Internship Report on

Financial Performance Analysis of United Commercial Bank PLC.



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Submission Date: 28th April

Submitted for the partial fulfillment of the degree of Bachelor of Business Administration

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on
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Submission Date: 28th April

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Letter of Transmittal

April 28, 2025

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

Subject: Submission of Internship report.

Dear Sir,

With humble honor and respect, I am submitting my internship report on "**Financial performance analysis of United Commercial PLC**". As per partial accomplishment of the requirements for the BBA degree, this internship has been carried out under the supervision of you.

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

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

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

Sincerely,

Md. Naimul Ahsan
ID: BBA2102023084
Department of Business Administration
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Student's Declaration

I, the undersigned, a student of Business Administration, Department of BBA program, Major in Finance of Sonargaon University (SU) do hereby declare that the internship report **on "Financial performance analysis of United Commercial Bank PLC"** is the original one and has been prepared by myself and has not been submitted anywhere for any degree, diploma, title or recognition.

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

Sincerely,

Md. Naimul Ahsan
ID: BBA2102023084
Department of Business Administration
Sonargaon University (SU)

Letter of Authorization

Certified that this project report titled **"Financial performance analysis of United Commercial Bank PLC"** is the bona fide work of Md. Naimul Ahsan, who carried out the study under my supervision. Certified further that to the best of my knowledge the work reported herein does not form part of any other project report or dissertation on the basis of which degree or award was conferred on an earlier occasion on this or any other candidate.

_____

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

Acknowledgement

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

List of Abbreviation

UCBL = United Commercial Bank Limited.
HOB = Head of Branch
OM = Operational Manager
GB = General banking
CA = Current Asset
CL = Current Liabilities
ROA = Return on Asset
ROE = Return on Equity
MPM = Net profit margin

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Chapter 1

Introduction

1.1 Introduction

Performance analysis is structural and logical way to present overall financial performance of a financial institution. It's also help to evaluate and decision making for business operation. In financial analysis process ratio analysis is the most dominant and logical structure to help business related stakeholder. Under the financial ratio analysis process there are few categories to identical area of financial institution. So business stakeholders try to concentrate to get overall business overview from profitability, liquidity, assets management and solvency ratio analysis. These ratios not only help to decision making process also emphasized on risk avoiding and profit raising related factors. To calculate this ratio need to take quantitative data from bank trading activity and other sources.

1.2 Background of the Study

To complete the academic requirement of BBA (Bachelor of Business Administration) student of Sonargaon University have to complete my internship to gather practical experience by working professionally. This experience helps me to know how to deal with the practical job related responsibilities. Interns are generally placed according to major subject or concentrated area to gather knowledge. As student of finance I got the chance to do my internship at "United Commercial Bank PLC"- Dhanmondi branch, Dhaka. I started my internship at United Commercial Bank PLC in Dhanmondi, Branch, Dhaka from January 18, 2025. A report on a particular topic is a mandatory part of the internship program. I was authorized to make the report on the "Financial Performance Analysis of United Commercial Bank PLC." It was a great experience for me to work as an intern at United Commercial Bank PLC.

1.3 Rational of the Study

The rationale of this report is to measure the financial performance of United Commercial Bank PLC. for the years of 2020-2024. The analysis of financial performance is a particular measure of a company's capacity to use the assets of its essential method of business and to generate profit. The term also used as a general measure of the overall financial strength of a business over a given period and used to compare similar businesses in the same sector or to compare industries or sectors.

1.4Aims and Objective of the report

Aims

The aim of this reports is to know about the **"**Financial Performance of United Commercial Bank Limited.

Objectives

- To know about the general banking activities of United Commercial Bank.
- To know about the liquidity status of UCBL.
- To know about the Profitability status of UCBL.
- To know about the Leverage structure of UCBL.
- To know about the Efficiency status of UCBL.

1.5Report Outline

I have organized the report in the following way:

Chapter one-Introduction: The introductory terms and rational of the report, Aims and Objective of the Study and Research questions are described.

Chapter Two- Overview of the Company & Internship Experience: The company's overview is covered in this chapter. The company's overview as well as my internship experience has been discussed here.

Chapter Three- Literature Review and Methodology: This chapter includes literature review which provides an idea about other authors take on financial performance analysis and the parameters they have used to analyze the financial position of a company. Research methodology is essential to carry out a study in effective way. This chapter will discuss about various research methodology that would be used in this study.

Chapter Four- Data Analysis: In this chapter UCBL's financial performance is described here.

Chapter Five- The last chapter, is all about limitations, recommendations along with the conclusion.

Chapter 2

Organizational Profile and Internship Experience

2.1 Overview of the Organization

United Commercial Bank" is One of the leading and fastest growing privately owned Bangladesh based financial institution. United Commercial Bank Limited incorporated on 26 June 1983 as a private company with limited liability under the Companies Act 1993. The bank obtained authorization to commence business with effect from 27 June 1983 and started banking operations on 29 June 1983 with an authorized capital of TK 35.50 million in hand with the object of fineness in customer service and contentment.

UCBL offers all kinds of Commercial Corporate and Personal Banking services covering all segments of society within the framework of Banking Company Act and rules and regulations laid down by our central bank. Diversification of products and services include Corporate Banking, General Banking, Retail Banking and Consumer Banking right from industry to agriculture, and real state to software that provides financial services including- personal and business banking, loans, credit and debit cards, money transfer facility, online banking and other services. United Commercial Bank, from its beginning gave more importance in technology integration in order to remain competitive in the region of banking to hold their position. Keeping the network within a reasonable limit, their strategy is to serve the customers through capacity building across multi-delivery channels.

This bank successfully establishes itself as one of the leading first generation banks in the country with a huge network of 215 branches. Also consumer products like UCB cards have been showing incredible success and soon became the leader in local market with around 40000+ card holders with 580+ ATM booths. This bank has already made a separate entity in the territory of private sector banking through personalized service, innovative practices, dynamic approach and efficient management by the help of 7645 employees who always show their dynamic performance to keep their leading position in the banking sector. They are better positioned and balanced to make their customers capable enough for changing times and facilitate them to compete more effectively in the market they operate. This bank is aiming to play a fundamental role in the economic activities of the country by the expansion of trade, commerce and industry thorough an inventive credit policy.

2.2 Functions of General Banking Department of UCBL

I have completed my internship program in United Commercial Bank limited at Dhanmondi branch. The 12 weeks program has been a great experience. During my internship period I observed under the following functions of general banking activities of UCBL offer.

- Account opening
- Process for Cheque book requisition
- Account Closing
- Account Transfer
- Cheque clearing process

2.2.1 Account opening

First step for opening an account in a bank is to take interview to the person who wants to open the account and also need to know some common information about the nominee. After gathered all the information and other necessary papers an account opening officer have to fill all the information in the account opening form.

Necessities for opening account

- Two copy of account holders photograph
- One copy of nominee's photograph
- One copy of both account holder and nominee's national identity card
- One copy of utility bill (Electricity Bill is more preferable)
- For student account, student's identity card copy is mandatory
- For minor account and if minor is a nominee for any account in both the case birth certificate is needed.

2.2.2 Process for Cheque book requisition

For having a cheque book at first one has to fill up the cheque book requisition form. Then the form has to submit to the account opening officer and the officer will post the requisition by the help of the software to send it to the head office. The cheque will take maximum one week to reach to the branch from the head office and when it arrives the cheque book has to give entry to the register book for keeping record of it. At the time of delivery, the cheque book to the customer he/she has to give signature on the register book otherwise he/she cannot take it.

2.2.3 Account Closing

Account closing is also a part of general banking department and this process is put under account opening section. Customers can close their account at any time by giving earlier notice to the bank. Similarly, the bank on real ground may close customer's account giving reasonable notice for the action or without any notice if the conduct of the account is not satisfactory to the bank. In either case, bank will realize a minimum closing charge from the customer's account.

2.2.4 Account Transfer

Account opening department also deals with transfers account from one branch from another on customer's request. The steps are:

- Customers have to fill up application form for account transfer.
- Officers have to do verification of signature and take approval of operation head.
- Officers have to inform the respective branch.
- Officers have to forward the documents.
- Lastly officers can close the account.

2.2.5 Cheque Clearing Process

Clearing Department of a bank performs one of the important jobs of general banking division which centers in clearing of cheques and it mainly works under a software based computerized electronic fund transfer system which known as BACH (Bangladesh automated clearing house). Branches those are certified by Bangladesh bank to enlist to use BACH system can collect/transfer their money without going from one branch to another. As such, the clearing department eases, fosters and ensures the receipt and transfer of payment on behalf of its customers. In this respect the activities of clearing department are sensitive one since the credibility of the bank to the customers relies on the smooth, efficient and effective functioning of the department. Clearing department divides the cheques deposited for clearing into two – inward cheques and outward cheques. Inward cheques are those placed by different bank branches and which are issued by the account holder of that very branch (inward cheque receiving branch). Outward cheques are those deposited in particular branch of a bank and which are issued by the account holder of the other banks.

2.3 Internship Experience at UCBL

2.3.1 Internship Details

Internship is offered for 12 weeks and since 18 January, 2025, I have been working at United Commercial Bank PLC and deal with lots of issues. I was under the supervision of Farhana Akter, Senior executive officer of United Commercial Bank Limited, Dhanmondi, Branch. My association with this bank is being a part of the General Banking Section (GB). The nature of work was quite basic as an internee; nevertheless I got to see what practical life is.

2.3.2 Description of my job at UCBL

I have tried to see the things what are being done in each department of the branch. In some department I've worked practically to get the things properly especially at the HR Department & General Banking Department.

2.3.3 Job Responsibility

Below the duties I have performed during my internship

- Filling up the Account Opening Form
- Cheque requisition
- Cheque delivery
- Cheque issue
- Client account statement
- Scanning of different documents
- Client data entry or edit

2.3.1 Filling up the Account Opening Form:

At the very first day, I was introduced with the Account Opening Form of Current Account, Savings Account and Fixed Deposit Account. Before I was told to fill them up, my instructor gave me an overall brief idea about the Forms. If the customer is new in our bank or branch then I asked them to fill up whole from sitting front of me. But if the customer is regular or our valuable or reliable customer then I was keeping only the signatures in the form and the documents because of our customer convenience. Then I was supposed to filled up that pending account by help of that customer’s another account or his/her documents. Then I red marked the

signatures put a seal on the signatures and after that representative officer put signed on the seal to verify the form

2.3.2 Cheque Requisition:

Savings and current account holders need cheque book. Because those account holders deposit and withdraw their money frequently. Without cheque book they cannot withdraw their money. So realistically those account holders need cheque book for their transaction, for business and personal purpose. When they open their account there is a separate form for cheque book requisition. Account holders need to fill out those form for their account activation.

2.3.3 Cheque Delivery:

After giving cheque requisition customers need to wait for their cheque book. After cheque requisition normally it takes couple of working days to delivery cheque book to respective customers. After that customers need to collect their cheque book from our branch.

2.3.4 Client Account Statement:

Some customers ask for their bank account statement. According to their demand I gave bank account statement to our customers. We didn't apply any charge for bank account statement.

2.3.5 Scanning of Different Documents:

When I open an account, I need to collect different documents from customers. Ex- National ID Card, Passport, driving License, Commissioner Certificate etc. So I need to scan those documents for banking purpose. After scanning those documents I print it and return the original copy to the customers.

2.3.6 Client Data entry or Edit:

In the account opening form customers write the details according to what is asking for. After filling the form, I need to cheque it. After that I need to entry those data in computer through banking software. In the banking software there are minimum two (2) pages that I need to fill out. In this software I can also edit the data if required.

Chapter 3

Literature review and Methodology

3.1Literature review

In this section of the study will introduce some relevant researches with concepts and their findings evolved by earlier researchers.

Financial ratio analysis is a process of determining and interpreting relationships between the items to financial statements to provide a meaningful understanding of the performance and financial position of an enterprise. Ratio analysis is an accounting tool to present accounting variables in a simple, concise, intelligible and understandable form. Ratio analysis is a study of relationship among various financial factors in a business. Thus, it seeks to measure the value of the entity and purpose which it pursues, financial analysis develops the steps of collecting, shaping and treatment of range of management information which may clarify the wanted diagnosis and prognosis.

Many researchers have studied financial ratios as a part of working capital management; however, very few of them have discussed the working capital policies in specific. Some earlier work by Gupta & Heffner (1972) examined the differences in financial ratios averages between industries. The conclusion of both the studies was that differences do exist in mean profitability, activity, leverages and liquidity ratios amongst industry groups. Pinches et al. (1973) used factor analysis to develop seven classifications of ratios, and found that classifications were stable over the 1951-1969 time periods.

Sujan Chandra pual, Probir Kumar Bhowmicketc (2013) used the liquidity and profitability ratio to find out the financial performance analysis for Islamic and conventional banks. This journal includes the five Islamic and five conventional banks to measure the performance on the basis of financial data from 2008 to 2012. Different types of financial ratio used like return on asset, return on equity, net profit margin, loan to asset, loan to deposit etc. in 2008 and 2009 Islamic banks performance are not better than the conventional banks. Islamic banks are the less profitable than the conventional banks on the basis of ROE. On the other hand Islamic banks are more profitable than conventional banks earnings per share, profit per branch and profit per employee. Loan to asset ratio are higher than the conventional banks on the other hand loan to deposit ratio are lower than the conventional banks. Islamic banks are less liquidity position as compared to the conventional banks.

According to Obaidullah (2011), efficiency of the financial institutions can be defined as ability to mobilize the savings from the savings-surplus units and allocate these funds among savings-deficit units in the economy. Moreover, Kumbhakar and Lovell, (2011) stated that efficiency can be measured with respect to maximization of output, minimization of cost or maximization of profits. By referring to these definitions, a greater efficiency can be looked as an indicator that individual banks can adapt better to a different operating environment through higher ability to combine and utilize inputs. It could also imply that the banks with higher efficiency have higher shareholder value, higher volume of funds intermediated and more economic growth if funds are channeled into more productive investments.

3.2 Methodology of the Report:

This report uses a financial ratio analysis to measure, describe and analyse the performance of United Commercial Bank Limited during the period 2017-2021.

3.2.1 Data Collection Sources

This report is based on the secondary data. For the purpose of performance analysis of UCBL the quantitative data are directly collected from the UCBL annual report of the year from 2017 to 2021.Various publications and articles on financial performance analysis. Several financial journals relating to the financial performance analysis.

3.2.2 Data Analysis Technique

Software

a. MS Word

b. MS Excel

These software were used during preparing the report.

The financial performance identifies how well a company generates revenues and manages its assets, liabilities, and the financial interests of its stakeholders and stockholders.

In literature review we can see that different authors have used different methods to evaluate the financial performance of a company. I am going to analysis financial performance of UCBL by using the following ratios.

SL	Parameter	Ratios	Formula	Sources
1	**Liquidity Ratios**	Current Ratio	Current Asset/ Current Liability	Gupta & Heffner (1972) Sujan Chandra pual (2013)
		Net working capital	Current Assets – Current Liabilities	Gupta & Heffner (1972) Sujan Chandra pual (2013)
		Cash Ratio	Cash and Cash equivalents/ Total Current Liabilities	Gupta & Heffner (1972)
2	**Profitability Ratios**	Net Profit Margin	(Net income after Taxation ÷ Total operating revenue)	Gupta & Heffner (1972) Sujan Chandra (2013)
		Return on Asset	(Net Income ÷ Total Asset) × 100	Gupta & Heffner (1972) Bakar and Tahir (2009)
		Return on Equity:	(Net Income ÷Stockholders' Equity)	Gupta & Heffner (1972) Sujan Chandra (2013)
3	**Solvency / Leverage Ratios**	Debt to Asset Ratio	Total Liabilities ÷ Total Assets	Gupta & Heffner (1972)
		Debt to Equity Ratio	Total Liabilities ÷ Total Shareholder Equity	Gupta & Heffner (1972)
		Debt to Capital Ratio	Total Debt ÷ (Total Debt + Total Equity)	Gupta & Heffner (1972)
4	**Efficiency Ratios**	Total Asset Turnover Ratio	Total Operating Revenue ÷ Total Asset	Gupta & Heffner (1972)
		Fixed Asset Turnover Ratio	Total Operating Revenue ÷ Fixed Asset	Gupta & Heffner (1972) ASA University Vol. 7 No. 1
		Cost to Income Ratio	(Total operating expense ÷ Total operating income)	Gupta & Heffner (1972) ASA University Vol. 7 No. 1

Chapter 4

Performance Analysis

This section of the report work present and discusses the results.

4.1 Measure Liquidity position of UCBL.

4.1.1 Current Ratio

(Figures in million Taka expect ratios and per share data)

Ratio	2020	2021	2022	2023	2024
Current Ratio	1.16	1.15	1.13	1.15	1.13

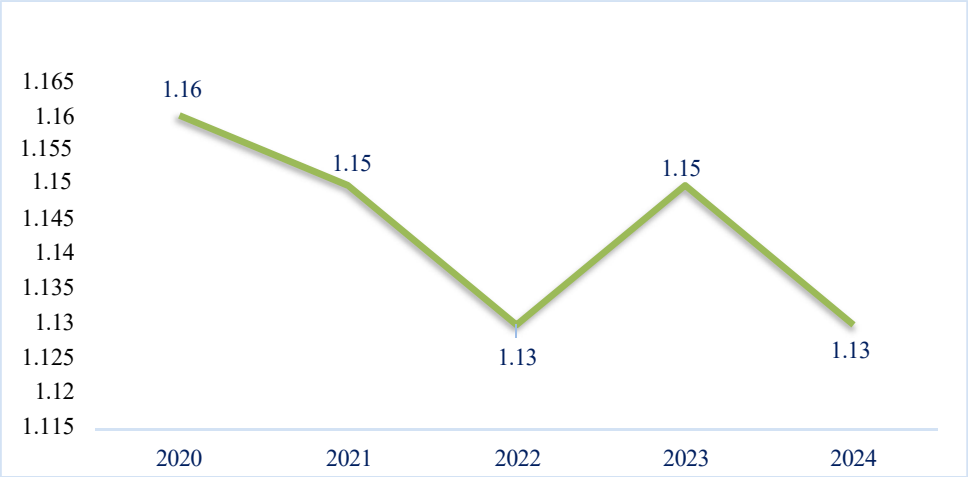


Figure 1: Current ratio

Interpretation: The current ratio measures a company's ability to pay current, or short-term, liabilities (debts and payables) with its current, or short-term, assets, such as cash, inventory, and receivables. This graph is representing the current ratio of last five years of UCBL. According to this graph, we can see that current ratio of UCBL follow downward trend. In the year 2020 current ration was 1.16, 1.15 in 2021, 1.13 in 2022, 1.15 in 2023 and 1.13 in 2024.It means that UCB had following current asset in against 1tk current liability. Current ratio generally accepted standard of 2:1. So we can say that however UCBL has enough current asset to pay current liabilities but current ratio of the UCB is not satisfactory because the ratio (1.13) is below 2:1.

4.1.2 Net working capital

	2020	2021	2022	2023	2024
Net Working Capital	28,218.70	28,197.67	27,365.66	28,998.67	28,811.93
Growth Rate	1.25%	(0.07%)	(2.95%)	5.97%	(0.64%)

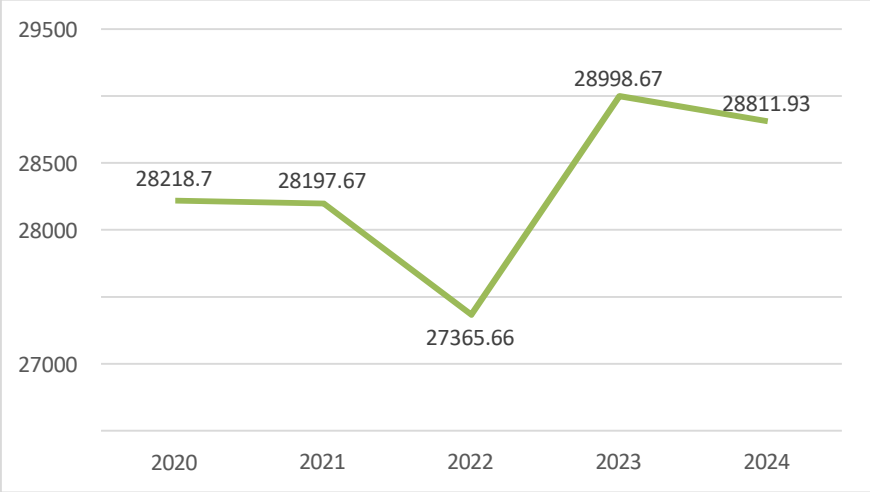


Figure 2: Net working capital

Interpretation: Working Capital is a measure of a company's liquidity and its ability to meet short-term obligations, as well as fund operations of the business. The ideal position is to have more current assets than current liabilities and thus have a positive net working capital balance. This graph is representing the working capital of last five years of UCBL. According to this graph, we can see that net working capital was TK 28,218.70 million in the year 2020. In the year 2021 it was decreased by 0.07%. In the year 2022 it was also decreased by 2.95%. But in the year 2023 net working capital growth of UCBL was very high and it was increased by 5.97%. In the year 2024 it was decreased by 0.64%.

4.1.3 Cash Ratio

Ratio	2020	2021	2022	2023	2024
Cash Ratio	0.136	0.118	0.123	0.126	0.113

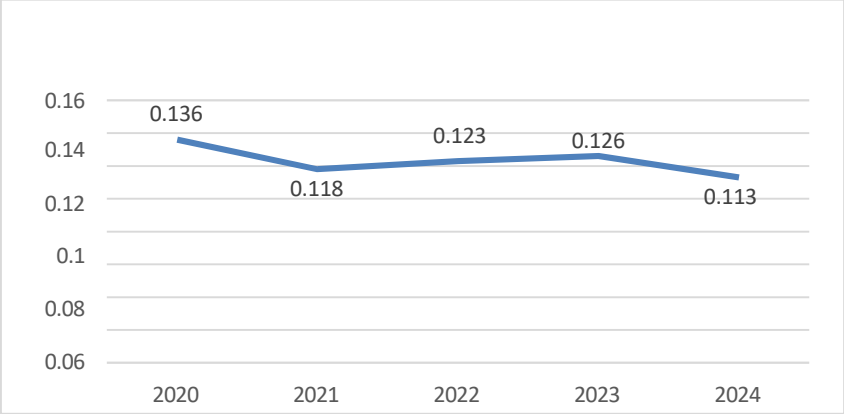


Figure 3: Cash Ratio

Interpretation: The cash ratio is measures the ability of the company to repay the short-term debts with the cash or cash equivalents. As we know that higher cash ratio means that the company is more liquid and can more easily fund its debt. Creditors are particularly interested in this ratio because they want to make sure their loans will be repaid. This graph is representing the cash position of last five years of UCBL. According to this graph, we can see that in 2020 their cash position was 0.136 which is in the year 2021 decreased to 0.118. In the year 2022 & 2023 it was increased to 0.123 & 0.126 then in the year 2024 cash ratio decreased to 0.113.

Summary of Liquidity position of UCBL

SL	Ratio	2024	2023	2022	2021	2020
1	Current Ratio	1.13	1.15	1.13	1.15	1.16
2	Working Capital	28,811.93	28,998.67	27,365.66	28,197.67	28,218.7
3	Cash Ratio	11.31%	12.62%	12.30%	11.93%	13.63%

Liquidity ratio refers a company's ability to repay short term debt obligations. Above the data analysis in current ratio we can see that UCBL has reduced its liquid position over time significantly. In 2020 it was 1.16 and in 2022 it has decreased to 1.13. Till the year 2023 UCBL has been able to maintain a stable ratio, although it dropped next year 2021 because current asset is not increased than current liabilities increased.

In Working capital ratio analysis, we can see that UCBL have more current assets than current liabilities over the year which was good sign for UCBL.

In Cash ratio analysis we are observing Cash ratio follow downward trend. In that case we can say that UCBL cash position is not good position. The reason behind this decline in cash and deposits due to other banks are growing as a competitor in the market. This trend implies that the bank is becoming more and more weak to handle its immediate cash needs as the cash is the first line of defense against the deposit withdrawals and cash demands.

So we can conclude that UCBL Liquidity position is moderate.

4.2 Measure Profitability position of UCBL

4.2.1 Net Profit Margin

Ratio	2020	2021	2022	2023	2024
NPM	13.60%	12.69%	13.07%	13.55%	9.33%

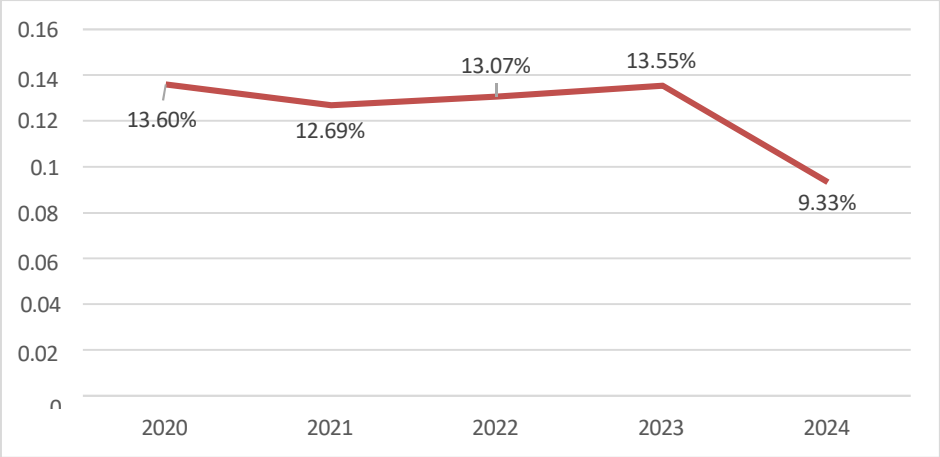


Figure 4: Net Profit Margin

Interpretation: The net profit margin measures a company's ability to generate earnings after all expenses and taxes. This graph is representing the net profit margin of last five years of UCBL. According to this graph, we can see that the NPM ratio of UCBL is showing a mixed trend. The value of net profit margin fluctuated from 13.60% to 9.33%. In these five years, the best performance of the year 2020 and the year 2021 shows the worst performance.

4.2.2 Return on Total Asset

Ratio	2020	2021	2022	2023	2024
ROA	0.67%	0.59%	0.62%	0.58%	0.43%

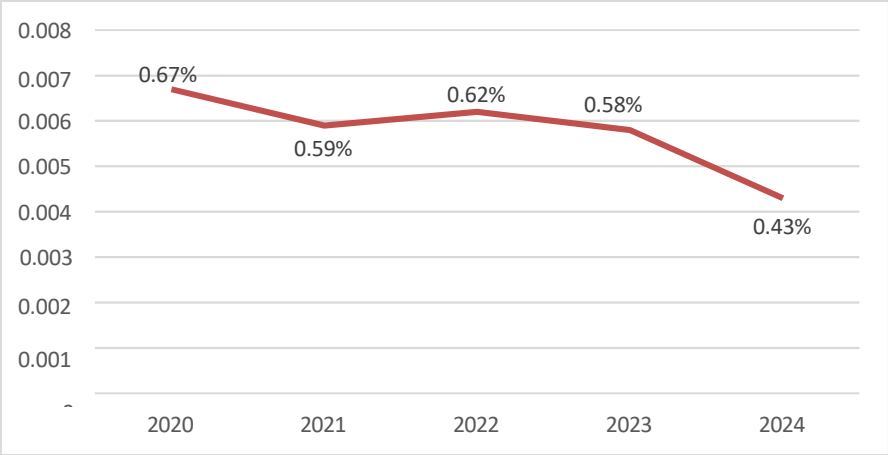


Figure 5: Return on Asset

Interpretation: The Return on assets is measures the ability of management to efficiently use assets to generate profits. The higher the ROA number, the better, because the company is able to earn more money. This graph is representing the return on asset of last five years of UCBL. According to this graph, we can see that in 2020 ROA was 00.67% which is in the year 2021 decreased by 0.59%. In the year 2022 it was increased by 0.62%. Then in the year 2021 & 2024 continuously decreased by 0.58% and 0.43%.

4.2.3 Return on Equity:

Ratio	2020	2021	2022	2023	2024
ROE	9.18%	7.92%	8.46%	8.15%	6.56%

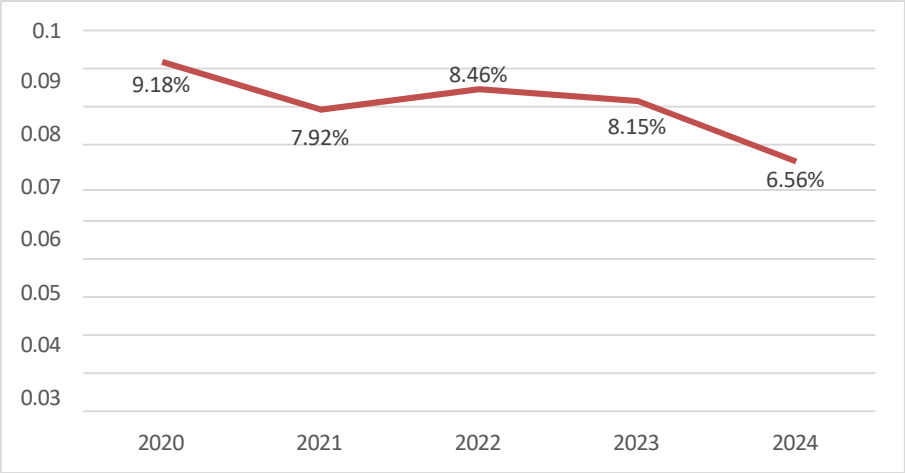


Figure 6: Return on Equity

Interpretation: The Return on Equity ratio measures the rate of return earned on the total Equity of the firm. This graph is representing the return on equity of last five years of UCBL. According to this graph, we can see that in this five years' period, return of asset fluctuated from 9.18% to 6.56%. In these five years, the best performance of the year 2020 and the year 2024 shows the worst performance.

Summary of Profitability position of UCBL

SL	Ratios	2024	2023	2022	2021	2020
1	NPM	9.33%	13.55%	13.07%	12.69%	13.60%
2	ROA	0.43%	0.58%	0.62%	0.59%	0.67%
3	ROE	6.56%	8.15%	8.46%	7.92%	9.18%

Profitability ratios assess a company's ability to earn profits from its sales or operations, balance sheet assets, or shareholders' equity. Higher ratio results are often more favorable. Above the analysis we can see that UCBL profitability ability were fluctuated several time. However sometimes UCBL was not able to maintain stable profitability margin but good news is that they never face in loss position. So we can sum up that UCBL profitability position is quite good.

4.3 Measure Leverage Position of UCBL

4.3.1 Debt To Asset Ratio

Ratio	2020	2021	2022	2023	2024
Debt To Asset Ratio	0.927	0.925	0.926	0.928	0.934

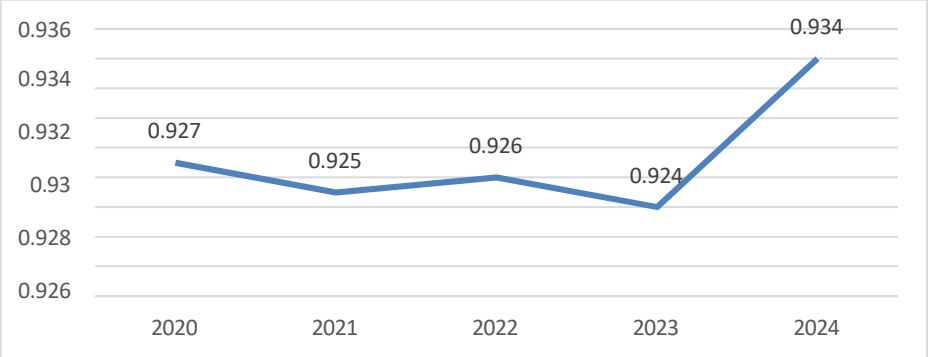


Figure 8: Debt To Asset Ratio

Interpretation: Debt to Asset ratio indicates the percentage of assets that are being financed with debt. The higher the ratio, the greater the degree of leverage and financial risk. This graph is representing the debt to asset ratio of last five years of UCBL. According to this graph, we can see that in this five years period, debt to asset ratio fluctuated from 0.927 to 0.934. In these five years, the highest debt of the year 2024 and the year 2023 shows the lowest debt which was positive sign for UCBL.

4.3.2 Debt to Equity Ratio:

Ratio	2020	2021	2022	2023	2024
Debt to equity Ratio	0.127	0.125	0.126	0.131	0.142

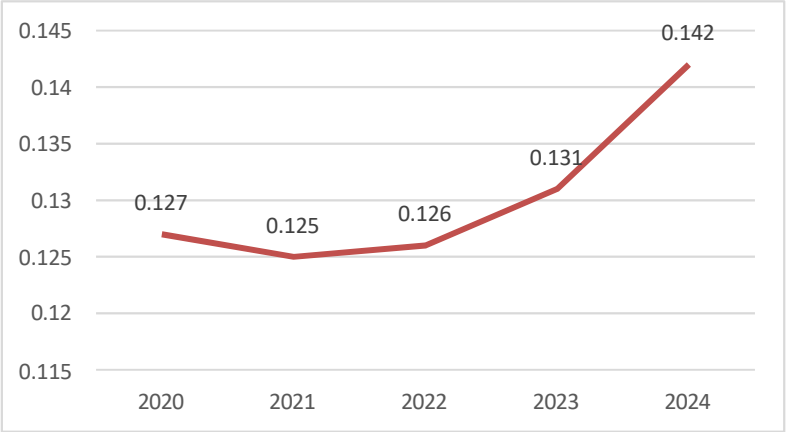


Figure 9: Debt to Equity Ratio

Interpretation: This ratio indicates total debt used in the business in comparison to equity. A higher ratio represents insecurity to the creditors and other lenders and the low ratio represents more safety or cushion to lenders. This graph is representing the debt to equity ratio of UCBL is upward trend. Which is not good sign for UCBL. According to this graph, we can see that in this five years' period, debt to asset ratio respectively increased from 0.127 to 0.142. In these five years, the highest debt of the year 2024 and the year 2020 shows the lowest debt which was good sign for UCBL.

4.3.3 Debt to Capital Ratio:

Ratio	2020	2021	2022	2023	2024
Asset To Equity Ratio	92.70%	92.58%	92.66%	92.89%	93.45%

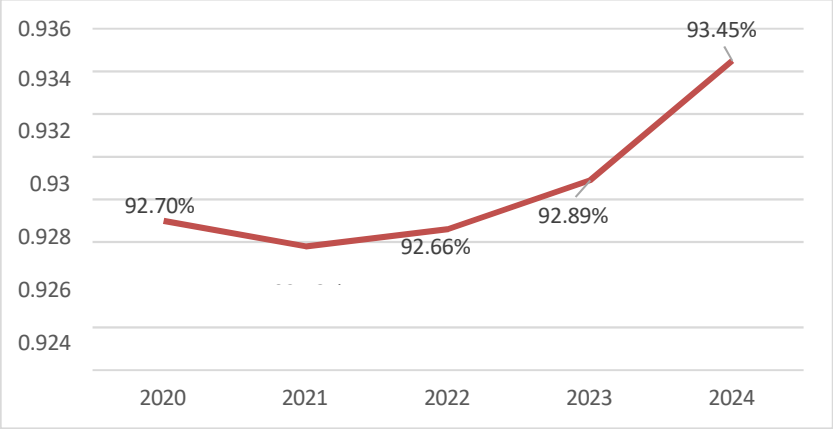


Figure 11: Debt to Capital Ratio

Interpretation: The debt to-capital ratio measures a company's financial structure. The higher the debt-to-capital ratio, the riskier the company because a higher liability to repay the debt and a greater risk of forfeiture on the loan if the debt cannot be paid timely. This graph is representing the debt to capital ratio of last five years of UCBL. According to this graph, we can see that in this five years period, debt to capital ratio respectively increased from 92.70% to 93.45%.which was not good sign for UCBL. In these five years, the highest debt of the year 2024 and the year 2020 shows the lowest debt.

Summary of Leverage position of UCBL

SL	Ratios	2020	2021	2022	2023	2024
1	Debt to Asset	0.927	0.925	0.926	0.928	0.934
2	Debt to Equity	0.127	0.125	0.126	0.131	0.142
3	Debt to Capital	92.70%	92.58%	92.66%	92.89%	93.45%

Leverage ratios are used in determining the amount of debt loan the business has taken on the assets or equity of the business. A high ratio indicates that the company has taken on a larger amount of debt than its capacity and will not be able to service the obligations with the ongoing cash flows. Above the data analysis we can see that debt to asset, debt to equity and debt to capital all ratio shows upward trend which was not good sign for UCBL because a higher leverage ratio represents insecurity to the creditors and other lenders and the low ratio represents more safety or cushion to lenders.

4.4 Measure Efficiency position of UCBL

4.4.1 Total Asset Turnover Ratio

Ratio	2020	2021	2022	2023	2024
Total Asset Turnover	0.049 Times	0.046 Times	0.048 Times	0.043 Times	0.046 Times

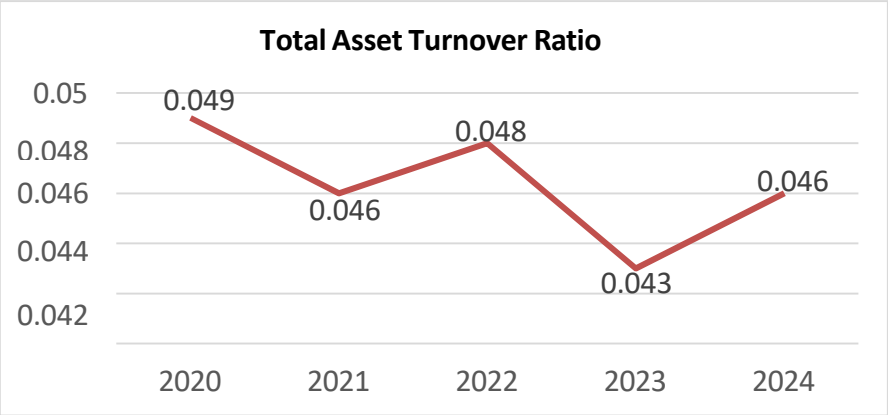


Figure 12: Total Asset Turnover Ratio

Interpretation: The asset turnover ratio measures the efficiency of a company's assets in generating revenue or sales. Generally, a higher ratio is favored and good sign for any company because it implies that the company is efficient in generating sales or revenues from its asset base. A lower ratio indicates that a company is not using its assets efficiently and may have internal problems. According to this graph, we can see that UCBL's total asset turnover ratio is fluctuated several time from 0.049 to 0.046. In the year 2020 total asset turnover of UCBL was 0.049 times. After that in the year 2021 it was decreased to 0.046 and then in the year 2022 it was increased to 0.048. But in the year 2023 it decreased to 0.043 times and then in the year 2024 it increased to 0.046 which was really good sign for UCBL.

4.4.2 Fixed Asset Turnover Ratio

Ratio	2020	2021	2022	2023	2024
Fixed Asset Turnover	2.14 Times	2.05 Times	1.46 Times	1.44 Times	1.54 Times

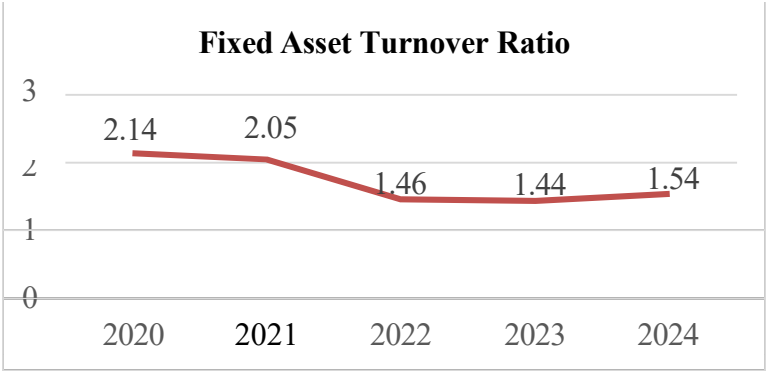


Figure 13: Fixed Asset Turnover Ratio

Interpretation: The fixed asset turnover ratio reveals how efficient a company is at generating sales from its existing fixed assets. A higher ratio implies that management is using its fixed assets more effectively. According to this graph, we can see that UCBL's fixed asset turnover ratio is fluctuated several time from 2.14 to 1.54. In the year 2020 fixed asset turnover of UCBL was 2.14 times. After that in the year of 2021 to 2023 it was continuously decreased to 1.44 times and then in the year of 2024 it was increased to 1.54 times which was good sign for UCBL.

4.4.3 Cost To Income Ratio:

Ratio	2020	2021	2022	2023	2024
Cost To Income Ratio	53.49%	59.01%	59.47%	65.91%	62.22%

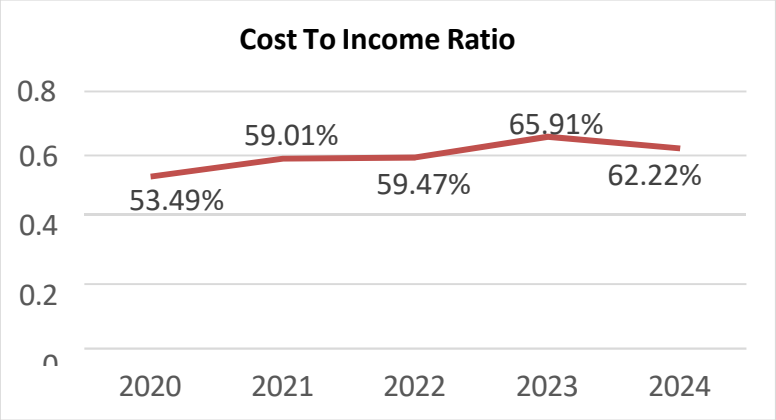


Figure 14: Cost To Income Ratio

Interpretation: The cost to income ratio is primarily used in determining the profitability of banks. It depicts the efficiency at which the bank is being run. The lower ratio, the better, and it indicates more profitability of banks. This graph is representing the cost to income ratio of last years of UCBL. According to this graph, we can see that UCBL cost to income ratio shows downward trend. In the year 2020 cost to income ratio of UCBL was 53.49% After that in the year of 2021 to 2023 it was continuously increased. And then 2024 it was decreased by 62.22%. Which was really god sign for UCBL.

Summary of Efficiency position of UCBL

SL	Ratios	2024	2023	2022	2021	2020
11	Total asset turnover	0.049 times	0.046 times	0.048 times	0.043times	0.46 times
12	Fixed asset turnover	2.14 times	2.05 times	1.46 times	1.44 times	1.54 times
13	Cost to Income	53.49%	59.01	59.47%	65.91%	62.22%

Efficiency ratios measure how efficiently a company uses its assets to generate revenues and its ability to manage those assets. Higher ratio is more favorable for company. Above the analysis we can see that total asset turnover and fixed asset turnover both are shows upward trend and on the other hand cost to income ratio downward trend which was really good sign for UCBL. So we can conclude that UCBL efficiency position is quite good.

Chapter 5

Findings, Recommendations & Conclusions

5.1 Findings from the analysis

- In liquidity ratio analysis we find that UCBL liquidity position fluctuated in several times. They are fail to maintain stable liquidity position and at the end their liquidity position shows downward trend which is not good sign for UCBL.
- In profitability analysis we find that NPM, ROA and ROE are not stable and it also shows downward trend. However we can see that sometimes UCBL was not able to maintain stable profitability margin but good news is that they never face in loss position. So we can sum up that UCBL profitability position is Moderate.
- In Leverage ratios analysis we find that debt to asset, debt to equity and debt to capital all are shows upward trend which was not good sign for UCBL because a higher leverage ratio represents insecurity to the creditors and other lenders and the low ratio represents more safety or cushion to lenders.
- In Efficiency ratio analysis we find that total asset turnover and fixed asset turnover both are follow upward trend and on the other hand cost to income ratio shows downward trend which was really good sign for UCBL. So we can conclude that UCBL efficiency position is good.

5.2 Recommendation

- UCBL liquidity position shows downward trend so authority should increase current assets against current liabilities to stable liquidity position and pay short term obligations.
- The profitability ratio analysis of UCB has indicated that the overall profitability of the bank has decreased so the bank should focus on improving its profitability. It should more specifically focus on improving its net profit and interest income in that way causing net profit margin, return on asset and return on equity to increase and hence increase the overall profitability of the bank.
- Debt to equity ratio and debt to asset is also increasing and shows upward trend so UCBL should keep stable these ratio and maintain them properly meet up the debt in time.

5.3 Limitations of the Study

It was a great opportunity for me to work at United Commercial Bank Limited during my internship period. None the less I had to face some obstacles while doing this report. Some of them are given below:

Lack of Time: As there was only three months to complete the report, it was almost impossible to cover the performance of the such a huge bank in full swing.

Limited data resources: All types of information were not available for access, so it was not possible to access and summarize them properly. Though I had assistance from other employees but it was not enough for me due to their high work pressure in the bank. Some assumptions were made due to limited information, so there may be some personal mistakes.

Lack of experience: It was my first time, doing a report on a banking system in a practical corporate life. So my limited experience was the main obstacle of this study.

Privacy of Information: Every establishment has its secrecy that is not shared with everyone. So this confidentiality of information was also an obstacle faced in this study.

5.4 Conclusion

This report has been prepared to show a performance analysis of United Commercial Bank Limited. After conducting liquidity ratio, profitability ratio, leverage ratio and efficiency ratio analysis I have found under following results.

In liquidity ratio shows downward trend. Overall liquidity ratio such as current ratio, cash ratio both are downward which means liquidity position of UCB has decreased during the period.

In Profitability ratio shows a consistent downward trend. Overall these profitability ratio shows that net profit margin, return on asset, return on equity has not increased much over the years. Therefore, the profitability of UCB has decreased.

In leverage ratio we find that debt to asset, debt to equity and debt to capital all ratio shows upward trend. Which means at that level the credit risk of the bank has increased as high ratios indicate that more and more assets and loans are financed by debt.

In efficiency ratio we find that total asset turnover, fixed asset turnover both are upward trend which was good sign for UCB on the other hand cost to income ratio consistently decreased which indicates that the banks efficiency in utilizing its assets to generate revenue is very good.

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5.6 Appendix

	2020	2021	2022	2023	2024
Liquidity Ratios					
Current Ratio					
Current Asset	203,705.05	219,304.65	242,112.95	226,648.94	253,264.35
Current Liabilities	175,486.35	191,106.98	214,747.29	197,650.27	224,452.42
Current Ratio	1.16	1.15	1.13	1.15	1.13
Net working capital					
Current Asset	203,705.05	219,304.65	242,112.95	226,648.94	253,264.35
Current Liabilities	175,486.35	191,106.98	214,747.29	197,650.27	224,452.42
Net Working Capital	28,218.70	28,197.67	27,365.66	28,998.67	28,811.93
Cash Ratio					
Cash in hand	23,914.67	22,790.81	26,403.56	24,947.75	25,380.74
Current Liabilities	175,486.35	191,106.98	214,747.29	197,650.27	224,452.42
Cash Ratio	0.136	0.118	0.123	0.126	0.113
Profitability Ratios					
Net profit margin					
Net income after Taxation	2,433.91	2,368.95	2,772.04	2,857.20	2,451.71
Total Operating Revenue	17,890.74	18,661.10	21,214.81	21,090.57	26,269.93
NPM	13.60%	12.69%	13.07%	13.55%	9.33%
Return on asset					
Net Income	2,433.91	2,368.95	2,772.04	2,857.20	2,451.71
Total Asset	363,314.80	402,749.10	446,760.12	493,306.95	570,424.85
ROA	0.67%	0.59%	0.62%	0.58%	0.43%
Return on Equity					
Net Income	2,433.91	2,368.95	2,772.04	2,857.20	2,451.71
Stockholders' Equity	26,510.26	29,900.25	32,783.02	35,066.23	37,388.83
ROE	9.18%	7.92%	8.46%	8.15%	6.56%
Leverage Ratios					
Debt To Asset Ratio					
Total Liabilities	336,804.54	372,848.85	413,977.10	458,240.72	533,036.02
Total Assets	363,314.80	402,749.10	446,760.12	493,306.95	570,424.85

Debt To Asset Ratio	0.927	0.925	0.926	0.928	0.934
Debt to Equity Ratio	2020	2021	2022	2023	2024
Total Liabilities	336,804.54	372,848.85	413,977.10	458,240.72	533,036.02
Total Shareholder Equity	26,510.26	29,900.25	32,783.02	35,066.23	37,388.83
Debt to equity Ratio	0.127	0.125	0.126	0.131	0.142
Debt to Capital Ratio					
Total Debt	336,804.54	372,848.85	413,977.10	458,240.72	533,036.02
Total Debt + Shareholder Equity	363,314.50	402,749.1	446,760.1	493,306.95	570,424.84
Asset To Equity Ratio	92.70%	92.58%	92.66%	92.89%	93.45%
Efficiency Ratios					
Total Asset Turnover Ratio					
Total Operating Revenue	17,890.74	18,661.10	21,214.81	21,090.57	26,269.93
Total Asset	363,314.80	402,749.10	446,760.12	493,306.95	570,424.85
Total Asset Turnover	0.049 Times	0.046 Times	0.048 Times	0.043 Times	0.046 Times
Fixed Asset Turnover					
Total Operating Revenue	17,890.74	18,661.10	21,214.81	21,090.57	26,269.93
Fixed Asset	8,352.80	9,084.22	14,540.17	14,624.72	17,018.20
Fixed Asset Turnover	2.14 Times	2.05 Times	1.46 Times	1.44 Times	1.54 Times
Cost To Income Ratio					
Total Operating Expense	9,569.47	11,012.79	12,617.02	13,900.60	16,346.13
Total Operating Income	17,890.74	18,661.10	21,214.81	21,090.57	26,269.93
Cost To Income Ratio	53.49%	59.01%	59.47%	65.91%	62.22%