

Letter of Transmittal

13th December 2021

Mr. Abul Kalam
Dean
Faculty of Business
Sonargaon University (SU)

Subject: Submission of Internship report

Dear Sir,

With humble honor and respect, I am submitting my internship report on “Accounting Systems of Uttara Bank Ltd- Uttara Branch”. As per partial accomplishment of the requirements for the BBA 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 BBA program which has given me the opportunity to have an insight into the core system of Loan and Advance management and operational system of a national and well reputed bank that I can develop myself and make my career better and serve the nation as well. I hope this report reflects on the contemporary issues on the accounting area that are being practiced by organizations in our country.

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

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

Sincerely,

(*Labib Arefin*)
ID: BBA1703012016
Program: BBA
Major: Accounting

Certificate of the Supervisor

Certified that this project report titled “**Accounting Systems of Uttara Bank Ltd- Uttara Branch**” is the bona fide work of **Labib Arefin**, who carried out the study under my supervision. Certified further that to the best of my knowledge the work reported herein does not form part of any other project report or dissertation based on which a degree or award was conferred on an earlier occasion on this or any other candidate.

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Mr. Abul Kalam

Dean

Faculty of Business

Sonargaon University (SU)

Student's Declaration

I, the undersigned, a student of Business Administration, Department of BBA program, Major in Accounting of Sonargaon University do hereby declare that the internship report on **“Accounting Systems of Uttara Bank Ltd- Uttara Branch”** 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 Mr. Abul Kalam, Dean, Faculty of Business, Sonargaon University (SU).

Yours Sincerely

(Labib Arefin)

ID: BBA1703012016

Program: BBA

Major: Accounting

Acknowledgement

At first, I want to express my deep gratitude to the Almighty, the most Merciful for his kindness to give me the ability to complete this report successfully. I extend my deep gratitude to my supervisor Mr. Abul Kalam, Dean, Faculty of Business, Sonargaon University (SU) for his guidance, suggestions, and encouragement for the preparation of this report. Without his guidance, I could not have finished this work on time. He provided me full support and ideas necessary in analyzing the industry and thus to accomplish my goal. To conclude, I am also grateful to all the respected teachers of the Bachelor of Business Administration for their continuous inspiration, assistance throughout these years.

(Labib Arefin)

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Major: Accounting

Executive Summary

This paper discusses the magnitude of Nonperforming Loans (NPL) in the banking sector of Bangladesh since the adaptation of prudential norms in the loan classification and provisioning system in 1990. Smooth and efficient flow of saving-investment process is a prerequisite for the economic development of a country. Bangladesh, being a developed country and with an underdeveloped capital market, mainly depends on the intermediary role of commercial banks for mobilizing internal savings and providing capital to the investor. Thus, it matters greatly how well our financial sector is functioning. The process of economic development of Bangladesh has been seriously constrained by the continuing crisis of the accumulation of classified loans. As loans are the prime asset of a bank, it is essential to know the asset quality of a bank, regulation helps to determine the financial health and efficiency of the banking sector. Besides, a proper loan classification and provisioning system ensures credibility of the financial system that in turn restores trust and confidence in the mind of depositors. Loan classification and provisioning systems are also essential for regularizing follow-up, monitoring activities, and improving the recovery position. However, the criteria for classifying and provisioning loan portfolios depend on the prudential policies of the central bank.

There are several reasons for classified loans in our banking sector such as flow problem of bad loans, dissatisfactory performance of the courts, having no concrete NPL management strategy equipped with both preventive and resolution measures, having no measurement of the meaningful application of the CRG device in the credit environment etc. For this, there is a huge amount of classified loans in our banking sector. The Bangladesh Bank has given the guidelines regarding the provisioning system against classified loans through the BCD and BRPD circulation. Due to increasing default risks of loans, the provisioning system has been revised several times. For protecting the depositor's interest and keeping the banks financial condition solvent huge number of provisions is kept against the classified loans. For the causes of classified loans, provision of the banking sector is increasing. As a result, the profit of the banks is coming down. Besides, the government also deprives current year taxes due to higher rate of provisioning.

So, it is needed to maintain a standard asset quality and so need to follow related prudential regulation. Besides, maintenance of an ethical standard in the banking profession from all concerns can be viewed as an important means for making the credit environment credible and vibrant. We have had a two-decade long experience in dealing with the NPLs problem and much is known about the causes and remedies of the problem. So, it is very important for the lenders, borrowers, and policy makers to learn from the experience and act accordingly. It is optimistic that at present the trend of classified loans has begun to decline.

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