship report on "Core Risk Management " is the original one and has been prepared by myself and has not been submitted anywhere for any degree, diploma, title or recognition.

The report was prepared under the supervision of Md. Shahbub Alam, Lecturer, Department of Business Administration of Sonargaon University (SU).

Sincerely,

_____

Md.Sharifur Rahman
ID:EMBA2003021030
Department of Business Administration
Sonargaon University (SU)

UGC & Govt. Approved
Sonargaon University [SU]
সোনারগাঁও ইউনিভার্সিটি (এসইউ)

Md.Shahbub Alam
Lecturer,
Department of Business
Administration
(Sonargaon University)

Subject: **Letter of Transmittal**

Dear Sir/Madam

This is to inform you that, I have finalized with my report naming as "Performance core appraisal and risk management of Uttara Bank Limited", I have tried to implement my learning of Executive Masters of Business Administration in the practical field with due sincerity and would like tothank you for giving me the opportunity to have the chance to work on this report. Despite manylimitations I have tried my level best to address the major and in depth issues in making this paper accurate and reliable. If you have any further enquiry concerning any additional information I would be very pleased to clarify that.

I, therefore, pray and hope that you will be kind enough to accept this report as fulfillment of the requirement for the EMBA degree.

Thanking you.

Sincerely yours,

……
Md.Sharifur Rahman
ID: EMBA-2003021030
(Sonargaon University)

Acknowledgement

First and foremost, I would like to pay my gratitude to the almighty **Allah**, the most Merciful, the Beneficent, for blessing me with good health and tenacity of mind to complete the requirements for the degree.

Many people have been responsible in making this report. . I extend my most sincere thanks and gratitude to my academic supervisor Md.Shahbub Alam, lecturer, Sonargaon Business School, Sonargaon University, for the subsequent advice and valuable guidance towards completion of the report.I most sincerely express my thanks and gratitude to Mr. Biplab Kumar Halder, Manager, Sadarghat Branch, Uttara Bank Ltd. for giving me the opportunity to prepare this report. I shall ever remember the affectionate care rendered by him and for the constant guidance he provided to me for completing the report. He has been extremely kind to lend me his valuable time whenever I needed. I am extremely grateful to the Uttara Bank Limited staffs for allowing me to pursue my internship and continuous support for the entire work. I recall with thanks and gratitude the inspiration and support provided by Mr. Abul Kalam Azad, Principal Officer and A.K.M Taher Uddin Mahmud Senior officer of that Branch who assisted me with his valuable time and suggestions and with relevant documents. Thanks are also due to all of my colleagues of Bank Asia for their help and valuable advice.

Executive Summery

This report is basis on the entire process of credit approval and the core risk assessment system of Uttara Bank Limited and identifying the positive aspects as well as the shortcomings of that credit scheme. After completing of EMBA program of Sonargaon Business School, I have completed my internship in Uttara Bank Limited (Sadarghat Branch), one of the largest and reputed private commercial bank in Bangladesh and went under a rotation program in different department of Uttara Bank Limited (UBL). I worked with some officers and some departments sincerely. But I mainly gave emphasis on the bank's credit appraisal and recovery policy. The objective was to analyze the criteria of UBL's such as loan distribution sector, interest rate of loan, the bank's capability to recover load during stipulated time and the management efficiency regarding classified loan. The primary activities carried out by the credit department of UBL include evaluation of loan application, preparing necessary documents for the loan approval, monitoring the loan after disbursement and ensuring its repayment and finally initiate classification in case of non-recovery.

Credit proposals are appraised critically by Uttara Bank Limited. The customer at the branch of the bank place credit proposals. When customers come with a credit proposal, the credit department of the Branch makes an open discussion with customer on different issues of the proposal to judge the worthiness of the proposal and the customer. If the proposal seems to be worthwhile in all respects then the proposal is placed before the credit committee of the bank. After threadbare discussion, if the committee agrees in principle the proposal is sanctioned as per the delegated business power of the branch.

The execution of documents in proper from and according to the requirements of law is known as documentation. The documentation does establish a legal relationship between the lending bank and borrower. The terms and condition of loans and advances, the securities charged and the repayment scheduled is recovered in writing proper documentation for safeguard the future interest of the bank.

Core risk in banking Analyzes

7 Core risk in banking

Managing Core Risk in Banking: Investment Risk Management Guidelines.

INTRODUCTION : Banking Industry is vulnerable to risks of diverse dimension due to:

- Banks direct exposure to many sectors of the economy
- Cross border implication inherent in its activities.

There are numerous risks in banking activities. The key risks areas in banking industry are broadly categorized:

1. Credit Risk/ Investment Risk
2. Market Risk
   - Liquidity Risk
   - Price Risk
3. Operational Risk

1. Credit Risk/ Investment Risk arises when transactions are made with other parties/Banks. The financial position of the counterparts is the considering point whether they are capable to settle the Exchange transaction on agreed date i.e value date
2. Market Risk : Bank earns generally in two ways:

(1) Net Revenue from Funds (NRFF)

- Difference between interest/profit earned on assets and interest paid on Liabilities.

(2) Non Funds Revenue (NFR)

- Earning from trading income and fees.

Market risk includes liquidity and price risk.

(i) Liquidity risks arise from an organization's inability to meet its obligations. When due i.e. invalidity

to make payment of any financial obligation to customers or counterparties in any currency.

(ii) Price risk arises from changes in the value of trading positions in the interest rate, foreign exchange, equity and commodities markets. This arises due to changes in the various market rates and/or market factors.

3. Operational Risk is the risk of financial and reputational losses due to failure or inadequacy of internal controls and procedure or information systems.

Present Banking Industries expects that Bank's equity holders will receive value along with profit of their shares; depositor's money will remain safe and organization as a whole with confirm strength and transparency in all respect. To archive these objectives Core Risks Management guidelines are the prime issue in the present day banking activities. Identification, measurement and mitigation of risks and acquiring strength to cover these risks are the mandatory issues to be maintained in the banking organization.

As per Bangladesh Bank guidelines there are seven core risks in banking sector. These are:

(i) Credit Risk/ Investment Risk
(ii) Asset-Liability /Balance Sheet Risk
(iii) Foreign Exchange Risks
(iv) Internal Control and Compliance Risks
(v) Money Laundering Risk
(vi) IT Security Risks &
(vii) Environmental Risks

CORE RISKS MANAGEMENT GUIDLINES :

1. Credit Risk/ Investment Risk Management –

Credit / Investment Risks are associated with Credit activities of the bank. Credit risk arises from the potential that a banks borrower will fail to meet its obligations in accordance with agreed terms. Credit risk also refers the risk of negative effects on the financial result and capital of the bank caused by borrower's default on its obligations to the bank.

The assessment of credit risk involves evaluating both the probability of default by the borrower and exposure or financial impact on the bank in the even the default. To manage the credit/investment risks the following guidelines are recommended:

1. Policy Guidelines

i. Investment should include industry and business segment focus investment limits, caps, discourage business types, investment facility parameters, cross boarder risks etc.

ii. Investment assessment should consider related borrower, industry, supplier, financial ability, past performance, accoual conduct, regulatory as well as organizational guidelines, risk mitigating capacity etc

iii. Risk Grading conducted to measure the intensity of risk rating in eight categories- Superior, Good, Acceptable, Marginal, SMA, Substandard and Doubtful & Bad&Loss.

iv. Segregation of duties should be separated among approval authority, relationship manager and investment administration.

v. Internal Audit of different tiers should perform their duties as per guidelines.

2. Organizational Structure & Responsibilities-

Organizational Structure & Responsibilities should be so designed that avoids conflicting interest. Investment approval and investment disbursement authority should be separate. Accordingly Investment Risk Management and Investment Administration Division should perform separate duties and responsibilities.

3. Procedural Guidelines –Implementation of investment policy through the self organizational structure should follow the following guidelines;

i. Approval process should be done with in business discretionary power.

ii. Investment Administration should be ensure proper and complete documentation and compliance of sanction letter.

iii. Investment disbursement after proper documentation and fulfillment of regularatory requirement.

iv. Should activate continuous monitoring system for smooth operation of the accounts.

v. Identification of probable weakness and risk and taking corrective measures by the relationship manager. Report to authority within 7 days from detection of weakness.

vi. Special Asset Management Division should be strengthened for recovery of NPI. Bank should maintain provision against non performing investments should take measures for write off NPI where 100% provision has been retained. Incentive programs for better performance be ensured.

2. ASSET AND LIABILITY / BALANCE SHEET RISKS :

Asset and liability management is the most important function of Bank management. Asset Liability Management ensures balanced fund mobilization and their deployment with respect to their maturity profile, cost, yield as well as risk exposure.

ALM policy statement through ALCO paper Indicates as follows:

i Investment Deposit Ratio

ii. Whole sale Borrowing Guidelines

iii. Commitments

iv. Medium Term Funding Ratio

v. Maximum Cumulative Out- flow

vi. Liquidity Contingency Plan

vii. Investment Regulatory Complian

ALM also discusses the following issues:

i) Balance sheet Risk

ii) Liquidity Risk

iii) Interest Rate Risk and

iv) Capital Adequacy Risk

3. FOREIGN EXCHANGE RISK MANAGEMENT :

► Foreign Exchange Risk Management in Banks has become inevitable because:

-Change in regulatory policies in 1993 where Taka was declared

convertible in the current account.

- Commercial Banks were given responsibility to ascertain genuineness of the transactions following withdrawal of Central Bank's prior approval requirements.

- The responsibility of exchange rate quotation has been left to the commercial Banks under floating exchange rate.

- To adapt to the changed environment many banks established dealing rooms.

Burdened with non-performing assets and shortfall in capital adequacy banks are now exploring the possibilities of earning from off balance sheet activities. This led to the emergence of new profit centre Treasury Dealing Room. This is not also free from risk. So, risk management becomes inevitable.

► **FOREIGN EXCHANGE RISK MANAGEMENET REQUIRES THREE AREAS TO ADDRESS** :

- Policy
- Organizational Structure
- Process.

► **POLOCY :** Areas to Develop
- Dealing Limit
- Mandatory Leave
- Position Reconciliation
- Nostro Account Reconciliation
- After hours dealing
- Off-premises Dealing
- Stop Loss Limit
- Mark to Market
- Valuations
- Model Control Policy
- Internal Audit

► **ORGANISATINAL STRUCTURE :**

In performing all the above listed functions in an appropriate manner the Organizational Structure requires :

- A clear demarcation between different dealing and all settlement and support functions.

- Treasury Front Office be involved in dealing activities and the Back Office be responsible for support functions.

- To monitor and manage balance Sheet Risk there should have an additional unit, "Treasury Mid Office".

► **Centralized Foreign Exchange and Money Market Activates:**

Foreign Exchange and Money Market are required to be housed in the same area.
Foreign Exchange and money market activities are to be unified in the same department/control.

► **Separate Trading and Risk Management Units:**
- Traders Risk-taking Units should be separated from Market Risk Management Unit.
- Major Responsibilities of Traders/Risk Taking Units
- Remain within the approved independent Market Risk Unit Framework.
- Ensure no limit breaches.
- Inform the Market Risk Management Unit of any shift in strategy or product mix.
- Major Responsibilities of Market Management Unit :
- Review policy at least annually and update as require.
- Independently identify all relevant market risk factors.
- Ensure that limits/triggers are appropriately established.
- Review and approve any temporary limit requirements.
- Recommend corrective actions for any limit excesses.

► PROCESS **:**

► **In a Proper Treasury set-up, a Dealer -**

- Strikers a deal in the market.

- Maintains his own record for monitoring the exchange position.
- Passes on detailed information of the deal to the back-office in time.

► **The Back Office** –

- arranges for deal confirmation with counter party.
- arranges settlement.
- reconciles exchange positions.
- advises to the treasury.
- runs the valuation on a periodic basis.

► **Rate Appror[privation :**

This exercise is carried out by the treasury back-office to check for whether all deals have been dealt at market rates.

► **Deals Outstanding Limit :**

Treasury back-office requires to check against any unusual volumes of activity. The management may decide to set a limit for all outstanding FX contracts at any given point of time.

► **Deals Treasury Risk Report**

The back-office is required to summarize all daily positions on a report. Report should contain :

- Outstanding open position against limit.
- different currency-wise outstanding exchange position. - Outstanding FX forward gaps in different tenors.
- interest rate exposure of balance sheet.
- counter party credit limit usage.
- day's P & L against trigger and stop loss limit, etc.

► **Code of conduct :**

Dealers are expected to act in a professional and ethical manner :
They must keep dealing activities within the responsibilities authorized by the management and observe the instruction given by the management or supervisors in each dealing section.

► **Conversation language**

All dealing related conversations taking place in the Treasury must be in an acceptable language for operational clarity.

- All conversations on Reuters Dealing System must be in English.
- All conversation over telephone must be restricted to either in Bengali or in English.

4. INTERNAL CONTROL & COMPLIANCE RISKS MANAGEMENT:

Definition:

According to IMF publication, Internal Control refers to the Mechanism in place on a permanent basis to control the activities in an organization, both at a central and at a departmental/divisional level.

ctives of Internal Control and Compliance (ICC):

The primary objective of internal control system in a bank is to help the bank perform better through the use of its resources. Through internal control system, bank identifies its weaknesses and takes appropriate measures to overcome the same. The major objectives of internal control are as follows:

1. Efficiency and effectiveness of activities : Performance objective

2. Reliability, Completeness and timelines of financial and management information: Information Objective.
3. Compliance with applicable laws and regulations : Compliance Objective

Structure of the ICCD.

Organizational structure plays a vital role in establishing effective internal control system. The essence of the ideal organizational structure that will facilitate effectiveness of the internal control and compliance system is the segregation of duties. The bank should, depending on the structure, size, location of its branches and strength of its manpower, try to establish an organizational structure which allows segregation of duties among its key functions such as marketing, operations, audit, financial administrations etc. Extent of this segregation will depend on an individual bank; that is small or big branch operations.

The Head of Internal Control and Compliance Department (ICCD) should have a reporting line with the bank's Board while the Audit Committee (AC) of the board will be the "Contact Point" for this deptt. This deptt. also has a reporting line with the MD/CEO of the Bank.

Functions of ICCD

The head of the internal control will be responsible for the both compliance and control related tasks which include compliance with laws and regulation, audits and inspection, monitoring activities and risk assessment. The head of internal control will report directly to the MD and also have an indirect reporting line to the Audit Committee of the Board.

Monitoring Unit:

- Monitor the operational performance of branches/deptt.
- Collect relevant data and analyze these to assess the risks of individual units.
- Recommend the Head of ICC for sending audit and inspection tea in case of major deviation.
- Prepare an annual health report of the bank.

Audit and Inspection Unit:

- Conduct Risk Based Annual Audit
- Conduct special audit
- Surprise audit
- Prepare a summary report on audit findings
- Make sure that prompt action is taken in rectification of deficiencies pointed out in the DCFCL

Compliance Unit:

- Ensure that bank complies with all regulatory Requirements while conducting its business.
- Maintain liaison with the regulatory bodies.
- Maintain liaison with the regulators at all level and notify the other units about regulatory changes.

5. MONEY LAUNDERING RISK MANAGEMENT:

Money laundering risk is the risk of loss of reputation of the Bank. It is the process by which proceeds from a criminal activity are dis-guised to conceal their illicit origins. Basically, money laundering involves the proceeds of criminally derived property rather than the property itself. Money launderers send illicit funds through legal channels in order to conceal their criminal origins.

Laundering is not a single act but a process accomplished in 3 basic stages, which may comprise numerous transactions, by the launderers that could alert a financial institution to criminal activity-

Placement- the physical disposal of the initial proceeds derived from illegal activity.

Layering- separating illicit proceeds from their source by creating complex layers of financial transactions designed to disguise the audit trail and provide anonymity.

Integration- the provision of apparent legitimacy to wealth derived criminally. If the layering process has succeeded, integration schemes place the laundered proceeds back into the economy in such a way that they re-enter the financial system appearing as normal business funds.

The three basic steps may occur as separate and distinct phases. They may also occur simultaneously or, more commonly, may overlap.

The Money Laundering Prevention activities in banking include:

- Obtention of KYC, TP forms & maintenance
- Record keeping
- Reporting STR, CTR, Quarterly report etc.
- Staff training regarding AML activities
- Communication with regulatory Authority
- Compliance of AML guidelines by Bank Authority
- Bank BOD commitment towards AML guideline

6. IT RISK MANAGEMENT

Information technology (IT) plays a critical role in many businesses. IT risks include hardware and software failure, human error, spam, viruses and malicious attacks, as well as natural disasters such as fires, cyclones or floods.

If our business uses information technology (IT), it's important to understand the key steps that we can take to minimize IT risk. Risks include hardware and software failure, human error, spam, viruses and malicious attacks, as well as natural disasters.

A code of conduct can provide staff and customers with clear direction and define acceptable behaviors in relation to key IT issues, such as protection of privacy and ethical conduct.

7. ENVIROMENT RISK MANAGEMENT

Why add environmentally derived risks:

- Every business activity has some inherent environmental, health & safety risks.
- If clients don't properly manage those inherent environmental health & safety risk, they can create environmentally derived financial, legal and reputational risks and liabilities for our clients.

Environmentally Derived Risks for the Bank:

- Inability of the client to make payments due to unexpected environmental costs.
- Over valuation of assets offered for security
- Decrease in the value of security due to environmental impairment during the term of the investment.
- Legal liability for clean-up.

Environment Risk Management Procedures

- Identify Environmentally derived , potential liabilities for the bank in transaction
- Assess the awareness, commitment and resources of the client manage the environmental risk creating those potential liabilities.
- Manage & control the bank's exposure to environmentally derived liabilities

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Core Risk Management

List of abbreviations

UBL	:	Uttara Bank Limited
DSC	:	Dhaka Stock Exchange
CSE	:	Chittagong Stock Exchange
DD	:	Demand Draft
TT	:	Telegraphic Transfers
LC	:	Letter of credit
SME Loan	:	Small and Medium Enterprise Loan
USAID	:	United States Agency for International Development
SEDF	:	South Asia Enterprise Development Facility
IFC	:	International Finance Corporation
CCS	:	Consumers Credit Scheme
MMS	:	Monthly Saving Scheme
RFCD	:	Resident Foreign Currency Deposit
FDR	:	Fixed Deposit Receipt
DPS	:	Deposit Premium Scheme

Chapter-1

Core Risk Management

Chapter-1: Introduction

Origin of the report

Internship Program of **Sonargaon U**niversity is mandatory for every student to completingGraduation for EMBA.

The purposes of the internship Program are:

- Internship will give the students Opportunity to develop their skill in the application of theory to practical work situation.
- Internships will provide students with an in-depth knowledge of the formal functional activities of a participating organization
- Internship will increase a student's sense of responsibility.
- Internship will also provide student the opportunity to develop attitudes conducive to effective interpersonal relationships.
- Internship also helps the students to assess their career on chosen sector.

This internship report, thus, is submitted after completing three month internship at Uttara Bank Limited. This report includes the major job responsibilities and also a project on specific process which is **"Credit Approval and Core Risk Management of Uttara Bank Ltd."**. The Report also includes an overview of Uttara Bank Ltd. Moreover it describes the major responsibilities and observation of mine though the internship period in Uttara Bank Ltd.

Objective of the Report

- General Objective

The general objective of the study is to fulfill requirement of the Graduation under the Executive Masters of Business Administration program of Sonargaon University as per university policy.

- Specific Objective:

The specific objective of this reports are:

1. To bring together information regarding the entire process of credit approval.

2. To achieve knowledge regarding the system of credit risk assessment.
3. To find out the Strengths, Weaknesses, Opportunities and Threats of the bank as well as the flaws or drawbacks regarding the services and solution offered.
4. To detect the positive aspects as well as the shortcomings of the credit approval and the credit risk assessment process
5. To identify methods to improve the quality and standard of the products offered to the customers

Scope of the Report

The main intention of this report is to find out the Credit approval and risk management system of Uttara Bank Limited but I got opportunity to learn many other things from different division like remittance and general banking.

Methodology

- Selection of the Topic:

The topic was approved by my respective advisor and my on-site supervisor. It was thoroughly discussed with them and my respective advisor provided me a format so that a well-organized report can be prepared.

- Sources of data

There are two types of data I collect for that report and those are

1. Primary Sources:
   - Face to face conversation with the respective officers
   - Direct Observation
   - Practical desk work

2. Secondary Sources:
    - Annual report of UBL
    - Internal server and external websites of UBL
    - Relevant books, research paper and journals
    - Theoretical books of the related banking sector

Limitation of the Study

On the way of the study, I have faced the problems that are given below that may be terms as the limitation or shortcoming of the study-

- It was very difficult to collect the information from various personnel for the job constrain.
- Bank policy was not disclosing some data and information for various reasons.
- The department people always remain busy due to lack of supporting employees so they could not dedicate their full efforts
- Because of the limitation of information some assumption was made. So there may be some personal mistake in this report.
- The time 3 months are not sufficient to know all activities of the branch to prepare the report.
- The annual report is the main secondary source of the information but this information was not enough to complete the report and it was not identified clear idea about this bank.

Chapter-2



Chapter-2: Overview of Uttara Bank Limited

Uttara Bank Limited

Uttara Bank is one of the largest and oldest private-sector commercial bank in Bangladesh, with years of experience. Adaptation of modern technology both in terms of equipment and banking practice ensures efficient service to the clients. There are 220 branches at home and 600 affiliates worldwide which has created efficient networking and reach capability. Uttara is a bank that serves both clients and country. The total numbers of employee of Uttara bank are nearly 3,562.

Historical Background of UBL

Uttara Bank Limited is deeply related with the history tradition and living standard of human of the country. This Bank started its operations on 28th January 1965 as a commercial bank by Eastern Banking Corporation, which is interpreting by a private organization. In 1972 the Bank takes this name Uttara Bank but it was converted as a public limited company named “Uttara Bank limited” in the year of 1983 upon the amendment of Bangladesh bank (Nationalization) order. The Bank was incorporated as a banking company on 29/06/1983 and obtained business commencement certificate on 21/ 08/ 1983. Only within one year the Bank floated its share & now the Bank is listed in the DSE & CSE for trading share.

Corporate Information

Name	Uttara Bank Limited
Nature of Business	Banking service and profit oriented
Date of Incorporation	29.06.1983
Chairman	Md. Azharul Islam
Number of Branches	220
Total Asset	TK. 104,559,589,957
Authorized Capital	Tk. 5,000,000,000
Paid up Capital	Tk. 3,306,449,088
E-mail	Uttara@citecho.net
Web site	www.uttarabank-bd.com

Objectives, Mission, Vision and goal of Uttara Bank Ltd.

The objectives of UBL are follows:

- Mobilizing deposit from the surplus economic unit to deficit economic unit.
- Cater to all different segments of retails and wholesale customer.
- Being a high quality distributor of products and services.
- Serve the people of the country by providing financial assistance.
- Help the nation in reducing the employment problem by securing services to a large number of people.
- Ensure balanced economic development though out the country.
- To expand business.
- To keep position in the competitive market.
- To contribute in profitability of UBL.

Core Risk Management

Missions of UBL are given bellow:

- To provide high quality financial service
- To provide excellent quality customer service
- To maintain corporate and business ethics.
- To become a trusted repository of customers money and their financial advisor.
- To make their stop superior and rewarding to the customers.
- To display team sprite and professionalism.
- To have a sound capital base.

The Visions of UBL are:

Uttara Bank will be a unique organization in Bangladesh. It will be a knowledge-based organization where the Uttara Bank professionals will learn continuously from their customers and colleagues worldwide to add value. They will work as a team, stretch themselves, innovate and break barriers to serve customers and create customer loyalty through a value chain of responsive and professional service delivery.

Continuous improvement, problem solution, excellence in service, business prudence, efficiency and adding value will be the operative words of the organization. Uttara Bank will serve its customers with respect and will work very hard to instill a strong customer service culture throughout the bank. It will treat its employees with dignity and will build a company of highly qualified professionals who have integrity and believe in the Bank's vision and who are committed to its success. Uttara Bank will be a socially responsible institution that will not lend to businesses that have a detrimental impact on the environment and people.

The Goals of UBL are-

Uttara Bank will be the absolute market leader in the number of loans given to small and medium sized enterprises throughout Bangladesh. It will be a world-class organization in terms of service quality and establishing relationships that help its customers to develop and grow successfully. It will be the Bank of choice both for its employees and its customers, the model bank in this part of the world.

Different Wings of Uttara bank ltd.

Name of the Division	Affiliated Departments
Human Resources Division	➢ Personnel Department ➢ Disciplinary Department ➢ Test Key Department ➢ Research & Planning Department ➢ Risk Management Department
Central Accounts Division	➢ Accounts Department ➢ Reconciliation Department
Credit Division	➢ Approval Department ➢ Admin. & Monitoring Department ➢ Lease Finance Department ➢ Recovery Department
Internal Control & Compliance Division	➢ Audit & Inspection Department ➢ Monitoring Department ➢ Compliance Department
Banking Control & Common Services Division	➢ Anti-Money Laundering Department ➢ Branches Operation Department ➢ Business Promotion Department ➢ Green Banking Department ➢ Public Relations Department
Board & Share Division	➢ Board Department ➢ Share Department
International Division	➢ Correspondence Banking Department ➢ Remittance Department ➢ Trade Services Department
Treasury Division	➢ Front Office (Dealing Room) ➢ Back Office

Core Risk Management

	➢ Asset & Liability Management Department
Establishment Division	➢ General Services Department ➢ Transport Department ➢ Stationery & Records Department ➢ Engineering Department
Information & Communication Technology (lCT) Division	➢ MIS Department ➢ Development & Support Department ➢ Card Department
Corporate Banking Division	➢ Credit Marketing Department ➢ Credit Business Development Department

Highlights on the overall activities of the Bank for the year ended 2012 and 2011

Sl. No.	Particulars	2012 Taka		2011 Taka	Change in %
1	Paid-up-Capital	3,306,449,088		2,875,173,120	15
2	Total Capital (Teir -I+II)	9,300,594,902		9,117,416,771	2
3	Capital surplus/(Deficit)	1,781,934,902		2,251,816,771	-21
4	Total Assets	123,790,627,973		97,417,927,797	27
5	Total Deposits	93,658,586,510		72,152,375,394	30
6	Total Loans & Advances	61,328,563,493		54,010,287,476	14
7	Total Contingent Liabilities	12,005,317,556		9,860,040,453	22
8	Advance/ Deposit Ratio	0.65:1		0.75:1	12
9	Percentage of Classified Loans against total Loans & Advances	8.39%		5.22%	61
10	Profit after tax & provision	1,236,356,336		1,650,339,616	-25
11	Amount of classified loan during current year	3,393,000,000		814,914,000	316
12	Provision kept against classified loans	1,803,533,437		1,091,983,437	65
13	Provision surplus /(deficit)	62,648,745		29,533,837	112
14	Cost of Fund (%)	7.23%		6.32%	14
15	Interest earning Assets	98,677,618,328		79,811,603,347	24
16	Non-interest earning Assets	25,113,009,645		17,606,324,450	43
17	Return on Investment (ROI) %	8.85%		9.63%	-8
18	Return on Assets (ROA)%	1.00%		1.69%	-41
19	Income from Investment	3,716,097,423		2,204,265,402	69
20	Earning per Share	3.74		4.99	-25
21	Consolidated Earning per Share (SPS)	3.76		5.01	-25
22	Market value per share	38.10		77.80	-51
23	Price Earning Ratio (Times)	10.19		15.59	-35
24	Net Assets value per share	29.63		29.13	2

Core Risk Management

Features of UBL

The bank is committed to turn all its activities as per council board. UBL through its steady progress and continuous success has earned the reputation of being one of the leading private sector banks of the country. The distinguishing features of UBL are as follow:

- All its activities are conducted on interest banking system according to council board.
- Establishment of participatory banking instead of banking in debtor creditor relationship.
- Investment is made though deterrent modes permitted under council board.
- Investment income of the bank shared with depositors according to a ratio to endure a reasonable fair rate of return on their depositors.
- It aims are to introduce a welfare oriented banking system and also to establish equity and justice in the field of all economic activities.
- It extends economic and financial services to the poor, helpless and height income group of the people for their economic up liftman particularly in the rural areas.
- It plays a vital role in human resource development and employment generation particularly for the unemployed youths.
- Its aim is to achieve balanced growth and equitable development of the country through diversified investment operations particularly in the priority sector and in the less developed.
- It extends cooperation to the poor the helpless and the height income group for their economic development.

Functions of UBL

The operations of Uttara Bank Limited are divided into three major categories:

1. General banking: it includes:-

    a. Mobilization of deposits.
    b. Receipts and payment of cash.
    c. Handling transfer transaction
    d. Operations of clearing house
    e. Maintenance of accounts with Bangladesh band and other bank
    f. Collection of cheque and bill
    g. Issue and payment of Demand Draft, telegraphic transfers and payment order
    h. Executing customers standing instructions
    i. Maintenance of safe deposit lockers
    j. Maintenance of internal accounts of the bank

While doing all the above noted work UBL issue cheques-book, Deposit account opening form, SS card, Ledgers, Cash book, Deposit account ledgers, preparation statement of accounts. Pass Book, Balance of different accounts and calculated profits.

UBL offers to open the following account to the depositors:

- Current Account
- Saving Account
- Term Deposit account. (3 month/6month /12 month /36month / 60 month)
- Cash Credit Account.

Core Risk Management

2. Foreign Exchange Business

Foreign Exchange Business plays a vital role in providing substantial revenue on the bank income pool.

- Opening letter of credit against commission for importing industrial agricultural and other permissible items under council board.
- Opening letter of credit on the principle of sale, on the principle of under wage earner scheme.
- Handling of export /import document.
- Negotiation of export and import document when discrepancy occurs.
- Financing import under import board.
- Financing to export on profit or loss sharing
- Handling inward and outward remittance.

3. Other activities

The UBL performs the following task for the welfare of the nation. There are some points which is below:-

- Income generating scheme for the unemployed youth of the nation.
- Monogram sale center for marketing homemade garment, handicraft and other items.
- Education scheme for assisting poor scholar student to case and help them to continue their study.
- Health scheme for fulfillment of health needs of rural people.
- Uttara University was established to extend service to the student.

Operational Network Organogram

Management Hierarchy
Chairman
↓
Board of Director
↓
Managing Director
↓
Deputy Managing Director
↓
Senior Executive Vice President
↓
Executive Vice President
↓
Senior Vice President
↓
Vice President
↓
Senior Assistant Vice President
↓
First Assistant Vice President
↓
Assistant Vice President
↓
Senior Executive Officer
↓
Executive Officer
↓
Principal Officer
↓
Senior Officer
↓
Junior Officer
↓
Assistant officer

Core Risk Management

Services & Products

UBL is a service oriented financial institution. The main function of the bank is to provide services to its clients. The bank offers various products and services to the clients to attract them. The first primary job of the bank is to collect deposit from its clients and other prospective clients who still have not opened their accounts at the bank. They offer different accounts at the bank. They offer different interest rates to the different accounts. The bank also provides credit facilities to its clients. In fact the deposits are collected to lend some money to the people to make profit. Also the foreign exchange department opens the L/C to its clients and thus collects L/C commissions from its clients and thus makes a huge profit of its own.

UBL offers many products and services to its clients on their satisfaction. It has a good reputation in the banking sector by continuously updating product and service qualities. A bank cannot be able to make its desirable progress without the satisfaction of its customers. That's why UBL always gives preference to its client satisfaction and made significant progress through its operation such as deposit mobilization, credit management, foreign trade etc.

SERVICES:

1. Personal Banking:

Amongst private sector banks, UBL has already made its mark in the personal banking segment.

2. Corporate Banking:

UBL offers a full range of tailored advisory, financing and operational services to its corporate client groups combining trade, treasury, investment and transactional banking activities in one package. Whether it is project finance, term loan, import or export deal, a working capital requirement or a forward cover for a foreign currency transaction, UBL's corporate banking managers will offer clients the right solution. Customers will find top class skills and in depth

Knowledge of market trends in UBL's corporate banking specialists, speedy approvals and efficient processing fully satisfying client's requirements-altogether a rewarding experience.

3. Capital Market Services:

Capital market operation besides investment in treasury bills, prize bonds and other government securities constitute the investment basket of UBL. Interest rate cut on bank deposits and government savings instruments has contributed to significant surge on the stock markets in the second half of 2004, which creates opportunities for the bank in terms of capital market operations. The bank is a member of DSE and CSE. The investment portfolio of the bank made up of government securities and shares and debentures of different listed companies stood at tk. 3078 million as on December 31, 2004 indexing a 50% increase over tk. 2046 millions in the previous year. Income from investment stood at tk. 146 millions in 2004 registering a 10% growth over the previous year.

4. SME Services:

Since inception, the UBL has held socio economic development in high esteem and was among the first to recognize the potentials of SME's.

- Uttara Bank Limited's involvement:

Recognizing the SME segment's value additions and employment generation capabilities quite early, the bank has pioneered SME financing in Bangladesh in 2003, focusing on stimulating the manufacturing sector and actively promoting trading and service businesses.

- Experience and learning's:

The single largest problem of the lower end of the SME sector is that they are unable to fully understand their needs. Even if these needs are understood, they are seldom met with right product mix. Small business owners are unable to provide banks with required information of the right type and quality. This has created a gap between the borrower and the banks and has served to limit the outreach of SME financial products. In order to conquer this barrier, Uttara Bank SME unit provides comprehensive support to prospective clients in evaluating their business and

Preparing the required documents in acceptable formats. In this regard, the Uttara Bank SME unit has been working in close collaboration with the USAID, the SEDF an IFC managed multi donor facility and the World Bank.

5. Online Banking Services:

Online banking services are designed to provide better services to its clients. Previously UBL used PC bank but now they use world class software named Flora to avail this service to their customers. This allows them to give prompt service to their valued clients. Flora is a universal banking solution that meets the customer's needs in retail, corporate and investment banking. Under this system, the bank is capable of doing, for example, the following transactions:

- Cash withdrawal from consumer's account at any branch of the bank
- Deposit in consumer's account to any branch of the bank;
- Transfer of money from customer's account to any other account with any branch of the bank.

But most of the time UBL are using Telephone or Mobile phone.

6. By Telephone & Internet Banking Services:

UBL provide services by telephone and Internet Banking facilities to its clients.
The following are the glimpses of the facilities:

- Through Telephone banking:

- Access to the account information anytime from anywhere
- Request for cheque book and account statements
- Make cheque status inquiry
- Place stop cheque instruction
- Make utility bill payment.

- Through Internet banking:

- Access to the account information anytime from anywhere

- Fund transfer
- Make utility bill payment
- Open and close term deposit
- Request for cheque book and account statements
- Place stop- cheque request
- Make loan repayment
- Inquire interest and foreign currency rates and many more.

PRODUCTS:

1. Personal loan:

As part of establishing a personal banking franchise of UBL, the bank has successfully launched personal loan. The product is a term financing facility to aid them in their purchases of consumer durables or services. Depending on the size and purpose of the loan, the number of installments varies from 12 to 48 months.

2. Car loan:

The car loan is a term financing facility to individuals to aid them in their pursuit of has a car of their dream. The facility becomes affordable to the clients as the repayment is done through fixed installments facility period. Depending on the size purpose of the loan, the number of installments varies from 12 to 60 months. In case of brand new cars, the loan tenure will be maximum 72 months.

3. Vacation loan:

Vacation loan is a term financing facility to individuals to aid them in their hunt for spending a vacation in the country or abroad. The facility becomes affordable to the clients as the repayment is done through fixed installments facility period. Depending on the size and purpose of the loan, the number of installments varies from 12 to 48 months.

4. Any purpose loan:

UBL introduced “Any Purpose Loan”. Now the client can get loan up to tk. 5, 00,000 to spend it any way he/she chooses to. The client may avail of this loan facility in any UBL’s branches. As a result this facility is also available at the KBR of UBL.

5. SME Loan:

For small and medium size of business or enterprises Uttara Bank Limited provides some SME loans. And they are-

- **Women Entrepreneur’s Loan Scheme „Nari Swainsboro Rin Prakalpo“**

Without empowering women no economy can be developed. In Bangladesh there are lots of firms are growing which are women owned organization. To ensure smooth credit flow for Small women enterprise Uttara Bnak Limited is decided to start that type of loan. Here the loan sizes are 1 lac to 15 lac and the interest rate are 10% per annum. Here the collateral Hypothecation of goods in trade or guaranty of spouses, parents or other family member.

- Loan for Manufacturing Concern

In this Segment people who are involved in manufacturing products & selling thereof can get this type of loans. To getting this load the customer should experience Minimum 2 years in the same business. Here the loan size is 1 lac to 50 lac and the interest will be 17%. The customers can use Hypothecation of goods, Personal Guarantee, Tangible Assets as collateral.

- Uttara Small Business Loan (USBL)

For the genuine and hardworking Small Entrepreneur who runs their business with their own capital but for lack of capital they cannot expand their business. Uttara Bank Limited has a loan scheme named “Uttara Small Business Loan (USBL)” for them. The sizes of loans are 1 lac to 15 lac and the interest rate are 17% per annum

6. Corporate Banking Products:

- **Securitization of assets:**

UBL intends to take up the challenge of securitization of assets and play a significant role in ensuring that securitization of assets becomes a normal part of the range of financial instruments available for organizations who can count on a steady, but piecemeal, flow of revenue and want to translate this stream into cash resources with which to carry out further lending activities to new customers. Some practical issues still need to be settled such as those conceding pricing, or the legal framework, but it is expected that, as UBL and other institutions pursue more such securitization activities these will be resolved.

- Corporate finance and advisory services:

Given the needs of its large and varied base of corporate clients, UBL will be positioning itself to provide investment banking advisory services. These could cover a whole spectrum of activities such as guidance on means of raising finance from the local stock markets, mergers and acquisitions, valuations, reconstructions of distressed companies and other expert knowledge bases advice. By this means UBL hopes to play the role of strategic counselor to blue chip Bangladesh companies and then move from the level of advice to possible implementation of solutions to complex financing problems that may arise from time to time. This would be an extra service that would complement the normal financing activities that UBL already offers to corporate business houses.

- Syndication of funds:

At UBL, the Syndication and structured Finance Unit was setup on October 30, 2004.This unit effectively closed two syndicated deals in the first and second quarters of 2004. The syndications and Structured Finance team as a business unit soon followed up by closing another deal totaling tk. 2.10 billion for a large local corporate. The year 2004 being the first full year of operation for the team ended on a high note as UBL was able to close three syndicated deals as the Lead Bank, two deals as the Co-arranger and several other deals as a participant.

Core Risk Management

7. Uttar an Consumer-Credit Scheme

UBL started Uttar an Consumers Credit Scheme from 1996.UBL offers opportunity of financial assistance for –

- Motor cycle/car- New or re-conditioned.
- Refrigerator/ Deep Freeze.
- Television/ VCR /VCP/VCD
- Radio/ Two-in-one/ Three – in – one
- Air-Conditioner/ Water Cooler/ Water Pump
- Washing Machine.
- Personal Computer/ UPS/ Printer/ Type writer
- Sewing Machine.
- House hold furniture- Wooden & Steel.
- Cellular Telephone.
- Fax
- Photocopier.
- Electric Fan- Ceiling/ Pedestal/ Table.
- Bi-Cycle
- Dish Antenna.
- Baby Taxi, Tempo/Microbus (For self-employed persons)
- Kitchen articles such as Oven, Micro-oven, Toaster, Blender, Pressure Cooker etc.

7. Monthly Saving Scheme (MSS)

Saving is the best friend in bad days. Small saving can build up a prosperous future. Saving can meet up any emergencies. UBL has introduced monthly saving scheme that allows saving on a monthly basis and getting a handsome return upon maturity. If anyone wants to build up a significant saving to carry out your cherished dreams, UBL MSS is the right solution.

8. Monthly Benefit Scheme (MBS)

UBL has introduced monthly benefit scheme for the prudent persons having ready cash and desiring to have fixed in income on monthly basis out of it without taking risk of loss and without en-cashing the principal amount.

9. Double Growth Deposit Scheme

For people who have cash flow at this moment ant want to get it doubled quickly UBL has Double Growth Deposit Scheme that offers to make double money within 6 years and 10 years respectively results a high rate of interest.

Deposits Products

At present Uttara Bank Limited has the following deposit product that has been offered to general public:

1. Current Account

The client can enjoy maximum flexibility and convenience when he/she opens a current account with us.

This account offers:

- Any number of transactions a day.
- No minimum balance fee.
- Statement of account at your desired frequency.
- Few cost of cheque book.
- Any branch banking facility.
- Statement by Fax on demand.



2. Savings Account

The Savings Account allows the client to have interest income on his/her deposit whilst the account can be used for your transaction purposes. He/she can draw a maximum number of two cheques per week; exceeding this number will forfeit the interest for the month. UBL offers a competitive interest rate (6.00%) on the account. Also there is no requirement for a minimum balance to be maintained in the account to be eligible for the interest. Interest is applied to the account on half-yearly rests.

This account also offers:

- No minimum balance fee.
- Statement of account at client's desired frequency.
- Few cost of cheque book.
- Any branch banking facility.
- Statement by Fax on demand.

3. Short Term Deposit Account

UBL Short Term Deposit Account is a unique blend of flexibility and high return on your deposit. The client can use this account like a current account whilst he earns interest on the account when the stipulated minimum balance is maintained in the account. UBL offers a very competitive interest rate (6.00%) and the interest is calculated on a daily product basis.

This account also offers:

- No limit to the number of withdrawals.
- No minimum balance fee.
- Statement of account at client's desired frequency.
- Few cost of cheque book.
- Any branch banking facility.

4. Fixed Deposit account

Clients can open Fixed Deposit Accounts for 3 months, 6 months, 1 year or for longer term. UBL offers competitive interest rates. Clients can Place their deposit under lien with UBL and take a loan, buy shares or open an overdraft account to meet their cash requirements. Interest rates on deposits vary from time to time.

Fixed Deposit Rate:

Tenure/Amount	***Up to 25.00 lac***	***Above 25.00 lac up to 50.00 lac***	***Above 50.00 lac up to 1.00 Crore***	***Above 1.00 Crore***
1 Month	**5.00%**	**5.25%**	**5.50%**	**6.00%**
3 Months	**8.25%**	**8.50%**	**8.75%**	**9.00%**
6 Months	**8.50%**	**8.75%**	**9.00%**	**9.00%**
1 Year	**8.75%**	**9.00%**	**9.00%**	**9.00%**

5. Others Accounts

Foreign Currency Account for private individual/firm/organization:

- Any person/firm/organization who earns foreign currency can open Foreign Currency Account with UBL.
- Payments in foreign currency may be made freely abroad from this account and local payment in Taka may also be made from this account.

Bank pay interest provided the accounts are maintained in the form of term deposit for minimum period of 90 days.

Foreign Currency Account for Bangladeshi Nationals Working and earning abroad:

- No initial deposit is required.
- A/c holder nominates his nominee to operate the account.

- The account holder can freely transfer entire amount in foreign currency anywhere he chooses or can convert into Bangladesh Taka currency.
- Funds from this account may also be issued to the account holder up to his entitlement for the purpose of his foreign travels in usual manner.

Resident Foreign Currency Deposit Account

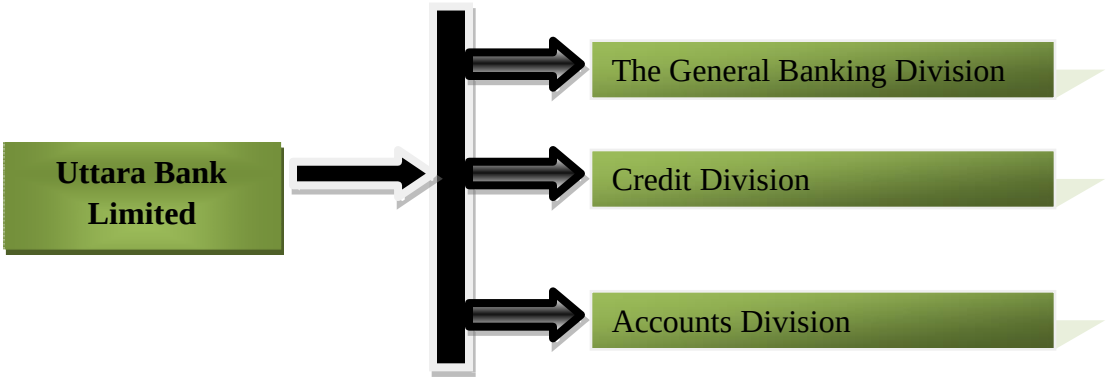
- Persons ordinarily resident in Bangladesh may open and maintain RFCD Account with foreign exchange brought in at the time of his return from travel abroad.
- Any amount brought in with declaration to customs authorities in the form FMJ and up to US$ 5000 brought in without any declaration can be deposited in this account.
- Balance in this account can be freely transferred abroad.
- Funds from this account may also be issued to the account holder for the purpose of his foreign travels in the usual manner.
- Interest in foreign currency is paid in this account if the deposits are for a term of not less than one month and the balance is not less than US$ 1000 or GBP 500 or its equivalent.

Chapter-3

Core Risk Management

Chapter-3: Job Details, Observation & Learning's

Job Details



As an Intern, I was very lucky that I got chance to work on various section of a bank. That helps me to improve my knowledge about banking activities. I work on four different divisions on UBL. Now I will briefly describe my job details bellow-

1. The General Banking Division

This division is very important for any bank. All important work like account opening, issuance of FDR, DPS Processing of inward and outward clearing are happen in this department.
Task I handled in this division are:

- Issuing Cheque Book
- Recording the issuance cheque books in the recording paper.
- Opening Account
- Opening various type of scheme etc.

2. Credit Division

The main activities of the bank are done by the Credit division. This division is all about giving loans and managing the risk of the investment. This department exercises the lending function; therefore, distribute its funds among various assets in a manner as to drive sufficient income. The different tasks in this division are as follows:

- Accept customer loan offer.
- Process that offer in the form of credit.
- Lean of customer accounts.
- Sorting the loan form and put that form in according to customers file.
- Fill up the limit form, sanction letter.
- Take signature in charge documents from the customers.
- How loan account open.
- Preparing credit proposal.

3. Accounts Division

Accounts division is one of the most important divisions in the branch. The officers of this division do all accounts activities of branch. The officers match daily position with the daily affaires. The task I done in this division am:

- Sorting the debit and credit voucher.
- Arrange that voucher chronologically as their code.
- And then checking that voucher with daily supply



Chapter-4

Chapter-4: Credit Approval and Risk Management

The word credit comes from the Latin “Credo” meaning, “I believe”. It is a lenders trust in persons/firms/company’s ability or potential ability to command goods or services of another in return for promise to pay such goods or services of another in return for promise to pay such goods or services at some specified time in the future. The making of loans and advances has always been prominent profitable function of bank. Sanctioning credit to customers and others out of the funds at its disposal is one of the principal services of a modern bank.

Credit Appraisal is a process to ascertain the risks associated with the extension of the credit facility. It is generally carried by the financial institutions which are involved in providing financial funding to its customers. Credit risk is a risk related to non-repayment of the credit obtained by the customer of a bank. Thus it is necessary to appraise the credibility of the customer in order to mitigate the credit risk. Proper evaluation of the customer is performed this measures the financial condition and the ability of the customer to repay back the loan in future. Generally the credits facilities are extended against the security know as collateral. But even though the loans are backed by the collateral, banks are normally interested in the actual loan amount to be repaid along with the interest. Thus, the customer's cash flows are ascertained to ensure the timely payment of the principal and the interest.

In Banks and Financial Institutions, Credit Risk is considered as an essential factor that needs to be managed. Credit Risk is the possibility that a borrower or counter party will fail to meet its obligations in accordance with the agreed terms. Credit Risk, therefore, arises from the Bank’s dealings with or lending to corporate, individuals and other Banks or Financial Institutions.

Core Risk Management

Procedure of Disbursement of Loans & Advances

Credit Management

To have crystal clear idea about the credit management of Uttara Bank Limited.

Critical analyses of the followings are essential:

- Credit policy of the Uttara Bank Limited.
- Credit sanctioning authority of Uttara Bank Limited, and
- Processing and screening of credit proposal.

Credit Policy of Uttara Bank Limited

Uttara Bank Limited credit policy contains the views of total macro-economic development of the country as a whole by way of providing financial support to the Trade, Commerce and Industry. Throughout its credit operation Uttara Bank Limited goes to every possible corners of the society. They are financing large and medium scale business house and industry. At the same time they also take care entrepreneurs through its operation and lease finance and micro-credit, small loan scheme etc.

From Financial Aspects it is observed that as a Matter of Policy

1. Charging of interest is flexible depending on insisting of the proposal and the customer.
2. It takes care and maintaining proper “Mix” of Short, Medium and Long term finance for a period not exceeding five years.
3. Uttara Bank Limited put emphasis on the customer.
4. It takes care of diversity in credit portfolio.

Credit Sanctioning Authority of Uttara Bank Limited

Uttara Bank Limited believes in decentralization of power and authority as because of the evil duel subordination may creep in the chain of command. Its authority is not well defined and properly implemented with a view to ensuring prompt efficient services to its multiple plans spread far and wide, the bank envisages delegation of optimum power to its executive and officials at different level of operation.

In order to implements the system of delegation of power effectively and to drive the desired for the bank as well as the executive concerned, bank has develop a system to ensure that delegated authority by the executive can be evaluated realistically and qualitatively.

The basic guideline they follow to achieve the objective of delegation of authority is-

- The Managing Director can exercise all the powers vested in other executives of the bank.
- The Managing Director may suspend exercise of delegated power of any executive through specific or general order.
- Other than Managing Director, the delegation of powers is exercise by the executive through specific or general order.

Delegated powers are expected to be exercise by the authorized executives judiciously keeping the bank interest in mind. In exercising the powers so delegated authorized executives shall also have credit restrictions as governed by banking company act, Bangladesh Bank for exercising the delegated power-

1. The borrower must be a man of integrity and must have good reputation in the market.

2. The enterprise of the borrower must be viable and profitable. Proposal of the borrower must be evaluated properly and carefully so as to ascertains its profitability.
3. The borrower must have the capital and capability for utilizing credit properly and profitably.
4. No sanctioning officer can sanction any credit to any of his near relations to any firm/company where his relations have financial interest.
5. A customer to who credit is to be allowed; should be far as possible within the command area.
6. There shall be no power to sanction clear advance.

Tools for Appraisal Credit

The 10 C's of good and bad loan.

In addition to the formal credit appraisal, the credit of Uttara Bank Limited tries to judge the possible client based on some criteria. These criteria are called the C's of good and bad loans. These C's are described below:

1. Character	Make sure that the individual or company you are leading to the outstanding integrity.
2. Capacity	Make sure that the individual or company you are leading to have The capacity of repaying your loan.
3. Conditions	Understanding the business and economic conditions can and will Change after the loan is made.
4. Capital	Make sure that the individual or company you are leading to have an

Appropriate level of investment in the company.

5. Collateral Make sure that there is a "Second way out" of a credit but do not allow that to drive the credit division.

6. Carelessness Remember that documentation, follow up and consistent monitoring Are essential to high quality loan portfolio.

7. Communication Share credit objectives credit decision making both vertically and laterally within the bank.

8. Contingencies Make sure that you understand the risk, particularly the downside Possibilities and that the structure and price the loan consistently with that understanding.

9. Complacency does not rely on past history to continue. Start alert to what can go wrong in any loan.

10. Competition Do not get swept away by what others are doing.

Others tools of good and bad loans are as follows as:

a) Liquidity
b) Profitability.
c) Purpose of loan.
d) Nature of loan.
e) Source of repayment.
f) Diversification of investment.

g) Policy of Central Bank.
h) Education and dealings lender.

Approval Procedures:

In approval process the Bank segregates its Relationship Management from the Approving Authority. The existing approval authorities are Head of Branch, Zonal Head, Head Office Credit Committee, Executive Committee of the Board of Directors and Board of Directors as per their delegation of business powers defined in later section. The recommending or approving executives shall take responsibility for and be held accountable for their recommendations or approval. Delegation of approval limits shall be as per policy guidelines that all proposals where facilities are up to 15% of the bank's capital shall be approved at the CRM level, facilities up to 25% of the capital shall be approved by Managing Director & CEO subject to the limit approved by the Board of Directors.

The Branch Marketing Team comprising of Executives and Officers shall market the clients and then prepare credit appraisal memo as per the prescribed format and within the purview of the set rule/policy guideline of the Bank. In case it is within the delegated business power of the Head of Branch, the concerned Executive / Officer will place it to the Head of Branch who will make judgment (qualitative and quantitative judgment) and if found viable then he/she will approve the Loan otherwise he/she may reject it or forward it to the Zonal Head / Head of Corporate / Commercial Banking at Head Office.

The concerned Executive / Officer at Zonal Office on receipt of the proposal will prepare a credit appraisal memo as per the prescribed format and within the purview of the set rule / policy guidelines and then place it to Zonal Head who will make Judgment (qualitative and quantitative) and if found viable then he will approve the facility, if it is within his business delegated power otherwise he may reject it or forward it to the Head of Corporate / Commercial Banking at Head Office along with his recommendations. The Proposal on receipt by the Head of

Corporate / Commercial Banking will forward it to the Head of Credit who in turn distribute it to the respective Credit Officer at the Head Office for scrutiny, analysis and prepare a Office Note / Memo with due diligence along with their observations / results of analysis and to place it before the Head Office Credit Committee. In Head Office Credit Division, separate Credit Officers are designated for looking after the proposal of separate Branches. The Head Office Credit Committee depending upon the delegated business power shall either approve it (or reject it if not found viable) or place it to the Executive Committee of Directors / Board of Directors.\

Appeal Process:

Any declined credit proposal may be presented to the next higher authority for reassessment / approval. However, there shall be no appeal process beyond the Managing Director & CEO.

Documentation Procedures:

The Bank maintains a standard set of approved documentation forms and formats for all its facilities. While the branches continue to initiate documentation, these are checked one level higher than the originating branch stations, zones, and corporate branches, as in the approval procedures above.

- Custody & Safekeeping of Documents

Custodial responsibility for original transaction documents are the responsibility of the back office administration office. These are retained in a secure manner preferably stored within fire- and burglar-proof premises (e.g. vaults).

- Document Checklist

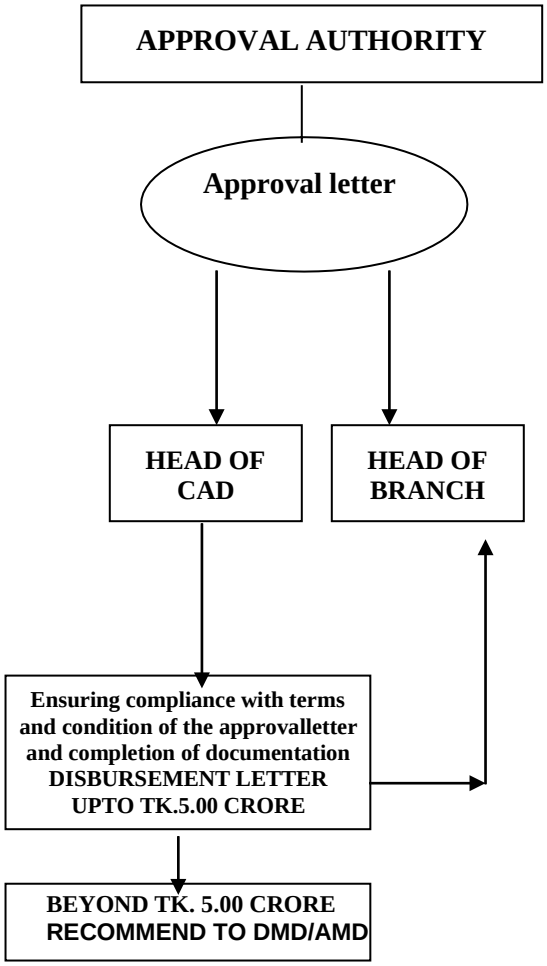
The approved document checklist must be maintained for every credit facility, which contains:

a) Details of all general and specific requirements
b) The dates on which these were submitted and complied with
c) The location of these documents.

Core Risk Management

Credit Administration & Disbursement Authority:

The Disbursement Authority has been separated from Approval authority. The Disbursement Authority is vested upon the Credit Administration Division (CAD). The flow chart for disbursement process is given below:



The Credit Administration function is critical in ensuring that proper documentation and approvals are in place prior to the disbursement of loan facilities. The functions of Credit Administration are strictly segregated from Relationship Management/Marketing in order to avoid the possibility of controls being compromised or issues not being highlighted at the appropriate level.

Disbursement:

- Security documents are to be prepared in accordance with approval terms and to be legally enforceable through the enlisted/ competent lawyer. Standard loan facility documentation's are to be drafted / prepared by the legal counsel.

- Disbursements under loan facilities are made when all loan and security documentation is in place and clean CIB report obtained from Bangladesh Bank. All formalities regarding large loans and loans to Directors are guided by Bangladesh Bank circulars and related section of Banking Companies Act. All Credit Approval terms must be met. The checklist certificate is to be signed by Credit In-charge and Head of Branch. In order to cope with the revised policy, the disbursement authority will be vested to the Head of Credit Administration Division up to Tk. 5.00 Crore above which will be vested to the Additional Managing Director/ Deputy Managing Director. In the absence of the Additional Managing Director/ Deputy Managing Director the power may be exercised by the Head of CRMD.

Custodial Duties:

- Loan and security documents are to be preserved at respective Branch/ Zonal Office/Head Office.

- Appropriate insurance coverage is maintained (and renewed on a timely basis) on pledged/ Hypothecated as security.
- Security documents are held under strict control, preferably in locked fireproof storage and with joint control.

Compliance Requirements:

- All required Bangladesh Bank returns are submitted in the correct format in a timely manner.
- Bangladesh Bank circulars/regulations are maintained centrally and circulated to all relevant Divisions and Branches to ensure compliance.

All third party service providers (surveyors/values, lawyers, insurers, External Credit Rating Agencies etc.) are approved and performance reviewed on an annual basis

Monitoring of Credit Portfolio

The Credit Administration Division oversees the credit and investment activities of the Bank with a broader portfolio-based outlook (regional dispersal, industry and customer-type segmentation, product performance, portfolio classification, etc.).

The Loan Administration unit of the division will establish and maintain a comprehensive data base on all credit exposures, and monitor consolidated movements as these are reported through copies of transaction sheets and summaries. It conducts portfolio analyses for the purpose of evaluating portfolio performance and detecting any deterioration in the risk exposures. Summary reports and recommendations are submitted to the Credit Committee for appropriate action or policy decisions.

The credit review unit of the division is responsible for reviewing the credit process to ensure that approved policies and procedures are being effectively being implemented throughout the Bank.

Large Exposure Assessment Framework:

These applications require assessments in line with the revised Credit Risk Grading System (CRGS) framework. This is a comprehensive analytical process that examines the following areas for potential risks:

- Borrower -ownership, ownership structure, past financial performance, management capability and depth, credit history & deposit account performance.
- Industry-vitality and prospects (sales volume trends in relation to demand levels), level of competition, buyer-supplier leverages and threats, cost and pricing structure, entry barriers and threats of new entries/substitution.
- Financial Package-type and purpose of assistance required, tenor, terms and conditions
- Security-quality and quantity

Furthermore, potential risk exposures and any migrating factors must be disclosed in the analysis. These risks are invariably fall into the following categories:

- **Borrower:** Any issues regarding lack of management depth, complicated ownership structure or inter-group transactions are addressed and risk should be mitigated.
- **Industry:** The key risk factors/of the borrower's industry are assessed. Any issues regarding the borrower's position in the industry, overall industry concerns or competitive forces are addressed and strengths and weaknesses of the borrower relative to its competition are identified.

Core Risk Management

- **Supplier/Buyer Leverages:** Any customer or supplier concentrations are addressed, as these could have a significant impact on the future viability of the borrower.
- **Historical Financial Analysis:** Analyses of a minimum of 3 years historical financial statement of the borrower are presented. Cash flow, profitability and leverage trends are analyzed.
- **Projected Financial Performances:** A projection of the borrower's future financial performance are provided, indicating the sufficiency or lack thereof of cash flow to service debt repayment, Loans are not granted if projected cash flow is insufficient to repay debts.
- **Account Conduct:** For existing borrowers, the historic performances in meeting repayment obligations (trade payments, cheques, interest and principal payments, etc.) are assessed.
- **Loan structures:** The amount and tenors of financing proposed are justified based on the projected repayment ability and loan purpose. Excessive tenor or amount relative to business needs increases the risk of fund diversion and may adversely impact the borrower's repayment ability.
- **Security:** A current valuation of collateral is obtained and the quality and priority of security being proposed are assessed. Loans are not be granted based solely on security,
- **Mitigating Factors:** Risk factors (margin, sustainability, leverage /gearing, over-stocking, rapid growth/acquisition/expansion, management changes or succession issues, customer or supplier concentration, lack of transparency or industry issues) are identified in the credit assessment.

The Bank rates its individual risk exposures continuously until these have been discharged through full payment or otherwise written off. However, actual account performances are an additional consideration in classifying the exposures into one of the following eight categories:

- Superior – Low Risk (AAA):

Industry/Business & Financials: Strong industry and business performance is indicated on the basis of volume trends and operating margins; the account may be a dominant player in the

Industry.
Account Performance: Account is cooperative, pays on time, and provides non-loan business.
Security: Facilities are fully secured by cash deposits, government bonds or an unconditional guarantee from a top-tier international bank or financial institution.

- Good-Satisfactory Risk (AA):

Industry/Business & Financials: The account's performance is strong, having consistently strong earnings within a vibrant industry, good liquidity and low leverage.
Account Performance: Account is cooperative, pays on time and provides non-loan business.
Security: Security is sub-prime but solid real estate.
Aggregate score would be 95 or above.

- Acceptable – Fair risk (A):

Industry/Business & Financials: Financial condition is currently strong but may be unable to sustain any major or continued setbacks. This classification indicates strengths below that of the previous category, but shows consistent earnings and positive cash flow.
Account Performance: Account is paying, but may be delayed by less than one month from time to time.
Security: Security position is satisfactory.
Aggregate score would be 75-94.

- Marginal -Watch list (BBB):

Industry/Business & Financials: These borrowers have an above-average risk due to strained liquidity, higher than normal leverage, thin cash flow and/or inconsistent earnings.
Account Performance: Account is paying, but may be delayed by less than one month from time to time.
Security: Security position could be less than satisfactory if default occurs longer than 3 months.
An aggregate score would be 65-74.

Core Risk Management

- Special mention (BB):

Industry/Business & Financials: These borrowers deserve management's close attention because of consecutive losses over two years with the potential to have negative net worth, excessive leverage.

Account Performance: Account is paying, but may be delayed by less than three months from time to time.

Security: Security position could be less than satisfactory if default occurs longer than 3 months.

An aggregate score would be 55-64

- Substandard (B):

Financial condition is weak, and capacity or inclination to repay is in doubt. These weaknesses jeopardize the full settlement of loans.

An aggregate score would be 45-54.

- Doubtful and Bad (Non-performing):

Full repayment of principal and interest is unlikely, and the possibility of loss is extremely high. The adequacy of provisions must be reviewed at least quarterly and the Bank should pursue a loan workout arrangement (e.g. restructuring), failing which legal options should be explored to enforce security to obtain repayment.

An aggregate score would be 36-44.

- Loss (Non – Performing):

The prospect of recovery is poor after exploring all options. Legal procedures have been initiated. In accordance with Bangladesh Bank guidelines, these accounts should be written off.

An aggregate score would be 35 or less.

The deterioration of any loan account is regarded as a serious development that requires the attention of the Credit Committee. For this purpose, any account which is downgraded to "Substandard" should be the subject of a Classified Loan Report.

CREDIT RISK GRADING SCORE SHEET

Reference No.:	UBL/NGON0/CRG/2013/	Date:	12-Feb-13
Borrower	M/s. Gazi enteprise		
Group Name (if any)		Aggregate Score:	80
Branch:	Narayangonj		
Industry/Sector	TRADING	Risk Grading:	Acceptable
Date of Financials	12-Feb-13		
Completed by	Shamim Al Mamun		
Approved by			

Number	Grading	Short	Score
1	Superior	SUP	Fully cash secured, secured by government
2	Good	GD	85+
3	Acceptable	ACCPT	75-84
4	Marginal/Watchlist	MG/WL	65-74
5	Special Mention	SM	55-64
6	Substandard	SS	45-54
7	Doubtful	DF	35-44
8	Bad/Loss	BL	<35

Criteria	Weight	Parameter	Score	Actual Parameter	Score Obtained
A. Financial Risk	50%				
1. Leverage: (15%)		Less than 0.25×	15	0.14	15
Debt Equity Ratio (×) - Times		0.26× to 0.35 x	14		
Total Liabilities to Tangible Net worth		0.36× to 0.50 x	13		
		0.51× to 0.75 x	12		
All calculations should be based on		0.76× to 1.25 x	11		
annula financial statements of the		1.26× to 2.00 x	10		
borrower (audited preferred)		2.01× to 2.50 x	8		
		2.51× to 2.75 x	7		
		More than 2.75×	0		
2. Liquidity: (15%)		Greater than 2.74×	15	2.11	13
Current Ratio (×) -Times		2.50× to 2.74 x	14		
Current Assets to Current Liabilities		2.00× to 2.49 x	13		
		1.50× to 1.99 x	12		
		1.10× to 1.49 x	11		
		0.90× to 1.09 x	10		
		0.80× to 0.89 x	8		
		0.70× to 0.79 x	7		
		Less than 0.70×	0		
3. Profitability: (15%)		Greater than 25%	15	20.59%	14
Operating Profit Margin (%)		20%to 24%	14		
(Operating Profit/Sales) X 100		15%to 19%	13		
		10%to 14%	12		
		7%to 9%	10		
		4%to 6%	9		
		1%to 3%	7		
		Less than 1%	0		
4. Coverage: (5%)					
Interest Coverage Ratio (×) - Times					
Earning before interest & tax (EBIT)		More than 2.00×	5	0.00	0
Interest on debt		More than 1.51× Less than 2.00×	4		
		More than 1.25× Less than 1.50×	3		
		More than 1.00× Less than 1.24×	2		
		Less than 1.00×	0		
Total Score- Financial Risk			50		42

CREDIT RISK GRADING SCORE SHEET

Reference No.:	UBL/NGCNI/CRG/2013/	Date:	12-Feb-13
Borrower	M/s. Gazi enteprise		

B. Business/ Industry Risk 18%				
1. Size of Business (in BDT crore)	> 60.00	5	0.50	0
	30.00 – 59.99	4		
The size of the borrower's business	10.00 – 29.99	3		
measured by the most recent year's	5.00 - 9.99	2		
total sales. Preferably audited numbers.	2.50 - 4.99	1		
	< 2.50	0		
2. Age of Business	> 10 Years	3	1	0
	> 5 - 10 Years	2		
The number of years the borrower	2 - 5 Years	1		
engaged in the primary line of business	< 2 Years	0		
3. Business Outlook	Favorable	3	Favorable	3
Critical assesment of medium term	Stable	2		
prospects of industry, market share	Slightly Uncertain	1		
and economic factors.	Cause for Concern	0		
4. Industry Growth	Strong (10%+)	3	Strong (10%+)	3
	Good (>5% - 10%)	2		
	Moderate (1%-5%)	1		
	No Growth (<1%)	0		
5. Market Competition	Dominant Player	2	Dominant Player	2
	Moderately Competitive	1		
	Highly Competitive	0		
6. Entry/Exit Barriers	Difficult	2	Difficult	2
	Average	1		
	Easy	0		
Total Score- Business/Industry		18		10

C. Management Risk 12%				
1. Experience	More than 10 years in the related	5	5-10 years in the related line of	3
Quality of management based on total	5–10 years in the related line of	3		
# of years of experience of the senior	1–5 years in the related line of	2		
management in the Industry.	No experience	0		
2. Second Line/ Succession	Ready Succession	4	Ready Succession	4
	Succession within 1-2 years	3		
	Succession within 2-3 years	2		
	Succession in question	0		
3. Team Work	Very Good	3	Very Good	3
	Moderate	2		
	Poor	1		
	Regular Conflict	0		
Total Score- Management Risk		12		10

CREDIT RISK GRADING SCORE SHEET

Reference No.:	UBL/NGONJ/CRG/2013/	Date:	12-Feb-13
Borrower	M/s. Gazi enteprise		

D. Security Risk 10%				
1. Security Coverage (Primary)	Fully Pledged facilities/substantially cash covered / Reg. Mortg. for HBL	4	Registered Hypothecation (1st Charge/1st Pari passu Charge)	3
	Registered Hypothecation (1st Charge/1st Pari passu Charge)	3		
	2nd charge/Inferior charge	2		
	Simple hypothecation/Negative lien on assets	1		
	No security	0		
2. Collateral Coverage (Property Location)	Registered Mortgage on Municipal corporation/Prime Area property	4	Registered Mortgage on Pourashava/Semi-Urban area property	3
	Registered Mortgage on Pourashava/Semi-Urban area property	3		
	Equitable Mortgage or No property but Plant and Machinery as collateral	2		
	Negative lien on collateral	1		
	No collateral	0		
3. Support (Guarantee)	Personal Guarantee with high net worth or Strong Corporate Guarantee	2	Personal Guarantee with high net worth or Strong Corporate Guarantee	2
	Personal Guarantees or Corporate Guarantee with average financial strength	1		
	No support/guarantee	0		
Total Score- Security Risk		**10**		**8**
E. Relationship Risk 10%				
1. Account Conduct	More than 3 years Accounts with faultless record	5	More than 3 years Accounts with faultless record	5
	Less than 3 years Accounts with faultless record	4		
	Accounts having satisfactory dealings with some late payments.	2		
	Frequent Past dues & Irregular dealings in account	0		
2. Utilization of Limit (actual/projection)	More than 60%	2	100.00%	2
	40% - 60%	1		
	Less than 40%	0		
3. Compliance of Covenants / Conditions	Full Compliance	2	Full Compliance	2
	Some Non-Compliance	1		
	No Compliance	0		
4. Personal Deposits	Personal accounts of the key business Sponsors/ Principals are maintained in the bank, with significant deposits	1	Personal accounts of the key business Sponsors/ Principals are maintained in the bank, with significant deposits	1
	No depository relationship	0		
Total Score- Relationship Risk		**10**		**10**
Grand Total - All Risk		**100**		**80**

Recovery of Non-Performing Loans & Investments

The NPL Recovery Unit is responsible for all accounts assigned to it by the Credit Committee. The units are staffed by seasoned senior officers who undertake the following activities:

- Check the accounts thoroughly and establish business prospects; and find out the best way to recover the Bank's exposure with the least possible losses.

- Restructure those accounts which are deemed to be cooperative and in temporary distress, and monitor their performance closely until they have substantially complied with the revised terms including payment of at least six months' installments; rehabilitated accounts may be returned to the originating front offices for regular monitoring and supervision after this prescriptive period.

- Preparation of accounts with security, whose operations are active but the owners are uncooperative, for legal action; coordinate with the Bank's legal counsel and/or external lawyers in the filing and prosecution stage; execute final judgment as may be determined by the courts. For these types of accounts, the NPL Unit may recommend further accounting treatments (such as additional loan loss provisions) depending on the perceptions concerning the Bank's security position. Blacklist the borrowers to ensure they are not entertained for future accommodations in the future.

- Prepare accounts without any security, whose operations are either active or inactive and the owners are uncooperative, for attachment of personal assets through legal means; as above, coordinate with the legal agents of the Bank until the cases are resolved. Recommend write-off for accounts with no hope of recovery, and blacklist the borrowers to ensure they are never entertained in the future. The Board have the sole authority to approve write-offs

Internal Audit & Compliance

All front office lending outlets are audited regularly (at least bi-annually) as an independent check of their activities. However, more frequent inspections and audits are conducted if situation is demand. Particular attentions are paid to the corporate and Authorized Dealer (AD) branches which are expected to originate and maintain the bulk of the credit and investment portfolios. Compliance Requirements are:

- Bangladesh Bank Circulars and other regulations are maintained and updated regularly.
- Guidelines with regard to CIB reporting, provisioning and write -off of bad and doubtful debts, and suspension of interest accrual are strictly enforced. These require the approval of the. Board, as recommended by the MD-CEO.
- The performance of all external service providers (e.g. property appraisers, lawyers, insurers, CPAs, etc.) are reviewed on a periodic basis.



Chapter-5

Chapter-5: SWOT Analysis

SWOT analysis is an important part for evaluating the company's Strength, Weakness, Opportunity, and Threats. It helps the organization to identify how to evaluate its performance and scan the micro environment.

As I was engaged to identify the current position of Uttara Bank Limited in the competitive in the market, it is very necessary to have the SWOT analysis to identify the Strength, Weakness, Opportunity, and Threats of UBL. This is one of the popular way by which one get take necessary action to improve their business because SWOT analysis is completely depend on the market. The SWOT analysis of UBL is given below:

Strength (S)

Uttara Bank Limited is having the following strengths:

- Transparent and quick decision making.
- Efficient team of performance.
- Satisfied customers.
- Diversification to perform business operation.
- As the customers can draw the whole money,

Weaknesses (W)

Uttara Bank Limited is having the following weaknesses:

- Installment period and installment time duration is relatively low.

- Long management hierarchy.
- UBL has no promotional tools for their clients.
- Lack of Technological Advancement
- Lack of success plan.

Opportunity (O):

Uttara Bank Limited is having the following weaknesses:

- Huge demand from the customer.
- The bank can earn high profit from this sector.
- Further diversification of product.
- As the economic condition of the country is not so good, customers will have need of this loan.

Threats (T):

- People in Bangladesh have less involvement with the bank.
- Competitors are arising day by day.
- Switching of the customers to the other banks.
- Globalization of banking business.
- Borrowers are having the tendency to be the defaulter.
- Political instability in the country.

Chapter-6

Chapter-6: Major Findings, Recommendations and conclusion

Major Findings

- In most of the cases, if a client comes to take loan, the questionnaire form filling becomes hard for him as it is too long and it takes a lot of time.
- Duration of time for preparing appraisal report after submitting and managing all the documents and papers, the loan operation department takes almost three months and in some cases, it cross three months and takes 5 or 6 months. The problem is that within this time period, project that was viable for that time becomes obsolete getting loan and starting business.
- Lack of proper updated technology is another problem. This is the age of information technology (IT) all the activities are computerized. Though Uttara Bank has its own networking system but that system is not up to date.
- There is lack of experienced engineers for the electronic devices.
- Political violence is a crucial limiting factor. Though, the Uttara Bank is not a State owned bank, however the local politics may effect to granting the loans by giving various types of pressure.
- There are lack of motivations to the mid and lower level officers. It seems they are unsatisfied with remuneration and other benefits they get.
- In a few cases, I have seen that the right person is not placed in the right place.
- Sometimes inefficient allocations of resources have created a huge amount of bad debt.
- There is political interruption in sanctioning loan.
- Lack of co-ordination among the various departments is also a big problem of this bank.
- There is also lack of team speed.
- There is trade union but that is politically influenced.

Recommendations

Uttara Bank Ltd is one of the first leading banks in Bangladesh. Its major operations are profit, growth, development and welfare oriented. Management system of this bank is fully democratic. It always maintains the rules declared by Bangladesh Bank. Uttara Bank training institute provides training facilities to its medium & junior level officers of the bank and also provides executive development & internship programs. This is my observation that there are some areas where UBL should improve and those are:

- The number of customer is increasing. To keep the commitment UBL must increase its manpower. So the customer gets their result without wasting time.
- UBL should take necessary action to motivate its officers to encourage them to work hard to make them believe that they are also a part of the team and the bank does think about them.
- Management should place right person in the right place.
- MIS cell should be developed through internal, tax e-mail etc.
- Accounting system of the Bank should be high tech software base.
- Fund management of the Bank should be more efficient. This will reduce the average cost of working fund.
- Productivity measurement should be done from time to time through developing customer services.
- Stuck up advances should be reduced through more recovery at lower rate of interest.
- Officers who are working on Credit risk management & Project finance procedure, they should give attention on timing of sanctioning finance because demand of any kind of product is being flexible. So if other thing is remaining constant, sanctioning procedure should not be delayed.
- UBL should take necessary step to increase their network facilities.
- ATM card facilities are not easy of UBL. So they are losing their many potential customers. So I think UBL should take necessary step to easy their ATM card facilities for their customers.

Conclusion

In the changing concept of banking, financing in some areas, especially in advances to agriculture, small industries, small borrowers and export oriented industries are assuming great importance. Investment is the most important asset as well as the primary source of earning for the bank. On the other hand this is also the major source of risk for the bank. So the bank should always try to make an appropriate balance between its return and risk involved with the investment portfolio. Close supervision and effective follow up of investment activities might reduce the risk to a great extent. An unsupervised investment might be stuck up. Consequently not only the depositors but also the general shareholders will be deprived of getting back their money from the bank.

So as a private bank UBL is trying it's best to extend their service to the public. UBL, Main Branch provides all kinds of commercial banking services to its customers. Foreign Exchange department is doing well in rending all the services related to the international trade and remittance. Though the advance of Main Branch is high, the Credit department will be in a good position if the Branch able to recover that. General banking is engaged in cash receipt, payment, cheque clearing, opening accounts, deposit scheme, and local remittance etc. So if the UBL wants to continue a profitable business and position itself as one of the top bank in the bank arena then it has to earn the trust of their assets and must be concerned about their commitment to the customers.

As concluding remark the bank is able to attain a leading role with the 31 years success story but to remain unrivalled among new generation banks, the bank must face new challenges. The bank must make a positive attempt to be more outward looking in their goals and aware of what is happening. They must also emphasize on the domestic scenario more closely and analyze any certain trends and strategies of their competitors. The bank must accept any failures and think of

Them as an objective to pursue future goals instead of blaming such failures on other factors and in this way the Bank will be able to keep on playing its important roles in our economy.