Internship Report

On

"Performance Analysis of BRAC Bank Limited"

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"Performance Analysis of BRAC Bank Limited"

Supervised By-

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Program: MBA, (Major: Finance)

Department of Business Administration

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15th November 2024

Letter of Transmittal

15th November 2024

Professor Dr. Mostafa Kamal
Department of Business Administration
Faculty of Business & Entrepreneurship
Daffodil International University

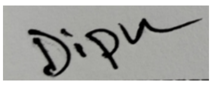
Subject: Submission of Internship Report on **"Performance Analysis of BRAC Bank Limited"**

Dear Sir,

Respectfully, I would like to let you know that I have finished my internship report on "Performance Analysis of BRAC Bank Limited". This report is based on how I understand the theoretical and practical use of the CAMEL ratings.

I sincerely appreciate the help and advice you gave me while I prepared this report, and I did my best to use my understanding of banking management to do so. I sincerely hope that you will enjoy my work, and I am available to respond to any questions you may have about it.

Sincerely Yours,

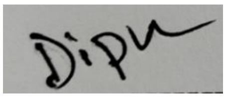


Dipu Chandra Roy
ID: 212-14-320
Department of Business Administration
Daffodil International University

Student Declaration

I am Dipu Chandra Roy, hereby announce that I have just completed the report titled **"Performance Analysis of BRAC Bank Limited"**. As far as I know, I wrote this entire report. Furthermore, I emphasize that no work has been previously published in this report by other authors for any degree or degree at Daffodil International University or any other academic institution, except for well-cited articles and is acknowledged in the report.

Regards



Dipu Chandra Roy
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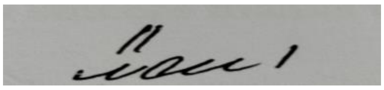
Supervisor’s Declaration

I, at this moment, declare that the concerned report entitled **“Performance Analysis of BRAC Bank Limited”** is an original work **by Dipu Chandra Roy**, a student of the **MBA program, ID: 212- 14-320**, Department of Business administrative of Daffodil International University. He has completed his internship under my supervision and submitted for the partial fulfillment of the MBA program of Business Administration requirement at Daffodil International University.



Professor Dr. Mostafa Kamal
Department of Business Administration
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Acknowledgement

I am happy to present my thesis titled "Performance Analysis of BRAC Bank Limited", which gave me a good opportunity to go deeper in the banking industry. While preparing this report, I diligently consulted numerous literature and research resources to enhance my understanding of the topic. This report reflects a unique part of my entrepreneurial journey, which allowed me to successfully compile this business report.

First and foremost, I express my sincere gratitude to Allah for His blessings. I am very grateful to my parents and family members for supporting me during this important time in my life. I would like to express my sincere thanks to all those who provided help, suggestions and guidance in the preparation of this report

I am particularly grateful to Professor Dr. Mostafa Kamal for his unwavering support and valuable advice, which was crucial to the completion of this report. His extensive knowledge and guidance helped me through the entire process. I am grateful to [branch name], the management and staff of BRAC Bank Limited for their continued support and guidance. Their support made my professional experience invaluable.

Finally, I would like to express my appreciation to Daffodil International University for their warm cooperation and support throughout my internship process. Sincere appreciation is extended to all those who contributed to the successful completion of this report.

Executive Summary

The internship report was built as a requirement for University's MBA program. This one tests BRAC Bank Limited's financial performance. The reader would be able to see the bank's financial performance in Bangladesh after reading this report.

This report is based on the "performance analysis of BRAC Bank Limited". BRAC Bank is one of the best private banks in Bangladesh. Gradually the profitability of this bank is increasing day by day. It is good for the bank and also for the economic condition of Bangladesh.

In this report firstly I have described the ratio analysis of the BRAC Bank. This ratio analysis helps to know the performance of the bank. Shareholders invest in the share markets. They need to know the performance of the bank. It can help them to earn greater profit. Moreover, they can take the right decisions at the time of busying shares. BRAC Bank performance is in good shape due to terms of profitability.

Risk management is related with the performance. If the risk can manage properly, performance automatically becomes better. So, risk management technique is crucial for banking sector as well as all other sectors.

Table of Contents

Chapter-1
Introduction

INTRODUCTION

The title of this report is “Performance Analysis of BRAC Bank Limited”. This study seeks to analyze the five-year financial performance of BRAC Bank Limited, from 2018 to 2022. Financial performance analysis is very important for banks to make informed lending decisions, mitigate risks, comply with regulations, to ensure that money can work and to take the place of the ever-changing economy This enables banks to maintain a healthy financial position, protect the interests of depositors and shareholders, and ensure the overall stability of the financial system This report aims to provide insights into BRAC Bank Limited financial condition, profitability, cash flow, efficiency, payment, performance and effort

The intent of this report is to analyze the financial position of BRAC bank Limited using ratio analysis methods. Ratio analysis is an established method for examining the financial health of businesses because of how it sheds light on important aspects of their operations and financial position. The research design for this study involves collecting financial data from reliable sources, selecting appropriate economic parameters, estimating these parameters and interpreting their significance this study was conducted using quantitative research methods analysis of data and findings. The findings of this study will be presented clearly and concisely, using tables, charts, diagrams and narrative descriptions to facilitate understanding. After completing all the prerequisite courses for the program, a mandatory part of the MBA course is to complete an internship as part of the graduation requirements an internship is a professional learning experience that leads to a relevant and rewarding career so related to his academic or career goals. Through the internship program, students have the opportunity to gain real-world understanding and support in real-world situations. Students benefit from the opportunity to apply theoretical concepts in the real world through professional exposure.

I completed my internship with BRAC Bank Limited, which starts on January 3, 2023 and ends on January 28, 2023. During this time, I learned how to carry out departmental duties with the help of bankers. BRAC Bank Limited has a number of divisions including general banking, investments, cash and foreign exchange.

As one of the private sector banks in Bangladesh, BRAC Bank Limited has a significant disadvantage in the banking sector. BRAC Bank Limited is recognized as the best private bank in Bangladesh according to its reputation and balance sheet. The bank takes the lead in providing comprehensive banking services and maintaining financial stability, which has contributed to its esteemed position in the industry establishing a stable and reliable banking environment is one of the main objectives of BRAC Bank Limited.

1.1 Objectives of the report

The main objective of this report is to analyze the financial performance of BRAC Bank Limited for the period of five years from 2018 to 2022.

- To measure BRAC Bank Limited's performance.
- To find out the financial ratios of BRAC Bank Limited.
- To review the financial position of BRAC Bank Limited.
- To interpret the profitability and efficiency of BRAC Bank Limited.
- To make recommendations based on the identified data to enhance the financial performance of BRAC Bank Limited.

1.2 Methodology

The method of preparing this report includes primary and secondary data collection tools, as well as a variety of data analysis tools.

Main Source:

Several executives of BRAC Bank Limited contributed to this report by sharing their knowledge of the bank's performance in our forums. Their research provided valuable data for analysis.

Secondary sources:

- BRAC Bank Limited Annual Report
- Official Website of BRAC Bank Limited
- Various Brochures Published by BRAC Bank
- Relevant Text Books

Data mining tools:

- Microsoft Word formatting
- Microsoft Excel for data analysis
- Business analysis systems for economic forecasting
- Figures and charts to explain the findings

1.3 Limitation:

There are several limitations at the end of this report:

- Inadequate and confidential data: Due to the need to protect the privacy and confidentiality of banking information, I was unable to include some important information in this report
- Failure to capture qualitative aspects: Ratio analysis may ignore qualitative aspects that affect financial success, such as competitive edge, market sentiment and employee efficiency, and focus on quantitative measures however.
- Potentially inaccurate financial statements: Accurate and reliable financial statements may differ, and may contain inconsistencies or errors that impair the integrity of the analysis.
- Limited scope: Coefficient analysis emphasizes specific aspects of financial performance, such as cash flow, profitability and liquidity, but does not adequately capture the strong performance of BRAC bank Limited.
- Criterion One: The report represents the financial performance of BRAC Bank Limited for a specific period and may not capture trends or changes in the bank's financial position beyond the reporting period.

1.4 Scope:

This report provides valuable insights in several key areas:

- How to do ratio analysis: Understanding the methods and techniques of ratio analysis.
- Interpretation of Ratio Analysis: To learn how to interpret the results of ratio analysis to measure economic performance.
- Profitability management in the banking industry: To gain knowledge on how banks generate profitability and maintain their performance.
- Comparing performance across age groups: To study methods to better compare financial performance across age groups.

Established in 2001, BRAC Bank Limited has made tremendous strides in its 16-year journey. Since its inception, the bank has consistently provided excellent services to its customers. Today, BRAC Bank Limited is recognized as one of the best private banks in Bangladesh. The bank is known for its high-quality service, making it a preferred option for customers seeking loan and savings services.

Chapter – 2

Overview of BRAC Bank Limited

Overview of the BRAC Bank Limited

Established in 2001, BRAC Bank Limited has rapidly become one of the largest private banks in Bangladesh. With a commitment to deliver exceptional banking services, a strong reputation for reliability, innovation and customer satisfaction the bank offers a wide range of financial products and services, including retail banking, corporate banking, SME including banking and banking services. Its advanced financial performance and customer-centric approach have made BRAC Bank Limited the preferred choice of many individuals and businesses in Bangladesh

2.1 Corporate Vision

The corporate vision of BRAC Bank Limited is to establish profitable and socially responsible financial institutions focused on market trading with growth potential, thereby helping BRAC and its stakeholders to build a just, sustainable Bangladesh bright, healthy, democratic and poverty-free. The bank aims to be the best bank in terms of customer service and financial performance, constantly innovating to meet the evolving needs of its customers Through high standards of integrity, transparency and professionalism a will be maintained so BRAC Bank Ltd strives to contribute to the economic development of Bangladesh and to enhance the quality of life of its customers

2.2 Corporate Mission

BRAC Bank Limited is dedicated to providing excellent financial services that contribute to the growth of the Bangladeshi economy and improve the lives of its customers. The core business of the Bank includes several key objectives:

- Customer Focus: To consistently provide exceptional service with innovative products and services that understands customers’ financial needs.
- Ethical Standards: To operate with the highest standards of integrity, transparency and professionalism, ensuring that all activities are carried out ethically and responsibly.
- Sustainable development: balancing economic performance with social responsibility to achieve sustainable development, ensuring long-term benefits for stakeholders.
- Empowering Small and Medium Enterprises: Supporting and empowering small and medium enterprises (SMEs) as a key driver of economic growth, by providing them with the financial tools and resources they need to thrive.
- Employee Development: To foster a positive and inclusive work environment that encourages professional development, teamwork and commitment to excellence among employees.

- Innovation and Technology: Leverage the latest technology and innovative practices to increase operational efficiency, improve customer experience and maintain a competitive edge in the banking industry.

By adhering to these principles, BRAC Bank Limited aims to be a leading financial institution, one that not only delivers strong economic growth but also makes a positive contribution to the Bangladeshi community and economy it is also extensive.

2.3 SME Banking

BRAC Bank Limited has established itself as a pioneer and leader in SME banking in Bangladesh. Recognizing the vital role played by Small and Medium Enterprises (SMEs) in the country's economic growth, BRAC Bank has developed customized products and services to cater to the unique needs of this segment

Key Features of SME Banking in BRAC Bank Limited:

- Customized financing solutions: BRAC Bank offers a range of financing products including working loans, term loans, trade finance and overdrafts specifically designed for SMEs this solution is designed to meet the financial needs of small and medium-sized businesses.
- Streamlined loan process: The bank has streamlined its loan process and approval process to make it easier and faster for SMEs to access the funds they need this includes reduced documentation requirements and time a quick processing.
- Competitive Advantage: BRAC Bank offers competitive interest rates on its SME loan products, making it easier for businesses to borrow and invest in their growth
- Advisory Services: In addition to financial products, BRAC Bank provides advisory services to assist SMEs in business planning, budgeting and policy making this support helps businesses improve efficiency and achieve sustainable growth.
- Dedicated relationship manager: Each SME client is assigned a dedicated relationship manager who provides personalized service and support, ensuring that businesses receive the attention and guidance they need to succeed.
- New Digital Solutions: To keep pace with technological advances, BRAC Bank has introduced digital banking solutions for SMEs, including online banking, mobile banking and automates

Deposit Products:

PRAPTI Current Account**:**

PRAPTI Current Account offered by BRAC Bank is designed to cater to various organizations. Eligible entities include sole proprietors, associations, non-governmental organizations (NGOs), schools, colleges, and other educational institutions. This account is the primary current account that offers flexibility and convenience for managing day-to-day financial transactions.

Organizations fulfilling the eligibility criteria can open a PRAPTI Current Account at any branch of BRAC Bank across Bangladesh. The opening fee requirement varies depending on the location of the branch: BDT 5,000 for branches outside Dhaka and BDT 50,000 for branches within Dhaka

One of the main features of this account is the interest based on daily balance offers. Interest rates are structured to maximize the benefit of account holders with balances. The following table shows the interest rate applicable to the balance:

Balance	**Interest rate**
0 to below 5000	0%
5000 to below 1,00,000	1%
1,00,000 to below 2,50,000	2%
2,50,000 or above	3%

PRACURJO Fixed Deposit

PRACURJO Fixed Deposit offered by BRAC Bank is intended for medium and small businesses with valid business licenses. These steady investments give businesses a good opportunity to grow their investments with guaranteed returns.

The main features of the PRACURJO fixed deposit:

- Tenure: The minimum term of this investment is 12 months and the maximum is 36 months.
- Interest Rate: The rate of interest on this investment is 9% per annum, last applicable.

These fixed deposits provide companies with a secure way to invest their remaining funds with the assurance of competitive interest rates, helping them achieve their financial goals in in due course of time

Shonchoy inventory

Shonchoy Deposit is a flexible and easy savings plan offered by BRAC Bank, suitable for organizations and individuals who want to save money on a regular basis

Highlights of the Shonchoy investment:

- Monthly Installment: The monthly installment of this deposit is 500 BDT.
- Maturity Period: The maturity period ranges from 1 year to 10 years.
- No Account Setup Fees: There are no account maintenance fees associated with this investment.
- Attractive Returns: Investments earn attractive interest rates when due.

How to qualify for Shonchoy Deposit:

- The development of NGOs.
- Schools, colleges, or other educational institutions.
- Motivated individual entrepreneurship.

The Shonchoy Savings Scheme is designed to encourage regular savings and provides a reliable means of long-term accumulation with benefits at attractive interest rates, making it ideal for organizations and individuals

Loan Products

ANONNO SME DISTRIBUTION

ANONNO SME loans offered by BRAC Bank are designed specifically for small and medium-sized enterprises (SMEs), providing them with the financial support they need to grow and succeed. This loan product has been developed with a wide range of key features that make it more convenient and profitable for SMEs.

Key Features of the ANONNO SME Loan:

- No collateral: This loan requires no collateral, making it easier for SMEs to access the required financing without the burden of providing collateral
- Easy Method of Borrowing: The loan comes with a straightforward repayment method, allowing businesses to repay the loan in manageable amounts over time.
- Easy credit facilities: The credit facility is designed to be simple and efficient, ensuring that SMEs can access the funds they need quickly and without any hassle.

ANONNO SME LOAN:

- The loan is available to Small and Medium Enterprises (SMEs), enabling them to access the necessary financial resources to support their operations and growth plans

Anonno SME loans are ideal financing solutions for SMEs looking to expand their business, manage cash flow, or invest in new opportunities. With zero debt and easy repayment, this loan product empowers SMEs to achieve their business objectives with confidence and ease

APURBO SME DISTRIBUTION

APURBO SME loans by BRAC Bank are designed to support small and medium enterprises (SMEs) by providing simple and straight forward financing options. This loan product is designed to meet the financial needs of companies, enabling them to grow and prosper.

Key Features of the APURBO SME Loan:

- Less Documentation: Applying for this loan requires very little paperwork, making the application quick and hassle-free.
- Flexible Loans: Eligible SMEs can access loan amounts ranging from 10 LAC to 3 CRORE, providing adequate financial support for various business needs.
- Easy Approach: The loan has a simple and easy approval process, allowing customers to comfortably repay the loan over time.

APURBO SME LOAN:

- Business License: To qualify for this loan, businesses must have a valid business license.
- Work Experience: Applicants must have more than 3 years of work experience in their field to be eligible.

Apurbo SME Loans are an excellent opportunity for SMEs to access significant financial resources with minimal paper work, and with a straight forward repayment plan this loan is a business goal to keep businesses growing with a strong track record it’s also designed to help you get there safely.

PROTHOMA SME Loan:

PROTHOMA SME loans from BRAC Bank are specifically designed to support women entrepreneurs by providing them with the financing they need to start or expand their businesses. This loan product aims to provide more opportunities for women in the business world.

Key features of the PROTHOMA SME loan:

- No security: Working women can access these loans without having to obtain a mortgage, making access to finance easier and less risky.
- Low interest rates: The interest rates on these loans are very competitive, set at less than 10%, making them affordable compared to other loan options
- Effective loan processing: The loan processing system is well designed and easy to use, ensuring that women entrepreneurs can access loans quickly and easily.

The PROTHOMA SME Loan is a positive initiative by BRAC Bank to support and encourage women entrepreneurs. Offering low interest rates, no security required, and simple loan terms, this loan product helps women achieve their career goals and contributes to economic growth

2.4 Retail Banking

Premium banking:

BRAC Bank offers a premium range of specialized banking services designed to meet the unique financial needs of its valued customers. This service is designed to provide an enhanced banking experience with many unique benefits. Customers opting for Premium Banking enjoy the following benefits.

- Platinum Debit Card: Premium banks receive a Platinum debit card, which offers high withdrawal limits and exclusive privileges.
- Superior banking services: Advanced service ensures first-class customers receive first-class attention and their banking needs are efficiently met.
- Personalized banking services: Dedicated relationship managers provide personalized financial solutions and personalized services to meet the individual needs of high-end customers.

Accounts and Repositories:

BRAC Bank Limited offers a wide range of account savings products to its customers, ensuring that they have a variety of options to meet their financial goals. These products are designed to provide convenience, flexibility and exciting benefits.

Account & Deposit Products	Description
PROBASHI Current Account	A current account tailored for expatriates, providing easy access to their funds and efficient management of their finances while abroad.
PROBASHI Savings Account	A savings account designed for expatriates, offering competitive interest rates and easy access to savings.
PROBASHI ABIRAM	A special deposit scheme for expatriates, allowing them to save regularly with attractive returns.
PROBASHI DPS	A deposit pension scheme for expatriates, enabling systematic savings with a long-term perspective and attractive interest rates.
PROBASHI Fixed	A fixed deposit product for expatriates, offering a secure investment

Account & Deposit Products	Description
Deposit	option with competitive interest rates for various tenures.

Customers can open any of the above savings and accounts, each offering specific benefits. These products are in high demand due to the corresponding benefits and excellent service offered by BRAC Bank Limited. By catering to the specific needs of expatriates, BRAC Bank ensures that its customers can manage their finances effectively, no matter where they are in the world.

2.5 Other banking services

BRAC Bank Limited offers a variety of other banking products and services to meet the diverse needs of its customers. These services cover wholesale banking, specialized banking for women and advanced digital banking solutions, ensuring comprehensive financial support for all categories of customers

Wholesale Bank:

BRAC Bank's Wholesale Banking services are designed to meet the needs of large corporate clients. These services include:

Service	Description
Corporate Banking	Offers tailored financial solutions, including loans, trade finance, and treasury services, to large businesses and corporations.
Cash Management	Provides efficient cash flow management solutions to optimize liquidity and streamline financial operations.
Custodial Service	Offers secure custodial services for safekeeping and managing securities and other financial assets.

Tara Women's banking:

Tara runs a unique banking business that aims to empower women by providing financial products and services specifically tailored to them. These programs help women manage their finances and encourage them to participate in the economic development of the country.

Digital Banking:

BRAC Bank's Digital Banking service ensures that customers can manage their finances conveniently and securely through a variety of digital channels. These services include:

Service	Description
BRAC Bank Mobile Banking	A mobile banking app that allows customers to perform banking transactions on the go, including fund transfers, bill payments, and balance inquiries.
Internet Banking	An online banking platform that provides comprehensive banking services, enabling customers to manage their accounts, transfer funds, and pay bills from any location.
Share Management Portal	A portal for managing and tracking investments in shares, providing real-time information and easy access to investment portfolios.
24-Hour Call Center	A round-the-clock call center that offers customer support and assistance with banking services at any time.
SMS Banking	A service that allows customers to perform banking transactions and receive account updates via SMS.
Important Security Message	Alerts and messages aimed at ensuring the security of customers' accounts and transactions, promoting safe banking practices.
E-Commerce	Online banking services that support e-commerce transactions, enabling customers to shop online and make payments securely.

BRAC Bank Limited's comprehensive range of banking products and services ensures that all customers, from large corporates to individual clients, have access to the financial tools and support they need to succeed. Whether through advanced digital channels or specialized banking services, BRAC Bank continues to innovate and deliver exceptional services to meet the evolving needs of its customers.

2.6 Credit Granting Decision

BRAC Bank follows a comprehensive set of standards when extending credit to customers, ensuring loans to reliable and qualified individuals and businesses. The bank screens potential borrowers based on the following key criteria:

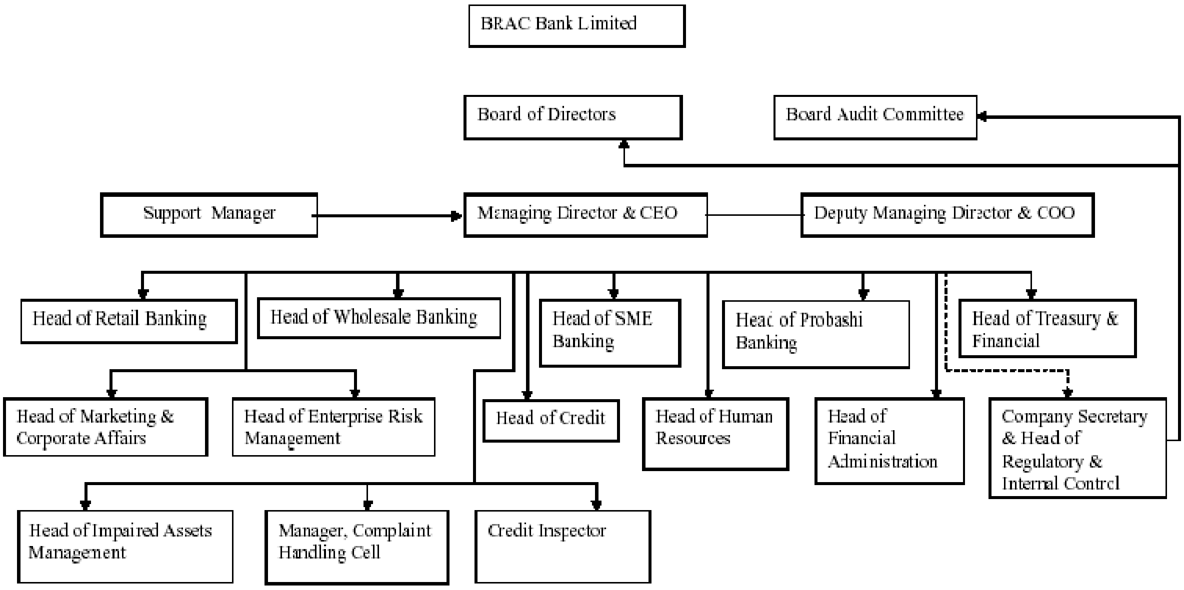
- Character: BRAC Bank places great emphasis on the customer's behavior. The bank seeks to lend to individuals who demonstrate integrity, trustworthiness and a strong willingness to borrow. Such individuals are unlikely to delay or neglect their contractual obligations. In contrast, BRAC Bank's loan department avoids clients who show signs of irresponsibility, as lending to such individuals can be risky.
- Capital: The bank does a capital rating to determine the customer's ability to repay the loan amount. Capital is an important factor, as it reflects the financial strength of the borrower. Bankers examine customers' assets and liabilities; If the property exceeds the payment, the buyer is considered to be able to repay the loan. If the payments exceed the property, the loan application will likely be denied.
- Capacity: Affordability of customers is another important consideration. BRAC Bank is interested in clients who have demonstrated financial stability and ability to meet their payment obligations. Authority requirements ensure that the borrower has the financial capacity to comply with the terms of the loan.
- Conditions: Bankers also look at the reasons for the loan. If the reasons for the loan are believed to be valid and reasonable, the customer is considered creditworthy. Conversely, if the reason is found to be unreasonable, the loan application may be rejected.
- Collateral: While extending credit to customers, BRAC Bank limited employees enter into a contract with customers. Collateral is also included in the contract. If it shows that customers are unable to repay the loan amount. The bank will acquire the buyer's collateral.

2.7 Designation

Designation Hierarchy:

The decision-making process within BRAC Bank involves various levels of authority, as outlined in the following table:

Designation	Role
Managing Director (MD)	Highest authority in the loan approval process.
Deputy Managing Director (DMD)	Assists MD and oversees loan operations.
Senior Executive Vice President	Reviews and approves significant loan applications.
Executive Vice President	Manages and approves substantial loan requests.
Senior Vice President	Evaluates and sanctions large loan applications.
Vice President	Approves medium to large loan amounts.
Senior Assistant Vice President	Reviews and approves moderate loan applications.
Assistant Vice President	Handles and approves smaller loan requests.
Senior Principal Officer	Assists in loan evaluation and approval process.
Principal Officer	Supports loan processing and documentation.
Senior Officer	Conducts initial loan assessments.
Officer	Assists in collecting and verifying loan information.
Junior Officer	Provides administrative support in the loan process.



Organizational Structure

Chapter-3
Data Analysis

Data Analysis:

Concept of Ratio Analysis for BRAC Bank Limited

Ratio analysis is a basic tool used in financial analysis to assess the performance and financial health of a company by examining various financial ratios. It provides quantitative interpretations of financial performance from financial statements, including balance sheets, income and cash flow statements these ratios provide valuable insights into different aspects of a company's operations, e.g. profitability, solvency, liquidity, efficiency and overall financial health

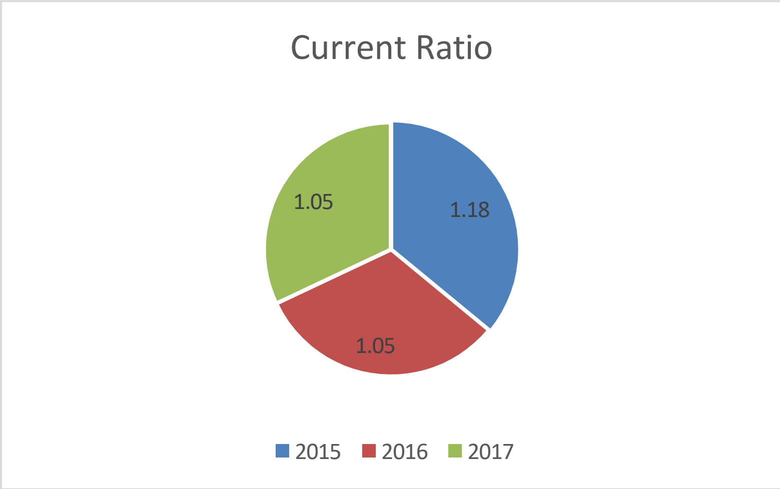
Ratio analysis for BRAC Bank Limited helps to measure operating efficiency, profitability, liquidity, cash flow and financial performance. This method has been widely adopted worldwide due to its accessibility and relative simplicity. The systematic use of ratios to describe financial statements helps to identify the strengths, weaknesses, historical results and current financial position of BRAC Bank. The use of analytical tools enables BRAC Bank to understand its financial position and business model, facilitating more efficient planning and development.

However, it is important to recognize the limitations of ratio analysis, including the exclusive reliance on past financial data, the possible failure to capture qualitative factors, and the failure to take into account external financial factors of the issues

3.1 Current Ratio Analysis

Current ratio is an important financial metric for measuring a company's ability to pay off short-term liabilities with short-term assets provides insight into the financial position of the company. Higher ratios now indicate a stronger financial position, indicating that the company can easily meet its short-term obligations.

$$Current\ Ratio = \frac{Current\ Assets}{Current\ Liabilities}$$



In 2015, BRAC Bank Ltd. had a net profit of Rs. has a current ratio of 1.18, which means that for every $1.00 in current liabilities, the bank has $1.18 in current assets This ratio indicates a relatively strong financial position. In 2016, the current ratio dropped to 1.05. This slight decrease indicates that although the bank had sufficient current assets to cover its current liabilities, net income had been reduced, indicating a strong financial position compared to the previous year. The current ratio for 2017 stood at 1.05, indicating no significant change in economic conditions from the previous year. The bank maintained an adequate level of current assets to meet its short-term liabilities, although profitability was lower compared to 2015.

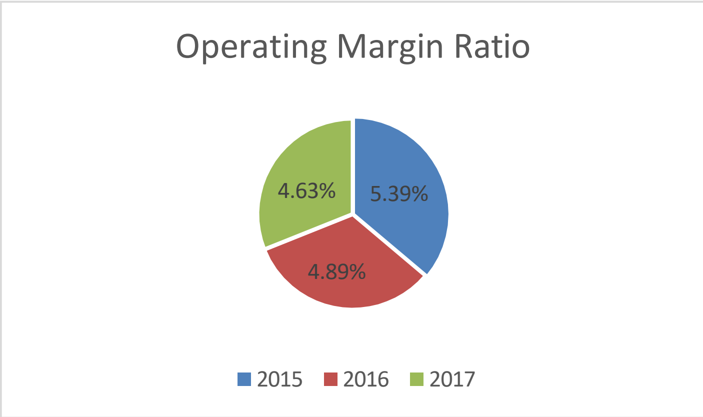
Overall, BRAC Bank Ltd has maintained a current ratio above 1.0 over three years, indicating that it has been able to meet its short-term obligations but the decline from 1.18 to 1.05 suggests a bank has become increasingly strained financially during this period. This study emphasizes the importance of effective liquidity management to ensure that the bank can continue to effectively meet its financial obligations.

3.2 Operating Margin Analysis

Operating profit is a basic economic metric that measures the portion of a company's revenue that remains after deducting operating expenses. Operating income for BRAC Bank Limited comes from its core activities, primarily providing loans. In this case, the loan is considered equal to the sale of the bank.

Operating margin formula:

$$operating\ margin = \frac{operating\ income}{sales}$$



In 2015, BRAC Bank Limited had an operating margin of 5.39%. This means that for every BDT 100 loan, the bank retained BDT 5.39 as working capital after paying its operating expenses. This margin reflects the healthy profitability of the bank's core lending activities. In 2016, operating profit decreased to 4.89%. This increase indicates that although the bank's operating income increased, it did not keep pace with the increase in loan disbursement. As a result, a smaller percentage of loan revenue converted into operating income, indicating a decline in operating efficiency or an increase in operating costs. In 2017, operating profit decreased further to 4.63%. Despite a steady rise in operating income, the Bank's operating profitability has declined, indicating greater pressure on operating efficiency or higher operating costs relative to loan growth.

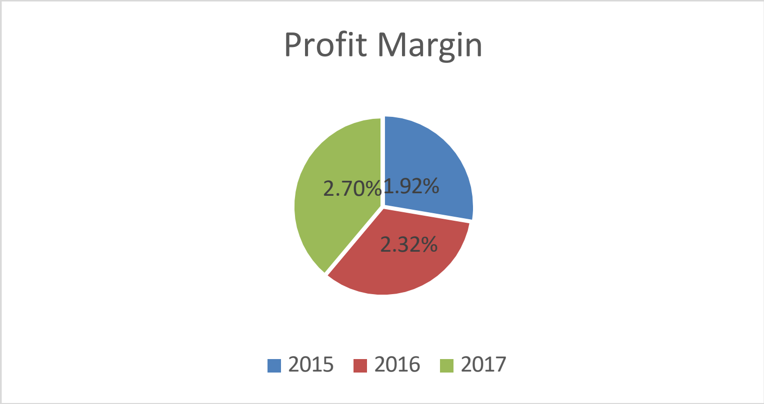
Overall, BRAC Bank Limited's operating margin declined over a three-year period, from 5.39% in 2015 to 4.63% in 2017. Although the bank's operating income increased year-on-year, but the rapid growth in loan volume compared to operating income suggests that operating Management, costs, and improving efficiency may be areas of focus for the bank profits have increased.

3.3 Profit Margin Analysis

Profitability is an important financial metric that measures the percentage of revenue that remains as profit after deducting all expenses. The profitability of BRAC Bank Limited provides an insight into how well the bank converts its income (mainly from loans) into net income.

Profit Margin Formula:

$$Profit\ Margin = \frac{Net\ Income}{sales}$$



In 2015, BRAC Bank Limited had a profit margin of 1.92%. This means that for every BDT 100 loan disbursed, the bank saved BDT 1.92 as income after all expenses. This margin reflects the bank's ability to earn profits from lending activities. In 2016, the profit margin increased to 2.32%. The increase in interest rates indicates that the bank has improved its profitability, retaining a higher percentage of its earnings as earnings. This growth can be attributed to better cost management or a significant increase in revenue relative to cost. In 2017, the profit margin further increased to 2.70%. This steady growth shows that BRAC Bank has been able to increase its efficiency and profitability, converting more of its revenue into profit.

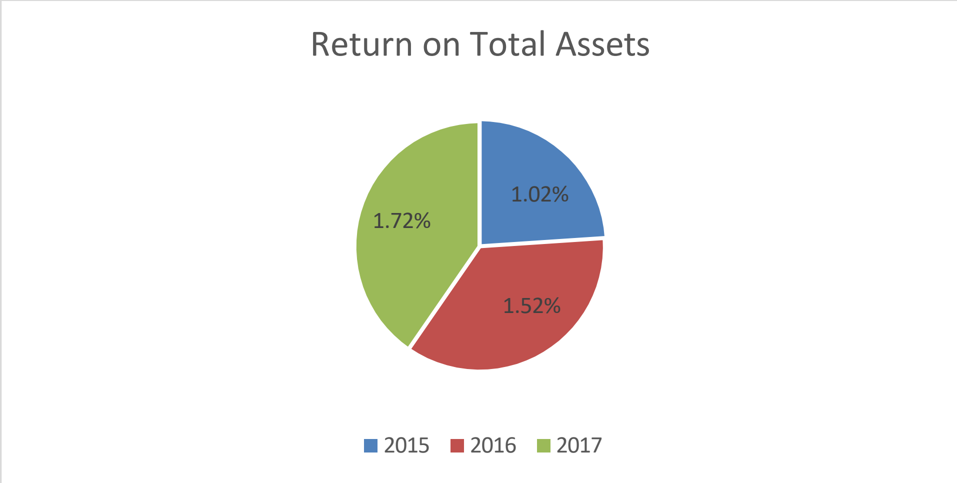
Overall, BRAC Bank Limited's net profit margin showed a three-year increasing trend, from 1.92% in 2015 to 2.70% in 2017. The consistently high profitability highlights the bank's growing profitability and emphasizing efficient debt management relative to its revenue growth. This study effectively reflects the financial health and operational efficiency of BRAC Bank Limited and demonstrates its success in achieving profitability for the period. Maintaining and further enhancing this trend will be critical to the bank's continued growth and competitiveness in the banking industry.

3.4 Return on Total Assets (ROA):

Return on total assets (ROA) is a measure of how well a company uses its assets to generate real income. It provides insight into the efficiency of the bank's asset management.

ROA Formula:

$$ROA = \frac{Net\ Income}{Total\ assets}$$



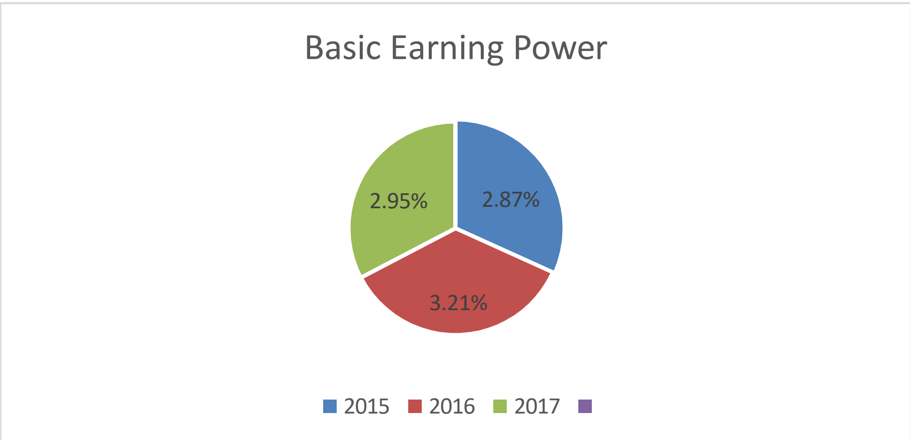
For 2015, BRAC Bank Limited's ROA was 1.02%, meaning that the bank earned 1.02 BDT per 100 BDT assets. ROA increased to 1.52% in 2016 and 1.72% in 2017, reflecting improved asset utilization and better performance in terms of asset-based earnings during the period.

3.5 Basic Earning Power (BEP):

The basic earning power (BEP) ratio measures a company's ability to generate earnings before interest and taxes on total assets (EBIT). It shows the raw earning power of a company's assets.

BEP Formula:

$$BEP = \frac{EBIT}{Total\ assets}$$



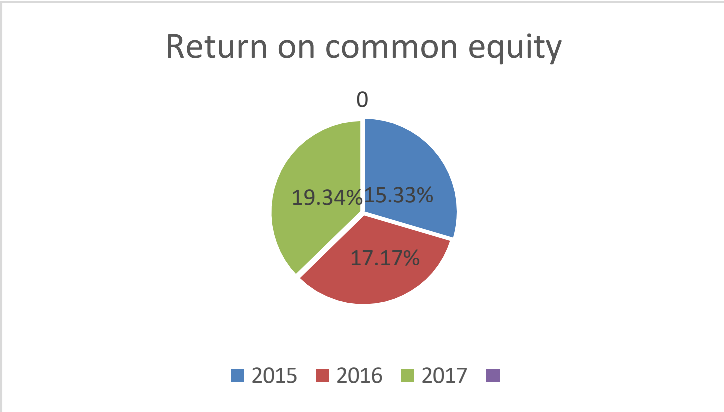
In 2015, BRAC Bank Limited's BEP was 2.87%, meaning that the bank generated BDT 2.87 EBIT per BDT 100 assets. In 2016, BEP increased to 3.21%, indicating an increase in earning power. However, in 2017, the BEP decreased slightly to 2.95%, slightly reducing the bank's ability to generate income from its assets.

3.6 Return on common equity (ROE):

Return on common equity (ROE) measures a company's return on shareholders' equity. It provides insight into how well the company is using its investments to generate profits.

ROE formula:

$$ROE = \frac{Net\ Income}{Common\ Equity}$$



In 2015, BRAC Bank Limited had a ROE of 15.33%, increasing to 17.17% in 2016 and 19.34% in 2017. This increase reflects improved profitability from the bank's equity base, which it is strong Reflects economic growth.

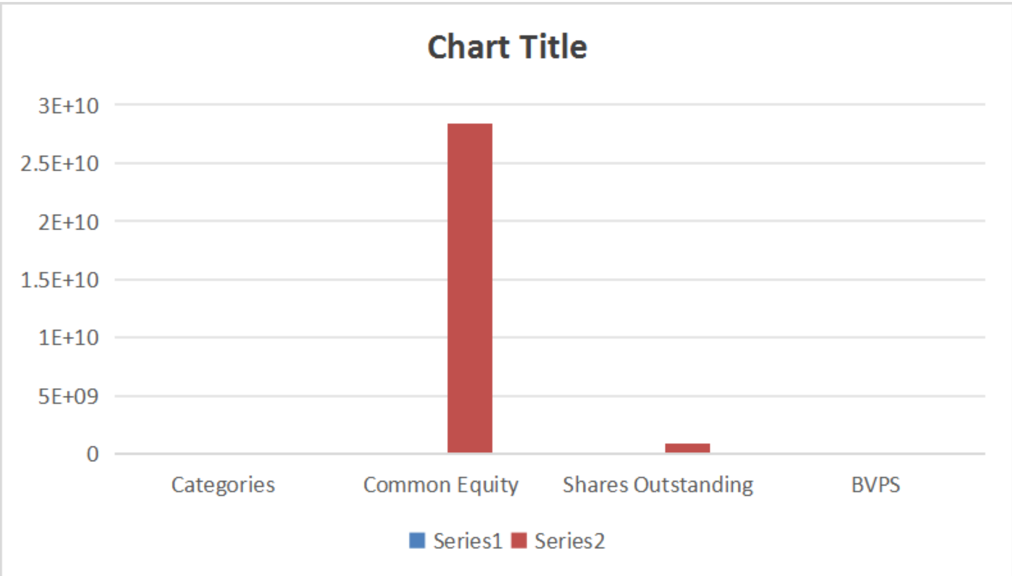
3.7 Book value per share:

Book value per share (BVPS) is an economic measure that represents the value per share of a company's equity.

BVPS Formula:

$$Book\ Value\ Per\ Share = \frac{Common\ Equity}{Shares\ Outstanding}$$

Book value per share for 2017:



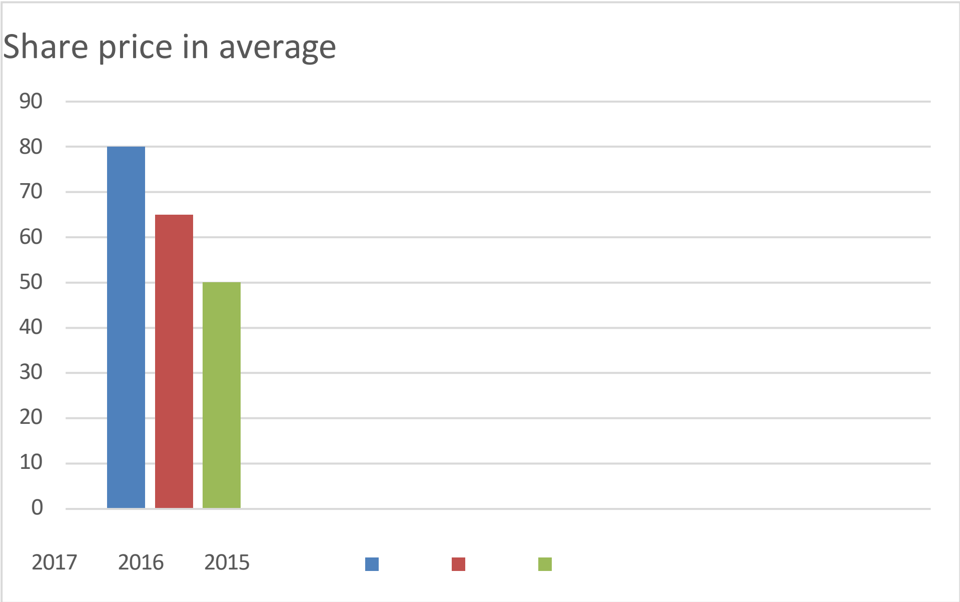
In 2017, BRAC bank Limited's book value per share was calculated as BDT 33, reflecting the equity value per share available to shareholder.

3.8 Market/Book Value Ratio:

Market/book value compares the market value of a company's shares to its book value.

Market/Book Value Ratio in 2017:

$$Market/Book\ Value\ Ratio = \frac{Market\ Price\ Per\ Share}{Book\ Value\ Per\ Share}$$

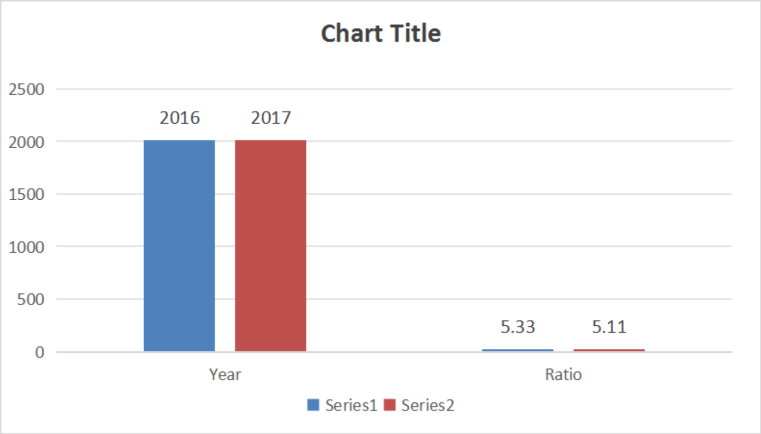


Market/Book Value Ratio (2015-2017):

The market/book value ratio increased from 5 in 2015 to 8 in 2017, indicating a significant increase in the market value of BRAC Bank Limited shares relative to its book value, indicating positive market sentiment and confidence of the financial health of the bank.

3.9 Inventory Turnover Ratio:

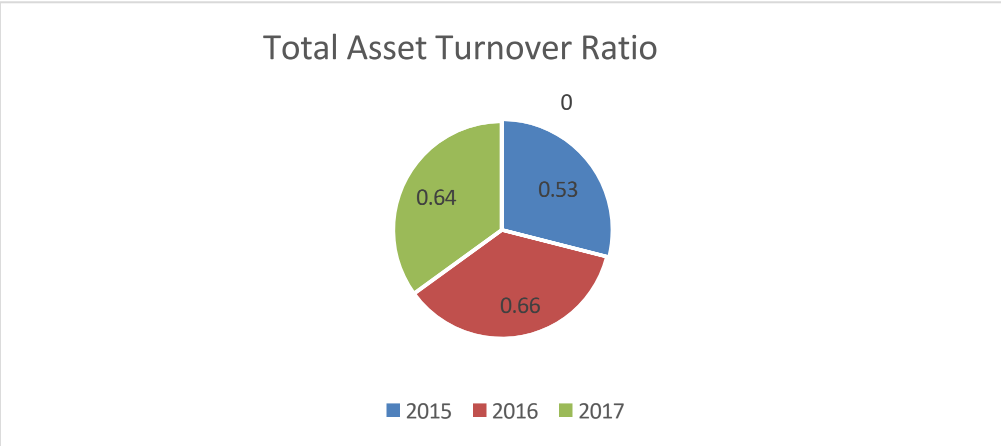
For a bank, the ratio of reserves refers to the frequency of loans relative to deposits.



In 2016, the ratio was 5.33 times, meaning loan volume was 5.33 times deposits. In 2017, it decreased slightly to 5.11 times. Despite the decline, the higher rate indicates better lending utilization of deposits, Contributing to the bank's profitability.

3.10 Total Assets Turnover Ratio:

The total asset turnover ratio indicates how efficiently a company uses all of its assets to generate revenue (liabilities).



In 2015, BRAC Bank Limited's total assets to sales were 0.53, which increased to 0.66 in 2016, indicating an improvement in performance. In 2017, this ratio decreased slightly to 0.64, which still reflects the efficient use of assets to create debt.

3.11 Fixed Asset Turnover Ratio:

The fixed asset turnover ratio measures how efficiently a company uses its fixed assets to generate revenue (debt).

The fixed asset turnover ratio in 2015 was 0.62, which increased to 0.79 in 2016 and remained the same in 2017. This steady increase indicates that BRAC Bank Limited is improving its efficiency in its fixed assets which will be used to close the loan.

Chapter-4
Risk Management

Risk Management at BRAC Bank Limited

The operations of BRAC Bank Limited are subject to risks. Top management takes proactive steps to mitigate these risks and ensure the stability and stability of the bank. The main risks faced by BRAC Bank Limited are credit risk, market risk, operational risk, currency risk, reputational risk, operational risk, systemic risk and moral risk

4.1 Credit Risk:

Credit risk: The risk that borrowers will default on their loans, resulting in losses to the bank. Many factors can contribute to this risk factor, such as financial instability of the borrower's loan, past payments, unrealistic borrowing motives, improper credit due diligence by bankers, job loss, physical disability, or even death

Credit risk factors:

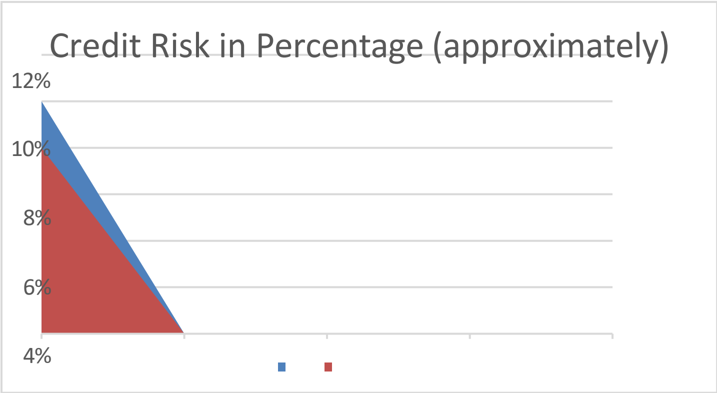
- The applicant's financial situation is not stable.
- The client has many other responsibilities.
- The purpose of the loan was not true.
- Inappropriate assessment of the financial condition of the bank's employees who are customers.
- The client loses his job.
- The applicant is physically unable to continue his employment.
- Death of the client.

Steps taken to reduce credit risk:

The top management of BRAC Bank has implemented several measures to reduce credit risk:

- Conducting a comprehensive review of a customer's financial situation before granting a loan.
- It is important to ensure that loans are only given to customers who demonstrate their solvency.

- After each transaction, customers should continue to be vetted and monitored for creditworthiness.



Credit risk in financing activities:

- Credit risk is associated with trade finance, foreign exchange transactions and investments in stocks and bonds.
- Business Finance: In business finance, BRAC Bank invests in various projects to improve the financial condition of the customers involved in the project. But sometimes consumers default on these loans, creating a credit risk.
- Foreign Currency Transactions: Credit risk in foreign currencies where BRAC Bank exchanges currencies on behalf of customers. Fluctuations in exchange rates and customer defaults can create credit risk.
- Stocks & Bonds: Customers can also fulfill obligations related to bonds and stocks, increasing the credit risk faced by the bank.

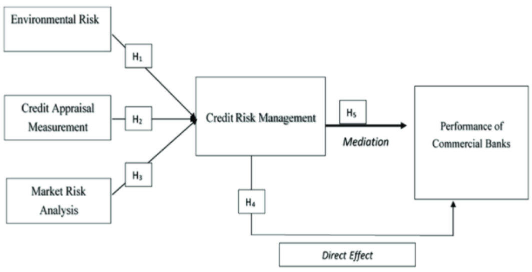


Figure: Credit Risk Management

4.2 Market Risk

Fluctuations in interest rates, exchange rates and commodity prices create market risk, which can affect a bank's financial stability. BRAC Bank's top-level management is well aware of these risks and has developed a number of measures to mitigate their impact. The main areas of market risk for BRAC Bank Limited are interest rate risk, investment risk, currency risk and commodity risk.

- Interest Rate Risk: Interest rate risk arises when there are changes in the interest rate set by the Bank of Bangladesh, which private banks, including BRAC Bank, have to follow BRAC Bank also has its own policy on interest rates. When interest rates are reduced from the expected level, the bank is exposed to a potential economic loss, which is market risk. To mitigate this risk, BRAC Bank has policies and procedures in place to manage and adjust for interest rate fluctuations.
- Equity Risk: Equity risk is the risk that a fund's stock price will fall. A decline in the value of a stock may adversely affect the financial position of the stock. However, the share price of BRAC Bank has been consistently increasing, indicating strong market confidence and reducing risk within the portfolio
- Currency Risk: Currency risk results from fluctuations in exchange rates. When Bangladesh Taka (BDT) depreciates, it takes more Taka to buy US currency. Dollar, reducing the volume of transactions due to consumers' lack of interest in buying Dollars the demand for money can increase the volume of transactions causing consumers to buy more dollars BRAC Bank maintains a stable exchange rate and is flexible in its management manage this risk appropriately.
- Commodity Risk: Commodity risk includes changes in the prices of agricultural commodities or other vital commodities. If prices rise, consumers may purchase less of these products, reducing sales volume. At such times, BRAC Bank provides short-term loans to help clients manage their purchases and reduce the impact of inflation.

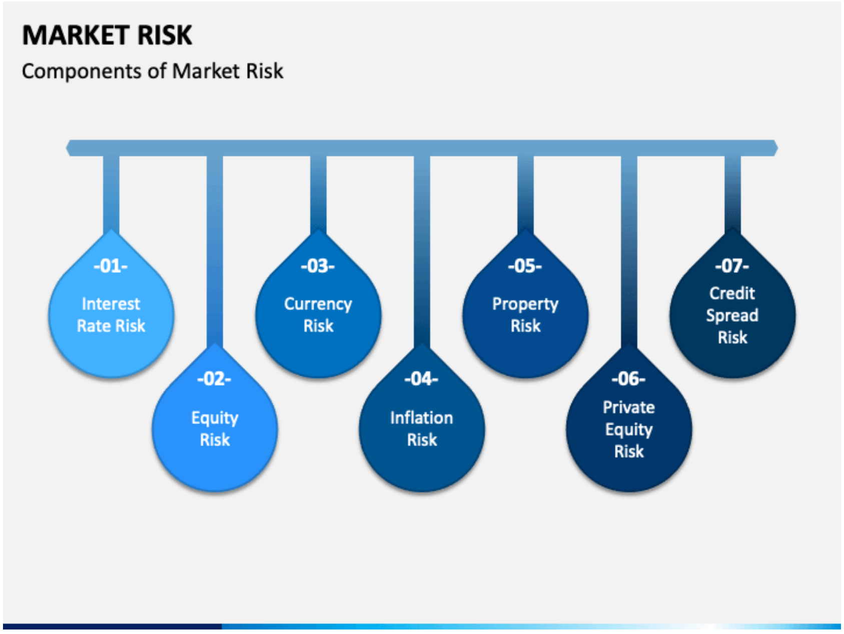


Figure: Marketing mix

4.3 Operational risk

Operational risk arises during banking operations and includes risks related to HR, IT and internal systems BRAC Bank Limited has several divisions responsible for a wide range of activities, all of which require careful management and control and have ensured accuracy and efficiency which can well reduce operational risks.

- **Internal Risk:** Human resources are critical to the performance of BRAC Bank. Many of the fund's operations are managed by employees. However, sometimes it is the lack of experience or knowledge of employees, which can lead to mistakes and inefficiencies. This poses a significant human risk to the bank. To overcome this, BRAC Bank organizes regular training programs to enhance the skills of its employees and ensure their productivity.
- **IT Risks:** Information technology is central to the bank's operations, and much of the work is done through various software packages and online platforms. BRAC Bank uses several software solutions and maintains a comprehensive website for financial analysis and other operations. Employees must be proficient in the use of these tools in order to do their jobs effectively. Lack of expertise in IT systems can pose significant risks to banking operations. Therefore, in order to mitigate this risk, the bank emphasizes continuous IT training and development for its employees.
- **Practice Risk:** Operational management at BRAC Bank involves a wide range of steps and processes, which must be effectively implemented to ensure smooth operations. Each process carries inherent risk, as it is difficult to execute all the systems flawlessly. Top management is responsible for monitoring and developing and refining strategies that can mitigate risk and ensure that all activities are carried out efficiently and effectively.

4.4 Liquidity risk:

BRAC Bank, recognized as the best private bank in Bangladesh, has the lowest financial risk. Liquidity risk refers to the bank's inability to meet its current liabilities as they fall due. BRAC Bank effectively manages this risk by ensuring that it has sufficient liquid assets to cover any short-term obligations.

In order to maintain a strong financial position, BRAC Bank employs the following strategies.

- Sufficient funds: The bank ensures adequate cash reserves for day-to-day operations and to meet unexpected demands for funds.
- Quality of current assets: BRAC Bank ensures that its current assets are always in excess of its current liabilities, providing sufficient scope to meet any immediate financial obligations.

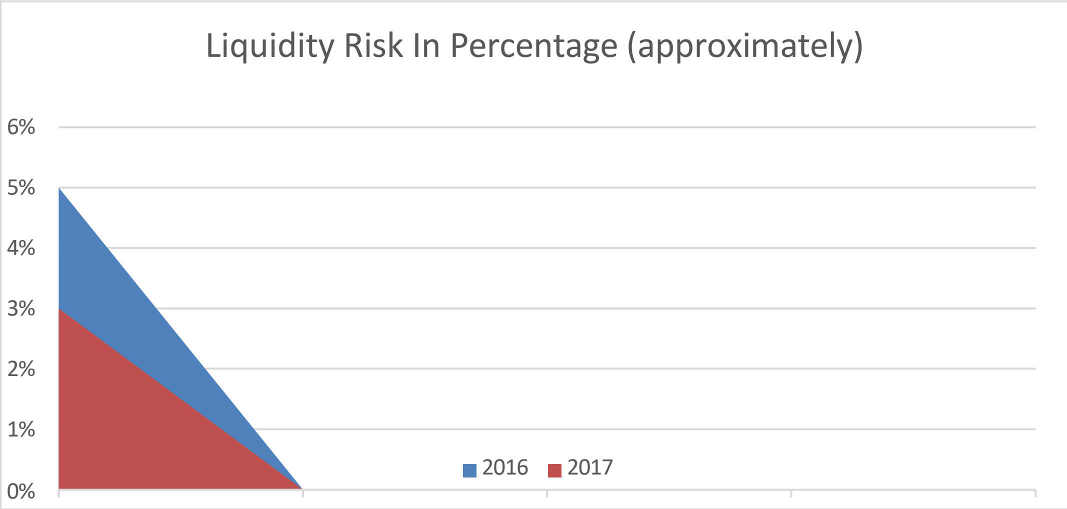


Figure: Liquidity Risk

4.5 Reputation risk

Reputational risk is the potential loss of good standing and trust in the bank among customers and stakeholders. Being a very popular bank in Bangladesh, BRAC Bank Limited now faces a lesser reputational risk. The bank is named after several key projects:

- Providing credit opportunities: Ensuring customers have access to necessary credit facilities.
- Low Interest Rates: Offer competitive interest rates that match customer expectations.
- High Savings: Attractive savings are offered to meet customer demand.
- No hidden fees: To maintain transparency in all transactions while avoiding hidden fees.

BRAC Bank pays great attention to these factors and maintains its reputation by consistently meeting these standards.

4.6 Business Risk

Operational risk refers to the uncertainties associated with the returns of the fund. It recognizes that returns do not always match expectations. Sometimes profits can exceed expectations, while other times they can fall below top management's projections. BRAC Bank is aware of this risk and understands that business developments and market conditions may cause profitability to fluctuate.

4.7 Systematic Risk

Structured risk, also known as industry risk, affects the entire banking sector. BRAC Bank, like all other banks, must manage these risks. These risks stem from factors affecting the industry as a whole, such as the economic downturn, regulatory changes and market fluctuations. BRAC Bank's top management has always been prepared with strategies and policies to manage systematic risks, ensuring the Bank's resilience and continuity in the face of industry-wide challenges.

Chapter-5
Findings, Recommendations & Conclusion

Findings:

- **Current Ratio:** Current ratio of BRAC Bank 2015 to 2017 comparatively decrease. It has been 1.18 to 1.5 it may become difficult due to high demand for credit.

- **Profit Margin:** Net profit margin for 2015 was 1.92%, increasing to 2.32% in 2016 and 2.70% in 2017. This higher growth rate reflects improved profitability of BRAC Bank Limited.

- **Return on Total Assets (ROA):** ROA measures the return on total assets of a bank. BRAC Bank achieved the highest ROA in 2017, indicating a strong banking position.

- **Basic Earning Power (BEP):** BEP stands for net operating income from total assets. The BEP ratio in 2017 was 2.95%, compared to 3.21% in 2016 and 2.87% in 2015 indicating a strong position for BRAC Bank Limited.

- **Return on common equity (ROE):** ROE measures the return on shareholders' equity. BRAC Bank Limited's ROE was 19.34% in 2017, 17.17% in 2016 and 15.33% in 2015. The upward trend reflects strong financial performance and effective management of shareholders' equity.

- **Book value per share:** In 2017, BRAC bank Limited's book value per share was calculated as BDT 33, reflecting the equity value per share available to shareholder.

- **Market/Book Price Ratio:** The ratios were 8 in 2017, 6.5 in 2016 and 5 in 2015, reflecting positive growth and reflecting improved financial conditions and shareholder confidence.

- **Inventory Turnover Ratio:** This ratio indicates that the frequency of loans (considered as sales) as compared to deposits (considered as sales) is 5.33 times in 2016 and 5.11 times in 2017 respectively Despite the slight decline, the higher ratio indicates better lending utilization of deposits, which contributes to the bank's profitability.

- **Total Assets Turnover Ratio:** In 2016, the ratio was 0.66, meaning that debt represented 66% of total assets. In 2017, the ratio decreased slightly to 0.64, indicating that the bank's credit rating remains strong.

- **Fixed Asset Turnover Ratio:** This ratio measures how well fixed assets will be used to generate sales (costs). BRAC Bank's fixed assets turnover ratio was 0.79 in 2016 and 2017, indicating that 79% of fixed assets were for sale. Higher ratios are better, indicating better position.

Recommendation: According to the study result some recommendations are given to increase BRAC banks financial performance.

- **Current Ratio:** Need to current ratio utilized efficiently. Bank should focused on optimizing its investment level and controlling accounts receivable and payable to improve overall efficiency.

- **Profit Margin:** BRAC bank should focus on controlling its operating cost by finding best efficient solutions.

- **Return on Total Assets (ROA):** Farther analysis and strategic considerations could help to ameliorate the bank's profitability and optimize the application of its assets. The bank may effectively use its assets to increase profits.

- **Basic Earning Power (BEP):** The BEP rate reflects banks effectiveness in generating gains solely from its means without factoring in the impact of fiscal influence or duty considerations. BEP can be bettered by numerous ways including asset optimization and cost operation.

- **Return on common equity (ROE):** BRAC Bank can ameliorate their ROE by adding profitability through measures similar as adding deals, reducing charges, perfecting functional effectiveness, or managing debt situations effectively.

- **Book value per share:** BRAC Bank can use a portion of its earnings to buy assets that would increase common equity along with BVPS. Or, it could use its earnings to reduce liabilities, which would also increase its common equity and book value per share.

- **Fixed Asset Turnover Ratio:** BRAC Bank should continue its efforts to effectively use its fixed assets. An analysis of asset utilization could help in identifying specific that might be underutilized and ensure that asset acquisition and expansion decisions are
Well-informed.

Conclusion

The performance of BRAC Bank Limited over the last few years is commendable. This project report analyzed the bank's financial performance, and the data presented indicates strong financial health and operational efficiency. Key financial metrics indicate that BRAC Bank is well positioned to deliver long-term returns, with 2017 showing particularly high returns. Shareholders considering investing in BRAC Fund have positive financial indicators, indicating the fund's profitability could increase in the future Solid performance metrics make this a good investment.

However, the bank faces some challenges. Loan volumes have declined, in part due to higher interest rates that deter potential borrowers. In addition, some consumers struggle to pay off their loans due to their financial situation. Another issue is the performance of the bank's custodial brokers, who need to step up their efforts in attracting new customers. To address these challenges, BRAC Bank should invest in comprehensive training programs to improve the skills and performance of its employees. Despite these challenges, BRAC Bank's risk management strategies are robust. Through the collective efforts of its employees and senior management, the Bank effectively manages risks, ensuring financial stability and resilience. Overall, BRAC Bank Limited exhibits strong performance and sound financial management, making it a reliable company in Bangladeshi banking By continuing to focus on overcoming its challenges and providing n 'force has played a role, BRAC Bank is poised for continued growth and success.

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- AnnualreportofBRACBankLimitedm,2015
- AnnualreportofBRACBankLimited,2016
- AnnualReportofBRACBankLimited,2017

Appendices

Appendix A: Three Years Performance

Current Assets and Liabilities of BRAC Bank Limited (2015-2017):

Types	Year	2015	2016	2017
Current Assets				
Cash		16,227,438,475	15,827,759,714	18,301,854,032
Balance with Other Banks		24,790,485,928	31,148,142,995	43,355,772,365
Money at Call on Short Notice		20,017,491,682	------	-------
Loans and Advances		149,934,139,696	175,841,420,944	203,431,019,401
Total Current Assets		210,974,556,781	222,817,323,653	265,089,645,798
Current Liabilities				
Borrowing from Other Banks		24,671,834,522	19,131,258,722	23,210,933,175
Borrowing from Central Bank		4,527,813,643	6,752,978,397	5,595,585,766
Convertible Subordinate Bond		3,000,000,000	2,951,079,000	2,850,148,000
Money at Call on Short Notice		3,780,000,000	1,303,750,000	2,700,000,000
Deposit and Other Accounts		142,648,188,939	181,478,777,560	216,929,919,763
Total Current Liabilities		178,628,837,104	211,618,843,679	251,286,586,704
Current Ratio		1.18	1.05	1.05

Operating Margin of BRAC Bank Limited (2015-2017):

Categories	Year	2015	2016	2017
Operating Income		8,079,577,777	8,610,885,395	9,422,458,889
Loans		149,934,139,696	175,841,420,944	203,431,019,401
Operating Margin		5.39%	4.89%	4.63%

Profit Margin of BRAC Bank Limited (2015-2017):

Categories	Year	2015	2016	2017
Net Income		2,884,811,567	4,075,664,713	5,498,416,039
Sales (Loans)		149,934,139,696	175,841,420,944	203,431,019,401
Profit Margin		1.92%	2.32%	2.70%

Return on Total Assets of BRAC Bank Limited (2015-2017):

Categories	Year	2015	2016	2017
Net Income		2,884,811,567	4,075,664,713	5,498,416,039
Total Assets		281,822,841,330	268,324,018,065	319,550,216,302
ROA		1.02%	1.52%	1.72%

Basic Earning Power of BRAC Bank Limited (2015-2017):

Categories	Year	2015	2016	2017
EBIT		8,079,577,777	8,610,885,395	9,422,458,889
Total Assets		281,822,841,330	268,324,018,065	319,550,216,302
BEP		2.87%	3.21%	2.95%

Return on Common Equity of BRAC Bank Limited (2015-2017):

Categories	Year	2015	2016	2017
Net Income		2,884,811,567	4,075,664,713	5,498,416,039
Common Equity		18,814,593,507	23,739,900,812	28,429,842,891
ROE		15.33%	17.17%	19.34%

Book value per share for 2017:

Categories	Year	2017
Common Equity		28,429,842,891
Shares Outstanding		858,000,228
BVPS		33

Market/Book Value Ratio (2015-2017):

Year	Market Price Per Share	Book Value Per Share	Ratio
2015	50	10	5
2016	65	10	6.5
2017	80	10	8

Inventory turnover ratio in 2016 and 2017:

Year	Ratio
2016	5.33
2017	5.11

Contributing to the bank's profitability.

Categories	Year	2015	2016	2017
Loans		149,934,139,696	175,841,420,944	203,431,019,401
Total Assets		281,822,841,330	268,324,018,065	319,550,216,302
Ratio		0.53	0.66	0.64

Fixed Asset Consumption Average (2015-2017):

Categories	Year	2015	2016	2017
Loans		149,934,139,696	175,841,420,944	203,431,019,401
Net Fixed Assets		240,805,000,000	221,348,000,000	257,893,000,000
Ratio		0.62	0.79	0.79