



বাংলাদেশ কৃষি ব্যাংক
Bangladesh Krishi Bank
গ্রামবাংলার গণমানুষের ব্যাংক



Daffodil
International
University

Internship Report On

“Financial Performance Analysis of Bangladesh Krishi Bank”



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Internship Report

On

“Financial Performance Analysis of Bangladesh Krishi Bank (BKB)”

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05-02-2019



Letter of Transmittal

05/02/2019

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Subject: Submission of Internship Report.

Dear Sir,

With pleasure, I am submitting my internship report of “**Financial Performance Analysis of Bangladesh Krishi Bank**” which was given me as a part of my BBA Program. I have done my level best to complete this report with the necessary information and suggestion from you.

I hope that the report will meet your expectations.

Thank you

Sincerely,

.....

Abid Hossan Ayan

ID No: 151-11-4375

Department of Business Administration

Daffodil International University



Certificate of Approval

I am pleased to attest that the Internship Report on “**Financial Performance Analysis of Bangladesh Krishi Bank**” prepared by Abid Hossan Ayan bearing ID no: 151-11-4375 of Bachelor of Business Administration (Major in Finance) Under the Department of Business administration. This report is recommended for submission and defense.

Abid Hossan Ayan bears a good moral character and a very pleasing personality. It has indeed been a great pleasure working with him. I wish him all success in life.

I wish him all victory in life.

Nusrat Nargis

Nusrat Nargis

Assistant Professor

Department of Business Administration

Daffodil International University



Acknowledgment

First, I would like to thank Almighty Allah that he gives me good health to complete this report in time. Then I would like to thank my Supervisor **Mrs. Nursrat Nargis** for her continual support, advice, guidance throughout the intact making of this report. I would like to give my -sincere regards and gratitude to my honorable teachers whose kinds of guidance and support helped me to complete my BBA program.

Last but not the least; I would like to thank all the members of the corporate branch of Bangladesh Krishi Bank limited and their help and support throughout the completion of this report. Special thanks to **Mrs. Nazma Salam** AGM for supporting me.



Executive Summary

Title of the report comes as an Overview on “**Bangladesh Krishi Bank**”. This report focuses on the Financial Performance of Bangladesh Krishi Bank.

The objective of the report was to know about the Ratios of a bank and their landing procedures.

In this report, primary and secondary data both are used. Primary sources are three-month practical data in the internship; face to face conversation and relevant file study provided by the bank officers. The secondary sources are a financial statement published by Bangladesh Krishi Bank in their website.

Performance making is the most important part of banking. If there is a lacking in their performance, then their output will be low. Bangladesh Krishi bank follows the Implementation and rules and guidelines of Bangladesh Bank. Performance of a bank is a part which cannot be refused.



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Chapter 1:Introduction



1.1 Introduction

The internship program is an essential part of the Bachelor of Business Administration (BBA). This program creates a different opportunity for students to apply their theoretical knowledge in real life and to gain profitable real-world business experience. At the time of the program, students can use the various reasonable tools to solve the problem, while being fortunate enough to know the real business status as well.

Modern development is playing its role to keep the economic development cycle moving forward. Bank's strong need for every economic activity, in fact, there is an aspect of development activity where the state is active or otherwise where the bank does not have the role.

1.2 Origin of the study

The BBA internship program requires a prioritized take-over to test the real-life challenge handle by the intern. This is the main part of the BBA (Bachelor of Business Administration) which will have to face all the BBA students. Students come together in multiple projects and come forward to different corporations. This program has three months duration. At the end of the ceremony, Internships will perform tasks and discover the project through the writing of internship report on relevant topics. During this program, supervisors manage individual students - from one university and the other from the corporation. During this time I worked closely with the farmhouse branch. This report provides research results through International-Bangladesh Krishi Bank Limited. I was allocated about "Financial Performance Analysis of Bangladesh Krishi Bank Limited".

1.3 Background of the study

There is a real indication of the knowledge acquired from an institutional course of research because if it is not practiced in real life, only a lot of theoretical knowledge will become ineligible. So to make us valuable, we need the right activities of our education to get some good from our theoretical education. Such an underlying internship can be made available on.



The Internship Program Act is a strong consideration because it allows a student to intimate business activities. The student often works with the people of the organization and tells about the organization's work. This program gives the student the ability to improve his practical skills and learning skills.

The internship schedule of the Bachelor of Business Administration Course was given to me for my internship at the **Bangladesh Krishi Bank** for three months.

1.4 Scope of the study

Now, banks will have to face foreigners in the market place with regional organizations to increase growth. The investigation of the plan is also applicable to the provision of this report. Corporations have completed a structure and look for the near future. All interpretations of the bank during this report are limited to its services. It explores the structure and the organization, its financial performance increasing the real-life of its operations. The broad organizational setup of research, the purpose, and performance limited.

1.5 Objectives of the study

- ✚ To analyze the activities of Bangladesh Krishi Bank.
- ✚ To evaluate the financial performance of Bangladesh Krishi bank from 2013 to 2017.
- ✚ To find out the problems of the bank.
- ✚ To provide some recommendations about the problems of the bank.

1.6 Methodology of the study

This report has been made on the experience collected from my intern period. The performance analysis of Bangladesh Krishi Bank Ltd. has been shown in this report based on a financial report (2013-2017). Those findings represent via graphs, charts, and tables in the interpreting part. According to my supervisor instruction, all of the information was applied successfully.

1.6.1 Data source

This report is based on the secondary data source.



Secondary data sources:

- ✚ Annual reports of BKB.
- ✚ Different categories of textbook & journals.
- ✚ Different types of Articles.
- ✚ Little of my course knowledge as related to this intern report.
- ✚ Support from the network and internet

1.6.2 Data Collection Procedure

For the “Financial Performance Analysis of Bangladesh Krishi Bank Limited” I mostly used Secondary data. By this, I also collect some statistics by taking executives opinion from the bank and direct participation while I doing the internship part at the bank.

1.7 Limitations

Perfect and analyzing a wide range of banking partnerships and in some areas, it is not easy. Moreover, for some reasons security and privacy, the bank generally does not want to discover all the reports related to their corporation. Another major limitation was that the duration of the duration was only 11 weeks and as the interim member of the corporation, it was difficult for me to follow certain issues and other issues. The limitations I have faced while developing this Report are given as below:

- ✚ **Time limitations:** It was a very short time to complete the report. It should be ready in 2 months. So there is a lack of time.
- ✚ **Data is invalid:** due to lack of authority and security reduction, there is a lot of lack of financial analysis and data gathering for foreign trade.
- ✚ **Lack of records:** It is a matter of fact that when an organization is in the current position, they do not keep old records, they send it to the headquarters, so there is a lack of report when preparing the report.
- ✚ **The inadequacy of experience:** The lack of involvement has acted as a limitation on the analysis of the subject. The lack of proper learning about the export and import business of any corporation.



Chapter 2: Overview of Bangladesh Krishi Bank



2.1 Historical Background

Under the President's Order 27 of 1973, Bangladesh Krishi Bank was established as a fully publicly owned bank. BKB primary purpose is to provide farmers' credit facilities for the development of farmers and farmers engaged in the development of farmers and agricultural-based and cottage industries. The bank is managed according to policies and policies of the People's Republic of Bangladesh. The person and corporate body loan approval is related to following the main function-

- ✚ Crop production
- ✚ Purchase irrigation equipment and equipment
- ✚ Development of horticulture
- ✚ Animal husbandry and finally
- ✚ Animal Husbandry

2.2 Corporate Information

Name of the Bank	: Bangladesh Krishi Bank
Status	: Government of Bangladesh owns Bangladesh Krishi Bank
Date of Incorporation	: June 02, 1973
Inauguration First Branch	: August 01, 1975
Authorized Capital	: Tk. 300 Core
Paid-up Capital	: Tk. 300 Core
Number of Branches	: 942 Branches
Proposed Branches	: 197 Branches
Number of Employees	: 10,454
Credit Rating	: Long Term (Adequate Safety) Short Term (Good Grade)



2.3 Mission, Vision, Objectives of Bangladesh Krishi Bank

2.3.1 Mission of BKB

Bangladesh Krishi Bank believes together with its customer, on the path of growth and progress in the way of progress. To achieve the desired goal, excellence will be achieved in all stages with increasing growth environment, because, Bangladesh Krishi Bank believes that the superiority line is not finished. Bank's strategic planning and networking will strengthen its competitive edge to others in a rapid competitive environment. Its personalized quality service to customers, along with the continual improvement trend, will provide the basis for our operational success.

2.3.2 Vision of BKB

Bangladesh Krishi Bank has highlighted the following corporate objectives to make its goals easier:

- ✚ Be the most careful, customer friendly and service government bank.
- ✚ To ensure ethics and transparency of all levels.
- ✚ Ensure sustainable growth and establish full value of shareholders.
- ✚ Above all, add effective contributions to the national economy.
- ✚ Finally, the bank insists.
- ✚ Providing efficient customer service
- ✚ Customers' money and their financial advisers are being trusted repository
- ✚ Its products make customers superior and fruitful
- ✚ His charity and humanitarian activities expand its social commitment.

2.3.3 Strategic Objectives of BKB

- ✚ The primary objective of BKB is to provide credit facilities to the farmers for the development of agriculture and entrepreneurs engaged in the development of agro-based and cottage industries.



- ✚ The Bank is guided in accordance with the policies and principles of the Government of the People's Republic of Bangladesh.

2.4 Products and Services of Bangladesh Krishi Bank:

- ✚ Letter of Credit (LC)
- ✚ Bill purchase/Discount
- ✚ Export Credit (Pre Shipment & Post Shipment)
- ✚ Remittance (Inward, Outward)
- ✚ Collection, Purchase, and Sale of Foreign Currency and Travelers Cheques.
- ✚ Maintenance of Student education file.
- ✚ Guarantees in Foreign Currency.
- ✚ Foreign Currency accounts.
- ✚ NFCD (Non-Resident Foreign Currency Deposit) A/C.
- ✚ RFCD (Resident Foreign Currency Deposit) A/C
- ✚ Forward Contracts
- ✚ Correspondent Banking Relations.
- ✚ Taka Drawing Arrangement
- ✚ Dealing Room



2.5 Organogram of Bangladesh Krishi Bank

Top Management

Managing Director, MD



Deputy Managing Director, DMD



General Manager



Deputy General Manager



Assistant General Manager

Mid Level Management

Senior Principal Officer



Principal Officer

Lower Level Management

Senior Officer



Officer



Junior Officer



Office Assistant



Chapter 3: Analysis of activities of Bangladesh Krishi Bank



3.1 Lending Credit Facilities

BKB provides credit facilities to individual and corporate bodies engaged in crop production, horticulture, forestry, and fisheries. It also offers financial and technical assistance to agro-based and cottage industries. Its charter requires the bank to act on commercial considerations but with due regard to the development of agriculture, and agro-based and other related industries in rural and urban areas. Under the provisions of its charter, BKB is supposed to give preference to the credit needs of small farmers and other disadvantaged groups. BKB, therefore, has to fulfill both social and economic objectives.

3.2 Lending Financing

The bank provides short, medium and long-term financing for the production, processing, warehousing, and marketing of agricultural and agricultural-based industrial products. The terms of the loan are given for the purpose, due to the time of pregnancy and income generation. Generally, the bank provides short-term loans for seasonal agricultural production activities. Mid-term loans are approved for adopting farm machinery, low lift pump, hand pump, agricultural equipment's, calves, cart, goat, dairy, poultry, and draft animals, transportation facilities for agricultural production and related development activities. Long-term loans, including a tractor, power tailor and shallow tube well, construction of ice plant, the establishment of agro-based industries, expansion of tea garden or plantation of farms, forests, and fisheries, improved for capital. For the short-term loan, the duration of the amortization period is 18 months, for the medium term loan for 5 years and for a long term loan of more than 5 years.

Lending programs:

Apart from the above areas, BKB provides about Tk 14 billion annually in financing numerous projects and special programmer such as the Special Agricultural Credit Programmed, and in helping contract growers of BADC, funding schemes of POTATO cultivation and preservation, TEA plantation, and installation of hand pumps, shallow and deep tube wells, the Rural Finance Experiment Project, projects in dairy farming, poultry, fisheries, aquaculture and livestock, loans for production and marketing of TOBACCO, BANANA and COTTON, the Betagi Community Forest Project, Swanirvar Bangladesh, and financing self-employment schemes of educated unemployed youth.



Lending schemes

In order to achieve self-sufficiency of food through agricultural development, BKB plans to prepare an annual plan for importing alternative agricultural products, meeting the growing demand for agricultural credit and identifying appropriate areas for agricultural development.

Sector

BKB has introduced some small savings schemes for those regular deposits as well as those limited groups. BKB has introduced seven years 'Bangladesh Krishi Bank Sansaya Project' in 2008. Under its social and poverty alleviation strategy initiative, BKB provides loans and banking facilities for the farmers to share simple terms.

Bangladesh Krishi Bank is mainly based for the landing process of Bangladesh. The bank mainly serves all the landing helps to the farmers.

3.2 Other lending activities of BKB Bank

- ✚ Crop, Fisheries, Livestock, Agricultural Equipment, Crop Stocking and Marketing, Poverty Alleviation, Agriculture Based Industries, and Loans Allocated in SCC and SMEs.
- ✚ Various deposit schemes, including current, savings, SND and expiration deposits.
- ✚ Selling and selling of bonds of various government 'transparency' and prize bonds.
- ✚ Foreign remittance from foreign workers working overseas abroad is available.
- ✚ Distribution of allowances of freedom fighters, old age, widow, distressed divorce, poor disabled; Government provides social welfare programs and pension for retired members of the Armed Forces to pay scholarships under pension payment.
- ✚ Payment of government bills for the collection of rice, paddy, and other food; Tax collection for land development and other utility services.



3.3 Poverty Alleviation

Bangladesh Krishi Bank was established to strengthen the rural economy by increasing credit support in agriculture and agro-based sectors. Considering the importance of microcredit and BKB has adopted its own autonomous programs aimed at encouraging employment and social development, and in collaboration with local and foreign organizations. These programs are designed to cover all sections of the poor population, whether skilled or uneducated, such as small and marginal farmers, landless laborers, selfless women, disabled, unemployed youth and rural artists etc.

- ✚ To create employment opportunities through income generating activities.
- ✚ To empower rural women to establish their own rights.
- ✚ To improve the living standard of rural people.
- ✚ To alleviate the poverty of the poor people.
- ✚ To make easy access to institutional credit facilities and resources.
- ✚ To mobilize rural savings.
- ✚ To make optimum utilization of rural resources.
- ✚ To engage inactive human resources of the rural areas in productive/economic activities.
- ✚ To engage rural people in the development process of the country.
- ✚ To eliminate exploitation done by the money lenders.



Chapter 4: Analyzing The Lending Process of BKB



4.1 The process of Lending Activities

4.1.1 Beef fattening Joint Program

This is a bank's own financed program. Bank launched this program in 1994. The main objective of this program is to fill up the deficiency of animal protein in the country as well as the creation of self-employment for poor and unemployed people living in the villages. Under this program, a person can get a loan amounting up to Tk.25000/- for 5 calves against the guarantee of a bank official or local elite. The rate of interest is 10%. The loan is to be repaid with interest in one installment within one year. About 89025 beneficiaries have been provided with Tk.1481.30 million since its inception.

4.1.2 Banks have been implementing Soniuwarva

Credit Program for equal protection since 1979. Creating employment for landless and limited farmers, increasing living standard, creating social and moral values, eliminating illiteracy, creating health and family planning services etc. The objectives of this program Beneficiary landless, rural poor and worst cultivable land under the program is 0.40 acres and maximum annual income is 20 thousand taka. 212 branches of 31 districts (regions) are involved in this program. The beneficiary group should be formed (in every 5 members) and a center (comprised of 5 groups). BKB and Swanirvar Bangladesh jointly manage this program. Credit-free collateral but require group guarantee for each other. The maximum loan amount is 15,000 / - per kg. This short-term credit (52 equal weekly health benefits will be restored in one year). Sunishvar workers are properly recommended to distribute the benefits to the beneficiaries. Responsible for the formation of self-reliant Bangladesh Group, responsible for the training of beneficiaries and recovery of loans. The interest rate is 16%. (6% service charge for self-employed, BKB 10% interest).

4.1.3 Grameen Women Employment Generation Project ADB Loan No 1067 BAN (SF)

This joint project was started in 1993 to test the concept of co-participants of millions of government organizations (GOSs) and non-governmental organizations (NGOs) in the rural areas to provide employment for poor women. Women Affairs Department (DWA), 12 NGOs, 12 thanas (Upazila) and BKB jointly implemented the project. NGOs organize people groups, train them under the supervision of DWA and suggest funding by ADB. It is a parallel free credit. The interest rate is 12%. About 67,402 beneficiaries have paid 1554.70 million rupees.



4.1.4 BKB-NGO Micro Credit Program

This program is a replication of Rural Women Employment Creation Project (RWECP). NGOs organizes individuals into groups, provides the training and recommends for credit. BKB provides credit from its own fund. This is also a collateral free credit. The interest rate is 12.5%. About 16636 beneficiaries have been provided with Tk. 136.00 million since its inception.

4.1.5 Special Micro Credit Program for the Disabled

This program was launched in 2002 to create social employment and social socio-economic conditions by creating jobs for people with disabilities. Department of Social Welfare and Disabled Foundation Extension Services. It is a parallel free credit given to all branches of the bank. The interest rate is 10%. About 530 beneficiaries were paid. 5.60 million.

4.1.6 Manipuri Small Business Credit Program

The program was launched in 2003 with a view to providing capital working in the handloom industry operated by Manipuri women living in Sylhet region. Bank officials organized Manipuri women with handloom and training/education/ operation experience.

Eligible women are organized into a 5-member group. It is a parallel free credit provided from the bank's own fund. The interest rate is 10%. About 684 beneficiaries have been provided Tk 21.50 million (up to 30 September 2008) since its establishment.

4.1.7 Special credit program for Rakhines under Cox's Bazar district

This program was launched in 2003 with a view to providing the capital loan to work for handloom and cottage industry products and marketing. Rakhine community resident of Cox's Bazar district was financed. Bank officials organized Rakhines in a 5-member group. It is a cooperative free credit programmer from the banks' own fund. The interest rate is 10%.

About 469 beneficiaries were given money. 15.10 million in its opening (until September 30, 2008).

4.1.8 Tree Plantation Program



In 2002 and 2003, BKB has launched 8 tree plantation programs - for example, all types of nurseries, herbs, horticulture development, fruit and plantation plants, bamboo production, herbal gardens, coconut gardens, plantation plant. , Rattan production For the purpose of reducing poverty, due to the proper use of the fallow land, treatment of drugs and the development of the environment, these activities have been started for the development of more trees in banks to increase tree production. Under this program, the credit is equal to Taka free of cost. 25,000 / -. The interest rate is 8%. About 3003 beneficiaries have been provided Tk 303.50 million (up to 30 September 2008) from the beginning.

4.1.9 Establishment of breeding farms of Black Bengal goat program

This program has been adopted to ensure the supply of children of the Bay of Bengal to support poverty alleviation national programs by keeping goats. Under this program, a farm comprising 50 goats is considered as a small farm and 51-200 goats are considered to be a farm. Loan medium word Credit limit money 30,000 / - 10 goats (including a goat) for a small farm. These credit limits are calculated, bought for goats and counted for purchasing goats and primary feed. This range is proportionate to the number of goats and goats for a small farm.

4.1.10 Poverty Reduction through Production and Improvement of Sheep

This is a government-run program which has been started at the end of the fiscal year 2005-05. It will be implemented mainly in 22 upazilas selected under BKB's regional 11 districts. The Department of Livestock provides extensive services and BKB lends itself to its own fund. Under this program, parallel credit amount up to 50,000 / -. The interest rate is 8%. This loan will be repaid within four years with 6 equal installments including one year's contribution. Nearly 360 beneficiaries paid 3.80 million rupees (till September 3.8).



CHAPTER 5: Financial Performance Analysis of Bangladesh Krishi Bank From Year 2013 to 2017



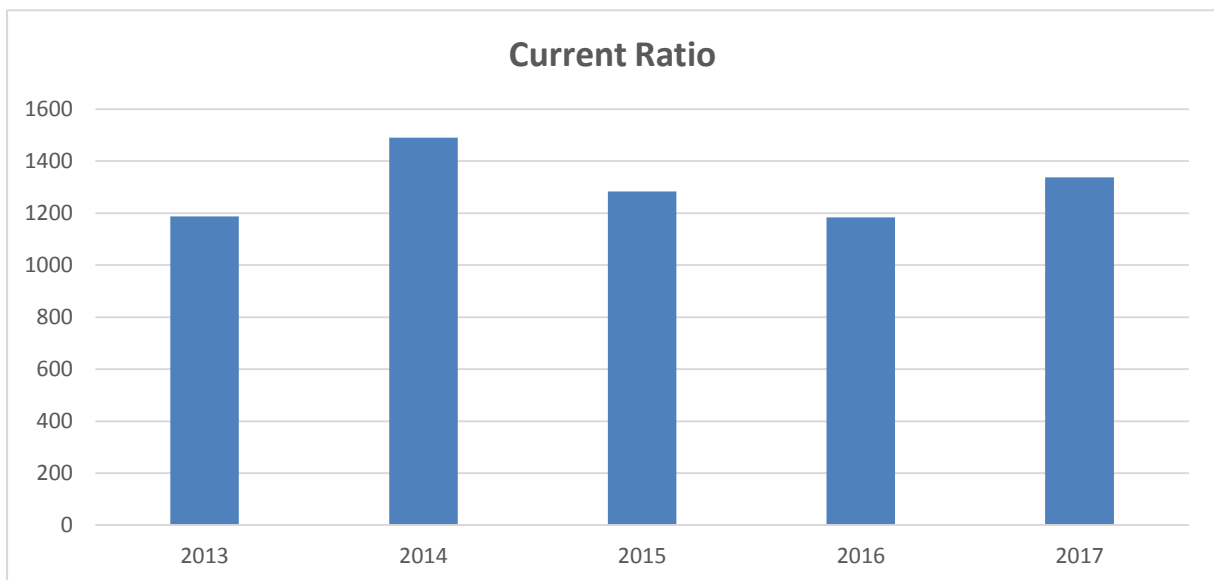
5.1 Liquidity Ratio

Liquidity ratio calculates of the enterprise's short- run ability to pay its growing accountability.

5.1.1 Current Ratio

The current ratio is basically for measuring its short-term obligations based on how much assets the firm has. The higher the ratio is better for the firm.

Year	2013	2014	2015	2016	2017
Current Ratio	1.058	1.059	1.044	1.037	1.036

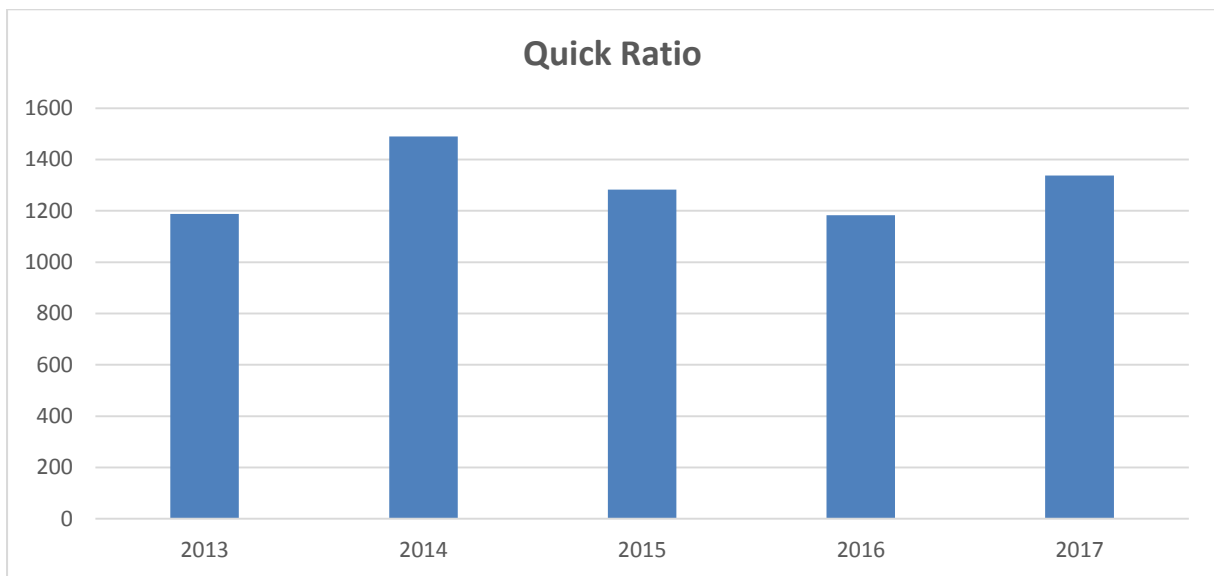


Interpretation: Basically, the higher the current ratio, the more liquid the firm is thought to be. In 2014 the ratio was preserving 1.059. Current assets against 1 too. Current liability but in 2016 its current assets reduced in 1.037. Whereas mainly banking industry maintains 1: 1 current ratio. In 2017 it again reduced from 1.037 to 1.036. The current ratio has to be 2 where the bank has no sign of so that they need to improve.

5.1.2 Quick Ratio

The quick ratio is a measure of how well a company can meet its short-term financial liabilities. Also known as the acid-test ratio.

Year	2013	2014	2015	2016	2017
Quick Ratio	1.23	1.31	1.37	1.33	1.28



Interpretation: The acid test ratio measures a company's liquidity by demonstrating its ability to repay its current liabilities with fast assets. If a company has sufficient rapid assets to cover its current total liabilities, the company can pay off its obligations without having to sell any long - term or capital assets.

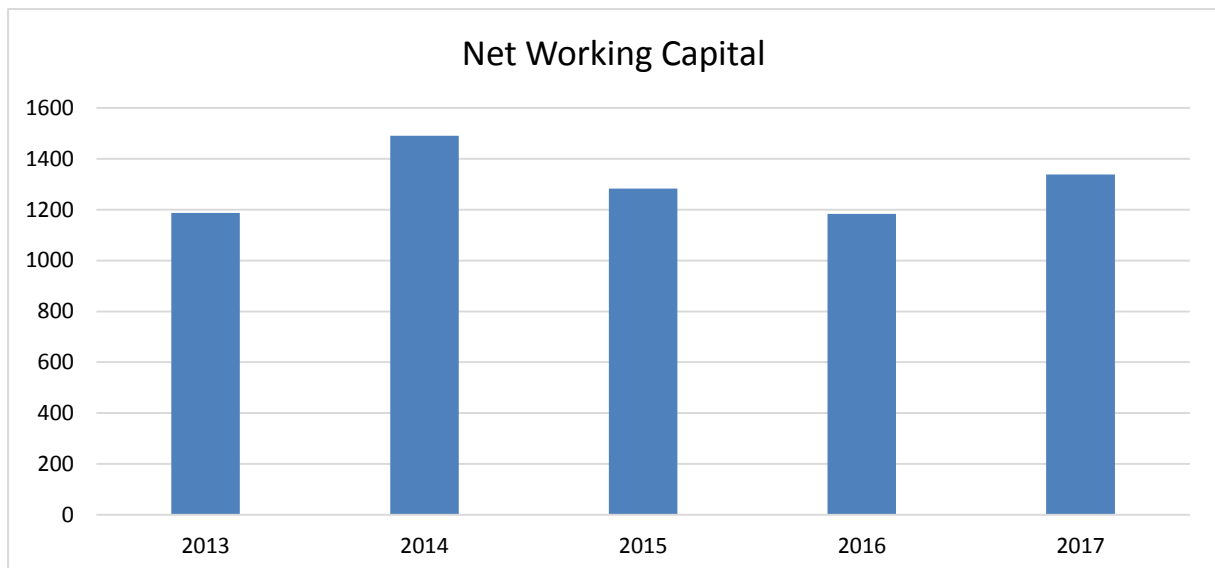
An acceptable quick ratio for a company is 1:1. Here in 2013 where BKB is going at 1.23 and continue increasing till 2015 with 1.37. Though BKB has had the acceptable ration in 2016 and 2017 also. We can see that BKB has maintained a better ration in terms of acceptable ratio.

5.1.3 Net Working Capital

The percentage of investment that is needed to run the business is called working capital. Working capital is like the blood of the firm. Networking capital is the division between the firm's current assets and its current liabilities. Networking capital is not basically a ratio it is a common measure of a business overall liquidity that it contains.

Net Working capital=Current Asset – Current Liabilities

Year	2013	2014	2015	2016	2017
NetWorking Capital	1187.77	1490.32	1283.5	1183.25	1338.10



Interpretation: For one company or firm working capital is needed because the daily activities cannot be run without it. From the above graph, it has been shown that in 2014Krishi bank's net working capital was 1490.32 which was really good that means Krishi bank was in good position.In 2015 and 2016 it started to reduce but in 2017 it increased again which means they are in good position now.



5.2 Activity Ratio

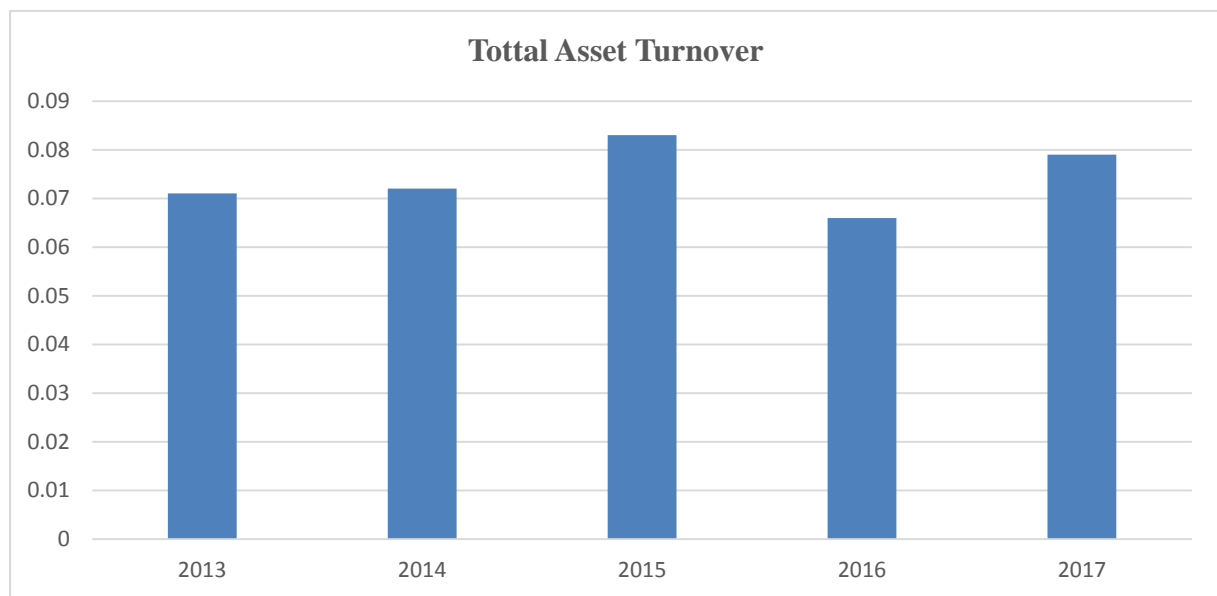
Activity ratio shows how efficiently the enterprise is using the assets employed. In other word, it calculates the speed with which different accounts are turned into sales or cash-inflows or outflows.

5.2.1 Total Asset Turnover

It measures that how effectively all the assets can be turned into liquidating to generate sell.

Total Asset Turnover= Net sales / Total Asset

Year	2013	2014	2015	2016	2017
Total Asset Turnover(Times)	0.071	0.072	0.083	0.066	0.079



Interpretation: In 2015 and 2017, Krishi bank’s total asset turnover was higher at 0.083 and 0.079 which means to 8.3 and 7.9 times. Basically, the higher a firm’s total asset turnover, the more effectively its assets have been used and 4 to 6 times is the standard position but it also depends on the corporation. In 2016 it was reduced at 0.066 which is not a good sign for the company.

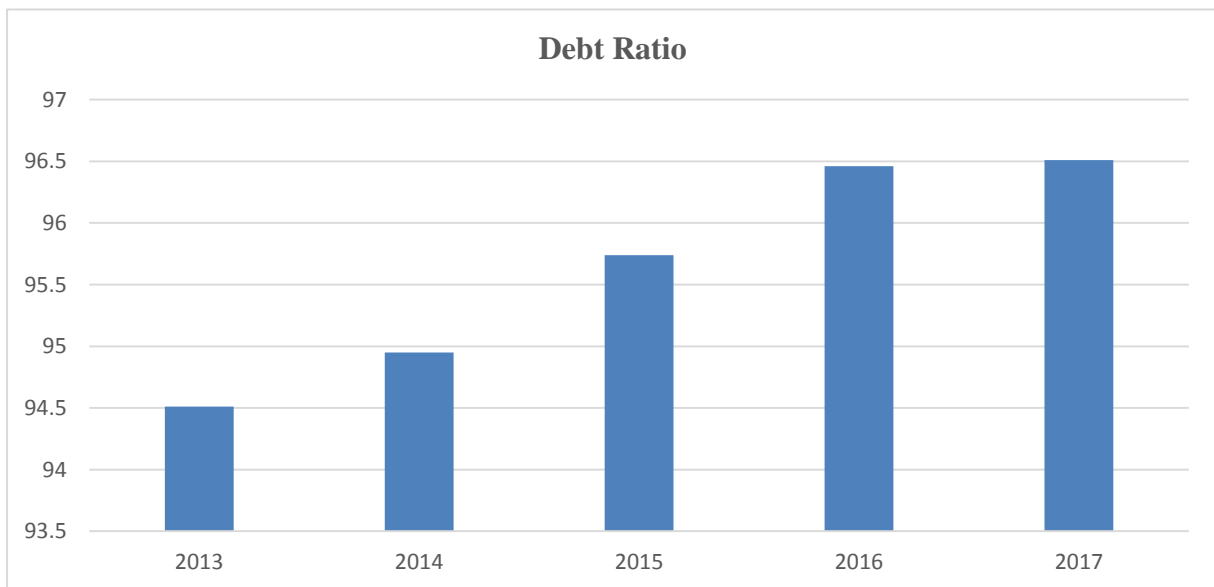
5.3 Debt Ratio

Debt ratio calculates of the degree of preservation for long- term creditors and investors.

5.3.1 Debt Ratio

The debt ratio calculates the preservation of total assets provided by the firm’s creditors. It also helps to calculate the risk because debt subsists of a fixed engagement in the form of interest and principal repayments.

Year	2013	2014	2015	2016	2017
Debt Ratio (%)	94.51	94.95	95.74	96.46	96.51



Interpretation: This graph indicates that the debt ratio increased most in 2017 96.51% from last three years. The Debt ratio calculates the percentage of total assets provides by the firm’s creditors. The lower the ratio advised less risky. Krishi bank’s debt ratios were increasing line from 2015 to 2017 that means bank’s dependency on loan were constantly increasing.

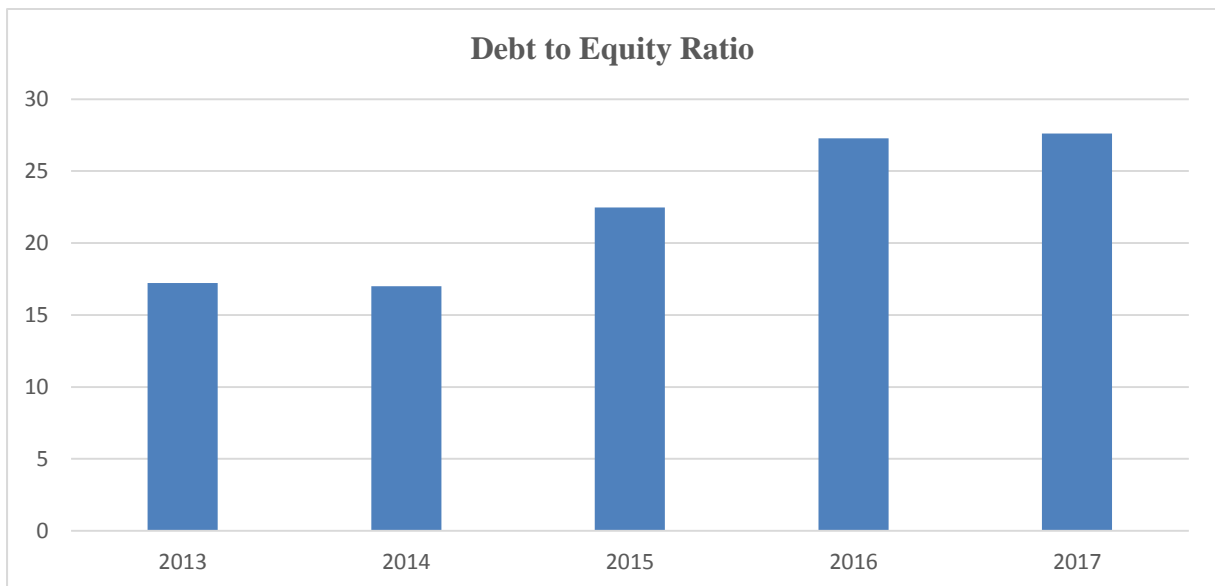


5.3.2 Debt to Equity Ratio

This ratio judged the firm's capital system. It gives a measure of risk to creditors by seeing the funds invested by creditors (debt) and investors (equity). If the percentage of debt is higher than it is a risk to any creditor.

Debt to Equity Ratio= Total Liabilities / Shareholders Equity

Year	2013	2014	2015	2016	2017
Debt to Equity Ratio	17.22	17.00	22.47	27.27	27.61



Interpretation: From the above graph it can be realized that Krishi Bank's debt to equity ratio was increased year by year except 2013 and 2014 where the point is 17.22. In 2017 it was very higher at 27.61 which indicates the higher percentage of debt is a higher degree of risk of the bank.

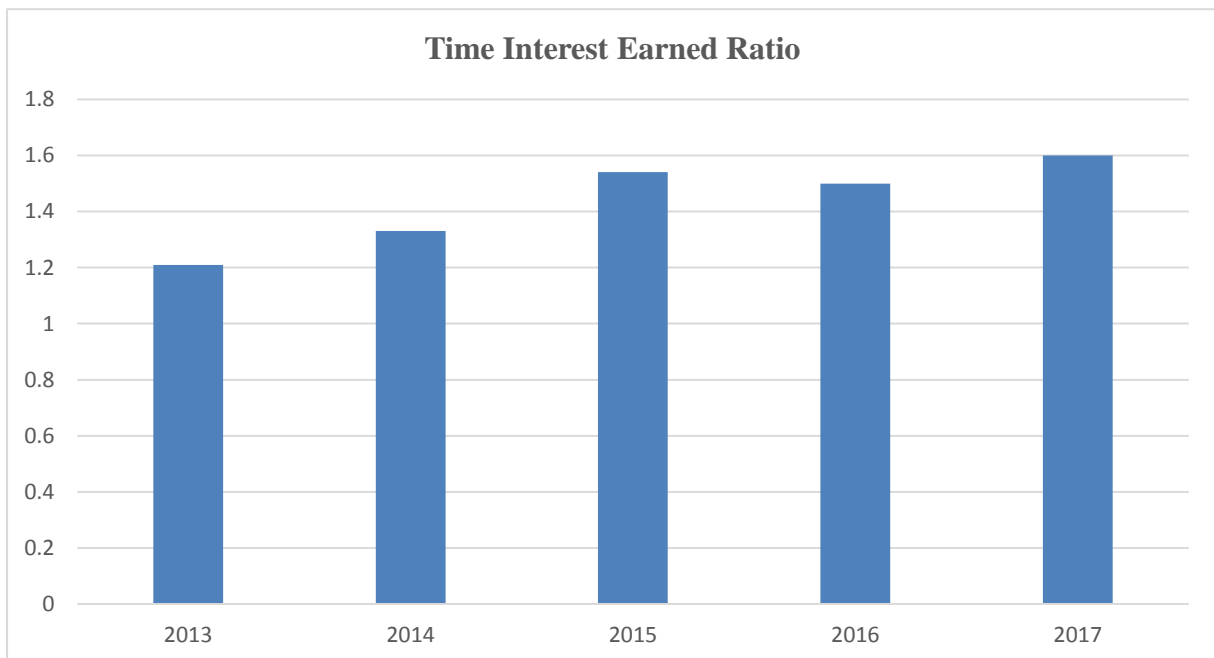


5.3.3 Time Interested Earned Ratio

Times interest earned ratio calculates the firm's ability to make constitutional interest to make constitutional interest payments.

Time Interest Earned Ratio = Earnings before Interest & Taxes (EBIT) / Interest.

Year	2013	2014	2015	2016	2017
Time Interest Earned Ratio	1.21	1.33	1.54	1.50	1.60



Interpretation: This figure indicates that Krishi bank's time interest earning ratio was increasing year by year where in 2013 it was 1.21 in 2014 it increased to 1.33. From 2015 to 2017 it was between 1.50 to 1.60 that means bank's interest payment capacity was consistently increasing.



5.4 Profitability Ratio

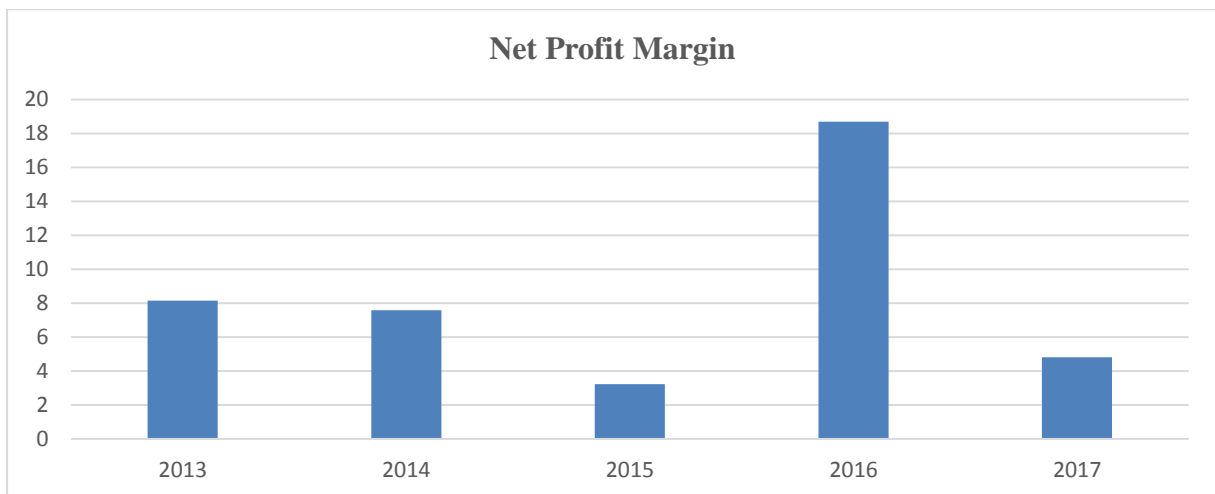
Profitability ratio calculates of the degree of success or downfall of a given enterprise or corporation for a fixed period of time.

5.4.1 Net Profit Margin

The net profit margin measures the portion of each sales taka remaining after all expenses, counting taxes, have deducted. The higher the corporation's net profit margin is better.

Net Profit Margin = Net Profit after Tax / Sales

Year	2013	2014	2015	2016	2017
Net Profit	8.15	7.59	3.23	18.70	4.81
Margin%					



Interpretation: In this figure, it has been shown that in 2013 and 2014 the ratio was average at 8.15% and in 2015 it reduced to 3.23% and again in 2016 net profit margin increased to 18.70% which is very good that was really high above from all the years. Which is a good sign. But in 2017 it decreased very poorly to 4.81% which is a massive reduction where the bank can work.

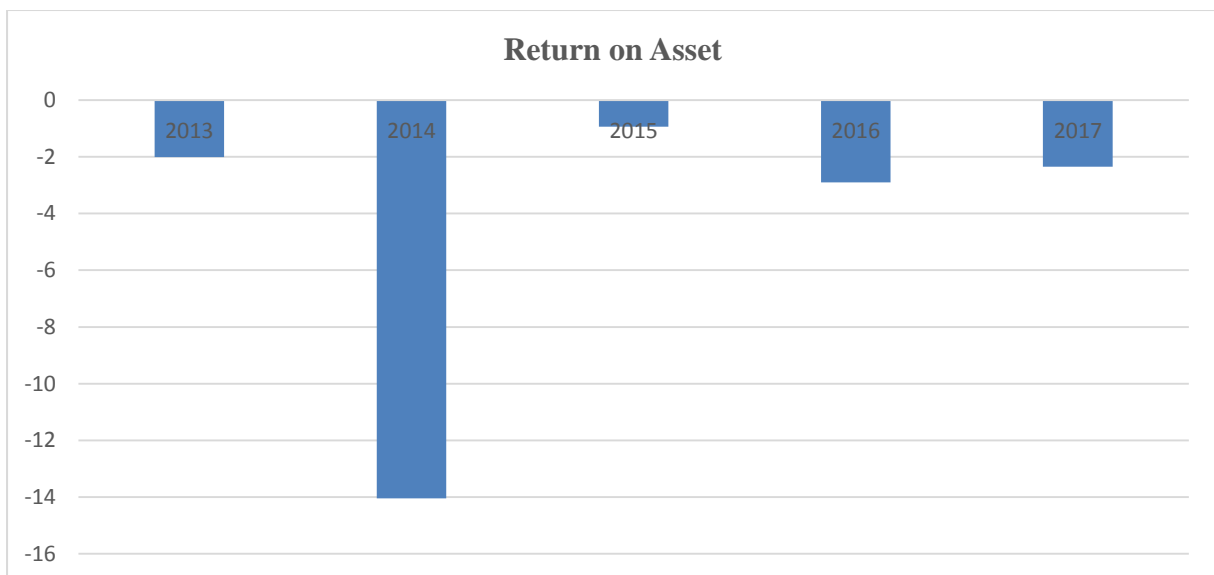


5.4.2 Return on Asset (ROA)

Return on asset, which is often said that the firms return on total assets, calculates the overall effectiveness of management in creating profits with its available remaining assets. The higher ratio is better.

$$\text{Return on Asset (ROA)} = \text{Net Profit after Taxes} / \text{Total Assets}$$

Year	2013	2014	2015	2016	2017
Return On Asset	-2.01%	-14.05%	-0.94%	-2.90%	-2.35%



Interpretation: In this figure, it has been shown that how return on asset goes on for BKB from 2013 to 2017. We can see that its all negative out there where in 2014 it was (-14.05) the most. As we know that return on asset needs to be 5% for a company. In that compare it seems that BKB has not making money from the use of its assets.

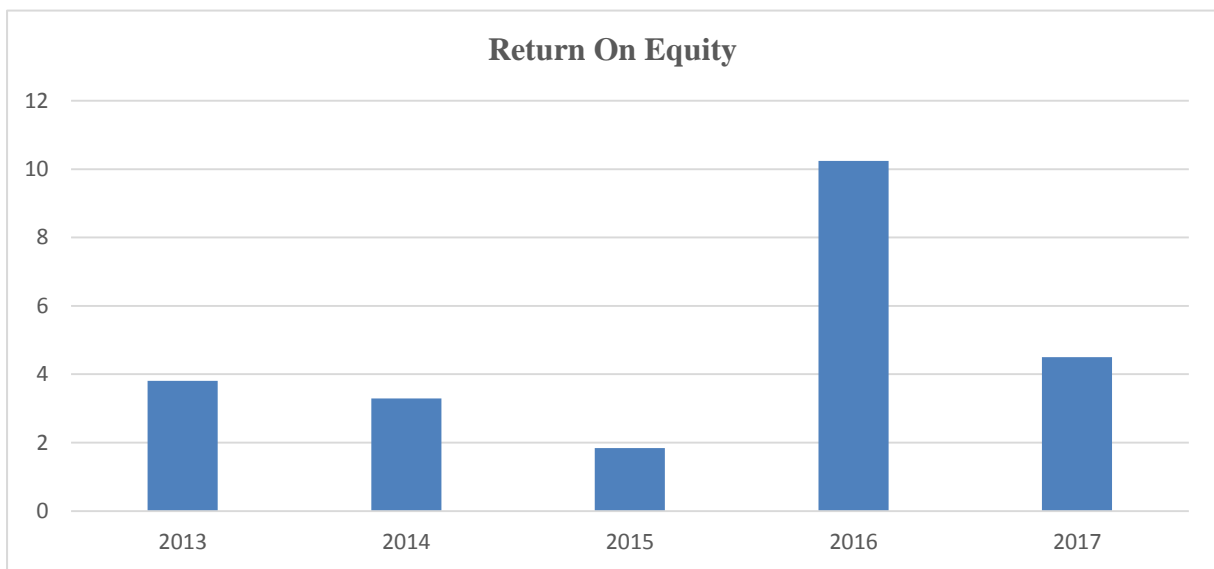


5.4.3 Return on Equity (ROE)

The return on equity calculates the return earned on the owner's preferred stock and common stock) investment. Mainly the higher the return, the better is for the owners.

Return on Equity=Net Profit after Tax / Shareholders Equity

Year	2013	2014	2015	2016	2017
Return On Equity	3.81%	3.29%	1.84%	10.24%	4.50%



Interpretation: Here we can see that from 2013 to 2015 the return on equity was very poor which was in between 1.9% to 3.9% of Krishi bank that meant BKB could not earn money on less investment but in 2016 it performed really well in earning money with less investment where in 2017 it goes down again with a 4.2%.

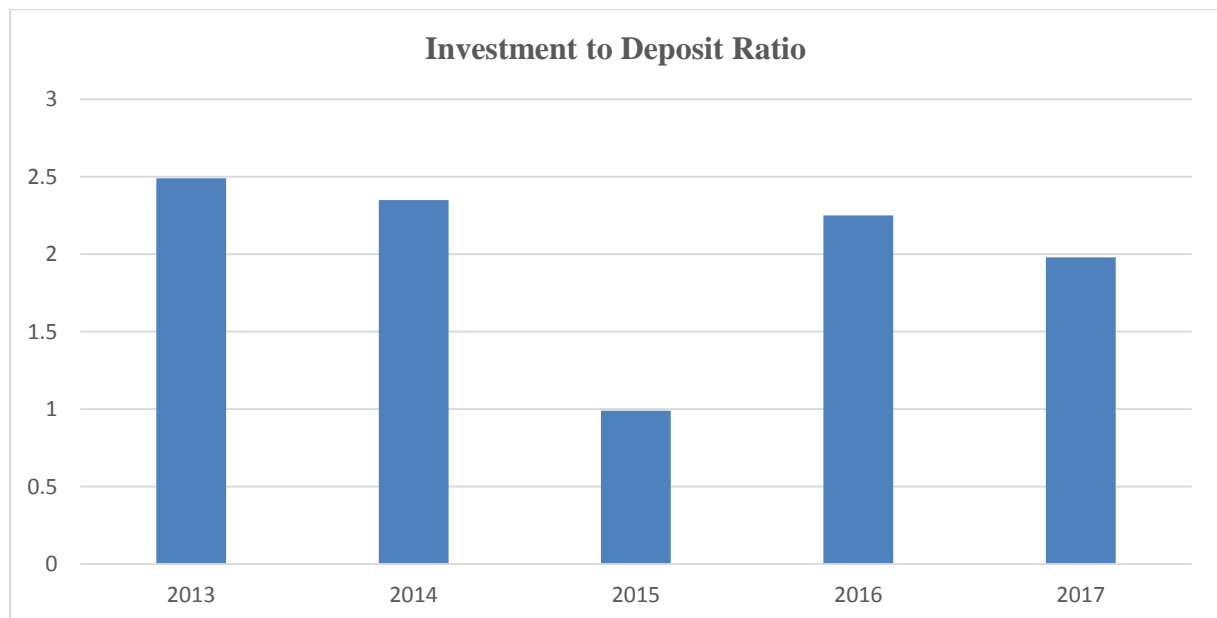


5.4.4 Investment to Deposit Ratio

The advances to deposits ratio calculate loans as a portion of deposits. A ratio shows how much the bank is using its investment.

Investment to Deposit Ratio = Total Investment / Total Deposit

Year	2013	2014	2015	2016	2017
Investment to Deposit Ratio	0.588	0.554	0.555	0.623	0.644



Interpretation: Investment to deposit ratio shows how much amount is used in the investment of the bank. From this graph, it has been shown that Krishi Bank's investment to deposit ratio was decreasing between 2013 and 2016 that means Krishi Bank depends on deposits than the share capital. But Krishi Bank's investment silently increased in 2017, it is good for a bank.

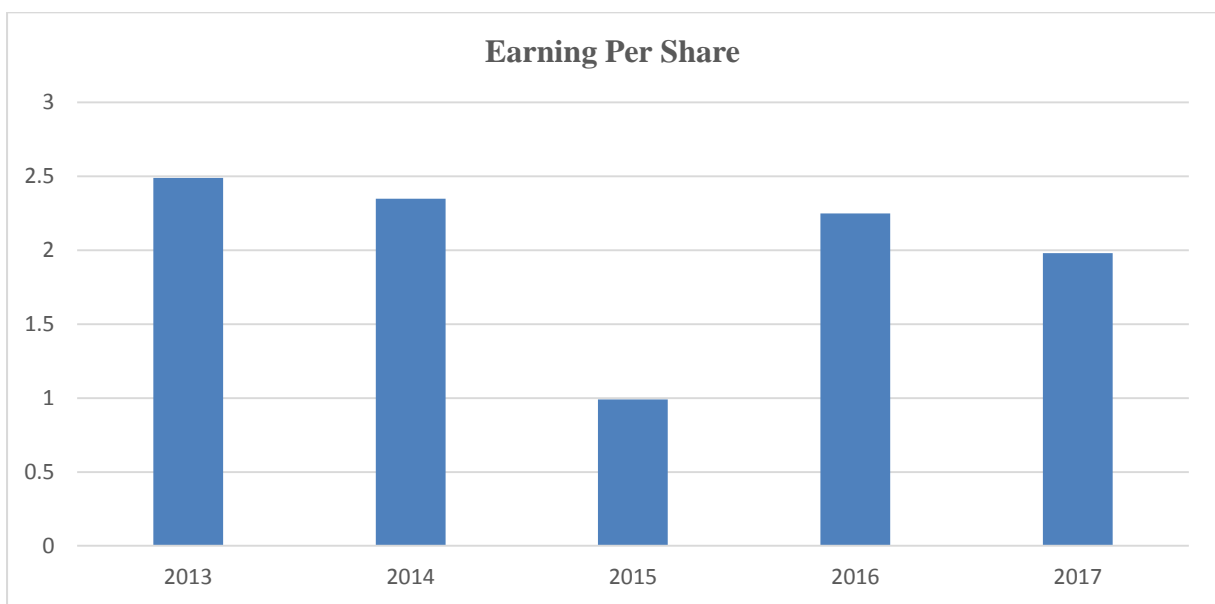


5.4.5 Earnings Per Share (EPS)

Shows The Earning per share the number of dollars earned on behalf of each outstanding share of common stock.

EPS= Net Income / No. of Share Outstanding

Year	2013	2014	2015	2016	2017
EPS	2.49	2.35	0.99	2.25	1.98



Interpretation: The firm's earning per share is mainly of interest to present or eventual stockholders and administration. In 2013 it was 2.49 and 2014 it was 2.35. In 2015 EPS goes down to 0.99 which signal to investors that the bank is in trouble which can lead to a decline in the stock price. To attract the investor Krishi Bank should increase its EPS.



Horizontal Analysis

A horizontal analysis is a method of analysis that predicts what will happen to traders in a future stock. Trend analysis is based on horizontal trends in the overall trends of the market and the historical indicators about the performance of the stock given by the specified index in the market.

BKB bank					
Particular	2013	2014	2015	2016	2017
Cash	100%	134%	122%	111%	115%
In hand (Including foreign currencies)	100%	71%	104%	101%	112%
Balances with Bangladesh bank and sonali bank (Including foreign currencies)	100%	152%	125%	112%	116%
Balance with other banks and financial institution	100%	102%	87%	117%	204%
In Bangladesh	100%	102%	88%	118%	205%
Outside Bangladesh	100%	97%	58%	69%	69%
Money at call and short notice	100%	58%	122%	40%	0%
Investment in shares & securities	100%	174%	121%	97%	86%
Government	100%	195%	113%	91%	71%
Others	100%	115%	160%	115%	127%
Loans and advances/Investment	100%	116%	114%	123%	118%
Loans, cash credits, overdrafts/General Investments	100%	117%	115%	123%	118%
Bills discounted and purchased	100%	85%	76%	80%	78%
Land, building, furniture and fixtures (Including leased assets)	100%	146%	102%	99%	101%
Other assets	100%	97%	93%	109%	116%
Total assets	100%	124%	112%	111%	114%
Borrowings from other banks, financial institutions and agents	100%	175%	113%	90%	266%
Deposits and other accounts	100%	125%	115%	110%	114%
Current /Al-Wadeeah current and other deposit accounts	100%	100%	117%	93%	128%
Savings deposits/Mudaraba Savings Deposits	100%	111%	116%	127%	115%
Mudarabba/ Term and Fixed deposits	100%	132%	114%	107%	113%
Bills payable	100%	85%	127%	130%	116%
Other liabilities	100%	118%	109%	128%	110%
Total liabilities	100%	124%	114%	112%	114%
Shareholders' equity	100%	125%	86%	92%	113%
Total liabilities and shareholders' equity	100%	124%	112%	111%	114%

Horizontal Analysis of BKB

Source: Annual reports of BKB (2013-2017)

From the above table, we can see that cash has increased by 134% in 2014 but after that in 2015 it has been decreased to 122% and it continued in 2016 as the rate was 111% and in 2017 it increased at 115%. This means Bangladesh Krishi Bank could not sale the or they could not improve the sale year to year. As the most of the time deals with Krishi loan they should at their best to recover. BKB Bank should decrease their liabilities which were increased in 2017 than 2016. From 2016 to 2017 total decreased by 5% in current assets may



be treated unfavorably. If this decreased in current assets is accompanied by an equivalent decrease in current liabilities than this increase will be unsatisfactory. The increase in sales may not increase profits if the cost of production has also gone up.



CHAPTER 6: Findings, Recommendations & Conclusion



6.1 Findings

During working at Bangladesh Krishi Bank, it was a new experience for me. After the collecting and analyzing data I have figured out some findings. These findings are completely based on my conception. Those are given below-

- ✚ In 2013, current ratio (1.05:1) was higher than in 2014, 2015, 2016, and 2017. That means the current ratio has decreased after 2013.
- ✚ In 2015, quick ratio (1.37:1) was higher than in 2013, 2014, 2016 and 2017. The quick ratio has decreased after 2015.
- ✚ In 2014, net working capital was 1490.32cr which was higher than all other year. Bangladesh Krishi Banks net working capital has a stable situation in the market.
- ✚ In 2016 net profit margin (18.70%) was higher than in 2013, 2014 and 2015. After 2016 net profit margin (NPM) has decreased.
- ✚ In 2014, return on asset (-14.05%) was lower than 2013, 2014, 2015 and 2017. Return on asset (ROA) has decreased in those years because the bank is not making enough income from the use of its asset.
- ✚ In 2016, return on equity of BKB was tremendous (10.24%). Comparatively in 2013, 2014, 2015, 2017 BKB's return on equity was decreasing.
- ✚ 2015 is the year when BKB has got their low EPS in compare to 2013, 2014, 2016, 2017.
- ✚ BKB's debt ratios were increasing from 2013 to 2017 that means bank's dependency on loan were constantly increasing.



6.2 Recommendations

Some Recommendations based on findings for Bangladesh Krishi Bank-

- ✚ Bangladesh Krishi Bank's current liabilities is increasing year by year. They should maintain current liabilities smoothly to pay its current obligations.
- ✚ Bangladesh Krishi Bank has to be able to meet up the short term financial liabilities. They should maintain or keep enough liquid assets to pay their short term current obligations.
- ✚ Bank authority should keep current liabilities in a stable position.
- ✚ Bank facing profitability challenges may look at reducing administrative expenses, such as accounting or human resources staff.
- ✚ BKB can arrive at a high ROA either by boosting its profit margin or, more efficiently, by using its assets to increase sales.
- ✚ The decreasing of Return on Equity (ROE) was a result of decreasing asset turnover, but also profit margins.
- ✚ The Bank can improve their Earnings Per Share (EPS) by increasing their earnings or repurchasing its own stock.
- ✚ Bank authority should be kept in low dependency on loan.



6.3 Conclusion

Commercial banking services to its customers. The Foreign Exchange Department said it is a well-established statement that the real situation is always different from theoretical explanations. During the three-month internship program of Bangladesh Agricultural Bank's Khamarbari branch, almost all the tables were seen. I deviated from the theory of practice, although at least three months is not enough, to find out all the discrimination between theory and practice. Some notable observations in all the experiences are: Officials are most eager to help in spite of the modest, friendly nature and pressure of forced work. Employees were eager to know about the BBA program. A public commercial bank is trying to expand their service to personal service. There was a very active environment left in the Bangladesh Agricultural Bank. At the time of the internship, it is found that the Khamarbari branch provides all kinds of services for the delivery of all services related to international trade and remittance. Common banking cash receipts and payments involved, clearing checks, local remittances etc. Foreign exchange and Credit Department of Bangladesh Krishi Bank, which helps me a lot as a professional banker in the future. A conclusion can be drawn beyond the above discussion, as the current customer dealing system is very good at this moment. The computerized transaction system makes it effective and effective.

6.4 Reference

<http://www.krishibank.org.bd/>

https://en.wikipedia.org/wiki/Bangladesh_Krishi_Bank