

# Sonargaon University (SU)



## Internship/Thesis Report On

## Financial Statement Analysis of Uttara Bank Limited

“This Thesis Report is submitted to the Masters of Business Administration under the Faculty of Business Administration, Sonargaon University in partial fulfillment of the requirement for the degree of MBA in Accounting & Finance”.

### Supervised To:

**Md. Abul Kalam**

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**Date of Submission: 5<sup>th</sup> May, 2021**

# LETTER OF TRANSMITTAL

Date: 5<sup>th</sup> May, 2021

To

**Md. Abul Kalam**

Associate Professor, Dean

Faculty of Business Administration

Sonargaon University (SU)

**Subject: Submission of Dissertation Paper on Financial Statement Analysis of Uttara Bank Limited.**

Dear Sir,

It is a great pleasure for me to submit the report on, “**Financial Statement Analysis of Uttara Bank Limited**” as it is a fulfillment of partial requirement to achieve MBA degree.

To prepare this report, I have gathered what I believe to be the most complete information available on the Financial Statement Analysis Reports and Analysis of Uttara Banks. The experience I have gathered during this period will remain as an invaluable asset in my life. I have worked hard preparing this report and I hope that it will fulfill my degree requirement. I will be always available for answering any query on this report. I will be glad if you kindly accept this report.

Thanking you.

Sincerely Yours

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**Md. Hasan Mahmud**

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Spring - 2021

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## Student's Declaration

I am grateful for giving me the opportunity to undergo this type of study through the MBA program. We shall be benefited of our education system if we can effectively apply the institutional education in practical fields. Hence, we all need practical education to apply theoretical knowledge in the real world. By considering this importance's our University arranges Thesis Report each semester compulsory for the students through MBA program. As a part of this program I am here with such a wonderful topic as "**Financial Statement Analysis of Uttara Bank Limited**". The report was prepared under the supervision of "**Md. Abul Kalam**" Associate Professor & Dean, Faculty of Business Administration of Sonargaon University (SU).

Even though if there any mistake appears, it is truly undesirable. So, I would request to look at the matter with merciful eyes.

Thanks

---

**Md. Hasan Mahmud**

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## **SUPERVISORS CERTIFICATE**

This is to certify that a student of Program MBA, Md. Hasan Mahmud, Id No: MBA2001019004, Major in Accounting & Finance, Faculty of Business Administration, Sonargaon University (SU) has completed the Thesis report titled **“Financial Statement Analysis of Uttara Bank Limited”** successfully under my supervision. I wish his every success in his life.

Supervisor

---

**Md. Abul Kalam**

Associate Professor, Dean

Faculty of Business Administration

Sonargaon University (SU)

## ACKNOWLEDGEMENT

**AL-Hamdu-Lillah**, at first I would like to thank Almighty Allah (SWT) Who gave me the opportunity and showered me with endless Rahma for completion of the study.

I would like to show heart-felt gratitude to our most respected faculty of MBA, for his sincere help, constant encouragement and guidance from the very inception to the completion of this research work. Without whose invaluable suggestions, it would not have been possible to complete the study.

I am highly indebted to **Md. Abul Kalam**, Associate Professor & Dean, Faculty of Business Administration, Sonargaon University, and My Honorable Supervisor of this research work. He is the key personality whose repeated inspiration, guidance, support, advice was the main foundation of this arduous research work.

## Preface

A Bank is an economic institution whose main aim is to earn profit through exchange of money and credit instruments. It is a service-oriented as well as profit-oriented organization. To perform those two functions simultaneously, the Bank divides its operation mainly into three parts: **An Analysis Financial statement of Uttara Bank** also invests security in different types of projects to diversify the risk and to get more profit.

Financial Statement Analysis is essentially a normative concept and could be defined as the conduct of banking in consonance with the ethos and the value system of Islam. Although **Uttara Bank** is a financial institution, its operation and activities show that it is a business firm with general transaction within the boundary of Islamic Shariah. Its main objective is not only to make profit but to develop the economic condition of the people and make the society interest-free and exploitation-free.

This Dissertation Paper, which has been produced as a part of the requirement for obtaining MBA Program of **Sonargaon University (SU), Dhaka**, is a humble effort to make an enquiry into the development of the Financial Statement Analysis system particularly with reference to Bangladesh under the able guidance of **Md. Abul Kalam**, Associate Professor & Dean, Faculty of Business Administration, Sonargaon University.

The study was very interesting to me. Although the paper was written for an academic purpose, it is my expectation that it might generate interest to other scholarly people who would make further advanced research on the subject.

## EXECUTIVE SUMMARY

This thesis report has been prepared as a part of a MBA program. This Paper contains the facts related to a particular organization in which the student was authorized to do thesis report on some days basis. Supervisors, both from the University and from the organization, guided the student in writing this Thesis report. I was assigned for doing thesis report in **Uttara Bank Limited** for the time period starting from some days I worked under all departments of the bank. My project was “**An Analysis of Financial statement of Uttara Bank Limited**”, which has chosen with the consent of honorable supervisor. Both the primary and secondary sources of data had been used in preparing this report.

The rationale behind this study is exploring performance of **Uttara Bank Limited** which is reflected on its financial statement, Financial Analysis and to provide some comments to its banking business. The analysis includes the horizontal (trend) analysis and ratio analysis of UBL’s past five years “**An Analysis of Financial Statement of Uttara Bank Limited**”.

The report is divided into the following six parts- Introduction, Organization Overview, Literature view, An Analysis of Financial Statement, SWOT Analysis and Concluding Remarks of Uttara Bank Limited, and Concluding Remarks. Introduction section deals with some elementary issues regarding the background and the process of preparing this report. The next section following the introduction helps to know the brief history of **Uttara Bank Limited**.

“**An Analysis of Financial Statement of Uttara Bank Limited**” is the most crucial section which covers important finding of the study. Horizontal (trend) analysis and key financial ratio analysis tools are to assess the financial statement of the bank is also major part of this report.

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# *Chapter-One*

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## **Introduction of the Report**

## **1.1 introduction of the topic:**

The necessity of general banking cannot be ignored in any ways because of its dependency in the banking sector. It can be considered as the backbone of any bank as it shows the ways to do all the banking tasks & it is actually the starting point of all the banking operation. It provides the opportunity to its clients to deposit money and at the same time attractive service are ensured as per the customer needs, wants & demands with the changing environment and competition. General banking of a bank permits to open & close account, issuing cheque book, remit funds, issue bank drafts, pay order, telegraphic transfer, mail transfer, demand draft, receive cheque for clearing etc. it also offers the customer to deposit money for FDR (fixed deposit receipts) with attractive interest rate at maturity. So, all the operation are started form the general banking & all of these are based on the monetary transaction. As a result, recording of all monetary transaction has become compulsory in the modern business sector. Not only recording, but also it includes the process of communicating, summarizing and explaining the economic events of a bank within a specific period of time. So, considering all of these reasons, I have chosen the “**An Analysis of Financial Statement of Uttara Bank Limited**” as my internship topic. I strongly believe that any business graduate ought to have the basic understanding about general banking as it can show the ways to enter in the new business world because of its strong relation with all of the financial activities. In all of my internship report I have tried of my best to provide almost all of the basic idea of general banking activities and basic accounting procedures that’s practiced in all of the branches of **UBL**. I have also concerned about the performance evaluation from different perspective.

## **1.2 Rationale of the study:**

In the present global economy, banking sector is the prerequisite to ensure better life for the people of any country. But to establish a strong banking sector, it is required to have good study in all operations of banking. For that we should do all of these operations step

by step & obviously we must have to know about general banking & transaction procedure of banking sector. Not only this, but also evaluation of performance to compare with other financial institution & taking corrective action has become compulsory for any bank. So, it is also true for **UBL** to run with strong competition & to take proper action. On the other hand, MBA program Accounting & Finance, **Sonargaon University, Dhaka** of Bangladesh is a partial requirement for the graduation of MBA students. I have been placed at Eskaton Branch, Dhaka, Uttara Bank Limited in order to do my internship. The report is based on “**Analysis Financial Statement of Uttara Bank (UBL)**” I had been preparing this report under the Supervisor guidance of **Md. Abul Kalam, Associate Professor & Dean, Sonargaon University, Dhaka** and I am really glad to **Ahsanur Rahaman**, second officer, solved all of my problems especially of guided me about cheque received, , TT receive MT transfer and different entry **Md. Shahjahan Kabir**, officer also guided me. **Md. Masudur Rahman Bhuiya, PO** about opening/closing account and issues regarding different cheques. **Mrs Suriya Jahan**, senior officer all the procedures of foreign remittance including ways writing different vouchers & giving entries in different registers **Md. Zahirul Islam, OG**, he taught me how to posting in related activities in computer. With all of them **Md. Nizan Uddin** , manager of the branch, was carefully regarding all of my problems.

### **1.3 Objective of the report:**

The major objectives of financial statement analysis is to provide decision makers information about a business enterprise for use in decision-making. Users of financial statement information are the decision makers concerned with evaluating the economic situation of the firm and predicting its future course.

#### **1.3.1 Broad objective:**

The main objective of this report is to know about the analysis financial statement & general activities & the process of financial transaction and also to find out the ultimate solution to solve all of the problems that the bank is facing.

### **1.3.2 Specific objectives:**

- To represent an overview of financial performance
- To represent an overview of general banking and basic accounting practice.
- To find out the difference of academic and real life accounting practice those are practiced in the bank.
- To know the tasks of different department of the bank.
- To understand about day operations of the bank.
- To realize how the customers are behaved in different situation
- To identify the usages of modern technology in different operation.
- To identify how the bank is careful to segregate the duties & responsibilities of all employees.
- To represent what types of analysis the bank undertakes for its financial events.
- To represent the comparative analysis with other banks.
- To know about the culture that the bank follows.
- To find out where the bank was and where the bank is standing at present time.
- To identify the main problems the bank is facing.
- To recommend on how the problems can be fixed.

### **1.4 Scope and Limitation of the Report:**

Uttara bank limited is one of the traditional bank of Bangladesh. the scope of the report covers the organization overview & structure, background, basic functions, transaction procedure, customer dealings & performance of the bank. With a view to completing the whole report, it was required to concentrate on the overall banking process & financial analysis. However, in this report, the presentation of the basic functions & process of

general banking with the basic accounting practice are focused that the bank is following and also different analysis & comparison are showed to evaluate the performance of the bank. But to complete all of these mentioned above, following limitation were present:

- Enough time to concentrate on all of the investigations was required.
- All sufficient data & information were not enough for the purpose of study & assumption were made in some cases.
- The website of the bank was not that much rich to collect data.
- This report has been prepared on the activities of all branches, but visiting all the branches to collect data & information was not possible.
- Sometimes such kinds of tasks were given in the bank that was no way related to my topic & really it was responsible to break my concentration in my major area of investigation.

**1.5 Methodology of the Study:** The study requires a systematic procedure from selection of the topic to final report preparation .To perform the study the data sources are to be identified and collected, they are to be classified, analyzed, interpreted and presented in a systematic manner and key points are to be found out.

The overall process methodology writes down given in the below:

### **1.5.1 Section of the Topic:**

The topic of the study was suggested by my supervisor. Before assigning the topic it was discussed with me so that a well-organized internship report can be prepared.

### **1.5.2 Source of information:**

Essential data sources both primary and secondary are identified which will be needed to complete and work out the study. To meet up the need of data primary data are used and study also requires interviewing the bank clients, accountholders, and business people. The report also required secondary data. This report is mainly prepared by the secondary sources of information and some few primary sources of information like –

### **1.5.2.1 Primary Source:**

The primary data were collected from the posta Branch Lalbagh, Azimpur, Dhaka of UBL that was my working place for last three months. During that time, interviews of the manager & different officials of different departments were takes. Besides that various organizational procedures & structures were observer & communication directly with the customers was helpful. Primary data were mostly gathered from the discussion with the employees & through surveys on customers of the organization.

### **1.5.2.2 Secondary source:**

Secondary sources of information have also been used for the research study that can be presented like following:

#### **Internal sources:**

- Annual report of UBL. 2011-2015
- Various publication of the bank.
- Various circulars issues by head office
- Any information regarding the banking sector
- Official Records of Uttara Bank Limited.
- Official web site of the Uttara Bank Ltd.

#### **External sources:**

- Different books and periodicals related to the banking sector
- AUB library
- Magazines & Newspapers



# Chapter-Two

## **Organization Overview**



*Head office*

90 Motijheel Commercial Area  
47 Bir Uttam Shahid Asfaqus Samad Sarak  
Dhaka -1000, Bangladesh

## **2.1 History of Bank in Bangladesh**

Bank system was practiced in Indian subcontinent by the Indian subcontinent merchants; Goldsmith Moneylenders were the primary bankers. During the mughal period banking and credit business was enchanted rapidly.

In 1700 AD “Hindustan bank” was established as the first joint stock bank. In 1784 “Bengal bank” and in 1786 “general bank of India “were launched. Then both the banks absolved respectively in 1793 and 1832.

During the early period of nineteenth century the three banks “Bank of Bombay”, “Bank of Madras” and “Bank of Bengal” merged to “Imperial bank of India”.

In 1947 after the separation of Bengal, bank business faced a severe disaster as non-Muslim bankers migrated to India. In order to rebuild the bank business State bank of Pakistan was established as a central bank of Pakistan in 1948.

In 1971 Bangladesh became independent. After liberation ‘Bangladesh bank’ was automated with the assets and liabilities of former “State bank of Pakistan”

The rate of growth and development of banking sector in the country was extremely slow until 1983 when the government allowed to establish private banks and started denationalization process. Initially, the Uttara Bank in the same year and thereafter, the Pubali Bank, and the Rupali Bank in 1986. There were no domestic private commercial banks in Bangladesh until 1982 when the Arab- Bangladesh Banks (AB Bank) commenced private commercial banking in the country. Five more commercial banks came up in 1983 and initiated a moderate growth in banking financial institutions.

The banking system is composed of four state-owned commercial banks, five specialized Development banks, thirty private commercial Banks and nine foreign commercial banks.

## **2.2 Overview of Uttara Bank Limited**

- Uttara Bank Limited was established in 1965 under the name “Eastern Banking Corporation Limited” with the specific objective of accelerating trade and investment in the economically depressed eastern wing of the than Pakistan.
- After liberation of Bangladesh the Bank underwent a major change namely, it was nationalized in March, 1972 and given the name “Uttara Bank”.
- The Bank again in 1983 was denationalized and made a commercial bank in the private sector under the name “Uttara Bank Limited”.
- The Bank was incorporated as a banking company on June 29, 1983 and obtained business commencement certificate on August 21, 1983.
- The Bank floated shares in the year 1984.
- UBL is one of the largest private banks in Bangladesh.
- It operates through 227 fully computerized branches ensuring best possible and fastest services to its valued clients.
- The bank has more than 600 foreign correspondents worldwide.
- Total number of employees nearly 3,562.
- The Board of Directors consists of 13 members.
- The bank is headed by the Managing Director who is the Chief Executive Officer.
- The Head Office is located at Bank’s own 18-storied building at Motijheel, the Commercial center of the capital, Dhaka.

## **2.3 Mission of UBL**

- Maintaining the maximum ethical standards community accountability praiseworthy of a leading corporate citizen.
- Continuously improving profitability, productivity and thereby enhancing shareholder value.
- Creating and maintaining a set of hard working and efficient employees.
- To extend financial assistance to poorer section of the people.
- To achieve balance growth & equitable development.

## **2.4 Vision of UBL**

- To be leading commercial bank in the country and contribute maximum of the welfare for
- The people of the country.
- Prime objective is to deliver a quality that demonstrates a true reflection of its vision.
- Excellence in banking.
- To provide quality service to the customer.
- To set high standard of integrity.
- Bring total satisfaction to its clients, sponsors and employees.

## **2.5 Objectives of UBL**

Objectives mean the end towards which an activity is aimed. An organization without objective is like a person who is wandering with no purpose. All the activities of an organization are due to its objectives and goals.

For the attainment of those objectives, various types of financial

- To ensure growth and development of the bank.
- To use resources of the bank efficiently.
- To get more deposits.
- To participate in development of the country.
- Paying special attention to the areas, which are under developed.
- To develop SME'S, foreign remittance, foreign trade.
- To increase industrialization in the country.
- To provide employment opportunities.
- To make people more of mind to have saving habits.
- To increase the services (backed by technology) by efficient employees.
- To increase deposit mobilization.
- For smooth functioning of foreign trade, establish large foreign network.
- To expand the more credit facilities for the customers.
- To maintain a good position in the competitive banking sectors in Bangladesh.

## **2.6 Technologies, Products & Services of UBL**

UBL's products and services are regularly upgraded and realigned to fulfill customer expectation. Their delivery standards are constantly monitored and improved to assure the highest satisfaction. Their people are routinely up skilled and empowered to be able to effectively responding to customer needs. The bank specially emphasizes on the service base on technologies. Because the life became very fast and people want take service within sort time. The consumer-banking sector of the Bank deals with number of tasks related to various services. Transaction account, savings schemes or loan facilities also provide a rare blend of conveniences and unparalleled secure quality services. The products that are recently being offered by the bank are as follows –

### **❖ General Banking Services:**

Uttara Bank Limited provides all general banking services to its customers through 227 fully computerized branches all over Bangladesh. It presents Savings account and Current account for deposit and withdrawal of money as and when required. In addition it provides other banking services of transfer of money through Pay order, Demand draft etc. As a result of adapting the modern technology it's able to deliver quickest and most accurate services to the clients.

### **❖ Deposit Schemes:**

In addition to normal banking services Uttara Bank entertains special depositors with enhanced interest rates. Special deposit schemes available with UBL are Fixed Deposit Receipt account, Double Benefit Deposit scheme and Monthly Deposit scheme.

Any Bangladeshi staying at home or abroad may have a FDR account at Uttara Bank. The duration of a FDR may be 3, 6, 12, 24 and 36 months. Interest rate is quite attractive which varies with duration. Double Benefit Deposit Scheme doubles your deposit just in 8.5 years. Minimum deposit required for the program is BDT 100,000.9Monthly Deposit

Scheme is another unique opportunity for limited income people to save money for future. This scheme is of two options, 5 years and 10 years of duration. Another selection to be made is for monthly installment. You have 5 alternatives here, starting from BDT 500 through 10,000. Lucrative interest rate is offered here. These deposit schemes are targeted to definite groups of people and in the mean time all these schemes have successfully hit their targets. Every day new clients are getting in for a deposit scheme in Uttara Bank limited. In addition to the above, Uttara Bank has introduced another deposit scheme, named Special Notice Deposit. Government, semi Government organizations and individuals are entitled to open this scheme in UBL. A 7 days' notice is required to withdraw money from this account. This scheme offers a handsome interest as well.

#### ❖ **International Banking:**

Any individual, firm or organization earning foreign exchange may open a foreign currency account with Uttara Bank. Account holder is allowed to make payments abroad in foreign currency and local payment in BDT. Account is also entitled to get interest under some conditions. Uttara Bank maintains its accounts with a good number of reputed banks in Europe, America, Australia and Far eastern countries. This is to settle any trading issue or help remittance payment for expatriate Bangladeshis.

#### ❖ **Loan and Credit Schemes:**

Uttara Bank distributes loans in different schemes. It provides Consumer credits, Personal loans, Building repair loans and small business loans. UBL started Uttara Consumer Credit scheme in 1996. This scheme provides financial assistance to people for purchasing Motor Bike, Motor car, Refrigerator, Air cooler, Personal computer and many more consumer

goods.<sup>10</sup> Personal loan is available for salaried officers to meet their emergency needs like marriage of self or dependent, medical expenses of self or dependent or educational expenses. This program doesn't ask for a security even. Building repair loan is sanctioned for those having buildings of their own.

With reasonable interest rate UBL provides this loan to a deserving candidate. People doing small businesses often suffer from inadequacy of fund. They have almost no source of finance. UBL comes forward with sufficient fund for them.

### ❖ **Other Products and Services:**

This bank up date itself everyday with modern world and provides modern banking services like online banking, Automated teller machine and card to its clients. Uttara Bank offers locker service for its clients and all major branches are ready with lockers at reasonable charge. Bank also provides several of service and promises to upgrade their products and services for clients.

## **2.7 UBL Networks**

|   |      |
|---|------|
| ➤ Corporate Offices (Corporate Branch & Local Office )        | 2    |
| ➤ Regional Office   | 12   |
| ➤ Worldwide Affiliates  | 600  |
| ➤ Total Branches (Including Corporate Branch & Local Office ) | 227  |
| ➤ Authorized Dealer Branches                                  | 38   |
| ➤ Treasury & Dealing Room                                     | 1    |
| ➤ Training Institute  | 1    |
| ➤ Man Power-  | 3562 |



## 2.8 Branches of UBL



**Figure 2.1 branch of UBL**

## 2.09 Hierarchy of Uttara bank Limited.

|                                     |
|-------------------------------------|
| <b>Managing Director</b>            |
| <b>Additional Managing Director</b> |
| <b>Deputy Managing Director</b>     |
| <b>Executive General Manager</b>    |
| <b>General Manager</b>              |
| <b>Deputy General Manager</b>       |
| <b>Assistant General Manager</b>    |
| <b>Senior Principal Officer</b>     |
| <b>Principal Officer</b>            |
| <b>Senior Officer</b>               |
| <b>Officer Grade-II</b>             |
| <b>Assistant Officer</b>            |

**Figure: Hierarchy of Uttara Bank Head Office**

## 2.10 Board of Directors of UBL:

UBL formed with the Bank Company Act 1991, the rules and regulations issued by the Bangladesh Bank, the Company Act 1994, and the Securities and exchange Rules 1987 and other applicable laws and regulations in 1999. The first Board of Directors of the bank was constituted with 13 Directors. Since the Bank has floated its share for public subscriptions; two Directors have been elected from the public shareholder. The director's list is following:

| Name                           | Desiccation          |
|--------------------------------|----------------------|
| Mr. Azharul Islam              | Chairman             |
| Mr. Iftekharul Islam           | Vice Chairman        |
| Mr. Syed A.N.M                 | Director             |
| Engr. Tofazzal Hossain         | Director             |
| Mr. Asif Rahman                | Director             |
| Mr. Faruque Alomgir            | Director             |
| Mr. Md. Arif Rahaman           | Director             |
| Dr. Md. Rezul Karim Mazumder   | Independent Director |
| Mr. M. Tajul Islam             | Depositor Director   |
| Prof. Dr. Abu Hossain Siddique | Independent Director |
| Col. Engr. M.S Kamal (Retd.)   | Director             |
| Mr. Shaikh Abdul Aziz          | Managing Director    |

# *Chapter Three*

## Literature Review

### **3.1 Literature Review:**

A literature review is an evaluation report of information found in the literature related to selected area of study. The review should describe, summarize, evaluate and clarify this literature. It should base for the research and help determine the nature of research. Which are irrelevant should be discarded and those which are peripheral should be blocked at critically.

### **3.2 Finance:**

Finance is a field that deals with the study of investments. Which includes the dynamics of assets and liabilities over time under conditions of different degrees of uncertainty and risk. Finance can also be defined as the science of money management. A key point in finance is the time value of money. Which states that purchasing power of one unit of currency can vary over time. Finance to price assets based on their risk level and their expected return. Finance can be broken into three different sub-categories: personal finance, corporate finance, and public finance.

### **3.3 Areas of Finance:**

#### **3.3.1 Personal finance:**

Personal finance may involve paying for education, financing durable goods such as real estate and cars, buying insurance, e.g. health and property insurance, investing and saving for retirement. Personal finance may also involve paying for a loan, or debt obligations.

#### **3.3.2 Corporate finance:**

Corporate finance deals with the sources of funding and the capital structure of corporations and the actions that managers take to increase the value of the firm to the shareholders, as well as the tools and analysis used to allocate financial resources.

#### **3.3.3 Public finance:**

Public finance describes finance as related to sovereign states and sub-national entities (states/provinces, counties, etc.) and related public entities (e.g. school districts) or

agencies. It usually encompasses long-term, strategic perspective regarding investment decisions that affect public entities. These long-term, strategic periods usually encompass five or more years.

### **3.3.4 Experimental Finance:**

Experimental finance aims to abolish different market settings and environments to observe experimentally and provide insights through which science can analyze agents' behavior and their salient characteristics of trading flows, information diffusion and aggregation, price setting mechanisms, and returns processes. Researchers in experimental finance can study to what extent existing financial economics theory makes valid predictions and therefore prove them, and attempt to discover new principles which such theory can be extended and be applied to future financial

### **3.3.5 Behavioral Finance:**

Behavioral finance studies show the psychology of investors or managers affects financial decisions and markets when making a decision that can impact either negatively or positively on one of their areas. Behavioral finance has grown over the last few decades to become central and very important to finance.

### **3.3.6 Intangible Assets finance:**

Intangible asset finance is the area of finance that deals with intangible assets such as patents, trademarks, goodwill, reputation, etc.

### **3.3.7 Financial Economics:**

Financial economics is the branch of economics studying the interrelation of financial variables, such as prices, interest rates and shares, as opposed to goods and services

# *Chapter Four*

## **AN ANALYSIS OF FINANCIAL STATEMENT**

# AN ANALYSIS OF FINANCIAL STATEMENT BANK

## 4.1 Balance Sheet of Uttara Bank Limited

| Particulars   | Year (Amount in Taka) |                 |                 |                 |                |
|---|-----------------------|-----------------|-----------------|-----------------|----------------|
|   | 2019                  | 2018            | 2017            | 2016            | 2015           |
| <b>PROPERTY AND ASSETS</b>  |                       |                 |                 |                 |                |
| Cash  | 12,455,654,196        | 10,701,403,843  | 8,775,084,704   | 8,522,613,338   | 6,770,218,585  |
| Cash in Hand(including foreign currencies)  | 2,563,655,628         | 2,371,010,602   | 2,685,850,825   | 2,055,238,090   | 1,550,160,241  |
| Balance with Bangladesh Bank and its agent Bank(s) (including foreign currencies) | 9,891,998,568         | 8,330,393,241   | 6,089,233,879   | 6,467,375,248   | 5,220,058,344  |
| <b>Balance with other Banks and financial institutions:</b>                       | 8,447,162,788         | 1,012,268,602   | 1,419,777,400   | 693,726,068     | 5,366,014,413  |
| In Bangladesh   | 7,758,192,142         | 54,762,804      | 523,349,441     | 37,458,892      | 4,976,518,084  |
| Outside Bangladesh  | 688,970,646           | 957,505,798     | 896,427,959     | 656,267,176     | 389,496,329    |
| <b>Money at call and short notice</b>   | 200,000,000           | 460,000,000     | 600,000,000     | 200,000,000     |                |
| <b>Investment:</b>  | 41,336,583,796        | 42,787,914,497  | 45,749,476,371  | 41,998,232,796  | 22,894,749,808 |
| Government  | 40,008,575,490        | 42,359,906,191  | 44,638,631,012  | 41,837,372,042  | 22,735,889,054 |
| Others  | 1,328,008,306         | 428,008,306     | 1,110,845,359   | 160,860,754     | 158,860,754    |
| <b>Loans and Advances:</b>  | 75,806,888,472        | 74,198,912,815  | 64,829,765,885  | 61,328,563,493  | 54,010,287,476 |
| Loans, cash credit, over draft etc.   | 73,099,733,543        | 71,312,996,622  | 61,181,473,090  | 56,568,567,232  | 49,384,251,667 |
| Bills purchased and discount  | 2,707,154,929         | 2,885,916,193   | 3,648,292,761   | 4,759,996,261   | 4,626,035,809  |
| <b>Fixed assets including land, building furniture and fixtures</b>               | 3,355,551,865         | 3,351,964,701   | 3,204,271,407   | 2,843,356,991   | 2,762,228,892  |
| <b>Other Assets</b>   | 9,559,632,178         | 8,559,121,109   | 7,456,268,224   | 8,030,328,459   | 5,520,848,031  |
| <b>Non Banking Assets</b>   | 70,912,083            | 71,276,237      | 75,399,854      | 76,975,748      | 93,580,592     |
| <b>Total Assets</b>   | 151,232,385,378       | 141,142,861,804 | 132,110,043,811 | 123,693,796,893 | 97,417,927,797 |
| <b>LIABILITIES AND CAPITAL</b>  |                       |                 |                 |                 |                |
| Borrowings from other Banks, Financial Institutions and Agents                    | 1,389,304,955         | 2,068,330,312   | 94,627,649      | 9,669,428,603   | 7,229,331,894  |
| <b>Deposits and other accounts:</b>   | 122,089,061,903       | 113,656,554,164 | 110,989,817,567 | 93,541,400,358  | 72,152,375,394 |
| Current and other accounts etc.   | 49,550,453,193        | 43,952,345,749  | 41,986,398,330  | 32,505,531,569  | 24,704,157,771 |
| Bills payable   | 2,417,231,139         | 2,417,499,268   | 1,799,303,242   | 1,918,087,695   | 1,842,478,227  |
| Saving bank deposits  | 32,606,700,358        | 28,464,319,302  | 24,984,705,080  | 23,906,373,171  | 24,033,793,494 |
| Fixed deposits  | 35,986,579,093        | 36,849,717,017  | 40,484,068,695  | 1,524,481,718   | 19,969,079,718 |
| Bearer certificate of deposit   |                       |                 |                 |                 |                |
| Other deposits  | 1,528,098,120         | 1,973,672,822   | 1,735,342,520   | 1,929,101,150   | 1,602,866,184  |
| <b>Other liabilities</b>  | 14,552,029,230        | 13,201,396,227  | 10,324,454,912  | 10,673,418,744  | 8,402,189,838  |
| <b>Total Liabilities</b>  | 138,030,396,088       | 128,926,280,707 | 121,408,900,428 | 113,884,247,704 | 87,783,897,126 |
| <b>Capital/Share Holders' Equity</b>  |                       |                 |                 |                 |                |
| Paid up capital   | 4,000,803,370         | 4,000,803,370   | 3,637,093,980   | 3,306,449,080   | 2,875,173,120  |
| <b>Issuance of bonus shares</b>   |                       |                 |                 |                 |                |
| Statutory reserve   | 4,330,837,039         | 4,030,837,039   | 3,680,837,039   | 3,330,837,039   | 2,980,837,039  |
| Other reserves  | 3,560,849,046         | 3,08,257,251    | 2,390,506,675   | 2,262,442,592   | 2,735,908,947  |
| Surplus in profit and loss account  | 1,309,461,090         | 1,097,645,237   | 992,668,383     | 909,813,718     | 1,042,111,565  |
| <b>Total equity attributable to equity holders of the company</b>                 | 13,201,950,545        | 12,216,542,897  | 10,701,106,077  | 9,809,542,429   | 2,453,557,159  |
| <b>Total Liabilities and Share Holders' Equity</b>                                | 151,232,385,378       | 141,142,861,804 | 132,110,043,811 | 123,693,796,893 | 52,860,332,730 |



### 4.1.1 Horizontal Analysis

A company's financial statements for a single accounting period can reveal important information about its performance and financial health. But comparing the financial statements of more than one period can provide better context and help identify any changes that may signal strengths or weaknesses. We can compare financial statements for more than one period by using horizontal analysis. Horizontal analysis, also called "trend analysis," is used to discover trends in the earnings, assets and liabilities of a company over the course of several years. With horizontal analysis, we compare the amount changes and the percent change of each item in a financial statement for two consecutive periods. A financial statement showing horizontal analysis of two consecutive periods is called a comparative financial statement.

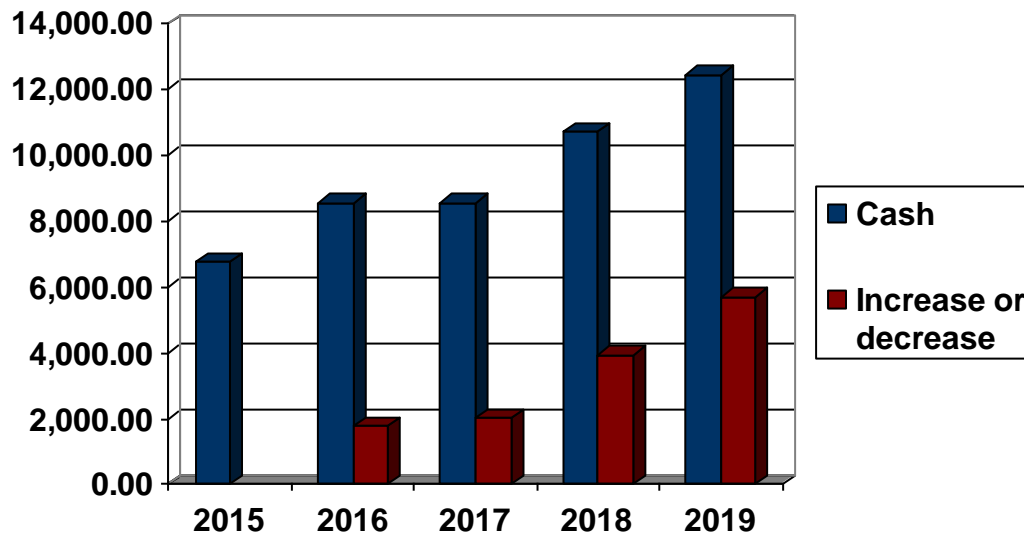
### 4.1.2 Horizontal Analysis of Balance Sheet

In this horizontal analysis of Balance sheet, here all the particulars from the FY2015-FY2019 have shown by the amount, increase or decrease in the amount and also in the percentage. To do so, I have assumed the FY2015 as a base year. For the purpose of calculation, here I have shown all the data in million. The horizontal analysis of Balance Sheet is given bellow as a table:

#### Graphical Presentation & Discussion of Cash:

| Particulars          | Year (Taka in Million) |          |          |           |           |          |
|----------------------|------------------------|----------|----------|-----------|-----------|----------|
|                      | 2015                   | 2016     | 2017     | 2018      | 2019      | Average  |
| Cash                 | 6,770.22               | 8,522.62 | 8,775.08 | 10,701.09 | 12,455.66 | 4,725.63 |
| Increase or Decrease |                        | 1,782.4  | 2004.87  | 3,931.19  | 5,685.44  | 3,350.98 |
| Growth               |                        | 26%      | 29%      | 58%       | 83%       | 49%      |

## Cash



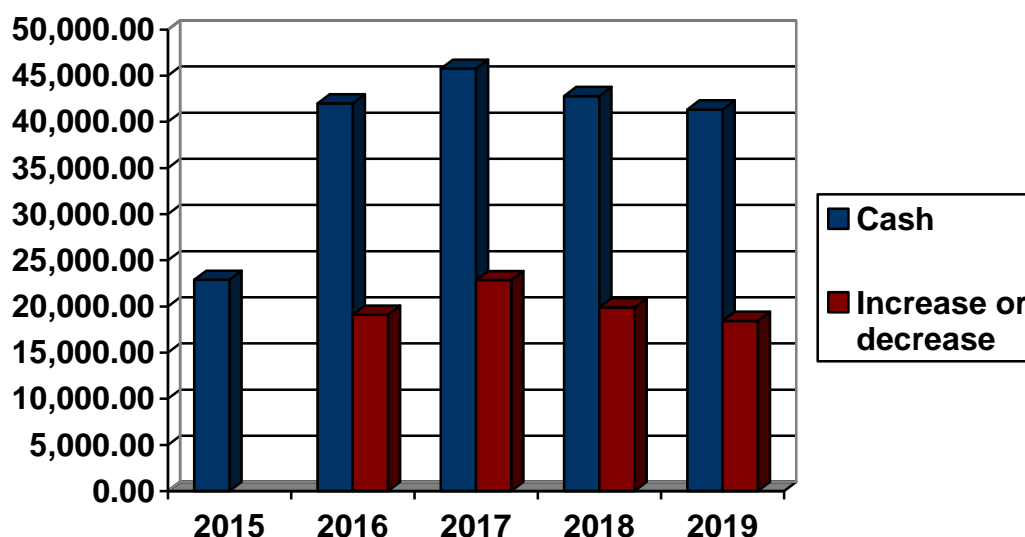
**Figure: cash (Amount in Million)**

During the five years (2015-2019) of study the total growth of cash of Uttara Bank Limited were on average 49%. In appendix total cash ranges from 6,770.22 to 12,455.66 million maintaining Tk. 4,725.63 million on an average per year. Moreover, significant changes have occurred in cash amount in each year. As here, FY2015 is the base year, so the changes in amount have been increased from FY2018 to FY2019. In FY2019 the highest increased in cash amount have been occurred compared with the other FY but in FY 2015 the lowest increased in cash amount. Only remaining FY 2017, it has been clear that there is an increasing trend in the changes of cash. So, with the cash or liquidity the bank will be able to make payments. In addition, each FY the percentage change of cash is increasing. It is very clear that an increasing upward trend is there from FY 2016 to FY 2019. Amount is increasing which means current assets is also increasing in each of the year. After end of the each year, the bank will have maximum liquidity in their hand.

## Graphical Presentation & Discussion of Investment:

| Particulars          | Year (Taka in Million) |          |          |          |          |           |
|----------------------|------------------------|----------|----------|----------|----------|-----------|
|                      | 2015                   | 2016     | 2017     | 2018     | 2019     | Average   |
| Investment           | 22,894.7               | 41,998.2 | 45,749.5 | 42,787.9 | 41,336.6 | 38,953.38 |
| Increase or Decrease |                        | 19,103.5 | 22,854.8 | 19,893.2 | 18,441.9 | 20073.35  |
| Growth               |                        | 83%      | 99%      | 86%      | 80%      | 87%       |

### Investment



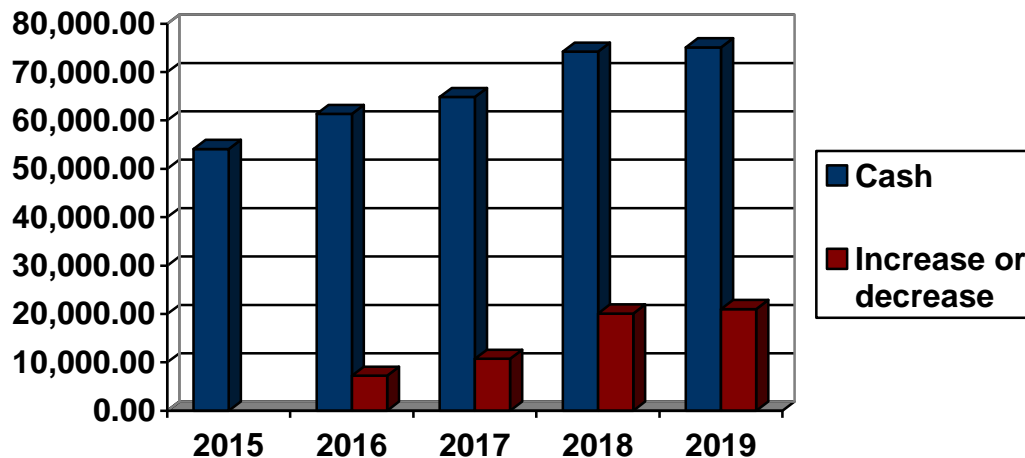
**Figure: investment (Amount in Million)**

During the five years (2015-2019) of study the total growth of investment of Uttara Bank Limited were on average 87%. Here, Investment ranges from 22,894.7 to 41,336.6 million maintaining Tk. 38,953.38 million on an average with a standard deviation of Tk. 5,087.09 million per year. Moreover, significant changes have occurred in investment in each year. As here, FY2015 is the base year, so the changes in investment have been increased from FY2017 to FY2018. In FY2016 the highest increased in investment have been occurred compared with the other FY but in FY 2017 the highest decreased in investment. In addition, each FY the percentage change of investment is increasing . Only remaining FY2017, it is very clear that an increasing upward trend is there from FY 2017 to FY 2019. So, in each year bank's investment is increasing which makes their revenue more prosperous.

## Graphical Presentation & Discussion of Loans & Advances:

| Particulars          | Year (Taka in Million) |           |           |           |           |           |
|----------------------|------------------------|-----------|-----------|-----------|-----------|-----------|
|                      | 2015                   | 2016      | 2017      | 2018      | 2019      | Average   |
| Loans & Advances     | 54,101.29              | 61,328.57 | 64,829.77 | 74,198.92 | 75,099.74 | 65,911.66 |
| Increase or Decrease |                        | 7,227.28  | 10,728.48 | 20,097.63 | 20,998.45 | 14,762.96 |
| Growth               |                        | 13%       | 19%       | 37%       | 38%       | 26%       |

### Loans & Advance



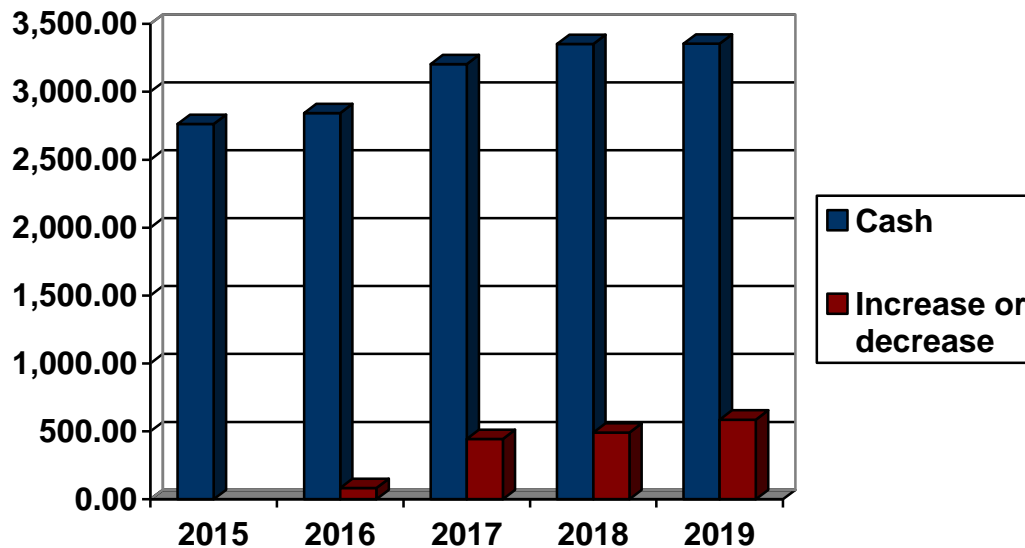
**Figure: Loans & Advance (Amount in million)**

During the five years (2015-2019) of study the total growth of loans and advances of Uttara Bank Limited were on average 26%. Loans and advances ranges from 54,101.29 to 75,099.74 maintaining Tk. 65,911.66 million on an average per year. Moreover, significant changes have occurred in loans and advances in each year. As here, FY2019 is the base year, so the changes in loans and advances have been increased from FY2016 to FY2017. It has been clear that there is an increasing trend in the changes of loans and advances. In FY2019 the highest increased in Loans and Advances have been occurred compared with the other FY. In addition, each FY the percentage change of loans and advances is increasing. It is very clear that an increasing upward trend is there from FY 2016 to FY 2019. So, in each year bank's loans and advances is increasing which makes their investment capability is adequate.

## Graphical Presentation & Discussion of Fixed Assets:

| Particulars          | Year (Taka in Million) |         |         |         |         |          |
|----------------------|------------------------|---------|---------|---------|---------|----------|
|                      | 2015                   | 2016    | 2017    | 2018    | 2019    | Average  |
| Fixed Assets         | 2,762.2                | 2,843.4 | 3,204.3 | 3,352.0 | 3,354.5 | 3,221.74 |
| Increase or Decrease |                        | 81.2    | 442.1   | 489.8   | 583.3   | 499.1    |
| Growth               |                        | 2%      | 16%     | 21%     | 21%     | 15%      |

### Fixed Assed



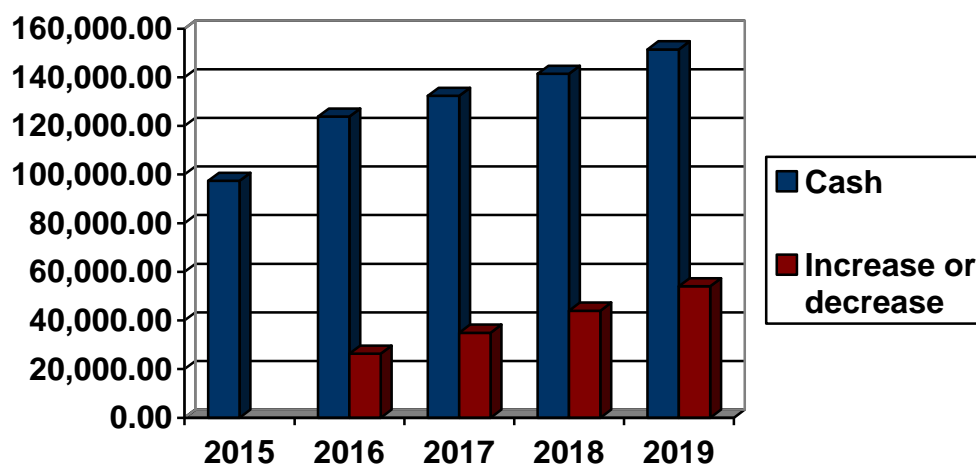
**Figure: Fixed Assed (Amount in Million)**

During the five years (2015-2019) of study the total growth of fixed assets of Uttara Bank Limited were on average 15%. Total cash ranges from 2,762.2 to 3,3524.5 million maintaining Tk.3,221.74 million per year. Moreover, significant changes have occurred in fixed assets in each year. As here, FY2015 is the base year, so the changes in fixed assets have been increased from FY2016 to FY2018. In FY2019 the highest increase in fixed assets has been occurred compared with the other FY but in FY 2015, the changes in fixed assets slightly decline compared to FY 2010. Only remaining FY 2019, it has been clear that there is an increasing trend in the changes of fixed assets. In addition, from FY2016 to FY 2018 the percentage change of fixed assets is increasing. It is very clear that an increasing upward trend is there from FY 2016 to FY 2018 but FY 2019 the percentage changes slightly fall.

## Graphical Presentation & Discussion of Total Assets:

### Total Assets

| Particulars          | Year (Taka in Million) |           |           |           |           |           |
|----------------------|------------------------|-----------|-----------|-----------|-----------|-----------|
|                      | 2015                   | 2016      | 2009      | 2010      | 2015      | Average   |
| Total Assets         | 97,417.9               | 123,790.6 | 132,385.5 | 141,406.2 | 151,476.3 | 129,295.3 |
| Increase or Decrease |                        | 26,370.7  | 34,967.6  | 43,988.3  | 54,058.4  | 39,846.25 |
| Growth               |                        | 27%       | 35%       | 45%       | 55%       | 40%       |



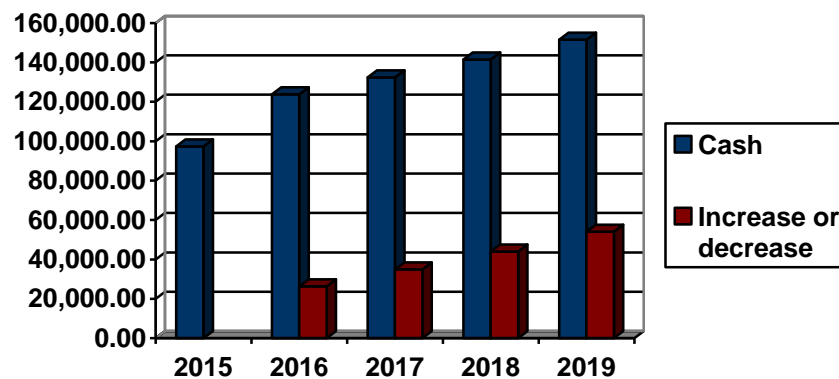
**Figure: Total Assets: (Amount in Million)**

During the five years (2015-2019) of study the total growth of total assets of Uttara Bank Limited were on average 40%. Total assets ranges from 97,417.9 to 151,476.3 million maintaining Tk. 129,195.3 million on an average per year. Moreover, significant changes have occurred in total assets in each year. As here, FY2015 is the base year, so the changes in total assets have been increased from FY2016 to FY2019. It has been clear that there is an increasing trend in the changes of total assets. In FY2019 the highest increased in total assets have been occurred compared with the other FY. In addition, each FY the percentage change of total assets is increasing. It is very clear that an increasing upward trend is there from FY 2016 to FY 2019. So, in each year bank's total assets is increasing which makes their loan repayment capability is adequate

## Graphical Presentation & Discussion of Total Liabilities.

### Total-Liabilities

| Particulars          | Year (Taka in Million) |            |            |            |            |           |
|----------------------|------------------------|------------|------------|------------|------------|-----------|
|                      | 2015                   | 2016       | 2017       | 2018       | 2019       | Average   |
| Total Liabilities    | 87,783.90              | 113,884.25 | 121,408.11 | 128,926.29 | 138,030.40 | 118006.59 |
| Increase or Decrease |                        | 26,100.35  | 33624.21   | 41142.36   | 50246.5    | 73338.36  |
| Growth               |                        | 29%        | 38%        | 46%        | 74%        | 56%       |



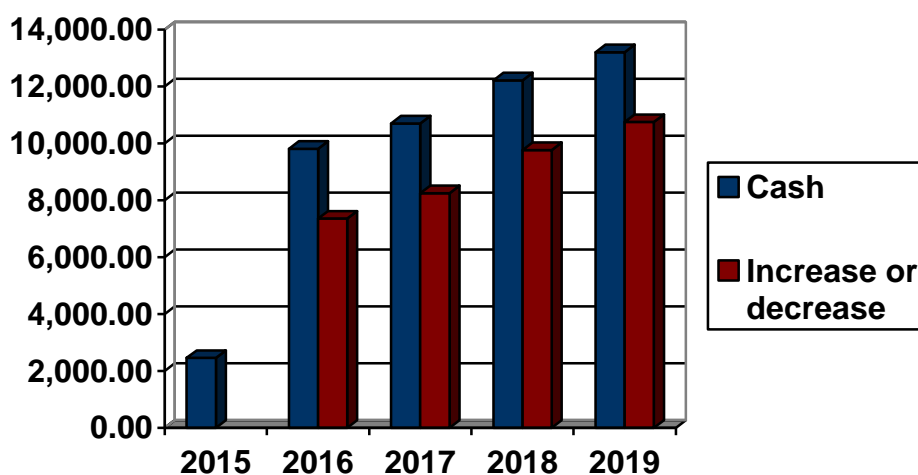
**Figure: Total-Liabilities (Amount in Million)**

During the five years (2015-2019) of study the total growth of total liabilities of Uttara Bank Limited were on average 56%. Total liabilities ranges from 87,783.90 to 138,030.40 million maintaining Tk. 66,305.24 million on an average with a standard deviation of Tk. 14,920.85 million per year. Moreover, significant changes have occurred in total liabilities in each year. As here, FY2015 is the base year, so the changes in total liabilities have been increased from FY2016 to FY2019. It has been clear that there is an increasing trend in the changes of total liabilities. In FY2019 the highest increased in total liabilities have been occurred compared with the other FY. In addition, each FY the percentage change of total liabilities is increasing. It is very clear that an increasing upward trend is there from FY 2016 to FY 2019. So, in each year bank's total liabilities is increasing which makes their lending capability is adequate.

## Graphical Presentation & Discussion of Total Share Holders' Equity:

### Total Share Holders' Equity:

| Particulars                 | Year (Taka in Million) |                  |                  |                  |                  |                 |
|-----------------------------|------------------------|------------------|------------------|------------------|------------------|-----------------|
|                             | 2015                   | 2016             | 2017             | 2018             | 2019             | Average         |
| Total Share Holders' Equity | 2,453.56               | 9,809.55         | 10,701.11        | 12,216.55        | 13,201.96        | 9,876.55        |
| Increase or Decrease Growth |                        | 7,355.99<br>299% | 8,247.55<br>336% | 9,762.99<br>397% | 10,748.4<br>438% | 9028.74<br>367% |



**Figure: Total Share Holders' Equity (Amount in Million)**

During the five years (2015-2019) of study the total growth of total share holders' equity of Uttara Bank Limited were on average 367%. Total share holders' equity ranges from 2,453,56 to 13,210.96 million maintaining Tk.9,876.55 million on an average per year. Moreover, significant changes have occurred in total share holders' equity in each year. As here, FY2015 is the base year, so the changes in total share holders' equity have been increased from FY2016 to FY2019. It has been clear that there is an increasing trend in the changes of total share holders' equity. In FY2019 the highest increased in total share holders' equity has been occurred compared with the other FY. In addition, each FY the percentage change of total share holders'

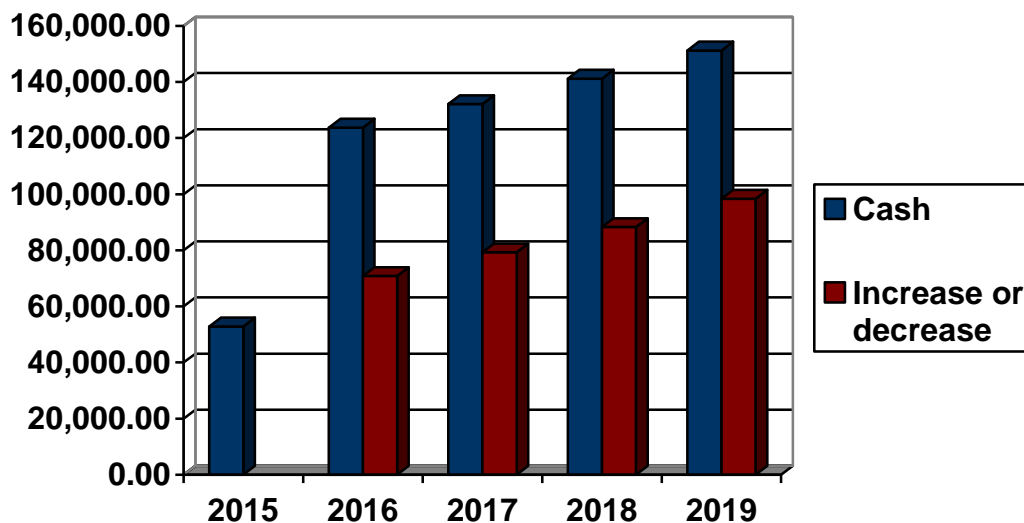


equity is increasing. It is very clear that an increasing upward trend is there from FY 2016 to FY 2019. So, in each year bank's total share holders' equity is increasing which makes their value of share holders' is adequate

**Graphical Presentation & Discussion of Total Liabilities & Share Holders' Equity:**

| Particulars                               | Year (Taka in Million) |                   |                   |                   |                   |                  |
|---|------------------------|-------------------|-------------------|-------------------|-------------------|------------------|
|   | 2015                   | 2016              | 2017              | 2018              | 2019              | Average          |
| Total Liabilities & Share Holders' Equity | 52,860.34              | 123,693.80        | 132,110.05        | 141,142.87        | 151,232.39        | 120,207.89       |
| Increase or Decrease Growth               |                        | 70,833.56<br>134% | 79,249.71<br>149% | 88,282.53<br>167% | 98,372.05<br>186% | 84184.47<br>159% |

**Total liabilities & share Holders Equity**



**Figure: Total liabilities & share Holders Equity(Amount in million)**

During the five years (2015-2019) of study the total growth of total liabilities and share holders' equity of Uttara Bank Limited were on average 159%. Total share holders' equity ranges from 52,860.33 to 151,232.39 million maintaining Tk. 120,207.89 million on an average per year. Moreover, significant changes have occurred in total liabilities and share holders' equity in each year. As here, FY2015 is the base year, so the changes in total liabilities and share holders' equity have been increased from FY2016 to FY2019. It has been clear that there is an increasing trend in the changes of

total liabilities and share holders' equity. In FY2019 the highest increased in total liabilities and share holders' equity has been occurred compared with the other FY. In addition, each FY the percentage change of total share holders' equity is increasing. It is very clear that an increasing upward trend is there from FY 2016 to FY 2019. So, in each year bank's total liabilities and share holders' equity is increasing which makes their lending capability as well as value of share holders' is adequate.

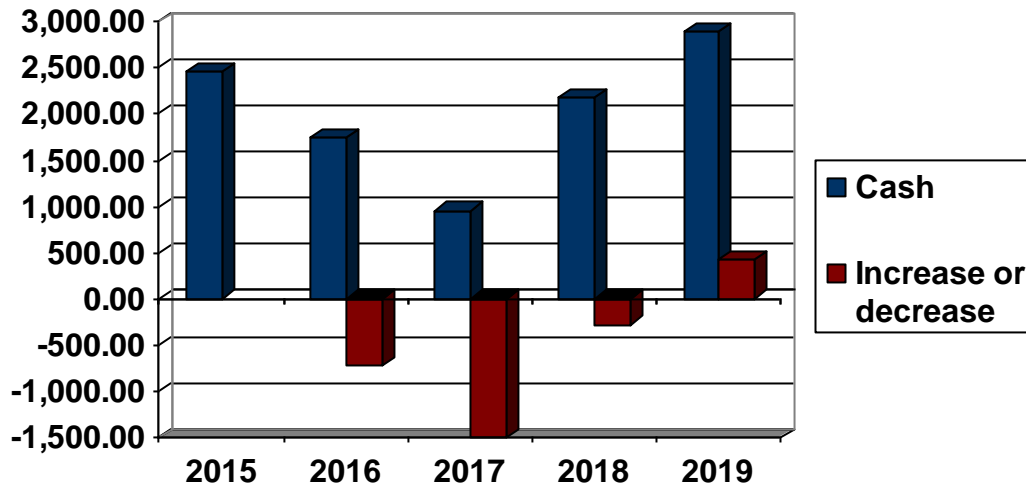
## 4.2 Profit and Loss Account of Uttara Bank Limited

| Particulars  | Year (Amount in Taka) |                      |                      |                      |                      |
|--|-----------------------|----------------------|----------------------|----------------------|----------------------|
|  | 2019                  | 2018                 | 2017                 | 2016                 | 2015                 |
| <b>OPERATING INCOME</b>                                      |                       |                      |                      |                      |                      |
| Interest Income  | 9,356,693,207         | 9,439,769,828        | 9,261,110,722        | 8,209,924,355        | 6,604,198,304        |
| Interest paid on deposits, borrowings etc.                   | 6,471,137,5787        | 7,260,076,507        | 8,302,433,469        | 6,469,409,231        | 4,148,108,568        |
| <b>Net Interest Income</b>                                   | <b>2,885,555,630</b>  | <b>2,179,693,321</b> | <b>958,677,233</b>   | <b>1,740,515,142</b> | <b>2,456,089,736</b> |
| Income from Investment.                                      | 5,141,230,634         | 4,378,142,115        | 4,447,142,890        | 3,716,097,423        | 2,204,265,420        |
| Commission, Exchange and Brokerage                           | 740,938,634           | 786,775,604          | 879,974,481          | 942,848,379          | 987,134,228          |
| Other Operating Income                                       | 531,166,792           | 573,722,170          | 655,211,100          | 804,256,981          | 872,603,275          |
| <b>Total operating income</b>                                | <b>9,298,891,647</b>  | <b>7,918,338,210</b> | <b>6,941,005,705</b> | <b>7,203,717,925</b> | <b>6,520,092,641</b> |
| <b>OPERATING EXPENSES</b>                                    |                       |                      |                      |                      |                      |
| Salary and allowances  | 3,283,676,064         | 2,729,071,134        | 2,563,440,679        | 2,358,396,133        | 2,200,353,628        |
| Rent, taxes, insurance, electricity etc.                     | 410,235,064           | 386,371,886          | 310,673,620          | 274,523,600          | 246,142,347          |
| Legal expenses   | 23,224,538            | 16,724,222           | 13,932,373           | 11,497,601           | 10,571,793           |
| Stationery, printing, advertisements etc.                    | 109,271,339           | 107,921,574          | 80,443,934           | 48,680,579           | 40,064,254           |
| Managing Director's salary & allowances and fees             | 101,251,828           | 108,892,992          | 96,207,426           | 92,438,687           | 10,627,301           |
| Directors' fees  | 14,843,180            | 2,094,00             | 1,570,000            | 2,275,000            | 2,670,000            |
| Auditors' fees   | 2,59,8000             | 12,833,680           | 500,000              | 500,000              | 500,000              |
| Charges on Loan losses account                               | 525,000               | 520,000              | -                    | 135,020,994          | 86,643,022           |
| Repair, maintenance and depreciation of Bank's property      | 305,587,441           |                      | 194,695,240          | 166,540,874          | 157,564,629          |
| Other expenses   | 718,762,108           | 422,803,588          | 517,794,222          | 829,772,337          | 535,437,646          |
| <b>Total operating expenses</b>                              | <b>5,302,911,306</b>  | <b>4,082,258,258</b> | <b>3,791,079,914</b> | <b>3,929,486,006</b> | <b>3,369,753,025</b> |
| <b>Profit before provision</b>                               | <b>3,995,980</b>      | <b>3,836,079,088</b> | <b>3,149,925,790</b> | <b>3,274,231,919</b> | <b>3,150,339,616</b> |
| <b>Provision</b>   | <b>1,461,084,750</b>  | <b>910,000,000</b>   | <b>455,000,000</b>   | <b>725,000,000</b>   | <b>150,000,000</b>   |
| Provision for loans & advances & off balance sheet exposures | 1450,000,000          | 240,000,000          | 450,000,000          | 720,000,000          | 150,000,000          |
| Provision for Other  | 6,084,750             | 20,000,000           |                      |                      |                      |
| Transfer to benevolent fund                                  | 5,000,000             | 5,000,000            | 5,000,000            | 5,000,000            | 22,500,000           |
| <b>Profit before tax</b>                                     | <b>2,534,895,591</b>  | <b>2,926,079,088</b> | <b>2,694,925,790</b> | <b>2,549,231,919</b> | <b>3,000,339,616</b> |
| <b>Provision for Taxation</b>                                | <b>1,022,918,517</b>  | <b>1,250,000,000</b> | <b>1,375,458,317</b> | <b>1,304,828,344</b> | <b>1,350,000,000</b> |
| Current tax  | 1,109,179,952         | 1,239,639,400        | 1,289,549,014        | 1,304,539,662        | 1,314,855,569        |
| Deferred tax   | 86,261,435            |                      | 85,909,303           | 288,682              | 35,144,431           |
| <b>Profit after taxation</b>                                 | <b>1,511,977,074</b>  | <b>1,404,250,342</b> | <b>1,319,466,924</b> | <b>1,244,403,092</b> | <b>1,650,339,616</b> |
| Retained earning brought forward                             | 97,484,563            | 43,394,237           | 23,201,455           | 15,410,626           | 1,771,949            |
| <b>Profit available for appropriation</b>                    | <b>1,609,461,090</b>  | <b>1447,645,237</b>  | <b>1,342,668,383</b> | <b>1,259,813,718</b> | <b>1,652,111,565</b> |
| <b>Appropriation</b>   | <b>300,000,000</b>    | <b>350,000,000</b>   | <b>350,000,000</b>   | <b>350,000,000</b>   | <b>610,000,000</b>   |
| Statutory reserve  | 300,000,000           | 350,000,000          | 350,000,000          | 350,000,000          | 610,000,000          |
| General reserve  | -                     |                      |                      |                      |                      |
| Issue of bonus share   |                       |                      |                      |                      | 399,329,600          |
| <b>Retained surplus</b>                                      | <b>1,309,461,090</b>  | <b>1,09,645,237</b>  | <b>992,668,383</b>   | <b>909,813</b>       | <b>1,042,111,565</b> |
| <b>Earning per share (EPS)</b>                               | <b>3.78</b>           | <b>3.51</b>          | <b>3.63</b>          | <b>3.42</b>          | <b>5.74</b>          |

### Graphical Presentation & Discussion of Net Interest Income:

| Particulars          | Year (Taka in Million) |          |           |          |          |          |
|----------------------|------------------------|----------|-----------|----------|----------|----------|
|                      | 2015                   | 2016     | 2017      | 2018     | 2019     | Average  |
| Net interest income  | 2,456.09               | 1,740.52 | 958.68    | 2,179.70 | 2,885.56 | 2,044.11 |
| Increase or Decrease |                        | -715.57  | -1,497.41 | -276.39  | 429.47   | -729.71  |
| Growth               |                        | -29%     | -60%      | -11%     | 17%      | -29%     |

### Net Interest Income



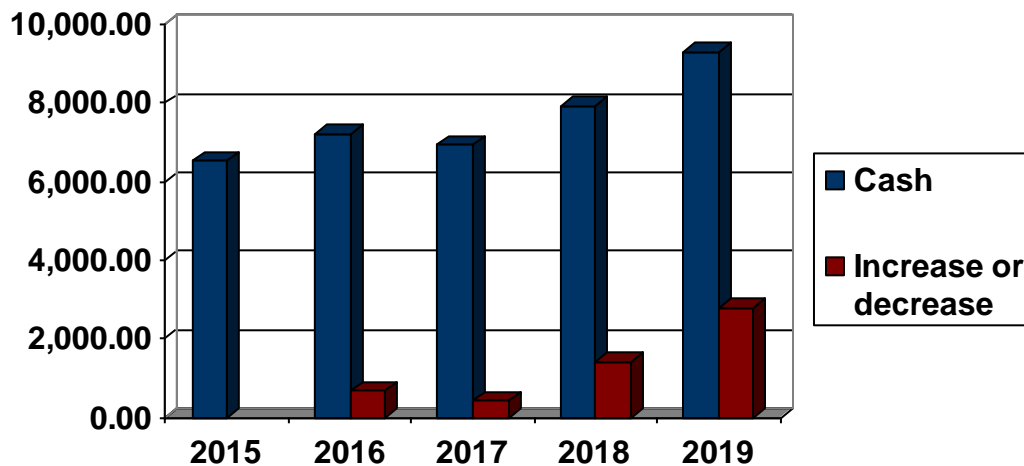
**Figure: Net Interest Income (Amount in Million)**

During the five years (2015-2019) of study the total growth of net interest income of Uttara Bank Limited was on average -29%. net interest income ranges from 2,456.08 to 2,885.56 million maintaining Tk. 2,044.11 million on an average per year. Moreover, significant changes have occurred in net interest income in each year. As here, FY2015 is the base year, so the changes in net interest income have been decreased from FY2016 to FY2019. It has been clear that there is an increasing trend in the changes of net interest income. In FY2019 the highest increased in net interest income has been occurred compared with the other FY but FY 2019 changes in net interest income is higher than FY 2017- FY2019 and lower than FY2017. In addition, from FY 2017- FY 2019 the percentage change of net interest income is increasing. It is very clear that a decreasing lower trend is there from FY 2016 to FY 2018. So, in each year bank's net interest income is increasing which makes their profit is adequate.

### Graphical Presentation & Discussion of Total Operating Income:

| Particulars            | Year (Taka in Million) |          |          |          |          |          |
|------------------------|------------------------|----------|----------|----------|----------|----------|
|                        | 2015                   | 2016     | 2017     | 2018     | 2019     | Average  |
| Total operating income | 6,520.10               | 7,203.72 | 6,941.00 | 7,918.34 | 9,298.90 | 7,576.42 |
| Increase or Decrease   |                        | 683.62   | 420.9    | 1,398.24 | 2,778.8  | 1,320.39 |
| Growth                 |                        | 14%      | 6%       | 21%      | 42%      | 20%      |

### Total Operating Income



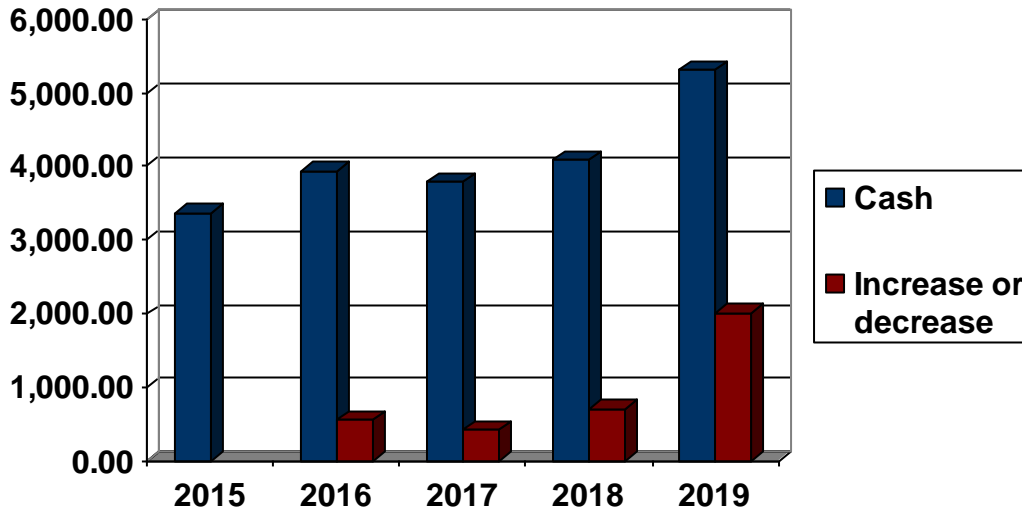
**Figure: Total Operating Income (Amount in million)**

During the five years (2015-2019) of study the total growth of total operating income of Uttara Bank Limited were on average 20%. Total operating income ranges from 6,520.10 to 9,298.90 million maintaining Tk. 7,576.42 million on an average per year. Moreover, significant changes have occurred in total operating income in each year. As here, FY2015 is the base year, so the changes in total operating income have been increased from FY2016 to FY2019. It has been clear that there is an increasing trend in the changes of total operating income. In FY2015 the highest increased in total operating income have been occurred compared with the other FY. In addition, each FY the percentage change of total operating income is increasing. It is very clear that an increasing upward trend is there from FY 2016 to FY 2019. So, in each year bank's total operating income is increasing which leads to profit are adequate.

### Graphical Presentation & Discussion of Total Operating Expenses

| Particulars              | Year (Taka in Million) |          |          |          |          |          |
|--------------------------|------------------------|----------|----------|----------|----------|----------|
|                          | 2015                   | 2016     | 2017     | 2018     | 2019     | Average  |
| Total operating expenses | 3,369.76               | 3,929.49 | 3,791.08 | 4,082.26 | 5,302.92 | 4,095.11 |
| Increase or Decrease     |                        | 559.73   | 421.32   | 712.5    | 2017.16  | 926.68   |
| Growth                   |                        | 16%      | 12%      | 21%      | 59%      | 27%      |

### Total Operating Expenses



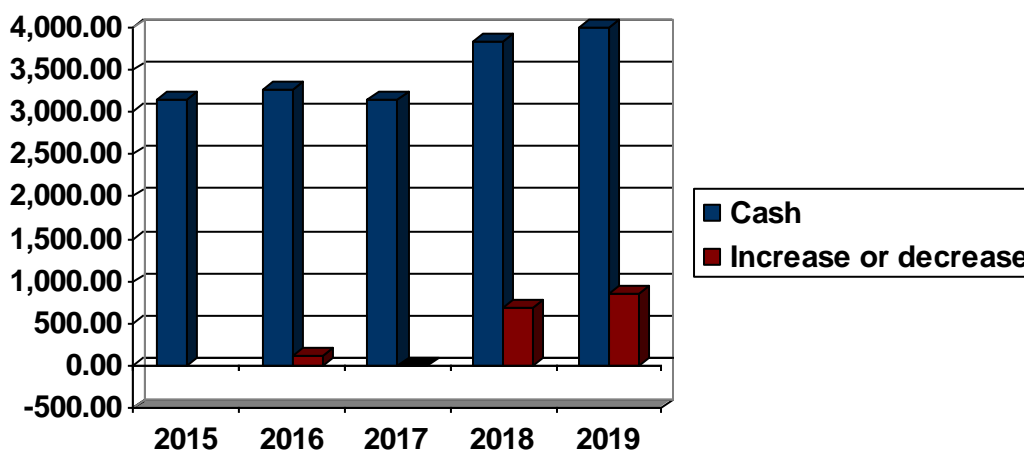
**Figure: Total Operating Expenses (Amount in million)**

During the five years (2015-2019) of study the total growth of total operating expenses of Uttara Limited were on average 27%. Total operating expenses ranges from 3,369.76 to 5,302.92 million maintaining Tk. 4,095.11 million on an average per year. Moreover, significant changes have occurred in total operating expenses in each year. As here, FY2015 is the base year, so the changes in total operating expenses have been increased from FY2016 to FY2019. It has been clear that there is an increasing trend in the changes of total operating expenses. In FY2019 the highest increased in total operating expenses have been occurred compared with the other FY. In addition, each FY the percentage change of total operating expenses is increasing. It is very clear that an increasing upward trend is there from FY 2016 to FY 2019. In each year bank's total operating expenses is increasing, so the top management of UBL has to think about operating expenses and how to reduce total operating expenses.

### Graphical Presentation & Discussion of Profit before Provision:

| Particulars             | Year (Taka in Million) |          |          |          |          | Average  |
|-------------------------|------------------------|----------|----------|----------|----------|----------|
|                         | 2015                   | 2016     | 2017     | 2018     | 2019     |          |
| Profit before provision | 3,150.34               | 3,274.24 | 3,149.93 | 3,836.08 | 3,995.99 | 3,481.32 |
| Increase or Decrease    |                        | 123.9    | -0.41    | 685.74   | 845.65   | 413.93   |
| Growth                  |                        | 3%       | -0%      | 21%      | 26%      | 12%      |

### Profit before Provision



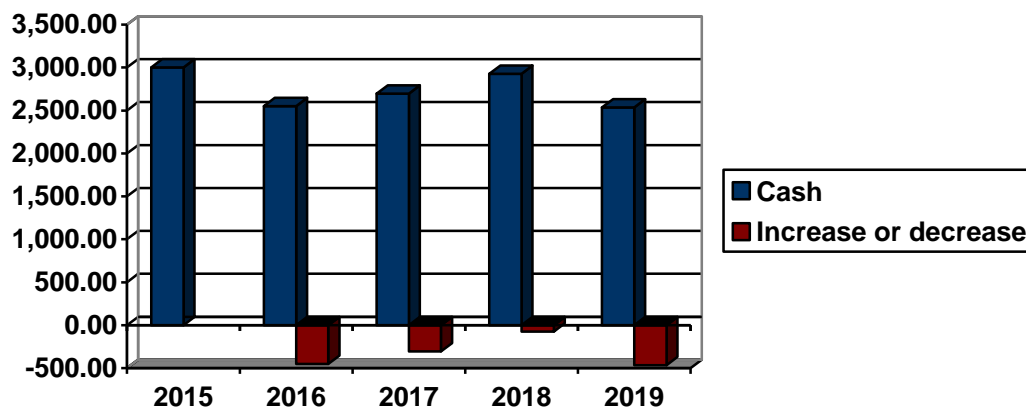
**Figure: Profit before Provision (Amount in Million)**

During the five years (2015-2019) of study the total growth of profit before provision of Uttara Bank Limited were on average 12%. Profit before provision ranges from 3,150.34 to 3,995.99 million maintaining Tk. 3,481.32 million on an average per year. Moreover, significant changes have occurred in profit before provision in each year. As here, FY2007 is the base year, so the changes in profit before provision have been decreased from FY2016 to FY2019. The changes of profit before provision is little close from FY2017. The profit before provision was relatively same for FY 2018- FY 2019. In FY2019 the highest increased in profit before provision have been occurred compared with the other FY. In addition, each FY the percentage change of profit beforeprovision is increasing. It is very clear that an increasing upward trend is there from FY 2015 to FY.2019.

## Graphical Presentation & Discussion of Profit before Tax:

### Profit before Tax

| Particulars          | Year (Taka in Million) |          |          |          |          | Average  |
|----------------------|------------------------|----------|----------|----------|----------|----------|
|                      | 2015                   | 2016     | 2017     | 2018     | 2019     |          |
| Profit before tax    | 3,000.34               | 2,549.24 | 2,694.93 | 2,926.08 | 2,534.90 | 2,741.10 |
| Increase or Decrease |                        | -451.1   | -305.41  | -74.26   | -465.44  | 324.06   |
| Growth               |                        | -15%     | -10%     | -2%      | -15%     | -10%     |



**Figure: Profit before Tax(Amount in Million)**

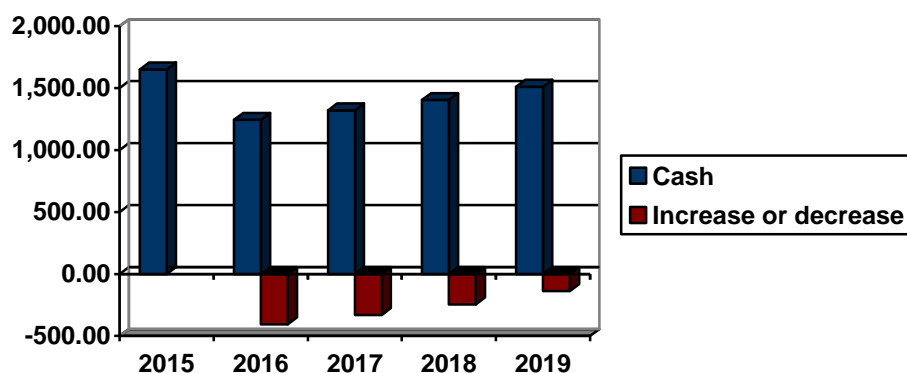
During the five years (2015-2019) of study the total growth profit before tax of Uttara Bank Limited were on average -10%. Profit before tax ranges from 3,000.34 to 2,534.90 million maintaining Tk. 2,741.10 million on an average per year. Moreover, significant changes have occurred in profit before tax in each year. As here, FY2015 is the base year, so the changes in profit before tax have been increased from FY2016 to FY2019. The changes of profit before tax is little close from FY2016-FY2019. The profit before tax was relatively same for FY 2016-FY 2017. In FY2015 the highest increased from FY2008 to FY2015. The changes of profit before tax is little close from FY2016-FY2017. The profit before tax was relatively same for FY 2016-FY 2017. In FY2019 the highest decreased in profit before tax have been occurred compared with the other FY. In addition, each FY the percentage change of profit before tax is increasing. It is very that an increasing upward this gives an investor a good idea of increasing in profit from year to year.



## Graphical Presentation & Discussion of Profit after Taxation:

### Profit after Taxation

| Particulars           | Year (Taka in Million) |          |          |          |         |          |
|-----------------------|------------------------|----------|----------|----------|---------|----------|
|                       | 2015                   | 2016     | 2017     | 2018     | 2019    | Average  |
| Profit after taxation | 1,650.34               | 1,244.41 | 1,319.47 | 1,404.26 | 1,511.8 | 1,426.06 |
| Increase or Decrease  |                        | -405.93  | -330.87  | -246.08  | -138.36 | -280.31  |
| Growth                |                        | -24%     | -20%     | -14%     | -8%     | -16%     |



**Figure: Profit after Taxation (Amount in Million)**

During the five years (2015-2019) of study the total growth of profit after taxation of Uttara Bank Limited was on average -16%. Profit after taxation ranges from 1,650.34 to 1,511.8 million maintaining Tk. 1,426.06 million on an average per year. Moreover, significant changes have occurred in net interest income in each year. As here, FY2015 is the base year, so the changes in profit after taxation have been increased from FY2016 to FY2019. It has been clear that there is an increasing trend in the changes of profit after taxation. In FY2016 the highest decreased in profit after taxation income has been occurred compared with the other FY but FY 2019 changes in profit after taxation is higher than FY 2016 and lower than FY2017- FY2018. In addition, from FY 2016- FY 2019 the percentage change of profit after taxation is increasing. It is very clear that an increasing upward trend is there from FY 2016 to FY 2015. So, in each year bank's profit after taxation is increasing which makes the bank can invest more money for their business purpose as well as the bank can pay more dividends to their shareholders.

### 4.3 Ratio Analysis

A bank's balance sheet and profit and loss account are valuable information sources for identifying risk taking and assessing risk management effectiveness. Although the taka amounts found on these statements provide valuable insights into the performance and condition of a bank, financial analysts, bankers and bank supervisors typically use data from them to develop financial ratios to evaluate bank performance. This is done to provide perspective and facilitate making comparisons. There are literally hundreds useful financial ratios we can use to evaluate bank performance. However, in most instances, directors only need a few basic ratios to identify fundamental performance issues and help them formulate questions regarding any underlying problems and asking management's plans for correcting them. This section will discuss some selected ratios from various perspectives. From this various perspective Ratio Analysis can be dividing into five categories. These five categories are as follows:

|  |  |
|--|--|
| <b>Liquidity Ratios:</b>   | <b>Efficiency Ratios:</b>  |
| Advances to Deposit<br>Liquid Asset to Liability<br>Advances to Liability        | Operating Expense to Assets<br>Operating Expenses to Net Interest Income<br>Operating Expenses to Operating Income |
| <b>Leverage Ratios:</b>  | <b>Market Value Ratios:</b>  |
| Debt to Assets<br>Debt to Equity<br>Equity Multiplier                            | Earning per Share<br>Price Earning Ratio   |
| <b>Profitability Ratios:</b>   |  |
| Return on Assets<br>Return on Equity<br>Return on Deposit<br>Net Interest Margin | Noninterest Income to Assets<br>Noninterest Income to Assets<br>Assets Utilization Ratio                           |

**Table: Selected financial ratios with their definitions**

| <b>Symbol</b> | <b>Ratios</b>                             | <b>Numerator</b>        | <b>Denominator</b>           | <b>Indicator</b> |
|---------------|---|-------------------------|------------------------------|------------------|
| ATD           | Advances to Deposit                       | Total Advances          | Total Deposits               | Liquidity        |
| LATL          | Liquid Asset to Liability                 | Liquid Assets           | Total Liabilities            | Liquidity        |
| ATL           | Advances to Liability                     | Total Advances          | Total Liabilities            | Liquidity        |
| OETA          | Operating Expense to Assets               | Total Operating Expense | Total Assets                 | Efficiency       |
| OETNII        | Operating Expenses to Net Interest Income | Total Operating Expense | Net Interest Income          | Efficiency       |
| OETOI         | Operating Expenses to Operating Income    | Total Operating Expense | Total Operating Income       | Efficiency       |
| DTA           | Debt to Assets                            | Total Liabilities       | Total Assets                 | Leverage         |
| DTE           | Debt to Equity                            | Total Liabilities       | Share Holders' Equity        | Leverage         |
| EM            | Equity Multiplier                         | Total Assets            | Share Holders' Equity        | Leverage         |
| ROA           | Return on Assets                          | Net Profit              | Total Assets                 | Profitability    |
| ROE           | Return on Equity                          | Net Profit              | Share Holders' Equity        | Profitability    |
| ROD           | Return on Deposit                         | Net Profit              | Total Deposits               | Profitability    |
| NIM           | Net Interest Margin                       | Net Interest Income     | Total Assets                 | Profitability    |
| NITA          | Noninterest Income to Assets              | Noninterest Income      | Total Assets                 | Profitability    |
| NITOI         | Noninterest Income to Operating Income    | Noninterest Income      | Total Operating Income       | Profitability    |
| AUR           | Assets Utilization Ratio                  | Total Operating Income  | Total Assets                 | Profitability    |
| EPS           | Earning per Share                         | Net Profit              | Number of Shares Outstanding | Market Value     |
| P/E           | Price Earning Ratio                       | Market Price per Share  | Earning per Share            | Market Value     |
| MVPS          | Market Value per Share                    | Market Value per Share  | Total Number of Share        | Market Value     |

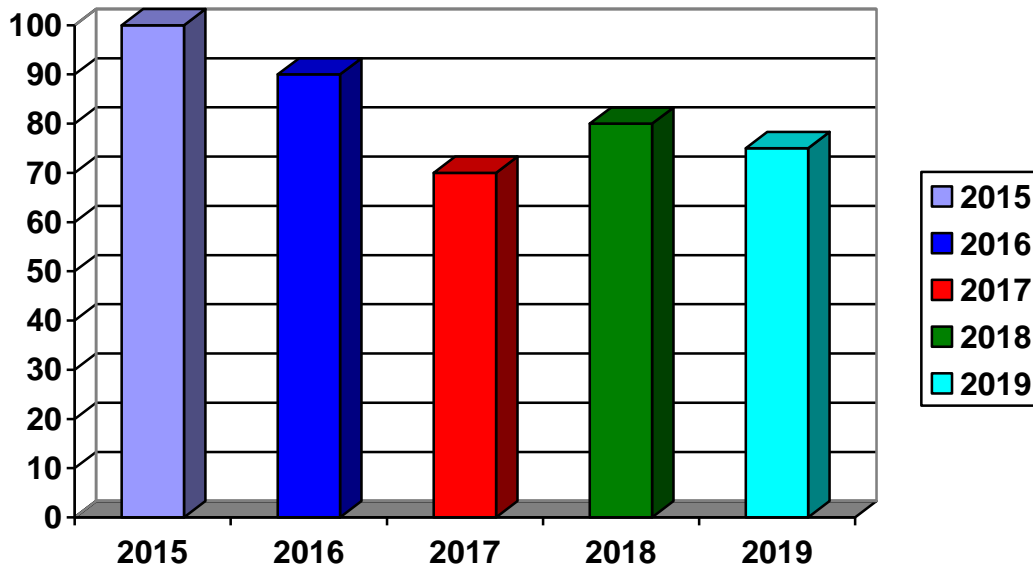
### 4.3.1 Advance to deposits

Advance to Deposit (ATD) ratio is the most commonly used liquidity ratios of a bank. A low ratio of ATD indicates excess liquidity, and potentially low profits, compared to other banks. A high ATD ratio presents the risk that some loans may have to be sold at a loss to meet depositors' claims.

The ATD ratios of Uttara Bank Limited are given below:

| Year | 2015  | 2016  | 2017  | 2018  | 2019  | Average |
|------|-------|-------|-------|-------|-------|---------|
| ATD  | 0.75% | 0.65% | 0.58% | 0.65% | 0.62% | 0.65%   |

#### Advance to deposits



**Figure: Advance to deposits (Amount in Million)**

The bank's ATD ratio increases from FY2015 to FY 2016 and in FY2017 ATD ratio slightly fall after then it increases till FY2015. The highest ATD ratio was in FY2019 which surely helps to higher risks of loan losses but it also increases profits in that period. On an average, the bank maintained 0.65% ATD ratio which is moderate in terms of lesser risk and greater profits.

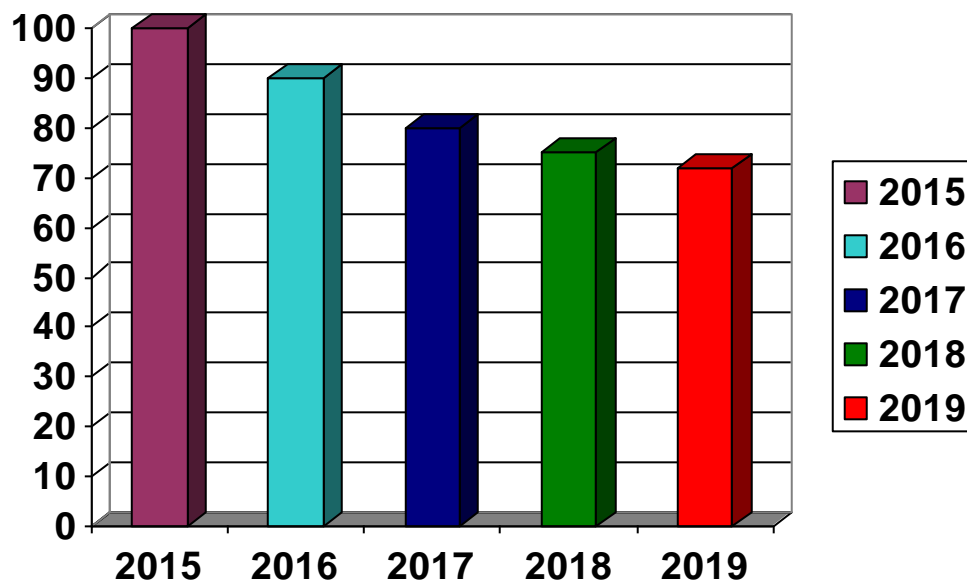
### 4.3.2 Market Value per Share

Market Value per Share (MVPS) is defined as the company's assessed market value divided by the total number of shares held by stock owners in the company. The market value per share is a financial metric that investors use to determine whether or not to purchase a stock.

The MVPS ratios of Uttara Bank Limited are given below:

| Year | 2015  | 2016  | 2017  | 2018  | 2019  | Average |
|------|-------|-------|-------|-------|-------|---------|
| MVPS | 77.80 | 38.10 | 31.10 | 25.90 | 22.70 | 39.12   |

**Market value par share**



**Figure: Market value par share**

MVPS ratio of UBL continuously decreases till FY2018 and then it slightly increases in FY2019 (22.70 Tk.) after then MVPS ratio dramatically decreases in FY2019 (22.70 Tk.). The highest MVPS ratio was 77.80 taka per share in FY2015 and the lowest MVPS ratio was 22.70 taka per share in FY2019. On an average, the bank maintained MVPS ratio of 39.12 taka per share.

### 4.3.3 Earnings per share

Earnings per share (EPS) are the company's profit allocated to each outstanding share of common stock. EPS serves as an indicator of a company's value for a market. The EPS ratios of

Uttara Bank Limited are given bellow:

| Year | 2015 | 2016 | 2017 | 2018 | 2019 | Average |
|------|------|------|------|------|------|---------|
| EPS  | 4.99 | 3.40 | 3.28 | 3.47 | 3.76 | 3.78    |

#### Earnings per share

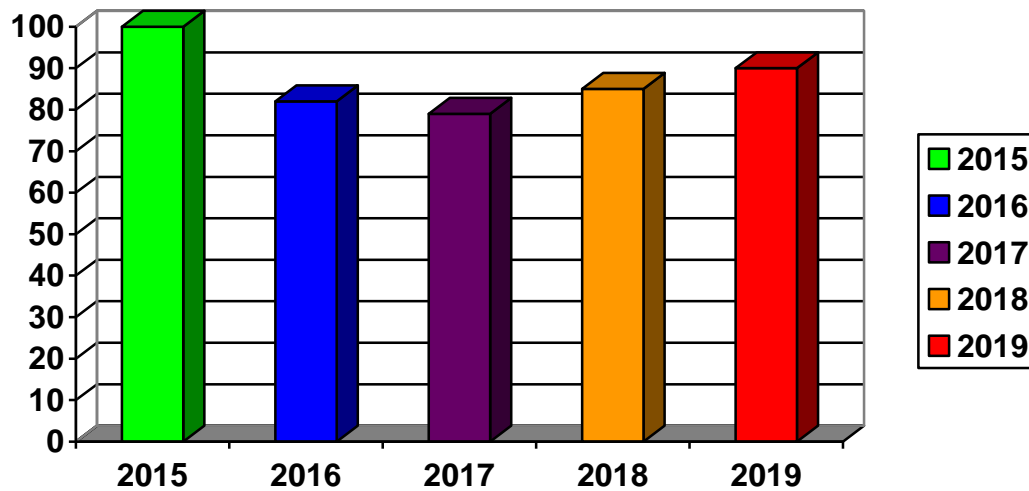


Figure: Earnings per share (Amount in Million)

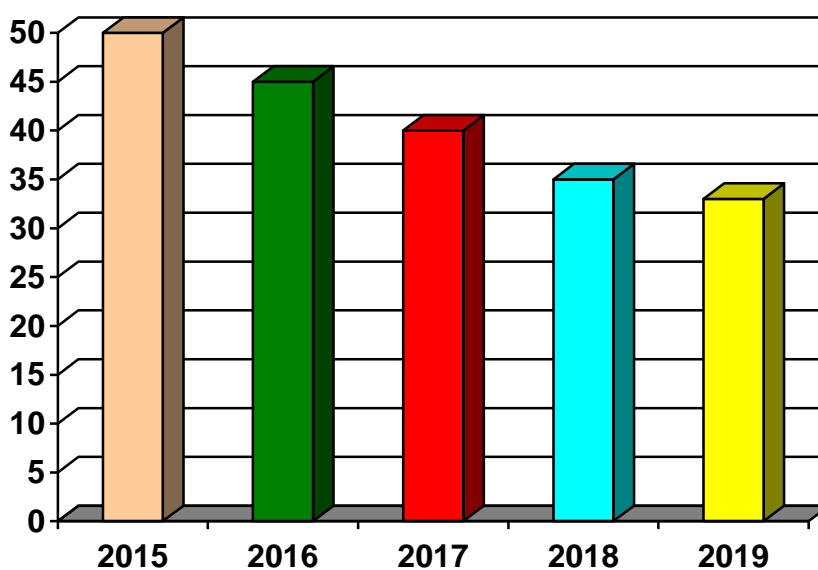
EPS ratio of UBL was increasing from FY2015 (4.99Tk.) to FY2016 (3.40 Tk.) and then it was decreasing till FY2017 after then EPS ratio slightly increase in FY2019 (3.73Tk.). The highest EPS ratio was 4.99 taka per share in FY2015 and the lowest EPS ratio was 3.28 taka per share in FY2017. On an average, the bank maintained EPS ratio of 3.78 taka.

### 4.3.4 Price Earning Ratio

The Price Earning (P/E) Ratio of a stock is a measure of the price paid for a share relative to the annual Earnings per Share. The price-to-earnings ratio is widely used valuation multiple used for measuring the relative valuation of companies. A higher P/E ratio means that investors are paying more for each unit of net income, so the stock is more expensive compared to one with a lower P/E ratio. The P/E ratios of Uttara Bank Limited are given below:

| Year | 2015  | 2016  | 2017 | 2018 | 2019 | Average |
|------|-------|-------|------|------|------|---------|
| P/E  | 15.59 | 11.21 | 9.48 | 7.46 | 6.04 | 9.95    |

**Price Earning Ratio**



**Figure: Price Earning Ratio (Amount in Million)**

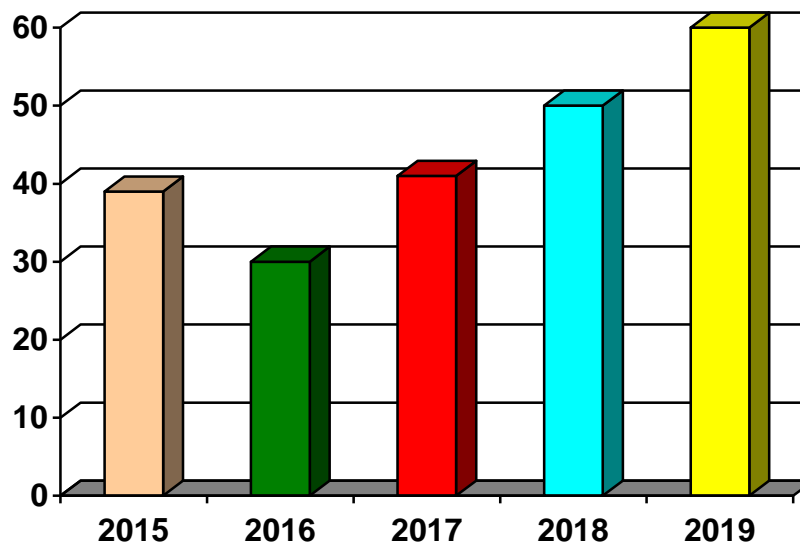
P/E ratio of UBL was continuously decreasing at an average 9.95 (times) from FY2015 to FY2016 and then it dramatically increase in FY 2015(15.59) times) after that it sharply decreases in FY2015 (13.55 times). The highest P/E ratio was 15.59 times in FY2015 and the lowest P/E ratio was 6.04 times in FY2019.

### 4.3.5 Return on Investment

Return on Equity (ROI) ratio is also very important tools for measuring the profitability of a bank. The greater ROE ratio is better for the bank. The ROI ratios of Uttara Bank Limited are given below:

| Year | 2015  | 2016  | 2017  | 2018   | 2019   | Average |
|------|-------|-------|-------|--------|--------|---------|
| ROE  | 9.63% | 8.75% | 9.72% | 10.23% | 12.44% | 10.15%  |

#### Return on Investment



**Figure: Return on Investment (Amount in Million)**

The ROI ratio of UBL was dramatically increases from FY2015 (9.63%) to FY2016 (8.75%) and then it significantly decrease in FY 2016 (8.75%) after then ROE ratio was increasing at a slower rate in FY 2019(12.44%). The ROI ratio of UBL is decreasing from FY2016 (8.75%) to FY2019 (12.44%) which is bad sign for a bank. So, we can observe that ROI ratios were fluctuating at an average rate of 10.15% per year. The highest ROI ratio was 12.44% in FY2019 and lowest ROE ratio was 8.75% in FY2016.



### 4.3.6 Return on Assets

Return on Assets (ROA) ratio is very important tools for measuring the profitability of a bank. The greater ROA ratio is better for the bank. The ROA ratios of Uttara Bank Limited are given bellow:

| Year | 2015  | 2016 | 2017  | 2018  | 2019  | Average |
|------|-------|------|-------|-------|-------|---------|
| ROA  | 1.69% | 1.0% | 0.99% | 0.89% | 0.99% | 1.12%   |

### Return on Assets

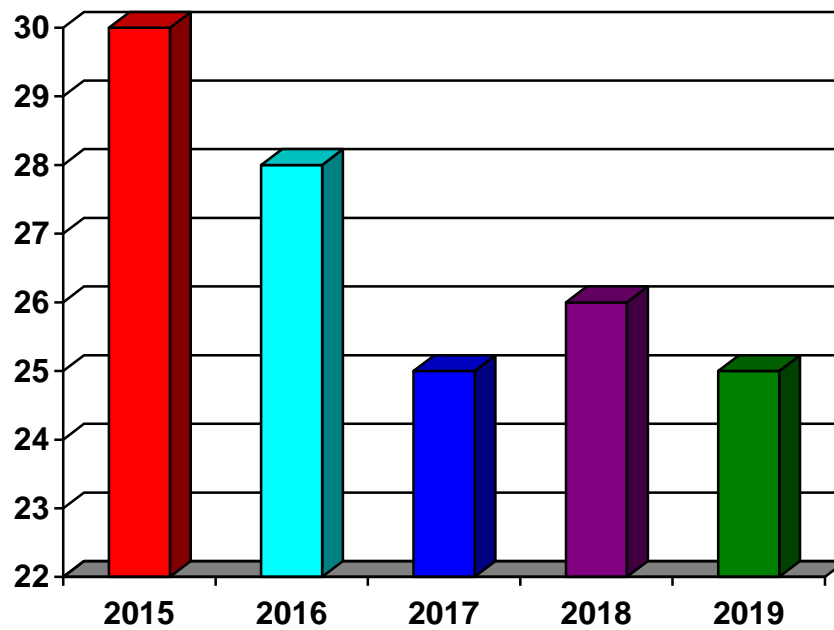


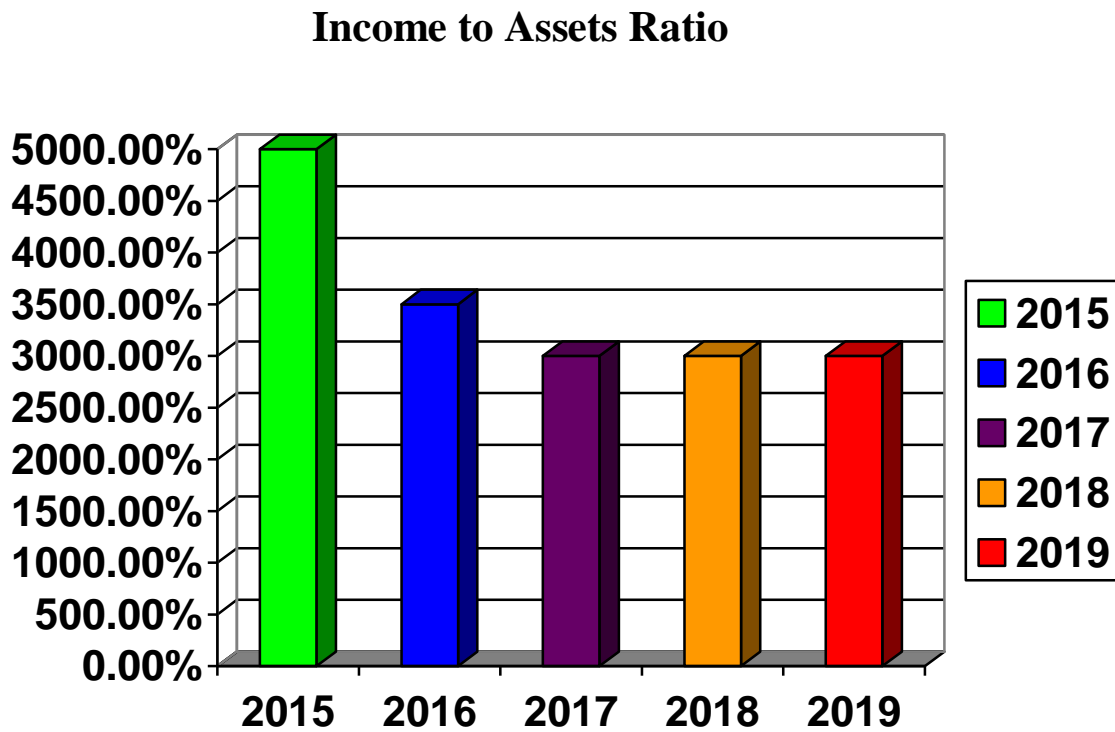
Figure: Return on Assets (Amount in Million)

The ROA ratio of UBL was increasing from FY2015 (1.69%) to FY2008 (1.95%) and then it slightly decrease in FY 2018 (0.89%) after then ROA ratio was increasing in FY 2015. The ROA ratio of UBL is decreasing from FY2017 (0.99%) to FY2019 (0.99%) which is bad sign for a bank. So, we can observe that ROA ratios were fluctuating at an average rate of 1.12% per year. The highest ROA ratio was 1.00% in FY2016 and lowest ROA ratio was 0.89% in FY2018. On an average, the bank maintained 1.12% ROA ratio.

### 4.3.7 Income to Assets.

Income to Assets Ratio (ITA) is an indicator of the operational performance. It indicates the proportion of fees and other income in respect of total assets of banks. Highest ITa ratio is better for a bank. The ITA ratios of Uttara Bank Limited are given below:

| Year | 2015  | 2016  | 2017  | 2018  | 2019  | Average |
|------|-------|-------|-------|-------|-------|---------|
| ITA  | 1.69% | 1.00% | 0.99% | 0.99% | 0.99% | 1.14%   |



**Figure: Income to Assets ratio (Amount in Million)**

The ITA ratio of ITA was decreasing from FY2015 (3.83%) to FY2008 (3.81%) and then it continuously increasing at an average rate of 1.14% per year but it slightly decreases in FY2019 (0.99%). The highest ITA ratio was 1.69% in FY2015 and the lowest ITA ratio was 0.99% in FY2017,2018&2019.

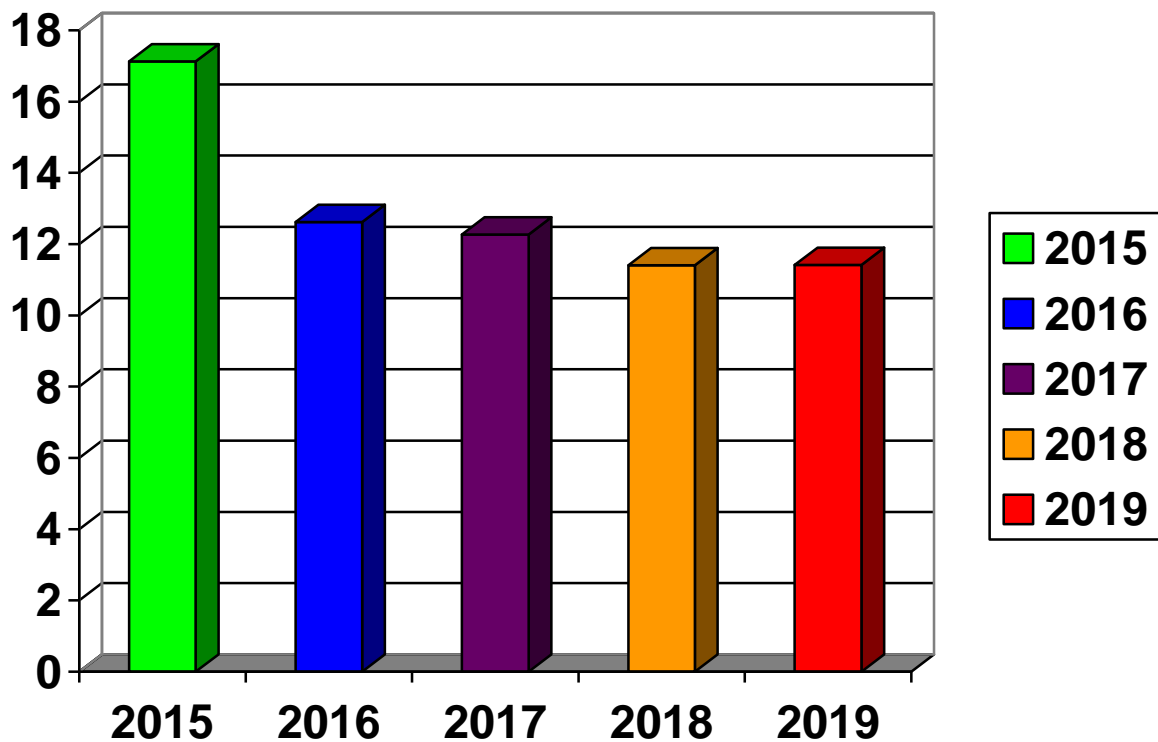
### 4.3.8 Income to Equity

Income to Equity (ITE) ratio is used for measuring the financial performance of a bank because usually the portion of debt of a bank is significantly higher than the portion of its equities. The

ITE ratios of Uttara Bank Limited are given below:

| Year | 2015   | 2016   | 2017   | 2018   | 2019   | Average |
|------|--------|--------|--------|--------|--------|---------|
| ITE  | 17.13% | 12.62% | 12.27% | 11.41% | 11.42% | 12.97%  |

**Income to Equity**



**Figure: Income to Equity (Amount in Million)**

The ITE ratio of UBL is decreasing from FY 2016 to FY2019 after then it slightly decrease in FY 2015. The highest ITE ratio was in FY2015 (17.13%) and lowest ITE ratio was in FY 2018 (11.41%). On an average, the bank maintained 12.97% DTE ratio

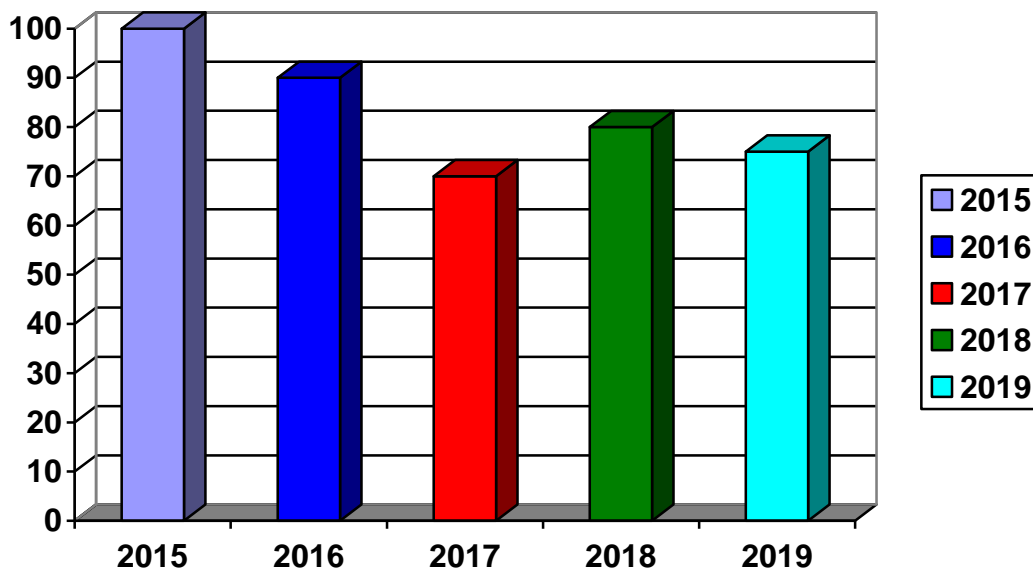
### 4.3.9 Net Total Advance

Net Total Advance (NTA) ratio is the most commonly used liquidity ratios of a bank. A low ratio of NTA indicates excess liquidity, and potentially low profits, compared to other banks. A high NTA ratio presents the risk that some loans may have to be sold at a loss to meet depositors' claims.

The ATA ratios of Uttara Bank Limited are given below:

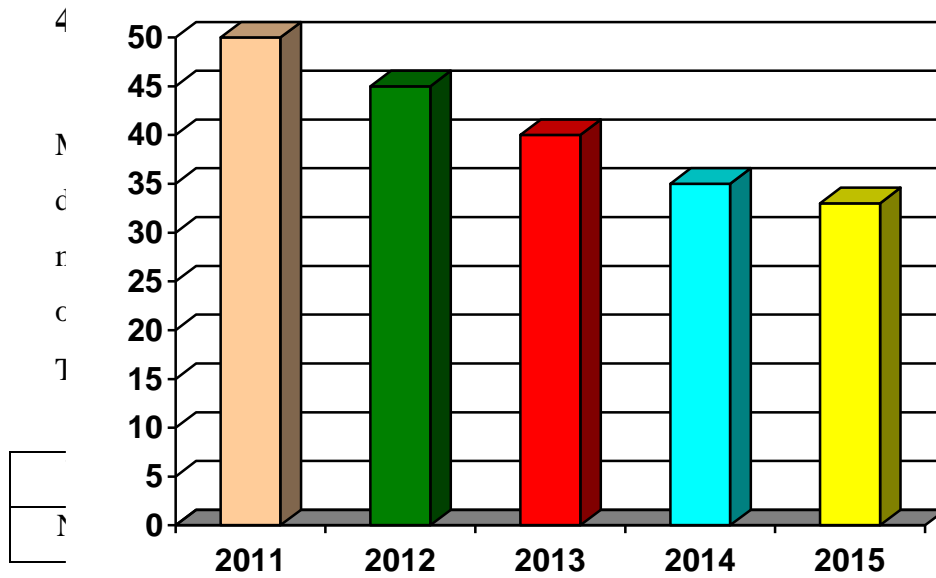
| Year | 2015  | 2016  | 2017  | 2018  | 2019  | Average |
|------|-------|-------|-------|-------|-------|---------|
| NTA  | 3.20% | 4.32% | 5.85% | 5.84% | 5.92% | 5.03%   |

### Net Total Advance



**Figure: Net Total Advance (Amount in Million)**

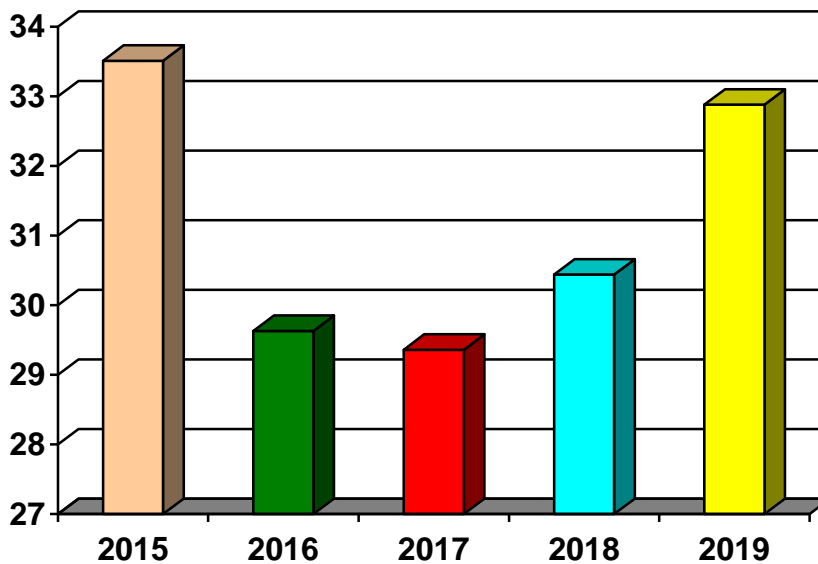
The bank's NTA ratio increases from FY2016 to FY 2019 and in FY2015 NTA ratio slightly fall after then it increases till FY2015. The highest NTA ratio was in FY2019 which surely helps to higher risks of loan losses but it also increases profits in that period. On an average, the bank maintained 5.03% NTA ratio which is moderate in terms of lesser risk and greater profits.



market value  
company. The  
mine whether

|    |         |
|----|---------|
| 19 | Average |
| 88 | 31.16   |

**Net Asset Value per Share**



**Figure: Net Asset Value per Share( Amount in Million)**

NAV ratio of UBL continuously decreases till FY2016 and then it slightly increases in FY2017 (25.90 Tk.) after then NAV ratio dramatically decreases in FY2019 (32.88Tk.). The highest MVPS ratio was 77.80 taka per share in FY2015 and the lowest NAV ratio was 29.36 taka per share in FY2017. On an average, the bank maintained NAV ratio of 31.16 taka per share.

# *Chapter Five*

## SWOT Analysis

## 5.1 SWOT Analysis of Uttara Bank Limited

SWOT analysis is a tool for auditing an organization and its environment. It is the first stage of planning and helps marketers to focus on key issues. SWOT stands for strengths, weaknesses, opportunities and threats. Strengths and weaknesses are internal factors. Opportunities and threats are external factors. The SWOT analysis heading provide a good framework for reviewing strategy, position and direction of a company or business proposition or any other idea.

S=Strengths (Positive + Internal)

W= Weaknesses (Negative+ Internal)

O= Opportunities (Positive + External)

T= Threats (Negative+ External)

SWOT analysis of Uttara Bank Limited is given below:

### **Strengths:**

- The Bank has been providing services successfully and has achieved goodwill in all over the country.
- Bank has a very competent and experienced top Management.
- UBL is operating their business all over the country with 227 branches.
- Stable Source of Funds
- Strong Liquidity Position
- Satisfactory Profitability
- Low Cost Fund

### **Weaknesses:**

- The Bank does not have any formal promotional activity, does not give any sort of Advertisement or does not have any marketing activity.
- There is no online and mobile banking facility.

- Limited number of ATM booth.
- The remuneration of the officers of Uttara Bank is lower compared to other private Banks. This is why high skilled human resources are discouraged to join here.
- The decision making of the Bank is too much centralized. No decision is made without the authorization of the head office.

### **Opportunities:**

- Scope of whole sale banking with NBFIs (Non Banking Financial Institution).
- Increasing awareness of banking system
- E-money facility
- Advanced credit card business
- Growing need for alternate banking channel
- Banks can offer new innovative products

### **Threats:**

- Increased completion in the banking sector
- Many multinational banks operate their activities in the country.
- Many A/C holder trust to multinational bank rather than local commercial bank.
- Inadequate market information
- Third generation private commercial banks and their offering different types of attracting products.
- Large non-performing assets of public sector banks
- Money laundering has been identified as a major threat to the financial services community.
- Overall liquidity crisis in money market.



# *Chapter Six*

## **Concluding Remarks**

## CONCLUDING REMARKS

### 6.1 Findings

- UBL's property and assets is increasing year by year.
- Investment shows increasing trend.
- UBL's loans and advances is also increasing trend.
- Deposits and other account of UBL shows increasing trend.
- UBL's total liabilities and share holder's equity is increasing year by year.
- UBL's operating expenses is increasing year by year.
- UBL's net interest income is increasing year by year.
- Total operating income of UBL shows increasing trend.
- UBL's net profit is increasing year by year.
- UBL's operating expenses to net interest income ratio was very poor.
- Return on Assets (ROA) of UBL was not superior.
- UBL's market value per share is decreasing year by year.
- Insufficient usage of modern facility like communication technology.
- Little application of modern technology such as computer and internet.
- Poor condition of balance of payment.
- Lack of enthusiastic scheme for exporter and importer.
- Absence of attractive remuneration package.
- Network of corresponded banks is poor.
- Non-cooperation of government bodies.
- Lack of fair entrepreneur class.
- Knowledge of entrepreneur regarding foreign trade policy is limited.

## 6.2 Recommendation

It was really difficult for me to find out any significant negative sides of Uttara Bank Limited among its numerous positive sides in terms of efficiency, profitability and managing foreign exchange activities. However, there are few problems which need to be corrected by the management of the bank. Some necessary steps are recommended below on the basis of collected data, observation, expert officers' opinion and my knowledge and judgment.

- Horizontal analysis of total operating expense was increasing from FY2015 to FY2019 which was bad sign for a bank. The management of UBL should focus on slow down the increasing rate of total operating expense over the year by cutting down unnecessary costs.
- Horizontal analysis of total liabilities was increasing from FY2015 to FY2019 which was not superior for a bank. The management of UBL should focus on slow down the increasing rate of total liabilities.
- UBL should pay attention to reduce their operating expense to operating income ratio. This margin is categorized as unsatisfactory from FY2015 to FY2019. This ratio was increasing year by year which is bad sign for a bank. The bank may decrease this ratio either by increasing operating income by attracting more clients to invest or decreasing operating expense by making an optimum portfolio of investment which will reduce the overall expenses.
- UBL should pay attention to reduce their operating expense to asset ratio. This margin is not good enough from FY2015 to FY2019. This ratio was increasing year by year which is bad sign for a bank. The bank may reduce this ratio by increasing assets such as raise their cash, investment, loans and advances.
- Operating expenses to net interest income ratio was very poor because each year operating expense exceeds net interest incomes.

UBL should pay attention to reduce this ratio by net interest income by attracting more clients to invest or decreasing operating expense.

- Return on Assets (ROA) of UBL was not superior. ROA ratio was decreasing FY2015 to FY2019. UBL should pay attention to increase this ratio because higher ROA ratio Indicated bank is running well.
- Introducing new marketing strategy to attract more clients, this will increase the total Export and import business.
- Attractive incentive package for the exporter, this will help to increase the export and accordingly it will diminish the balance of payment gap of UBL.
- Effective training is very much essential for the foreign exchange officials so that they can easily deal with their valuable customers.
- Online Banking system is very important to maintain secure foreign exchange operationfor UBL.
- Introduction of various incentives to increase remittance.
- Foreign exchange operation is more dynamic, less time-consuming and challenging job for a bank. Uttara Bank Ltd. should pay more attention to cope up with modern facility to face the challenges.
- In our country, financial problem is a great constraint to foreign trade and UBL is very mush conservative to post shipment finance. If the Bank takes a bit liberal position the exporter will easily come out from financial constraint.

## 6.3 Conclusion

The finding in this report cannot be taken as a conclusion and it will wrong to end here with such results. Because this study actually gives a simple picture and leaves room for further study in different areas of banking functions such as product of banks, productivity analysis, Data Environment analysis, CAMELS rating and more.

Banking sector is the chief financial intermediary in a country. It is a very challenging institution and in the age of globalization and free trade, the process and the system of running a Bank is changing. UBL already managed itself with this changing environment. The company strategies are clear and concise. The return is attractive for the bank. If the Bank goes this way, one can expect that in near future Uttara Bank Limited may become one of the top performers.

From the discussion it can be concluded that Uttara Bank Limited playing an important role in the economic development of the country and it has a prospect future to have a very good

position in the Banking sector. To do this it should increase promotional activities to reach to the people easily as well as Uttara Bank Limited focus on major banking activities that may increase the bank ranking and financial performance position comparing with other banks. Such information assists the management of this bank in creating appropriate financial strategies for attaining the required planned financial performance.

The study provides bank managers with understanding of activities that would improve their bank's financial performance and foreign exchange operation. The results of this study imply that it might be necessary for the management of Uttara Bank Limited to take all required decisions by consistently observing key financial ratios, horizontal (trend) analysis among various elements and foreign exchange operation to enhance their position in the banking industry.

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