



INTERNSHIP REPORT ON
Financial Performance Analysis of Bangladesh Commerce
Bank Limited



Prepared By

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INTERNSHIP REPORT ON

**Financial Performance Analysis of Bangladesh Commerce
Bank Limited**

Submitted To

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Date of Submission: November 25, 2018

Letter of Transmittal

November 25, 2018

Mr. Md. Kamruzzaman Didar

Senior Lecturer

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Daffodil International University

Subject: Submission of Internship Report.

Honorable Sir,

I take pleasure in submitting the report on “**Financial Performance Analysis of Bangladesh Commerce Bank Limited**” as a requirement of the BBA program of the Department of Business Administration for your consideration. I have completed the report in due time and met all the proposed objectives. Apart from the academic knowledge gained, this internship program and preparation of report has given me the opportunity to understand the topic related knowledge.

I have undertaken sincere effort for successful completion of the report. It has to be mentioned further that without your advice and cooperation it would not be possible for me to complete this report. I shall be gratified to answer any sort of queries you think necessary regarding this report.

Therefore, I expect your kind consideration in this regard, I will be very grateful if you accept my report and oblige thereby.

Yours Sincerely,



Chhabi Biswas Roy

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Approval Certificate

This is certify that **Chhabi Biswas Roy, ID # 151-11-4429, BBA (Finance)**, is a regular student of Department of Business Administration, Faculty of Business and Entrepreneurship, Daffodil International University. He has successfully completed his internship program at **Bangladesh Commerce Bank Limited** and has prepared this internship under my direct supervision. His assigned internship topic is **“Financial Performance Analysis of Bangladesh Commerce Bank Limited”**. I think that the report is worthy of fulfilling the partial requirements of BBA program. I also declare that the study has been prepared for academic purposes only and this paper may not be used in actual market scenario.

I have gone through the report and found it a well written report. He has completed the report by himself. I wish him every success in life.



Mr. Md. Kamruzzaman Didar

Senior Lecturer

Department of Business Administration

Faculty of Business & Entrepreneurship

Acknowledgment

In the name of God the beneficent the merciful. This paper wouldn't have been possible while not the guidance and also the help of many people who in one way or another contributed and extended their valuable help within the preparation and completion of this study.

I started this internship report and finally, it has been completed. However, the special thanks goes to my helpful supervisor, Mr. Md. Kamruzzaman Didar, Senior Lecturer, Department of Business Administration. The supervision and support that he gave truly help the progression and smoothness of the internship program. The co-operation is much indeed appreciated. I'm grateful to all the senior officials of the bank who had created the opportunity to get the practical knowledge. Besides, this internship program makes me realized the value of working together as a team and as a new experience in the working environment, which challenges us every minute.

Last but not least I am also owed to each person who concerned inside and outside of Bangladesh Commerce Bank Limited in carrying out this report.

Abstract

Bangladesh Commerce Bank Limited is scheduled commercial bank registered by the Bangladesh Bank. The functions of the bank cover a wide range of banking and functional activities to individuals, firms, corporate bodies, and different multinational agencies. In this report, I have discussed the financial Performance analysis and general banking activities of BCBL. Financial Performance Analysis has given that to know the banking present situation. Financial Performance analysis of BCBL includes Ratio analysis (liquidity ratio, activity ratio, credit risk ratio, and profitability ratio), Trend analysis, Common size etc. General Banking is a very important unit of Bangladesh Commerce Bank Limited. Under the wholesale banking division with the objective of fulfilling the need for banking products of customers. It is a major player in General banking, combining deep local knowledge capability to offer the full scope of innovative and customized solutions for customers. They are committed to providing the customer with integrated local services. Efficient dealing process Reliable financial data Innovative products foremost clearing services.

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Chapter-01

Introduction

1.1 Introduction

A public limited company incorporated in Bangladesh on June 01, 1998 under the Companies Act 1994, the Bank Company Act 1991 and Act 12 of 1997.

Bangladesh Commerce Bank Limited is known as a commercial bank. Like all commercial banks BCBL's core business is obtaining deposit and providing loans. It is a financial institution providing services for businesses, organizations and individuals. Service includes offering different types of deposit account such as current deposit accounts, saving deposit accounts and other scheme accounts as well as giving out loans to businesses and individuals.

BCB make its profit by taking small, short-term, relatively liquid deposits and transforming these into small, medium, larger loans for short, medium and longer maturity loans. These processes of asset transformation generate net income for BCB. BCB also does investment banking though it is not considered its main business area.

However, BCB is primarily engaged in deposit and lending activities to private and corporate clients in wholesale and retail banking. Other services typically include credit cards, mobile banking, custodial service and guarantees, cash management and settlement as well as trade finance.

1.2 Background of the Study

As a prerequisite for the Bachelor of Business Administration (BBA) degree from Daffodil International University (DIU), it is required to complete an internship from a reputed business organization & prepare a report. As a student of BBA, I have completed one (1) months internship from Bangladesh Commerce Bank Limited, Dhaka and has prepared internship report named "Financial Performance Analysis of Bangladesh Commerce Bank Limited" by utilizing the real expertise of a short lived position at BCBL, capital of Bangladesh Division.

1.3 Scope of the Study

The scope of the study covers general banking activities and financial Performance analysis of BCBL

The fundamental focal point of this report is to investigate:

- i. Ratio Analysis
- ii. Trend Analysis
- iii. Common Analysis

1.4 Objective of the Study

The objectives of this study are listed below –

1.4.1 General Objective:

- To analyze the financial statements of Bangladesh Commerce Bank Limited with the key focus of its overall financial performance.

1.4.2 Specific Objectives:

- To know the theoretical background of the financial performance of Bangladesh Commerce Bank Limited.
- To know the five years financial performance of BCBL by using different types of tools like ratio, common size and trend analysis.
- To identify the problems related to the financial performance of BCBL.
- This general procedure of approach is given in beneath that has been followed in the examination.

1.5 Methodology of the Study

1.5.1 Data Collection:

The study requires a systematic procedure from a selection of the topic to final report presentation. In this study, the descriptive method was undertaken to gain insights & understanding of the financial performance of BCBL. To perform the study data sources were identified & collected, they were classified, analyzed, interpreted & presented in a systemic manner & key points are find out. This general procedure of approach is given in beneath that has been followed in the examination.

1.5.2 Sources of data:

The data used to complete this report has been collected from the Primary sources & Secondary sources.

Primary Sources:

- Discussion with officials of BCBL
- Face to confront discussion with the separate officer of the branch
- Exposure on a different desk of the bank

Secondary Sources:

- Website of BCBL (<http://www.bcblbd.com/>)
- BCBL Annual report 2013-2017
- Product brochure of BCBL
- Website of Wikipedia (<http://www.wikipedia.org>)
- Google search

1.5.3 Data Analysis:

To analyze the data, MS Excel has been used.

1.6 Limitations of the Study

There were some limitations in completing the report with rich resources. Some of the crucial limitations are-

- The period of 1 month, is insufficient to learn about all the banking activities of any branch
- A single workstation cannot be a complete arena to study banking system.
- It is very difficult to collect all the actual information from various personnel for their job constraint
- As some of the banking fields are not covered by our courses, there was difficult to understand some activities
- Bank's Policy of not disclosing confidential data & information is a big obstacle in preparing the report
- Because of limited information, in some cases assumptions adopted. Therefore, there may be some mistakes in assuming

Chapter-02

About Bangladesh Commerce Bank Limited

2.1 Profile of Bangladesh Commerce and Investment Limited

The Bank can trace its origins to the former Bangladesh Commerce and Investment Limited was set up on 27 January 1986. It was a non-bank financial institution. In April 1992 its activities were suspended by Bangladesh Bank due to a liquidity crisis. To protect the banking sector, the employees and customers of the firm it was changed into a bank by Bangladesh Bank Bangladesh Commerce Bank Limited was incorporated on 1 June 1998

Its authorized capital is Taka 10,000 million and the paid-up capital is BDT 1,989 million.

2.2 Mission of Bangladesh Commerce and Investment Limited

Bangladesh Commerce Bank Ltd. is committed to fulfill its customer needs and become their first choice in banking so that a sustainable growth, reasonable return and contribution to the development of the country can be ensured with a motivated and professional work force

2.3 Vision of Bangladesh Commerce and Investment Limited

To become a Bank of first choice by the customers with meaningful contributions to the society.

2.4 Strategic Priorities Bangladesh Commerce and Investment Limited

- To maintain a healthy growth of business in all core activities with desired image
- To acquire state-of-the-art technologies and adopt innovative ideas for financial inclusion
- To strengthen the risk management technique and compliance culture
- To expand the customer base and maintain an incremental deposit & reduce the non-performing assets
- To develop appropriate corporate governance system and culture with best practice
- To establish relationship banking & continuously improve service quality
- To extend banking services to all classes of people

- To ensure environment friendly investment in line with the “Green Banking Guideline” issued by Bangladesh Bank
- To take effective measures to increase capital base and provision shortfall.
- To enrich management capacity & human resources quality and develop a pro-active work force with a suitable compensation package
- To be a trend-setter in the socio-economic development of the country

2.5 Activities of BCBL

General banking activities of Bangladesh Commerce Bank Limited is divided into five sectors.

1. Account opening section
2. Clearing Section
3. Remittance Section
4. Deposit Section
5. Cash Section

2.6 Hierarchy of Bangladesh Commerce Bank Limited

Chairman
Co- Chairman
Director
Managing Director (MD)
Deputy Managing Director (DMD)
Senior Executive Vice President (SEVP)
Senior Vice President (SEVP)
Vice President (VP)
Senior Assistant Vice President (SAVP)
Fast Assistant Vice President (FAVP)
Senior Principle Officer (SPO)
Principle Officer (PO)
Senior Officer (SO)
Officer
Probationary Officer
Assistant Officer
Trainee Officer
Computer Operator and Sub-staff

2.7 Product Offered by BCBL

2.7.1 Retail Banking

Deposit:

1. Savings Bank Deposit
2. BCB Srijoni (A Savings account for Working Women)
3. BCB Nondita (A Savings Account only for Housewives)
4. Current Deposit Account

5. Special Notice Deposit (SND)
6. BCB Students' Savings Account
7. BCB Monthly Savings Scheme
8. BCB Double Benefit Scheme

Loans and Advances:

1. BCB Teachers' Loan
2. BCB Special Loan (For Service Holders)
3. BCB Consumer Credit Scheme

BCB Credit Card:

1. Wide ATM Coverage
2. Interest free Purchase
3. Lowest Interest Rate
4. No hidden charge
5. Document required applying for BCB Credit Card

BCB Debit Card:

1. 24/7 Accessibility across our Country
2. BCB Debit card is accepted at all BCB, Q-Cash, Omnibus and DBBL ATM's
3. you Can check Balance Enquiry
4. you can Change your PIN number
5. No Interest or Hidden Charge.

Utility Bills Pay Services:

1. Titas Gas
2. Bangladesh Telegraph And Telephone Board
3. Rural Electrification Board
4. Dhaka Power Distribution Company
5. WASA
6. West Zone Power Distribution Company

Sure Cash (Mobile Banking):

1. Free Sure Cash account opening.
2. Cash Deposit, Withdrawal & Transfer.
3. Utility bill & School fee Payment.
4. Payment facility through Merchant account.
5. Mobile account recharge like Flexi load, Top up.
6. Countrywide Sure Cash Agent alone with BCB Branches.

Locker Services:

Charges for Locker Service:

Small Size Locker: BDT 2000.00 (excluding insurance premium)

Medium Size Locker: BDT 2500.00 (excluding insurance premium)

Large Size Locker: BDT 3000.00 (excluding insurance premium)

2.7.2 Corporate Banking:

General Loan

- ❖ Cash Credit Hypothecation
- ❖ Overdraft
- ❖ Bill Purchase / Discounting
- ❖ Term Loan
- ❖ House Building Loan

Trade Financing

1. Letter of Credit (Documentary Credit)
2. Back-to-back Letter of Credit
3. Shipping Guarantee
4. Export LC (Advising & Transfer)
5. Letter of Guarantee
6. Import Bill Handling
7. Export Bill Negotiation/Collection
8. Import Loan

9. Letter of Trust Receipt (LTR)

2.7.3 SME and Agriculture Banking:

SME Product

1. BCB Seasonal Loan
2. BCB Term Loan
3. BCB Cash Credit
4. BCB Kollani

AGRI Product

1. BCB Agriculture & Rural Loan
2. BCB Apiculture
3. BCB Kollani

2.7.4 NRB Services

Foreign Remittance

1. MoneyGram
2. Xpress Money
3. Western Union
4. IME
5. Trans fast
6. Placid Express
7. Ria

Chapter-03

Theoretical Analysis

3.1 Ratio Analysis

Ratio analysis could be a study of the relationships between financial variables. It's won't to measure varied aspects of a company's in operation and financial performance like its efficiency, liquidity, profitability and economic condition. The trend of those ratios over time is studied to visualize whether or not they square measure up or deteriorating. Ratios may be expressed as a percent, rate or proportion. The ratio analysis is an essential technique for financial statements analysis. Different users such as investors, management, bankers and creditors use the ratio to analyze the financial situation of a company for their decision making purpose. Here, this report contains the most common ratios and analyzed to evaluate the operating and financial performance of Bangladesh Commerce Bank Limited (BCBL) over the years 2013, 2014, 2015, 2016 and 2017.

Ratios are among the more widely used tools of financial statement analysis because they provide clues to and symptoms of underlying conditions. A quantitative relation can facilitate us uncover conditions and trends tough to observe by inspecting individual parts creating up the quantitative relation. Ratios, like alternative analysis tools, are typically future adjusted. They're usually adjusted for their probable future trend and magnitude, and their quality depends on the skillful interpretation. A ratio expresses a relation between 2 quantities. It is expressed as a %, rate, or proportion. Computation of quantitative relation could be a straightforward mathematical operation, however, its interpretation isn't. To be meaningful, a ratio should sit down with an economically necessary relation. During this section a very important set of monetary ratios and its applications area unit described. The chosen ratios are organized into the four building blocks of financial statement analysis.

These are as follows:

- Liquidity Ratio
- Activity Ratio
- Efficiency Ratio
- Profitability Ratio
- Credit Risk Ratio.

3.1.1 Liquidity Ratio

Liquidity refers to the availability of resources of a company to meet short-term cash requirements. It is stricken by the temporal order of cash inflows and outflows together with prospects for future performance. Analysis of liquidity is aimed at a company's funding requirements.

If a corporation fails to satisfy its current obligations, its continued existence is uncertain. From this read purpose, all different measures of study area unit in secondary importance. Although accounting measurements assume the company's continued existence, our analysis must always assess the validity of this assumption using liquidity measures.

This section describes the key ratios relevant to assessing liquidity ratio:

- i. Cash Ratio
- ii. Cash to Assets
- iii. Cash to Deposits
- iv. Loan to Total Deposits
- v. Loan to Total Assets.

3.1.2 Activity Ratio

An activity ratio may be a metric that determines the power of a corporation to convert its balance sheet accounts into revenue. Activity ratios live the relative efficiency of a firm supported its use of its assets, leverage, or alternative similar balance sheet things and are important in crucial whether a company's management is doing a decent enough job of generating revenues and cash from its resources. Activity ratios gauge associate organization's operational efficiency and profitability. These ratios square measure most helpful when put next to a competition or trade to determine whether an entity's processes square measure favorable or unfavorable. Activity ratios will type a basis of comparison across multiple news periods to see changes over time.

This section describes the key ratios relevant to assessing activity ratio:

- Total Assets Turnover
- Fixed Assets Turnover

3.1.3 Efficiency Ratio

Efficiency refers to how productive an organization is in utilizing its assets. Efficiency is sometimes measured relative to what proportion revenue is generated from a particular level of assets. Moreover, inefficient use of assets can cause liquidity problems. A lack of liquidity usually precedes lower gain and fewer opportunities. A company's customers and suppliers are also affected by short-term liquidity problems, and it is keener when it is a banking company.

This section describes the key ratios relevant to assessing efficiency ratio:

- Interest Income to Expense
- Operating Expenses to Assets
- Operating Income To Assets
- Operating Expense to Revenue

3.1.4 Profitability Ratio

Profitability ratios are a category of financial metrics that are used to assess a business's ability to come up with earnings relative to its associated expenses. For many of these ratios, having a better value relative to a competitor's ratio or relative to a similar ratio from a previous amount indicates that the corporation is doing well. We are particularly curious about a company's ability to use its assets efficiently to provide profits and positive cash flows. Profitability refers to a company's ability to get an adequate return on invested with capital. Return is judged by assessing earnings relative to the level and source of financing. Profitability is also relevant to solvency. This section describes key profit measures and their importance to finances analysis.

This section describes the key ratios relevant to profitability activity ratio:

- Return on Assets
- Return on Equity
- Return on Deposit
- Net Interest Margin
- Net Operating Margin
- EPS

3.1.5 Credit Risk Ratio

Credit risk is that the risk of non-payment of a loan by the borrower. In alternative words, we are able to define it because of the risk that the borrower might not repay the principal amount or the interest payments associated with it (or both) partly or fully. This ends up in the loss for the lender within the form of disruption of cash flows and increased collection cost. It will be a result of any of the subsequent reasons – poor cash flows of the borrower creating it difficult to pay the interest and also the principal amount, rising rate of interests just in case of floating interest rate loans, changes in market conditions, business failure, unwillingness to repay, etc.

This section describes the key ratios relevant to credit risk activity ratio:

- Equity to Assets
- Equity to Net Loans

3.2 Common Size Analysis

Common size analysis is a tool to evaluate individual financial statement items or a group of items on the term of a species based amount. We usually define a key aggregate figure as the base, which for a bank's income statement is total income or revenue income and for a balance sheet is usually total assets. Common size analysis is required common-size statements. So, for common size analysis of BCBL's financial statements I have prepared its common-size income statements and common-size balance sheets for five years. I use common-size statements of BCBL to reveal the changes in the relative importance of each financial statement items. All individual amounts in common-size statements square measure redefined in terms of common-size percentages. The common-size balance sheets and income statements are shown comparatively from 2013 to 2017.

3.2.1 Common Size of Balance Sheet

A common size balance sheet could be a balance sheet that displays each the numeric worth and relative proportion for total assets, total liabilities and equity accounts.

A common size balance sheet permits for the relative level of every asset, liability and equity account to be quickly analyzed. Any single asset line item is compared to the worth of total assets. Likewise, any single liability is compared to the worth of total liabilities and any equity account is compared to the value of total equity. For this reason, every major classification of account can equal 100%, as all smaller parts can add up to the major account classification.

3.2.2 Common Size of Income Statement

A common size income statement is associate income statement within which every account is expressed as a percentage of the worth of sales. It's used for vertical analysis, within which every line item in an exceedingly financial statement is listed as a percentage of a base figure among the states, to create comparisons easier.

A common size income statement analysis makes it easier to check what's driving a company's profits, and compare that performance to its peers. By viewing however that performance has been changing over time, common size financial statements facilitate investor's spot trends that a raw financial statement might not uncover. Massive changes within the percentage of revenue utilized by totally different expense categories over a given period of time can be a sign that the business model is changing, or that manufacturing costs are changing.

3.3 Trend Analysis

Trend analysis could be a technique used in technical analysis that tries to predict the future stock price movements supported recently determined trend data. Trend analysis relies on the concept that what is going on within the past offers traders an idea of what will happen within the future. Trend analysis could be a form of horizontal analysis. It involves computing trend percent for a series of financial numbers and is a variation on the use of percentage changes. In trend analysis, base period refers to only one successive period, not the previous period of the analysis period. trend analysis tries to predict a trend like a securities industry run, and ride that trend till data suggests a trend reversal, like a bull-to-bear market. Trend analysis is useful as a result of moving with trends, and not against them, can cause profit for an investor. A trend is that the general direction the market is taking during a fixed period of time. Trends will be each upward and downward, with reference to optimistic and bearish markets, respectively. While there's no specified minimum amount of time needed for a direction to be thought-about a trend, the longer the direction is maintained, a lot of notable the trend.

3.3.1 Trend Analysis of Balance Sheet

Balance sheet could be a photograph of a company's financial position at a certain purpose in time. The accounts listed facilitate determine if the company is facing any kind of financial stress. When trend analysis is performed, a company is ready to check if its financial position is improving or declining supported the percentage change within the balance sheet accounts. To determine the modification, an organization will inspect the dollar amount of balance sheet accounts over 2 or more years.

3.3.2 Trend Analysis of Income Statement

Horizontal analysis (also referred to as trend analysis) is a financial statement analysis technique that shows changes within the amounts of corresponding financial statement things over a period of time. It's a great tool to evaluate the trend situations. The statements for 2 or more periods area unit used in the horizontal analysis. The earliest period is sometimes used because of the base period and also the items on the statements for all later period's area unit compared with items on the statements of the base period. The changes area unit generally shown both in dollars and percentage.

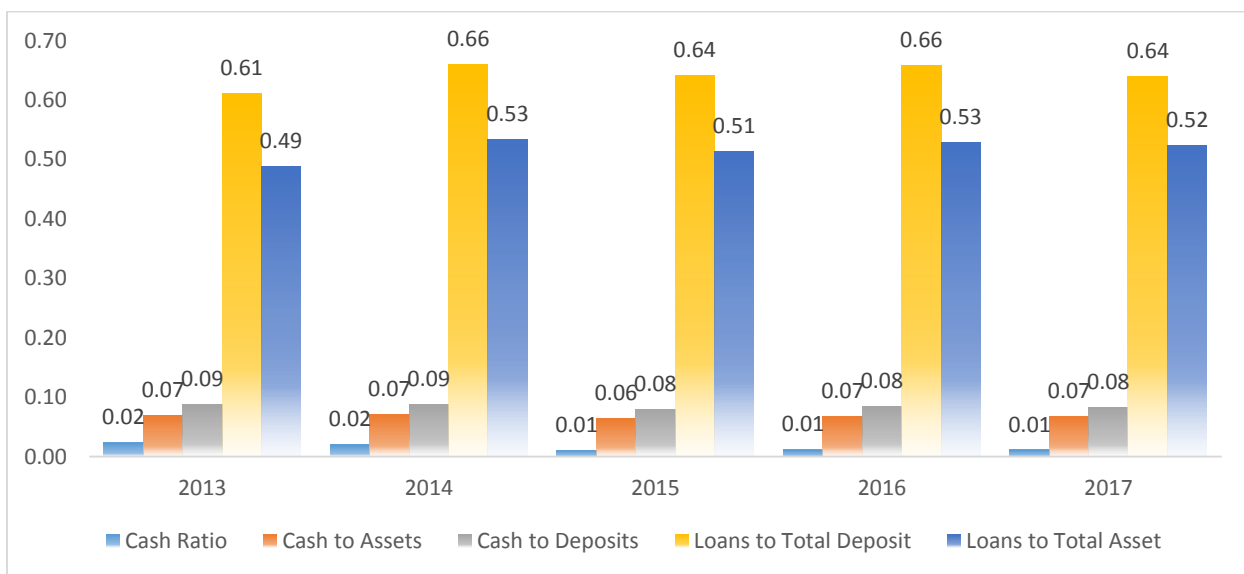
Chapter-04

Financial Performance of BCBL

4.1 Ratio Analysis

4.1.1 Liquidity Ratio

Liquidity Ratio					
Particulars	2013	2014	2015	2016	2017
Cash Ratio	0.02	0.02	0.01	0.01	0.01
Cash to Assets	0.07	0.07	0.06	0.07	0.07
Cash to Deposits	0.09	0.09	0.08	0.08	0.08
Loans to Total Deposit	0.61	0.66	0.64	0.66	0.64
Loans to Total Asset	0.49	0.53	0.51	0.53	0.52

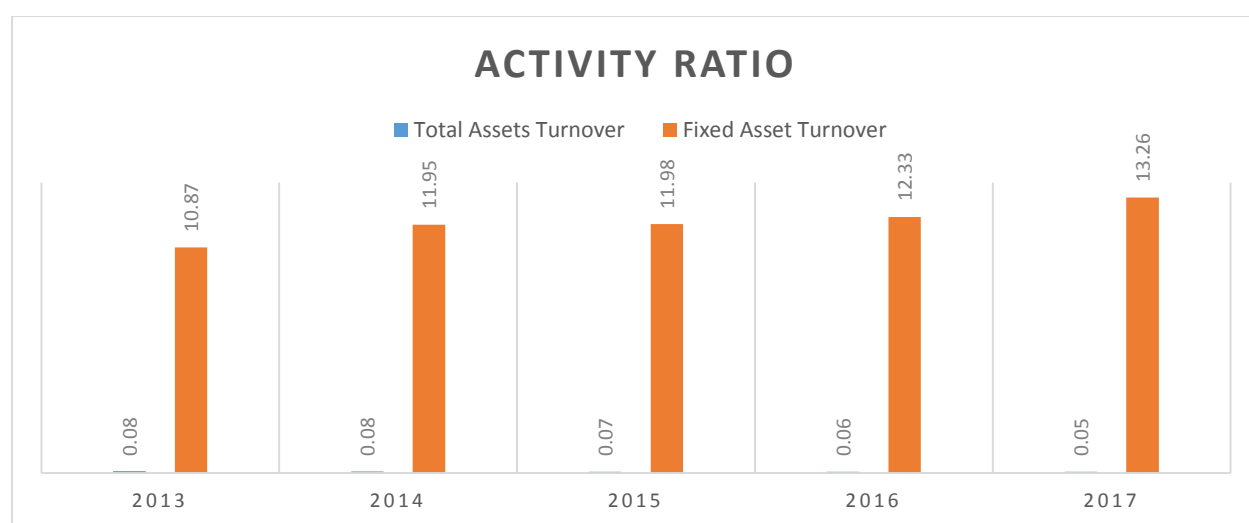


Interpretation: In accounting, the term liquidity is defined as the ability of a company to meet its financial obligations as they come due. The cash ratio or money coverage ratio could be a liquidity ratio that measures a firm's ability to pay off its current liabilities with sole cash and cash equivalents. Cash ratio of BCBL 2013 is 0.02 and 2017 it was 0.01 so its decrease cash ratio, it's not good for the BCBL. The cash asset ratio is that the current worth of marketable securities and cash, divided by the company's current liabilities. Cash to Assets Ratio of BCBL is 2013-2017 was 0.07, 0.07, 0.06, 0.07, and 0.07. And the cash-deposit ratio of scheduled BCBL (cash in hand and balances with the BCBL as a percentage of deposits) is observed to be high at .09 as at 2014, it's not the good side for the bank. The loan-to-deposit ratio (LTD) may be a normally used statistic for assessing a bank's liquidity by dividing the bank's total loans by its total deposits. Loans to Deposits Ratio 2013-2017 was 0.61, 0.66, 0.64, 0.66, and 0.64. A financial quantitative relation

that measures the extent of a company's or consumer's leverage. The debt ratio is outlined as the ratio of total – long-term and short-term – debt to total assets, expressed as a decimal or percentage. Banks Loans to Total Assets ratio also up and down so it's also not perfect good side for the Bank.

4.1.2 Activity Ratio:

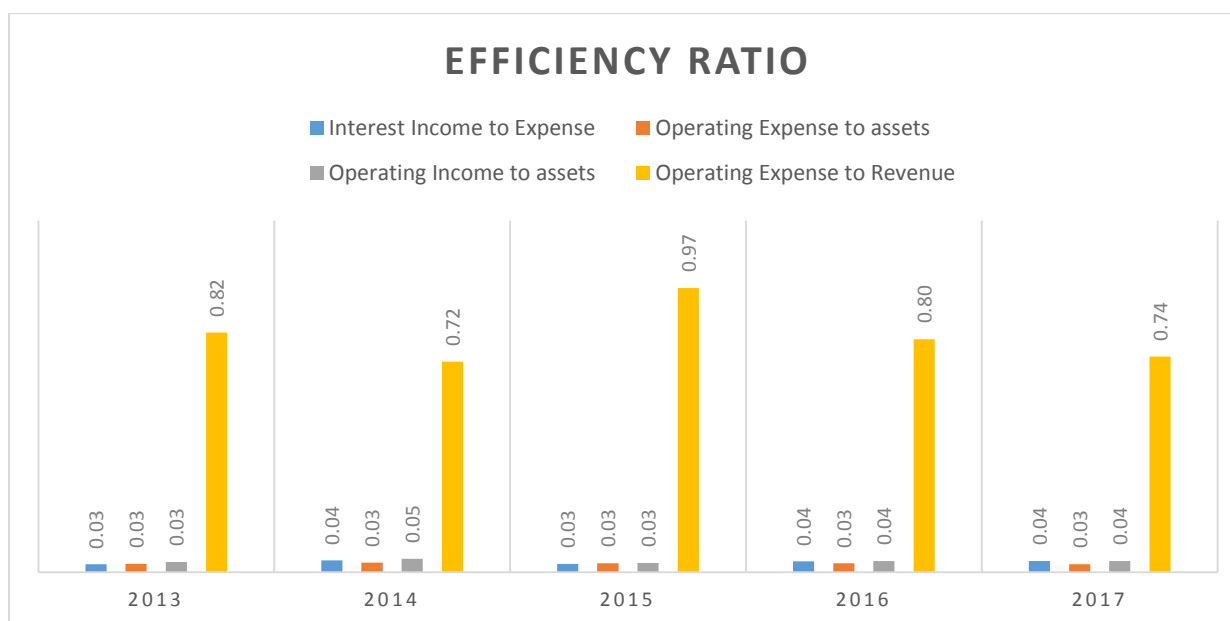
Activity Ratio					
Particulars	2013	2014	2015	2016	2017
Total Assets Turnover	0.08	0.08	0.07	0.06	0.05
Fixed Asset Turnover	10.87	11.95	11.98	12.33	13.26



Interpretation: The asset turnover ratio is calculated by dividing net sales by average total assets. Net sales, found on the income statement, are used to calculate this ratio. Returns and refunds should be backed out of total sales to measure the firm's assets' ability to generate sales. Banks Total Assets asset turnover 2013 to 2017 was 0.08 to .05 it's defined that it has decreased the bank total assets turnover. The fixed asset turnover ratio is a potency ratio that measures a company's return on their investment in property, plant, and equipment by examination net sales with fixed assets. The Banks Fixed assets Turnover 2013 was 10.87 and next four year it's gradually increased.

4.1.3 Efficiency Ratio:

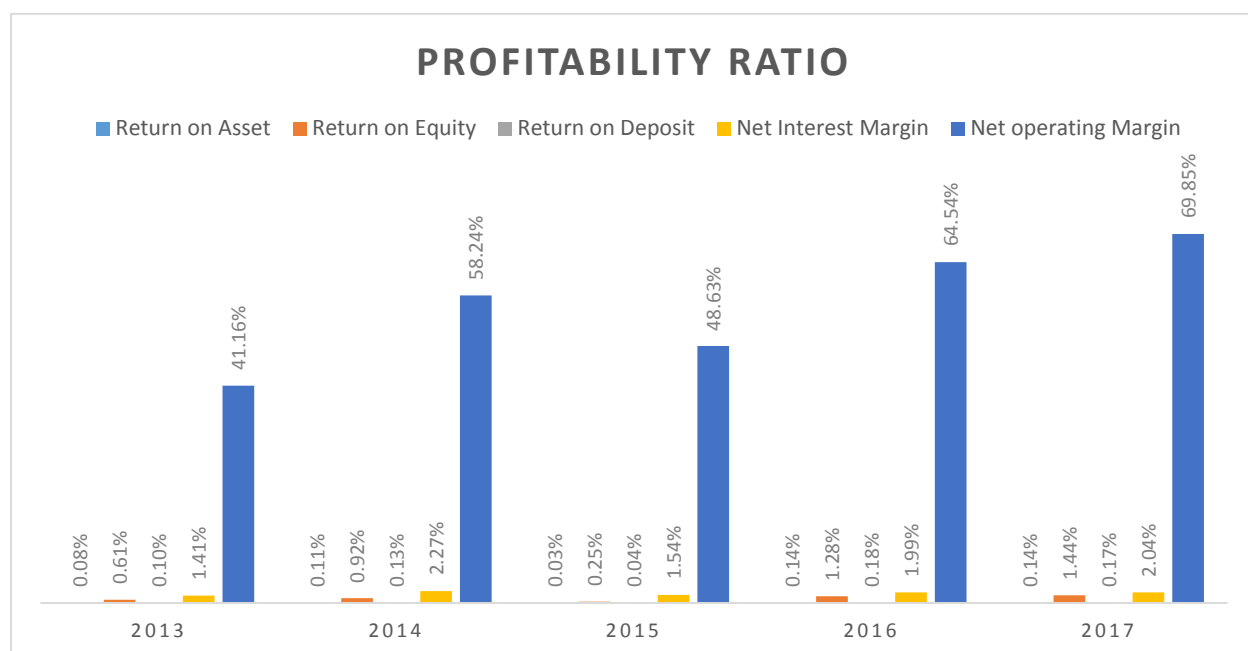
Efficiency Ratio					
Particulars	2013	2014	2015	2016	2017
Interest Income to Expense	0.03	0.04	0.03	0.04	0.04
Operating Expense to assets	0.03	0.03	0.03	0.03	0.03
Operating Income to assets	0.03	0.05	0.03	0.04	0.04
Operating Expense to Revenue	0.82	0.72	0.97	0.80	0.74



Interpretation: Interest expense is going to be on the higher facet during periods of rampant inflation since most companies will have incurred debt that carries a higher interest rate. The Banks Interest Income to Expense is 2013 to 2017 was 0.03, 0.04, 0.03, 0.04, and 0.04. Operating Expense to Assets is 2013 to 2017 it's as above or same its 0.03, 0.03, 0.03, 0.03, and 0.03. Operating Income to Assets 2014 is highest was 0.05 and 2013 to 2017 it's gradually Decreased. The operating expense ratio (OER) is a measure of what it costs to operate a piece of property compared to the income that the property brings in the higher the BEP ratio. Operating Expense to Revenue its best side of the bank and its year of 2013 was 0.82, 2014 was 0.72, 2015 was 0.97 and it's highest in the year and 2016 was 0.80 and 2017 was 0.74.

4.1.4 Profitability Ratio:

Profitability Ratio					
Particulars	2013	2014	2015	2016	2017
Return on Asset	0.08%	0.11%	0.03%	0.14%	0.14%
Return on Equity	0.61%	0.92%	0.25%	1.28%	1.44%
Return on Deposit	0.10%	0.13%	0.04%	0.18%	0.17%
Net Interest Margin	1.41%	2.27%	1.54%	1.99%	2.04%
Net operating Margin	41.16%	58.24%	48.63%	64.54%	69.85%
EPS	1.01	1.54	0.43	2.25	2.57

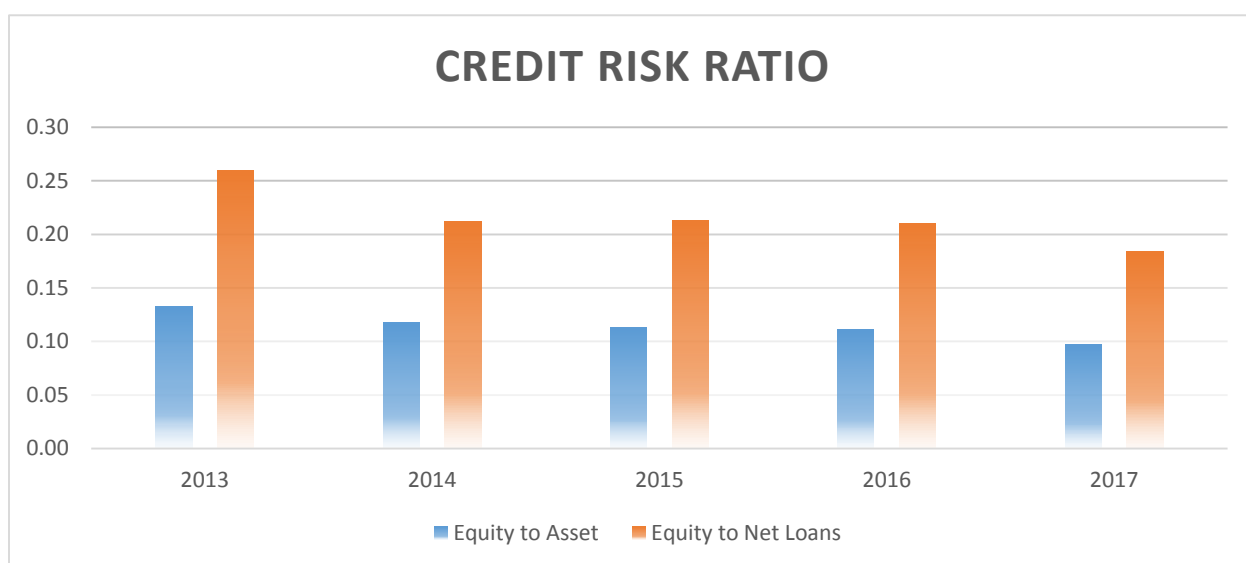


Interpretation: Profitability ratios square measure a class of financial metrics that square measure used to assess a business's ability to generate earnings compared to its expenses and other relevant costs incurred during a particular period of time. Come back on assets (ROA) could be a financial ratio that shows the percentage of profit a company earns in relation to its overall resources. It's normally defined as net income divided by total assets. Return on Assets of the Bank 2013 to 2017 was 0.08%, 0.11%, 0.03%, 0.14%, and 0.14%. The return on equity ratio or ROE could be a profitability ratio that measures the power of a firm to generate profits from its shareholder's investments within the company. Return on Equity 2013 is 0.61%, 2014 is 0.92%, 2015 is 0.25%, 2016 is 1.28% and 2017 is highest ratio is 1.44%. Return on Deposits Highest is 2017 was 0.17%. Net interest margin (NIM) is a measure of the distinction between the interest income generated

by banks or different financial institutions and the amount of interest paid out to their lenders (for example, deposits), relative to the amount of their (interest-earning) assets. Operating margin is a margin ratio used to measure a company's pricing strategy and operating efficiency. Net Profit Margin is 2012 to 2017 was 1.41%, 2.27%, 1.54%, 1.99%, 2.04% above and its increased from the First Year so it's good for the bank. Operating margin is a measure of what proportion of a company's revenue is left over after paying for variable costs of production like wages, raw materials. Net Operating margin the AIBL is 2013 was 41.16% 2014 was 58.24% and 2015 was 48.63% then it's increased the last two years it's good.

4.1.5 Credit Risk Ratio:

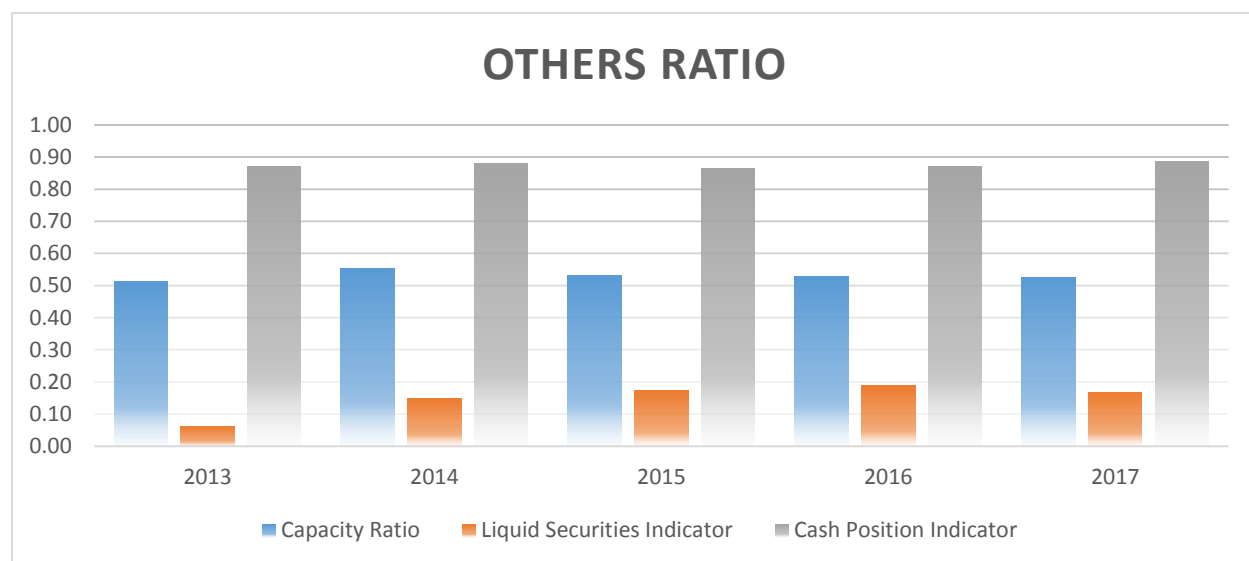
Credit Risk Ratio					
Particulars	2013	2014	2015	2016	2017
Equity to Asset	0.13	0.12	0.11	0.11	0.10
Equity to Net Loans	0.26	0.21	0.21	0.21	0.18



Interpretation: Credit risk is calculated on the basis of the general ability of the customer to repay the loan. Individuals with a debt-to-income ratio below 35% square measure considered as acceptable credit risks. Factor in the potential debt of the borrower. The Equity ratio may be a sensitive indicator of the level of leverage utilized by a company. The Equity ratio measures the proportion of the total assets that are financed by stockholders, as against creditors. Equity to Assets of the BCBL the year of 2013 was 0.13 and it's step by step diminished and 2017 is 0.10. Debt/Equity ratio may be a debt ratio accustomed measure a company's financial leverage, calculated by dividing a company's total liabilities by its stockholders' equity. Equity to net Loans 2013 is 0.26 and therefore the last Four Years it's step by step decreased.

4.1.6 Others Ratio:

Others Ratio					
Particulars	2013	2014	2015	2016	2017
Capacity Ratio	0.51	0.55	0.53	0.53	0.53
Liquid Securities Indicator	0.06	0.15	0.17	0.19	0.17
Cash Position Indicator	0.87	0.88	0.86	0.87	0.89



4.2 Common Size Analysis

4.2.1 Common Size of Balance Sheet

Common Size of assets:

Common Size					
Particulars	2013	2014	2015	2016	2017
PROPERTY AND ASSETS					
Cash	7%	7%	6%	7%	7%
Cash in hand (including foreign currencies)	2%	2%	1%	1%	1%
Balance with Bangladesh Bank and its agent bank(s) (including foreign currencies)	5%	6%	6%	6%	6%
Balance with other banks and financial institutions	15%	20%	23%	22%	23%
In Bangladesh	15%	20%	23%	22%	23%
Outside Bangladesh	0.03%	0.09%	0.12%	0.08%	0.03%
Money at call and short notice	2%	0%	0%	0%	0%
Investments	18%	11%	11%	11%	11%
Government	16%	8%	9%	9%	8%
Others	2%	2%	2%	2%	3%
Loans and Advances	51%	55%	53%	53%	53%
Loans, Cash Credit, Overdrafts etc.	49%	53%	51%	53%	52%
Bills purchased and discounted	0.02%	0.01%	0.03%	0.05%	0.16%
Loans & Advances of BCI	2%	2%	2%	0%	0%
Fixed assets including premises, furniture and fixtures	1%	1%	1%	0%	0%
Other assets	6%	6%	6%	6%	5%
Non-banking assets	0	0	0	0	0
Total Assets	100%	100%	100%	100%	100%

Common Size of Liability & Equity:

Common Size					
Particulars	2013	2014	2015	2016	2017
LIABILITIES AND CAPITAL					
Liabilities					
Borrowings from other banks, financial institutions and agents	0.24%	0.10%	0.76%	0.03%	0.55%
Deposits and other accounts	92.23%	91.72%	90.18%	90.32%	90.55%
Current Account and Other Accounts etc.	3.99%	4.26%	4.80%	4.82%	5.72%
Savings Bank Deposits	6.53%	6.79%	7.86%	10.19%	9.45%
Short Term Deposits	7%	17%	19%	21%	18%
Fixed Deposits	59.16%	44.96%	40.10%	34.64%	34.29%
Deposit under Different Schemes	8.96%	9.17%	9.92%	10.24%	8.63%
Bills Payable	1.00%	0.72%	0.89%	1.01%	1.07%
Bank Deposit	2.57%	5.58%	4.10%	4.30%	9.35%
Other Deposits	2.93%	3.50%	3.06%	3.77%	3.68%
Deposits (BCI)	0.26%	0.18%	0.17%	0.00%	0.00%
Other liabilities	7.27%	8.00%	8.89%	9.65%	8.91%
Total Liabilities	100.00%	100.00%	100.00%	100.00%	100.00%
Capital/Shareholders' Equity					
Paid-up-Capital	61%	60%	58%	57%	56%
Share Capital BCI Ltd.	1%	1%	1%	1%	1%
Minority Interest	0.00%	0.00%	0.00%	0.00%	0.00%
Right Share Application Money	28%	28%	27%	26%	26%
Statutory Reserve	6%	7%	6%	7%	8%
Other Reserve	0%	0%	0%	0%	0%
Revaluation Reserve for HTM Securities	1%	1%	3%	4%	4%
Exchange Equalization Account	0%	0%	0%	0%	0%
Profit and Loss Account-Retained Earnings	3%	4%	4%	4%	5%
Total Shareholders' Equity	100%	100%	100%	100%	100%
Total Liabilities and Shareholders' Equity					

Interpretation: The common figure for a common-size balance sheet analysis is total assets. Based on the accounting equation, this additionally equals total liabilities and shareholders' equity, creating either term interchangeable within the analysis. It's additionally possible to use total liabilities to indicate wherever a company's obligations lie and whether or not it's being conservative or risky in managing its debts. Cash in hand is stable from the year 2013, 2014, 2016, 2017 it's 7% and 2015 decrease to 6%. Investment in share and securities is the first year is 18% but last four year its fall and stable value is 11%. Loans and Advances are increasing from the year 2013 to 2014 and value is 51% to 55% and 2015 to 2017 its stable decreasing value is 53%. Deposits & other accounts first two years good side but last three years its decline 2015 to 2017 is 90.18% & 90.32% and 90.55%.

4.2.2 Common Size of Income Statement

Common Size					
Particulars	2013	2014	2015	2016	2017
Interest Income	100%	100%	100%	100%	100%
Interest Paid on Deposits and Borrowings etc.	83%	72%	77%	67%	63%
Total Interest Income	17%	28%	23%	33%	37%
Income from Investments	13%	13%	14%	18%	17%
Commission, Exchange Earnings & Brokerage	6%	10%	7%	9%	12%
Other Operating Income	5%	6%	4%	4%	3%
Net Interest Income	25%	30%	25%	31%	32%
Total operating income (A)	41%	58%	49%	65%	70%
Salary and Allowances	19%	25%	28%	31%	30%
Rent, Taxes, Insurance, Electricity, etc.	5%	5%	7%	7%	7%
Legal Expenses	0%	0%	0%	0%	0%
Postage, Stamp, Telecommunication etc.	1%	1%	1%	1%	1%
Stationery, Printing, Advertisement etc.	1%	1%	1%	1%	1%
Managing Director's salary and allowances	0%	0%	0%	0%	0%
Directors' Fee	0%	0%	0%	0%	0%
Audit & Evaluation Fee	0%	0%	0%	0%	0%
Depreciation & Repair of Fixed Assets	3%	3%	3%	3%	3%
Other Expenses	5%	7%	8%	8%	8%
Total operating expenses (B)	34%	42%	47%	51%	51%
Profit before Provision (C)=A-B	7%	16%	1%	13%	18%
Provision for classified loans	2%	9%	0%	2%	1%
Provision for unclassified loans	1%	0%	0%	0%	0%
Other provisions	0%	1%	0%	3%	8%
Total provision (D)	3%	11%	0%	5%	9%
Profit/(loss) before taxes (C-D)	4%	6%	1%	8%	9%
Provision for Taxation	4%	5%	1%	6%	7%
Current tax	4%	4%	1%	6%	7%
Deferred tax	0%	0%	0%	0%	0%
Net profit/ (loss) after taxation	1%	1%	0%	2%	3%
Appropriations					
Statutory Reserve	1%	1%	0%	1%	1%
General Reserve	0%	0%	0%	0%	0%
Dividends etc.	0%	0%	0%	0%	0%
	1%	1%	0%	1%	1%
Retained surplus	0%	0%	0%	1%	1%

4.3 Trend Analysis

4.3.1 Trend Analysis of Balance Sheet

Trend Analysis of Assets:

Trend Analysis					
Particulars	2013	2014	2015	2016	2017
PROPERTY AND ASSETS					
Cash	100%	117%	112%	124%	145%
Cash in hand (including foreign currencies)	100%	99%	57%	63%	73%
Balance with Bangladesh Bank and its agent bank(s) (including foreign currencies)	100%	124%	132%	146%	170%
Balance with other banks and financial institutions	100%	155%	185%	188%	231%
In Bangladesh	100%	154%	184%	188%	231%
Outside Bangladesh	100%	398%	584%	397%	187%
Money at call and short notice	100%	10%	9%	34%	8%
Investments	100%	68%	76%	79%	92%
Government	100%	61%	71%	74%	77%
Others	100%	117%	113%	114%	190%
Loans and Advances	100%	125%	127%	132%	153%
Loans, Cash Credit, Overdrafts etc.	100%	126%	129%	138%	159%
Bills purchased and discounted	100%	43%	215%	349%	1177%
Loans & Advances of BCI	100%	98%	93%	0%	0%
Fixed assets including premises, furniture and fixtures	100%	99%	87%	79%	78%
Other assets	100%	108%	117%	120%	133%
Non-banking assets	0%	0%	0%	0%	0%
Total Assets	100%	115%	123%	127%	149%

Trend Analysis of Liability & Equity:

Trend Analysis					
Particulars	2013	2014	2015	2016	2017
LIABILITIES AND CAPITAL					
Liabilities					
Borrowings from other banks, financial institutions and agents	100%	49%	400%	14%	356%
Deposits and other accounts	100%	117%	123%	128%	152%
Current Account and Other Accounts etc.	100%	125%	151%	158%	222%
Savings Bank Deposits	100%	122%	151%	204%	224%
Short Term Deposits	100%	277%	344%	393%	401%
Fixed Deposits	100%	89%	85%	76%	90%
Deposit under Different Schemes	100%	120%	139%	149%	149%
Bills Payable	100%	84%	111%	131%	165%
Bank Deposit	100%	255%	200%	218%	564%
Other Deposits	100%	140%	131%	168%	195%
Deposits (BCI)	100%	83%	82%	0%	0%
Other liabilities	100%	129%	153%	173%	190%
Total Liabilities	100%	117%	125%	131%	155%
Capital/Shareholders' Equity					
Paid-up-Capital	100%	100%	100%	100%	100%
Share Capital BCI Ltd.	100%	100%	94%	94%	94%
Minority Interest	100%	100%	100%	100%	100%
Right Share Application Money	100%	101%	101%	100%	100%
Statutory Reserve	100%	112%	113%	126%	141%
Other Reserve	100%	100%	100%	100%	100%
Revaluation Reserve for HTM Securities	100%	194%	562%	761%	759%
Exchange Equalization Account	0%	0%	0%	0%	0%
Profit and Loss Account-Retained Earnings	100%	106%	112%	129%	148%
Total Shareholders' Equity	100%	102%	104%	107%	108%
Total Liabilities and Shareholders' Equity					

Interpretation: A trend analysis is a facet of technical analysis that tries to predict the long run movement of a stock supported past data. Trend analysis relies on the idea that what is going on in the past provides traders an idea of what is going to happen within the future. Cash in hand is increasing every year for 2013 to 2017 and value is 100% to 145%. Investment in shares and securities decrease and loans & advances increase from the year 2013 to 2017. Banks fixed assets (Land, building, furniture, and fixtures) also decrease per year from 2013 to 2017 and the value is 100% to 78%. It's bad side. Borrowings from other banks, financial institutions, and agents it's also gradually increased and the highest value is 356% and the year is 2017. Deposits and other accounts also gradually increased from the year 2013 to 2017 value is 100% to 152%. Bills payable is the first-year increase but second-year decrease third year to the fifth year increased. So from year 2013 to 2017 value is 100% & 84% & 111% & 131% & 165%.

4.3.2 Trend Analysis of Income Statement

Trend Analysis					
Particulars	2013	2014	2015	2016	2017
Interest Income	100%	108%	96%	89%	96%
Interest Paid on Deposits and Borrowings etc.	100%	93%	88%	71%	72%
Total Interest Income	100%	185%	134%	180%	215%
Income from Investments	100%	110%	102%	122%	127%
Commission, Exchange Earnings & Brokerage	100%	178%	111%	128%	184%
Other Operating Income	100%	130%	76%	74%	55%
Net Interest Income	100%	132%	99%	113%	127%
Total operating income (A)	100%	153%	113%	140%	162%
Salary and Allowances	100%	148%	141%	147%	156%
Rent, Taxes, Insurance, Electricity, etc.	100%	108%	128%	130%	138%
Legal Expenses	100%	147%	215%	130%	127%
Postage, Stamp, Telecommunication etc.	100%	132%	176%	178%	190%
Stationery, Printing, Advertisement etc.	100%	125%	91%	76%	111%
Managing Director's salary and allowances	100%	382%	382%	423%	491%
Directors' Fee	100%	140%	141%	154%	195%
Audit & Evaluation Fee	100%	138%	63%	144%	218%
Depreciation & Repair of Fixed Assets	100%	95%	90%	89%	95%
Other Expenses	100%	133%	135%	131%	140%
Total operating expenses (B)	100%	135%	134%	136%	146%
Profit before Provision (C)=A-B	100%	237%	19%	158%	235%
Provision for classified loans	100%	516%	16%	114%	63%
Provision for unclassified loans	100%	72%	0%	0%	0%
Other provisions	100%	248%	0%	572%	1860%
Total provision (D)	100%	381%	11%	150%	290%
Profit/(loss) before taxes (C-D)	100%	142%	24%	163%	199%
Provision for Taxation	100%	139%	19%	147%	183%
Current tax	100%	127%	14%	134%	173%
Deferred tax	100%	-62%	-72%	-88%	0%
Net profit/ (loss) after taxation	100%	153%	43%	224%	255%
Appropriations					
Statutory Reserve	100%	149%	10%	154%	181%
General Reserve	0%	0%	0%	0%	0%
Dividends etc.	0%	0%	0%	0%	0%
	100%	149%	10%	154%	181%
Retained surplus	100%	170%	184%	527%	576%

Chapter-05

Problems, Recommendation & Conclusion

5.1 Problems Identified

BCBL is one of the leading banks in Bangladesh and has a strong position in the banking sector of the country. From the general banking and financial performance of the bank, there are some findings which need to be justified.

The findings are as follows-

- **Decreased Cash ratio:** BCBL's cash ratio has been decreasing since 2013. Considering liquidity of the bank, it's critical and needs to be addressed.
- **Total Assets Turnover:** The Banks total assets turnover is decreasing in every year. Since Asset Turnover ratio is often used as an indicator of the efficiency, the bank should take care of it.
- **Return on Assets:** Return on assets (ROA) is a financial ratio that shows the percentage of profit a company earns in relation to its overall resources. The banks return on assets is decreasing in every year from 2013 to 2017
- **Decreasing Equity to Assets Ratio:** The ratio, expressed as a percentage, is calculated by dividing total shareholders 'equity by total assets of the firm, and it represents the number of assets on that shareholders have a residual claim. BCBL equity to assets ratio is decreasing in every year from 2013 to 2017 and it's not good for the bank.
- **Net Interest Margin:** BCBL net interest is decreasing every year from 2014 to 2017. Net interest margin (NIM) is a live of the distinction between the interest income generated by banks or different financial institutions and also the amount of interest paid out to their lenders (for example, deposits), relative to the amount of their (interest-earning) assets.
- **Clearing Sections:** Bank's clearing sections is not good. Because the bank use the old model of PC and Internet is very slow that's why clearing sections take huge of time. PC of Bank is not modern and comprehensive banking software. It does not provide adequate support to provide the services.
- **Few number of Exporter and Importer:** The number of exporter and importer who operate through this bank is not enough to achieve the goal. If the bank wants to increase its total foreign business then it should increase total export, import, and remittance.

5.2 Recommendations for BCBL

It is really difficult to draw recommendation based on three months' work experience and it would be audacious of me to give suggestions to the people who have better understanding and expertise than me. However, there square measure few areas during which I feel the organization will improve-

- ✚ The bank should focus on cash ratio and should figure out the way to increase it. If the bank falls in a liquidity crisis, it will not be able to reply current obligations.
- ✚ The BCBL total asset turnover is decreasing in every year. The bank should focus on the utilization of its assets in the coming years so that total asset turnover will be increased.
- ✚ Return on asset is the indicator of how the bank uses its asset to generate returns. The bank needs to pay attention to increase ROA.
- ✚ BCBL's equity to assets ratio is decreasing in every year from 2013 to 2017. The bank should focus on it.
- ✚ The Bank's net interest margin need to increase. It's decreasing per year from 2013 to 2017. As net interest margin in one of the major indicators of a bank's performance, it should be addressed.
- ✚ The bank's remittance problem is one of the main reasons for decreasing cash collection. The bank's remittance system is inadequate compared with other banks. So, the bank should increase money exchange system.
- ✚ The Banks need to increase the number of Exporters and importers by providing better services.

5.3 Conclusion

Due to some unavoidable situation, 2017 was not a good business year for the financial institutions. In spite of that, BCBL has achieved its business target in 2017. The management of the bank is always keen and active to take any initiative and action in favor of the betterment of the customers and shareholders. In recent years, the bank has a specific focus on developing skilled human capital, increase low-cost deposit, special focus on the SME sector. The bank has offered a diverse array of products and services to satisfy its customers' need and demand. It has a special focus on taking care of each segment of the clients' base.

Bangladesh Commerce Bank Ltd. is a new generation Bank. It is committed to providing top quality financial services/products to contribute to the growth of G.D.P of the country through stimulating trade and commerce, accelerating the pace of industrialization, boosting up export, making employment chance for the educated youth, poverty alleviation, raising normal of living of limited income cluster and overall sustainable socio-economic development of the country. Bangladesh Commerce Bank Ltd definitely satisfies its customers and to maintain this scenario in a more efficient manner. To enrich and maintain additional robust an improved name is that the only solution to make a business more progressive. From the starting period of an internship, I really enjoyed very much. During this period I can learn more things and gather more experience in banking sector activities. I really enjoyed my internship at Bangladesh Commerce Bank Ltd. from the very first day. I am sure that this Three months internship program at Bangladesh Commerce Bank Ltd. will absolutely help me to build up my carrier in the job market.

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