



INTERNSHIP REPORT ON
Financial Performance of BRAC Bank

**An Internship Report Presented to the Faculty of Business Administration in Partial
Fulfillment of the Requirements for the Degree of Bachelor of Business Administration**

Supervised To:

Mr. Muhammad Intisar Alam

Senior Lecturer

BRAC Business School

BRAC University

Submitted By:

Ishtiaque Khan

07204014

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Letter of Transmittal

August 1, 2011

To

Muhammad Intisar Alam

BRAC Business School

BRAC University,

66, Mohakhali, Dhaka

Subject: Submission of the Internship report

Dear Sir,

I am submitting my internship report titled “Financial Performance of BRAC Bank Limited” as partial requirement of internship program under BBA curriculum.

I would like to thank you for assigning this report as it provided me with the opportunity to venture into the real life scenario and to broaden the horizon of my understanding on how syndication is arranged and all the work that goes into it. I sincerely hope that my work will come up to the level of your expectation.

I welcome your query and grateful to answer them.

Sincerely Yours,

Ishtiaque Khan (07204014)

Acknowledgement

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Executive Summary:

The principal reason of banks chartered by the government and the central bank is to make loans to their customers. Banks are expected to support their communities with an adequate supply of credit for all legitimate business and consumer financial needs and to price that credit reasonably in line with competitively determined interest rates. Indeed, making loans is the principal economic function of banks to fund consumption and investment spending by businesses, individuals, and units of government. How well a bank performs its function has a great deal to do with the economic health of its region, because banking performance support the growth of new businesses and jobs within the banks trade territory and promote economic vitality. Moreover, bank loans often seem to convey positive information to the marketplace about a borrower's credit quality, enabling a borrower to obtain more and perhaps somewhat cheaper funds from other sources. Therefore, evaluating evaluate BRAC Bank Limited's financial performance by comparing it with that of the best performing commercial banks of Bangladesh.

As the competition is increasing, the commercial Banks are constantly looking for scope to develop credit operation and performance appraisal to the market. However tight control on the part of the Central Bank, Bangladesh Bank restricts the scope for maneuvering in the market with new performance and credit operation. Therefore, bank require finding out untapped market space for growth.

Moreover, in these liquidity crunch times, it is crucial for banks to be able to perform efficiently and effectively. If the bank is not being able to perform than the bank might no bankrupt which would have a significant impact on the economy.

Section # 1

1.1 Introduction

BBL is a full service scheduled commercial bank. It has both local and International Institutional shareholder. The bank is primarily driven with a view of creating opportunities and pursuing market niches not traditionally meet by conventional banks. BRAC Bank has been motivated to provide “best-in-the-class” services to its diverse assortment of customers spread across the country under an on-line banking dais.

Today, BRAC Bank is one of the fastest growing banks in the country. In order to support the planned growth of its distribution, network and its various business segments, BRAC Bank is currently looking for impressive goal oriented, enthusiastic, individuals for various business operations.

The bank wants to build a profitable and socially responsible financial institution. It carefully listen to the market and business potentials, It is also assisting BRAC and stakeholders to build a progressive, healthy, democratic and poverty free Bangladesh. It helps make communities and economy of the country stronger and to help people achieve their financial goals. The bank maintains a high level of standards in everything for our customers, our shareholders, our acquaintances and our communities upon, which the future affluence of our company rests.

1.2 Background of the Organization

BBL is a scheduled commercial bank in Bangladesh. It established in Bangladesh under the Banking Companies Act, 1991 and incorporated as private limited company on 20 May 1999 under the Companies Act, 1994. The primary objective of the Bank is to provide all kinds of banking business. At the very beginning the Bank faced some legal obligation because the High Court of Bangladesh suspended activity of the Bank and it could fail to start its operations till 03 June 2001. Eventually, the judgment of the High Court was set aside and dismissed by the Appellate Division of the Supreme Court on 04 June 2001 and the Bank has started its operations from July 04, 2001. The Chairman of the Bank is Mr. Muhammad A (Rumeel) Ali. Now the

Managing Director and CEO of the bank is Mr. Sayed Mahbubur Rahman. The bank has made a reasonable progress due to its visionary management people and its appropriate policy and implementation.

1.3 About BRAC Bank

BRAC Bank Limited (BBL) is a fully operational commercial bank that was founded in July 2001 by BRAC NGO, one of the largest development finance institutions in the world. The bank's objectives include providing comprehensive commercial banking services, building a profitable and modern, full-service financial institution, and pursuing profitable market niches in the Small and Medium Enterprise (SME) business sector not traditionally met by conventional banks.

The bank's main portfolio products include loans for small and medium sized entrepreneurs; personal loans, credit cards and multiple deposit accounts for retail customers; and specialized retail products tailored to religious restrictions. The bank also provides corporate deposit and loan products as well as non-resident Bangladeshi remittance services. BRAC's distribution network of 151 branches including 81 branches, 48 SME Krishi Branches, 22 SME service center, 429 SME unit offices and 280 ATMs across Bangladesh and now reach more than 10,00,000 retail customers. The Bank is constantly coming up with new products. Recently BBL has introduced Visa Silver and Visa Gold both Local and International credit cards; and further more the Bank is in the process of introducing VISA Debit card. In the years ahead BRAC Bank expects to introduce many more services and products as well as add a wider network of SME unit offices, Retail Branches and ATMs across the country.

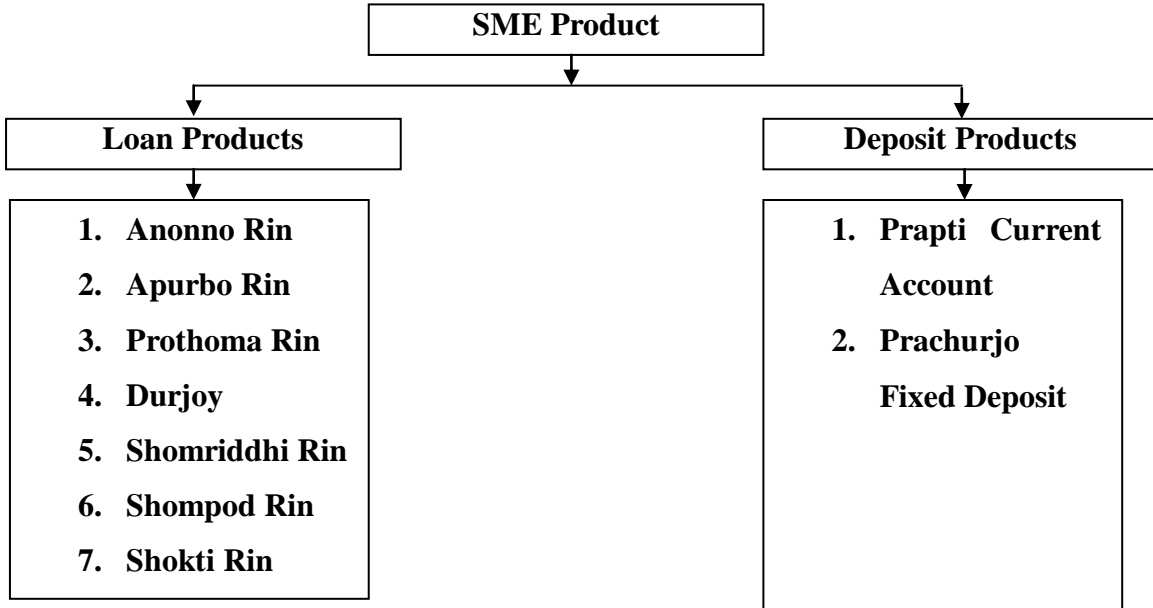
The Banks operate under a "Double Bottom Line" agenda where profit and social responsibility to hand in hand as it strives towards a poverty free, enlightened Bangladesh.

1.4 Products and Services

1.4.1 Small & Medium Enterprise (SME)

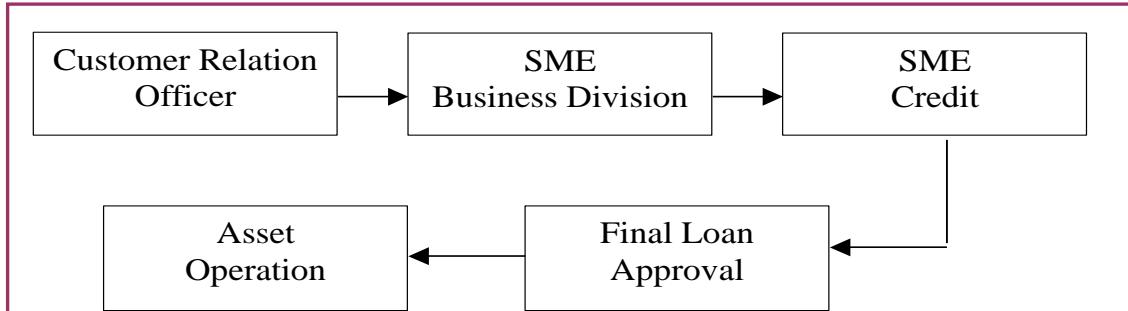
For SME loan operation, BRAC Bank Ltd has in total 900 unit offices, 80 zonal office, 12 territory and 1800 Customer Relationship Officers. These CROs work for the Bank to converge clients for getting the SME loan. Once CROs get the loan application and if it is less than

500,000 TK then zonal officer has the authority to approve the loan. But if it is above 500,000 then the CROs send it to Head Office for all necessary approval. After approving the loan then Asset Operation Department starts its work. As the scopes of businesses are growing, the amount of files and disbursement is getting bigger. In May 2007, AOD has processed 3249 files amounting Tk. 1,235,200,000. So SME Division's success greatly relies on the performance. Up to 2010, BBL provides loans for 3, 20,000 clients and in total BDT 144, 330 million. BDT 37,400 million asset disbursement was supplemented by BDT 8,970 million deposits. Fit – for – purpose strategies and strong drives towards both asset and liability made these successes possible.



SME Loan process flow is shown below-

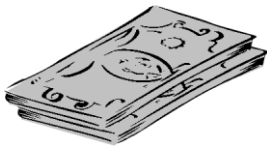
When a customer comes to the unit office for a loan request, first he/she meets with the customer relationship officer to discuss about the loan, which loan product is suitable for him/her. After then the following process takes place:



1.4.2 Corporate Banking

Categories- the facilities our corporate Division offers to our customers are mainly of two-

Funded Facilities



Non-Funded Facilities



Funded Facilities

Funded tells us that this type of facilities allows the customer to have money 'on his hand' for use i.e. he will get money as to meet his business demand. Examples are-

- ☑ Overdraft
- ☑ Short Term Loan
- ☑ Lease Finance
- ☑ Loan Against Trust Receipt (LATR)
- ☑ Work Order Finance
- ☑ Emerging Business
- ☑ Syndication

-
- ☑ Term Loan
 - ☑ Project Finance
 - ☑ Bill Purchase

Bank Guarantees Non-Funded facilities are those type of facilities where customers don't get fund on their hand rather get Bank's Guarantee service to do international trading-import and export. Letters of Credit, Bank guarantees etc. are the examples of the non-funded facilities.

- ☑ Letter of Credit (LC)
- ☑ Letter of Guarantee (LG)

Working Process of corporate wing:

An example will be handy to understand when the corporate wing starts its work. Say you are one of our clients. You need Tk. 5 core to be used in your business. The first you may contact is the RM (Relationship Manager) who is our delegate to make all kinds of negotiation with you. He then Would take the proposal to the corporate Head takes it for further analysis such as whether it would be profitable venture for the Bank, or whether the Bank can disburse more in the industry etc. Then if the Corporate Head thinks it fit to go ahead, he then would take the file to the credit division – works to find out the worthiness of the borrower and other relevant facts important to assess the possibility of recovery. Then it goes to the credit committee and then finally the file goes to the Managing Director. A diagram is given for better understanding-

1.4.3 Retail Banking

Retail Loans are consumers' loan. Based on the customer demand these loans are given. BRAC Bank has a wide range of retail loan-

1. Car Loan.
2. Doctor's Loan.
3. Secured Loan/OD.
4. High Flyer Loan.
5. Top Up Loan.
6. Credit Card Loan.
7. Study Loan.
8. Teacher's Loan.
9. Now Loan.
10. Salary Loan.

Process Flow of Retail Loan

BRAC Bank's Retail Division is being operated centrally. Under the Retail Banking Division all the branches, which acts as sales & service center, are reportable to Head of Retail Banking. Different products of Retail Banking are as follows:

- ☑ Deposit Products
- ☑ Lending Products
- ☑ Locker Services
- ☑ Remittance Services etc.

The product and services that are currently available are given below-

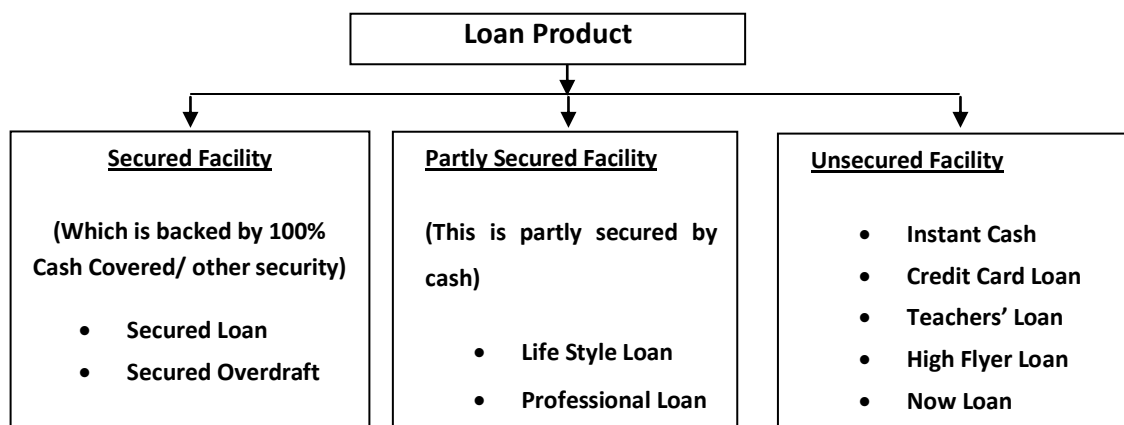
I) Depository Products

BBL is now offering 6 depository products for mobilizing the savings of the general people:

- ☑ Savings A/C
- ☑ Current A/C
- ☑ STD A/C
- ☑ Fixed Deposit A/C
- ☑ DPS A/C

II) Loan Products

BRAC Bank is offering the following loan and advance product to the client for financing different purpose that fulfill the requirements of the bank and have good return to the investment as well as satisfy the client. The loan and advance products are:



1.4.4 New Product and services

The bank has its concentration for new product and services development for satisfying its customer and increasing its customer base. The bank firmly believes that technology based product and services will play significant role in the performance of the bank as people are getting more conscious about their service quality. They prefer now faster service with least cost. For delivering faster service the bank has introduced online banking service from the very beginning. There are some new products and services that BBL has lately introduced. These are:

- ☑ Any purpose Loan
- ☑ Travel Card
- ☑ Agricultural Service Outlet
- ☑ Islamic Banking Services (Proposed)

BBL is always emphasizing the improvement of banking service and betterment of living standard of the general people of Bangladesh. The product and services are targeted to the lower level to the upper level income group in deposit collection. For lending, the services are made if certain requirements are fulfilled

1.4.5 Treasury

Money Market Desk

BRAC Bank has a strong presence in the Treasury Market in Bangladesh. The Money Market Desk of the Treasury Division mainly deals in Bangladeshi Taka transactions. The basic activities undertaken by the Money Market Desk are:

- ☑ Management of Statutory Reserves viz. Cash Reserve Ratio (CRR) & Statutory Liquidity Ratio (SLR)
- ☑ Daily Funds & Liquidity Management
- ☑ Investment Management
- ☑ Treasury Services
- ☑ Call/Overnight Lending & Borrowing
- ☑ Term Money Borrowing & Lending
- ☑ Repurchase Agreement
- ☑ Treasury Bills (T-Bills)

1.4.6 Secured Remittance Services (SRS)

BRAC bank has introduced an innovative remittance services for Bangladeshis living abroad with some unique features compared to any of the existing remittance program. Bangladeshi expatriates can now send their money to their relatives any where in Bangladesh even to the remotest part within 24 hours at a reasonable cost and competitive exchange rate.

Accounts & Deposits

- ☑ Probashi Current Account
- ☑ Probashi Savings Account
- ☑ Probashi Fixed Deposit
- ☑ Probashi Abiram
- ☑ Probashi DPS

Investments

- ☑ Probashi Wage Earners' Bond
- ☑ US Dollar Premium & Investment Bond
- ☑ Probashi Biniyog

Remittance Info

- ☑ Western Union Money Transfer
- ☑ Exchange Houses

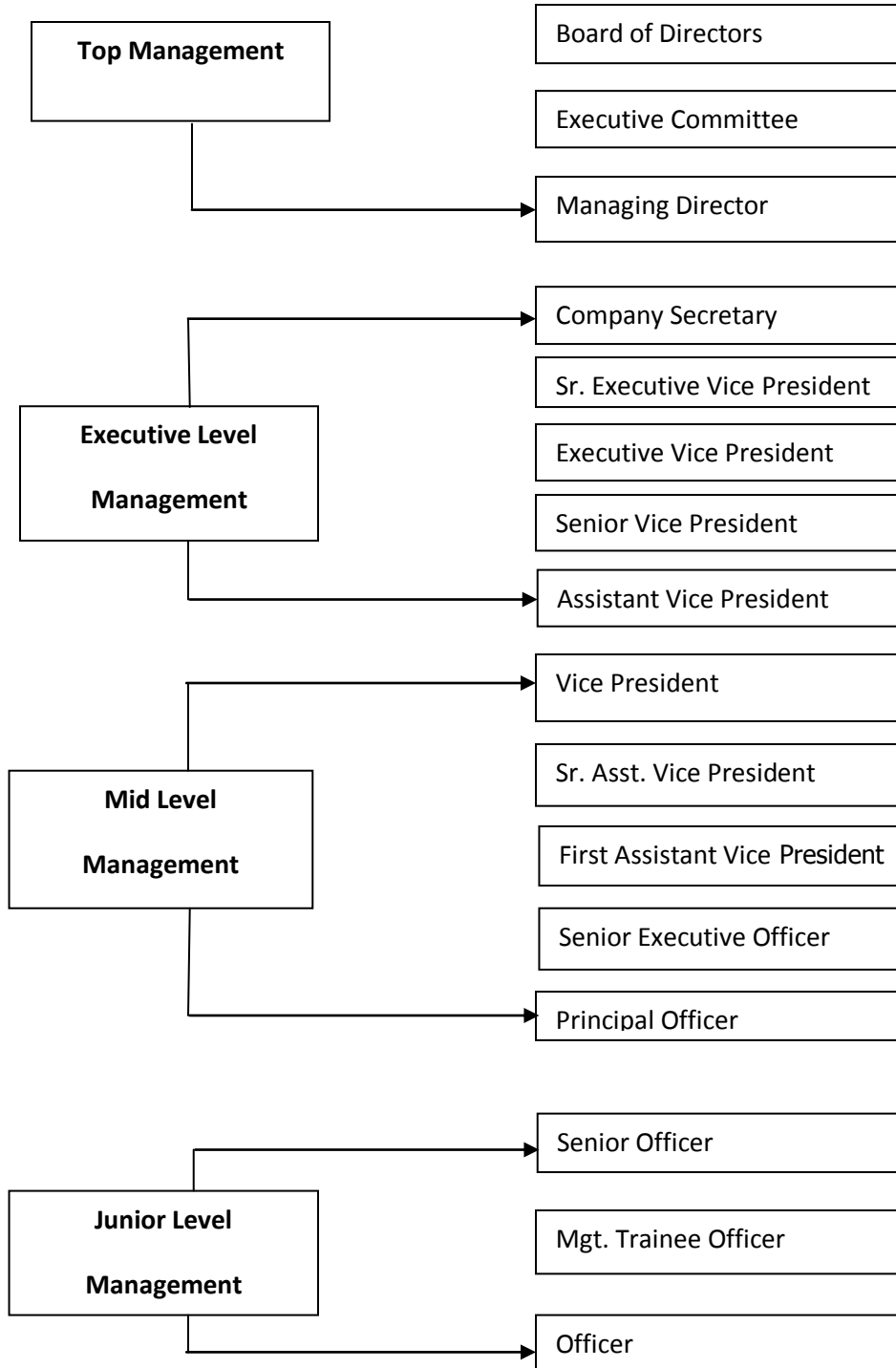
1.4.7 Information Technology (IT)

BRAC Bank Ltd. is currently running countrywide true online banking system. The system allows their customers to do transactions all around the country. The bank cheques are all marked with Barcodes that makes each cheque unique and disallows it to be duplicated. All the signature and customer information with their pictures can be verified from any console at any branch on the bank. We also ensure Offsite backup and Disaster Recovery. Their Goal is to provide a true online banking system, which will not only fulfill the demand of time but also set new benchmarks in twenty-first centuries banking world.

Special Features

- ☑ All Branches are computerized
- ☑ 99% of the bank's work is automated using latest technology
- ☑ BRAC Bank is a member of SWIFT community
- ☑ Intercity Branches are connected via optical fiber backbone network

1.5 Organ gram of BRAC Bank



1.6 Vision for the Future

Building profitable and socially responsible financial institution focused on Market and Business with Growth potential, thereby assisting BRAC and stakeholders to build a just, enlightened, healthy democratic and poverty free Bangladesh”.

Corporate Mission

- ✔ Sustained growth in Small & Medium Enterprise sector
- ✔ Continuous low-cost deposit Growth with controlled growth in retail assets.
- ✔ Corporate Assets to be funded through self-liability mobilization. Growth in Assets through syndications and investment in faster growing sectors.
- ✔ Continuous endeavor to increase non-funded income
- ✔ Keep our debt charges at 2% to maintain a steady profitable growth
- ✔ Achieve efficient synergies between the bank’s branches, SME unit offices and BRAC field offices for delivery of remittance and Bank’s other products and services
- ✔ Manage various lines of business in a full controlled environment with no compromise on service quality
- ✔ Keep a divers, far flung team fully controlled environment with no compromise on service quality
- ✔ Keep a diverse, far flung team fully motivated and driven towards materializing the bank’s vision into reality

Core Values

Our Strength emanates from our owner - BRAC. This means, we will hold the following values and will be guided by BRAC as we do our work.

- ✔ Value the fact that one is a member of the BRAC family
- ✔ Creating an honest, open and enabling environment

-
- ✔ Have a strong customer focus and build relationships based on integrity, superior service and mutual benefit
 - ✔ Strive for profit & sound growth
 - ✔ Work as team to serve the best interest of our owners
 - ✔ Relentless in pursuit of business innovation and improvement
 - ✔ Value and respect people and make decisions based on merit
 - ✔ Base recognition and reward on performance
 - ✔ Responsible, trustworthy and law-abiding in all that we do.

Section # 2

2.1 Introduction

In 2010, BRAC Bank Limited has established a Research and Development (R&D) wing with a view to equip the Bank with innovation in existing products, processes, service outlets, and business strategies. This wing will work to gain valuable market insight to make prudent and informed business decisions. With the increasing degree of competition among different financial institutes, constant innovation and re-engineering in products and services is a key differentiating factor for a bank to achieve and sustain the leading market position in the industry. For this, a small team of highly skilled researchers has been appointed to pioneer the R&D Division of the Bank in becoming a one stop center for providing all kinds of research needs of the Bank.

2.2 Nature of the Job

According to the proposed organogram, six functional wings will blend the research activities of the Bank in a seamless way in order to consolidate and create an upswing in its growth cycle. Among the six functional wing of the department only three are currently active:

- ☑ Product Development
- ☑ Consumer Insight
- ☑ Decision Support System

My job responsibility is to assess the needs of the three active wings. Basically, I am the intern for the Consumer Insight wing of R&D and this wing work is my first priority.

2.3 Specific Responsibilities of the Job

Consumer Insight:

- ☑ The consumer insight wing of R&D main job responsibility is ‘Mystery Shopping’. The objective of the mystery shopping was to track and assess service standards of selected

branches of the bank that the ‘customers’ experience. The service tracking was done on selected activities through assessing their service delivery levels with a view to identify areas of improvement. The whole function of mystery shopping is done by a third party. My responsibility is to monitor the third party agency in doing their work properly in the field as well as when giving their feedback to the Bank. According to the job I had to visit different branches of BRAC Bank in the Dhaka Division to monitor the mystery shopper and to evaluate that their analysis of the situation, meets my observation. The mystery shopper’s works just like an ordinary customer and interact just as an ordinary customer would do. Sometimes I am even sent to the branch as a mystery shopper to evaluate the CCSO/ BSSO but maximum time I monitored that the mystery shopper has entered the branch on the time specified by the third party agency. Whether or not, they actual go to the branch as mystery shopper or fill in the questioner at home. To authenticate their work, I even went to the branch unannounced or called them up to ask for progress report.

- Another key responsibility of my internship was to conduct survey for a new liability product of BRAC Bank. The survey was regarding the likability of a liability product for business man. In order to authenticate the findings of the needs and wants of the business people the survey sample was 230 business owners. The sample area was distributed into three segment like Urban (Dhaka City), semi-urban (Fatulla, Narayanganj) and rural (Kaliakoir, Gazipur). I had to visit the BRAC Bank SME service center and collect the address of shop owner, who were selected randomly from the BRAC SME Database. In this survey I interacted with BRAC as well as Non BRAC clients.

Product Development:

- During the Budget week, I assisted the product development manager in collecting information regarding the major changes that were made from the previous year’s budget. The sector division of the budget allocation funds.
- One of the major job responsibilities in the product development wing is to know about the competitor policy. I was spending time in different banks to collect information regarding their services and to make report to the bank authority. In doing this work, I

have visited 37 banks out of 47 banks in Bangladesh. My work in these wings was more or less like a corporate spy.

- ✦ In the end of my internship, my job responsibility was to collect data from the Bangladesh Bank website to make analysis on the financial market outlook and BRAC Bank Contribution in the matter.

Decision Support System:

There was a fixed responsibility in this wing which was paper archiving. The paper archiving is a small database project within the R&D division. Every morning I used to collect the news which was financial in nature like Banking Information, Share Market, Competitor Bank Announcement and etc. The purpose of this database is to renew the news quickly when writing the any report for the Bank. The concept being with some key words entered in the database so that the appropriate news would appear.

2.4 Observation

It was a very interesting experience for me working at BBL:

- ✦ The BRAC Bank office environment is very friendly; it is such that you can address your seniors by “Bhai” or “Apa”.
- ✦ Work is never left pending for the next day unless it is absolutely necessary.
- ✦ The work process could be made faster if the interns were given computers to work with.
- ✦ A good job performance is rarely praised, hence lacking motivation of the employees.
- ✦ The work activities are always set and divided for each of the employees. Each and every employee has a certain set of responsibilities. He/she carries out those responsibilities throughout the day. But the staff members are always available to help each other out in times of need. All the duties are assigned through mail and if you visit the head office of BRAC Bank, you will notice that all the employees are glued to their monitor screen.
- ✦ The corporate culture of BRAC Bank is that the employees can only leave the office after their boss leaves.

Section # 3

3.1 Summary:

The internship report is to evaluate BRAC Bank Limited's financial performance by comparing it with that of the best performing commercial banks of Bangladesh. The peer group selected for comparing includes the best performing commercial banks, primarily banks with higher credit rating. Banks with a credit rating of at least AA3, have been selected. The credit rating is given by Credit Rating Agency of Bangladesh (CARB)¹. Throughout the report BRAC Bank and its peer group are analyzed based on some key financial ratios, like - Credit Deposit Ratio (CDR), Ratio of Classified Loan against Total Loan, Cost of Fund (COF), Return on Investment (ROI), Return on Asset (ROA), DuPont analysis of Return on Equity (ROE), Earnings per Share (EPS), Net Income (NI) Ratio and Risk Index. Based on the performance on each of the ratios mentioned, banks are scored. Finally the ranking of the banks is done by adding all the score on each ratio.

3.2 Objective of the Report:

- ☑ Evaluating Financial Performance of BBL with its peer groups.
- ☑ Identifying the position of BBL in regard of best performing commercial banks of Bangladesh
- ☑ DuPont analysis of the selected Bank
- ☑ Probability of Insolvency of the Bank
- ☑ Critically analysis the performance indicator

3.3 Methodology:

For preparing this report information has mainly been collected from the annual report of the respective banks, credit rating report, individual bank's website. The selection of the peer group is the best performing commercial bank of Bangladesh with rating of AA3 and above as stipulated by CARB. Based on their rating, the bank that was selected is AB Bank Limited, Bank

¹ Credit Rating Agency of Bangladesh (CARB)- www.crab.com.bd

Asia Limited and Dutch Bangla Bank Limited (DBBL). Moreover, the selection criteria was based on the CARB rating validity of 30 June, 2011. The various ratio analysis are used in the report which were collected from the bank's annual reports and financial statements and the ratios that are not found in the annual report directly are calculated from the information provided in the annual reports. Eight ratios have been selected to judge the various aspects of efficiency of the banks, like – 'Credit Deposit Ratio' to judge the efficiency of using money, 'Ratio of Classified Loan against Total Loan' to judge the efficiency of loan collection, 'Cost of Fund' to measure the efficiency of marinating fund cost, 'Return on Investment (ROI)' to measure the investment efficiency, 'Return on Asset (ROA)' to measure the efficiency of using banks' assets, 'Return on Equity (ROE)' to using DuPont Analysis to measure the efficiency of using equity, 'Earnings per Share (EPS)' to measure the earnings per share capital and 'Net Income Ratio' to measure the efficiency of operating cost to generate revenue. The last indicator is 'Risk Index' of each bank and 'probability of insolvency' to measure the potential shock to the earnings of the bank. For ranking the banks, score is provided according to the performance of the banks in the above mentioned ratio. The financial information considered for the evaluation relates to the last six years. But the emphases are given more on the current year performance by multiplying the score with the year. The detail of the score is given in the Table – 1 appendix. And the system of scoring are provided with the segment of analysis.

3.4 Limitation:

In Bangladesh, the banking sector has have already created great impact on the economy and there are some banks which are capturing both local and international markets. Therefore, its function is in mammoth proportion and comparing the banks in regards to their services is difficult. Another limitation was getting the information and interpreting it, on the basis of our understanding and then implementing it. Therefore, there might be some information that might be inaccurate, since the time invested in the work is not sufficient enough to completely know about the company. Since, it would be difficult for them, as well for us to know about the complete picture in a single day with time constraint in hand. Moreover the subject matter is itself complex, which made it difficult in organizing the information in a simpler manner.

The biggest limitation of the report is that the peer groups were all established at different time period:

- ☑ BBL and Bank Asia Limited are 3rd Generation Banks (Established after 1999)
- ☑ Dutch-Bangla Bank Limited is 2nd Generation Banks (Established 1992-1996):
- ☑ AB Bank Limited is 1st Generation Banks (Established 1982-1988)

Section #4

Chapter # 1

Financial Performance of BRAC Bank Limited (BBL):

The analyses of the financial performance of BBL with three selected Bangladeshi commercial banks of last 6 years and evaluating the performance of the banks based on the selected ratios and percentage and ranking the bank accordingly.

1.1 Credit Deposit Ratio (CDR):

Credit Deposit Ratio (CDR) is an important ratio, especially for banks. It is the proportion of loan-assets created by banks from the deposits received. The higher the ratio, the higher the loan-assets created from deposits. The CDR of the selected four banks in the last 6 years is given in the following graph.

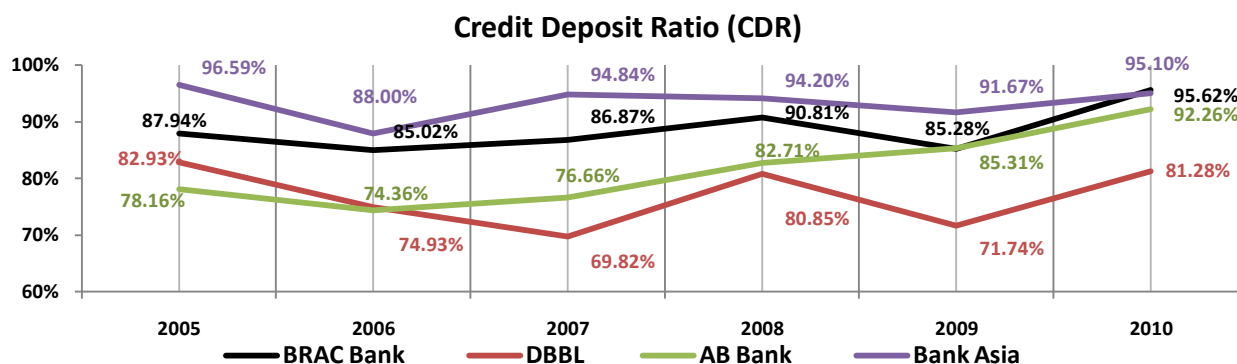


Figure #1: Credit Deposit Ratio

From the figure above it is found that Bank Asia was always on the top with the highest percentage from 2005 to 2009. BRAC Bank trend was below that of Bank Asia but it performed better compared to DBBL and AB Bank. In 2010, BRAC Bank's CDR Growth was 12.12%, the highest growth compared to other banks in question. Moreover, in 2010 BRAC bank's credit deposit was higher than that of the other banks as their corporate banking enjoyed outstanding growth of 67% in advances while cash management registered 11% growth in deposits due to

primary focus on mobilizing CASA (Current and Savings Accounts) and operating accounts as opposed to term deposits.

After conducting the analysis, higher score will be provided to the banks with higher percentage in every year, as the higher percentage dictates higher efficiency in using money. And the detail score are presented at the following table –

Bank	2005	2006	2007	2008	2009	2010	Total
BRAC	3	6	9	12	10	24	54
DBBL	2	4	3	4	5	6	24
AB Bank	1	2	6	8	15	12	44
Bank Asia	4	8	12	16	20	18	78

1.2 Ratio of classified loan against total loan:

Ratio of classified loan against total loan dictates the percentage of bad loans to total loans. This ratio is very much useful to measure the efficiency in collecting money. Under this ratio higher the percentage, lower the efficiency of bank. This ratio for the selected banks in the last 6 years is as follows –

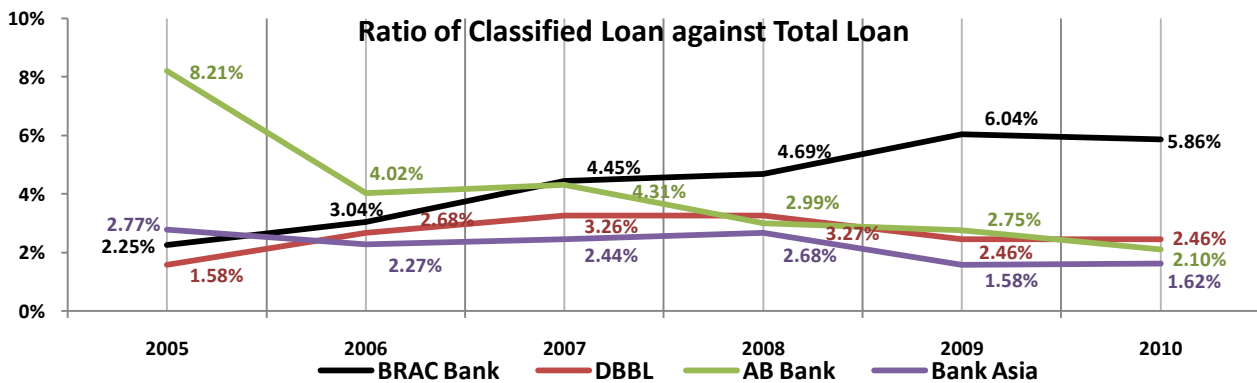


Figure # 2: Classified Loan Ratio

This figure shows that bad loan of AB bank was very high with, 8.21%, and 4.02% in 2005 and 2006 respectively. From 2007 and onward BRAC Bank has had the highest bad loan in last four years with 4.45%, 4.69% and 6.04% the highest percentage in the trend and 5.86% in the last year respectively. BBL’s net classification rate was the highest due to the lack of monitoring, regular communication and collection effort. Moreover, in 2010 the total loan distributed by BRAC Bank was 4798.77 million BDT higher than that of Bank Asia. Comparatively, Bank

Asia and DBBL's performance was better than that of the other two banks. For this ratio higher score will be given to bank with lower percentage as lower percentage dictates higher efficiency.

Bank	2005	2006	2007	2008	2009	2010	Total
BRAC	3	4	3	4	5	6	25
DBBL	4	6	9	8	15	12	54
AB Bank	1	2	6	12	10	18	49
Bank Asia	2	8	12	16	20	24	82

1.3 Cost of Fund (COF):

Another ratio to judge the efficiency is the cost of fund. The ratio indicates amount of cost is required to incur by the bank to collect a certain amount of money, higher the cost of fund, lower the efficiency of the organization. The costs of collection of money of the selected four banks for the last 6 years are presented in the following graph:

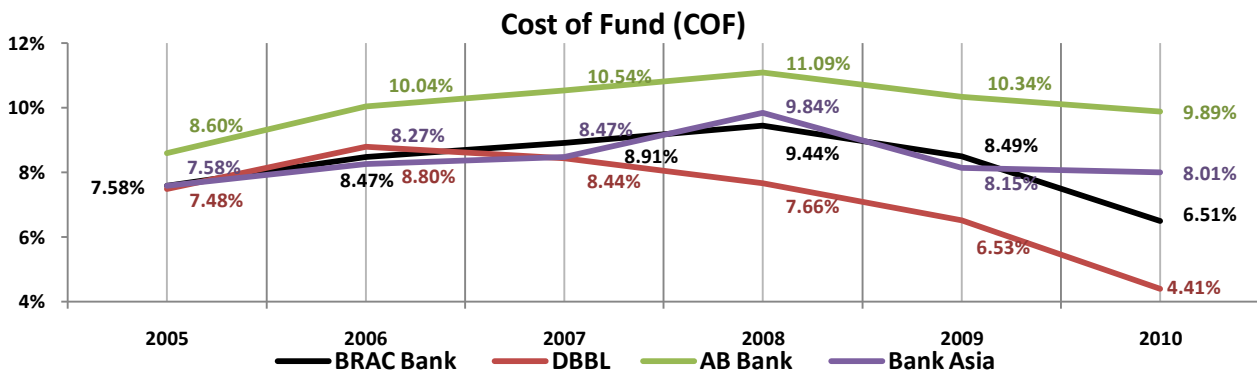


Figure # 3: Cost of Funds

The above graph shows that the cost of fund of AB Bank was always higher compared to the other banks over the period of time. BRAC Bank, DBBL and Bank Asia's cost of funds were very much similar in the first three years but in 2008 and onward DBBL was able to drastically reduce the cost incurred in fund collection. For this ratio higher score will be provided to the lower percentage holder. The score of the banks under this ratio are as follows:

Bank	2005	2006	2007	2008	2009	2010	Total
BRAC Bank	2.5	4	6	12	10	18	52.5
DBBL	4	6	12	16	20	24	82
AB Bank	1	2	3	4	5	6	21
Bank Asia	2.5	8	9	8	15	12	54.5

Bank Asia and BRAC Bank were in the joint position in 2005. That is why the ranks 2nd and 3rd are equally divided among them by adding the two score.

1.4 Return on Investment (ROI):

Return on Investment (ROI) is the ratio of money gained or lost (whether realized or unrealized) on an investment relative to the amount of money invested. The amount of money gained or lost may be referred to as interest, profit/loss, gain/loss, or net income/loss. By this ratio we can measure the efficiency of the firms in investment decision making so that they earn the highest return. For this ratio, higher the return on investment, higher the efficiency of the organization on investment decision making. The ROI of the four selected banks are presented in the following figure:

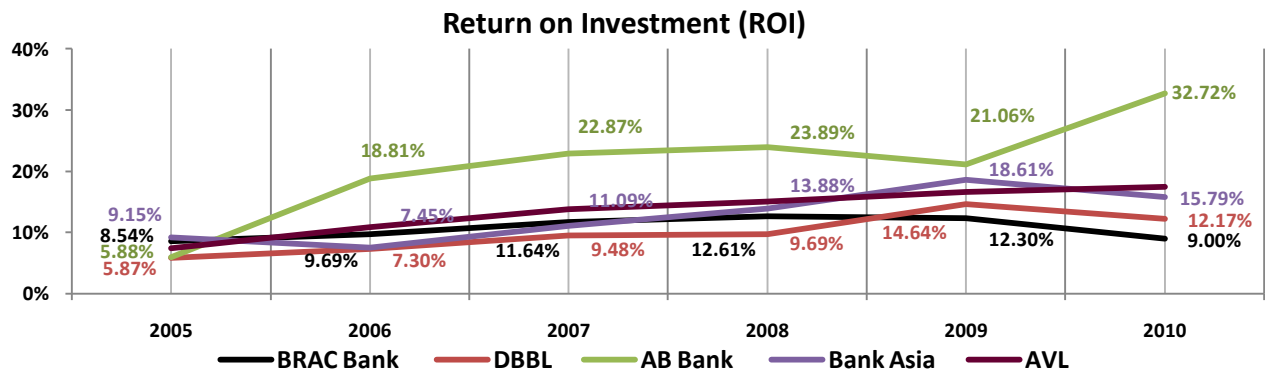


Figure # 4: Return on Investment

From the above mentioned graph it is found that AB Bank had the higher investment efficiency with 22.87%, 23.89%, 21.06% and 32.72% in the last four years respectively. And the other three banks were under the average for the maximum times, though Bank Asia performed above average in 2009 but it fell in 2010. Moreover, BRAC Bank's performance regarding Return on Investment was below average and in 2010 its percentage was the lowest. For this ratio higher score will be provided to the organization with higher performance as higher percentage means higher efficiency of the organization on investment decision making. The score sheet of the banks is provided below:

Bank	2005	2006	2007	2008	2009	2010	Total
BRAC Bank	3	6	9	8	5	6	37
DBBL	1	2	3	4	10	12	32
AB Bank	2	8	12	16	20	24	82
Bank Asia	4	4	6	12	15	18	59

1.5 Earnings per Share (EPS):

Earnings per Share (EPS), is one of the major concern for investors, indicating the earnings of the firm against its' each share or stock. This ratio is usually used to find out the operating efficiency of the firm against its' total number of share outstanding. The EPS of the banks in the last 6 years are as follows:

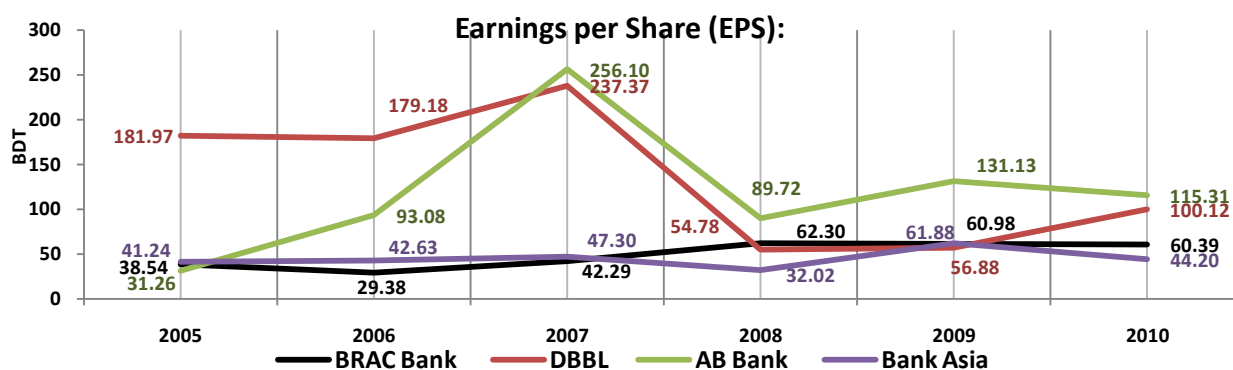


Figure # 5: Earning per Share

The graph shows that the highest payout was made by AB Bank in 2007 and after which it kept its position in the market as the most efficient in among the other banks. Moreover, it can be said that the EPS of AB Bank and DBBL are more volatile as their fluctuation is of great proportions. The EPS of BRAC Bank and Bank Asia were less volatile and they maintained a constant trend. For this ratio higher score will be provided to the organization with higher percentage as higher percentage means higher efficiency of the organization. The score sheet of the banks is provided below:

Bank	2005	2006	2007	2008	2009	2010	Total
BRAC Bank	2	2	3	12	10	16	45
DBBL	4	6	12	8	5	18	53
AB Bank	3	8	9	16	20	24	80
Bank Asia	1	4	6	4	15	6	36

1.6 Net Income (NI) Ratio:

Net Income Ratio measures the efficiency of the operating cost to generate profit or net income. The higher the percentage of net income higher the efficiency of the operating expenses. In this paper this ratio is calculated by dividing income after tax by total operation income. The net income ratio of the banks is as:

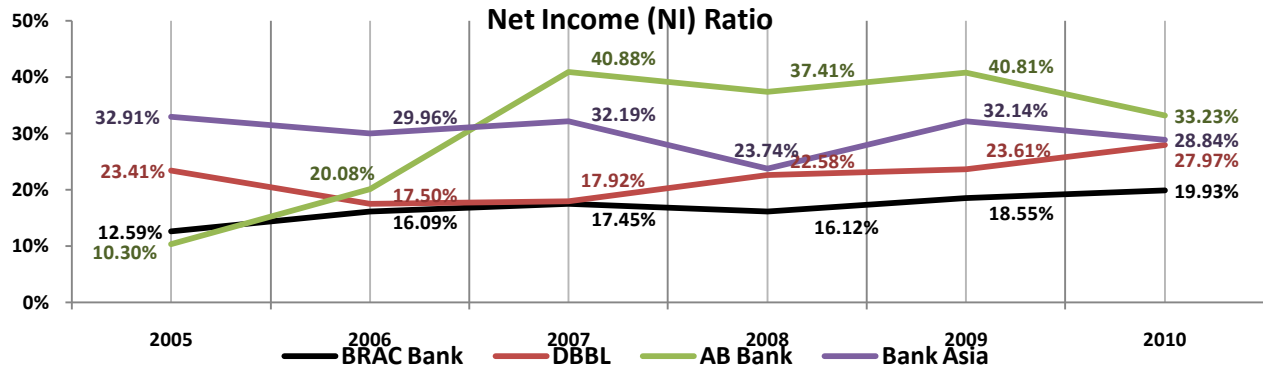


Figure # 6: Net income Ratio

The graph represents that BRAC Bank's net income ratio has always performed below that of the other banks except in 2008. AB Bank's ratio had a significant increase in the period 2005 to 2007 and then maintained the highest position in respect of the other banks. Also for this ratio higher score will be provided to the organization with higher percentage as higher percentage means higher efficiency of the organization. The score sheet of the banks is provided below:

Bank	2005	2006	2007	2008	2009	2010	Total
BRAC Bank	2	2	3	8	5	6	26
DBBL	3	4	6	12	10	12	47
AB Bank	1	6	12	4	20	24	67
Bank Asia	4	8	9	16	15	18	70

1.7 Return on Assets (ROA):

The return on assets (ROA) percentage shows how profitable a company's assets are in generating revenue. Higher the percentage of return, higher the efficiency of assets. The ROA of the selected banks are as follows:

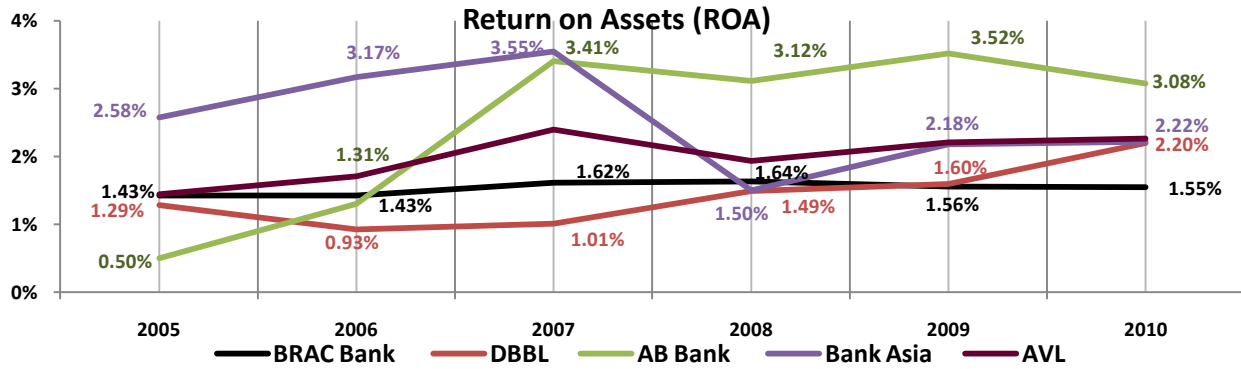


Figure # 7: Return on Assets

From the above graph it can be said that Bank Asia lost its efficiency in the recent year and the AB Bank gained efficiency in using assets in recent years. In 2005, 2006 and 2007 Bank Asia was in the highest position with 2.58%, 2.11% and 3.55% respectively where in 2008 and onward AB bank has held the highest position.. The efficiency of BRAC bank remained constant below average in these years and DBBL also in the same position but below BRAC except in 2010. For this ratio higher score will be provided to the organization with higher performance as higher percentage:

Bank	2005	2006	2007	2008	2009	2010	Total
BRAC Bank	3	6	6	12	5	6	38
DBBL	2	2	3	4	10	12	33
AB Bank	1	4	9	16	20	24	74
Bank Asia	4	8	12	8	15	18	65

1.8 DuPont ROE Ratio Analysis

Return on equity (ROE) measures the rate of return on the ownership interest (shareholders' equity) of the common stock owners. It measures a firm's efficiency at generating profits from every unit of shareholders' equity (also known as net assets or assets minus liabilities). Moreover, it is a closely watched number among knowledgeable investors. It is a strong measure of how well the management of a company creates value for its shareholders. The number can be misleading; however, as an increase value of ROE is vulnerable to measures and making the stock more risky. Without a way of breaking down the components of ROE investors could be duped into believing a company is a good investment when it's not. The ROE of the selected banks are as follows:

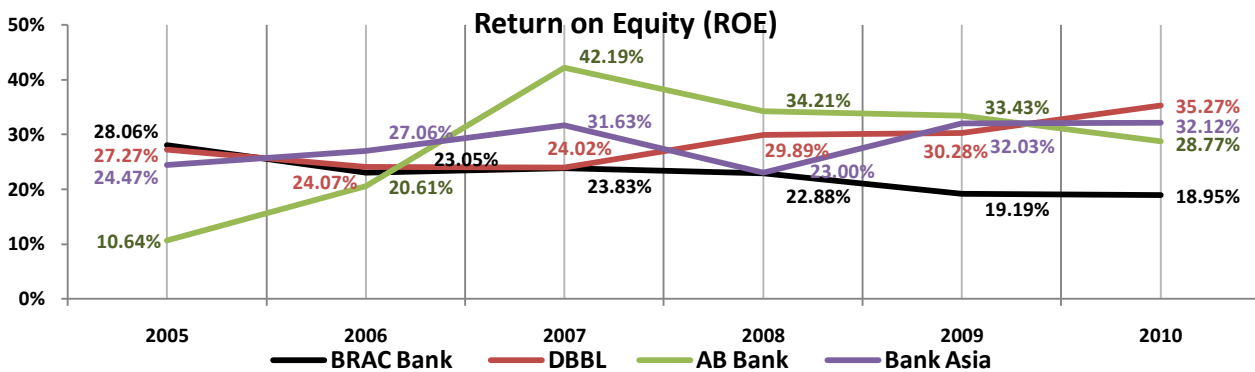


Figure # 8: Return on Equity

The information shows that AB Banks ROE was much higher in 2007-09 with 42.19%, 34.21% and 33.43% respectively though it was the lowest in 2005 and 2006. The trends of all the banks are volatile with greater proportion of fluctuation. However, BRAC Bank trend was constant but it was moving in a downer flow.

On the other hand, it is argued that internationalization, adoption of new banking technologies, deregulation, banking market consolidation and other recent trends in financial intermediation should result in increasing efficiency. Since, banks are no longer monopoly suppliers of financial services and products and markets are more contestable (increased competition between banks and new competition from non-bank financial institutions and markets), intermediation margins, net interest income and other income should result in decreasing profitability and efficiency. In any case, elimination of inefficiencies and reducing costs would be a challenge for banks'

survival in the rapidly changing market environment. Therefore, a bank having a higher ROE doesn't always signify that it is in a better position than its competitors. To have a better understanding of ROE, we break down the ROE into three components:

1. The net profit margin
2. The degree of assets utilization
3. The equity multiplier

If any of these ratios begins to decline, management needs to pay close attention and assess the reasons behind the changes. Based on these component scoring will be distributed.

1.8.1 The Net Profit Margin:

The net profit margin reflects effectiveness of expense management (cost control) and service pricing policies. Higher the percentage of return, higher the efficiency of expense management. The six years bank information as follows:

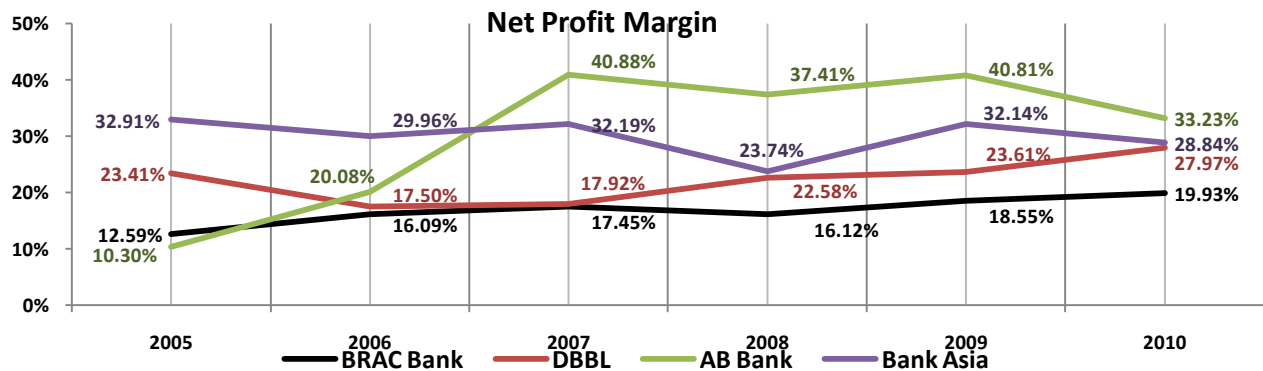


Figure # 9: Net Profit Margin

BRAC Bank performance compared to other banks was the lowest but it maintained a steady growth over the years except in 2008. Moreover, the BRAC Bank grounds for such a position were due to lack of control of operating expense and pricing of services. AB Bank on the other hand was the most efficient regarding cost management. For this ratio higher score will be provided to the organization with higher performance with higher percentage, since it is the component of ROE, its weight will be 33.33% of the total.

Bank	2005	2006	2007	2008	2009	2010	Total
BRAC Bank	0.66	.66	1	2.67	1.67	2	8.66
DBBL	1	1.33	2	4	3.33	4	15.66
AB Bank	0.33	2	4	1.33	6.67	8	22.33
Bank Asia	1.33	2.67	3	5.33	5	6	23.33

1.8.2 Assets Utilization:

The degree of assets utilization reflects portfolio management policies, especially the mix and yield on assets. Similarly, by carefully allocating assets to the highest yield loans and investment while avoiding excessive risks, management can raise the average yield on assets. Higher the percentage on yield on assets utilization, higher is the efficiency of the bank.

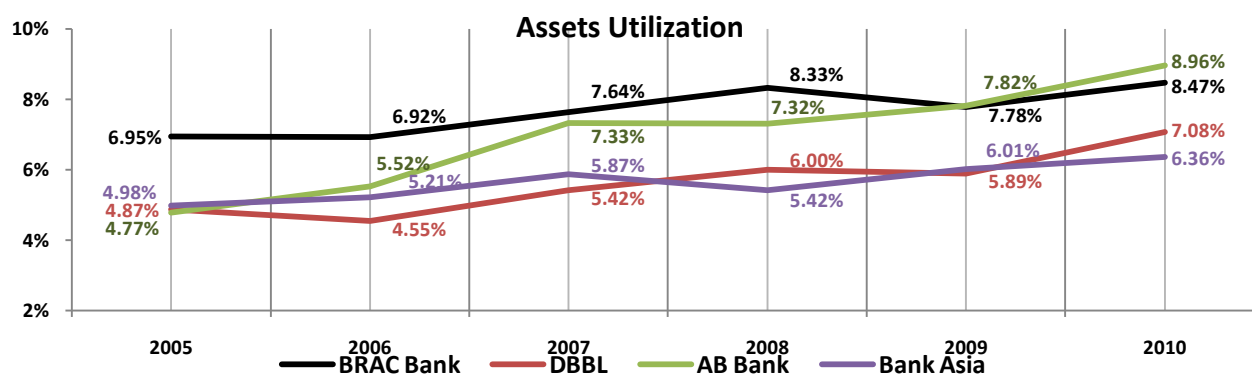


Figure # 10: Assets Utilization

The information shows that BRAC Bank efficiently utilized its assets from 2005 – 08 but in 2009 its position over the other bank dropped due to its inefficiency. On the other hand AB Bank maximized the opportunity and was able to hold a higher position over BRAC Bank. For this ratio higher score will be provided to the organization with higher performance with higher percentage, since it is the component of ROE, its weight will be 33.33% of the total.

Bank	2005	2006	2007	2008	2009	2010	Total
BRAC Bank	1.33	2.67	4	5.33	5	6	24.33
DBBL	0.66	0.66	1	2.67	1.67	4	10.66
AB Bank	0.33	2	3	4	6.67	8	24
Bank Asia	1	1.33	2	1.33	3.33	2	10.99

1.8.3 The Equity Multiplier:

The multiplier is a direct measure of financial leverage. It represents how much taka must be supported by each taka of equity capital and how much of the financial firm's resources, therefore, must rest on debt. Because equity must absorb losses on assets, the larger the multiplier, the more exposed to failure risks the financial institution is. However, the larger the multiplier, the greater the potential for higher returns for the stockholders. The six years bank information as follows:

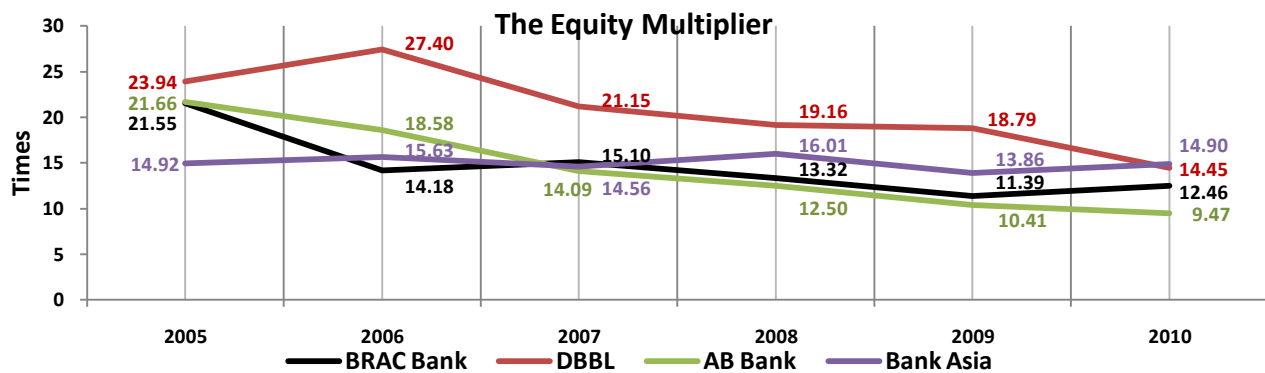


Figure # 11: The Equity Multiplier

Bigger banks often operate with multipliers of 20 times or more but the Bangladeshi banks are not big enough to operate in such a scale. The higher the multiplier more losses on assets the equity needs to absorb. From the graph we can understand that BRAC Bank was able to maintain its asset requirement better than DBBL and Bank Asia. However, AB Bank was successful in keeping the ratio low from 2007 - 11. For the purpose of analysis, highest score will be given to the bank with lowest value, since it is the component of ROE, its weight will be 33.33% of the total.

Bank	2005	2006	2007	2008	2009	2010	Total
BRAC Bank	1	2.67	2	4	5	6	20.67
DBBL	0.33	0.66	1	1.33	1.67	4	8.99
AB Bank	0.66	1.33	4	5.33	6.67	8	25.99
Bank Asia	1.33	2	3	2.67	3.33	2	14.33

The total DuPont ROE Ratio Analysis score calculation is presented below:

Bank	Net Profit Margin	Assets Utilization	Equity Multiplier	Total
BRAC Bank	8.66	24.33	20.67	53.66
DBBL	15.66	10.66	8.99	35.31
AB Bank	22.33	24	25.99	72.32
Bank Asia	23.33	10.99	14.33	48.65

1.9 Probability of Book Value Insolvency

This measure of risk index (RI) incorporates data on a bank's expected profits, the likelihood that these profits will be realized, and a bank's capital base. The risk index statistic attempts to capture the likelihood of a bank's earnings in a given year becoming low enough to exhaust the bank's capital base and, thus, the likelihood of the bank becoming insolvent. Specifically, RI is defined as:

$$\text{Risk index (RI)} = \frac{E(\text{ROA}) + \text{Capital to Asset Ratio}}{SD \text{ of ROA}}$$

Where,

$E(\text{ROA}) = \text{Expected return on assets}$

$$\text{Return on Assets (ROA)} = \frac{\text{Net Income}}{\text{Average of Total Assets}}, \quad \text{Capital-to-Asset Ratio (CAP)} = \frac{\text{Equity}}{\text{Total Assets}}$$

Higher values of RI imply lower insolvency risk because higher values of RI correspond with higher levels of equity relative to a potential shock to the earnings of a bank. Thus, banks with risky loan portfolios can minimize their risk of insolvency as long as they are adequately capitalized. The risk index suggested by Hannan and Hanweck (1988) was used by Liang and Savage (1990), Eisenbeis and Kwast (1991), Sinkey and Nash (1993), and Sinkey and Blasko (2001)

The bank's average return on assets(ROA) over the years 2005 through 2010 period proxies for the bank's expected earnings and the standard deviation of each bank's ROA proxies for the riskiness of its earnings.

In effect, the RI measures the number of standard deviations by which ROA would have to decline before the book equity capital of the bank would be exhausted. The relationship between the RI and the probability of insolvency (P) is an inverse one, with higher RI indicating a lower probability of insolvency. If the assumption is made that the potential ROAs of the business are normally distributed, then the one-period probability of insolvency can be calculated as a function of the RI:

$$P = \frac{1}{[2RI^2]}$$

Relevance:

In these liquidity crunch times, it is crucial that each individual plan their spending. Every amount spent is important. This year there is a huge budget deficit and the government filled it up through borrowings both from home and abroad. Moreover, this will reduce the amount of money in circulation, resulting in a liquidity crisis in private sector banking and financial institutions - that is a shortage of money to lend to businesses and industries. Without credit to operate businesses, import raw materials and machineries, industries cut down on production and cut costs by laying off workers. Without profits for businesses and industries and without jobs and earnings for individuals, there might be less money to be had; the liquidity crisis is further aggravated. Hence, calculating the insolvency of the bank is necessary.

Risk Index (RI)

Higher values of RI imply lower insolvency risk because higher values of RI correspond with higher levels of equity relative to a potential shock to the earnings of a bank. The four years bank information are represent inside of six years because corresponding previous five years data is used in the calculated of E (ROA) and standard deviation of ROA:

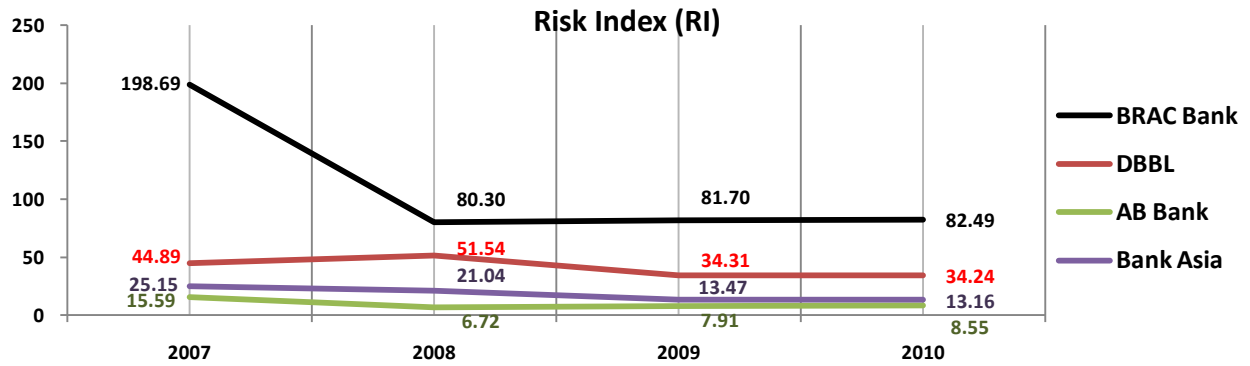


Figure # 12: Risk Index (RI)

Since higher values of RI imply lower insolvency risk, BRAC Bank performed better over the four years compared to the other banks, as shown in the graph of RI. Moreover, when considering P as one of the factors in analysis of RI then lower the percentage of P means less probability of being insolvent. In this scenario BRAC Bank performed better over the years than its peers. As shown in the graph of (P):

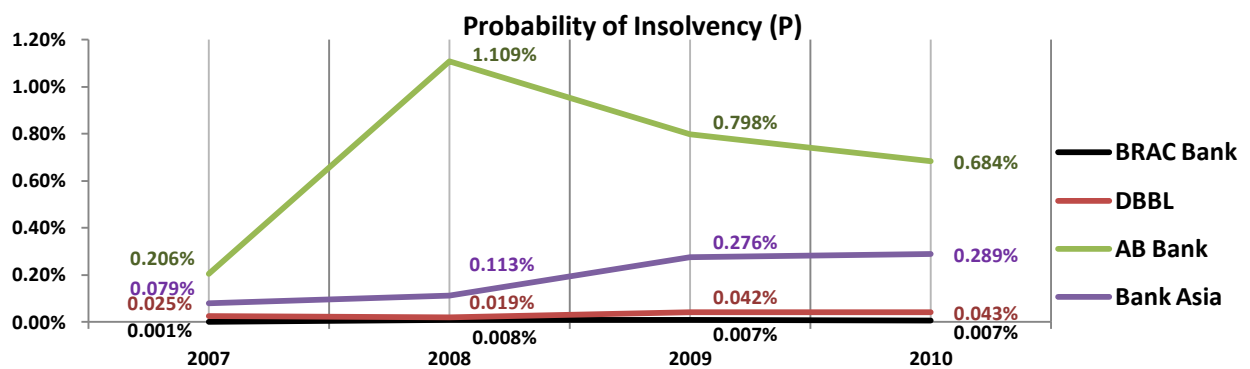


Figure # 13: Probability of Insolvency (P)

Since, probability of insolvency is a component of risk index; the highest score will be given to the higher values of RI:

Bank	2007	2008	2009	2010	Total
BRAC Bank	12	16	20	24	72
DBBL	9	12	15	18	54
AB Bank	3	4	5	6	18
Bank Asia	6	8	10	12	36

Total Scoring and Ranking:

According to the analysis, the total score of each bank and ranking of the bank according to the score are provided in the following chart –

Bank	CDR	Classified Loan	COF	ROI	ROA	EPS	NI	ROE	RI	Total	Ranking
BRAC Bank	54	25	52.5	37	38	45	26	53.66	72	403.16	4 th
DBBL	24	54	82	32	33	53	47	35.31	54	414.31	3 rd
AB Bank	44	49	21	82	74	80	67	72.32	18	507.32	2 nd
Bank Asia	78	82	54.5	59	65	36	70	48.65	36	529.15	1 st

According to the analysis it was found that Bank Asia Limited achieved the highest score and the best ranking, followed by AB Bank Limited, Dutch Bangla Bank Limited and BBL, in that order.

BRAC Bank, as we know, is one of the fastest growing banks in Bangladesh. SME banking which has made the performance of this bank so enlightened is its core product to offer to the small and mediocre business entrepreneurs. In fact no businessman could think ever before that they could take loan so easily, without any collateral and without going to bank. But BRAC Bank has made this improbable process so successfully through SME banking.

Although they are successfully operating their business but still they need to improve in many areas which will take this bank to the pick among all the commercial banks operating in our country.

Chapter # 2

Analyzing the performance indicator of BRAC Bank Limited

2.1 Credit Deposit Ratio (CDR):

To better understand the performance BBL CDR, the following six years information is given below:

Loans and advances:

Loans and Advances increased by BDT 20,152 million or 31.41% in the year 2010. This is a result of continued growth in the lending business and solid growth in the banking Industry, reflecting the focus on customers and profitable growth. The growth rate of DBBL loan and advances after has increased at a decreased rate.

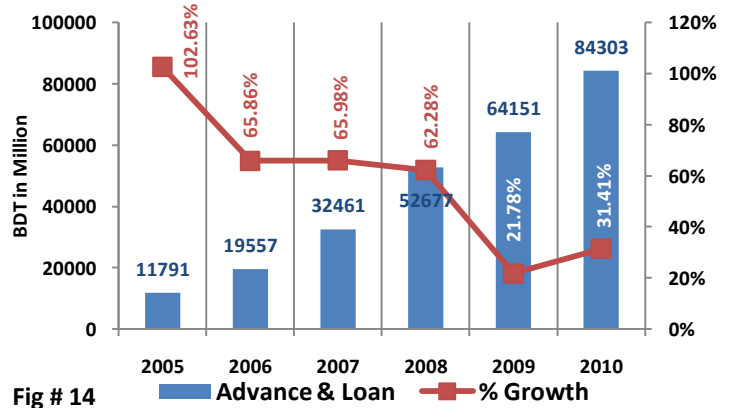


Fig # 14

Total Deposit:

Customer deposits of the Bank grew by 17.20% in 2010 which was the slowest growth over the period of years. The Bank ended the year with total customer deposits of BDT 88,158 million, compared to 75,220 million in the year 2009. The growth rate of deposit has increased at decreasing rate. Currently, the Bank's deposits mostly comprise of term deposits. Almost 39% of the total deposits are in the form of fixed deposits, whereas only 18% and 23% are in the form of current and savings deposits respectively.

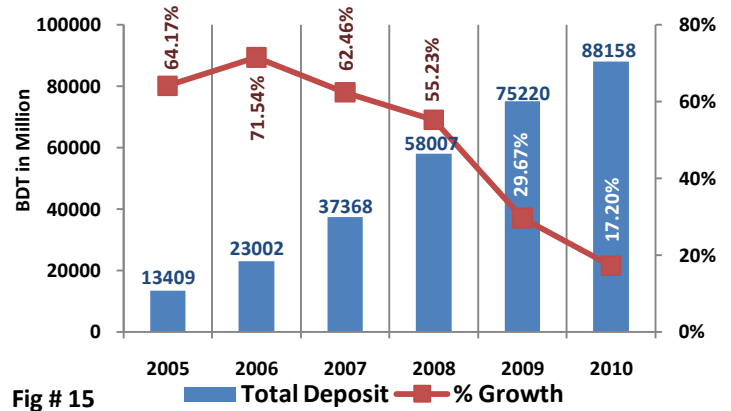


Fig # 15

Based on the Fig # 14 and Fig # 15, we can make the assumption on the trend of the CDR BBL as shown in the Figure # 1. Moreover, in 2010 the deposit and loan amount was almost the same.

Moreover, SME sector, the main concentration area for the Bank financing since its inception, comprises of 50% of the total loans and advances.

2.2 Ratio of classified loan against total loan:

To analysis the position of BBL in represent to the ratio of classified loans, we will use the following six years information as stated below:

📌 Classified Loan:

Classified loan increased by BDT 4,930 million or 27.13 in the year 2010. The growth was the lowest over the period of years and this was due to the efficiency of the management in having more control on monitoring, regular communication and strong collection effort.

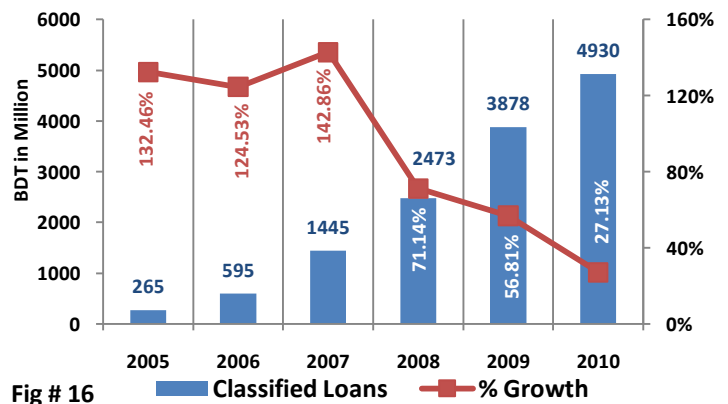


Fig # 16

Based on the Fig # 16 and Fig # 14, the

performance was better in 2010 compared to that of the previous years as the loan classification rate is less to the total loan given.

2.3 Cost of Fund (COF):

BBL has achieved a total profit after tax of Tk. 1,664 million in 2010, which is 27.7% higher than last year. The operating profit was Tk. 4,969 million which posted a 33.7% growth. The higher growth of profit highlights an increased efficiency of the Bank's operations. The Bank's total assets stood at Tk. 119,150 million with a 25.3% growth and total customers' deposits stood at Tk. 88,158 million with a 17.2% growth. Moreover, cost of deposit has decreased by 2%, in effect increasing interest margin with a positive impact on the bottom line. COF rate was the lowest from the previous years.

2.3 Return on Investment (ROI):

BRAC Bank enjoys a favorable return on investment from 2007-2009 but in 2010 the investment return fall to 9%. The increased in ROI to 11.64% as on December 31, 2007 was due to a sharp increment in the year 2004 but deal came to an end in 2010 and does the effect.

2.4 Net Income (NI) Ratio:

The percentage growth of Net income after tax is increasing at a decreasing rate as its calculation is effect by the increase and decrease of the operating expenses. Operating expenses have increased by 29% in 2010 because of:

- Staff salary and allowances were increased by 26% to support the increasing business volume, service outlets and the effect of inflation on general expenses. Number of staff has increased by 21% over last year, whereas the Fund Under Management (FUM) has increased by 24%.
- Further investment in strategic growth initiatives like increasing volume of rent, taxes and insurance expenses resulting from market rent increases, relocation of branches and increasing the number of branches by eight, SME Service Centers by 8 and ATMs by 50;
- Increasing volume of legal expense & depreciation expense due to higher acquisition of fixed assets
- Other expenses have also increased for supporting business growth.

However, the growth of Operating Income was quite constant for the beginning of the 2005-2008 except in 2010.

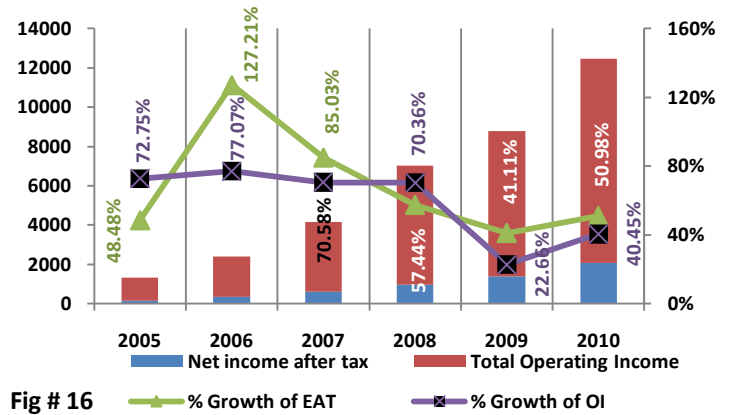


Fig # 16

2.5 Return on Assets (ROA):

To better understand the performance BBL ROA, the following six years information is given below:

📌 Total Asset

Total assets of the Bank rose to BDT 119,150 million in 2010, from BDT 95,127 million in 2009 - registering a growth of 25%. The figure shows a significant increase in total assets because loans and advances, investments, fixed assets and cash assets maintained by the

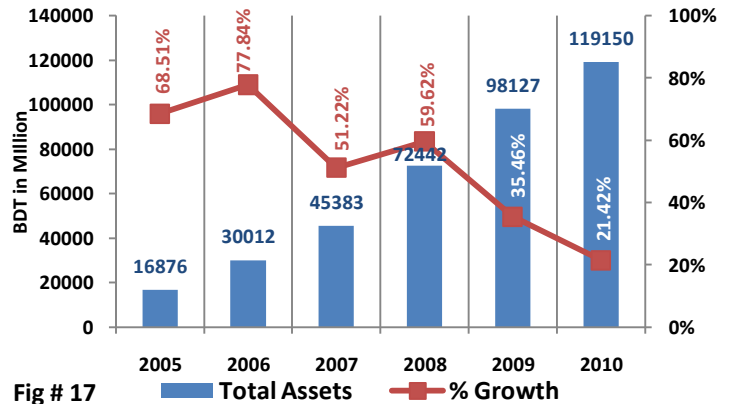


Fig # 17

Bank increased. The growth rate of BBL total assets after 2008 has increased at a decreased rate.

2.6 Operating Profit:

Despite some challenges, BBL operating profit of BDT 4,969 million - 34% higher than that of last year. These were due to:

- Interest income of the Bank has increased in 2010 and is consistent with the increase of loans and advances.

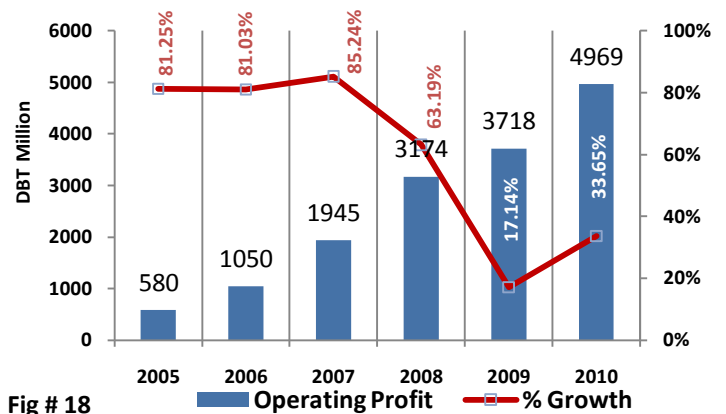


Fig # 18

- Interest expense has decreased by 5% in

2010, as liabilities were reprised at lower rates and the deposit mix tilted towards low cost funds.

- Net interest income in 2010 was BDT 5,094 million, which increased by BDT 1,661 million from last year, mainly due to lower cost of deposits.

- Non-funded income grew this year by 4%. The Bank has successfully increased its non-funded income and reduced its burden ratio over the year

Conclusion:

In this age of modern civilization bank is playing its splendid role to keep to the economic development wheel moving. We can see lot of new commercial banks has been established in last few years and these banks have made this banking sector very competitive. The major task for banks, to survive in this competitive environment is by managing its assets and liabilities in an efficient way. BBL has a strong financial base and huge assets to meet up its liabilities which makes this organization financially sound and solvent.

The ranking of this paper are done based on the 8 key ratios and the risk index, but there are other factors that are also need to be considered to analysis the banks surveillance, like – contingent liabilities, asset base analysis etc. but according to the analysis of key ratio and the risk index it is found that Bank Asia is the best bank among the Bangladeshi Commercial banks followed by AB Bank Limited, Dutch Bangla Bank Limited and BRAC Bank Limited respectively. However, the finding was such that BBL was ranked the forth because the other have had out performed it. When analyzing the key indicator of BBL over its corresponding year, it was found that in many scenarios it had performed better over the period of time. Moreover, their improvement over the period of time in relationship with the other bank was not significant. BBL and Bank Asia Limited are the only two 3rd Generation Banks in the analysis and Bank Asia has performed efficiently in every aspects of the banking actives and hence, its credit rate was the highest given by CARB.

Research and Development is one of the most confidential divisions of BRAC Bank Limited. Here as an intern I am allowed to get limited information for my study. I am not allowed to get the information which is too much confidential for the Bank. So in my report all the information used was meant for the public.

It was an honor for me that I have worked as an intern in a reputed organization like BRAC Bank Limited. The BBL is a bank that confirms the best service to the customers BRAC bank Limited is the fastest growing Bank in Bangladesh. By working in the research and development division, the knowledge learnt would be helpful enough to sustain with the real organizational environment.

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Appendix

Table – 1: Score provided in different years.

Position	2009	2008	2007	2006	2005
1st	20	16	12	8	4
2nd	15	12	9	6	3
3rd	10	8	6	4	2
4th	5	4	3	2	1

2006 = Score of 2005's position * 2

2007 = Score of 2005's position * 3

2008 = Score of 2005's position * 4

2009 = Score of 2005's position * 5

Credit Deposit Ratio (CDR)						
	2005	2006	2007	2008	2009	2010
BRAC Bank	87.94%	85.02%	86.87%	90.81%	85.28%	95.62%
DBBL	82.93%	74.93%	69.82%	80.85%	71.74%	81.28%
AB Bank	78.16%	74.36%	76.66%	82.71%	85.31%	92.26%
Bank Asia	96.59%	88.00%	94.84%	94.20%	91.67%	95.10%
AVL	86.41%	80.58%	82.05%	87.14%	83.50%	91.07%
Ratio of Classified Loan against Total Loan						
	2005	2006	2007	2008	2009	2010
BRAC Bank	2.25%	3.04%	4.45%	4.69%	6.04%	5.86%
DBBL	1.58%	2.68%	3.26%	3.27%	2.46%	2.46%
AB Bank	8.21%	4.02%	4.31%	2.99%	2.75%	2.10%
Bank Asia	2.77%	2.27%	2.44%	2.68%	1.58%	1.62%
Cost of Fund (COF)						
	2005	2006	2007	2008	2009	2010
BRAC Bank	7.58%	8.47%	8.91%	9.44%	8.49%	8.54%
DBBL	7.48%	8.80%	8.44%	7.66%	6.53%	4.41%
AB Bank	8.60%	10.04%	10.54%	11.09%	10.34%	9.89%
Bank Asia	7.58%	8.27%	8.47%	9.84%	8.15%	8.01%

Return on Investment (ROI)						
	2005	2006	2007	2008	2009	2010
BRAC Bank	8.54%	9.69%	11.64%	12.61%	12.30%	9.00%
DBBL	5.87%	7.30%	9.48%	9.69%	14.64%	12.17%
AB Bank	5.88%	18.81%	22.87%	23.89%	21.06%	32.72%
Bank Asia	9.15%	7.45%	11.09%	13.88%	18.61%	15.79%
AVL	7.36%	10.81%	13.77%	15.02%	16.65%	17.42%
Return on Assets (ROA)						
	2005	2006	2007	2008	2009	2010
BRAC Bank	1.43%	1.43%	1.62%	1.64%	1.56%	1.55%
DBBL	1.29%	0.93%	1.01%	1.49%	1.60%	2.20%
AB Bank	0.50%	1.31%	3.41%	3.12%	3.52%	3.08%
Bank Asia	2.58%	2.11%	3.55%	1.50%	2.18%	2.22%
AVL	1.45%	1.45%	2.40%	1.94%	2.22%	2.26%
Earning per Share (EPS)						
	2005	2006	2007	2008	2009	2010
BRAC Bank	38.54	29.38	42.29	62.30	60.98	60.39
DBBL	181.97	179.18	237.37	54.78	56.88	100.12
AB Bank	31.26	93.08	256.10	89.72	131.13	115.31
Bank Asia	41.24	42.63	47.30	32.02	61.88	44.20

Net Income Ratio						
	2005	2006	2007	2008	2009	2010
BRAC Bank	19.93%	18.55%	16.12%	17.45%	16.09%	12.59%
DBBL	23.41%	17.50%	17.92%	22.58%	23.61%	27.97%
AB Bank	10.30%	20.08%	40.88%	37.41%	40.81%	33.91%
Bank Asia	32.91%	29.96%	32.19%	23.74%	32.14%	28.84%

BRAC Bank						
	2010	2009	2008	2007	2006	2005
Net income after tax	2073059083	1373364871	973150000	618340000	334261127	147680000
Total Operating Income	10399476002	7404626805	6036180000	3543150000	2077425522	1173317659
Net Profit Margin	19.93%	18.55%	16.12%	17.45%	16.09%	12.59%
	2010	2009	2008	2007	2006	2005
Total Operating Income	10399476002	7404626805	6036180000	3543150000	2077425522	1173317659
Total Assets	122801151189	95161259291	72441893391	46382595418	30011815073	16876009139
Asset Utilization	8.47%	7.78%	8.33%	7.64%	6.92%	6.95%
	2010	2009	2008	2007	2006	2005
Total Assets	122801151189	95161259291	72441893391	46382595418	30011815073	16876009139
Total Equity	9,852,519,850	8,358,263,004	5437525651	3072028674	2117193037	782931910
Equity multiplier	12.46	11.39	13.32	15.10	14.18	21.55
ROE	21.04%	16.43%	17.90%	20.13%	15.79%	18.86%

DBBL						
	2010	2009	2008	2007	2006	2005
Net income after tax	2002315963	1137698057	821665049	479810510	362183665	367816801
Total Operating Income	7159089705	4818521809	3639509605	2678037179	2069130898	1570864884
Net Profit Margin	27.97%	23.61%	22.58%	17.92%	17.50%	23.41%
	2010	2009	2008	2007	2006	2005
Total Operating Income	7159089705	4818521809	3639509605	2678037179	2069130898	1570864884
Total Assets	101181640000	81788410000	60618970000	49371350000	45493130000	32279410513
Asset Utilization	7.08%	5.89%	6.00%	5.42%	4.55%	4.87%
	2010	2009	2008	2007	2006	2005
Total Assets	101181640000	81788410000	60618970000	49371350000	45493130000	32279410513

	000	00	00	00	00	13
Total Equity	700099000 0	435180000 0	3,163,600, 000	2,334,420, 000	1,660,250, 000	1,348,597, 305
Equity multiplier	14.4524760 1	18.794156 44	19.161388 92	21.149300 47	27.401373 29	23.935544 28
ROE	28.60%	26.14%	25.97%	20.55%	21.82%	27.27%

AB Bank						
	2010	2009	2008	2007	2006	2005
Net income after tax	3,989,519,9 74	341718511 4	230062164 0	190349384 5	532186349	162453608
Total Operating Income	12,004,676, 277	837427704 4	614902587 8	465658124 5	265016607 4	157749826 9
Net Profit Margin	33.23%	40.81%	37.41%	40.88%	20.08%	10.30%
	2010	2009	2008	2007	2006	2005
Total Operating Income	1200467627 7	837427704 4	614902587 8	465658124 5	265016607 4	157749826 9
Total Assets	1340038783 14	107093007 184	840536125 85	635498644 03	479893372 22	330654025 55
Asset Utilization	8.96%	7.82%	7.32%	7.33%	5.52%	4.77%
	2010	2009	2008	2007	2006	2005
Total Assets	1340038783 14	107093007 184	840536125 85	635498644 03	479893372 22	330654025 55
Total Equity	1414687735 6	102919006 07	672250534 7	451158926 5	258276291 2	152687983 7
Equity multiplier	9.47232911 8	10.4055617 4	12.503316 58	14.085915 33	18.580620 39	21.655536 84
ROE	28.20%	33.20%	34.22%	42.19%	20.61%	10.64%

Bank Asia						
	2010	2009	2008	2007	2006	2005
Net income after tax	1,929,582,157	1,327,184,458	686,704,045	725643903	475759317	383511378
Total Operating Income	6,690,409,943	4,129,503,653	2,892,535,557	2253985051	1587875439	1165291732
Net Profit Margin	28.84%	32.14%	23.74%	32.19%	29.96%	32.91%
	2010	2009	2008	2007	2006	2005
Total Operating Income	6,690,409,943	4,129,503,653	2,892,535,557	2253985051	1587875439	1165291732
Total Assets	105198050148	68663199976	53371247063	38427853094	30478437542	23379964628
Asset Utilization	6.36%	6.01%	5.42%	5.87%	5.21%	4.98%
	2010	2009	2008	2007	2006	2005
Total Assets	105198050148	68663199976	53371247063	38427853094	30478437542	23379964628
Total Equity	7059943201	4954144557	3,332,957,347	2,638,408,373	1,949,741,386	1,566,982,069
Equity multiplier	14.90069355	13.85974898	16.01318034	14.56478591	15.63204113	14.9203779
ROE	27.33%	26.79%	20.60%	27.50%	24.40%	24.47%

Total Equity	1414687 7356	1029190 0607	6722505 347	4511589 265	2582762 912	1526879 837		
Equity multiplier	9.47	10.41	12.50	14.09	18.58	21.66		
Bank Asia								
	2010	2009	2008	2007	2006	2005		
Total Assets	1051980 50148	6866319 9976	5337124 7063	3842785 3094	3047843 7542	2337996 4628		
Total Equity	7059943 201	4954144 557	3,332,95 7,347	2,638,40 8,373	1,949,74 1,386	1,566,98 2,069		
Equity multiplier	14.90	13.86	16.01	14.56	15.63	14.92		
	2010	2009	2008	2007				
CAP Of BRAC Bank	0.0802	0.0878	0.0751	0.0662				
CAP Of DBBL	0.0692	0.0532	0.0522	0.0473				
CAP Of AB Bank	0.1056	0.0961	0.0800	0.0710				
CAP Of Bank Asia	0.0671	0.0722	0.0624	0.0687				
Standard Deviation of ROA	2010	2009	2008	2007				
BRAC Bank	0.00116	0.00126	0.00112	0.00040				
DBBL	0.00237	0.00188	0.00122	0.00130				
AB Bank	0.01474	0.01435	0.01400	0.00502				
Bank Asia	0.00715	0.00742	0.00441	0.00389				
Risk Index = (E(ROA)+CAP)/standard Deviation of ROA								
Risk Index								
	2010	2009	2008	2007				
BRAC Bank	82.4894	81.6999	80.3019	198.6886				
DBBL	34.2442	34.3069	51.5379	44.8903				
AB Bank	8.5484	7.9132	6.7155	15.5896				
Bank Asia	13.1593	13.4699	21.0450	25.1507				
The probability of book value insolvency = $1/2(RI)^2$								
	2010	2009	2008	2007				
BRAC Bank	0.007%	0.007%	0.008%	0.001%				

DBBL	0.043%	0.042%	0.019%	0.025%				
AB Bank	0.684%	0.798%	1.109%	0.206%				
Bank Asia	0.289%	0.276%	0.113%	0.079%				