

# **Internship Report on Financial Performance Analysis of Agrani Bank Limited**



**Prepared By**

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# **Internship Report on Financial Performance Analysis of Agrani Bank Limited**

**Submitted To**

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**Date of Submission: December 12, 2019**



## Letter of Transmittal

December 12, 2019

**Mr. Md. Kamruzzaman Didar**

Senior Lecturer

Department of Business Administration

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Daffodil International University

**Subject: Submission of Internship Report.**

Dear Sir,

I take pleasure in submitting the report on “**Financial Performance Analysis of Agrani 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,

Naimur Rahman

ID: 161-11-4974, BBA (Finance)

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## Approval Certificate

This is certify that Naimur Rahman, ID # 161-11-4974, 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 Agrani Bank Limited and has prepared this internship under my direct supervision. His assigned internship topic is “Financial Performance Analysis of Agrani Bank Limited”. I think that the report is worthy of fulfilling the partial requirements of BBA program. 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



## **Acknowledgment**

The beneficent the merciful in the name of God. This report would not have been possible without the guidance and support of many people who contributed and provided their valuable help in the planning and completion of this study in one way or another.

I started this report of the internship and finally it was finished. The special thanks go to my helpful supervisor, Mr. Md. Kamruzzaman Didar, Senior Lecturer, Business Administration Department. The supervision and support he gave really help the internship program's progress and smoothness. There is a lot of respect for the cooperation. The supervision and support he gave really help the internship program's progress and smoothness. There is a lot of respect for the cooperation.

Last but not least, I am also due to every person involved in carrying out this report within and outside Agrani Bank Limited.



## **Abstract**

Agrani Bank Limited is registered by the Bangladesh Bank as a commercial bank. The bank's functions cover a wide range of banking and functional activities for individuals, businesses, corporate entities, and various multinational agencies. I have discussed ABL's analysis of financial performance and general banking activities in this report. Includes Ratio analysis (liquidity ratio, ratio of operation, credit risk ratio, and productivity ratio), Trend analysis, typical size etc. ABL Principal Branch has three departments. These are: General Banking Department, Foreign Exchange Department and Credit Department. Through these three departments they serve their customers. General banking department provides service to the customers by doing the elementary tasks of the bank. This department has three sections: Main Cash with Cash Cell; Deposit Section Savings, Current deposit, FDR, SNTD; Clearing; Bills; Accounts; These elementary tasks include account opening, providing master credit card, internet banking, offering different types of schemes to the customers, different types of bills and fees collection etc. Foreign Exchange department also play vital role by providing service to the customers. This department has three sections. These are: Export section, Import section and Foreign Remittance section.



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**Chapter: 01**  
**Introduction**



## **1.1 Introduction**

Agrani Bank Limited, a state owned leading commercial bank with 955 outlets strategically located in almost all the commercial areas throughout Bangladesh, overseas Exchange Houses and hundreds of overseas Correspondents, came into being as a Public Limited Company on May 17, 2007 with a view to take over the business, assets, liabilities, rights and obligations of the Agrani Bank which emerged as a nationalized commercial bank in 1972 immediately after the emergence of Bangladesh as an independent state. Agrani Bank Limited started functioning as a going concern basis through a Vendors Agreement signed between the ministry of finance, Government of the People's Re public of Bangladesh on behalf of the former Agrani Bank and the Board of Directors of Agrani Bank Limited on November 15, 2007 with retrospective effect from 01 July, 2007.

Agrani Bank Limited is governed by a board of directors made up of ten members headed by a chairman. The Bank is headed by the Managing Director & Chief Executive Officer; Managing Director is assisted by Deputy Managing Directors and General Managers. The bank has 11 Circle offices, 36 Divisions in head office, 53 zonal offices and 955 branches including 34 corporate, 42 AD (authorized dealer) Agrani Bank Limited (ABL) is Bangladesh's first state-owned commercial bank to set up Agent Banking. ABL currently has 200 booths of agents that operate Agent Banking activities around Bangladesh's rural areas. Islamic banking system in Agrani Bank Limited has been operating under 'Islamic Banking Unit' through 5 Islamic Banking Windows since February 28, 2010.

## **1.2 Background of the Study**

As a prerequisite for the Daffodil International University (DIU) Bachelor of Business Administration (BBA) degree, completing an internship from a reputable business organization and preparing a report is required. As a BBA student, I completed three (3) months of Agrani Bank Limited, Dhaka internship and prepared an internship report. "Agrani Bank Limited Financial Performance Review" using the actual expertise of a short-lived job at Agrani bank, Bangladesh Division's capital.

## **1.3 Scope of the Study**

ABL's general banking and financial performance review is covered by the scope of the study.

The fundamental aim of this research is to investigate:



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

## 1.4 Objective of the Study

The objectives of the this study are listed below-

### **General Objective:**

To analyze the financial statements of Agrani Bank Limited with the key focus of its overall financial performance.

### **Specific Objectives:**

1. To know the current financial position of Agrani Bank Limited.
2. To evaluate the five years financial performance of Agrani Bank Limited by calculating and analyzing different types of ratio.
3. To identify the problems related with financial performance of ABL.
4. To suggest some possible recommendations to overcome the problems.

## 1.5 Methodology of the Study

### **1.5.1 Data Collection:**

The research involves a structured process from the subject collection to the presentation of the final report. The descriptive approach for gaining perspectives and understanding of ABL's financial performance was conducted in this report. The data sources were identified and collected in order to perform the study, they were classified, analyzed, interpreted and presented in a systemic manner.

### **1.5.2 Sources of data:**

The data used to complete this report was gathered from primary and secondary sources.

#### **Primary Sources:**

- Dialogue with ABL officials
- Confrontation with the branch's separate officer



- Access to another bank's desk

### **Secondary Sources:**

- ABL website (<http://www.ablbd.com/>)
- ABL Annual Report 2014-2018
- ABL brand brochure
- Wikipedia website (<http://www.wikipedia.org>)

### **1.5.3 Data Analysis:**

To analyze the data, MS Excel has been used.

### **1.6 Limitations of the Study**

Completing the document with rich assets has had some limitations. Some of the key limitations are:

1. The 1-month period is insufficient to learn about any branch's banking activities
2. A single workstation cannot be a complete arena for studying the banking system.
3. It is very difficult to collect all the actual information from different staff due to their job contrast.



## **Chapter-02**

# **About Agrani Bank Limited**



## **2.1 Profile of Bangladesh Commerce and Investment Limited**

Agrani Bank Limited, a state-owned leading commercial bank with 955 outlets strategically located in almost all of Bangladesh's commercial areas, overseas exchange houses and hundreds of overseas correspondents, was founded on 17 May 2007 as a Public Limited Company to take over the Agrani Bank's business, properties, liabilities, rights and obligations. Agrani Bank Limited began operating as a business base through a Vendors Agreement signed on November 15, 2007 between the Ministry of Finance, the Government of the People's Republic of Bangladesh on behalf of the former Agrani Bank and the Board of Directors of Agrani Bank Limited, with retrospective effect from July 1st, 2007.

## **2.2 Mission of Bangladesh Commerce and Investment Limited:**

Bangladesh Commerce Bank Ltd. is committed to meeting its customer needs and becoming its first choice in banking in order to ensure sustainable growth, a reasonable return and a contribution to the country's development with a motivated and skilled workforce.

## **2.3 Vision of Bangladesh Commerce and Investment Limited**

To become a customer-friendly bank with meaningful contributions to society.

## **2.4 Strategic Priorities Bangladesh Commerce and Investment Limited**

Maintaining a healthy business growth in all core activities with desired picture

- Acquiring state-of - the-art technology and introducing innovative ideas for financial inclusion
- Strengthening the risk management strategy and compliance culture
- Expanding the customer base and retaining a steady deposit and the non-performing assets.

## **2.5 Activities of ABL:**

Bangladesh Commerce Bank Limited's general banking activities are 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 ABL

### 2.7.1 Retail Banking

#### Deposit:

1. Savings Bank Deposit
2. AB Srijoni (A Savings account for Working Women)
3. AB Nondita (A Savings Account only for Housewives)
4. Current Deposit Account
5. Special Notice Deposit (SND)
6. AB Students' Savings Account
7. AB Monthly Savings Scheme



### Utility Bills Pay Services:

8. B Double Benefit Scheme

### Loans and Advances:

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

### AB 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

### AB Debit Card:

1. Accessibility in our nation 24/7.
2. All AB, Q-Cash, Omnibus and DBBL ATM
3. Debit cards are accepted. You may spoof the Enquiry Balance
4. You can change the number of your PIN.
5. No interest or charges hidden.

### Utility Bills Pay Services:

- Electricity Utility Bill
- Gas Utility Bill
- WASA Utility Bill

### Locker Services:

- a) Yearly TK.2000/= for small size locker
- b) Yearly TK.2500/= for medium size locker
- c) Yearly TK.3000/= for big size locker
- d) Key Deposit at a time for TK 5000/= for all Categories(Refundable on closing)





## **2.7.2 Corporate Banking:**

### General Loan

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

### Trade Financing

1. Export finance
2. Letter of Guarantee
3. Import finance

## **2.7.3 SME and Agriculture Banking:**

### SME Product

## **2.7.4 NRB Services**

### Foreign Remittance

1. MoneyGram
2. Xpress Money



# **Chapter-03**

## **Theoretical Analysis**



### 3.1 Ratio Analysis

Analysis of the ratio could be a study of the financial variables relationships. It will not measure varied aspects of the operating and financial performance of a company such as its efficiency, liquidity, profitability, and economic condition. Over time, the pattern of these ratios is analyzed to illustrate whether or not they compensate or deteriorate squarely. This report contains the most specific ratios and analyzes to determine Bangladesh Commerce Bank Limited's operating and financial performance over the years 2014, 2015, 2016, 2017 and 2018.

Ratios are among the most widely used instruments for analyzing financial statements as they provide clues and symptoms of underlying conditions. A quantitative relationship can make it easier for us to find hard-to-observe conditions and trends by inspecting individual parts that create the quantitative relationship.

These are as follows:

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

#### 3.1.1 Liquidity Ratio

Liquidity refers to a company's ability to meet short-term liquidity needs. It is struck together with expectations for future performance by the temporal order of cash inflows and outflows. Liquidity analysis is directed at the funding requirements of a company.

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 can be a metric that determines a corporation's ability to convert its balance sheet accounts into income. Activity ratios live the relative output of a business that has funded its use of its resources, debt or other related balance sheet items and are critical in whether the management of a company does a decent enough job of generating revenue and cash from its assets.

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 an enterprise in victimizing its resources, however successful. Efficiency is sometimes measured in relation to what proportion of income is generated from a specific asset level. In addition, inefficient use of resources can cause problems with liquidity. In general, a lack of liquidity precedes lower gains and fewer opportunities.

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

The field of profitability ratios unites a class of financial indicators used to measure the ability of a company to generate profits compared to its associated expenses. For many of these ratios,



having a better value relative to the ratio of a competitor or a similar ratio from a previous amount indicates that the company is doing well.

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 borrower's risk of failing to pay a loan. In other words, we can define it because of the risk that the borrower may not be able to partially or fully repay the principal amount or interest payments associated with it. It results in the lender's loss in the form of cash flow interruption and increased cost of collection.

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 method for evaluating individual items on the financial statements or a group of items on a species-based amount term. Generally they describe a primary aggregate number as the basis, which is total income and income for a bank's income statement, and for a balance sheet is generally total assets.



### **3.2.1 Common Size of Balance Sheet**

A typical size balance sheet could be a balance sheet displaying the numerical value or relative ratio of total assets, total liabilities and equity accounts for each. A standard size balance sheet allows for a rapid evaluation of the relative level of each property, liability and equity account. Any asset line item is compared to the overall asset value.

### **3.2.2 Common Size of Income Statement**

A common size income statement is an associated income statement that expresses each account as a percentage of the sales value. It is used for vertical analysis, where each line item is listed as a percentage of a base figure among the states in an excessively financial statement, to make comparisons easier.

## **3.3 Trend Analysis**

Trend analysis could be a technique used in technical analysis that attempts to predict the recent trend data supported by future stock price movements. Trend analysis is based on the concept that what is happening in the past provides traders with an idea of what is going to happen in the future. Analysis of trend might be a type of horizontal analysis. Each trend will be up and down, referring respectively to optimistic and bearish markets. While there is no defined minimum amount of time necessary to think about a trend in a direction, the longer the path is sustained, the trend is visible.

### **3.3.1 Trend Analysis of Balance Sheet**

Balance sheet could be a timely photograph of the financial position of a company at a particular purpose. The listed accounts make it easier to determine whether the company is facing any type of financial stress. Once trend analysis is done, a company is willing to test whether its financial position is increasing or decreasing supported the increase in the percentage of the balance sheet accounts.

### **3.3.2 Trend Analysis of Income Statement**

Horizontal analysis (also known as trend analysis) is a technique of analysis of financial statements that shows changes over a period of time within the amounts of the corresponding financial statements. It is a great tool to assess the situations of the trend. The statements used in the horizontal analysis for 2 or more periods of area unit.



# **Chapter-04**

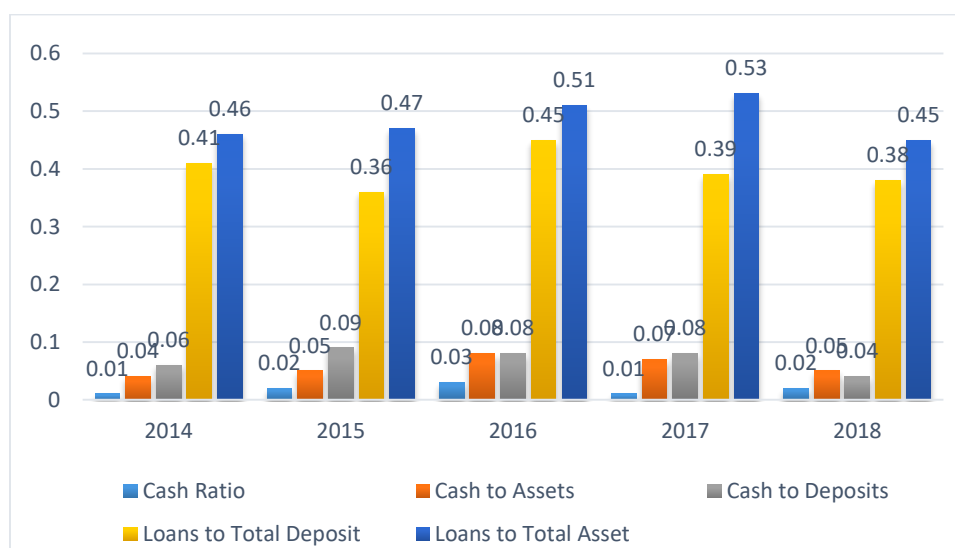
## **Financial Performance of ABL**



## 4.1 Ratio Analysis

### 4.1.1 Liquidity Ratio

Liquidity Ratio					
Particulars	2014	2015	2016	2017	2018
Cash Ratio	0.01	0.02	0.03	0.01	0.02
Cash to Assets	0.04	0.05	0.08	0.07	0.05
Cash to Deposits	0.06	0.09	0.08	0.08	0.04
Loans to Total Deposit	0.41	0.36	0.45	0.39	0.38
Loans to Total Asset	0.46	0.47	0.51	0.53	0.45



**Interpretation:** The term liquidity is characterized in accounting as a company's ability to meet its financial obligations as they arise. Cash ratio or cash coverage ratio could be a liquidity ratio that calculates the capacity of a company to pay off its current liabilities with cash and cash equivalents alone. The cash asset ratio is that the current marketable securities and cash value is divided by the current liabilities of the company. ABL's cash to assets ratio is 0.06, 0.09, 0.08, 0.08, and 0.04 in 2014-2018. And the cash-deposit ratio of the scheduled ABL (cash in hand and balance with the ABL as a percentage of deposits) is high at 0.06 as in 2014. Loans for the 2014-

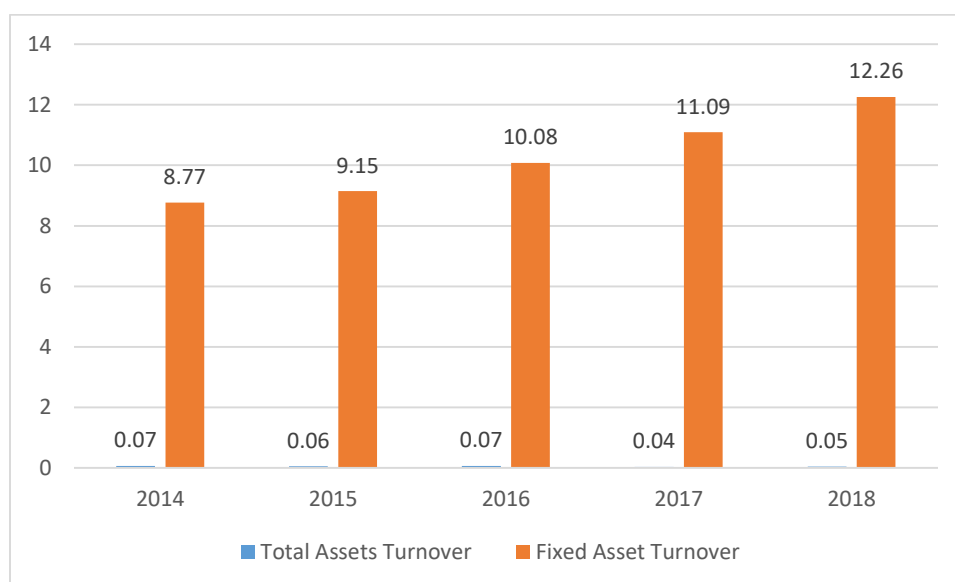




2018 deposit ratio were 0.46, 0.47, 0.51, 0.53, and 0.45. A quantitative financial relationship that measures the extent of the leverage of a company or consumer.

#### 4.1.2 Activity Ratio:

Activity Ratio					
Particulars	2014	2015	2016	2017	2018
Total Assets Turnover	0.07	0.06	0.07	0.04	0.05
Fixed Asset Turnover	8.77	9.15	10.08	11.09	12.26

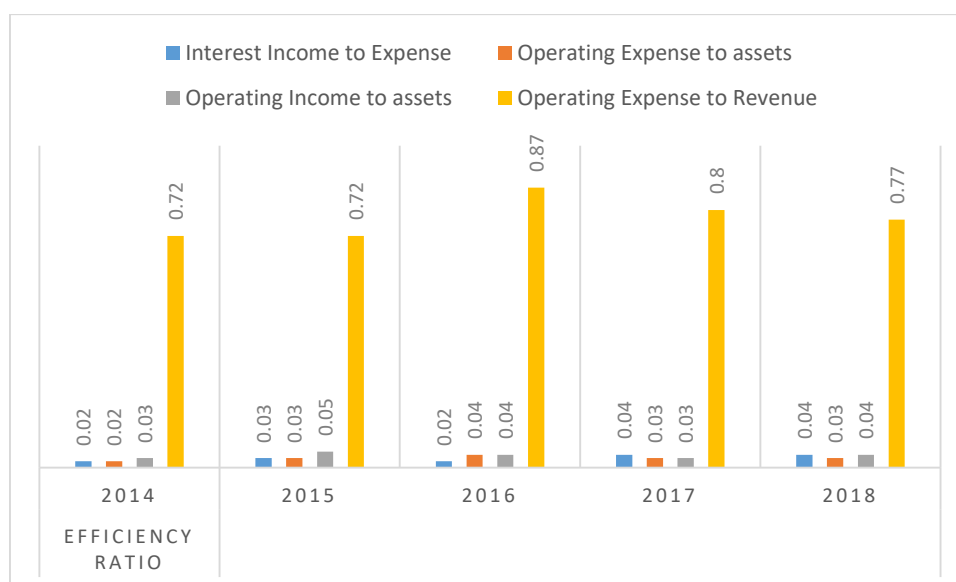


**Interpretation:** By dividing net sales by average total assets, the asset turnover ratio is calculated. Net sales, found on the income statement, are used to calculate this ratio. Returns and refunds should be backed from total sales to measure the actual measure of the capability of the company's assets to generate sales. Banks' total asset turnover from 2014 to 2018 was between 0.07 and 0.05. It is defined that it has reduced the total turnover of bank assets. The 2014 Banks' Fixed Assets Turnover was 8.77, and it will gradually increase over the next four years.



### 4.1.3 Efficiency Ratio:

<b>Efficiency Ratio</b>					
<b>Particulars</b>	<b>2014</b>	<b>2015</b>	<b>2016</b>	<b>2017</b>	<b>2018</b>
Interest Income to Expense	0.02	0.03	0.02	0.04	0.04
Operating Expense to assets	0.02	0.03	0.04	0.03	0.03
Operating Income to assets	0.03	0.05	0.04	0.03	0.04
Operating Expense to Revenue	0.72	0.72	0.87	0.80	0.77

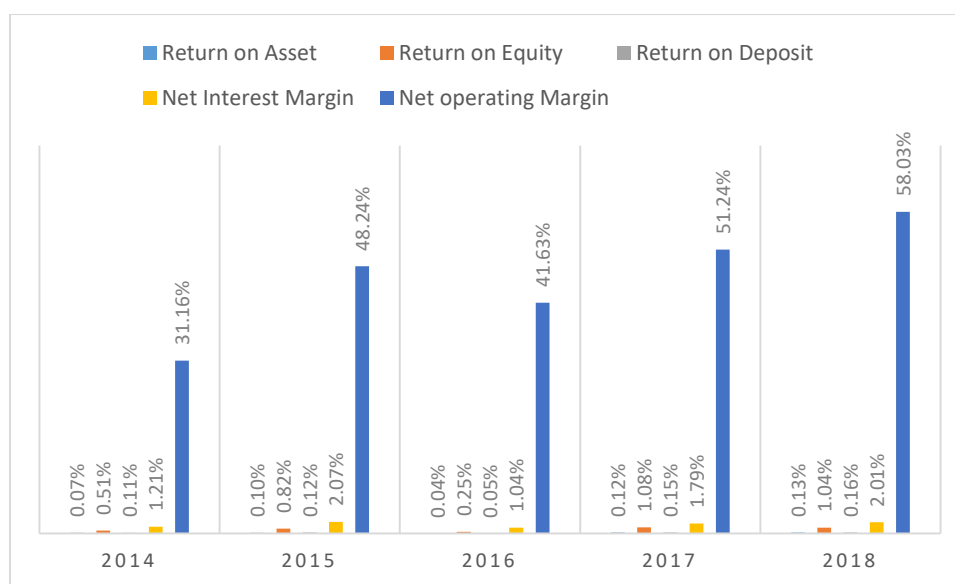


**Interpretation:** During periods of rampant inflation, interest expenditure will be on the higher side as most businesses will have incurred debt that carries a higher interest rate. Banks' interest income to pay is 0.02, 0.03, 0.02, 0.04, and 0.04 from 2014 to 2018. Operating expenditure on property is as high as 0.02, 0.03, 0.04, 0.03, 0.03 and 0.03 from 2014 to 2018. Operating Expense to Revenue was its best side of the bank and 0.72 in 2014, 0.72 in 2015, 0.87 in 2016 and 0.80 in 2017 and 0.77 in 2018.



#### 4.1.4 Profitability Ratio:

Profitability Ratio					
Particulars	2014	2015	2016	2017	2018
Return on Asset	0.07%	0.10%	0.04%	0.12%	0.13%
Return on Equity	0.51%	0.82%	0.25%	1.08%	1.04%
Return on Deposit	0.11%	0.12%	0.05%	0.15%	0.16%
Net Interest Margin	1.21%	2.07%	1.04%	1.79%	2.01%
Net operating Margin	31.16%	48.24%	41.63%	51.24%	58.03%
EPS	1.02	1.44	0.33	2.15	2.37

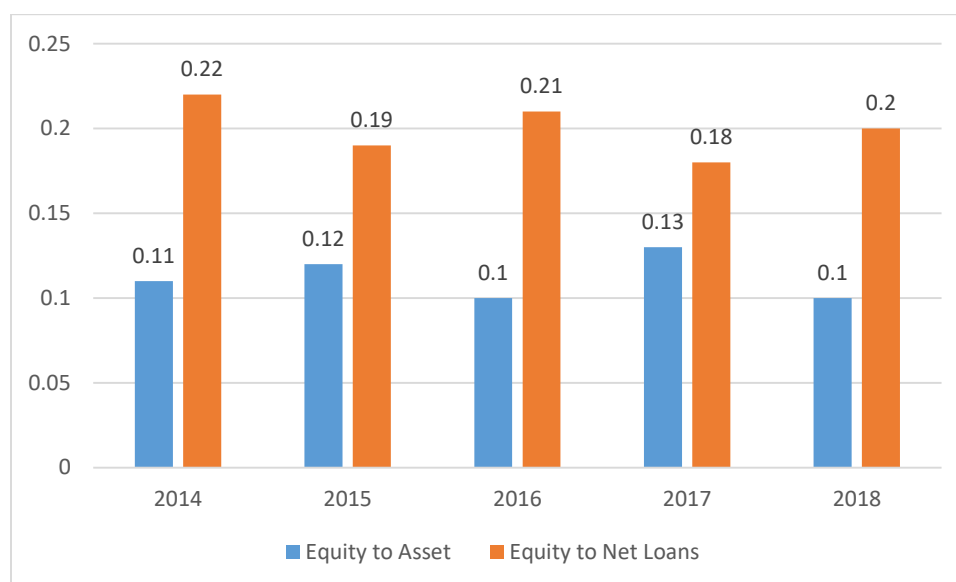


**Interpretation:** Profitability ratios square measure a class of financial metrics that square measure used to evaluate the ability of a business to generate earnings in comparison with its expenses and other relevant costs incurred over a given period of time. Returning to assets (ROA) could be a financial ratio that shows a company's percentage of profit relative to its overall resources. It is usually defined as a divided net income by total assets. The Bank's asset return for 2014 to 2018 was 0.07%, 0.10%, 0.04%, 0.12% and 0.13 respectively. The return on equity ratio or ROE may be a profitability ratio that measures a firm's ability to generate profits from the investments of its shareholder within the firm. The return on equity for 2014 is 0.51%, 0.82% for 2015, 0.25% for 2016, 1.08% for 2017 and 1.04% for 2018. The highest return on deposits was 0.16 percent in 2018.



#### 4.1.5 Credit Risk Ratio:

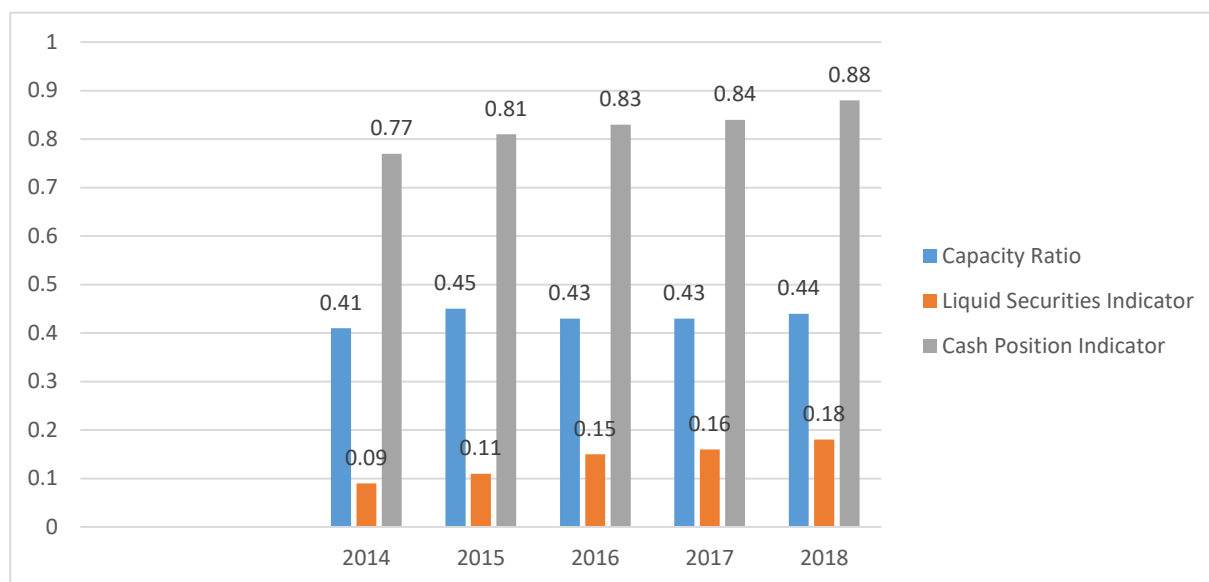
Credit Risk Ratio					
Particulars	2014	2015	2016	2017	2018
Equity to Asset	0.11	0.12	0.10	0.13	0.10
Equity to Net Loans	0.22	0.19	0.21	0.18	0.20



**Interpretation:** Credit risk is calculated based on the customer's general ability to repay the loan. Individuals with a debt-to-income ratio below the square measure of 35 percent are considered acceptable credit risks. Add in the borrower's future debt. The equity ratio can be a critical measure of a company's level of leverage. The equity ratio measures, as against creditors, the proportion of total assets financed by stockholders. The ABL's asset equity was 0.11 in 2014, decreasing gradually and 0.10 in 2018.

#### 4.1.6 Others Ratio:

Others Ratio					
Particulars	2014	2015	2016	2017	2018
Capacity Ratio	0.41	0.45	0.43	0.43	0.44
Liquid Securities Indicator	0.09	0.11	0.15	0.16	0.18
Cash Position Indicator	0.77	0.81	0.83	0.84	0.88



**Interpretation:** Net sales, found on the income statement, area unit used to calculate this ratio returns and refunds should be backed from total sales to measure the actual measure of the capability of the company's assets to generate sales. Banks Capacity from 2014 to 2018 was 0.41, 0.45 and 0.43, as well as 0.43 and 44. It is defined that it has reduced the capacity of bank assets. The 2014 Banks liquid security indicator was 0.09, and it will gradually increase over the next four years. The 2014 Banks cash position indictor was 0.77, and it will gradually increase over the next four years.



#### 4.2.1 Common Size of Balance Sheet Common Size of assets:

<b>Common Size</b>					
<b>Particulars</b>	<b>2014</b>	<b>2015</b>	<b>2016</b>	<b>2017</b>	<b>2018</b>
<b>PROPERTY AND ASSETS</b>					
<b>Cash</b>	<b>8%</b>	<b>7%</b>	<b>6%</b>	<b>7%</b>	<b>8%</b>
<b>Cash in hand (including foreign currencies)</b>	2%	1%	1%	1%	1%
<b>Balance with Bangladesh Bank and its agent bank(s) (including foreign currencies)</b>	4%	5%	5%	6%	5%
<b>Balance with other banks and financial institutions</b>	<b>14%</b>	<b>18%</b>	<b>20%</b>	<b>22%</b>	<b>25%</b>
<b>In Bangladesh</b>	16%	22%	23%	20%	21%
<b>Outside Bangladesh</b>	0.03%	0.09%	0.12%	0.08%	0.03%
<b>Money at call and short notice</b>	<b>4%</b>	<b>0%</b>	<b>0%</b>	<b>2%</b>	<b>0%</b>
<b>Investments</b>	<b>16%</b>	<b>9%</b>	<b>12%</b>	<b>11%</b>	<b>10%</b>
<b>Government</b>	13%	9%	9%	7%	8%
<b>Others</b>	2%	2%	2%	2%	3%
<b>Loans and Advances</b>	<b>48%</b>	<b>53%</b>	<b>50%</b>	<b>53%</b>	<b>54%</b>
<b>Loans, Cash Credit, Overdrafts etc.</b>	45%	50%	51%	53%	50%
<b>Bills purchased and discounted</b>	0.02%	0.01%	0.03%	0.05%	0.16%
<b>Loans &amp; Advances of BCI</b>	1%	1%	2%	0%	2%
<b>Fixed assets including premises, furniture and fixtures</b>	1%	1%	1%	2%	0%
<b>Other assets</b>	3%	5%	6%	6%	5%
<b>Non-banking assets</b>	0	0	0	0	0
<b>Total Assets</b>	<b>100%</b>	<b>100%</b>	<b>100%</b>	<b>100%</b>	<b>100%</b>



### Common Size of Liability & Equity:

<b>Common Size</b>					
<b>Particulars</b>	<b>2014</b>	<b>2015</b>	<b>2016</b>	<b>2017</b>	<b>2018</b>
<b>LIABILITIES AND CAPITAL</b>					
<b>Liabilities</b>					
<b>Borrowings from other banks, financial institutions and agents</b>	<b>0.24%</b>	<b>0.10%</b>	<b>0.76%</b>	<b>0.03%</b>	<b>0.55%</b>
<b>Deposits and other accounts</b>	<b>90.23%</b>	<b>88.72%</b>	<b>92.18%</b>	<b>91.32%</b>	<b>89.55%</b>
<b>Current Account and Other Accounts etc.</b>	3.99%	4.26%	4.80%	3.82%	5.72%
<b>Savings Bank Deposits</b>	6.53%	4.79%	7.86%	8.19%	9.45%
<b>Short Term Deposits</b>	9%	15%	19%	21%	19%
<b>Fixed Deposits</b>	59.16%	47.96%	38.10%	34.64%	32.29%
<b>Deposit under Different Schemes</b>	8.96%	11.17%	7.92%	11.24%	8.63%
<b>Bills Payable</b>	1.00%	0.72%	0.89%	1.01%	1.07%
<b>Bank Deposit</b>	2.57%	7.58%	4.10%	6.30%	7.35%
<b>Other Deposits</b>	2.93%	3.50%	5.06%	3.77%	2.68%
<b>Deposits (BCI)</b>	0.26%	0.18%	0.17%	0.00%	0.00%
<b>Other liabilities</b>	<b>7.27%</b>	<b>8.00%</b>	<b>8.89%</b>	<b>8.65%</b>	<b>9.91%</b>
<b>Total Liabilities</b>	<b>100.00%</b>	<b>100.00%</b>	<b>100.00%</b>	<b>100.00%</b>	<b>100.00%</b>
<b>Capital/Shareholders' Equity</b>					
<b>Paid-up-Capital</b>	58%	55%	56%	55%	57%
<b>Share Capital BCI Ltd.</b>	1%	1%	1%	1%	1%
<b>Minority Interest</b>	0.00%	0.00%	0.00%	0.00%	0.00%
<b>Right Share Application Money</b>	31%	30%	29%	28%	25%
<b>Statutory Reserve</b>	4%	7%	6%	6%	7%
<b>Other Reserve</b>	0%	0%	0%	0%	0%
<b>Revaluation Reserve for HTM Securities</b>	2%	3%	4%	5%	5%
<b>Exchange Equalization Account</b>	0%	0%	0%	0%	0%
<b>Profit and Loss Account-Retained Earnings</b>	4%	5%	3%	4%	5%
<b>Total Shareholders' Equity</b>	<b>100%</b>	<b>100%</b>	<b>100%</b>	<b>100%</b>	<b>100%</b>
<b>Total Liabilities and Shareholders' Equity</b>					



**Interpretation:** Total assets are the common figure for a common size balance sheet analysis. This also equates total liabilities and shareholders' equity based on the accounting equation, creating either interchangeable term within the analysis. Therefore, overall liabilities can be used to determine wherever the commitments of a corporation lie and whether or not it is prudent or aggressive to handle its debts. Cash in hand is stable from 2015, 2017, 7% and from 2014 to 2016 6%. Investment in shares and securities is 16% in the first year, but in the last four years it has fallen and has a stable value of 10%. Loans and advances are rising from 2014 to 2015, with a value of 48% to 53% and a stable decrease of 53% from 2016 to 2018. Deposits & other accounts good for the first two years, but its decline from 2016 to 2018 for the last three years is 92.18 percent & 91.32 percent and 89.55 percent.

#### 4.2.2 Common Size of Income Statement

	Common Size				
Particulars	2014	2015	2016	2017	2018
<b>Interest Income</b>	100%	100%	100%	100%	100%
<b>Interest Paid on Deposits and Borrowings etc.</b>	80%	75%	71%	66%	65%
<b>Total Interest Income</b>	<b>20%</b>	<b>25%</b>	<b>29%</b>	<b>34%</b>	<b>35%</b>
<b>Income from Investments</b>	14%	13%	14%	18%	17%
<b>Commission, Exchange Earnings &amp; Brokerage</b>	6%	10%	7%	9%	12%
<b>Other Operating Income</b>	7%	6%	4%	4%	3%
<b>Net Interest Income</b>	<b>23%</b>	<b>30%</b>	<b>25%</b>	<b>31%</b>	<b>32%</b>
<b>Total operating income (A)</b>	<b>42%</b>	<b>58%</b>	<b>49%</b>	<b>65%</b>	<b>70%</b>
<b>Salary and Allowances</b>	18%	25%	28%	31%	30%
<b>Rent, Taxes, Insurance, Electricity, etc.</b>	6%	5%	7%	7%	7%
<b>Legal Expenses</b>	0%	0%	0%	0%	0%
<b>Postage, Stamp, Telecommunication etc.</b>	1%	1%	1%	1%	1%
<b>Stationery, Printing, Advertisement etc.</b>	1%	1%	1%	1%	1%
<b>Managing Director's salary and allowances</b>	0%	0%	0%	0%	0%
<b>Directors' Fee</b>	0%	0%	0%	0%	0%
<b>Audit &amp; Evaluation Fee</b>	0%	0%	0%	0%	0%
<b>Depreciation &amp; Repair of Fixed Assets</b>	3%	3%	3%	3%	3%





Other Expenses	5%	7%	8%	8%	8%
<b>Total operating expenses (B)</b>	<b>33%</b>	<b>42%</b>	<b>47%</b>	<b>51%</b>	<b>51%</b>
<b>Profit before Provision (C)=A-B</b>	<b>9%</b>	<b>15%</b>	<b>7%</b>	<b>13%</b>	<b>18%</b>
Provision for classified loans	1%	9%	3%	2%	1%
Provision for unclassified loans	1%	0%	2%	0%	0%
Other provisions	0%	1%	0%	3%	8%
<b>Total provision (D)</b>	<b>2%</b>	<b>10%</b>	<b>0%</b>	<b>5%</b>	<b>9%</b>
<b>Profit/(loss) before taxes (C-D)</b>	<b>7%</b>	<b>5%</b>	<b>2%</b>	<b>9%</b>	<b>7%</b>
Provision for Taxation	4%	5%	1%	6%	7%
Current tax	4%	4%	1%	6%	7%
Deferred tax	0%	0%	0%	0%	0%
<b>Net profit/ (loss) after taxation</b>	<b>1%</b>	<b>1%</b>	<b>0%</b>	<b>2%</b>	<b>3%</b>
<b>Appropriations</b>					
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%
<b>Retained surplus</b>	<b>0%</b>	<b>0%</b>	<b>0%</b>	<b>1%</b>	<b>1%</b>

## 4.3 Trend Analysis

### 4.3.1 Trend Analysis of Balance Sheet

#### Trend Analysis of Assets:

<b>Trend Analysis</b>					
<b>Particulars</b>	<b>2014</b>	<b>2015</b>	<b>2016</b>	<b>2017</b>	<b>2018</b>
<b>PROPERTY AND ASSETS</b>					
<b>Cash</b>	<b>100%</b>	<b>115%</b>	<b>102%</b>	<b>104%</b>	<b>115%</b>
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%
<b>Balance with other banks and financial institutions</b>	<b>100%</b>	<b>155%</b>	<b>185%</b>	<b>188%</b>	<b>231%</b>
In Bangladesh	100%	154%	184%	188%	231%
Outside Bangladesh	100%	398%	584%	397%	187%
<b>Money at call and short notice</b>	<b>100%</b>	<b>10%</b>	<b>9%</b>	<b>34%</b>	<b>38%</b>
<b>Investments</b>	<b>100%</b>	<b>68%</b>	<b>76%</b>	<b>79%</b>	<b>92%</b>



Government	100%	61%	71%	74%	77%
Others	90%	117%	113%	114%	190%
<b>Loans and Advances</b>	<b>100%</b>	<b>125%</b>	<b>127%</b>	<b>132%</b>	<b>153%</b>
Loans, Cash Credit, Overdrafts etc.	100%	126%	129%	138%	159%
Bills purchased and discounted	100%	43%	215%	349%	177%
Loans & Advances of BCI	100%	98%	93%	0%	0%
Fixed assets including premises, furniture and fixtures	100%	99%	87%	79%	75%
Other assets	100%	108%	117%	120%	133%
Non-banking assets	0%	0%	0%	0%	0%
<b>Total Assets</b>	<b>99%</b>	<b>105%</b>	<b>102%</b>	<b>107%</b>	<b>119%</b>

#### Trend Analysis of Liability & Equity:

Trend Analysis					
Particulars	2014	2015	2016	2017	2018
<b>LIABILITIES AND CAPITAL</b>					
<b>Liabilities</b>					
<b>Borrowings from other banks, financial institutions and agents</b>	<b>100%</b>	<b>49%</b>	<b>400%</b>	<b>14%</b>	<b>356%</b>
<b>Deposits and other accounts</b>	<b>100%</b>	<b>117%</b>	<b>123%</b>	<b>128%</b>	<b>152%</b>
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%
<b>Other liabilities</b>	<b>100%</b>	<b>129%</b>	<b>153%</b>	<b>173%</b>	<b>190%</b>
<b>Total Liabilities</b>	<b>100%</b>	<b>117%</b>	<b>125%</b>	<b>131%</b>	<b>155%</b>



<b>Capital/Shareholders' Equity</b>					
Paid-up-Capital	<b>100%</b>	<b>100%</b>	<b>100%</b>	<b>100%</b>	<b>100%</b>
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%
<b>Total Shareholders' Equity</b>	<b>100%</b>	<b>102%</b>	<b>104%</b>	<b>107%</b>	<b>108%</b>
<b>Total Liabilities and Shareholders' Equity</b>					

**Interpretation:** A trend analysis is a facet of technical analysis that attempts to predict the long-term movement of past stock-based data. Trend analysis is based on the idea that what happens in the past gives traders an idea of what will happen in the future. Every year, cash in hand increases from 2014 to 2018 and the value is 100% to 115%. Decline in equity and securities investment and increase in loans and advances from 2014 to 2018. Banks' fixed assets (land, buildings, furniture and fixtures) are also declining annually from 2014 to 2018, with a value of 100% to 75%. Bills payable is the increase in the first year, but the third year decrease in the second year has increased to the fifth year. Thus, between 2014 and 2018, the value is 100% & 85% & 109% & 121% & 155%.

#### 4.3.2 Trend Analysis of Income Statement

<b>Trend Analysis</b>					
<b>Particulars</b>	<b>2014</b>	<b>2015</b>	<b>2016</b>	<b>2017</b>	<b>2018</b>
<b>Interest Income</b>	100%	108%	96%	89%	96%
<b>Interest Paid on Deposits and Borrowings etc.</b>	100%	93%	88%	71%	72%
<b>Total Interest Income</b>	100%	185%	134%	180%	215%
<b>Income from Investments</b>	100%	110%	102%	122%	127%
<b>Commission, Exchange Earnings &amp; Brokerage</b>	100%	178%	111%	128%	184%
<b>Other Operating Income</b>	100%	130%	76%	74%	55%
<b>Net Interest Income</b>	100%	132%	99%	113%	127%
<b>Total operating income (A)</b>	100%	153%	113%	140%	162%
<b>Salary and Allowances</b>	100%	148%	141%	147%	156%



<b>Rent, Taxes, Insurance, Electricity, etc.</b>	100%	108%	128%	130%	138%
<b>Legal Expenses</b>	100%	147%	215%	130%	127%
<b>Postage, Stamp, Telecommunication etc.</b>	100%	132%	176%	178%	190%
<b>Stationery, Printing, Advertisement etc.</b>	100%	125%	91%	76%	111%
<b>Managing Director's salary and allowances</b>	100%	382%	382%	423%	491%
<b>Directors' Fee</b>	100%	140%	141%	154%	195%
<b>Audit &amp; Evaluation Fee</b>	100%	138%	63%	144%	218%
<b>Depreciation &amp; Repair of Fixed Assets</b>	100%	95%	90%	89%	95%
<b>Other Expenses</b>	100%	133%	135%	131%	140%
<b>Total operating expenses (B)</b>	100%	135%	134%	136%	146%
<b>Profit before Provision (C)=A-B</b>	100%	237%	19%	158%	235%
<b>Provision for classified loans</b>	100%	516%	16%	114%	63%
<b>Provision for unclassified loans</b>	100%	72%	0%	0%	0%
<b>Other provisions</b>	100%	248%	0%	572%	1860%
<b>Total provision (D)</b>	100%	381%	11%	150%	290%
<b>Profit/(loss) before taxes (C-D)</b>	100%	142%	24%	163%	199%
<b>Provision for Taxation</b>	100%	139%	19%	147%	183%
<b>Current tax</b>	100%	127%	14%	134%	173%
<b>Deferred tax</b>	100%	-62%	-72%	-88%	0%
<b>Net profit/ (loss) after taxation</b>	100%	153%	43%	224%	255%
<b>Appropriations</b>					
<b>Statutory Reserve</b>	100%	149%	10%	154%	181%
<b>General Reserve</b>	0%	0%	0%	0%	0%
<b>Dividends etc.</b>	0%	0%	0%	0%	0%
	100%	149%	10%	154%	181%
<b>Retained surplus</b>	100%	170%	184%	527%	576%



## **Chapter-05**

# **Problems, Recommendations & Conclusion**



## 5.1 Problems Identified

ABL is one of Bangladesh's leading banks with a strong position in the country's banking sector. There are some conclusions that need to be explained from the bank's general banking and financial reports.

The findings are as follows-

1. **Decreased Cash ratio:** Since 2014, ABL's cash ratio has been declining. Taking into account the bank's liquidity, it is critical and needs to be addressed.
2. **Total Assets Turnover:** The overall turnover of the banks' assets is rising in each year. As asset turnover ratio is often used as efficiency metric, it should be taken care of by the bank.
3. **Return on Assets:** Asset Return (ROA) is a financial ratio that shows a company's percentage of profit relative to its overall resources. Every year, banks' return on assets declines from 2014 to 2018
4. **Decreasing Equity to Assets Ratio:** The ratio, expressed as a percentage, is calculated by dividing total shareholders' equity by the company's total assets, representing the number of assets on which shareholders have a residual claim. Every year from 2014 to 2018, ABL's equity to assets ratio is declining and it's not good for the bank.
5. **Net Interest Margin:** Since 2014 to 2018, ABL net interest is declining annually. Net interest margin (NIM) is a live difference between the interest income generated by banks or various financial institutions and the amount of interest paid to their lenders in relation to the amount of their (interest-earning) assets.
6. **Decreased Cash to asset ratio:** Since 2014, ABL's cash to asset ratio has been declining. Taking into account the bank's liquidity, it is critical and needs to be addressed.
7. **Loans to Total Asset:** ABL's loan to total asset ratio has been decreasing since 2014. Taking into account the bank's liquidity, it is critical and needs to be addressed.
8. Capacity Ratio and Liquid Securities Indicator has been increasing gradually.



## 5.2 Recommendations for ABL

Recommendation on the basis of three months ' work experience is really difficult to draw and I would be audacious to give suggestions to people who have better understanding and expertise than I do. There are square measurements, however, of few areas where I feel the organization will improve: -

1. The bank should focus on the cash ratio, and the way to increase it should be determined. If the bank falls into a liquidity crisis, current obligations cannot be met.
2. The total turnover of ABL's assets is declining every year. In the coming years, the bank should focus on using its assets to increase total asset turnover.
3. Asset return is the indicator of how the bank is using its asset to generate returns. In order to increase ROA, the bank needs to pay attention.
4. Every year from 2014 to 2018, the equity ratio of ABL to assets decreases. The bank should concentrate on it.
5. The Bank's net interest margin need to increase. It's decreasing per year from 2014 to 2018. As net interest margin in one of the major indicators of a bank's performance, it should be addressed.
6. The bank should focus on the cash to asset ratio, and the way to increase it should be determined. If the bank falls into a liquidity crisis, current obligations cannot be met.
7. The bank should focus on the loan to total asset ratio, and the way to increase it should be determined.



### 5.3 Conclusion

Because of some unfortunate scenario, 2018 was not a good financial institutions business year. Nevertheless, in 2018, ABL achieved its business goal. Bank management is always keen and active to take any initiative and action to improve customers and shareholders. The bank has focused specifically on developing skilled human capital in recent years, increasing low-cost deposit, with a particular focus on the SME sector. The bank has offered a variety of products and services to meet the needs and demands of its customers. It has a particular focus on taking care of the base of each customer segment.

Agrani Bank Ltd. is a bank of the new generation. It is committed to providing high-quality financial services / products to contribute to the country's GDP growth by stimulating trade and trade, speeding up the pace of industrialization, boosting exports, creating job opportunities for educated youth, alleviating poverty, raising normal living standards of a limited income cluster. An enhanced term is that the only option to making a company more inclusive is to enrich and retain additional robustness. I always enjoyed it from the end of an internship. I can learn more in this period and gather more experience in the activities of the banking sector. From the very first day, I really enjoyed my internship with Agrani Bank Ltd. I'm sure this three-month internship program at Agrani Bank Ltd. will help me build up my job market carrier.





#### 5.4 References:

- ❖ Annual Report of AB – Agrani Bank Limited 2014 to 2018
- ❖ Different Types of From of ABL
- ❖ Daily Statement of Agrani Bank Limited, Dhaka
- ❖ Analysis Guide Of Bangladesh Bank
- ❖ Prospectus of AB

#### Web Site:

- ❖ <https://www.agranibank.org/>
- ❖ <https://www.bb.org.bd/links/links.php>
- ❖ [https://en.wikipedia.org/wiki/Agrani\\_Bank\\_Limited](https://en.wikipedia.org/wiki/Agrani_Bank_Limited)