

An Internship Report

On

“Financial Statement Analysis of Agrani Bank
Limited.”



Prepared for

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Date of Submission:

Letter of Transmittal

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Professor Dr. Mostafa Kamal

Dean, Academic Affairs
Prof., Department of Business Administration
Ashulia, Savar, Dhaka.

Subject: Proposition of Internship Report.

Dear Sir,

I am very pleased to submit the final internship report on “Financial Statement Analysis of Agrani Bank Limited” prepared as per the fulfillment to complete the MBA program. I tried my best to accommodate as much information and relevant issues as possible.

This report is immensely valuable to me as it helped me to gather practical experience regarding banking activities. My internship with Agrani Bank Limited has definite value to me.

I frankly hope that this report will meet your expectancy. I will gratefully response to any clarification when need.

Yours Sincerely,

Masudur Rahman

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Approval Certificate

This is to certify that this practicum report on the topic, “Financial Statement Analysis of Agrani Bank Limited” has been prepared by **Masudur Rahman, ID: 181-14-057** from Daffodil International University and which is only prepared for the partial fulfillment for the degree of Masters of Business Administration (MBA).

This report has been prepared under my guidance and supervision. The Report justifies the report topic and supports the entire requirements. Hereby, I accept the report as the successful completion of the MBA program.

During the session he was sincere, proactive and thoughtful to his work and I desire his every success in life.

Professor Dr. Mostafa Kamal

Dean, Academic Affairs

Prof., Department of Business Administration

Daffodil International University

Student's Declaration

I am Masudur Rahman, student of MBA, Department of Business Administration at the Daffodil International University and declaring that, this report on the topic of, **“Financial Statement Analysis of Agrani Bank Limited** “has been prepared for the partial requirement for the fulfillment of MBA.

I hereby declare that this report solely prepared by me and has not been prepared for any other purpose or reward.

Masudur Rahman

ID: 181-14-057

Program: MBA

Major in Finance

Department of Business Administration

Daffodil International University

Acknowledgment

The completion of this report is the result of the contribution of a number of people to whom I am thankful and I thanked them from the bottom of my heart. At the starting, I would like to convey my thankfulness to Almighty Allah for enable me to prepare this report.

I would like to thanks my supervisor Professor Dr. Mostafa Kamal, Dean of Academic Affairs whose supervision was very much necessary to get ready the report productively. I would express my special thanks to my parents whose inspiration have enabled me to complete this report.

I state my heart full thanks to the HR division, Head office, Agrani Bank Limited for providing me a chance to experience the internship program. My appointment of internship program was at Agrani Bank Limited, Jahangirnagar University Branch. This report would not be possible without the involvement of a number of persons. It was a great chance to do internship in such an association. The experience I have acquired will be very helpful for structure of my career. At last my sincere explanation goes to the readers if there is any conceptual and printing mistakes of mine.

Executive Summary

This internship report topic is, “Financial Statement Analysis of Agrani Bank Limited”. The report will provide clear idea about the topic. The report is prepared by the combination of theoretical and practical knowledge.

The Agrani Bank Limited classified is one in all the foremost Public Bank equipped in Asian nation. All the phases of Management of ABL Like; regulations, actions, operation department, various product multiplicity and their facilities etc. are associated to the report.

However, I have done a plenty of financial calculations, analyzed their financial reports and then from my working proficiency I acquired information relating to manage entirely different problems. After competition the whole report, I had several findings connecting to the Financial Performance Analysis of ABL. I fully support those findings; I recommended some points which can make possible the bank to get rid of their numerous problems.

Abbreviation VS Elaboration

- ❖ ATM =Automated Teller Machine
- ❖ GDP= Gross Domestic Product
- ❖ R &D=Research and Development
- ❖ OD=Over Draft
- ❖ E-GP= Electronic Government Procurement
- ❖ OMIS=Operational Management Information System
- ❖ ERP=Enterprise Resource Planning
- ❖ PMIS=Performance Management Incentive System
- ❖ BEFTN=Bangladesh Electronic Fund Transfer Network
- ❖ CD = Current Deposit
- ❖ FDR= Fixed Deposit Receipt
- ❖ SB=Savings Bank
- ❖ RFCD= Resident Foreign Currency Deposit
- ❖ L/C=Letter of Credit
- ❖ ADC=Alternative Delivery Channel

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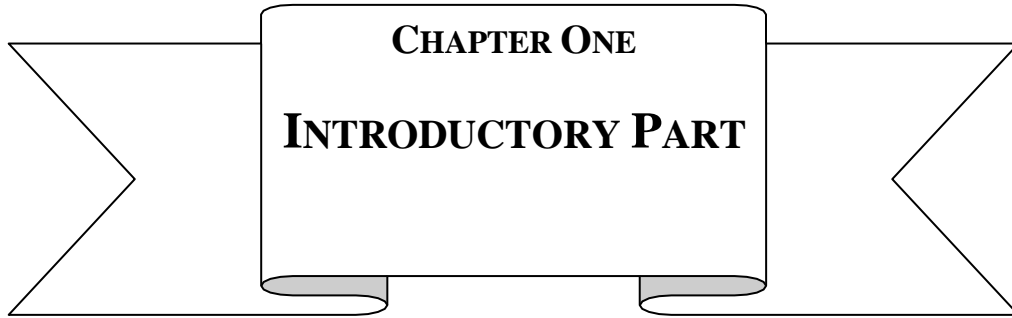
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CHAPTER ONE
INTRODUCTORY PART

1.1 Introduction

This is an Internship Report organized as a requisite for the fulfillment of the MBA program of the Department of Business Administration, Daffodil International University. It offers a immense chance for any student to get some superb & bright ideas about the realistic field. The key aim of internship is to offer a job experience to the students and a chance for conversion of academic formation in real life condition.

After the fulfillment of one-year educational program of MBA, I was positioned in Agrani Bank Limited, Jahangirnagar University Branch in Savar for the Internship program. This report is done under the topic of, "Financial Statement Analysis of Agrani Bank Limited ". At the time of my Internship program I had the opportunity to work on General Banking Department. It helps me to gather knowledge about the general banking system of bank. This report is mostly paying attention to the Financial Performance of Agrani Bank Limited. In this report I also presented the general overview of ABL, its service, SWOT analysis, and some other terms also.

1.2 Background of the Study

Analysis of Financial Statements are some calculations which are used by different parties like creditors, investors along with the internal management to know the Financial Performance of the company as well as to evaluate the present conditions with past conditions and also forecasting future performance.

For doing Financial Statements Analysis in this report I mainly did the Ratio Analysis, Economic & Market Value Added Analysis. These analyses are important topic and are enclosed in all majority corporate finance textbooks. It is vastly used to sum up the information in an organization's financial statements in showing its financial strength.

1.3 Scopes of the Study

This report is mainly described the Financial Data Analysis of Agrani Bank Limited; the following issues also will be found on the report:

- ❖ The general overview of Agrani Bank Limited.
- ❖ Financial position and performance analysis of the Bank.
- ❖ Internal and external factors analysis of the Bank.

- ❖ Banking service of ABL.
- ❖ SWOT analysis of ABL.

1.4 Objectives of the Report

There are two recognized objectives and they are:

1.4.1 Broad objective

General objective of this study is to gather information about the Financial Position of ABL.

1.4.2 Specific objective

- ❖ To relate the theoretical knowledge to the original banking system.
- ❖ To give a brief overview of ABL.
- ❖ To find out the current financial position of the bank and future projections.
- ❖ To know the Weakness, Strengths, Threats and Opportunities of ABL.
- ❖ To evaluate the efficiency of the bank.
- ❖ To propose essential recommendation to conquer the shortcoming of ABL.

1.5 Methodology of the Study

The nature of the report is descriptive. For preparing a report collecting data is very important. The data was composed mainly within the organization of ABL and also from their website. This report is equipped based on data composed from Primary and Secondary sources. This report is done mainly focused on the secondary data published by ABL.

1.5.1 Primary Sources:

Primary information collected through:

1.5.1.1 Questionnaire

Primary data collection made through interview and discussion the officers of the bank.

1.5.1.2 Observation

Here primary data are collected through spending three months in the ABL during the working hour. Here I observed the total banking process of ABL.

1.5.2 Secondary Sources:

Secondary information collected from:

- ❖ Annual Reports
- ❖ Published Documents
- ❖ Official Files
- ❖ Website
- ❖ Related Books

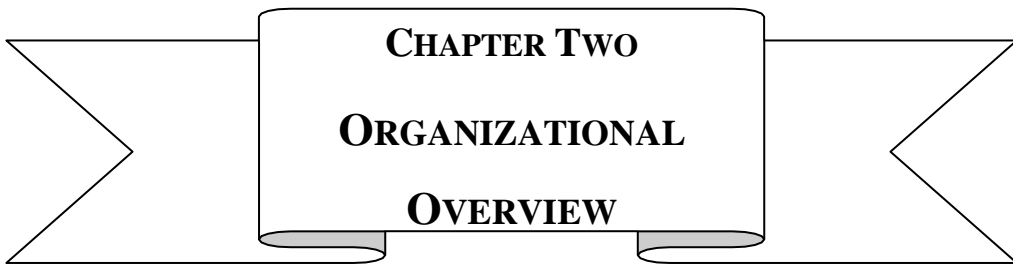
1.6 Limitations of the Study

When I was doing my tasks and also during data collection period I had faced several problems those may said as the limitations of the study. I was faced by following limitations during my study and data collection period:

- ❖ Inexperience is the major constraint of the study.
- ❖ I have chosen a significant and enormous subject for the report like “Financial Statement Analysis of Agrani Bank Limited”. My internship program was about 3 months. This time limit is not sufficient to spotlight every pros and cons issue of the topic.
- ❖ Above all, while collecting data, the authority did not disclose much information as they have some reservations in disclosing their all matter.

1.7 Ethical Consideration

Here, I affirm that all the given information will be remain trustworthy. This report is submitted as a partial requirement for fulfill of MBA program at Daffodil International University. The Report has not been submitted for any other degree and this work has not published in any paper, journal or magazine or for any monetary purpose.



CHAPTER TWO
ORGANIZATIONAL
OVERVIEW

2.1 Introduction

Agrani Bank Limited (ABL) is a nationalized commercial bank of Bangladesh .It is second largest commercial bank in Bangladesh. It comes out in authenticity through the efforts of a number of active people, who were from diverse sectors of commerce, trade and industries. ABL, from the very inauguration set a mission to build up itself as an exceptional commercial bank through difference in outlook, and providing inclusive and innovative services to the valued customers. And the ultimate goal is attaining mutually a sustainable higher level in economic appraisal.

As a new creation private commercial bank of the country, ABL provides all services to the clients. In adding up it presents a good number of schemes and products in deposit and credit forms.

2.2 Historical Background of ABL

With the emergence of Bangladesh as an independent, sovereign state in 1971 after a devastating nine month war against the West Pakistani occupation army, in order to rebuild the country's economy, measures had been taken to merge a number of banks previously operated in this region and make new banks and this initiatives led to formation of Agrani Bank in 1972 by combining the United Bank Limited and Union Bank Limited under the Banks Nationalization Order of 1972.

Including 4 overseas branches in UAE, ABL is running with 960 branches across the country with having a huge family of around 11,858 employees (As on 30.11.19). It's head office is located at 9/D Dilkusha Commercial Area Dhaka-1000, Bangladesh.

ABL, a corporate body trusted over the years, the 2nd largest commercial bank in Bangladesh, has been playing pivotal role in overall financial activities of the country and is possessing a long heritage of discharging laudable services to the society.

2.3 Corporate Information of ABL

Name of the Co.	: Agrani Bank Limited
Registered Office	: 9/D Dilkusha Commercial Area Dhaka-1000
Type of Co.	: Public Limited Company
Incorporation Date	: May 17, 2007
Commencement of Business Date	: May 17, 2007
Authorized Capital	: BDT 30,000 M
Paid up Capital	: BDT 19,140 M
Face Value Per Share	: Tk. 100 per share
Shareholding	: 100% Share owned by the Govt.
TIN No.	: 001-200-2732
VAT Registration Number	9011050160
Chairman	: DR. Zaid Bakht
CEO & Managing Director	: Mr. Mohammad Shams-Ul-Islam
Total Number of Branch	960
Corporate Rating Status	
Entity Rating	: Long Term: A+, Short Term: ST2
As a state owned bank	: Long Term: AAA, Short Term: ST1
Contact Information	
Telex	: 675840JBDBJ, 671288JBHOBJ
Phone	: 9566020, 9556245-49, 9565041-45
Fax	: (+8802) 956 2346, 956 3662
E-mail	: md@Agranibank-bd.com
Website	: www.Agranibank-bd.com
Swift Code	:AGRBBDDH

2.4 Corporate Governance of ABL

Corporate Governance is the arrangements of practice, rules and process by which an organization is heading for and prescribed. It normally involves corresponding to the interests of a company's stakeholders, such as shareholders, customers, managements, suppliers, govt. and the community. It also provides the frameworks for attaining company's objectives; it encompasses practically every sphere of management, from action plans and internal control to measure the performance and corporate disclosure.

2.4.1 Board of Directors

In Board of Directors of Agrani Bank Ltd. there are 7 members including-

- ❖ 1 Chairman
- ❖ 1 CEO & MD
- ❖ 5 Directors

The members of Board of Directors of Agrani Bank Ltd. are given below with their name and position.

- ❖ 1 Chairman
 1. Dr. Zaid Bakht
- ❖ 1 CEO & MD
 1. Mr. Mohammad Shams-Ul Islam
- ❖ 5 Directors
 1. Mr. Kashem Humyun
 2. Dr. Md. Foroz Ali
 3. KMN Manjurul Hoque Labloo
 4. Khondker Fazle Rashid
 5. Tanjina Ismail

2.4.2 Organizational Structure of ABL

The topmost duty of the higher management is to make all the major decisions of ABL, like every other business organization. The boards of directors are being at the topmost level of managerial structure plays a vital role in policy forming and successful execution, but it is not a direct concern of the day-day operations of the bank. The BOD mainly sets the objectives and policies of the bank. The management consists of one chairman, eight directors, one CEO & MD. Mid-Level and Low-Level employees get the route and tutoring from the BOD about the tasks they have to meet. The CEO provides the guideline to the managers and employees.

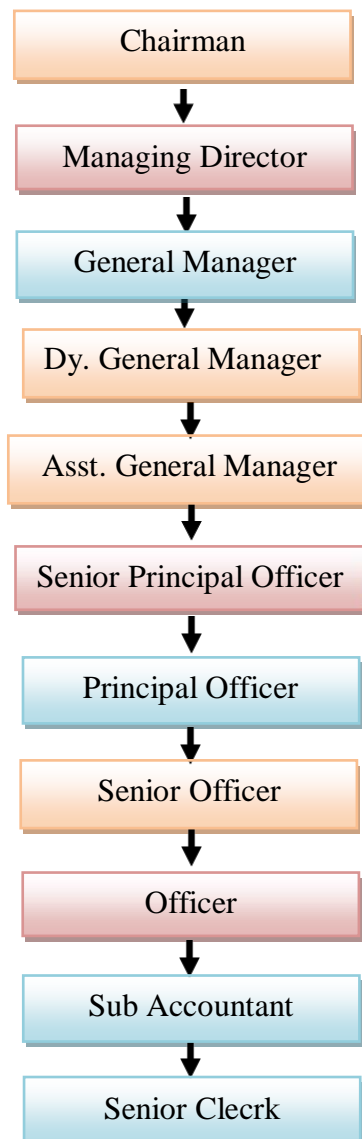


Figure 01: Organizational Structure of ABL

2.5 Mission, Vision and Objectives of ABL

2.5.1 Mission

Agrani Bank Limited will be an effective Commercial Bank by maintaining a stable growth strategy , delivering high quality financial products , providing excellent customer service through an experienced management team and ensuring good corporate governance in every step of banking networks.

2.5.2 Vision

To become the effective largest commercial bank in Bangladesh to support socio-economic development of the country and to be a leading bank in South Asia.

2.5.3 Objectives

The objectives for which the bank is established are as follows

- ❖ To carry on, transact, undertake and conduct the business of banking in all branches.
- ❖ To receive, borrow or to raise money on deposit, loan or otherwise upon such terms as the company may approve.
- ❖ To carry on the business of discounting and dealing in exchange of specie and securities and all kinds of mercantile banking.
- ❖ To provide for safe-deposit vaults and the safe custody of valuables of all kinds.
- ❖ To carry on business as financiers, promoters, capitalists, financial and monetary agents, concessionaires and brokers.
- ❖ To act as agents for sale and purchase of any stock, shares or securities or for any other momentary or mercantile transaction.
- ❖ To establish and open offices and branches to carry on all or any of the business abroad and within the country provided prior permission is obtained from Bangladesh bank.
- ❖ To ensure optimum utilization of all available resources.
- ❖ To remain one of the best banks in Bangladesh in terms of profitability and asset quality.

2.6 Products & Services of ABL

2.6.1 Products of ABL

❖ Deposits

- Current Deposit
- Savings Deposit
- Special Notice Deposit
- Fixed Deposit
- Schemes

❖ Loan & Advances

- Agriculture Loans
- Working Capital Loan
- Rural Credit
- Tannery Trading
- ABL Commercial Real Estate Credit
- Consumer Financing
- Education Loan
- Home Loan

2.6.2 Services of ABL

❖ E-Services

- Internet Banking
- Automated Branch Banking
- E-GP Payment Services
- OMIS (ERP)
- ATM
- BEFTIN User Manual
- PMIS
- Green Banking

❖ Modern Banking

- JB Green Communication
- Online Banking
- JB Pin Cash
- House Loan/ Flat Loan
- JB Remittance

2.7 Porter's Five Forces

Porter's five forces analysis is a structure for analyzing the level of rivalry within an industry and business policy expansion. It draws upon industrial organization economics to derive five forces that establish the aggressive intensity and therefore the attractiveness of an industry.



Figure 02: Porter's Five Forces

2.7.1 Bargaining Power of Suppliers (High)

Depositors are the source supply for the bank. The suppliers bargaining are high in the Banking Industry. They can easily switch to other banks if they get higher rate of return by depositing same amount of money. So, the banks are bound to go for a good appreciative with those suppliers for the sake of their business and apply their new attractive offer to the depositor.

2.7.2 Bargaining Power of Customers (High)

As there're so many banks providing similar kind of facilities; clients bargaining power is high. There a lot of option for them. They can easily shift to other banks if they get a little high rate of return or they can invest their surplus in the other local or foreign banks, Insurance or Financial Co. also.

2.7.3 Threats of New entrants (High)

The forthcoming private local and global bank poses a severe threat to the existing banking network of ABL. It is predictable that in the next few years more commercial banks will appear. If those happen the strength of contest will rise.

2.7.4 Threats of Substitutes (High)

Financial industries are taking place in the sense of bank. Because of this threat of service is increase. They can invest their money in the Stock Market, Mutual Fund, Treasury Bond, Debentures. As they have so many substitutes other than banking to invest their money so threat of substitute products is also high.

2.7.5 Competitive Rivalry within Industry (High)

In Bangladesh banking industry there are lots of strong competitors of ABL. There is lots of Local and Multinational Banks are available in our country. They are offering attractive products and services to attract customers. So, the rivalry among existing firm is high.

2.8 SWOT Analysis of ABL

SWOT analysis is a learning undertaken by an association to recognize its interior strengths and weaknesses, as well as its exterior opportunities and threats. It is a simple but useful agenda for analyzing organization's strengths and weaknesses, and the opportunities and threats that a company can face. It helps to spotlight on a company's strengths, lessen threats, and take the maximum probable benefit of opportunities available to it.

INTERNAL		EXTERNAL	
STRENGTH	WEAKNESS	OPPORTUNITY	THREAT
<ul style="list-style-type: none"> • Well-built employee bonding & belongingness • Excellent and quality service • Empowered work force • Experienced Management • Strong deposit and capital base • State owned Image 	<ul style="list-style-type: none"> • Limited Branches • Limited ATM Booths & ATM Cards Facility • Growth in commercial banks • Lacking in promotional activities • Shortage of equipment supports 	<ul style="list-style-type: none"> • Nationwide network • Micro Financing • Launch new service like mobile payment app • Electronic Banking • New customer 	<ul style="list-style-type: none"> • Non-bank financial organisations • Corrupted customers • Cybercrime • Political Instability • Lack of Flexibility

Table 01: SWOT Analysis of Agrani Bank Ltd.

2.8.1 Strength

2.8.1.1 Well-built Employee Bonding & Belongingness

Bank employees are one of the major assets of the company. The employees of ABL have a strong sense of commitment towards organization and also feel proud and a sense of belonging towards ABL. The strong culture of ABL is the main reason behind this strength.

2.8.1.2 Excellent and Quality Service

ABL provides excellent services to its all customers and clients with a consistent quality in every service. That's why the switching rate of their clients to other bank is very low.

2.8.1.3 Empowered Work Force

The human resource of ABL is extremely well thought and perfectly managed. As from the very first, the top management believed in empowered employees. This empowered environment makes ABL a better place for the employees.

2.8.1.4 Experienced Management

ABL has an experienced management team with high profile and skilled, who are able to maintain all of their internal and external control and systems.

2.8.1.5 Strong Deposit and Capital Base

ABL has attracted a large corporate sector of the country because of their extra facility and warm greetings and cordiality to the corporate clients. They have a strong deposit and a higher capital base

2.8.1.6 State Owned Image

As ABL is a state owned bank so customers have an extra trustworthiness towards the bank.

2.8.2 Weakness

2.8.2.1 Limited Branches

ABL branches are limited in the country. The branches which are available are only in the urban areas. That's why they fail to meet the countrywide people.

2.8.2.2 Limited ATM Booths & ATM Card Facility

ATM Booths of ABL are very much limited in the country. They have very few ATM Booths. ATM Card facilities of ABL are also limited. They have arranged the transaction of the money from other banks' booth using Visa or Master Card but there is also limitation on that.

2.8.2.3 Growth in Commercial Banks

The growths in local and international commercial bank pose a serious difficulty to the obtainable banking networks of ABL.

2.8.2.4 Lacking in Promotional Activities

The bank fall far behind when the innovative and new scheme are measured. It has not been concerned in the label of war between the competitors to the accessible customer base. This stands out to be the main lack of skill and limitation of the banks.

2.8.2.5 Shortage of Equipment Supports

Many departments in ABL do not have sufficient equipment support such as: fax machines, printers, scanner etc. While I was working, I saw that because of shortages of printers one has to give print out from others printers. Sometimes, when two/more officers need to give printout at the same time it creates hassles.

2.8.3 Opportunities

2.8.3.1 Nationwide Network

The final ambition of ABL is to develop its operations to capture the whole Bangladesh. Fostering this type of vision and mission and to act as required, will not only increase ABL's profitability but also will safe its survival in the long run.

2.8.3.2 Micro Financing

Introducing micro financing for the poor entrepreneur and small business owners can make a lot of new clients. Microfinance is such types of financial services which include loans, savings and insurance, available to poor entrepreneurs and small business owners who have no collateral and wouldn't otherwise qualify for a standard bank loan.

2.8.3.3 Launch New Service Like Mobile Payment App

ABL has mobile app that is only for their employees. They should introduce mobile payment app for their clients so that making transactions and other banking service become so easy for them.

2.8.3.4 New Customer

There are a lot of new customers. By attracting them with their service and newer offers (e.g.-lower interest rate for loan or maximum interest rate for deposits) they can make a larger customer base. This would give a competitive edge over others.

2.8.3.5 Electronic Banking

The world today has become a global village because of advancement in the technologies, especially in communication sector. More emphasis is now given to avail the modern technologies for better performances. ABL can utilize the electronic banking opportunity to ensure on line banking 24 hours a day.

2.8.4 Threats

2.8.4.1 Non-Bank Financial Organizations

The upcoming non-bank financial organizations pose a serious threat to the existing banking networks of ABL. If those happen the intensity of competition will rise.

2.8.4.2 Corrupted Customers

Corrupted customers are really big threats for ABL. There are lots of clients who are corrupted and have a tendency to take loan and not to repay.

2.8.4.3 Cybercrime

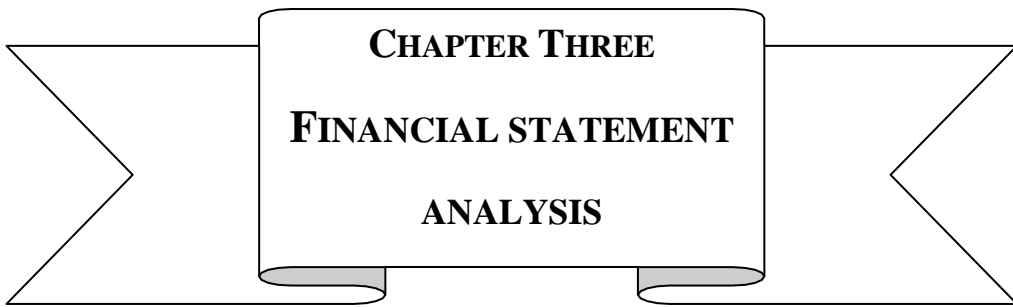
Today is the era of modern age and IT. With the improvement of IT the cybercrime is increasing. Cybercrime is a big threat for ABL.

2.8.4.4 Political Instability

Political Instability is becoming a great threat for banks in nowadays. Because of political challenges sometimes banking sectors suffers in loan disbursements.

2.8.4.5 Lack of Flexibility

As ABL is a state owned large commercial bank so there's a lack of flexibility to adopt any change in a short time.



CHAPTER THREE
FINANCIAL STATEMENT
ANALYSIS

3.1 Financial Performance Analysis

Financial Statement/Performance Analysis is the process of finding a company's financial strengths and weakness by correctly establishing the connection between the Profit & Loss account with the Balance Sheet. It also helps in long-term and short-term forecasts and growth can be identified of Financial Performance Analysis.

This analysis can be done by the company management team or by subjects external to the owners, creditors or investors. The standards also require auditors to have understandings of the measurements & give the proper feedback of the company's Financial performance.

3.2 Objectives of Financial Performance Analysis and Interpretation

The different consumers who use the Analysis of Financial Performance have different objectives to analysis and interpret. So, there're variations in the objectives of Interpretations by various classes of users. There are some specific and common objectives which are given below:

- ❖ To differentiate with the present performance with the past performance.
- ❖ To forecast the future performance on the basis of present performance.
- ❖ To understand the proper utilization of various assets during the period.
- ❖ To know the managerial efficiency of the company.
- ❖ To know the operational efficiency of the company.
- ❖ To make comparison of the operational efficiency of similar company engaged in the same industry.
- ❖ To calculate the long-term and short-term solvency of the company.
- ❖ To understand the efficiency and profitability of various business activities.

3.3 Financial Analysis Tools

To ensure a good return on Investment using Financial Analysis Tools are the best ways. These tools are very useful for measuring the market and investing in order to make the most of the benefit from the investments. The analysis and interpretation of the financial statement are used to determine the financial position and the result of the transaction. There are a lot of tools used to analyze the company's financial position of the company.

For doing Financial Statement Analysis of ABL; here the following tools will be used.

1. Ratio Analysis
2. Economic Value Added (EVA) Analysis
3. Market Value Added (MVA) Analysis

3.3.1 Ratio Analysis

It is one of the common and best tool used by the analysts which shows the connection between financial figures and their trends over time to establish values and calculating risk. With its help several steps can be taken such as financial health, profitability and operational efficiency. It also helps in Inter-Firm comparison with necessary data.

We will discuss about some categories of Ratio Analysis under the:

- ❖ Profitability Ratio Analysis
- ❖ Dividend Ratio Analysis
- ❖ Performance Ratio Analysis and
- ❖ Liquidity Ratio Analysis.

3.3.1.1 Current Ratio

For calculating an organization's Liquidity and Short-Term Debt paying ability it is a widely used measure. The formula of Current Ratio is given below:

$$\text{Current ratio} = \frac{\text{Current assets}}{\text{Current liabilities}}$$

Year	2019	2018	2017	2016	2015
Current Ratio	1.04	1.04	1.02	1.31	1.04

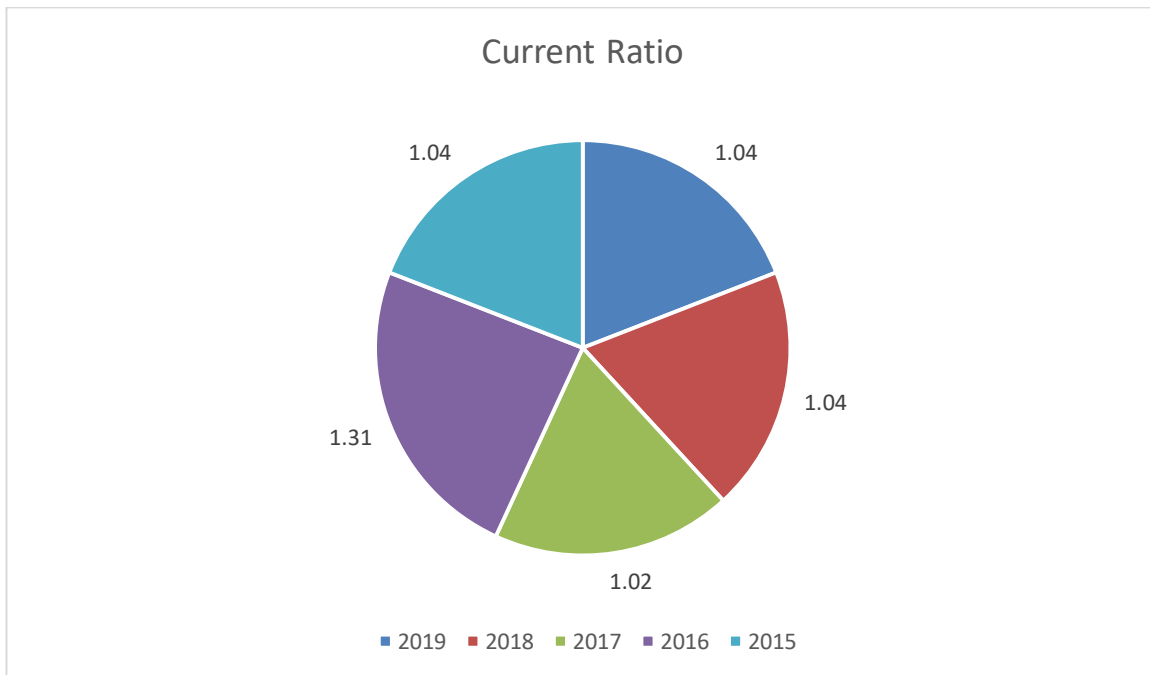


Figure 03: Current Ratio Chart (In Times)

Interpretation: The higher current ratio indicates a greater degree of liquidity in Banking. In 2016 the current ratio has turned 1.31 which is good then in 2017 it decreased to 1.02 then again increased in 2018 after that in 2019 it was in the same position, 1.04 which is in good position.

3.3.1.2 Return on Assets (ROA)

The ROA measures the overall efficiency of management in generating Profits with its available Assets. The formula of ROA is given below:

$$\text{Return On Assets ROA} = \frac{\text{Net profit after tax}}{\text{Total assets}} * 100$$

Year	2019	2018	2017	2016	2015
ROA	0.33%	0.33%	0.70%	0.61%	1.42%

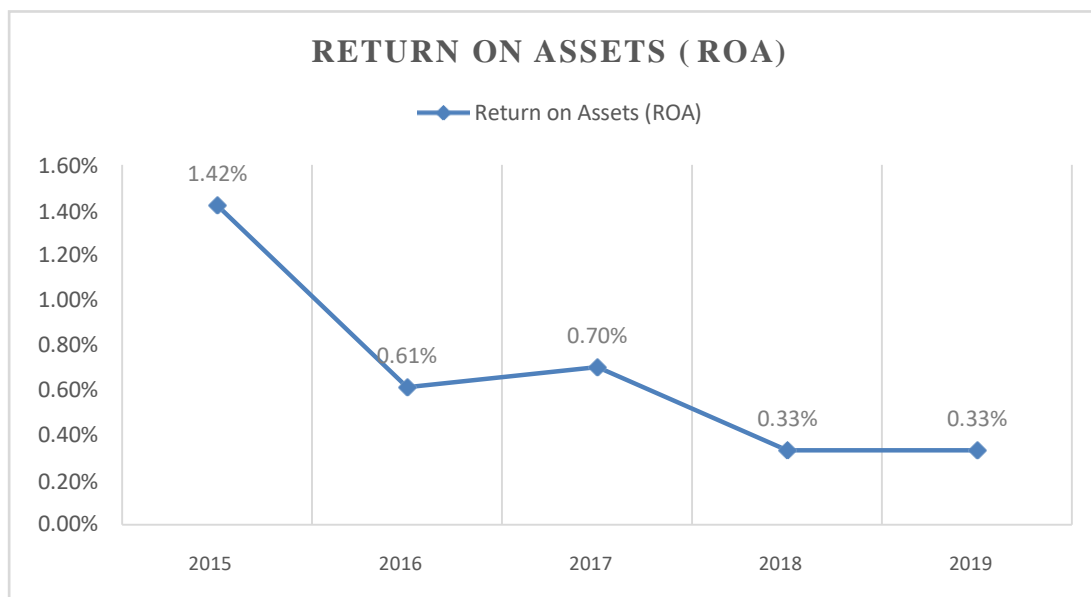


Figure 04: Return on Assets (In Percent)

Interpretation: In 2016 the ROA has decreased to 0.61% which is very bad position then in 2017 it increased to 0.70% then again decreased in 2018 to 0.33% after that in 2019 it was in the same position, which is not in good position.

3.3.1.3 Return on Equity (ROE)

The ROE measures the return earned on the Common Stockholder's Investment in the company. The higher the ROE means the better of the owners. The formula of ROE is given below:

$$\text{Return on Equity ROE} = \frac{\text{Net profit after tax}}{\text{Total shareholders equity}} * 100$$

Year	2019	2018	2017	2016	2015
ROE	5.23%	5.22%	9.70%	9.66%	30.09%

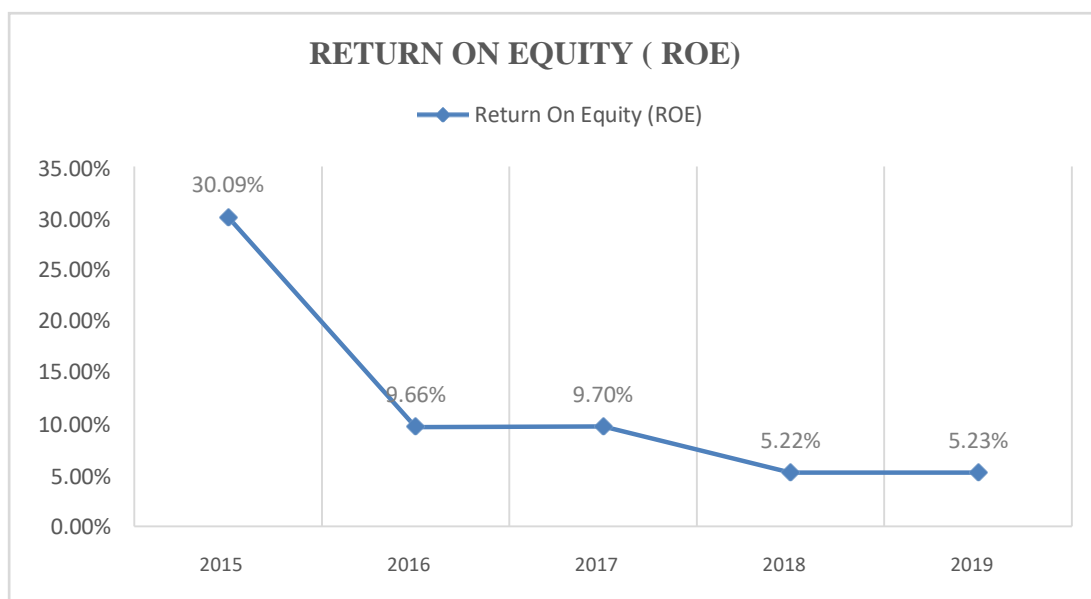


Figure 05: Return on Equity (In Percent)

Interpretation: In 2016 the ROE has decreased to 9.66% which is very bad position then in 2017 it increased to 9.70% then again decreased in 2018 to 5.22% after that in 2019 it increased to 5.23%, which is in good position than previous year.

3.3.1.4 Return on Investment (ROI)

The ROI is the ratio of Loss or Profit made in a fiscal year that expressed in terms of Investments and shows as a percentage (%) of Increase or Decrease in the value of Investment during the year. The formula of ROI is given below:

$$\text{Return on Investment ROI} = \frac{\text{Net Profit}}{\text{Total Investment}} * 100$$

Year	2019	2018	2017	2016	2015
ROI	6.90%	7.19%	8.61%	8.47%	9.39%

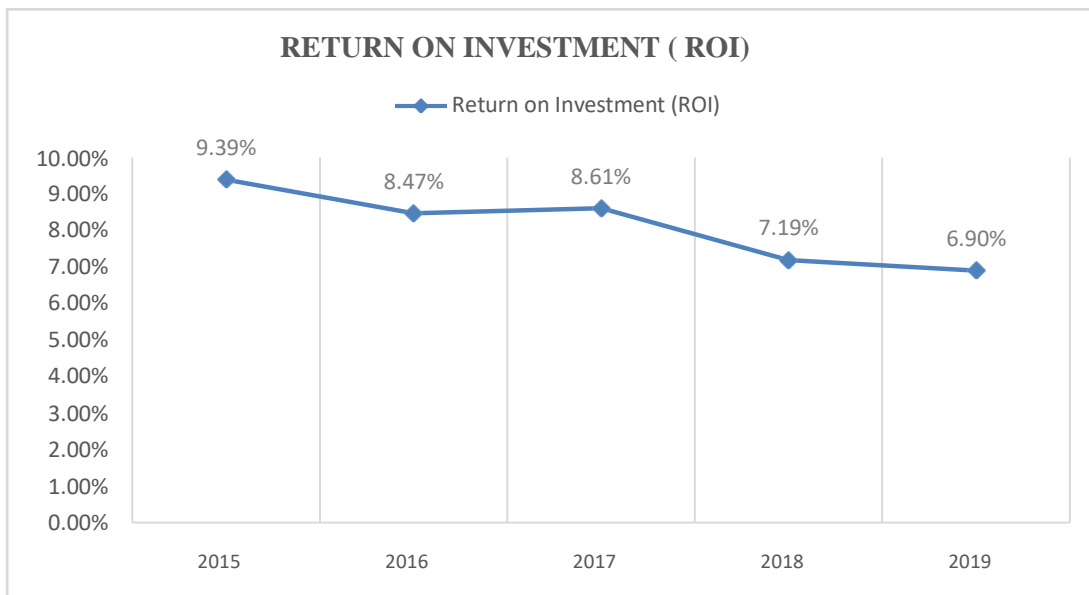


Figure 06: Return on Investment (In Percent)

Interpretation: In 2016 the ROI has decreased to 8.47% which was in bad position then in 2017 it increased to 8.61% then again decreased in 2018 and also in 2019, which is in bad position than previous year.

3.3.1.5 Earnings per Share (EPS)

The EPS represents the number of amount earned during the each period of each outstanding share of the common stock. EPS serves as an indicator of a company's profitability. The formula of EPS given below:

$$\text{Earnings per share (EPS)} = \frac{\text{Net Income}}{\text{Number of Shares Outstanding}}$$

Year	2019	2018	2017	2016	2015
EPS	14.04	13.61	25.12	19.92	86.31

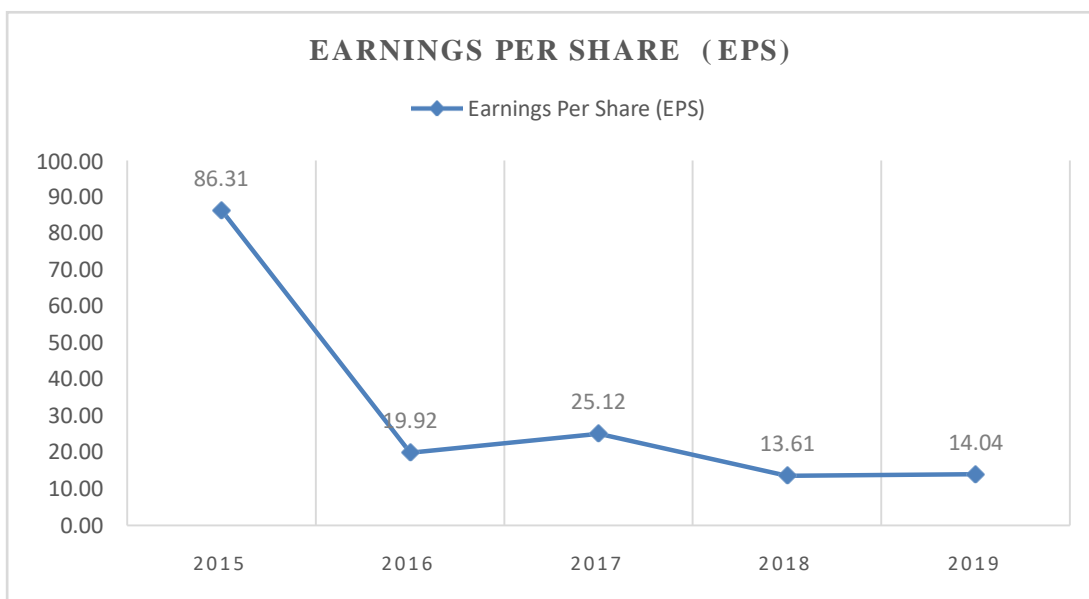


Figure 07: Earnings Per Share (In BDT)

Interpretation: In 2016 the EPS has decreased to 19.92BDT which is very bad position then in 2017 it increased to 25.12BDT then again decreased in 2018 to 13.61BDT after that in 2019 it increased to 14.04BDT which is in good position than previous year.

3.3.1.6 Net Asset Value per Share (NAVPS)

The NAVPS shows Net Asset Value that represents the Value per Share of a Mutual Fund, an Exchange-Traded Fund (ETF), or a Close-End Fund. The formula of NAVPS is given below:

$$\text{NAVPS} = \frac{\text{Net Assets}}{\text{Number of Shares Outstanding}}$$

Year	2019	2018	2017	2016	2015
NAVPS	268.36	260.66	258.87	206.14	193.92

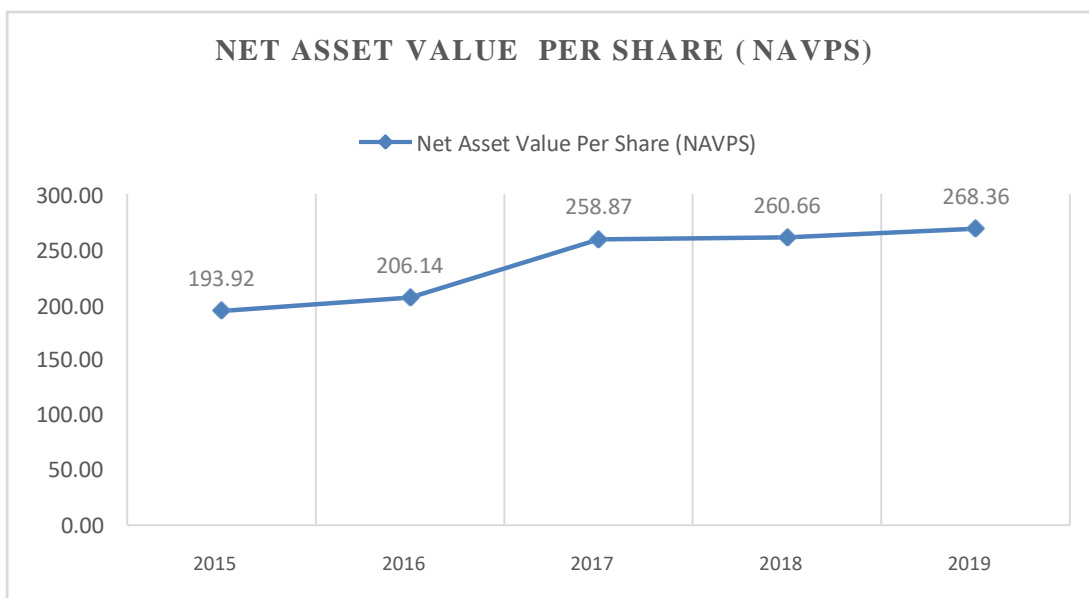


Figure 08: Net Asset Value Per Share (In BDT)

Interpretation: In 2016 the NAVPS has increased to 206.14BDT which is good position then in 2017 it again increased to 258.87BDT then again increased in 2018 and also in 2019 is in very good position.

3.3.1.7 Debt-Equity Ratio

This ratio is used to measure a company's Financial Leverage. It indicates how much debt a co. is using to finance its assets relative to the amount represented in the stockholders equity. The formula of Debt-Equity Ratio is given below:

$$\text{Debt – Equity Ratio} = \frac{\text{Total Debt}}{\text{Total Equity}}$$

Year	2019	2018	2017	2016	2015
Debt-Equity Ratio	11.64	11.86	10.48	12.08	13.13

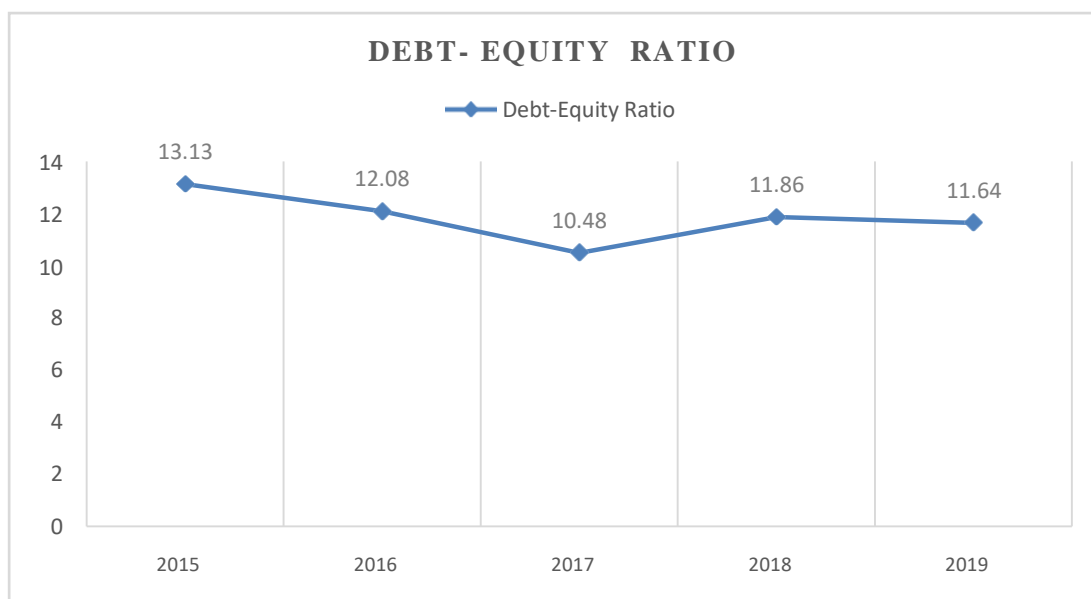


Figure 09: Debt-Equity Ratio (In Times)

Interpretation: In 2016 the Debt-Equity Ratio has decreased to 12.08 which is in bad position then in 2017 it again decreased to 10.48 then in 2018 it increased to 11.86 then again in 2019 it decreased to 11.64, which is in bad position than previous year.

3.3.1.8 Cost to Income Ratio

It measures the cost of running a business compared to its operating income. For a more profitable organization the Cost to Income ratio should be lower. The formula of Cost to Income ratio is given below:

$$\text{Cost to Income Ratio} = \frac{\text{Operating expenses}}{\text{Operating income}} * 100$$

Year	2019	2018	2017	2016	2015
Cost to Income Ratio	78.33%	81.53%	80.57%	81.06%	77.98%

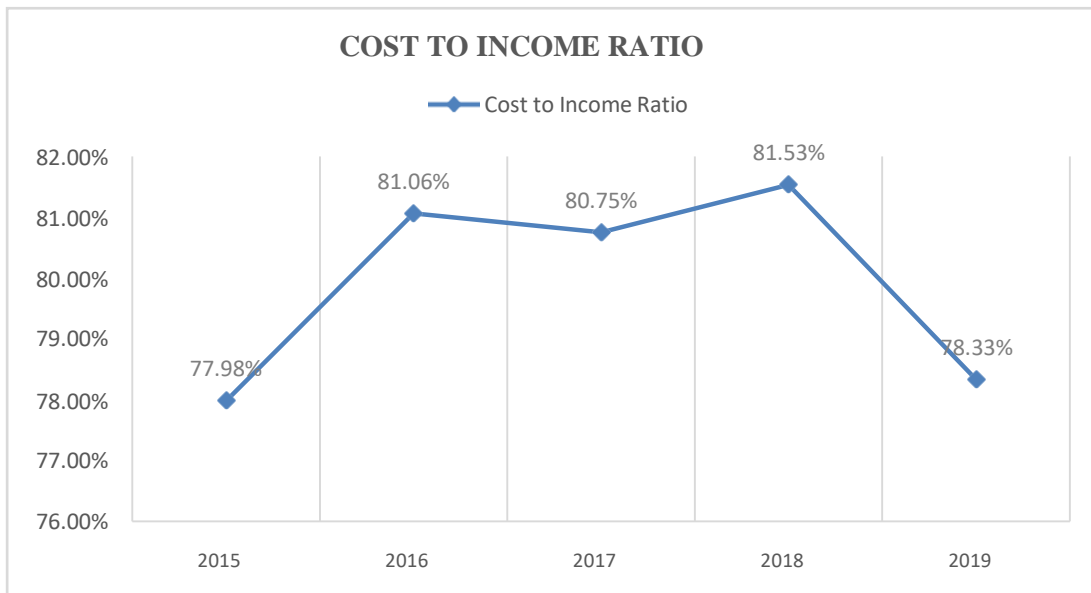


Figure 10: Cost to Income Ratio (In Percentage)

Interpretation: In 2016 the Cost-Income Ratio has increased to 81.06% which is in very good position then in 2017 it decreased to 80.75% then in 2018 it increased to 81.53% then again in 2019 it decreased, which is in very bad position than previous year.

3.3.2 Economic Value Added (EVA) Analysis

The following table shows the wealth is circulated among the shareholders of ABL also how ABL has gathered wealth by providing banking services, by taking into account the amount retained and re-invested improvement and replacement of assets and operations. The comparative presentation of Value Added Statement of the bank for the year 2018 and 2019 showing below:

Value Added Statement

Particulars	BDT in Millions	
	2019	2018
Income from banking service	52,471.97	54,347.06
Less: Cost of services	30,472.70	34,157.34
Value added from banking services	21,999.27	20,189.72
Add: Non-banking income	-	-
Less: Provisions made for the year	7,159.43	6,388.12
Total Value Added	14,839.84	13,801.60
Distribution of Value Addition:		
To employees (Salary, allowances and others)	10,008.13	9,528.78
To government (Income Tax)	1,523.55	1,044.68
To shareholder (as dividend)	10.00	10.00
To statutory reserve	807.87	584.76
To Expansion & Growth:		
i) Depreciation	611.66	612.66
ii) Retained Profit	1,878.63	2,020.72
Total Distribution	14,839.84	13,801.60

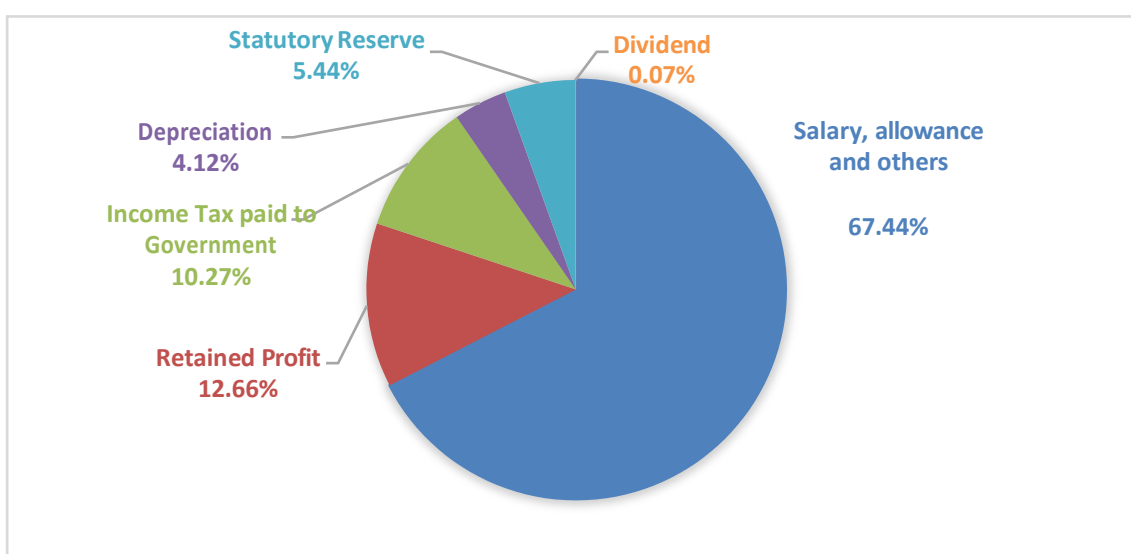


Figure 11: Value Addition Distribution of 2019

In the distribution of value addition we can see that for Salary, allowance the expenses was 67.44% which is more than half of total expenses. Then for retained profit expenses was 12.66%, for income tax 10.27% and for depreciation is 4.12%. The statutory reserve was 5.44% and dividend paid amount was 0.07%. The total distribution amount in 2019 was more than 2018.

Economic Value Added Statement

EVA is a tool that is developed to measure the real economic profit made by an organization. It also known as “Economic Profit”, that provides a measurement of a bank’s economic success or failure over a period of time. The comparative presentation of EVA of the bank for the year 2018 and 2019 are given below:

Particulars	BDT in Millions	
	2019	2018
Shareholders’ Equity	51,363.33	49,889.66
Add: Cumulative provision for loans, investment and off-balance sheet exposures	29,803.25	25,309.12
Total Invested Fund	81,166.58	75,198.78
Average shareholders’ Equity	50,626.50	49,718.55
Earnings:		
Profit after Tax	2,686.50	2,605.48
Add: Provision for loans and others during the year	8,682.98	7,432.80
Less: Written-off loan recovered during the year	1,104.40	1,111.00
Earning for the Year	10,265.08	8,927.28
Average cost of Equity*	13.00%	13.00%
Cost of average Equity	6,581.44	6,463.41
Economic Value Added	3,683.44	2,463.27

*Based on weighted average rate of 10 years Treasury bond issued by Bangladesh Government + 2% risk premium.

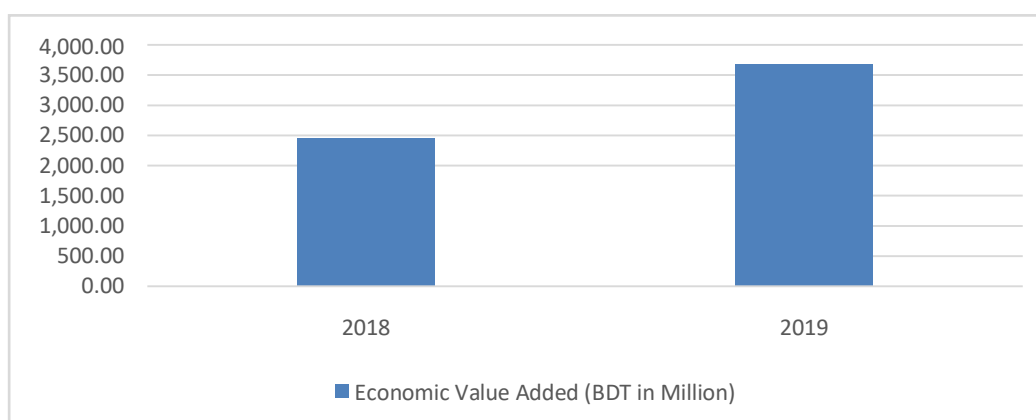


Figure 12: Economic Value Added (BDT in Millions)

The above analysis shows that ABL performance trend is quite better in 2019 than 2018. Their shareholders equity has increased in 2019 compared to 2018. Total invested amount is also higher in 2019. In the 2019 the total earnings for the year have also increased as well as the value addition has also increased which is very good.

3.3.3 Market Value Added (MVA) Analysis

MVA is simply calculated with the difference between the Current Total Market Value of a company and the Capital Invested by the investors. As a wealth it measures the level of value that the bank has accumulated over time.

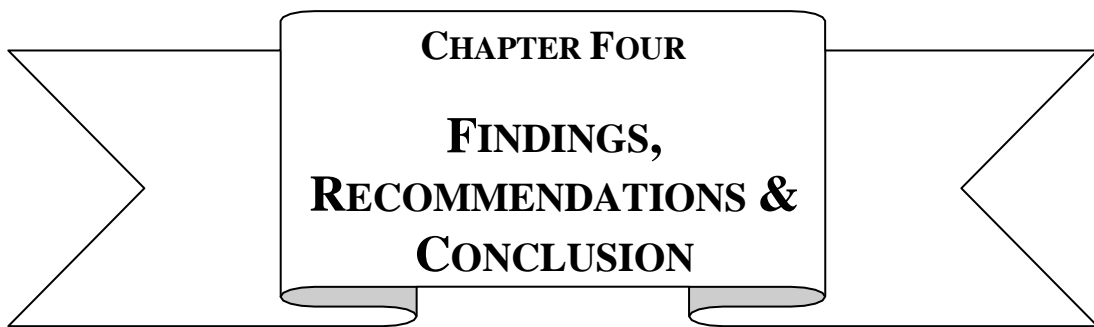
The formula of MVA is: $MVA = \text{Market Value} - \text{Capital Invested}$.

As ABL is not enlisted in Share Market so it is not possible to calculate MVA in a regular method.

Calculation of Market Value Added for the Year 2019

Particulars	Number of Shares	Value Per Share (BDT)	Amount (BDT)
Intensive Value Per Share	191,400,000	268.36	51,364,104,000
Market Value	191,400,000	100.00	19,140,000,000
Market Value Added	191,400,000	168.36	32,224,104,000

From the above calculation the MVA Analysis shows that the Market Value Added per Share is BDT 168.36 in the year 2019.



CHAPTER FOUR
FINDINGS,
RECOMMENDATIONS &
CONCLUSION

4.1 Findings

Every single research or study has got some specific findings. In the time of my Internship time I had great opportunity to observe some very important things of ABL. Those findings of mine are given below:

- ❖ **Satisfactory Liquidity Condition:** The Liquidity Condition of ABL is quite satisfactory. The current ratio of ABL has increased in 2018 and 2019 than 2017. Its Liquidity Ratios are around its standard level.
- ❖ **Unsatisfactory ROA:** The bank's ROA has decreased to 0.33% in 2018 from the year 2017. And in 2019 it remained unchanged.
- ❖ **Unsatisfactory ROE:** The bank's ROE is in decreasing trend. In the previous year 2016 and 2017 the ratio was very satisfactory. It decreased in 2018 but in 2019 it increased to 5.23%.
- ❖ **Decrease of ROI:** The bank's ROI is also in decreasing trend. In the previous year 2017 the ratio was very satisfactory. Then it decreased in 2018 to 7.19% and again in 2019 to 6.90%.
- ❖ **Quite Good EPS:** As EPS is an important sign of corporate success so it is closely watched by the Investors. Analysis shows that, in 2019 EPS of ABL's were higher than 2018. The year 2019 shows that EPS increased by 0.43BDT that is a good sign for the bank.
- ❖ **Increase of NAVPS:** ABL's Net Asset Value per Share (NAVPS) is in increase trend from the year 2017 to till now.
- ❖ **Decrease in Debt-Equity Ratio:** The Debt-Equity ratio has decreased year by year. It has decreased 11.86 times to 11.64 times in year 2019.
- ❖ **Decrease in Cost to Income Ratio:** It increase in the year 2017-16 but decreased in 2019 from 81.53% to 78.33% which is not good.
- ❖ **Rising of Operating Expenses:** Its Operating Expenses rose by BDT1031.34 million from BDT 12977.48 million of 2018 due to increase of ATM booths, Branches and Employees.
- ❖ **Sound Operation:** Economic Value Added (EVA) Analysis confirm us the sound operation of ABL as its economic profit is increasing from BDT2463.27 million to BDT3683.44 million in 2019 which is very satisfactory for any bank.
- ❖ **Increase in Market Performance:** The Market Value Added (MVA) Analysis shows that the bank's market performance is increasing which is indicated by increasing market value per share of BDT168.36 from BDT100.

- ❖ **Shortage of Branches, ATM Booths and ATM Card Facilities:** ABL has short of Branches and ATM Booths. ATM card facilities are not also available for their customers.
- ❖ **Lack of Micro-Credit:** For commercial bank Micro-Credit for poor people as a short-term scheme is available but ABL lacks of it.
- ❖ **Political Influence in Loan approving and sanctioning:** ABL faces political influence while approving and sanctioning loan and so they face problem in getting the money back.

4.2 Recommendations

In this report mainly focused on the Financial Performance of ABL. After completion of the report it can give details on Financial Performance. ABL is one of the largest commercial bank in Bangladesh but again I recommended some issue that will be useful for the operation of financial performance, which are given below:

- ❖ **Improving Liquidity Condition:** Although liquidity position of the Bank is quite good but it should be improved more by reducing current liabilities. Operational efficiency should be increased by reducing cost-wastage and improving operating and management performance.
- ❖ **Reducing Capital Expense:** ABL need to focus on their capital expense and need to reduce it. Also need to ensure maximum utilization of its assets to concentrate more to increase Return on Asset. It is also needed for increasing in Cost to Income Ratio.
- ❖ **Proper Use of Equity Capital:** As ROE is in decreasing trend so they need to focus on profit maximization by making the proper use of equity capital.
- ❖ **Doing Proper Analysis before Investing:** As ROI of ABL is in decrease trend so before making any Investment decision they need to do proper analysis.
- ❖ **Focus on Profit Maximization:** As the EPS increased slightly so they need to focus on more profit maximization so that the Earning Price of Share will increase more.
- ❖ **Proper Use of Debt:** They need to make proper use of their debt to finance its assets relative to the amount of value represented in shareholders' equity.
- ❖ **Proper Use of Operating Expenses:** As ABL's operating expenses has increased due to increase of ATM booths, Branches and Employees so they need to make the best use of those to get the ultimate outcome.

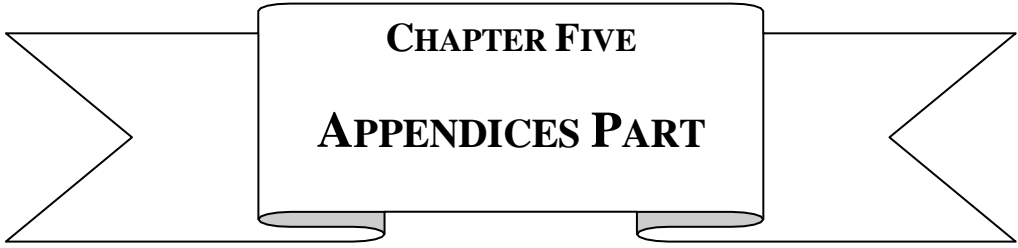
- ❖ **Focus more on Operation:** From EVA analysis it confirms us the sound operation of ABL. But, as all other competitors are trying harder to make Positive Income Figure and do better performance through better operation so ABL need to try harder to make the income figure even higher and do even better performance through better operation.
- ❖ **Focus More on Market Performance:** The MVA analysis shows that the bank's market performance is increasing but they should focus more on market performance to cope up with the competitive market segment.
- ❖ **Increase of Branches, ATM Booths and ATM Card Facilities:** ABL need to Introduce ATM card facilities for all of their customers. They need to open new branches and ATM booths to reach the whole country market people.
- ❖ **Introduce Micro-Credit Facility:** As they lacks of Micro-Credit facility so introducing it as a short-term scheme will be a better idea.
- ❖ **Avoiding Political Influence in Loan approving and sanctioning:** All the loan documentations have to done honestly. The bank should concentrate more on proper documentation of all types of loans to make the department trustworthy & healthy. Political influence should be avoided while approving and sanctioning loan.

4.3 Conclusion

Agrani Bank Limited has set new standards in the banking system in the time of terrible economic conditions. As part of the long term financial reformation and modernization plan of the govt., the bank had been converted into a Public Limited Company. Though it has a wide range of network and confidence from the customers it has some problems those problems reduce its income but the authority is not much flexible and it takes time to make decision.

ABL always tried its level best to perform financially well. Their Financial Performance against the Banking Industry is quite satisfactory in spite of trying to do well in some aspects ABL face some financial problems from time to time. Some of the problems for decreasing trend in profitability and solvency, shortage of employee's scarcity of modern technological facilities etc occurred. This type of problems arises due to the economic slowdown, lower interest rate, fluctuation and inflation in the money market and so on. Fighting with all these problems and competing with others Banks at the moment the Bank is trying to better to best.

Overall, the Financial Position of ABL is quite satisfactory compare to other Government Commercial Banks. Despite of severe unfavorable economic conditions of last few years, ABL has achieved worthy performance in all important areas of Banking Operations.



CHAPTER FIVE
APPENDICES PART

5.1 References

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