



Internship Report

On

Lending Activities of Agrani Bank Limited

SUPERVISOR

Nusrat Nargis

Assistant Professor

Department of Business Administration

Faculty of Business & Entrepreneurship

Daffodil International University

Submitted By

Md. Shamim Ahmmed

ID: 133-11-3372

Program: BBA

Major: Finance

Department of Business Administration

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Letter of Transmittal


To
Nusrat Nargis
Assistant Professor
Department of Business Administration.
Faculty of Business & Entrepreneurship
Daffodil International University.

Subject: Submitting Internship report on “**Lending Activities of Agrani Bank Limited**”

Dear Ma'am,

I have submitted Internship report on “**Lending Activities of Agrani Bank Limited**”. I honestly ensure you this internship report is my own task. I make it hypothetically for the purpose of Internship Program and I never use it any other purpose. I assume that this Internship report has enriched both my knowledge & involvement about the Prevention of Money- Laundering in Agrani Bank Ltd. I sincerely hope and believe that my Internship report will secure your approval and serve its Purpose. I know that there are various mistakes in this term paper which are unknown to me. However, I apologize for those and beg your kind attention in this regard.

Sincerely yours,



Md. Shamim Ahmmed
ID: 133-11-3372
Batch: 41
Department of Business Administration.
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Daffodil International University.

Certificate of Approval

This is to certify that Md. Shamim Ahmmed, ID. 133-11-3372, Department of Business Administration, Daffodil International University has conducted his internship report titled as “**Lending Activities of Agrani Bank Limited**” under me supervision and guidance. I do hereby approve the style and contents of this internship report. This is for the partial fulfillment of his BBA program from Daffodil International University.

I wish his every success in life.

Nusrat Nargis 10.07.19

.....
Nusrat Nargis

Assistant Professor

Department of Business Administration

Faculty of Business & Economics Daffodil

International University.

Acknowledgement

I, Md. Shamim Ahmmed, Student of Daffodil International University is highly great to all who guided me in completing this report. First able, I specially thank my almighty. Then I would like to pay my jolly thanks to entire family of, “Agrani Bank Limited”, who bargained me such a wonderful chance to do internship and shifted their worthy embarrassment for understanding the task Project. Then I would like to thank my branch manager for overall team work, guidance, counsel and support in set free my liabilities consciously and ready up this report.

Final but not yet; to thank CSO for draping an internship for me at “Agrani Bank Ltd”. I would like to thank my project advisor Nusrat Nargis for intimating his worthy guidance to me. I can't publish any language of word the grave sense of gratefulness but at the beginning I would like to sustain my sincere appreciation to the almighty Allah for giving me the strength & the ability to finish the task within the planned time. Then I like to publish my sincere gratefulness to everyone who subscribed towards ready up & making this study successfully.

Executive Summary

This internship report is all about a vital part to fulfill for the Bachelor of Business administration. As a part of internship program there is an important need for selecting a topic for the report. I also select the topic that focuses on Lending activities of Agrani Bank Ltd: a practical study on Ramna Branches. Dhaka. Bank is a financial institution that collects surplus cash from society and providing loan from that lend for arising profit to arrange all the banks official cost. Agrani Bank Limited has already achieved top ranking progress for long periods of time.

This report contains seven chapters. First chapter is all about the introduction part of the report. Second is the overview of Agrani Bank Ltd, third is to analyze the lending activities of the Agrani Bank Ltd. Fourth is to analyze the lending process of the Agrani Bank. Fifth is to evaluate lending performance of the Agrani Bank Limited. Sixth is to find out problem of the Agrani Bank Ltd. And the last part is about the findings, conclusion and recommendation of the Agrani Bank Limited. The whole report has focusing the insights approximately all information about Lending Activities of ABL – A Study on Ramna Branch. I prepared this report based on the real experiences that gather during three-month internship program. I hoped that one can gain deep knowledge to read this report because I tried my best to prepare this.

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Chapter-01
INTRODUCTION

1.1 INTRODUCTION

The report generally deals with “Lending Activities of Agrani Bank Limited”. The lending policy of Agrani Bank Limited is made in rank with the rudder of Bangladesh Bank in lending risk and for the guideline of the officers or executives in stirring matter respecting to lending in a kilter way. Lending section pastime a very initial accost in bank as they appraisal the risk and to take judgment about offering lend to the customers.

1.2 BACKGROUND OF THE REPORT

This report is created as an incomplete fulfillment of the BBA Program of Daffodil International University. This report is an imperative requirement for BBA completion. I have worked in various Departments of Agrani Bank Limited. In this report, I will try to make an overall analysis on all activities of Agrani Bank Limited specially focuses on Lending Activities.

1.3 SIGNIFICANCE OF THE REPORT

This internship report is an important partial requirement of four years BBA graduation program. This is knowledge and learning become perfect when it is associated with theory and practice. By these internship program students can establish contacts and networking. Contacts may help to get a job in practical life. That is, student can train and prepare themselves for the job market. As they have no internship experience they have not been able to gain normal professional experience of establish networking system, which is important in getting a job. Therefore, it is obvious that the significance of internship is clearly justified as the crucial requirement of four years BBA graduation.

1.4 OBJECTIVES OF THE REPORT

1. To analyze the lending activities of the Agrani Bank Limited (ABL).
2. To analyze the lending process of the Agrani Bank Limited (ABL).
3. To evaluate the lending performance of the Agrani Bank Limited from 2013 to 2017.
4. To find out the problems regarding the lending activities of the bank.
5. To provide some recommendations about the problems of the bank.

1.5 METHODOLOGY OF THE REPORT

A systematic process from alternative of the topic to readiness of the final report. Sources of data this lesson to be recognized and gathered, to be serially solve and example and submitted in a methodical process and key points were to be caught.

1.5.1 Data Sources:

Data naturally depend on secondary data sources will be used to generate this report.

Secondary Sources of Data:

- The annual report of Agrani Bank Limited, 2013 to 2017.
- Lending manual of Agrani Bank Limited.
- Banking related text books, relevant books, research papers, newspapers, journals and Manuals.
- Desk report of related department
- Web browsing

1.6 LIMITATION OF THE REPORT

The Term paper is likely to have following limitations:

- Due to shortage of time, the accuracy of information may not have been completely perfect.
- Learning all the functions within just 90 days is really tough.
- Not express any data to rack of the study.
- Explore of the bank report are not easy to study.
- Data and information used in this study are mostly from secondary sources.

Chapter-02

*Company Profile of Agrani
Bank Limited*

2.1 COMPANY PROFILE

Name of the company	Agrani Bank Limited
Chairman:	Dr. ZayedBakht
Managing Director:	Mr. Syed Abdul Hamid
Company Secretary:	Badal Chandra Dey
Legal Status:	Public Limited Company
Registered Office:	9/D Dilkusha, Dhaka 1000, Bangladesh
Authorized Capital:	Tk. 2,500.00 Crore
Paid up Capital:	Tk. 2,072.29 Crore
Tax Identification No.	0022001223
Phone:	+88-02-9566160-9, +88-02-9566153-4, +88-02-9566074-5
Fax:	+88-02-9562346, +88-02-9563662, +88-02-9563658
E-mail:	agrani@agranibank.org, info@agranibank.org
Website:	www.agranibank.org

(Source-Annual Report 2016)

Table 2.1 Company Profile of Agrani Bank Limited

2.2 HISTORICAL BACKGROUND OF AGRANI BANK LIMITED

Agrani Bank Limited a nationalized commercial bank (NCB) of Bangladesh set up 26 March 1972 under the Bangladesh Banks (Nationalization) Order 1972 by taking over two forsaken Pakistani banks – Habib Bank and Commerce Bank. With its head office in Dhaka, the bank started its

Operational activities with an authorized capital of Tk30 million and paid up capital of Tk10 million. The paid up capital has increased to Tk30 million in December 1973. In 1999-

2000, the bank's authorized and paid up capital were Tk. 8 billion and 2.5 billion respectively. The total volume of foreign exchange business handled by the bank in servicing imports and exports and remittances during 1999-2000 amounted to Tk55.345 billion compared to only Tk310 million.

At the start of its operation in 1972, Agrani Bank Limited had 246 branches, of which 37 were temporarily closed. It had a total deposit of Tk581 million, advances of Tk663.40 million and borrowing of Tk294.80 million. Initially, it did not have any liquid asset to run its operations smoothly and to undertake development activities. Investment amounting to Tk110 million was in unapproved securities. On 30 June 2000, the total deposit at the bank stood at Tk92.96 billion, total loans and advances at Tk74.92 billion, total investment at Tk25.375 billion, total assets at Tk124.798 billion and reserve funds at Tk319 million. Of the total deposits, 8.03%, 35.41%, 19.21% and 37.35% were in current, savings, fixed and other deposits respectively. 4.24% of the

total amount of loans and advances were classified. The bank's recovery rate in terms of total Outstanding loans was 34% in 1999 and 32% in 2000. The cumulative balance of outstanding loans and advances on 30 June 2000 was Tk74.97 billion. The amount of overdue loans on the same date was Tk31.14 billion. The ratio of total overdue to total outstanding loans was 41.54%. As of 30 June 2000, the total and net income of the bank was Tk4.151 billion and 40.1 million respectively. Compared to previous years, the net profit decreased in 2000, mainly due to increase in interest and operating expenses and a decline in commission and exchange income.

2.3 MISSION OF AGRANI BANK LIMITED

Ethically and fairly within the stringent framework set by our regulators and to assimilate ideas and lessons from best practices to improve our business policy. All customers of Agrani Bank Limited stay on business in everywhere. Offering customer value and needs to the product level. Constriction and building team depend environment that will charm, develop and maintain employees of innovative ability. Manage the high level ethical standards and community responsible value of eminent corporation. That's a result productivity and profitability increase shareholder price.

2.4 VISION OF AGRANI BANK LIMITED

Agrani Bank Limited dreams of better Bangladesh. Where arts and letters, sports and athletics, music and entertainment, science and education, health and hygiene, clean and population free environment and above all a society based on morality and ethics make all our lives worth living.

Agrani Bank's essence and ethos rest on a cosmos of creativity and the marvel magic of a charmed life that abounds with spirit of life and adventures that contributes towards human development.

2.5 OBJECTIVES OF AGRANI BANK LIMITED

- In Bangladesh market the bank has 7% deposits and 6% share of lend.
- To suppling the high quality customer service to overtaking the competitors.**
- To gaining the technical people among colleague group.
- Strengthening the Bank's brand recognition.
- The bank keep up the economic well fair in front of country.
- To focusing on remittance, SME and agricultural sectors.
- Strong explore ability for innovative products and services.

2.6 MANAGEMENT STRUCTURE OF AGRANI BANK LIMITED

Hierarchy Of Agrani Bank



Figure 2.1: Management Hierarchy cost of Agrani Bank Limited

2.7 PRODUCTS AND SERVICES OF AGRANI BANK LIMITED

1. Deposit

a) Taka Account

- Current Deposit (CD)
- Savings Deposit (SB)
- Fixed Deposit (FDR)
- Special Notice Time Deposit (SNTD)
- Non-Resident Special Taka Account (NRTA)
- Non-Resident Investors Taka Account (NRIT)
- Agrani Bank Pension Scheme (APS)
- Agrani Double Benefit Scheme (ADBS)
- Monthly Deposit Scheme (MDS)
- Monthly Income Scheme (MIS)
- Students Savings A/C (School Banking)
- Small Life Insurance Policy Holders A/C
- Farmers A/C
- Freedom Fighters A/C
- Other Beneficiaries A/C under Social Securities

b) Foreign Currency Account

- Foreign Currency (FC) A/C
- Non-Resident Foreign Currency Deposit (NFCD) A/C
- Resident Foreign Currency Deposit (RFCD) A/C
- Exporters Retention Quota (ERQ) A/C.

2. Loans & Advances

a) Continuous Loan

- Cash Credit (Hypo)
- Cash Credit (Pledge)
- Secured Overdraft (SOD)

b) Term Loan

- Inland Bill Purchase (IBP)
- Export Cash Credit
- Industrial Credit (IC)
- Housing Loan (General & Commercial)
- Consumer Credit
- Loan for Overseas Employment

c) Rural & Agro Credit

- Crop Loan
- Fishery Loan
- Animal Husbandry Loan
- Agrani Machinery Loan
- Rural Transport Loan
- Poverty Alleviation Loan

d) Small and Medium Enterprise Loan

- Service Sector Loan
- Trading Sector Loan
- Manufacturing Sector Loan

e) Import Finance

- Loan Against Imported Merchandise (LIM)
- Loan Against Trust Receipt (LTR)
- Payment Against Document (PAD)

f) Export Finance

- Export Cash Credit
- Packing Credit (PC)
- Local / Foreign Bills Purchased (FBP)
- Loan Against Export Development Fund (EDF)
- Advance Against Cash Incentive (Subsidy)

Chapter-03

Analysis of Lending Activities
of
Agrani Bank Limited

3.1 DEFINITION OF LENDING

Contractual agreements in which a borrower receives something of value now and agrees to repay the lender at some date in the future, generally with interest. The term also refers to the borrowing capacity of an individual or a company. A bank loan is an extension of credit, to a consumer or business, in the form of borrowed funds which has to be paid back with interest.

3.2 TYPES OF LENDING

Bank is the profile oriented of organization. Lending of sanction to customers and others out of the funds disposal is one of the main services of a modern bank. There have some different types of Lending, such as –

- Small Lending.
- Overdraft.
- Cash credit.
- Demand loans.
- Discounted loans.
- Staff and home building loans.

Small Lending

Small lending is the lending which granted to entrepreneurs and ambitious entrepreneurs to boost them to start a business. Small lending accounts in present form restlessness. It's refers to lending allow small traders, small industry and self-employee.

Overdraft

Money is revoke from a bank account and balance goes below 0 is occur overdraft. The bank score says that "overdrawn". An overdraft permits the personal to continue pick of money even if the score has no funds in it. Basically the bank allows people to borrow a set estimate of money.

Cash Credit (CC)

A credit cash is an adorn by which the customer is permitted to sharpen money up to a given limit. This is a parliament set up and the customer not only need mark the sanctioned amount at once, but also mark the balance when required.

Demand Loan

A **demand loan** is a loan that the lender may require the borrower (a brokerage house) to repay at any time. It is a loan that must be paid on demand from the lender. Demand loans are often used to fund margin accounts; alternatively, they are common for personal loans with no set maturity

Staff Loan and home building loans

Bank gives advances to the staff for buying motor-cycles and motor-cars, for wedding their sons or daughters etc. It is called staff loan. Bank provides this advance at a little or no interest.

A **home building loan** is a loan that a bank given the borrower against the made home building. Home Loan is a Secured loan offered against the security of a house/property which is funded by the bank loan, the property could be a personal property or a commercial one.

Discounted Loan

Discounted lend is a lend that a bank provided a short-term lending interest rate for the borrower to entire a lend period. Short-term lending provision in which interest amount for the entire loan period is eliminated from the primary at the time a loan is executed.

3.3 LENDING ACTIVITIES& ITS OBJECTIVES

Lending Activities:

Lending activities is the process of controlling and collecting payments from customers. This is the function within a bank or company to control lending policies that will improve revenues and reduce financial risks. A lending manager is a person employed by an organization to manage the lending department and make decisions concerning lending limits, acceptable levels of risk and terms of payment to their customers. In companies, the role of lending manager is variable in its scope.

Objectives of lending activities:

The objective of the lending activities is

- To maximize the performing asset and the minimization of the non-performing asset as well as ensuring the optimal point of lending and their efficient management.
- To allocate the fund in diverse field and to minimize the risk and maximizing the return on the invested fund. Continuous supervision, monitoring and follow-up are highly required for ensuring the timely repayment and minimizing the default.

3.4 LENDING POLICY OF AGRANI BANK LIMITED

In line with the Bangladesh Bank declared concretionary monetary policy that prevailed in the year 2012, Agrani Bank Limited's Lending policy was to expand lending within prudent limit and to discourage lending in unproductive sectors. Simultaneously, Agrani Bank Limited has maintained a deliberate pro-growth directional bias in its lending policy to ensure adequate lending flows to farm and non-farm productive sectors of micro, small & medium enterprises.

Bank's guidelines to ensure that effective lending risk management practices are followed, which will contribute towards the achievement of the overall business objectives of the bank while ensuring compliance with the regulatory framework set out by the regulators.

3.5 LENDING EVALUATION PROCESS OF AGRANI BANK LTD:

The function of commercial bank is to accept deposit from the common people and to invest deposited money in different sectors for overall development of the economy of the country. So the banks have to very much careful in lending appraisal. The customer request for loan limit and the relationship manager must decide whether to accept or refuse proposal. Making this decision is the most important lending activity; all other activities of the lending Department are supportive to this decision. To ensure the proper and orderly conduct of the business of the bank, the Board of Directors authorized the Managing Director and other top level executive, that is, DMD and GM to sanction the credit. It is mentionable that principal branch operates the credit division under the supervision of DGM. The relationship manager of principal branch furnishes the lending proposal with the required information and sends it to the final authority, i.e. GM, DMD & MD, of head office for final approval.

3.6 Mortgage Types & Required Land Papers:

When immovable property like land and building are offered by a customer as a security for loan, charge thereon is created by means of mortgage. A mortgage is the transfer of an interest in specific immovable property for the purpose of securing the payment of money advanced or the performance of an engagement which may give rise to a pecuniary liability.

Characteristics of mortgage are:

- Mortgage to be created for securing loan or performing any contract.
- There should be a specific immovable property.
- The immovable property means land and the property attested to land.
- There will be mortgagor, mortgagee, mortgaged property and mortgage deed.

There are different types of mortgage, such as:

- Simple/Registered / Legal Mortgage.
- English Mortgage.
- Mortgage by condition of sale.
- Equitable Mortgage.
- Anomalous Mortgage.

Required Land Papers:

- Letter deed / certified copy of title deed with discharged original receipt.
- Mutation Porcha as per RS operation along with original DCR
- Ledger from local office.
- Ground rent (Ledger) receipt up to date
- Certified copy of CS, RS.
- Monza map.
- Holding tax receipt if any
- Up to date Non-Encumbrance Certificate (NEC) issued by the Sub Register.

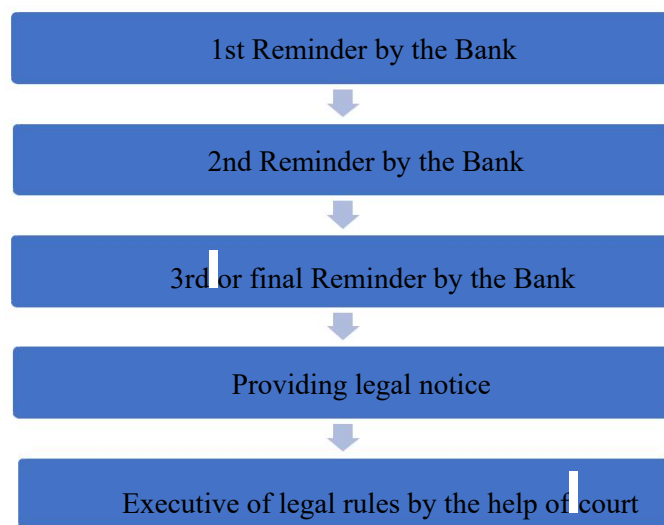
3.7 LENDING RECOVERY OF THE ABL

It is the duty of the Bank to recover the landed fund within the stipulated time and if the borrower fails to repay the money within the pointed period Bank declare him/her as a defaulter and recover

the fund by selling the securities given by the borrower or by freezing his/her account or make a suit against him/her. These four steps are described in detail below-

- . Customers generally given a formal communication scheme. Written a letter that through the bank and appropriately signed the bank papers.
- If the customers lend are not paid, again sent order a letter, then create a mentally pressure on the customers while opening the bank account.
- Issuing the ethical notice is created and sent by ABL when above the steps also fail when restore the amount.
- And the final step of the restore process is the help by the court of law.

Recovery procedure of Agrani Bank Limited is the ultimate combination of time, effort of money. It follows four processing steps to restore the lending amount, which is attached endeavor of Bank. In the below I shown in chart.



3.9 Documentation

Charges documents are generally prescribed in printed forms used by the bank against lending to be executed by the borrower / party concerned. These are as follows:

- Promissory (DP) Note.
- Letter of arrangement.
- Letter of Continuity.
- Revival Letter.
- Letter of Guarantee.
- Hypothecation of Goods.
- Hypothecation of Machinery.
- Letter of hypothecation of Bills.
- Letter of hypothecation of Debt Assets.

Branch should obtain initially two sets of charges documents. One set is to be duly filed in, signed, stamped and witness. In every renewal / enhancement / reschedule of lending, Branch should obtain afresh set of charge documents.

Chapter-04

Analysis of Lending Procedure of Agrani Bank Limited

4.1 MAJOR PROCEDURE OF THE AGRANI BANK LIMITED

- All types of deposit account manage.
- Appointment to making.
- Lending / loan opportunities.
- Process of foreign exchange trade.
- Other Banking services.
- Agricultural & Rural Lending.
- Export Development Fund.
- Green Banking system.
- Lending Classification and Provisioning.
- Lending Monitoring
- Treasury Operations and Fund Management.
- Internet banking service.
- Perform Social welfare activities.

Sanction procedure of the Lending:

A borrower accesses to Agrani Bank Ltd for a lending, she or he is craved to fulfill the following standard.

- Collecting information.
- About client.
- About project.
- Appraisal project/client.
- Evaluating primary security.
- Branch level evaluation.
- Branch level.
- Zonal office level.
- Disbursing Lending.
- Getting lending proposal.

4.2 LENDING PROCESSING STEPS OF THE AGRANI BANK LIMITED

The lending process primarily starts by building up a relationship between the customer & banker by opening a customer bank account. There are few steps of lending process and necessary steps should be taken to minimize the risk & increase the return of the bank.

Step 1: Application of lending:

- A/C balances & the before transaction.
- Lending document from another banks.
- Knowledge of the organization.
- Financial statement (Balance sheet, Cash flow statement & Income statement)
- Piece of news from lending information bureau of Bangladesh bank if the lending is proposed.

Information about the clients:

- Borrower's identity, family background, characteristic. Capacity to repay the lending amount.
- Educational qualification.
- Reputation of the borrower in business cycle.
- Sources of income of the borrower.
- Current loan mortgage information.
- Liabilities.
- Purpose of the lending amount etc.

Step 2: Screening of the lending proposal:

When the bank gets the legal all of information about the borrower, the bank official of lending department screening lending proposal at the initial stage. Applicants formally applies for lending facility to the bank, the following documents are collected to screening the lending proposal.

- Profile of the organization/business.
- Copy of trade license, TIN certificate, Memorandum of association, Articles of the Association.
- Resolution of the Board of Directors.

Step 2: Evaluation & Feasibility study of the lending proposal:

The lending department officer will investigate the reason for which the lending has been applied. All the lending application has to be estimated basis upon the financial condition of the applicant which is provided on the application.

An element of risk is always present in every advance. Security is taken by lending to decrease the risk or recovery of lending. Importance of charging security is-

- Protection of the interest.
- Ensuring of the recovery of lending.
- Commitment of the borrower.
- Provision against the unexpected change.

Chapter –5

**Evaluation of the Lending
Performance of Agrani Bank
Limited from year 2013
to 2017**

5.1 Annual Wise Lending & Growth:

Lending are stated in the balance sheet on gross basis. Lending are on the basis of their maturity/repayment term.

Table 5.1: Annual wise Lending& Growth

(Tk. in Crores)

Year	2013	2014	2015	2016	2017
Total Loans & Advances	12,224	16,326	19,409	21,266	20,297
Growth of Loans & Advances	7.83%	33.56%	18.88%	9.57%	- 4.56%

Sources: Annual Report 2013-2017, ABL

Graphical Presentation:



Figure 5 .1: Annual wise Lending Disbursement

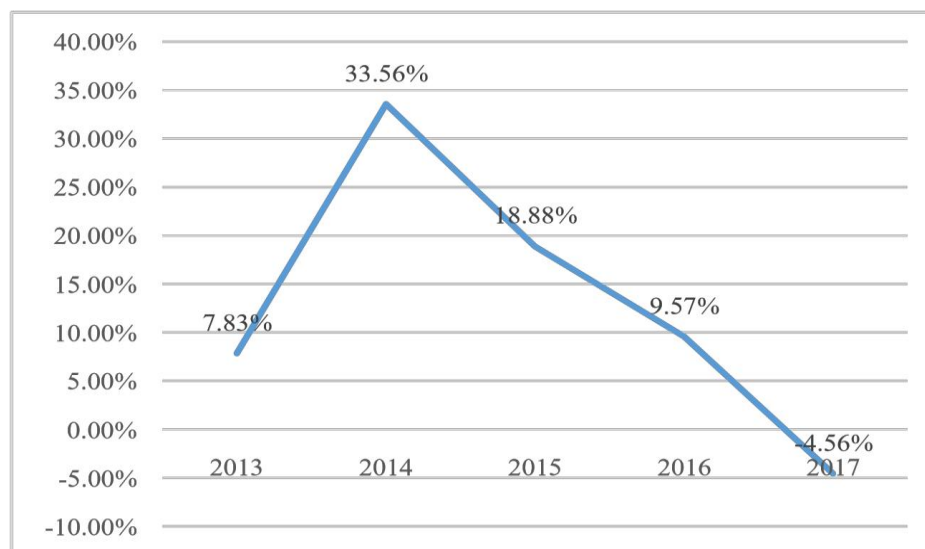


Figure 5.2: Growth of Lending

Interpretation: The graph shows that; growth rate of loan and advance is decreasing over the years. Amount of lending is enhanced end the rains but the accrual of lending is enhanced. From the above chart we can see that the lowest amount of credit was Tk. 12,224 Crore in 2013 and the highest amount was Tk. 21,266 Crore in 2016. But after 2017 the growth of lending was in decreasing trend. This is because of inappropriate lending system.

5.2 Sector wise Lending distribution in (2013-2017)

Table 5.2: Sector wise lending Disbursement (TK. in crore)

Sector	2013	2014	2015	2016	2017
Agriculture and fishery	694	740	727	864	972
Jute & jute goods	650	888	798	630	558
Transport storage & communication	71	252	174	150	174
Ship breakings	79	95	220	219	115
Textile & readymade garments	1269	1694	3178	2675	1947
Food & allied industry	509	680	985	863	550
Construction & engineering	235	314	425	185	175
Pharmaceuticals and chemicals	320	427	378	298	345

Agriculture and fishery: In 2013 to 2017 the bank distribution in agriculture and fishery was 694,740,727,864,972, where 2015 distribution was fall.

Jute & jute goods: In 2013 the distribution a few but 2014 the distribution is increased and 2015 to 2017 the bank distribution to decreasing.

Transport storage & communication: In 2013 to 2017 the bank distribution in Transport storage & communication was 71,252,174,150,174 where 2013 distribution was too low.

Ship breakings: Ship breaking in 2013 to 2015 was high but 2016 to 2017 the bank distribution was low.

Textile & readymade garments: Textile & readymade garments the distribution was too high in 2013 to 2017.

Food & allied industry: In 2013 to 2016 the bank distribution in Food & allied industry was increasing but 2017 the bank distribution was decreased.

Construction & engineering: In 2013 to 2015 the bank distribution in Construction & engineering was increasing and 2016 to 2017 was decreasing.

Pharmaceuticals and chemicals: ABL provides high portion in 2013 to 2014. In 2015 to 2016 was fall down. And 2017 the bank portion was increased.

Graphical Presentation:

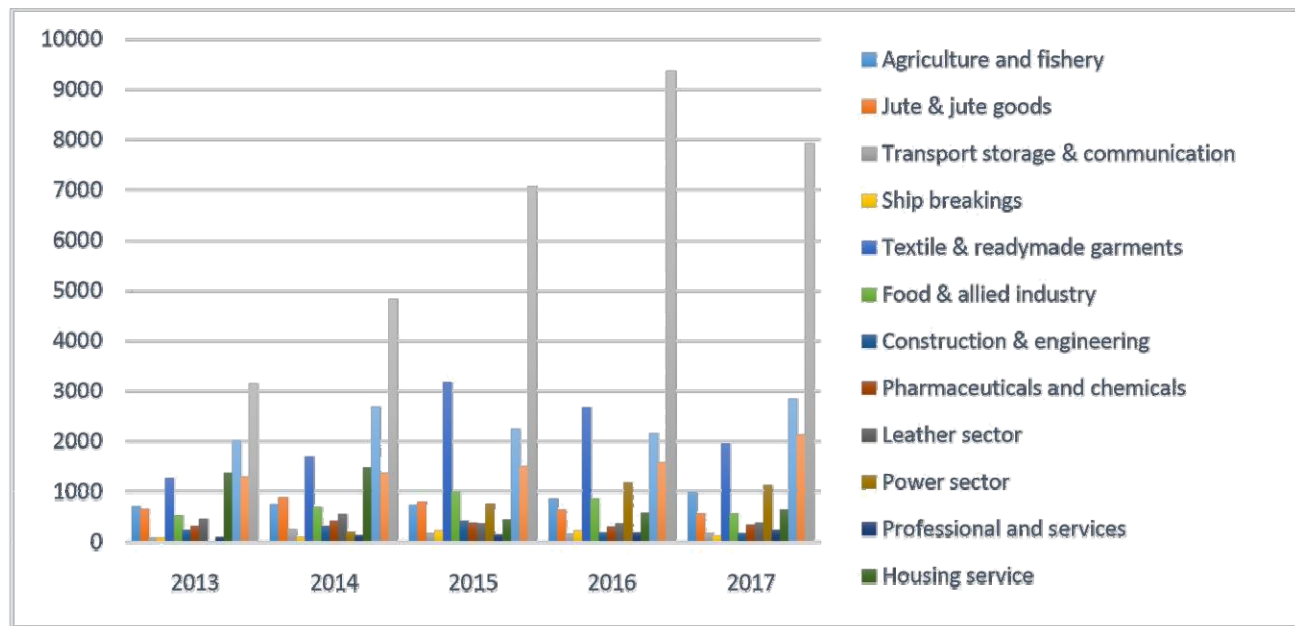


Figure 5.3: Sector wise lending Disbursement

(Tk- in Crore)

Leather sector	464	534	371	364	380
Power sector	7	195	746	1180	1119
Professional and services	93	130	140	182	236
Housing service	1370	1473	449	572	638
Wholesale/retail trading	2011	2687	2254	2152	2833
Personal (staff and other personal loan)	1293	1379	1490	1569	2128
Others	3152	4829	7066	9358	7918

Sources: Annual Report 2013-2017, ABL

Interpretation

Leather sector: In 2013 to 2014 the bank distribution was increasing, where 2015,2016 was fall down and 2017 was again increase.

Power sector: From 2013 to 2017 the bank distribution of power sector was increased.

Professional and services: In 2013 to 20107 the ABL distribution in Professional and service was too high.

Housing service: In 2013 to 2014 the bank distribution was high and 2015 was fall as well as 2015 to 2017 was once again high.

Wholesale/retail trading: Agrani Bank Limited provides the highest portion of the lending in Wholesale/retail trading.

Personal (staff and other personal loan): From 2013 to 2017 ABL provides the highest portion of the lending in Personal (staff and other personal loan).

5.3 Lending Distribution on the basis of geographically

Agrani Bank Limited disburse loan on the basis of their lending policy.

Table 5.3: Lending Distribution on the basis of geographically.

(TK. in crore)

	2013	2014	2015	2016	2017
Urban	12765	14755	17687	19356	18165
Rural	1379	1570	1721	1909	2130

Sources: Annual Report 2013-2017, ABL

Table 5.4: As a Percentage of Total Lending (%)

	2013	2014	2015	2016	2017
Urban	96.98%	90.38%	91.13%	91.02%	89.50%
Rural	3.02%	9.62%	8.87%	8.98%	10.50%

Sources: Annual Report 2013-2017, ABL

Graphical Presentation:

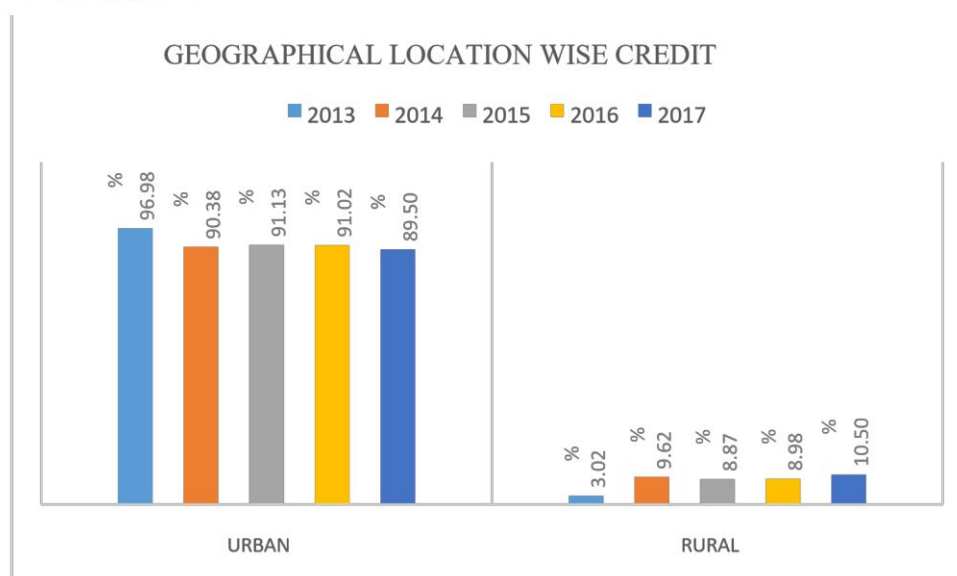


Figure 5.4: Geographical location wise lending

Interpretation: From the above graph it is seen that Agrani Bank Limited disburse a large portion of lending in urban area. In 2013 to 2017 the bank distribution in urban area was near about 96.98%, 90.38%, 91.13%, 91.02%, 89.50%, where in rural area was 3.02%, 9.62%, 8.87%, 8.98%, and 10.50%. That indicates which the bank prefers urban area in giving lending because of industrialization that favors lending disbursement more than the rural area.

5.4 Classified Loan

Classified loan is a loan that unrefined interest and principal outstanding and the bank will be compensated the loan proceeds from the borrower.

Table 5.5: Classified loan as a percentage of total lending (TK. in crore)

Year	2013	2014	2015	2016	2017
Classified loans and advances	2374	2102	2149	5380	3580
Total loans and advances	12,224	16,326	19,409	21,266	20,297
Percentage of classified loan as total loan	19.42%	12.88%	11.07%	25.30%	17.93%

Sources: Annual Report 2013-2017, ABL

Graphical Presentation:

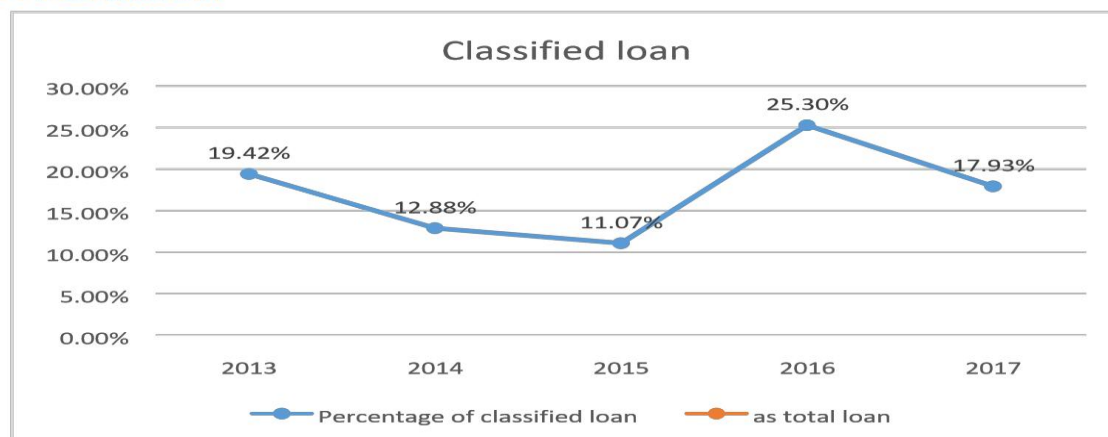


Figure 5.5: Classified loan as percentage of total lending

Interpretation: The graph shows that, percentage of classified loan decreased from 2013-2017, increased in 2016 and decreased again in 2017. In 2013 the rate is 19.42% which decrease to

11.07% in 2014. In 2017 the rate is 17.93%. Because the bank became inefficient in managing recovering its classified loan. This alert banks and gives them a reason to monitor a loan more closely.

5.5 Unclassified Loan

Unclassified loan is a loan that a bank to stay high risk return the bank loan from the borrower.

Table 5.6.: Unclassified of Lending (TK. in crore)

Year	2013	2014	2015	2016	2017
Unclassified loan	9,850	14,224	17,260	15,886	16,717
Total loan	12,224	16,326	19,409	21,266	20,297
Percentage of Unclassified loan as total loan	80.58%	87.12%	88.93%	74.70%	82.07%

Sources: Annual Report 2013-2017, ABL

Graphical Presentation

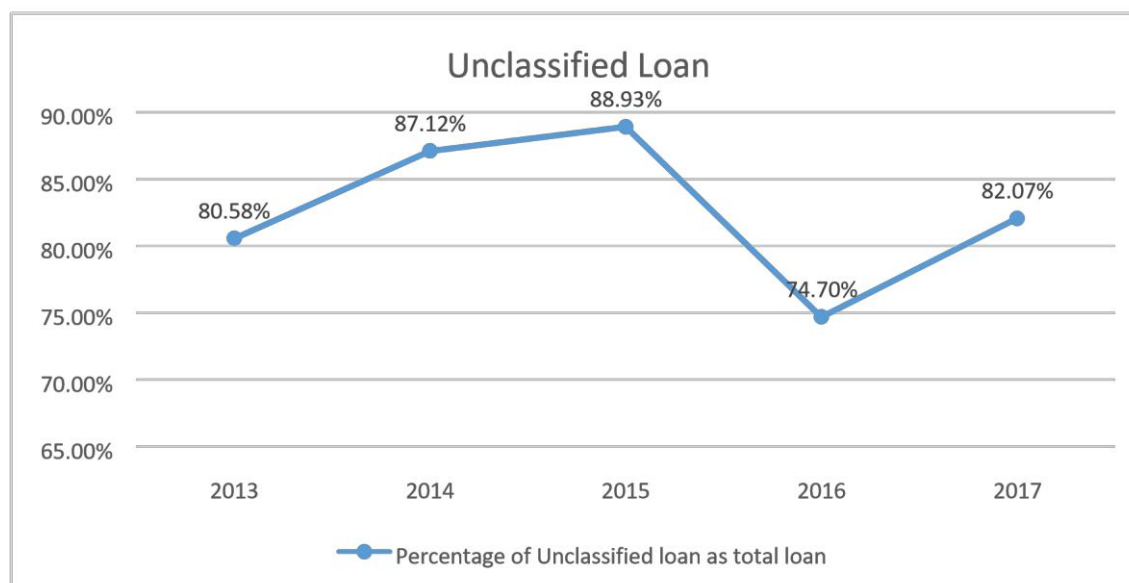


Figure 5.6: Unclassified loan as a % of total lending

Interpretation: From the above graph it has been seen that, percentage of unclassified lending fluctuated slowly from 2013-2017. From 2013 to 2015 the rate increased from 80.58% to 88.93% but decreased in 2016 and increased in 2017.

5.6 Loan of Deposit Ratio

Table 5.7: Loan of Deposit Ratio

(Amount in crore)

Year	2013	2014	2015	2016	2017
Total Loans	12,224	16,326	19,409	21,266	20,297
Total Deposit	16,628	20,633	25,221	29,243	34,868
Loan to deposit Ratio	58.21%	72.72%	76.95%	79.13%	73.51%

Sources: Annual Report 2013-2017, ABL

Graphical Presentation:

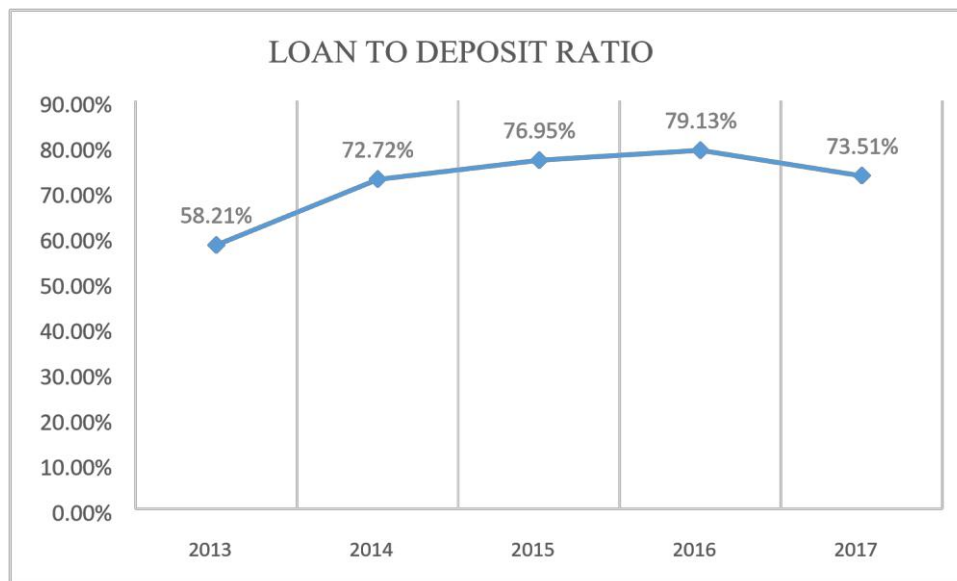


Figure 5.9: Loan to Deposit Ratio

Interpretation: The graph shows that, total deposit from 2013 to 2017 is increasing. It indicates that the bank is developing & loyal to its clients and account holders. In 2013 the total deposit was 16,628 crores and in 2016 the total deposit was 34,868crore. The growth rate was fluctuating over the years from 2013-2017. This is because of the lowering interest rate.

5.7 Capital Adequacy Ratio

The capital adequacy ratio determines the capacity of the bank in terms of the meeting the liabilities and other risk such as credit risk, operational risk etc. Generally, 10% is acceptable line for this ratio.

Capital Adequacy Ratio: $(\text{Total Eligible Capital} / \text{Total Risk Weighted Assets}) * 100$

Table 5.8: Capital Adequacy Ratio

(TK. in crore)

Year	2013	2014	2015	2016	2017
Capital Adequacy Ratio	8.22%	9.20%	11.00%	(6.15%)	10.04%

Sources: Annual Report 2013-2017, ABL

Graphical Presentation:

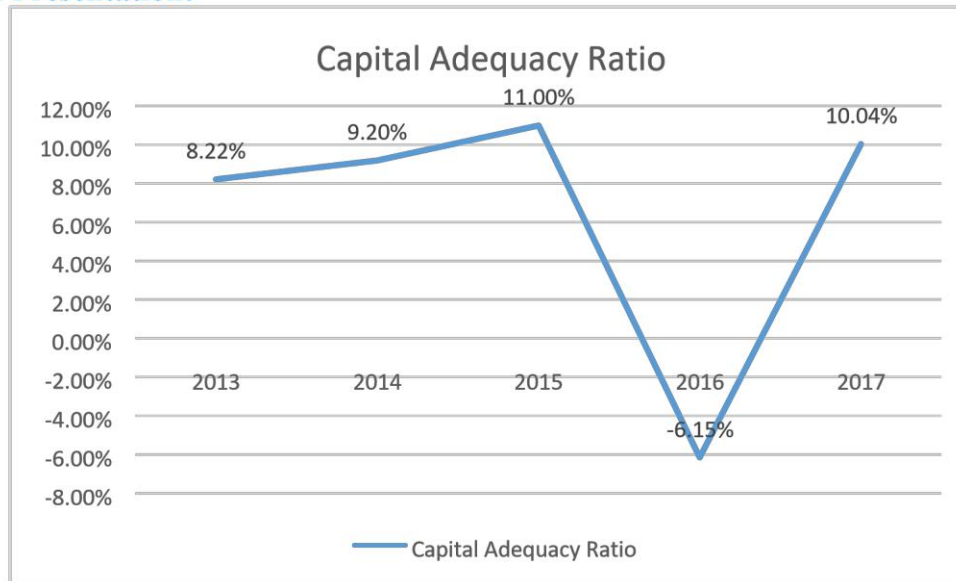


Figure 5.10: Capital Adequacy Ratio

Interpretation: Agrani bank Limited is not good enough to maintain CAR requirement because for last five years the ratio was below 10%. Bank's capital adequacy was constrained during the year 2012 due to (i) issuance of Bond by the Government against BPC, (ii) non-payment of LTR liability, (iv) increase of interest cost on deposit of Tk. 794 crore, (v) introduction of new classification rules of Bangladesh Bank taking into consideration the international norms as per agreement with the IMF.

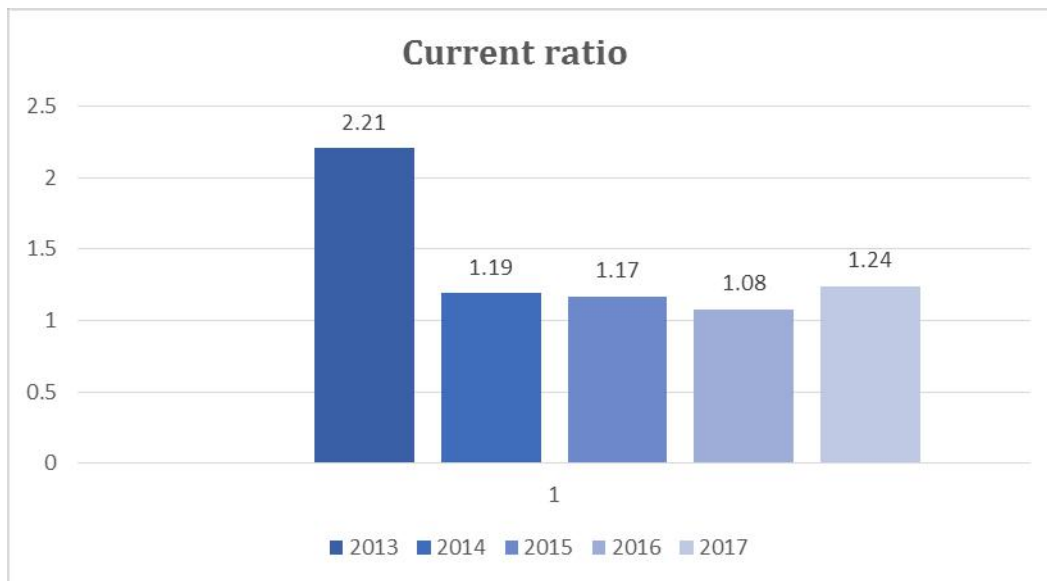
5.8 Ratio Analysis of ABL

Current ratio

Current ratio is a comparison of current assets to current liabilities, calculated by dividing your current assets by your current liabilities.

Current ratio= Current assets/ Current liabilities

2013	2014	2015	2016	2017
2.21	1.19	1.17	1.08	1.24



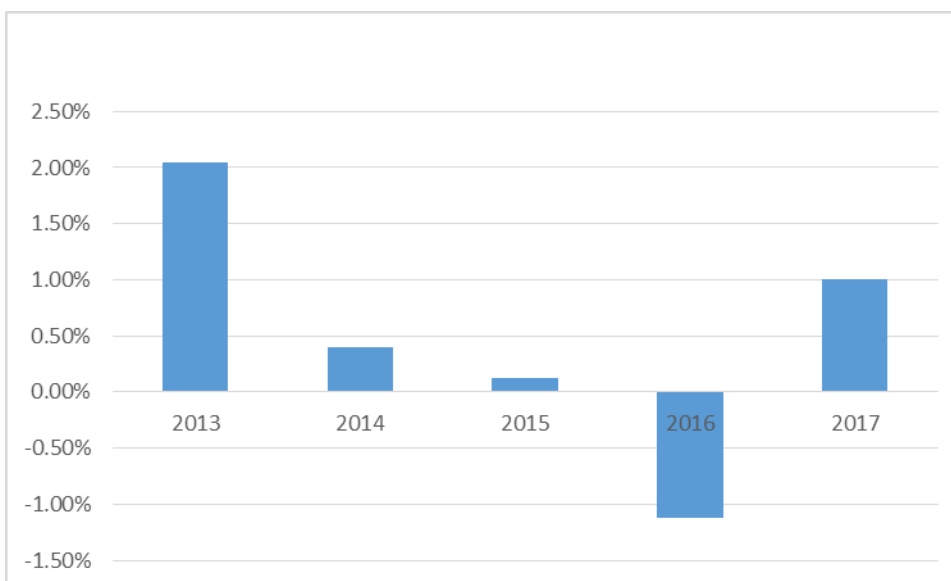
Interpretation: This analysis, it has been five years in 2013 to 2017 the bank current ratio was ups and downs mood. But in 2013 is was the highest and the result was 2.21 and the lowest was in 2016 and the result was 1.08

Return on Assets (ROA)

The arrival on resources estimates the measure of the benefit the organization creates as a level of the estimation of its aggregate resources.

Return on Asset=Net Profit after Tax/ Total asset

Year	2013	2014	2015	2016	2017
Return on asset	2.04%	0.40%	0.12%	(1.12)%	1.00%



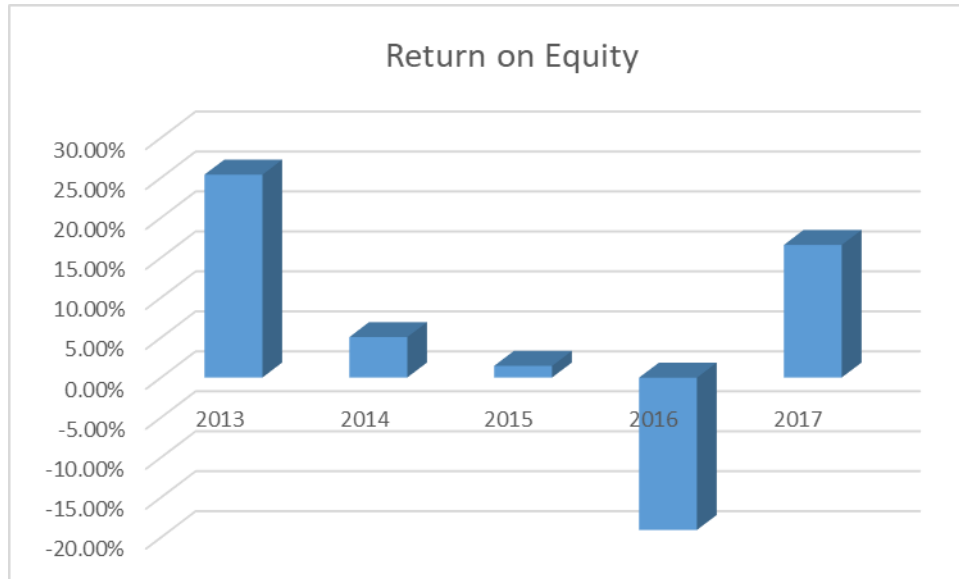
Interpretation: It is found that the value of ROA is showing very satisfactory result that is good for the bank since it is increasing from year. 2016 is not that much good performance in return on asset but 2017 Bank assets increased at a higher rate compared to their net income.

Return on Equity (ROE)

Return on equity is a measure of financial performance calculated by dividing net income by shareholder's equity.

$$\text{Return on Equity} = \frac{\text{Net Profit after Tax}}{\text{Shareholders equity}}$$

Year	2013	2014	2015	2016	2017
Return on equity	25.39%	5.06%	1.46%	(19.06)%	16.59%



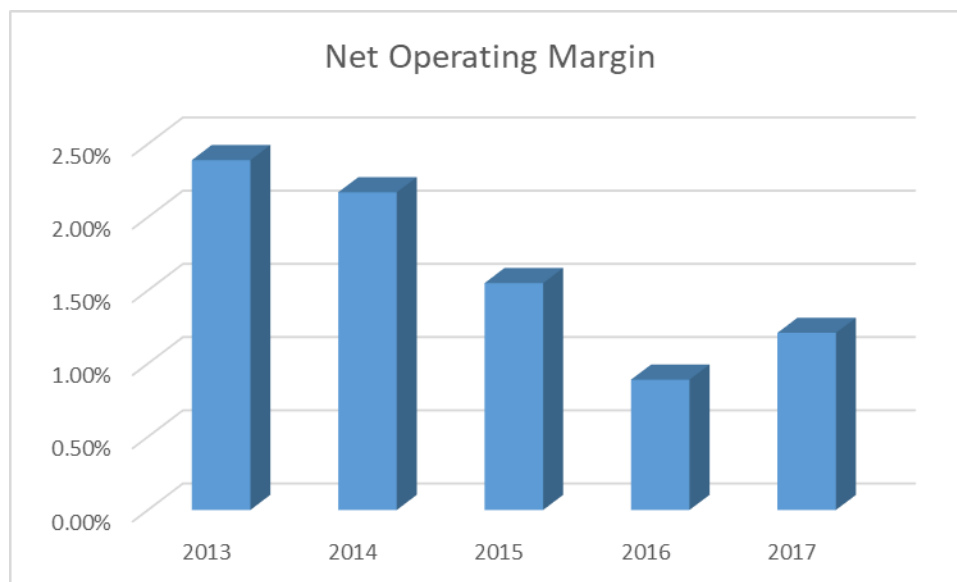
Interpretation: In Figure shows that, in return on equity increased them year. In 2016 it lower than all years. Higher return on equity maybe due to debt or higher return on Assets. In 2017 return on equity was in upward trend which is tremendous performance of the bank.

Net operating margin

Networking edge are effectiveness measure and in addition gainfulness measure, demonstrating how well administration and staff have possessed the capacity to keep the development of income in front of increasing expenses.

Net bank operating margin=total operating revenue – total operating expense/total asset

Year	2013	2014	2015	2016	2017
Net operating margin	2.39%	2.17%	1.55%	0.89%	1.21%



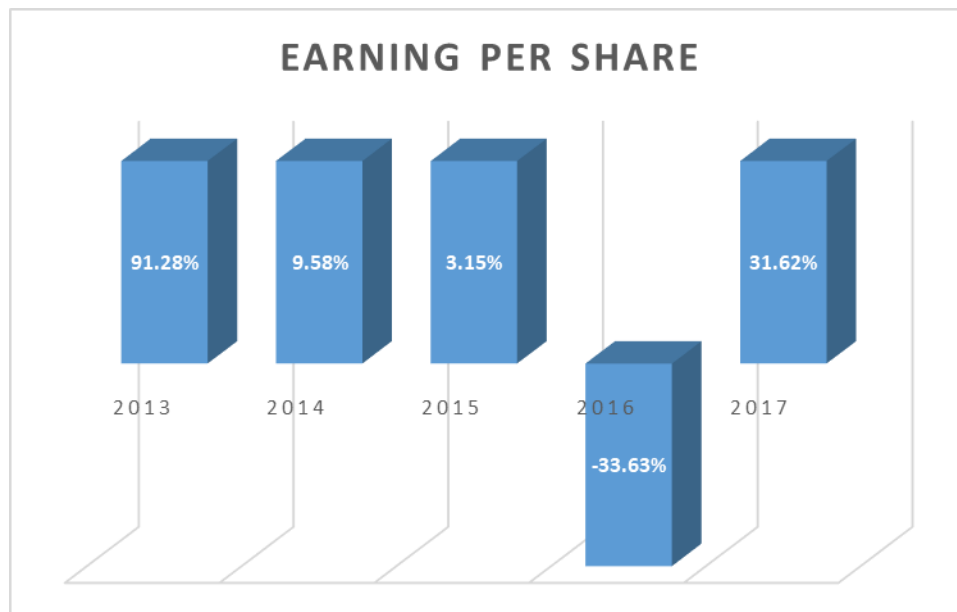
Interpretation: The operating margin is the operating income expressed as a percentage of net service. ABL Company's operating margin, also known as return on service, is good indicator of how well it's being managed and how risky it is. It shows proportion of revenues that are available to cover non-operating cost like paying interest. Higher operating margin was 2013 on the other hand 2016 was the lowest curve but in 2017 it increases than 2016.

Earnings per share (EPS)

A company's profit divided by its number of common outstanding share. Earnings per share is measured of a company for individual value of per share.

Earnings per share=Net income after tax/common share equity share outstanding

Year	2013	2014	2015	2016	2017
Earnings per share	91.28	9.58	3.15	(33.63)	31.62



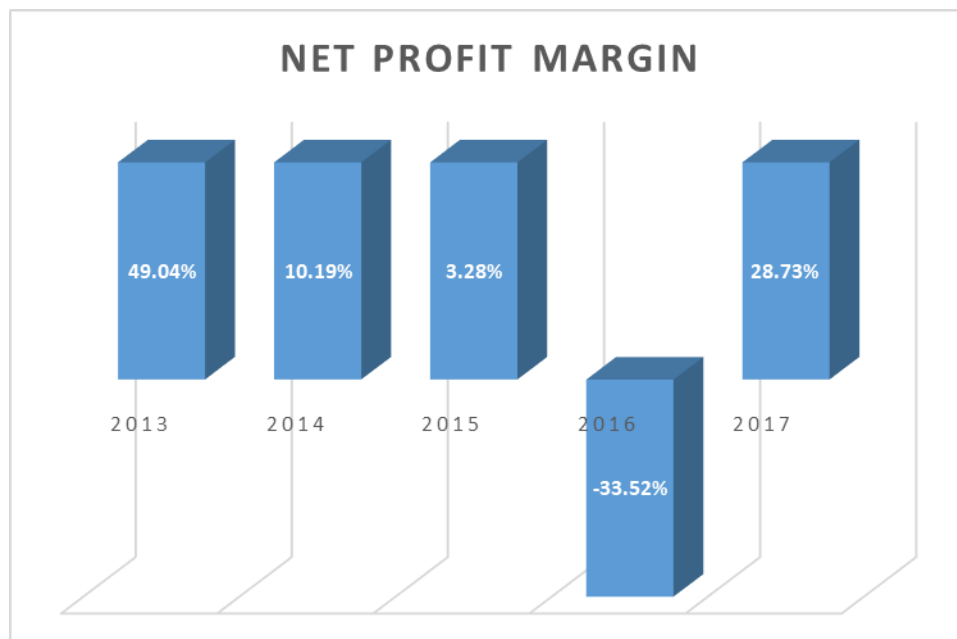
Interpretation: EPS is the measure efficiency of a banking company. It indicates how much share holder will receive from net profit after tax. In this figure ABL show that company shareholder entitles to get take for holding I share each year and 2016 is lower than others years. 2017 is higher than all year.

Net profit margin

The net after-tax income divided by a total operating revenue.

$$\text{Net profit margin} = \frac{\text{Net income after taxes}}{\text{total operating revenue}}$$

Year	2013	2014	2015	2016	2017
Bank equity multiplier	49.04%	10.19%	3.28%	(33.52)%	28.73%



Interpretation: This analysis, it has been five years in 2013 to 2017 the bank net profit margin was ups and downs mood. But in 2017 is increase than 2016. This graph shown that 2016 is loss mood but bank it's overcome in 2017. So their profit margin is satisfactory in 2017.

Chapter –6

Findings, Recommendations & Conclusion

6.1 Major Findings

- The amount of lending is increasing but the growth rate of lending is decreasing over the years for Agrani Bank Limited.
- Agrani Bank Limited distribute a large portion of lending in urban than rural areas.
- Agrani Bank Limited provides the highest portion of loans in Wholesale/retail trading and Personal sector and lowest portion of the loans in Transport, storage & communication and Ship breakings. The trend of giving loans by Agrani Bank Limited in power sector is increasing over the years.
- The portion of classified loans in percentage of total loans is too high.
- In the classified loan the amount of “Bad & loss” loan ratio is very high.
- Loan to Deposit Ratio for Agrani Bank Limited increased over the years but in 2017 it decreased to 73.51% from 79.13% in 2016.
- Capital Adequacy Ratio for Agrani Bank Limited is below than the minimum capital requirement of 10%. Even in the year 2016, the ratio is in negative value.
- Although current ratio in 2013 was 2.21% but day by day in 2014 to 2017 the bank current ratio has decreased which is not good for Agrani Bank Limited.
- ROA in 2013 was 2.04% that’s good but chronologically in 2014 to 2017 it has decreased. ROA in 2016 was negative which was very alarming for Agrani Bank limited.
- Although ROE in 2013 was 25.39% it was also good performance. From 2014 to 2017 this growth rapidly decreased and finally in 2016 was -19.06% which was negative. It is not a good sign for the company
- Net Operating margin in 2013 was 2.39%. But in 2014 to 2016 the ratio has decreased. Suddenly in 2017 NOM has increased which is good.
- EPS in 2013 was 91.28 that very good performance of a banking company. From 2014 to 2015 it had low growth rates and in 2016 this growth rate took negative pattern. In 2017 EPS of the bank increased again which is a good sign.
- Net Profit Margin of Agrani Bank Limited was 49.04% in 2013 though after that year it started to decrease. In 2016 it became negative which is alarming for the bank. In 2017 it has increased again and that is a good sign for the bank.

6.2 Recommendations

- There is a decreasing trend of lending growth over the years. The bank should try to increase it.
- Agrani Bank Limited does not provide enough loans in ship breaking and transport & communication credit system. The bank should concentrate in this sector.
- Agrani Bank Limited should focus more on rural areas for providing loans.
- Agrani Bank Limited should give more concentration to recover the classified loan by communication with clients and appropriately check the documents.
- The bad debt loss of the bank increased over the years. So, bank should take necessary actions for reducing the percentage of bad & loss loan, such as carefully selecting the borrower and lending sectors which may help to reduce the percentage of bad & loss loan.
- Bank should reduce risk weighted assets by providing loans to less risky projects to maintain minimum capital adequacy ratio.
- Agrani Bank limited current ratio is weak in 2014 to 2017. If ABL increase current assets and decrease current liabilities, then ABL will be able to maintain proper liquidity level.
- If ABL develop aggregate resources or increase the asset level, then ROA will gradually increase with income generated from those assets.
- ROE of the bank should be increased and the bank should take necessary actions to increase ROE.
- If ABL can take proper steps for increasing total income and decrease total expenses, then Net Operating Margin of the bank can be increased.
- EPS depend on high return of profit. So ABL should try to increase their profit level and get a high EPS.

6.3 Conclusion

The work experience in Agrani Bank Limited in Ramna Branch for the period of three months' internship program was very interesting and enjoyable. Agrani Bank Limited is in the midst of an intense competitive environment of financing industry. Job environment in Ramna branch of Agrani Bank Limited is excellent. As a semi government bank, the Agrani Bank allocates and proper management of their lending fund. From this lending fund they also conducted many lending services and investment in very industrial sector. A well distribution of their current, savings, various deposit, saving investment they raise their earning and arrange their expenses.

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