

Internship Report on

Financial Performance Analysis of Basic Bank Ltd



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Supervised By

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LETTER OF THE SUBMISSION

To,

Ms. Rozina Akter

Assistant Professor,

Department of Business Administration

Daffodil International University.

Subject: Submission of Internship Report on “Financial Performance Analysis of Basic Bank Ltd.”

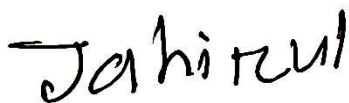
Dear Mam,

I am happy to provide my internship report on the " Financial Performance Analysis of Basic Bank Ltd " right here. The experience I gained during my internship at Basic Bank Limited is the only basis for this paper. I would be really grateful and honored if you read over my internship report and recognized my hard work and devotion. I did my best to effectively and efficiently portray the initial circumstances of Basic Bank Limited's Financial Performance Analysis.

Finally, I would like to express my sincere appreciation and thanks to you for preparing this report.

I would be happy to answer any of your questions on this topic.

Sincerely Yours,



Jahirul Islam

ID: 191-11-799

Department of Business Administration

Faculty of Business and Entrepreneurship

Daffodil International University

ACKNOWLEDGEMENT

I'm happy to take this chance to thank the individual for their guidance, help, and patience, without which I would not have been able to complete my report.

I appreciate our esteemed professor Ms. Rozina Akter thorough criticism and suggestions on this duty. She is an assistant professor at Daffodil International University in Dhaka, Bangladesh. He often offered us his wise counsel on how to complete this assignment.

Along with the internet, reality books, newspapers, and other sources of crucial information that BBA students at other colleges do not have access to, we need to publish some more names. They kindly gave us their time, took the time to thoroughly respond, and assisted us in finishing the research. We appreciate their help and cooperation.

SUPERVISOR'S CERTIFICATE

This is to certify that *Jahirul islam ID: 191-11-799*, BBA (Finance), is a regular student of the Department of Business Administration, Faculty of Business and Entrepreneurship, Daffodil International University. He has successfully completed her internship program at Basic Bank Limited. and has prepared for this internship under my direct supervision. His assigned internship topic is “**Financial Performance Analysis of Basic Bank Ltd**”. I think that the report is well-intentioned of fulfilling the partial requirements of BBA program.

I wish his success in the future.



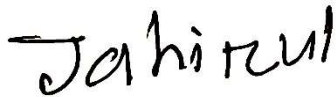
Rozina Akter
Assistant Professor
Department of Business Administration
Faculty of Business and Entrepreneurship
Daffodil International University

Declaration

I solemnly declare that the work of this internship report titled "Financial Performance Analysis of Basic Bank Ltd." is one of my key works under the supervision of Ms. Rozina Akter,, Assistant Professor, Department of Business Administration, Daffodil International University.

No part of this report has been submitted to any other organization before and I am collecting all the information from the internet and senior executives of my bank.

I have done more to identify the department against my loss or damage arising from a breach of mandatory obligation against it, if any.



Jahirul Islam
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Executive Summary

The goal of the study is to comprehend Basic Bank Limited's procedures in the banking industry of Bangladesh as well as its review of financial performance and profitability. The bank, which offers traditional banking services and client-focused programs, has won the hearts of its clients and grown to be the market's and the nation's top bank. I provided background information for the whole content report in the first section of my report. Next, I'll provide a quick overview of Basic Bank Limited. Basic Bank Limited's historical history, number of branches, vision, purpose, and other topics will be covered in this section.

The project's portion follows. In that section, I reviewed the profitability and financial performance of Basic Bank Limited the Bangladeshi banking industry. I went into great length on each subject of general and banking. I have also succinctly described the conditions and rules for each financial analysis. I mentioned the fact that banks provide current product developments in the research section.

Then, depending on the findings of this study, I get some recommendations. I get the bank authorities to affiliate with the cutting-edge over-the-counter software that buys specialized banking tools and apps.

Table of Content's	
Particulars	Pages
Chapter 1: Introductory Part	
1.1. Introduction	2
1.2. Background of the Study	2
1.3. Objectives of the Study	3
1.4. Methodology	3
1.5. Limitations	4
Chapter 2: Organizational Part, Background of Basic Bank Limited.	
2.1. History of Basic Bank Limited.	6
2.2. Vision & Mission	7
2.3. Corporate profile	8
2.4. Hierarchy of Basic Bank Limited.	9
2.5. Organizational structure	10
2.6. Services of Basic Bank Limited.	11
2.7. Products of Basic Bank Limited.	13
2.8. Types of Account	14
Chapter 3: Theoretical Background	
3.1 Theory of Ratio Analysis	16
3.1.1 Liquidity Ratio	16
3.1.2 Asset Activity Ratio	17
3.1.3 Efficiency Ratio	17
3.1.4 Profitability Ratio	17
3.1.5 Credit Risk Ratio	17
3.2 Common Size Analysis	18
3.3 Trend Analysis	18
Chapter 4: Financial Performance Analysis	
4.1 Ratio Analysis	20

4.1.1 Liquidity Ratio	20
4.1.2 Asset Activity Ratio	21
4.1.3 Efficiency Ratio	22
4.1.4 Profitability Ratio	23
4.1.5 Credit Risk Ratio	24
4.1.6 Other Ratios	25
4.2 Trend Analysis	26
4.3 Common Size Analysis	27
4.4 SWOT Analysis of BBL	30
Chapter 5: Findings, Recommendation & Conclusion	
5.1 Findings	31
5.2 Recommendations	33
5.3 Conclusion	34
References	34

Chapter 1

Introduction

Introduction

1.1 Introduction

In recent years, Bangladesh's banking sector has grown quickly and significantly. not only in our country. Globalization, technological development, and a lack of authority have all contributed to the rapid change in the condition of banking. The banking industry in our country has changed as a result of this transformation, which has had a significant impact on the industry globally. The banks are now forced to engage in market competition with both domestic and foreign businesses. This is the reason I made the choice to successfully finish my banking internship program.

Program for Internships a requirement for receiving a BBA from DIU. Intern BBA Program at DIU Throughout this internship plan, Students must write a report about the particular institution. I'm thrilled to be a part of the required program at Basic Bank Limited. I spent three months in Basic Bank Limited's College gate office. This internship is a full-time working endeavor for Basic Bank Limited and a means of studying the banking industry as a whole. I had to decide on a study area while I was there in order to do in-depth research and convey my findings in the report. After finishing the three-month internship program, I have written this report from this point of view. I greatly appreciate this performance and am hopeful that it will help me advance my future professional endeavors.

1.2 Background of the Study

The completion of an internship at a reputable business organization and the preparation of a report are prerequisites for the Bachelor of Business Administration (BBA) degree from Daffodil International University (DIU). In truth, I'm going to learn about Basic Bank Ltd.'s financial performance analysis.

The primary activities of banks are lending money to borrowers and taking deposits from clients. In addition to creating a lot of job opportunities, banks are crucial to the prosperity of a nation..

This position is mostly played by Basic Bank Limited. Through financing and conservation, it aids in a country's economic growth. The addition to the growth of the nation's economy and national resources is the modification and distribution of funds across the nation.

The purpose of the study is to assess Basic Bank Limited's performance. whether Basic Bank Limited. is performing at a level that is satisfactory. The focus of the study is on this.

1.3 Objectives of the Study

- To examine Basic Bank Limited's financial statements with a focus on its overall financial performance.
- To spot issues with BBL's financial performance; and • To offer solutions to those issues.

1.4 Methodology

From topic selection until writing the final report, the study calls for a methodical approach. Key issues need to be studied, and data sources were selected, gathered, categorized, evaluated, and presented in a systematic manner in order to carry out the study. The following list outlines the general systemic gas process: The following is the main information source:

- • Face-to-face interactions between cops.
- • Desk Usual office tasks.
- • Officers review pertinent files that connected officers have submitted..

Secondary data source:

- A number of notifications from BB and the Office Head Office (Bangladesh Bank).
- The Basic Bank Limited Annual Report.
- The official website of Basic Bank Limited. and publications retrieved from the bank's library are two examples.

Data collection: Different Basic Bank Limited workers were directly and repeatedly questioned to get preliminary data.

1.5 Limitations:

I wasn't able to finish the internship by the due date. considering the report submission date is

approaching. Although we occasionally need to work in different parts, I should feel at ease working in those that are related to the subject matter I know well. Consequently, it is challenging to become an authority on the subject.

Due to these limitations, it is more challenging to locate sufficient books, papers, information, and data, which limits the scope for accurate analysis. In the absence of these limitations, the report has improved and become more interesting.

Data collection from such a vast business was exceedingly challenging. I completed my internship at the College Gate location. But I needed more details, so I had to get some from both the corporate office and the regional office. Because of several departmental and secret difficulties, I can't receive adequate information.

Chapter 2
Organizational Part
Background of Basic Bank Limited.

Background of Basic Bank Limited.

2.1. History of Basic Bank Limited.

Frequently referred to as BASIC Bank, Bangladesh Small Industries and Commerce Bank Limited is a state-owned scheduled bank. It's not a nationalized bank, though. It is a financial institution that runs similarly to a private bank. The nature of the bank is obvious from the name alone, Bangladesh Small Industries and Commerce Bank Limited. It consists of both development banks and commercial banks. Under the Companies Act of 1913, BASIC Bank was established. On August 2nd, 1988, it was incorporated under the provisions of this Act. On January 21st, 1989, the bank opened for business. Banking Companies Act of 1991 regulates it. The bank was founded because the nation's policymakers recognized the need for a private sector bank. The bank was once a joint venture between the BCC Foundation, which owned 70% of the shares, and the government of Bangladesh (GOB), which owned the remaining 30%. After the BCCI was shut down and the BCC Foundation became inactive, the Bangladeshi government purchased full control of BASIC on June 4, 1992. So the Bank is a state-owned entity. The Bank, however, is not nationalized; instead, it continues to operate as a private bank.

Vision & Mission

Vision: offering the best financial services to all customers and promoting economic growth Offer the greatest banking services to all types of customers and support national economic growth. ent of the nation.

Mission: To serve the ordinary people of Bangladesh with the best development and commercial banking services, and to give special support to small business enterprises.

2.2. Corporate profile:

Table : Basic Bank at a Glance

Name BASIC Bank Limited

Date of Incorporation August 2, 1998

Date of Inauguration of Operation January 21, 1989

Head office Sena kalian Bhaban (6th floor), 195, Motijeel,

Dhaka – 1000, Bangladesh

Number of Branches 68

Service provided Deposit scheme, credit facility and foreign exchange service

Authorized capital Tk. 5000.00 million

Paid up capital Tk. 2946.98 million

Ownership Government of Bangladesh

Banking software used KASTLE core

Technology used Members of SWIFT

SWIFT BKSIBDDH

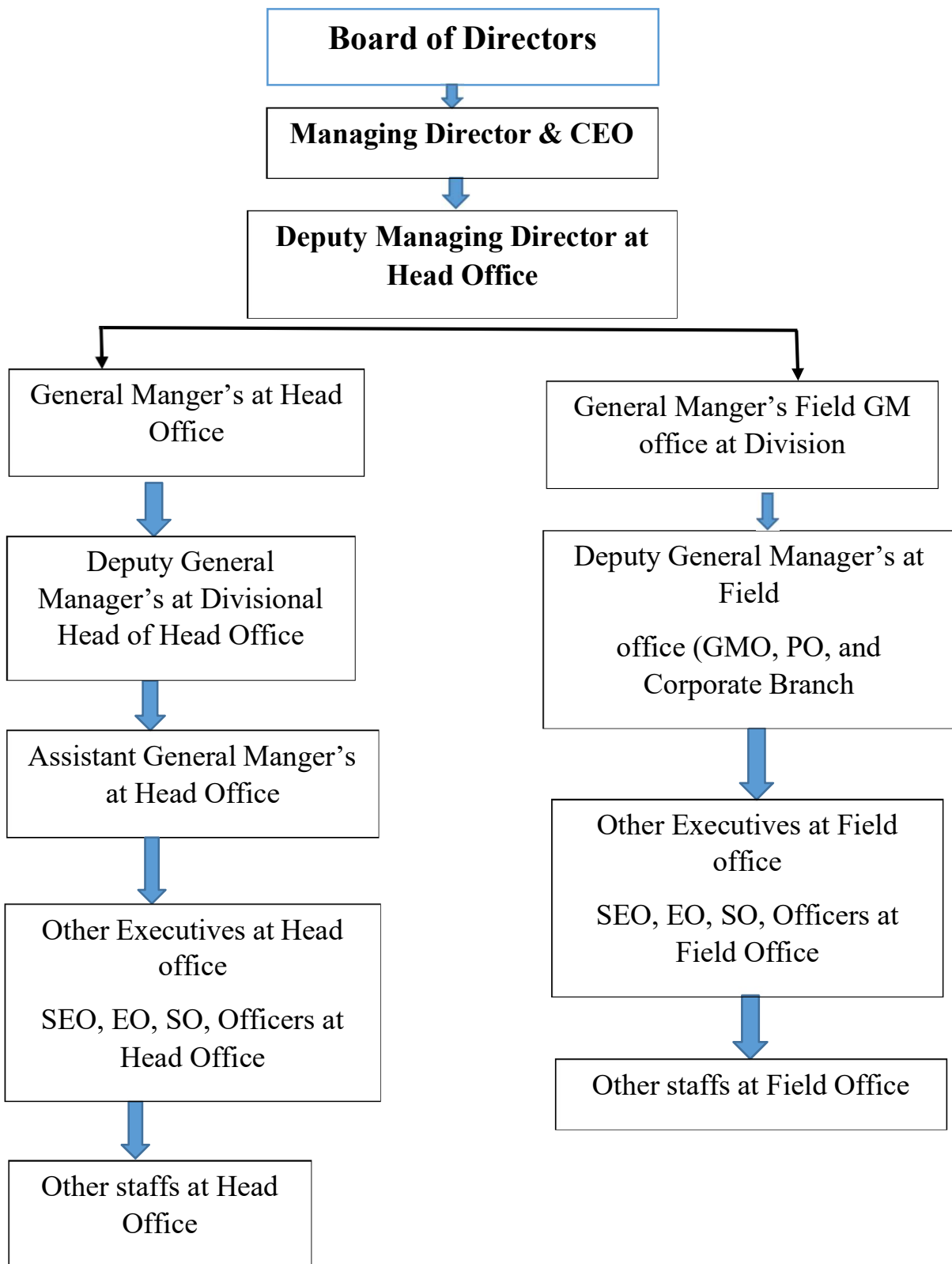
Email Basiccho@citeecho.net

Website www.basicbanklimited.com

2.3. Hierarchy of Basic Bank Limited.

Management:

The Bank's Board of Directors, which was established in compliance with the Bangladesh Bank (Nationalization) Order 19 1972, is tasked with providing general guidance and directives about the Board's policies. The seven-member Board of Directors has the power to set up, run, and conduct business operations in accordance with the Board Policy of the Government. Government officials appoint directors. The government also appoints additional board members, including the MD, at least three of whom have financial knowledge. financial services, business, industry, and agriculture. The Bank's Chief Executive Officer is the Managing Director. He follows the board's guidelines for all actions. Except for the members of the Board of Directors, all lines of business and employees of the Bank are self-appointed.



2.4. Organizational structure

Basic Bank Limited is the biggest private bank in Bangladesh. The total number of commercial banks in the country is 1187. It also has two overseas branches. The bank's main office is in Motijheel Commercial in Dhaka. While AGM is in charge of the departments, DGM is in charge of the divisions. Each department has a number of sub-departments in the main office. A DGM is in control of the central office, while an AGM frequently manages a regional office. In the administrative region of the district bank, principal offices serve as community hubs. The regional offices report to and are governed by the head offices. At the thana level, the offices are located in the districts. Corporate branches and DGM-run GM offices are about equal. They provide all types of financial services, such as ordinary banking, loans, and advances. The organizational chart of Sonali Bank is provided in the list below:

2.5. Services of Basic Bank Limited.:

Functional Department of the Basic Bank Limited:

There are basically three functional departments in Basic Bank Limited. These are:

- General Banking
- Foreign Exchange
- Loan & Investment

General Banking:

The sole function of the bank is to act as a go-between for lenders (surplus units) and borrowers (deficit unit). The primary source of the banks' ability to make loans is deposits and savings. And the primary source of income for banks is the interest generated by the difference between borrowing and lending. Banks make money through a range of operations.

General banking is the area of the bank where customers can deposit and send money using a variety of options. General banking also includes accounts division. The bank presents a variety of options to its customers in an effort to motivate them. The majority of these alternatives are very comparable between banks, however there may be differences in the client services and facilities. Numerous services are offered by Basic Bank Limited to both retail and business clients.

General banking activities of the Basic Bank Limited. Are included:

Account Opening

Cheque Book House

Account Closing

Clearing Department

Local Remittance

Cash Section

Online Banking

SMS Banking

ATM Banking

Locker Services Foreign Exchange:

Foreign exchange is the process by which rights to wealth in one currency are converted into rights to wealth in another. The general procedure by which a bank converts one currency into another is what we refer to when we talk about foreign exchange in banks. The Foreign Exchange Department is the name of the foreign division (FED). Bangladesh Bank permits scheduled banks to carry out foreign exchange transactions. Some organizations are referred to as Authorized Dealers. The branch is allowed to move foreign currency from one country to another if it is a registered dealer in the foreign exchange market. The foreign currency division of the BBL Ring Road branch is divided into two sections:

Section importing.

section for export.

In 1991, BASIC Bank created its own software. There is a local area network (LAN) in the bank's head office and 15 branches. Using BTTB's X.28 leased line, a wide area network (WAN) has been built up between the head office and the branches. Its Gulshan branch, Dhaka, Zindabazar branch, Sylhet, Rangpur branch, and Rajshahi branch all went online a few years ago due to ongoing technological advancements.

Risk Management:

No gain in the banking industry can be anticipated without risk. A formal program has been designed by BASIC Bank management to control the business risk the bank faces. The BASIC Bank is extremely cautious when making investments. Before approval, each loan request is carefully reviewed. The proposal of huge amounts of loans requires the Board of Directors' approval. Every loan transaction is closely monitored by the internal audit team and the recovery team. Management regularly examines the balance sheet's overall asset and liability structure for the bank and adjusts it as needed. In order to ensure financing flexibility to meet unforeseen future cash demands, the Bank also maintains a liquidity policy. The Bank takes the appropriate steps to reduce exposure to foreign exchange risk.

Chapter 3

Theoretical Background

Theoretical Background

3.1 Theory of Ratio Analysis:

1. Ratio analysis is the process of analyzing financial statements and using ratios to understand financial data according to an operation's speciality. In order to determine the financial mobility of a certain business, ratio analysis is performed in this case. For stakeholders, creditors, tors defaulters, investors, as well as executive, ratios have varied effects. In order to give significant information to management or other users and enable them to take appropriate action or make decisions in light of the current state of the business, proportion analysis is crucial. Future improvement in the financial performance of the company. In the banking industry, there are five ways to divide ratios. Here are some of them:
2. Liquidity Ratio.
3. Asset Activity Ratio.
4. Efficiency Ratio.
5. Profitability Ratio.
6. Credit Risk Ratio.

1. **Liquidity Ratio:** By lowering its current liabilities as they manifest as long-term responsibilities, the liquidity ratio assesses a company's ability to satisfy both obligations. The ability of a company to pay down its current liabilities and convert its cash and other assets into cash is shown by these measures. Cash position cannot be determined by a company's liquidity. This evaluates how straightforward it will be to raise enough money or sell assets to make money. As a result, all of these assets are transferred to an organization's liquidity account. Listed below are liquidity ratios:

- Loan to deposit ratio.
- Cash to deposit ratio.
- Cash to asset ratio.
- Cash ratio.
- Loan to total asset ratio.

- **Asset Activity Ratio:** The activity ratio calculates each firm's sales in a different asset account; inventory and total asset accounts are permitted. The activity ratio calculates how well a company uses its resources. These accounts are employed in the most common activity ratio donors because the majority of businesses invest extensively on acceptable or inventory accounts.
- Fixed Asset Turnover
- Total Asset Turnover

2. **Efficiency Ratio:** The definition of efficiency ratios is to measure the acceptance of turnover, amount and use of equity, liability review and general activity of inventory and instruments. The efficiency ratio enables analysts to invest and execute commercial banks. The lower the percentage, the greater the efficiency of the company or bank. Efficiency ratios are given below:

- Income to Cost Ratio.
- Cost to Asset Ratio.

3. **Profitability Ratio:** The ability of a business to generate revenue (profit) in relation to revenue, balance sheet assets, operating expenses, and shareholders' equity over time is measured and evaluated by analysts and investors using profitability ratios. They demonstrate how well a business uses its assets to produce profits and value for its owners. Most businesses typically aim for a larger ratio or value because doing so typically indicates that the company is operating profitably and earning income tax as well as cash flow. The most helpful when comparing ratios to other similar companies or to earlier periods.

- Gross profit margin
- Net profit margin
- Return on asset
- Return on equity.

4. **Credit Risk Ratio:** The ratio is computed as a likelihood or percentage that the donor would suffer a loss as a result of their inability to make their payments on time. When it comes to investing or making decisions, it serves as a decision maker.

- Equity to asset
- Equity to net loan.

3.2 Common Size Analysis: Common size analysis (also called vertical analysis) refers each line item as a percentage of one-line item in a year's financial statements, which is referred to as the base amount. Common size analysis is also known as vertical analysis, and it describes each line item as a percentage of the base sum, which makes up one line item in the annual financial statements. The sum of the assets and liabilities on the balance sheet equals the ownership of the shareholders and the principal amount in the income statement is normally net sales or income. It is evident that the balance of assets, liabilities, and equity has altered when compared to the general size statements from the previous two or more years. The income statement makes it possible to track changes in the proportion of various spending categories' revenues and outlays..

3.3 Trend Analysis: Trend analysis is an analysis of a company's trends based on past performance results compared to its financial statements to analyze market trends or future analysis and attempts to make the best decision based on the results. Trend analysis involves gathering data from multiple periods and plotting the data collected in horizontal lines with the objective of finding actionable patterns from the given data. In finance, trend analysis is used for technical analysis of stocks and accounting analysis.

Chapter 4

Financial Performance Analysis

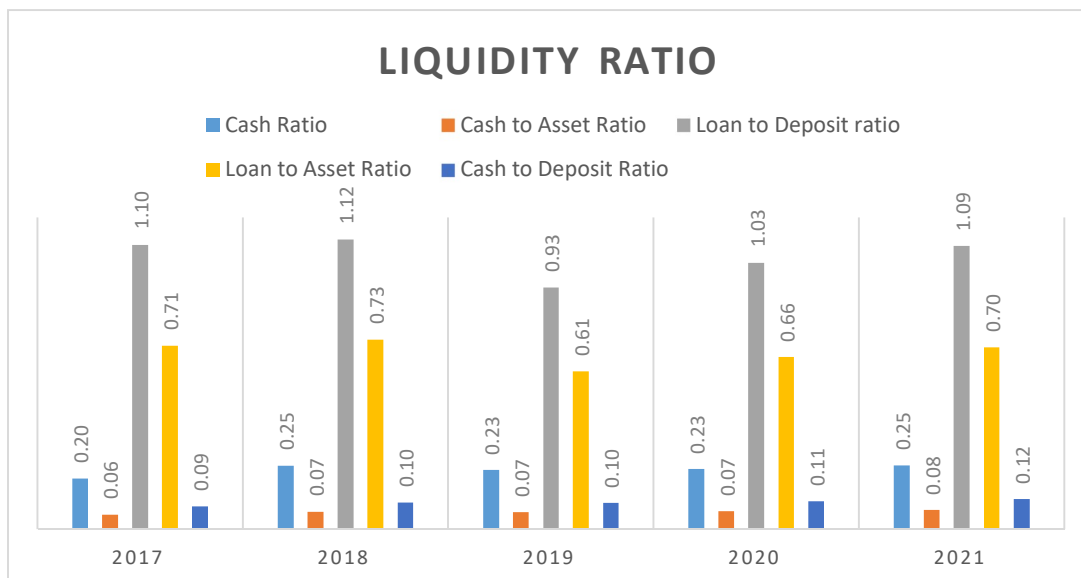
 Financial Performance Analysis

4.1 Ratio Analysis of Basic Bank Limited.

4.1.1. Liquidity Ratio:

Year	2017	2018	2019	2020	2021
Cash Ratio	0.20	0.25	0.23	0.21	0.19
Cash to Asset Ratio	0.06	0.07	0.07	0.07	0.08
Loan to Deposit ratio	1.10	1.12	0.93	.90	.88
Loan to Asset Ratio	0.71	0.73	0.61	0.66	0.70
Cash to Deposit Ratio	0.09	0.10	0.10	0.11	0.12

Graphical Explanation:



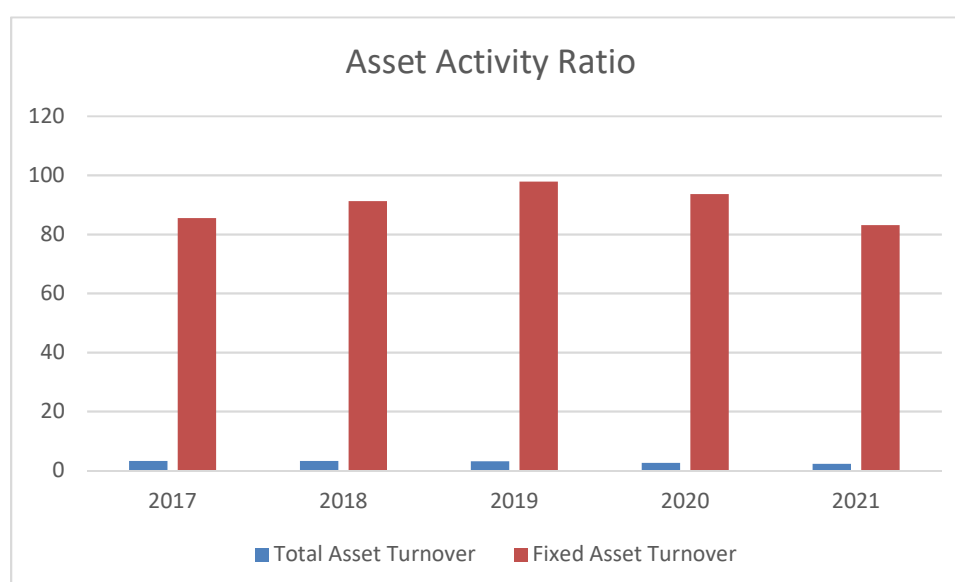
Comment: The cash to asset ratio for Basic Bank Limited. has varied a little over time. It was there (.06-.08). Given the assets, the bank was able to deploy its funds. The bank was informed by the cash ratio that using deposits as a counterbalance to cash was preferable. The overall deposit ratio in 2017 was 1.10; this ratio has increased in 2021 and will keep rising through 2021.

The asset ratio is showing good fluctuations from 2015 to 2019. The cash-to-deposit ratio was good in 2015 but has declined over time and has increased from .10 to .08 deposits.

4.1.2. Asset Activity Ratio:

Year	2017	2018	2019	2020	2021
Total Asset Turnover	3.26	3.19	3.14	2.58	2.23
Fixed Asset Turnover	85.53	91.25	97.87	93.64	83.08

Graphical Presentation:

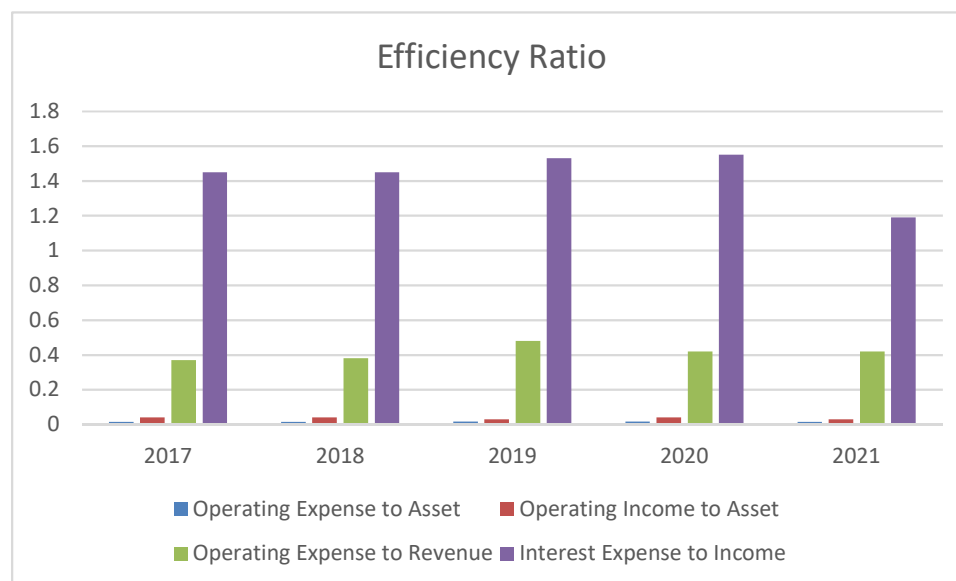


Comment: The year-to-date asset turnover shows better performance. Following 2018 it was 85.53 as interest income was slightly lower than fixed assets but the difference from 2019 to 2021 has decreased and interest income against fixed assets has increased. The total asset turnover shows that the bank's interest income is much lower than the total assets. After 2020 the rates have dropped from 3.14 to 2.58 and 2.23.

4.1.3. Efficiency ratio

Year	2017	2018	2019	2020	2021
Operating Expense to Asset	0.014	0.014	0.016	0.016	0.015
Operating Income to Asset	0.04	0.04	0.03	0.04	0.03
Operating Expense to Revenue	0.37	0.38	0.48	0.42	0.42
Interest Expense to Income	1.45	1.45	1.53	1.55	1.19

Graphical Explanation:

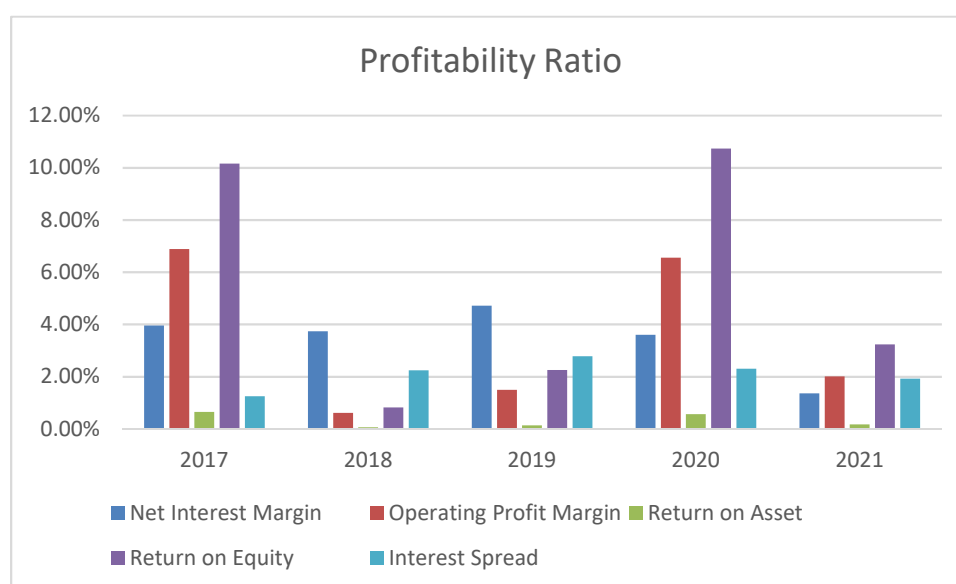


Comment: Operating expenses as a percentage of total assets are working in the bank's advantage. From 2018 to 2021, it is essentially stable in the range of 0.014 to 0.016. Bank operations could be carried out for less money than total assets. Banks are able to keep operational income in balance with total assets. Most of the time, banks can reduce the difference between operating income and total assets..

4.1.4. Profitability Ratio:

Year	2017	2018	2019	2020	2021
Net Interest Margin	3.96%	3.74%	4.72%	3.60%	1.36%
Operating Profit Margin	6.89%	0.61%	1.49%	6.55%	2.01%
Return on Asset	0.65%	0.06%	0.13%	0.56%	0.17%
Return on Equity	10.16%	0.82%	2.25%	10.73%	3.23%
Interest Spread	1.25%	2.24%	2.78%	2.30%	1.92%

Graphical Explanation:

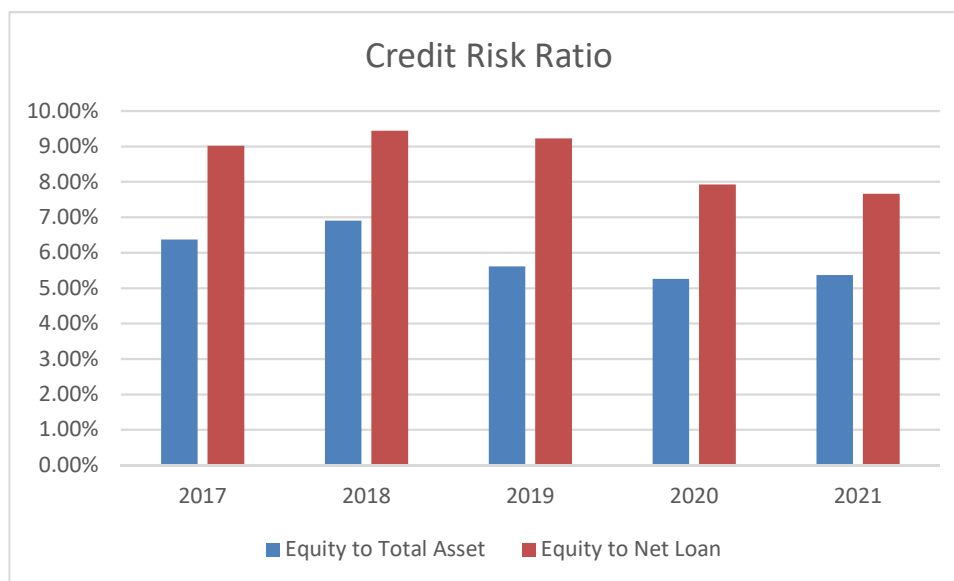


Comment: From 2018 through 2021, banks' returns on equity fluctuated, reaching a high point in 2021. The return on equity ratios rose to 10.73% in 2021. Over the years, the interest spread has increased at a moderate rate. From 2018 to 2021, go back to the resource rates for slums. Additionally, the net interest margin is on the axis' negative side. This graph's scenario has it all over it.

4.1.5. Credit Risk Ratio

Year	2017	2018	2019	2020	2021
Equity to Total Asset	6.37%	6.90%	5.61%	5.26%	5.37%
Equity to Net Loan	9.02%	9.44%	9.22%	7.92%	7.66%

Graphical Explanation:

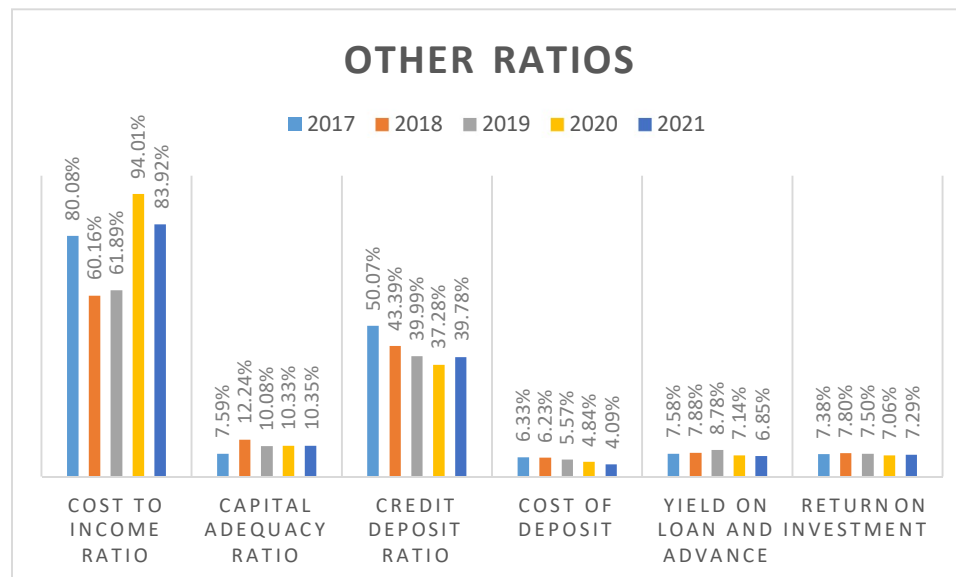


Comment: The equity to asset ratio represents the percentage of equity of the total assets. It was good in 2017 but it has increased a bit in the next few years. As a result, it remained the same for the next two years except 2019. On the other hand, the equity of the net loan is 100% of the equity of the loan amount. It was a slide good in 2021 and then it was positively extended from 2017 to 2021.

4.1.6 Other Ratios:

Year	2017	2018	2019	2020	2021
Cost to Income ratio	80.08%	60.16%	61.89%	94.01%	83.92%
Capital Adequacy ratio	7.59%	12.24%	10.08%	10.33%	10.35%
Credit Deposit ratio	50.07%	43.39%	39.99%	37.28%	39.78%
Cost of Deposit	6.33%	6.23%	5.57%	4.84%	4.09%
Yield on Loan and Advance	7.58%	7.88%	8.78%	7.14%	6.85%
Return on Investment	7.38%	7.80%	7.50%	7.06%	7.29%

Graphical Explanation:



Comment: According to the diagram, the income ratio for 2017 is very high, followed by 2020 and 2021. The performance of the bank declines as the ratio rises. The bank was able to lower the average by 60.78% in 2018 and 2019. The profits on loans and enhanced BBLs were able to be balanced by yields year after year. The most consistent trend between 2017 and 2019 is the return on investment, however banks should boost their financial productivity in terms of investment. Better deposits from creditors are shown by the credit deposit ratio. the moment has come to turn it lucrative..

4.2 Trend Analysis:

Trend Analysis of Balance sheet

Basic Bank Limited..

Particulars	2017	2018	2019	2020	2021
Cash	100%	132%	150%	165%	184%
Cash in Hand(Including Foreign currency)	100%	85%	92%	74%	73%
Balance with Bangladesh Bank and its Agent Bank(s)	100%	139%	159%	178%	200%
Balance with Other Bank and Financial Institutions	100%	72%	97%	172%	270%
In Bangladesh	100%	58%	114%	201%	273%
Outside Bangladesh	100%	122%	39%	69%	259%
Money at call on short notice	100%	49%	39%	245%	214%
Investments	100%	126%	145%	143%	138%
Government	100%	127%	146%	140%	126%
Others	100%	49%	58%	78%	125%
Loans and Advances	100%	114%	103%	125%	137%
Loans , Credits, Cash credits, etc.	100%	116%	119%	127%	140%
Bills Purchased and Discounted	100%	76%	64%	81%	84%
Fixed Asset including Premises, Furniture and Fixture	100%	101%	101%	102%	102%
Other Assets	100%	107%	138%	114%	101%
Total Assets	100%	111%	128%	134%	140%
Liabilities	0%	0%	0%	0%	0%
Borrowing from other Banks, Financial Institutions & Agents	100%	94%	87%	81%	75%
Deposit and Other Accounts	100%	111%	133%	137%	141%
Current Accounts & Other Accounts etc.	100%	108%	119%	147%	149%
Bills Payable	100%	71%	431%	98%	103%
Savings Bank Deposits	100%	115%	152%	168%	184%
Fixed Deposits	100%	112%	120%	119%	119%
Other Deposits	0%	0%	0%	0%	0%
Other Liabilities	100%	105%	105%	131%	148%
Total Liabilities	100%	130%	111%	136%	141%
Shareholders' Equity	100%	120%	113%	111%	118%
Paid up Capital	100%	123%	123%	132%	145%
Statutory Reserve	100%	100%	109%	134%	151%
Other Reserve	100%	101%	115%	109%	109%
Revaluation Reserve	100%	117%	120%	103%	95%
	0%	0%	0%	0%	0%
Total Liabilities and Shareholders' Equity	100%	111%	128%	134%	140%

Trend Analysis of Income Statement
Basic Bank Limited..

Particulars	2017	2018	2019	2020	2021
Interest Income	100%	108%	104%	93%	109%
Income on Investment	100%	118%	134%	147%	148%
Non-Interest Income	100%	106%	115%	134%	131%
Total Income	100%	110%	116%	123%	128%
Interest Expense	100%	108%	109%	99%	90%
Non-Interest Expense	100%	109%	150%	151%	148%
Total Expense	100%	108%	119%	111%	103%
Net Interest Margin	100%	94%	119%	91%	34%
Net non-Interest Expense	100%	109%	150%	151%	148%
Operating Profit	100%	101%	50%	140%	237%
Profit before provision and Tax	100%	101%	50%	140%	237%
Net Profit After Tax	100%	10%	25%	117%	37%

Comment: The number of financial statement items that are related over time is displayed using the financial statement analysis approach known as trend analysis. It is an effective tool for evaluating trend scenarios. In a horizontal analysis, statements for two or more periods are employed. The share of cash has climbed from 132% to 184% between 2017 and 2021. It demonstrated the attention the bank was paying to profitable intersections to ensure better use of the money. Cash on hand (including foreign currency) displaying a financial reserve in the form of a foreign reserve (85% to 73%) Due to the country's economic foundation, investment has shown a good trend from 2015 to 2019 that is (126%–138%). From 2017 to 2021, the loan and advance swing between 114% and 137%. Bills Purchased and Discounted, on the other hand, indicate a downward tendency from 76% to 84%. The bank often saw steady rates of return. As a result, the bank's total asset climbed from 111% to 140%, which is a good thing. The bank played better on the opposite side and received a favorable outcome. A positive trend in interest income from 2017 to 2016 is visible in the revenue statement. The percentage went from 100% to 109%. The difference is 9%. All of the aforementioned net profit after tax has fluctuated excessively over the years.

4.3 Common Size Analysis:

Common Size Analysis of Balance sheet Basic Bank Limited..

Particulars	2017	2018	2019	2020	2021
Cash	6%	7%	7%	7%	8%
Cash in Hand(Including Foreign currency)	1%	1%	1%	0%	0%
Balance with Bangladesh Bank and its Agent Bank(s)	5%	6%	6%	7%	7%
Balance with Other Bank and Financial Institutions	4%	3%	3%	5%	8%
In Bangladesh	3%	2%	3%	5%	6%
Outside Bangladesh	1%	1%	0%	0%	2%
Money at call on short notice	1%	0%	0%	2%	2%
Investments	35%	39%	39%	37%	34%
Government	32%	37%	36%	33%	29%
Others	2%	3%	3%	3%	5%
Loans and Advances	36%	37%	29%	34%	36%
Loans , Credits, Cash credits, etc.	35%	36%	32%	33%	35%
Bills Purchased and Discounted	2%	1%	1%	1%	1%
Fixed Asset including Premises, Furniture and Fixture	4%	3%	3%	3%	3%
Other Assets	15%	14%	16%	13%	11%
Total Assets	100%	100%	100%	100%	100%
Liabilities					
Borrowing from other Banks, Financial Institutions & Agents	0%	0%	0%	0%	0%
Deposit and Other Accounts	83%	83%	86%	85%	84%
Current Accounts & Other Accounts etc.	17%	17%	16%	19%	18%
Bills Payable	1%	1%	5%	1%	1%
Savings Bank Deposits	20%	21%	24%	25%	27%
Fixed Deposits	44%	45%	41%	39%	38%
Other Deposits	0%	0%	0%	0%	0%
Other Liabilities	10%	10%	8%	10%	11%
Total Liabilities	94%	93%	94%	95%	95%
Shareholders' Equity	6%	7%	6%	5%	5%
Paid up Capital	3%	4%	3%	3%	3%
Statutory Reserve	1%	1%	1%	1%	1%
Other Reserve	0%	0%	0%	0%	0%
Revaluation Reserve	3%	3%	3%	2%	2%
Total Liabilities and Shareholders' Equity	100%	100%	100%	100%	100%

Common Size Analysis of Income Statement
Basic Bank Limited..

Particulars	2017	2018	2019	2020	2021
Interest Income	100%	100%	100%	100%	100%
Income on Investment	77%	85%	100%	123%	105%
Non-Interest Income	116%	115%	129%	169%	139%
Total Income	294%	300%	329%	391%	344%
Interest Expense	145%	145%	153%	155%	119%
Non-Interest Expense	43%	43%	62%	70%	58%
Total Expense	188%	188%	215%	225%	178%
Net Interest Margin	0%	0%	0%	0%	0%
Net non-Interest Expense	43%	43%	62%	70%	58%
Operating Profit	29%	27%	14%	43%	62%
Profit before provision and Tax	29%	27%	14%	43%	62%
Net Profit After Tax	20%	2%	5%	26%	7%

Comment: Financial managers utilize a tool called common size analysis, commonly referred to as vertical analysis, to examine financial accounts. Each line item is expressed as a percentage of the fundamental amount for that time to analyze financial statements. Understanding the effects of each item in the financial statements and how it contributes to the outcomes figure is made easier by the analysis. Between 2017 and 2021, there is a small change in the cash item when compared to the total assets. Less than 35% to 37% increase is projected for investments between 2017 and 2020. Deposits and other accounts vary at a typical rate over time. With the exception of 2018, the fixed deposit has decreased from 44% to 38% while the savings deposit has climbed from 20% to 27%. The bank has been able to strictly regulate its liabilities. Its growth rate over time has been 1%. However, investment returns have increased from 77% to 10%. The trend for non-interest income is up from 43% to 58%. The operating profit's total operating expenses went up from 188% to 225%, as did the net interest margins, diverse earnings including non-interest income, and other incomes. After 2021, a positive net profit will be produced by all of the aforementioned data modifications.

4.4 SWOT Analysis of BBL

STRENGTHS	WEAKNESSES
<ul style="list-style-type: none"> • Excellent and reliable quality is always provided to customers by BBL in every service. • BBL is a financially sound company. • BBL makes use of cutting-edge technologies to guarantee dependable performance. • BBL offers its employees a great environment to work. • BBL offers its workforce a first-rate workplace. • The BBL has a research department. 	<ul style="list-style-type: none"> • In various regions, BBL lacks qualified human resources. • BBL lacks aggressive advertising • Compared to other banks, the credit facility application process is very drawn out. • In certain regions, employees lack motivation.
OPPORTUNITIES	THREATS
<ul style="list-style-type: none"> • E-emergence banking's will provide BBL greater opportunities. • BBL can implement more cutting-edge and inventive client service. • Remote places may have a large number of branches. • BBL can attract skilled, qualified, and experienced employees because it provides a pleasant workplace. 	<ul style="list-style-type: none"> • The issue is brought on by the global trend of financial institution mergers and acquisitions. • Problems are being caused by frequent taka devaluations and fluctuations in foreign currency rates. • Lots of new banks are coming in the scenario with new service. • Local competitors can capture huge market share by offering similar products.

Chapter 5

Findings, Recommendation & Conclusion

Findings, Recommendation & Conclusion

5.1 Findings:

- The firm's liquidity ratio shows whether it can pay for its urgent cash needs. As of 2019, the bank's cash ratio was 0.23, meaning it has been experiencing a financial crisis and would continue to do so until 2021.
- **Loan to deposit ratio** demonstrates that the ratio for 2017 was .93, which is excessively low when compared to the subsequent four years. Additionally, while in 2017 it was 1.10, in 2018 it was
- 1.12. It means the bank could not able to make profit as much as it expected.
- **Total asset turnover** shows how much revenue a corporation has relative to its total assets. Basic Bank Limited's performance decreased from 2017 to 2021.
- **Operating income to asset** of the bank in 2017 & 2021 was low which indicating the lower income in comparison to total asset which indicate a bad operation of the bank.
- **Net interest margin (NIM)** Operating profit margin is a performance ratio that shows how much money a business produces from its operations before subtracting taxes and interest costs. It is predicted that the bank's expenses would increase from 2017 and 2020 to 2018 when the ratios decline to 2019 and 2021.
- **Operating profit margin** is a performance ratio that displays the amount of revenue a company generates from activities before deducting taxes and interest expenses. When the ratios fall to 2019 and 2021, it is expected that the bank's expenses would rise from 2017 and 2020 to 2018.
- **Cost to income ratio** A declining trend from 2017 to 2019 will end with the start of 2020 and 2021. The bank's cost of deposits was high in 2017 and 2018, which was poor compared to the two years prior.

- **Return on Assets (ROA)** is a type of ROI indicator that evaluates a company's profitability in relation to the total cost of its assets. The Return on Asset (ROA) ratio might experience negative fluctuations from 2017 to 2021.
- **Return on equity (ROE)** is a statistic that takes into account both efficiency and profit. There is growing proof that a company can increase its profit margins without spending as much money. Because owners' equity or capital during these three years was not employed successfully to produce significant profits, return on equity (ROE) will decline in 2019 through 2021.
- In **Trend analysis** showing a rather negative movement in the investment industry. The bank should therefore increase its investment to make it profitable. On the other hand, a trend analysis of the income statement's net profit after tax shows that interest revenue has decreased by up to 93% in 2020. The bank ought to have increased both its investment and interest revenue as a result.

5.2 Recommendations

1. The bank will run out of funds in 2017 and 2018, as its cash ratio has been declining since 2017. Therefore, banks should improve their cash ratio in order to handle the liquidity crisis.
2. In 2019, the loan to deposit ratio was 0.93, which was lower than it was for the four years that followed. While it was 1.10 in 2017 and 1.12 in 2018, respectively. Therefore, the bank must increase both loan and deposit amounts in order to increase profit.
3. **Total asset turnover** shows how much revenue a corporation has relative to its total assets. Basic Bank Limited's performance decreased from 2017 to 2020. Therefore, the bank should take action to solve this issue and boost investment revenue.
4. **Operating income to asset** of the bank in 2018 and 2021 was low, suggesting lesser revenue relative to total assets, which suggests poor bank management. In such circumstance, the bank should raise the interest rate on its loans.
5. In 2017 to 2020 the bank has negative **Net interest margin (NIM)**, it indicates that in this four years' company has not been made effective decisions. So bank should be focus on their profitability ratio.
6. In 2019, 2020 and 2021 **Operating profit margin** ratio falls, it is expected that the bank's expenses would increase between 2017 and 2020. Therefore, the bank should concentrate on cutting costs to raise operational profit margins.
7. **Return on Asset (ROA)** From 2017 to 2021, the ratio will fluctuate negatively. As a result, the bank should use its assets to boost both its ROA ratio and its profit.
8. In 2018, 2019, 2021, **Return on equity (ROE)** capital or owners' equity has decreased in these three years since it has not been used effectively to generate significant profit. Therefore, the bank should improve by using its capital.

9. **Cost to income ratio** indicates a downtrend from 2017 to 2018, with the exception of 2020 and 2021. In 2017 and 2018, the bank's cost of deposits was high, which was poor compared to the previous two years. Therefore, the bank should be able to cover its costs.

5.3 Conclusion:

The financial sector of a country has a significant impact on its overall economic growth. Basic Bank Limited, one of the major financial institutions in our country, provides the general public with a variety of financial services and standard banking benefits. Basic Bank Limited. has increased the amount it has invested in import and export businesses. It is obvious that it needs to be adequately considered. Banks having a significant local footprint and growing resources on a national level may be able to offer a larger share of the portfolio. Banks and other commercial enterprises typically rely on effective lending and quick assurance to flourish. With substantial sums or contributions to remittances as well as total activity, financial improvement in national and international views, as well as financial institutions themselves, will increase.

Every service provider has unique limitations. Although Basic Bank Limited. has a higher obligation to its clients, the bank also has the ability to extend its service or product offerings. The bank can achieve the objectives it has set for the year. To help the officers accomplish their objectives, the bank executives should monitor this and give the necessary directions. This requires the government's assistance, and it is anticipated that the government will extend that assistance by enforcing the recommendations for the welfare of Bangladesh's citizens.

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