

Report On  
Financial Analysis of BRAC Bank Limited  
For Last Five Years

By

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Student ID 15204052

An internship report submitted to the BRAC Business School Department in partial  
fulfillment of the requirements for the degree of  
Bachelor of Business Administration

BRAC Business School  
BRAC University  
April, 2020

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## **Declaration**

It is hereby declared that

1. The internship report submitted is my own original work while completing degree at Brac University.
2. The report does not contain material previously published or written by a third party, except where this is appropriately cited through full and accurate referencing.
3. The report does not contain material which has been accepted, or submitted, for any other degree or diploma at a university or other institution.
4. I have acknowledged all main sources of help.

**Student's Full Name & Signature:**

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**Ismat Jahan Rusu**  
15204052

**Supervisor's Full Name & Signature:**

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**DR.M.Mujibul Haque**  
Professor & Associate Dean, BBS  
BRAC University

## Letter of Transmittal

Dr. M. Mujibul Haque  
Professor & Associate Dean,  
BRAC Business School  
BRAC University  
66 Mohakhali, Dhaka-1212

Subject: Submission of internship Report

Dear Sir,

This is my pleasure that I have got the opportunity to do my internship under your supervision and here I am presenting my internship report named as “Financial Performance Of BRAC Bank Ltd.” which I was completed by with your direction and help.

I have made a great effort to do my best to finish the report with my academic knowledge and three month experience in BRAC Bank as an intern. I have also input all the essential data and recommended proposition in a significant compact and comprehensive manner as possible.

Lastly, I will be grateful if you provide me advice on my report and excuse any mistakes that I made regardless of my effort.

Sincerely yours,

---

Ismat Jahan Rusu  
Student ID 15204052  
BRAC Business School  
BRAC University  
Date: June 20, 2020

## **Non-Disclosure Agreement**

This agreement is made and entered into by and between BRAC Bank Limited and the undersigned student at BRAC University named Ismat Jahan Rusu as a commitment of not disclosing any information which is confidential.

BRAC Bank Limited

.....

Ismat Jahan Rusu

.....

## **Acknowledgement**

All praise to Almighty Allah, I am thankful to Allah that I am able to complete my internship without any difficulty.

I have completed my report and it was not possible without the help of my team members and my supervisor of BBL. They have helped me with a lot of co-operation and encouragement. I want to express my gratitude to every individual who helped me with their time and favors. BBL is a very busy workplace still they spare time for me and give me many information time to time.

I also want to express a special gratitude towards my academic supervisor, **DR.M.Mujibul Haque** who has helped me with his constructive and informative instructions. Without his help, it was not even possible to come up with such a report. Whenever I need him, he was there even though he has a very busy schedule. His constant support has helped me to do this report smoothly.

## Executive Summary

As a part of BBS course, I have completed my internship from the Head Office of BRAC Bank Limited and my internship period was from 29<sup>th</sup> December, 2019 TO 28<sup>th</sup> March, 2020. The students who are doing BBA have to do internship besides their regular courses. The aim of this internship is simply to possess a thought about real life workplace and prepare ourselves for future corporate life.

Based on our internship experience, all of us have to prepare a report where we discuss our workplace, workplace duties and responsibilities, problems faced during internship, their solutions, our contribution in the organization and all. My main responsibility during the internship was building a bridge between the head office and the branches. I had to communicate with all the branches to convey the messages from head office. I also have to do a lot of work other communicating. I have even gained a true life work experience in my internship period.

In my internship report, I have discussed all my experience in the workplaces and a general idea of BBL. BBL is one of the leading banks in the market. In addition, they have the best employees working there with the best management system. BBL is getting the highest credit rating in their sector for several years. They also got many awards for their services and other activities for doing it for the best possible manner. BBL's marketing team is also doing great to reach out their customer in every corner in this country.

I have also discussed the financial performance of BBL in the project part of this report. The objective of this part is to undertake a comprehensive financial analysis of BBL. For the analysis purpose, mostly the secondary data has been used. What their position in market, how well they are performing and an industrial overview is stated here. For the analysis purpose I have done horizontal analysis, vertical analysis, ratio analysis and DuPont analysis. In horizontal and vertical analysis, it was clear that the net profit of BBL has been increased a lot over the years. Thus the owner's equity has also been increased and overall financial condition improved over the last five years. In ratio analysis, it was also visible they are performing way better than the industry average. They have a favorable profitability ratio, higher return on assets and equity. Though their cost to income ratio and liquidity ratio is increasing, their earning is also increasing. In DuPont analysis, it is proved they have high profit margin with an efficient asset turnover ratio. Through all these analysis, I found that BBL is doing better in the market. They have a good financial health and stability. They know their customer very well and provide service according to their needs.

In conclusion, it was really a good experience to internship in such a big organization and gets to know about the real life workplace so closely. I have got an amazing opportunity to apply my theoretical knowledge that I have learned in my courses in this organization setting.

**Keywords:** Ratio, Growth, Performance, Return, Profitability

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## **List of Acronyms**

BB	Bangladesh Bank
BBL	BRAC Bank Limited
BM	Branch manager
BOM	Branch Operation Manager
BSSO	Branch Sales & Service Manager
BCP	Business Continuity Plan
SME	Small & Medium Enterprise
CEO	Chief Executive Officer
BSEC	Bangladesh Securities & Exchange Commission
HRM	Human Resource Management
CDM	Cash Deposit Machine

# Chapter 1

## Overview of Internship

### 1.1 Student Information

My name is Ismat Jahan Rusu, ID: 15204052, a student of BRAC Business School who have done double majors in Finance and Human Resource Management.

### 1.2 Internship Information

#### 1.2.1

I have completed my internship from the head office of BRAC Bank under “Distribution Network” division. I have worked with “Branch Governance” department and this department has a team of six people. The duration of my internship was from 29<sup>th</sup> December, 2019 to 28<sup>th</sup> March, 2020. The location of BRAC Bank Head Office is “**BRAC Bank** Limited, Anik Tower, 220/B, Tejgaon Gulshan Link Road Tejgaon, Dhaka”.

#### 1.2.2 Supervisor’s details

Name: MD. Omar Faruk

Designation: Senior Manager

Department: Branch Governance

#### 1.2.3 As an Intern my duties and responsibilities were:

- **Communicating with 187 branches:**

The principle duty of Branch Governance is maintaining all the 187 branches BRAC Bank has. To maintain these branches they have to convey different messages, guidelines from BB (Bangladesh Bank) and many other things. So, interns are assigned to communicate with the branches regularly and they make sure the message is reached to the BM and BOM of every branch.

- **Making Phone Calls:**

To communicate with all the branches, interns have to make call in a regular basis. Mostly the calls are being done to inform any announcement from head office or to collect any information from branches required by head office. Interns also have to make call for arranging interviews and different meetings.

- **Updating BM and BOM task list:**  
BRAC Bank maintains a task list for every employee and make sure everybody is completing their tasks within the time frame. For this reason, I was assigned to update the BM and BOM task list in the BRAC Bank software daily.
- **Making survey :**  
Time to time BRAC Bank conducts different surveys to update the Bank's existing service or bringing a new service. So, I got a chance to make and design the surveys in their system.
- **Collecting AOF monthly :**  
Another important task was collecting AOF from branches monthly. BRAC Bank maintains a database of customers strictly. In the account opening form if anyone has any information missing, specially those customers who have done transactions above ten lacs in a daily basis then they take proper measure to collect all the information. This is done in every month to make sure no account is left with incomplete information.
- **Collecting IP address :**  
To ease the work of branches and keep track of everybody's work branch governance collect IP address of PC's used in different branch and I was assigned to do the task.
- **Arranging interviews :**  
For any promotion or internal recruitment in branches, Branch Governance takes the interviews. So I have to arrange several interviews during my internship.
- **Arranging different meetings :**  
Branch Governance also takes part in different meetings with BM, BOM or BSSO. I have to arrange the meetings by informing the individual and take their appointments and fixed a meeting.
- **Maintaining a database for CV's :**  
I have maintained a database for CV's for different position. There are a lot of CVs coming from different sources. And I have to manage them and keep a separate database for it and update it regularly.
- **Collecting BCP :**  
BRAC Bank collects a business continuity plan from every branch at the beginning of the year. This plan should be ready by branch so that in case of any emergency ( in case of fire, earthquake) they can shift their location according to the plan. I have collect BCP from every branch in January as a part of my responsibility.
- **Others :**  
I have also done a lot of work as per the requirement. For example, health card distribution to all the branches, taking uniform measurement for branch employee, also have done area mapping of branches to choose the area head etc.

## 1.3 Internship outcome

### 1.3.1 My Contribution to the company

- **Building good relationship with team members:** To do work for a company, you must work with the employees well. If you can make a team and work together only then the work will be fruitful. Otherwise, the workplace become chaotic and it become difficult to work. I have managed to build a good relationship with the employees and do the best for the bank.
- **Finding solutions to problems:** While doing internship, there were lots of problems in the workplace. For example, reaching the BOM to communicate or make them understand the direction given by the head office was not always easy. So we had to find out the solutions of these problems continuously to make the communication effective.
- **Worked efficiently and effectively:** Sometimes I worked for five persons at a time but I had managed my time to finish everyone's work on time. There were some days when I had to make hundred calls to different branches. I did all these work with efficiency but effectively.
- **Applied my knowledge and skills:** In my workplace, I have applied my existing knowledge and skills that I have learned in my undergrad life. For example, I had to use Microsoft excel, word etc daily for almost every work. As I had a course about it in my university, the work became easier for me.
- **Error free work:** I tried to do every task with less error. Always checked my work before submitting them, followed guideline properly, ask twice about the work if I was confused.
- **Communicating positively or effectively for better performance:** I also believe that I could communicate with my team members very positively and effectively. This is really necessary to do better performance in work. Without communication no one can work effectively. So communication is the key to success in the workplace.
- **Reliable:** I was a very reliable source for my work where they can believe about my sincerity and reliability. They believed that I can do the work and that is why they never thought before giving me any kind of task.

### 1.3.2 Benefits to the student

- **Work under pressure:** This internship experience has taught me how to work under pressure. In head office, they have to maintain 187 branches that are situated all over Bangladesh. As a result, they have a lot of pressure and a lot of works to do. I learned how to work under these circumstances.
- **Doing multi task at a time:** As I mentioned before, there were times when I had to do work for five persons at a time. So now I know how to do multi task at a time but error free.



- **How to create survey:** Now I know how to create survey with different app because during my internship I had to create a lot of survey form.
- **How to manage database:** During my internship, I have managed master file of MIS in BBL touch. BBL touch is their internal communication network.
- **Real life work experience:** I got a real life experience how banks basically work in branch level and how head offices manage these branches. I also got to know how BB helps to conduct the activities of the banks with their rules, regulations and guidelines.

### **1.3.3 Problems faced during internship:**

I had not faced that much difficulty in my internship period as my team members and supervisor was really helpful and co-operative. However, at the beginning I felt isolated in the workplace as this was a new place for me as well as a new experience. With the flow of time I got to know the people there and the work very well.

### **1.3.4 Recommendation:**

BRAC Bank is already a very nice place to work with a friendly and inspiring environment. But I think, they can organize intern orientation day for new interns so that they do not feel isolated and knows what is expected from them and what kind of work they have to do there. I have to face problems at beginning as I did not have any idea about my work and their expectations. It took almost three days to figure out my duties and make me comfortable there. So arranging a orientation day will be helpful in this case.

## **Chapter 2**

### **Organization part**

#### **2.1 Introduction**

##### **2.1.1 Objective**

The primary objective of this study is to complete my last course, BUS 400 which is a partial requirement in BBA department.

In addition, there are other objectives of this study which are given below:

- To have a overall idea about BRAC Bank
- To know about its mission, vision, tagline
- To know how BRAC Bank operates
- To know about the departments
- To know about the bank's process and procedures

##### **2.1.2 Methodology**

###### **Research Design:**

This is a descriptive report in nature with all the qualitative information. This is done gathering all kinds of information that BBL do share publicly.

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

To collect the information that I needed to fulfill my objective, I have used two sources. One source was primary and other source was secondary.

Primary sources:

- My observation throughout my internship period
- Discussion with my supervisor
- Discussion with my other team members

Secondary sources:

- Annual report of BRAC Bank
- Websites
- Newspaper
- Articles

### **2.1.3 Scope**

In this report, one can get to know the overview of BBL, about their operations, financial performance, policies, their values and also get an overall idea about their business. As I have done my internship in Head Office of BBL, I have a close observation how it manages and controls all of its branches from one place. However, I could not have the experience at branch level, I do not know how they manage the works and their huge customers rush. I may include more about branch level workings and include a survey from BM and BOM to know their experience in branch.

### **2.1.4 Limitation:**

There were some limitations while writing the report which are mentioned below

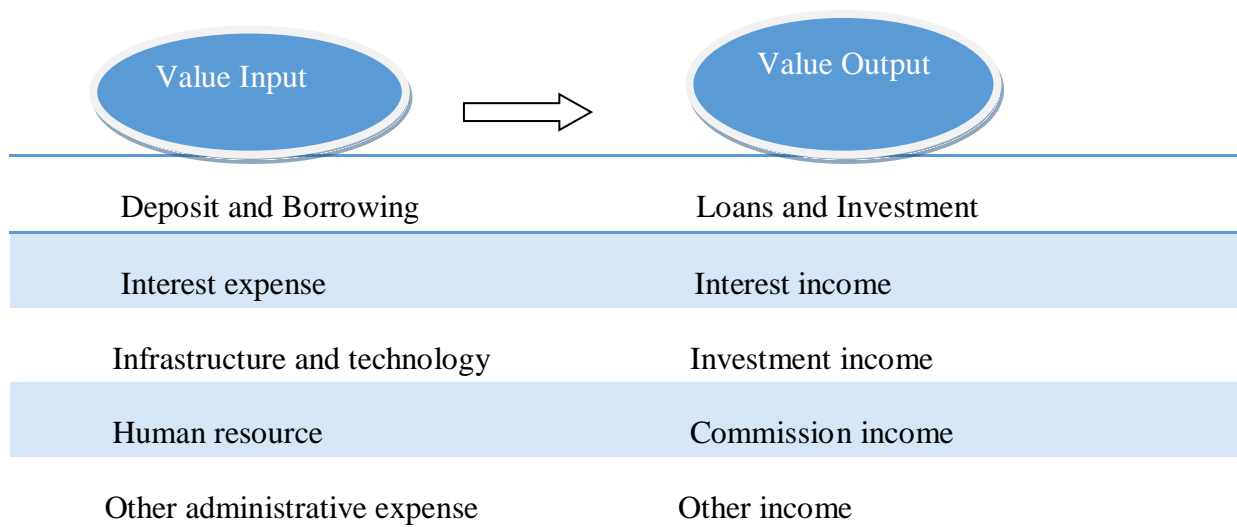
- Limitation of time: BRAC Bank is a huge organization. There are lots of things to know about it but due to limited time it is not possible to mention every detail.
- Busy work schedule: As the workplace is really busy, nobody gets enough time to discuss. It was difficult to manage time to talk.
- Confidentiality of information: There are some information that cannot be leaked publicly. So I could not incorporate a lot of data and information in this report

## 2.2 Overview of the company

### 2.2.1 Overview of BBL

There are two kinds of bank, one is commercial bank and the other one is investment bank. BRAC Bank is a private bank which has started its journey on 4<sup>th</sup> July, 2001 as a commercial bank. It was founded by Sir Fazle Hasan Abed. Back then there were only few people who have access to banking and the small and medium enterprises were not even counted under general banking. Thus an idea came into Sir Fazle Hasan Abed KCMG and he came up with the idea of BRAC Bank that would basically work with SME services. Its main target was the large number of unbanked people and the bank facilitated them with Small and Medium Enterprise services. This makes BRAC Bank unique than their competitors. Bangladesh Rural Advanced Committee (BRAC), a leading NGO worked a lot to promote this bank. Selim RF Hussain is the current managing director and CEO of BRAC Bank. Currently, 8000 employees are working under this bank and till now there are 187 branches and 457 SME units are operating in all over the country. It has 457 ATM booth of its own with 90 CDM. In Bangladesh, BRAC Bank has got the **highest** credit rating for three consecutive years by Moody's Investor Service and the rating is **Ba3**.

This is how BRAC Bank creates value:



**Figure 1 Value Creation of BBL**

## 2.2.2 Mission, Vision and Values



Figure 2: mission, vision and values

### Corporate vision:

The mission of BRAC Bank is to create a financial institution that will help the country to grow with its potential market and business and also be a profitable and socially responsible institution that will help to remove poverty from this country.

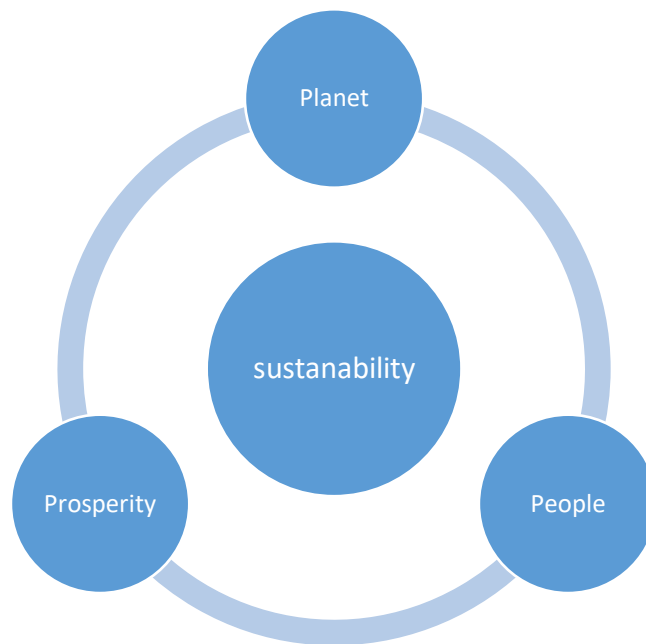
### Mission:

- Grow with sustainability in SME service sector while having a low cost deposit system in retail sector in a controlled way.
- Do control a wide range of businesses while having no compromise in quality and having self motivated team who will work to turn the vision into a reality
- To raise the corporate asset through self-liability mobilization and increase the assets by investing in faster growing sectors.

### Values:

- It is valuable to be a part of BRAC family
- Creating a environment which is very honest, open and enabling
- Making efforts to have more profits with a sound growth
- Respecting people and making decisions based on merits
- Giving reward based on performance
- Be a responsible person and build a strong customer relationship

### 2.2.3 Company Philosophy



**Figure 3 company philosophy**

BRAC Bank is always dedicated to the people as they believed in hope and faith of those people. As the bank is one of the major player in the in the financial market area, they influence the people and the environment directly or indirectly. They care for the planet and that is why they work in a sustainable way. They try to do expand their green banking and working on it. The bank also believes in prosperity that is why they invest and work for the community.

### 2.2.4 BRAC Bank logo and tagline



**Figure 4 BBL Logo**

## 2.2.5 Rewards and achievements

- In capital market, BBL has capitalization amount is US\$ 1 billion
- They got Asiamoney's 'Best Bank for SMEs' in 2017
- Another achievement of BBL is the SAFA award for the Best Presented Annual Report in 2016
- They also got ICMAB Best Corporate Awards in 2016
- Information Security by ISO Certification is also a big achievement for BBL
- BBL got the Best Published Annual Reports 2016 by ICAB
- Women's Market Champion Award by Global Banking Alliance
- Most Progressive Bank on Gender Strategy and Implementation 2017 by Asian development Bank

## 2.2.6 Shareholding Structure

SL. No.	Name	Status (Sponsor/Promoter/ Director)	No. of shares held as on 31.12.2019	% Paid-up Shares
1	BRAC	Sponsor	546,132,327	44.279
2	Late Sir Fazle Hasan Abed, KCMG	Sponsor	12,109	0.001
3	Late A. S. Mahmud	Sponsor	10,128	0.001
4	Late Faruq A. Choudhury	Sponsor	10,128	0.001
5	Dr. Saleh Uddin Ahmed	Sponsor	8,322	0.001
6	Dr. Ahsan H. Mansur (Chairman)	Independent Director	Nil	Nil
7	Ms. Nihad Kabir (Nominated by BRAC)	Nominated Director	44,628	0.004
8	Mr. Kaiser Kabir (Nominated by BRAC)	Nominated Director	Nil	Nil
9	Mr. Asif Saleh (Nominated by BRAC)	Nominated Director	Nil	Nil
10	Mr. Kazi Mahmood Sattar	Independent Director	Nil	Nil
11	Ms. Fahima Choudhury	Independent Director	Nil	Nil
12	General public	Other than sponsor/Director	687,157,685	55.713
Total shares			1,233,375,327	100%

## 2.2.7 Job Grades of BBL

- Deputy Managing Director
- Senior Executive Vice President
- Executive Vice President
- Senior Vice President
- Vice President
- Senior Assistant Vice President
- First Assistant Vice President
- Assistant Vice President
- Senior Principal Officer
- Principal Officer
- Senior Officer, Management Trainee
- Officer Grade II, Young Professional, Junior Professional
- Officer Grade I

## 2.2.8 Subsidiaries of BBL

- BRAC EPL Investments Limited



**Figure 5 BRAC EPL Logo**

- BRAC EPL Stock Brokerage Limited



**Figure 6 BRAC EPL Stock Brokerage**



- [bKash](#) (Mobile banking service) Limited



**Figure 7 bKASH logo**

- BRAC Saajan Exchange Limited



**Figure 8 BRAC Saajan logo**

- BRAC IT Services Limited



**Figure 9 BRAC IT logo**

## 2.3 Management Practices

BRAC Bank is one of the leading banks in Bangladesh. It is growing very fast and now it is a very successful in the financial sector. To be a successful bank in the industry, the management has a big role to play. A good management practice makes sure a company is fulfilling its goal that they need to be achieved. Management organizes the resources and distributes it accordingly. It also specifies the mission and vision of a company and works to achieve it.

### 2.3.1 Board of directors

- Dr. Ahsan H. Mansur , Chairman.
- Nihad Kabir , Nominated Director.
- Kazi Mahmood Sattar , Independent Director.
- Kaiser Kabir , Nominated Director.
- **Asif Saleh** , Nominated Director.
- Fahima Choudhury , Independent Director.
- Farzana Ahmed , Independent Director.
- **Selim R. F. Hussain** , **Managing Director & CEO.**

#### **Boards of directors are responsible for following works**

- **Making policies for BRAC Bank:** The board of directors sits and decides what is the goal and objectives of bank and what kind of policies they would follow to achieve those. Also make decision for internal changes or any other reformation of the organization.
- **Managing the risk of bank:** For any kind of loan/ investment proposal, sanction, disbursement, recovery, write-off the board members take the decision what will be the strategy, process and procedures.
- **Internal control management:** They are very careful about their internal control system to maintain a satisfactory standard. The internal audit is done independently from the management and reviews it very closely. Then the board makes recommendations after observing the internal and external audits.
- **Appointment of CEO :** One of the most important responsibility of board members is to appoint CEO for the company who will be honest, efficient, experienced and also suitable for the position
- Managing compliance in the organization and proper implementation
- Review and monitoring the annual reports, internal and external audit reports regularly.

### **2.3.2 HRM practices of BBL**

BBL has more than 7000 people working with them along with 1011 working people in subsidiaries. BBL believes in diversity and recruits people from all over the country no matter what religion, gender or ethnicity they have.

However, BBL keeps in mind that the employees have

- High quality in themselves
- Upgraded skills and knowledge
- High motivation and enthusiasm

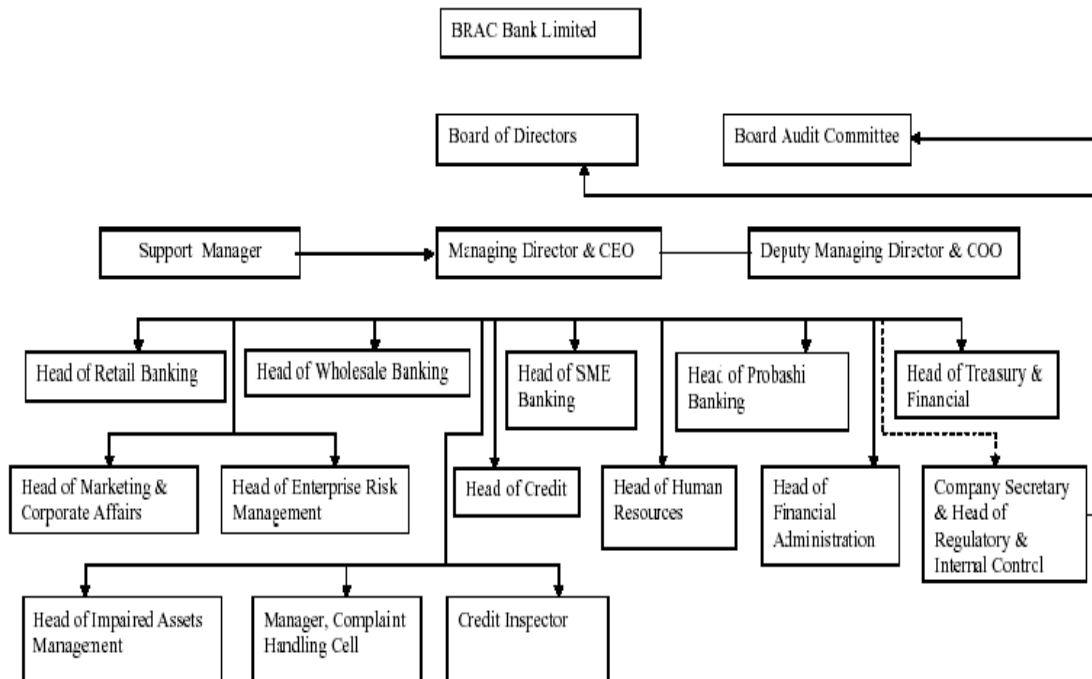
Practices BBL follows to keep these high quality employees are:

- Respecting all the employees as BBL consider them as critical success factor
- Offering a working environment which is very open and friendly
- Offering trainings for professional development
- Meeting employees need by offering better packages
- Always caring the health of employees
- Giving insurance facilities to their employees and family members
- Providing transportation system which is very comfortable and organized
- Always recruiting high quality resource

#### **Compensation and Benefit system**

**Performance based reward:** BBL believes in a compensation policy which is totally performance driven. Employees will get their reward by judging how they are performing and completing their professional goals and targets. Their compensation policy only reflects “Pay for Result”. They follow this rule to avoid biasedness in work. BBL tries to give value of their workers continuous effort and their hard work. The main objective is to build a team that will be motivated and inspired.

### 2.3.3 Corporate Organogram:



#### Organizational Structure

Figure 10 Corporate organogram

### 2.4 Marketing Practices of BBL:

Marketing is really an important tool for an organization to reach out its potential customers and existing customers. It helps the organization to grow. The revenue and profit will increase dramatically by efficient marketing. BRAC Bank follows different marketing strategies to reach their customers and expand their business.

#### BBL's 4 P's of marketing

##### 1. Product

BBL mainly offering different financial services to its customers and the services are

- **SME Banking:** Products offered by SME banking are given below:
  - Anonno Loan
  - Prapti Current Account
  - Shadhin Current Account
  - Shonchoy SME Deposit

- **Retails Banking:** Products of retail banking are given below:

- Home Loan
- Deposit Account
- Triple Benefit Savings Account
- Golden Benefit Savings Account
- Happy Savers Account

- **Credit card:** These type of cards are offered by BBL.

- Signature Card
- Platinum Card
- Gold Card
- Classic Card

- **Debit Card:** Types of debit cards are:

- Visa/ Master Card
- Apollo Health Card
- Hajj Prepaid Card
- Visa Prepaid Gift Card

- **Foreign Exchange & Related Services**
- **Wholesale Banking & Custodial Service**
- **Probashi Banking**

- Probashi Current Account
- Probashi Savings Account
- Probashi Fixed Deposits
- Probashi Abiram Account

## 2. Price

Price is the cost a customer pay for the services he gets from BBL. BBL charges differently for different services from its customers. For different credit cards, charges applied differently. For example, for 25 lacs home loan BBL charges 10.50% interest. Another account like Triple Benefits Savings Account gets higher interest than other savings account. For business account the minimum balance is higher than student account. So the pricing strategy varies from customer to customer here.

### 3. Place

BBL is offering their services all over the country. There are lots of branches, ATM booths, agent banking points in every corner of Bangladesh.

The distribution network of BBL is given below

Service point classification	Number
Business Region	8
Total Branches (Including SME SC/KB)	187
Premium Lounges	16
ATMs	448
CDMs	97
Regional Operation Centers	11
SME Business Region	6
SME Business Territory	36
SME Business Zone	178
SME Unit Office	456
Agent Banking Outlet	50

### 4. Promotion

Here some of their marketing strategies are given below:

#### Advertising:

BRAC Bank has used different kinds of advertising for their different services. They have advertisement that is visible in television. There are advertisements for internet banking, TARA banking, retail banking, for card offers and for other information that they want to make their customers know.

#### Print advertisement:

BRAC Bank also use print media advertisement to reach their customers. For this they use news paper, magazines, newsletters etc.

They also use different brochures, leaflets, hang tag, calendar (both wall and table) to attract the attention of their customers.

#### Social Media:

BRAC Bank has their official pages in different social media platform where they post about their activities time to time. In their Facebook page, they have almost 2 lacs followers which are really huge in numbers.

#### Internet marketing:

Internet marketing is another important tool that is used by BRAC Bank. They use the video ads in different websites, YouTube etc

### **Relationship marketing:**

BRAC Bank is very good at this kind of marketing. They build a very good relationship with their customers and always give better service to them. They build a very loyal customer group and they work as word of mouth marketing for them too.

### **Marketing for SME unit:**

#### **Emerging Corporate Division:**

The decision of having an emerging corporate division has really helped BRAC Bank to grow their SME services. This service mainly created to attract aspiring SME owners. It meets the need of those fast growing medium sized business owners who are interested in manufacturing, trading and other services.

#### **Agent banking:**

BRAC Bank also manages Agent Banking Channel for SME banking division. Though these channels, BRAC Bank client can take any banking services from any corner of the country. This service is given by biometric verification which is really convenient for customers, specially for those customers who live in rural areas. So this system makes banking process easier to customers and attracts them successfully.

### **Marketing for Retail Banking:**

#### **Different campaigns:**

BRAC Bank always organizes different campaigns based on different occasions for their customers. For Pohela bhoishakh, Valentine's Day, Women's day and for other events too, they organize different campaigns.

#### **EID Campaigns:**

In EID, BRAC Bank offers cash back offers for shopping in different brands. For example, Aarong, Bata, KFC, Pizza hut etc.

#### **Durga Puja Campaigns:**

These campaigns specially held for the Hindu segment people.

#### **Overseas Campaigns:**

This campaign basically represents a reward based campaign where you will get points to have international transactions. This is done to promote the international transactions.

#### **Customer Acquisition Campaigns:**

BRAC Bank also offers the employees to have dream holiday to some beautiful places for their contribution in retail banking.

### Discount in Agoda.com:

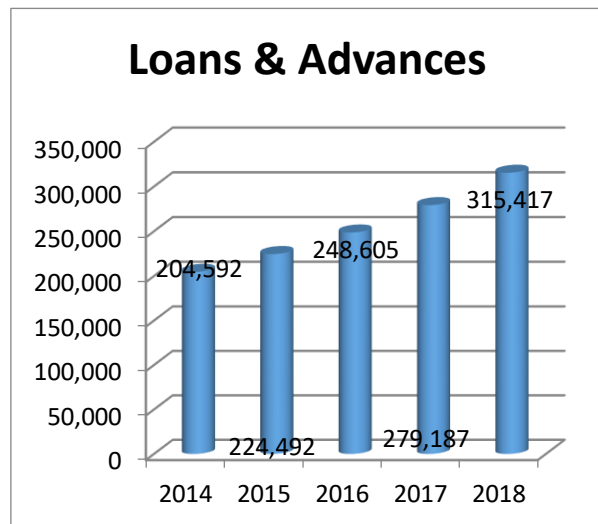
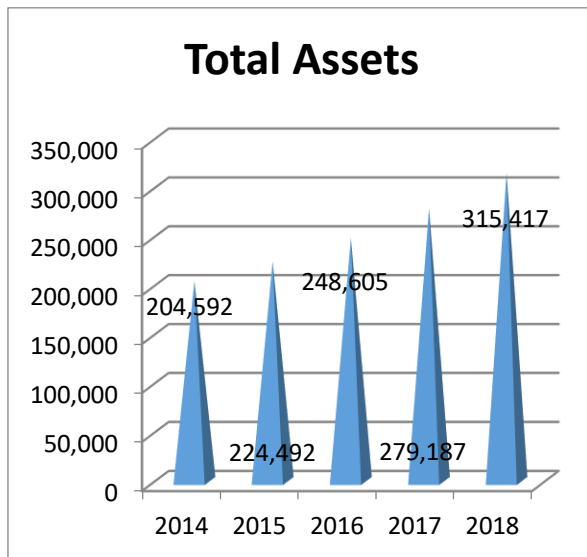
For the first time, BRAC Bank Credit Card holders can enjoy discounts in hotel bookings if they book through Agoda.com

## 2.5 Financial performance and Accounting practices of BBL

### 2.5.1 Financial Performance of BBL:

Financial performance is a subjective measure by which it can be found out how well a firm is doing, how they are investing and how efficiently a firm is generating revenue from those investments. Over the last few years, BBL has become the market leader in SME sector. In fact, the overall performance of BBL is very satisfactory. Every year they are improving themselves comparing the last year. It has started working on their retail and corporate sector so that they become the topper in that sector too. They have a large customer base in Bangladesh and the number is 1.2 million. The rating system BBL got over the last few years indicates that it is a financial solvent and healthy organization. The ratings also indicate bbl has the ability to meet all of their financial commitment and make the repayment obligations on time.

A close observation on their annual reports will help anyone to understand BBL's financial performance. Here some of the information is given below:





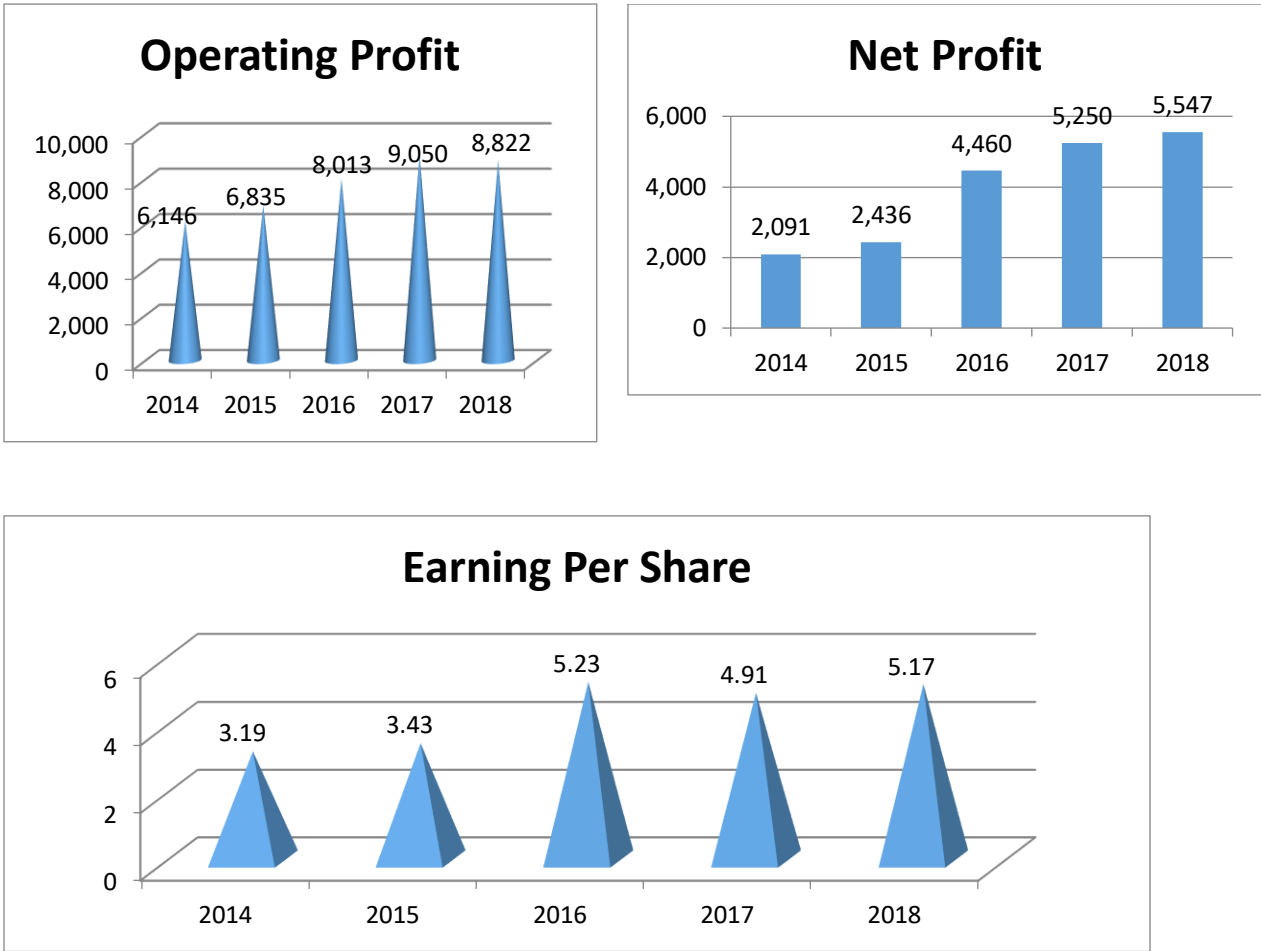


Figure 11 Financial performance Chart

From these data, the scenario of BBL is very clear. Every year the total assets are increasing which also help them to grow and their amount of loans and advances which is a source of income is also increasing day by day. As a result, the operating income is also growing over the years which lead them to achieve higher net profit than before. The earnings per share of BBL are increasing along with their net asset value per share. All these data indicates BBL is financially stable and performing very well in the market.

### 2.5.2 Accounting Practices:

Accounting practice indicates the process and procedures of system that the accounting department follows to record its business transactions.

BRAC Bank follows **Time Period Principle** for their accounting process. In this principle, a specific time is referred for reporting all the transactions. In BRAC Bank, all the expense i.e salary of employees or any other bills are paid monthly and it is paid on 25<sup>th</sup> of every month.

For accounting standard, BBL has been following Bangladesh Accounting System (BAS) and Bangladesh Financial Reporting Standard (BFRS). As they follow BFRS, it clearly indicates BBL has a compliance with **GAAP**. They also follow guidelines from BB, BSEC for regulations of bank.

### **2.5.3 Internal control and compliance of BBL**

The main objectives of internal control are:

- Achieving bank's operational objectives which includes the vision, mission of the bank
- Achieving bank's reporting objectives that includes the timeliness, accuracy of both internal and external reports
- Fulfilling compliance objectives that includes the activities regarding the laws and regulations

Committees that are formed for internal control:

- The audit committee of board
- The internal audit department of bank
- Various committee to assist board to bring efficiency in Bank
- Cyber security
- Fraud and risk management

### **2.5.4 The main four Units of ICCD of BBL:**

#### **Internal Audit:**

This department checks the bank's different units, departments and branches if they are following the policies and procedure of BRAC Bank. This department is totally independent from the board of bank. BBL audit follows risk based internal audit methodology for their audit functions. These units help the organization to achieve its goals and objectives by evaluating the performance periodically. Under internal audit they have three units:

- Head office audit
- Distribution audit
- Information system and vigilant audit

**Compliance:**

BRAC Bank has the best compliance culture that motivates the employees to comply with the policies, regulations and other procedures. The compliance department is very strong and it includes three units:

- Regulatory compliance unit
- Internal compliance unit
- Investigation unit

This department basically helps Bangladesh Bank to inspect the branches of BBL and make sure all the branches submit inspection report to Bangladesh bank on time with an appropriate manner.

**Monitoring:**

BBL has a separate monitoring team who are basically assigned to verify the internal control system as well as operational activities of bank. This department monitors the DCFCL, QOR, LDCL at branches and other departments which is a regulatory requirement. This department also sends Bank's Health report to Bangladesh Bank time to time.

**Concurrent audit:**

Bangladesh Bank provides guideline which is to be followed by different banks and concurrent audit department make sure BBL is following those guidelines and policies that are directed by BB. This department exclusively do surprising audit at different branches to make the service better.

## 2.6 Operations Management and Information System Practices

### 2.6.1 Operation Management of BBL

Core focus of BBL Operation is given below:

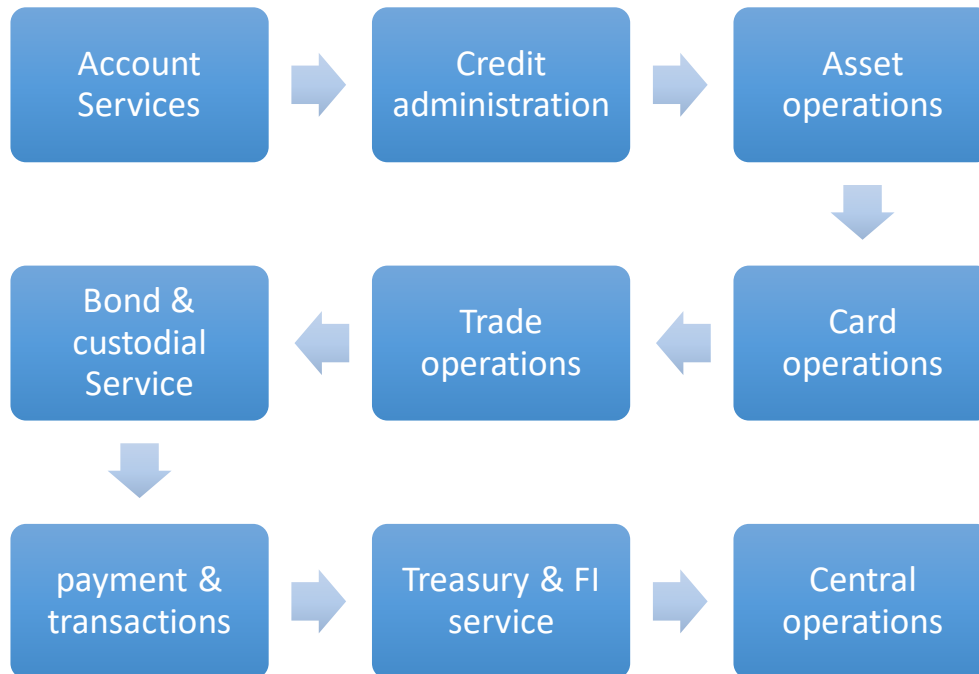


Figure 12 core operations

### 2.6.2 Current achievements of BBL Operations

- BBL has successfully launched Core Banking System software to Finacle in bank so that they bring sustainability in their offered services and improve the experience of their customers.
- BBL has established their Agent Banking in a very short time with a good success rate.
- They have the highest volume of security trading in the Secondary market by which BRAC Bank Treasury secure the top position in local market.
- For the first time ever a schedule bank like BRAC has introduced BBL Electra Trading Platform.
- For making term processing faster and more integrated, BBL is using SharePoint.
- They have also introduced e-advice service system for customers who are involved in trade
- They are the one who also introduced d ‘Collateral Security Management System’ so that BB gets all kind of collateral information timely.
- BBL also using digital calculators for the ease of SL or SOD for instant notification

### **2.6.3 Future plan of BBL Operations**

- BBL will introduce document management system (DMS)
- Settlement of cards and ATM card reconciliation will be done automatically
- The process for card booking system will also be automated
- Using SWIFT with Finacle will be mandatory to do faster work for their customers
- Tracking system will be introduced where they can Home Loan or other loans too.
- The ledger keeping and teller machine reconciliation will be automated too

The main target is to digitalized the organization while having more automated process to decrease the cost while increase the efficiency and profitability of the organization.

### **2.6.4 Information system of BBL:**

In these modern days, it is very important to be digitalized and BBL is trying hard and soul to make it possible. They are transforming their way of servicing and getting towards of digitalization just to meet the customer's technological expectations. A digital process also helps to lower the organization's cost where increase the profit with efficiency. Now a days customers do not visit branches as before as they are really busy and involving themselves in mobile banking more and more. So BBL is focusing on technology to keep a pace with the needs of customers and trying to upgrade its technological infrastructure. They are already very good at digital banking and also trying to improve it every day.

- From 2016, they are using the tech support and investing heavily on technology. In branches a lot of transactions are taken place every day. It is not possible for them to record them manually and update it. So different information systems are used here.
- Main banking platform is also upgraded with Core Banking Solution (CBS) that allow bank to be up to date with all the banking process. It also helps to cutting the cost of organization.
- BBL also using a upgraded SWIFT system that provide them a high level security and deliver a real time of delivery of services.
- The main satellite of BBL is also updated to have all new features and increase the existing capacity.
- The new cash management system of BBL has really expands the corporate business and helped BBL to stay ahead of their competitors.
- Documentation management system has helped to ease the paper work of organization and also decrease the amount of papers needed in back office as well as in branches.
- The main transformation for BBL is being a part of personal based digitalization which is basically making more cash less solutions. Introducing Universal Banking solution (UBS) app is a big step for BBL.

Steps taken by BBL to protect the information assets from different risks are given below:

- Password is being strictly controlled by BBL
- User ID maintenance is done regularly
- Input is also controlled by BBL
- A strong network security is being ensured
- Data encryption
- Virus protection
- Internet and e-mail alert system

## **2.7 Industry and Competitive Analysis**

### **2.7.1 Banking Industry in Bangladesh**

In Bangladesh there four types of scheduled banks

- State-owned commercial banks
- State-owned development banks
- Private commercial banks
- Foreign commercial banks

There are 57 banks in total working in Bangladesh till now. Among them 48 banks are being operated privately while other 9 banks are being operated by government. In Bangladesh, 48 banks are local commercials along with 9 foreign commercial banks. All these banks are being closely observed by Bangladesh Bank and these banks have to follow all the rules, regulations and guidelines that is provided by BB.

There are some non-scheduled banks too in Bangladesh which are:

- Ansar VDP Unnayan Bank
- Karmashangosthan Bank
- Grameen Bank
- Jubilee Bank
- Palli Sanchay Bank
- Probashi Kolloyan Bank

## 2.7.2 SWOT Analysis of BBL

- **Strength of BBL:**

BBL has a very good reputation in the market among their investors and customers for having the best quality of services, product, productivity, sustainability in performance with a very good governance body.

BBL is the first bank in Bangladesh who is a member of Global Alliance for Banking on Values (GABV).

It also has uninterrupted service delivery system with 187 branches all over the country.

A very proud matter of BBL is being a sponsor of kit for Bangladesh National Cricket Team.

Human resource team of BBL is very competitive and empowered.

BBL is very good at finding out their customers need and provides services according to the needs.

It has also gained a remarkable place in the market for their SME services.

The capital base and BBL's ROA & ROE return also indicates the financial strength of BBL.

- **Weakness of BBL:**

For every kind of corporate loan the bank has to take approval from the board of directors. This is a very long and tiring process to do.

- **Opportunity of BBL:**

BBL can start issuing bond for others. They have the ability to reach every corner of the country. Another opportunity for BBL is providing retail services to their existing corporate and SME customers.

- **Threat of BBL:**

There is huge competition in the market specially for corporate loans which force banks to focus more on SME and retail loans. In addition, there are a lot of foreign banks and financial institutions are in the market. In this condition, if any new bank enters the market then the competition will increase more.

## 2.7.3 Porters Risk Analysis Structure:

- **Competitive rivalry:**

As the market is very competitive, BBL needs to do invest a lot in technology. In this intense competition, technology will help them to up to date and give services in the fastest way. BBL is already known for its best quality service but there are a lot banks in market who are doing everything to get the position. So, BBL has to work hard to keep the position and also have to do work to be better than before. Customer loyalty is another issue as loyalty is decreasing and they can shift anytime.

- **Buyer power:**

This indicates how much pressure customer can create on BBL. Here, customers have very stronger bargaining power as there is very low switching cost. There are lots of banks in market so customer has a lot of options to go. There is a huge pressure on banks for having high levels of fixed cost and this force banks to attract more new customers. So it is a pressurized environment for banks to operate.

- **Supplier power:**  
In banking sector, depositors are the main supplier. All of a sudden, this sector is facing some liquidity crisis which give the depositors more privileges to bargain.
- **Threat of new entrants:**  
There is always a pressure from political actors for approval of new banks that is why government has to give approvals. Also there are many financial institutions too in the market who are offering loans to local corporations.
- **Threat of substitute product:**  
Banking sectors are now facing a new threat that is non financial institutions are providing a lot of financial services are previously offered by the banks only. There are 34 non financial institutions so the risk is moderate.

## 2.8 Conclusion

In conclusion, it can be stated that BBL is doing really good in the market and they need to exert to stay it up as the market is extremely competitive. There are more financial and non financial companies in the market than before who are offering same kind of services like banks. Still BBL is growing over the years and the employees are working hard to bring the success. The large customer base of BBL is also very impressive that help to make the bank successful. They are offering different products for different groups. Everyone will find a suitable service for them in BBL. BBL is also very picky while hiring their employees. They know it very well employees are one who will handle customers. So it is necessary to choose the right one who can meet the customer needs and it is proved that BBL is very successful as customers are really very satisfied with their services. They are also trying hard to be digitalized fully so that they can serve their customers within a short time but in a secure way. It will also help them to scale back the cost and increase the profit. BBL features a very strict audit committee and they never compromise with the standard which helps BBL to be more honest and open. That is why BBL is known for its best quality of service.

## 2.9 Recommendation

- BBL is already a market leader at SME sector so they have to be more focused on retail sector too and be the market leader soon.
- For marketing, though they are already very good at it, it is a suggestion to use Facebook Ads which appears in different video content just for 10 to 20 seconds. This is a very easier way to reach the most of its potential customers. They have to be more active in their official Facebook page.
- Also keep a closer eye on their competitors because the market is changing in a very fast pace and customers are not loyal. They can switch any time if other banks offer more lucrative services. So, BBL has to go with the flow and seek for the answer always what their customer wants not what BBL can serve.



## **Chapter 3**

### **Project Part**

#### **3.1.1 Background**

Internship is such a program that helps people to make connection between corporate life and student life. No matter how much bookish knowledge we acquire, we cannot realize how things are done in real life. This internship gives us the opportunity to know that and real work experience helps us to apply those knowledge and skills we have learned in our academic life. It also helps us to cope with our further career where we will work in future.

I have got an opportunity to my internship from one of the best bank in our country which is BRAC Bank. Here I got know how banking take places in our country, what is process and procedure to run a bank, how banks are working to satisfy their customers, how to do group works and all. I internship period was there months where I have seen all the bank activities very closely. So after taking permission from my academic supervisor, I have decided to the financial performance analysis of BRAC Bank for last five years.

#### **3.1.2 Objectives**

Primary objective: The primary objective of this report is to undertake a comprehensive financial performance analysis of BBL. In addition, undertake a time series and comparative industry analysis of BBL.

Secondary objective: the secondary objectives of this report are given below:

- To know the financial performance of BRAC Bank based on horizontal analysis
- To know their performance based on vertical analysis
- To know about important ratios BRAC bank
- To know about their competitors performance

### **3.1.3 Significance**

This report will provide a clear idea about BRAC Bank's financial position in the banking sector. By reading this report, people can understand BRAC Bank's performance and how they are growing over the years. This will give an overall overview of financial growth of banks within the industry.

## **3.2 Methodology**

### **Research design:**

This is a quantitative report which is completed with quantitative analysis and it also includes qualitative and quantitative interpretations based on the analysis.

### **Sources of data:**

To complete this report secondary data has been used and the sources are given below:

- Annual reports from 2014-2018
- Websites
- Articles

### **Tools that are used for analysis:**

- Horizontal analysis
- Vertical analysis
- Ratio analysis
- DuPont analysis

### 3.3 Findings and analysis

#### 3.3.1 Horizontal analysis:

This is also known as trend analysis which is basically used to evaluate the trends in the organization. In this analysis, the oldest year is considered as the base year for analysis. As I have taken five years data from year 2014 to 2018 so 2014 is the base year here.

**Table 1Horizontal analysis of income statement of BBL**

Accounts Title	Year	Year	Year	Year	Year
	2014	2015	2016	2017	2018
Interest income	100.00%	103.45%	106.24%	122.06%	149.40%
Interest paid on deposits and borrowing	100.00%	94.18%	76.54%	90.85%	125.91%
Net interest income	100.00%	114.65%	142.16%	159.80%	38.95%
Investment income	100.00%	98.05%	99.82%	143.16%	118.38%
Commission, exchange and brokerage	100.00%	112.24%	98.88%	112.06%	100.27%
Other operating income	100.00%	146.15%	16.69%	14.23%	15.52%
Total operating income	100.00%	112.83%	119.07%	139.54%	142.93%
Salaries and allowances	100.00%	112.51%	113.49%	148.92%	160.39%
Rent, taxes, insurance, electricity etc	100.00%	106.48%	127.73%	145.91%	156.68%
Legal expenses	100.00%	53.63%	43.14%	29.72%	39.29%
Postage, stamps, telecommunication	100.00%	119.66%	110.13%	113.78%	124.15%
Stationery, printing, advertisement etc	100.00%	139.53%	75.85%	113.58%	109.39%
Chief Executive's salary and fees	100.00%	103.46%	96.55%	96.55%	101.36%
Directors' fees and expenses	100.00%	101.47%	198.80%	201.94%	193.08%
Auditors' fee	100.00%	100.00%	128.25%	153.90%	172.20%
Depreciation and repairs to bank's assets	100.00%	89.71%	87.99%	81.95%	112.22%
Other expenses	100.00%	125.71%	180.37%	222.53%	214.97%
Total operating expenses	100.00%	110.49%	119.85%	145.60%	155.89%
Profit/(loss) before provisions	100.00%	115.12%	118.30%	133.61%	130.25%
Total provision	100.00%	121.70%	33.12%	44.14%	28.72%
Total Profit/(loss) before taxes	100.00%	111.00%	171.71%	189.71%	193.91%
Total provision for Taxation	100.00%	105.49%	129.72%	127.77%	121.87%
Net profit/(loss) after taxation	100.00%	116.45%	213.33%	251.10%	265.31%

**Table 2**Horizontal analysis of balance sheet of BBL

Accounts Title	2014	2015	2016	2017	2018
<b>PROPERTY AND ASSETS</b>					
Cash in hand	100.00%	74.28%	71.50%	80.61%	88.05%
Balance with Bangladesh Bank	100.00%	111.14%	109.29%	127.92%	164.93%
Balance with other banks (inside)	100.00%	75.40%	56.79%	69.15%	53.16%
Balance with other banks (outside)	100.00%	421.10%	185.26%	288.14%	218.53%
Investment (government)	100.00%	72.86%	82.91%	93.35%	98.94%
Investment (others)	100.00%	143.74%	162.99%	172.89%	162.43%
Loans, cash credit, overdrafts etc	100.00%	120.42%	91.05%	95.38%	114.94%
Small and medium enterprises	-	-	100.00%	132.49%	131.44%
Bills purchased & discounted	100.00%	221.25%	331.11%	987.09%	3108.23%
Fixed assets including premises, furniture and fixtures	100.00%	101.52%	107.60%	147.77%	148.65%
Other assets	100.00%	111.02%	127.84%	67.94%	70.63%
Non-banking assets	-	100.00%	100.00%	101.93%	106.82%
<b>Total property and assets</b>	100.00%	109.73%	121.51%	136.46%	154.17%
<b>LIABILITIES AND CAPITAL</b>					
Borrowings from other banks, financial institutions & agents	100.00%	300.09%	252.01%	310.51%	307.13%
Borrowings from Bangladesh Bank	100.00%	189.65%	282.86%	234.38%	349.53%
Convertible Subordinate Bonds	100.00%	100.00%	98.37%	95.00%	0.00%
Money at call on short notice	100.00%	309.84%	106.86%	221.31%	0.00%
Current accounts & other accounts	100.00%	93.62%	95.75%	118.67%	102.02%
Bills payable	100.00%	81.50%	126.51%	97.95%	147.67%
Savings deposits	100.00%	112.72%	121.49%	135.94%	148.41%
Fixed deposits	100.00%	91.96%	123.04%	139.81%	194.53%
Other deposits	100.00%	247.81%	327.76%	416.51%	375.42%
Other liabilities	100.00%	117.82%	117.16%	93.11%	98.20%
<b>Total liabilities</b>	100.00%	110.08%	121.58%	135.52%	151.89%
Paid up capital	100.00%	100.00%	100.16%	120.57%	151.21%
Share premium	100.00%	100.00%	101.03%	103.20%	106.38%
Statutory reserve	100.00%	100.00%	100.00%	138.71%	185.23%
Dividend equalization fund	-	-	100.00%	100.00%	100.00%
Revaluation reserve on govt. securities	100.00%	124.29%	63.21%	13.20%	3.17%
Assets revaluation reserve	100.00%	100.00%	100.00%	100.00%	92.68%
Translation reserve	-	-	-	-	-100.00%
Surplus in profit and loss account/Retained earning	100.00%	135.32%	216.32%	277.80%	340.48%
<b>Total shareholders' equity</b>	100.00%	105.96%	120.76%	146.38%	178.19%
<b>Total liabilities and shareholders' equity</b>	100.00%	109.73%	121.51%	136.46%	154.17%

## **Interpretation for Horizontal Analysis:**

### **Horizontal Income Statement:**

The percentage of interest income of BBL is increasing over the years and also the percentage of interest paid for deposits is increasing from the base year 2014. However, the net interest income has been decreased drastically from the base year 2014 though it has been in an increasing rate till 2017. The reason for this drastic change is higher interest rate in market. In 2018, all kinds of financial institutions have faced a big challenge of rising interest rate. As a result, bank has to pay a lot interest on deposits and borrowing than previous years. Another reason is the amount of deposits and borrowed money increased in 2018. As a result, the interest paid is much higher comparing with previous years. This increasing cost led to a sharp decrease the net interest income. The investment income is also growing over the previous years but in 2018 it has been slightly decreased which indicates a bit lower investment in 2018 comparing with 2017. From the analysis, it is also visible that the net profit is also getting larger over the years from the base year 2014. Though the operating cost is increasing due to the expansion of business, this expansion also help BBL to achieve a higher operating income than before and it is way better and greater in compare to the increasing cost. As a result, BBL's net profit is increasing.

### **Horizontal Balance Sheet:**

From horizontal balance sheet, it is visible that cash in hand has been decreased from the base year 2014. One reason for reduction of cash in hand could be the increased amount of investment. When an organization has less cash in hand then the organization might investing in their fixed asset. In this analysis, by looking into the fixed asset, it is clear BBL has been increased their investment in fixed assets as it is increasing over the years. That is why BBL has fewer amounts of cash in hand than the base year. In addition, BBL's balance with other banks inside Bangladesh is also declining from 2014 to 2018. In addition, BBL's investment has also been decreased in government sector and the rate has been increased in other sectors. The reason is yield difference; banks usually invest to earn yield and seek for higher yield in the market. In government sector, there is less risk so the percentage of yield is also lower. On the other hand, in other private sector, there is high risks that offer a lucrative yield too. That might be reason now BBL is investing more in other sectors than government sectors from the previous years. Another account which has been seen to change radically is bills purchased and discounted. Apart from loans and advances this another important source asset for any other banks. It has been improving very well from the base year and helps BBL to increase their current assets. All kinds of deposits has been risen from the base year and the reasons are higher interest rate than before, improved and diversified services offering, digital platform of BBL and all. BBL is trying a lot to improve their quality and service and also offering a large category of services which help them to attract a large number of customers. BBL's shareholders equity has been increased a lot comparing the base year which means their liability is decreasing. The reasons for the increased equity are increase in retained earnings and in paid up capital. Their retained earnings have been increased as they have increased their net profit over the years. BBL also increased their paid up capital by issuing new shares in market. These steps help BBL to increase their shareholders equity from 2014 to 2018.

### 3.3.2 Vertical analysis

This is also known as common size analysis. This is a financial tool that is used to compare each entry as a portion of their total accounts. The base amount is the aggregated amount like total assets or total liabilities from the same year's financial statement.

**Table 3** Vertical analysis of income statement of BBL

Accounts Title	2014	2015	2016	2017	2018
Interest income	100.00%	100.00%	100.00%	100.00%	100.00%
Interest paid on deposits and borrowing	54.73%	49.83%	39.43%	40.74%	46.13%
Net interest income	45.27%	50.17%	60.57%	59.26%	53.87%
Investment income	14.89%	14.12%	13.99%	17.47%	11.80%
Commission, exchange and brokerage	15.28%	16.58%	14.22%	14.03%	10.26%
Other operating income	4.40%	6.21%	0.69%	0.51%	0.46%
Total operating income	79.84%	87.08%	89.48%	91.27%	76.38%
Salaries and allowances	17.38%	18.90%	18.57%	21.20%	18.66%
Rent, taxes, insurance, electricity etc	5.35%	5.51%	6.44%	6.40%	5.61%
Legal expenses	0.84%	0.43%	0.34%	0.20%	0.22%
Postage, stamps, telecommunication	1.31%	1.51%	1.35%	1.22%	1.09%
Stationery, printing, advertisement etc	1.59%	2.15%	1.14%	1.48%	1.17%
Chief Executive's salary and fees	0.08%	0.08%	0.07%	0.06%	0.06%
Directors' fees and expenses	0.004%	0.00%	0.01%	0.01%	0.01%
Auditors' fee	0.01%	0.01%	0.01%	0.01%	0.01%
Depreciation and repairs to bank's assets	6.13%	5.32%	5.08%	4.12%	4.61%
Other expenses	6.81%	8.28%	11.57%	12.42%	9.80%
Total operating expenses	39.51%	42.20%	44.57%	47.13%	41.22%
Profit/(loss) before provisions	40.33%	44.88%	44.91%	44.15%	35.16%
Total provision	15.55%	18.29%	4.85%	5.62%	2.99%
Total Profit/(loss) before taxes	24.79%	26.60%	40.06%	38.53%	32.17%
Total provision for Taxation	12.34%	12.58%	15.06%	12.91%	10.06%
Net profit/(loss) after taxation	12.45%	14.01%	25.00%	25.61%	22.11%

**Table 4 Vertical analysis of balance sheet of BBL**

Accounts Title	2014	2015	2016	2017	2018
<b>PROPERTY AND ASSETS</b>					
Cash in hand	3.69%	2.50%	2.17%	2.18%	2.11%
Balance with Bangladesh Bank	4.66%	4.72%	4.19%	4.37%	4.98%
Balance with other banks and financial institution (inside)	11.48%	7.89%	5.36%	5.82%	3.96%
Balance with other banks and financial institution (outside)	0.54%	2.06%	0.82%	1.13%	0.76%
Investment (government)	10.05%	6.67%	6.86%	6.87%	6.45%
Investment (others)	1.63%	2.14%	2.19%	2.07%	1.72%
Loans, cash credit, overdrafts etc	59.32%	65.10%	44.45%	41.46%	44.22%
Small and medium enterprises			24.61%	29.04%	25.50%
Bills purchased & discounted	0.28%	0.57%	0.78%	2.06%	5.74%
Fixed assets including premises, furniture and fixtures	1.41%	1.31%	1.25%	1.53%	1.36%
Other assets	6.94%	7.02%	7.30%	3.45%	3.18%
Non-banking assets		0.03%	0.03%	0.02%	0.02%
<b>Total property and assets</b>	100.00%	100.00%	100.00%	100.00%	100.00%
<b>LIABILITIES AND CAPITAL</b>					
Borrowings from other banks, financial institutions & agents	3.65%	9.99%	7.58%	8.31%	7.28%
Borrowings from Bangladesh Bank	1.17%	2.02%	2.72%	2.00%	2.65%
Convertible Subordinate Bonds	1.47%	1.34%	1.19%	1.02%	0
Money at call on short notice	0.60%	1.68%	0.52%	0.97%	0
Current accounts & other accounts	25.66%	21.90%	20.22%	22.32%	16.98%
Bills payable	0.51%	0.38%	0.53%	0.36%	0.48%
Savings deposits	12.62%	12.97%	12.62%	12.57%	12.15%
Fixed deposits	33.57%	28.13%	33.99%	34.39%	42.36%
Other deposits	0.21%	0.47%	0.57%	0.64%	0.51%
Other liabilities	11.87%	12.75%	11.45%	8.10%	7.56%
<b>Total liabilities</b>	91.32%	91.62%	91.38%	90.69%	89.97%
Paid up capital	3.47%	3.16%	2.86%	3.06%	3.40%
Share premium	1.77%	1.61%	1.47%	1.34%	1.22%
Statutory reserve	1.70%	1.55%	1.40%	1.72%	2.04%
Dividend equalization fund			0.14%	0.13%	0.11%
Revaluation reserve on govt. securities	0.09%	0.10%	0.04%	0.01%	0.002%
Assets revaluation reserve	0.25%	0.23%	0.21%	0.18%	0.15%
Translation reserve			0.00%	0	-0.001%
Surplus in profit and loss account/Retained earning	1.41%	1.73%	2.50%	2.86%	3.11%
<b>Total shareholders' equity</b>	8.68%	8.38%	8.62%	9.31%	10.03%
<b>Total liabilities and shareholders' equity</b>	100.00%	100.00%	100.00%	100.00%	100.00%

## **Interpretation of Vertical Analysis:**

### **Vertical Income Statement**

In this analysis, it is visible that the percentage of net income has been risen till 2016 but it has been decreasing after that. The reason behind this is increasing percentage of interest paid on deposits and borrowings. That indicates in 2017 and 2018 the deposited amount has been increased than other years and most importantly the interest rate has been risen unexpectedly in 2018. In addition, percentage of their total operating income has been declined in 2018 in comparison to previous years. The reason is having a lower rate of investment income and other operating income. However, percentage of net profit after tax is increasing over the years because the percentage of other expenses declined in comparison to previous years. For example, the percentage of salaries has been decreased and the reason could be the efficiency of BBL. Now BBL is more efficient than before and they have less workers than before but working efficiently and effectively. This workforce helps them to reduce the cost of salary. There are also some other cost that BBL has successfully reduced. As a result, net profit of BBL has increased over the last five years.

### **Vertical Balance Sheet**

Here, loans and advances and bills purchase are more than fifty percent of BBL's total assets. On the other hand, the percentage of deposits is lower than loans and advances. That indicates BBL has the ability to meet their debt obligations. They have a strong financial position. Percentage of total liability is decreasing whereas the percentage of to shareholders equity is increasing to a certain extent. This is also a good indication for BBL as percentage of their won invested money is increasing and liability is declining. Their paid up capital percentage is rising along with its retained earnings over the years. That helps them to grow their shareholders equity slowly.



### 3.3.3 Ratio analysis of BBL & its competitors

Ratio analysis is very old but useful technique to find out the financial performance of a company. This is a quantitative method to evaluate the financial health of a particular company. The data can also be used to compare with the industry average to figure out how the company is performing in the sector against their competitors. Here some important ratios of BBL have been discussed from 2014 to 2018 to find out their financial condition. And for comparison purposes data of Mutual Trust Bank, Eastern Bank Limited, City Bank, Dutch Bangla Bank and their industry average for the year of 2018 has been taken.

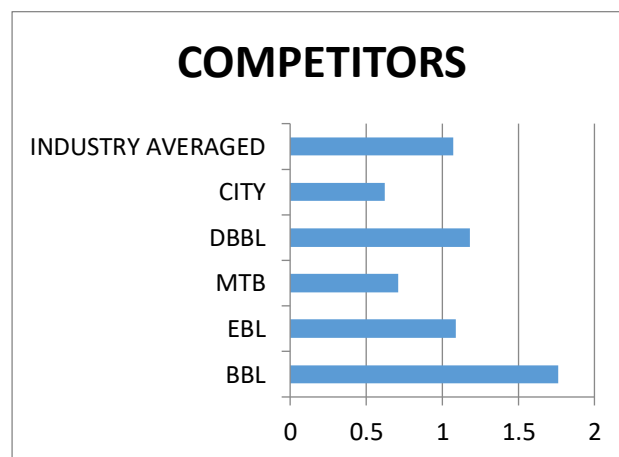
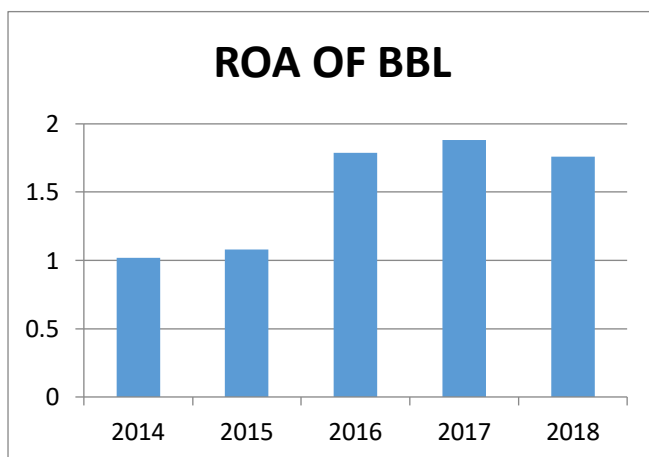
#### ✚ Return on Asset (ROA)

It shows the percentage how much revenue a company's assets are earning and how much profitable it is to generate that revenue. This ratio will let other know how much tk BBL is earning from its each amount of assets. So this ratio finds out for every 100 tk assets generate how much profit.

**Formula: (Net Profit/Total Asset)\*100**

BRAC BANK	2014	2015	2016	2017	2018
ROA	1.02%	1.08%	1.79%	1.88%	1.76%

Competitors	BBL	EBL	MTB	DBBL	CITI	Industry average
ROA	1.76%	1.09%	0.71%	1.18%	0.62%	1.07%



#### Comment

In 2018, for every 100 tk of worth of total assets BBL generated 1.76 tk of net profit. From 2014 to 2018 return on assets has increased. This indicates BBL is successfully increasing its profits with each tk investment they make. It also shows their revenues has been increased too while they are reducing the expenses. Their position is much better than the industry average in 2018 which shows they have more return on assets compare to their competitors.

So, it can be said the return on assets of BBL is satisfactory.

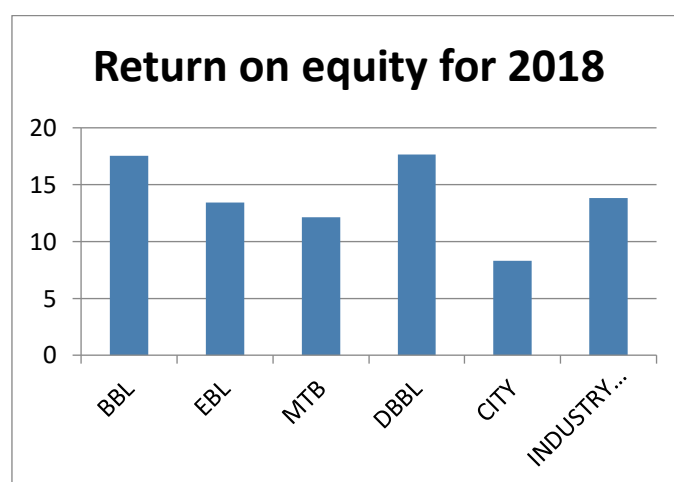
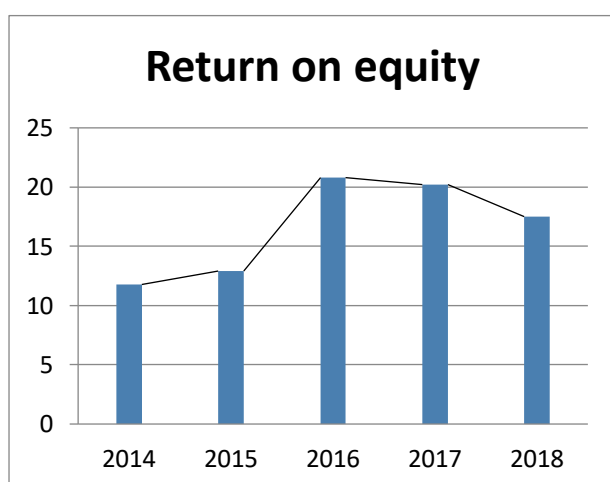
## Return on Equity (ROE)

It measures the profitability of a company in terms of the shareholder's equity. ROE shows how much tk of profit is being generated by the equity of shareholders. It determines how good a company is in terms of generating returns based on the investment done by its common shareholders.

**Formula: (Net Profit After Tax/ Total Common Equity)\*100**

<b>BRAC BANK</b>	<b>2014</b>	<b>2015</b>	<b>2016</b>	<b>2017</b>	<b>2018</b>
<b>ROE</b>	<b>11.78%</b>	<b>12.94%</b>	<b>20.80%</b>	<b>20.20%</b>	<b>17.53%</b>

<b>Title</b>	<b>BBL</b>	<b>EBL</b>	<b>MTB</b>	<b>DBBL</b>	<b>CITI</b>	<b>industry average</b>
<b>ROE</b>	<b>17.53</b>	<b>13.41</b>	<b>12.14</b>	<b>17.66</b>	<b>8.26</b>	<b>13.80</b>



## Comment

In 2018, common shareholders of BBL have earned 17.53 tk for every 100 tk investment in the company. From 2014, the ROE has been increased dramatically till 2017 but in 2018 it has been decreased slightly. The reason of their increasing return on equity is their after tax cost of debt is decreasing which means debt financing is reduced and owners investment is increasing. In addition, the increased amount of profit also contributes to increase the return on equity. In 2018, the ROE has been decreased because in that time all of a sudden the interest rate rose as a result. The interest paid on deposits has been increased. Thus the net interest income decreased which has a huge affect on overall performance of BBL. However, BBL is still doing well than the industry average in 2018. In the industry, on an average 13.80% is the ROE while BBL has 17.53% ROE.

Thereby, the return on equity in 2018 is satisfactory for BBL.

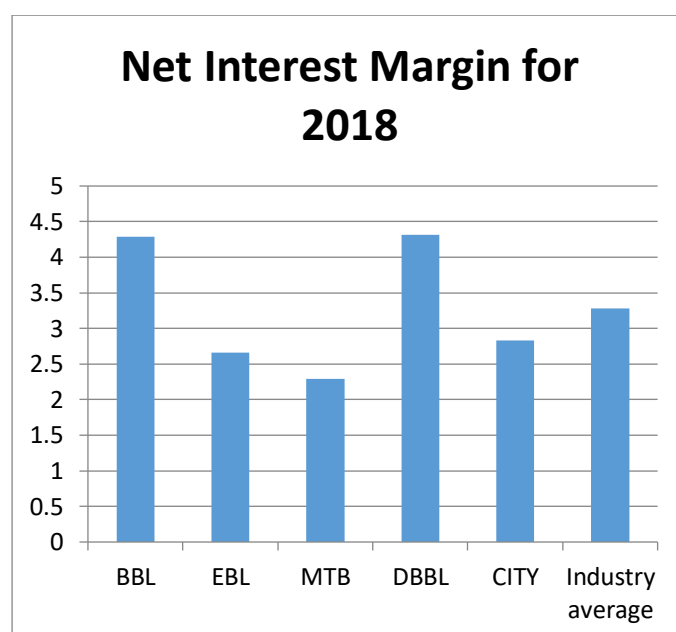
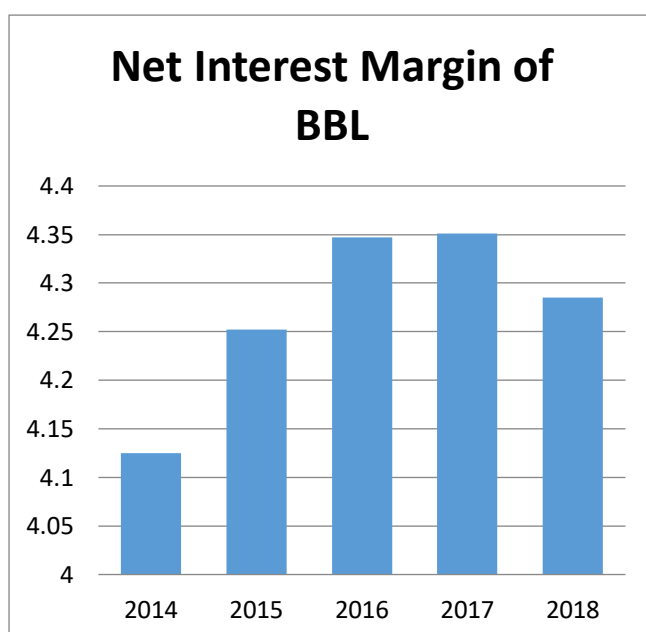
### 🚩 Net Interest Margin (NIM)

Net interest margin mainly identify the difference between the interest income generated by banks and the amount of interest paid by the banks relative to their total assets. It indicates how well those banks are taking investment decisions and generating income and expense and making profit out of it.

**Formula: ((Interest income- Interest expense)/ Total asset)\*100**

BRAC BANK	2014	2015	2016	2017	2018
NIM	4.125%	4.252%	4.347%	4.351%	4.285%

Title	BBL	EBL	MTB	DBBL	CITY	Industry average
NIM	4.285	2.658	2.295	4.319	2.833	3.278



### Comment

In 2018, BBL has earned 4.285 tk net interest margins for every 100 tk asset investment. They have a positive NIM which indicates BBL investments have more interest income than it costs. From 2014, net interest margin of BBL has been increased gradually but in 2018 it has been decreased. As in 2018, the interest rate on deposits increased suddenly, the net interest income has been decreased. Thus in 2018, the NIM has been decreased than previous year. Yet, they have a very good condition in their sector as they are generating much more NIM than the industry average.

So, the net interest margin ratio is also good for BBL.

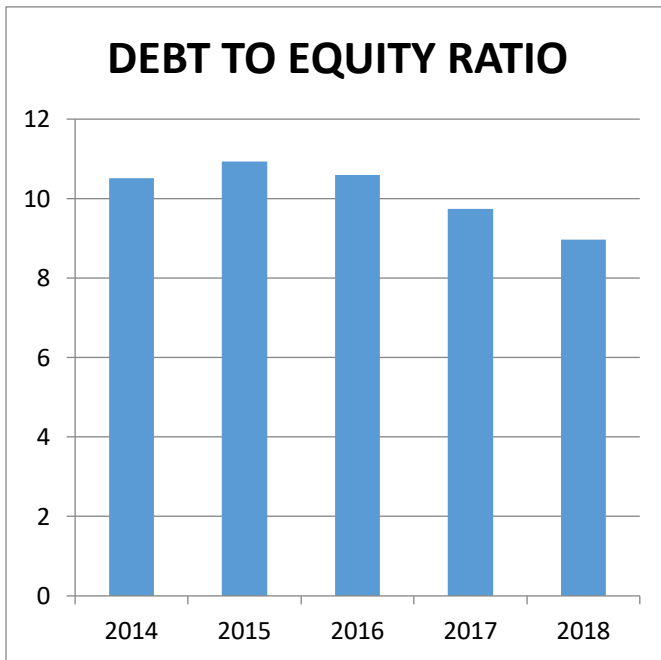
**🚩 Debt to Equity Ratio:**

This ratio is employed to seek out the institution’s financial leverage. It is basically want to measure the financing sources and how much financing is completed through debt versus wholly-owned funds.

**Formula: Total Liabilities / Total Shareholder’s Equity**

BRAC BANK	2014	2015	2016	2017	2018
DEBT TO EQUITY	10.52	10.93	10.59	9.74	8.97

Title	BBL	EBL	MTB	DBBL	CITY	Industry average
DEBT TO EQUITY	8.97	11.30	16.02	13.98	12.29	12.51



**Comment**

In 2018, it is seen that BBL has financed its business assets by debt which is 8.97 times higher than the assets financed by shareholders money. However, from the chart it is also visible that from 2014 till 2018 BBL has decreased its debt financing gradually which is basically an honest sign. As high debt to equity ratio is not good, it means the business is generating enough cash to meet their debt obligations. In addition, BBL features a favorable ratio comparing with the industry average.

Thereby, BBL has a favorable debt to equity ratio.

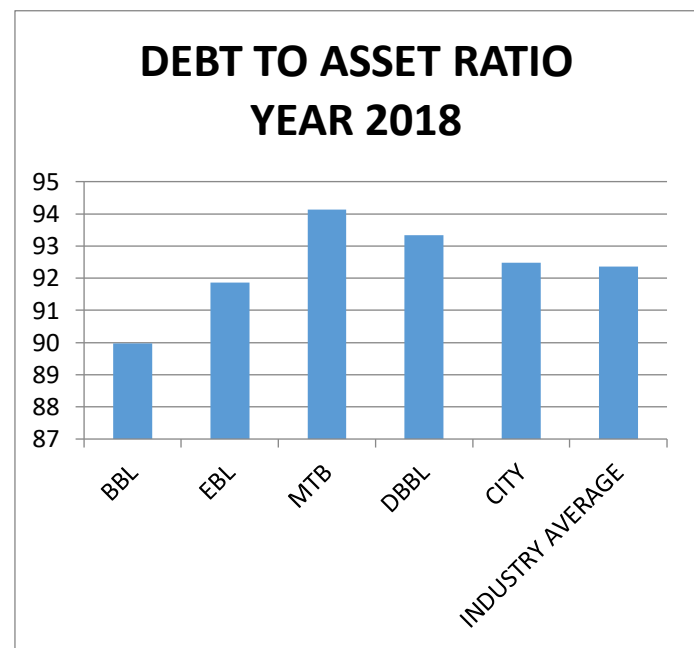
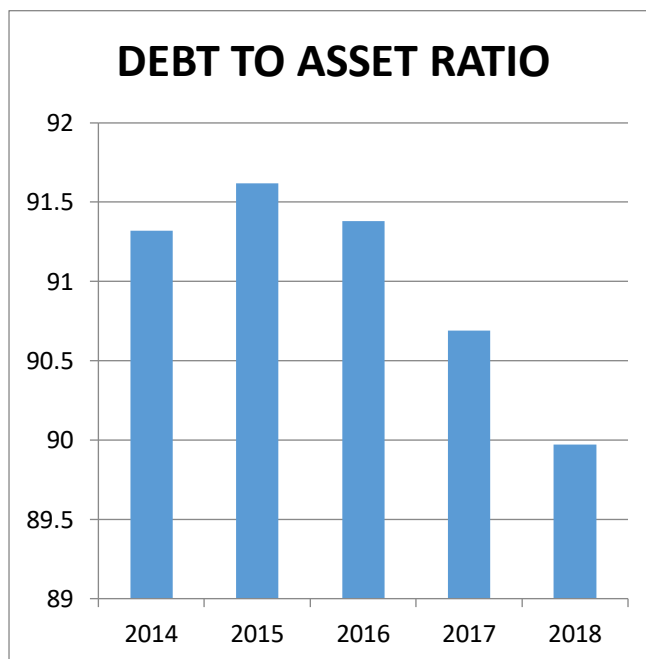
### 🚩 Debt to Asset Ratio

This ratio finds out the quantity of total assets that is financed by creditors rather than their investors. It is basically used by the creditors to measure the company's total debt and its ability to repay the debt. Debt to asset ratio is calculated in percentage and shows the percentage of borrowed money from the entire assets

**Formula: (Total Debt / Total Assets)\*100**

BRAC BANK	2014	2015	2016	2017	2018
DEBT TO ASSET	91.32%	91.62%	91.38%	90.69%	89.97%

Title	BBL	EBL	MTB	DBBL	CITY	Industry average
DEBT TO ASSET	89.97%	91.87%	94.13%	93.33%	92.48%	92.35%



### Comment

BBL' debt to asset ratio in 2018 is 89.97% and it has been decreased from the last five years. This indicates their total financing for business is done by owners more than before. The debt financing is decreasing and owners financing amount has been increased which is a good sign.

Looking into the industry, it is clear BBL has lower rate of debt to asset ratio than industry average. That shows, their competitors have more debt financing than BBL.

So, BBL has a satisfactory debt to asset ratio.

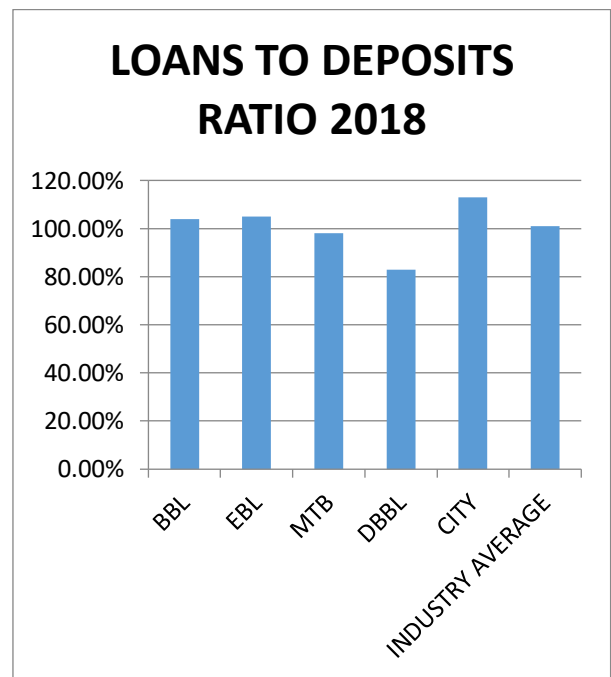
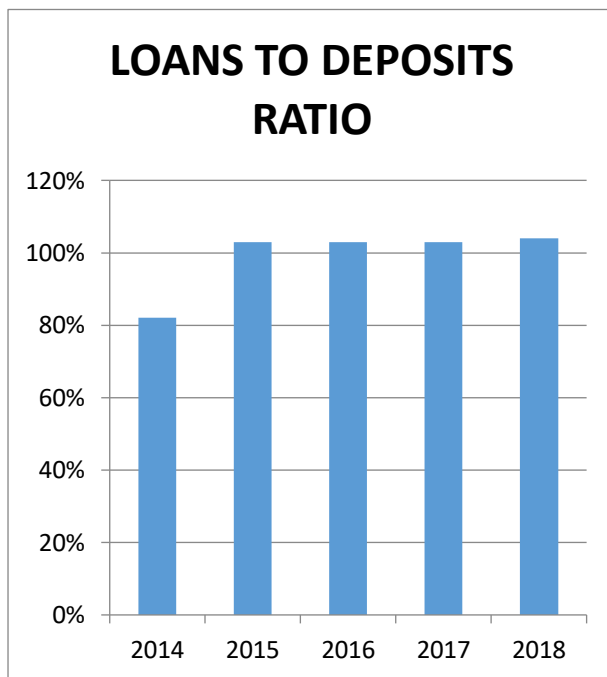
**Loan to Deposit Ratio (LDR)**

This ratio is used to measure the liquidity of bank's by comparing totals loans and total deposits. If the ratio is one or lower than one than the bank can give loans to their customers with their own deposits. If the ratio is more than one that means the bank has to borrow from other sources to give loans to their customers.

**Formula : Total Loans / Total Deposits**

BRAC BANK	2014	2015	2016	2017	2018
LDR	82.13%	102.87%	102.81%	103.23%	104.11%

Title	BRAC	EBL	MTB	DBBL	CITY	Industry average
LDR	104.11%	104.85%	97.95%	83.08%	112.78%	100.55%



**Comment**

In 2018, BBL loan to deposit ratio is 104.11% which is a bit higher than 100. From 2014, it was increasing gradually till 2018. The loan to asset ratio is taken into account ideal from 80% to 90%. When the ratio is 100% it means they are giving 1 tk loan for every 1 tk deposit it receive. Here, it show BBL is giving more loan than deposits which is risky for the business. They even have a touch of higher loans to asset ratio than industry average.

So, BBL has to decrease the ratio and bring it within one hundred as their LDR ratio is not that good. They need to require measures to scale back their risk and provide loan lesser amount than now.

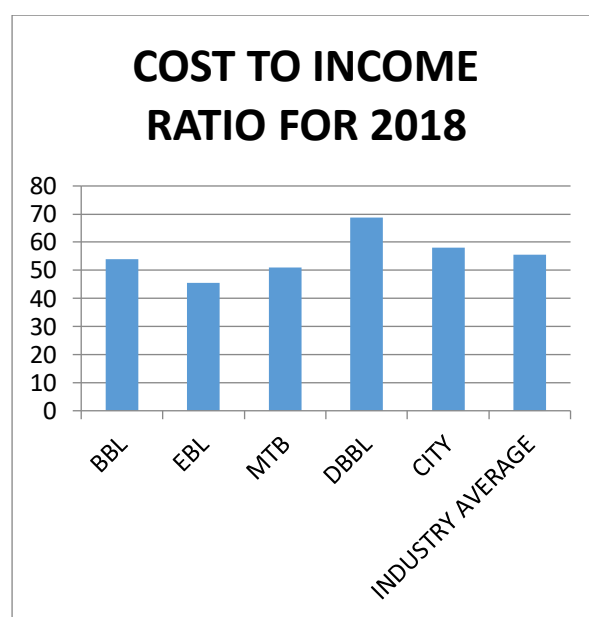
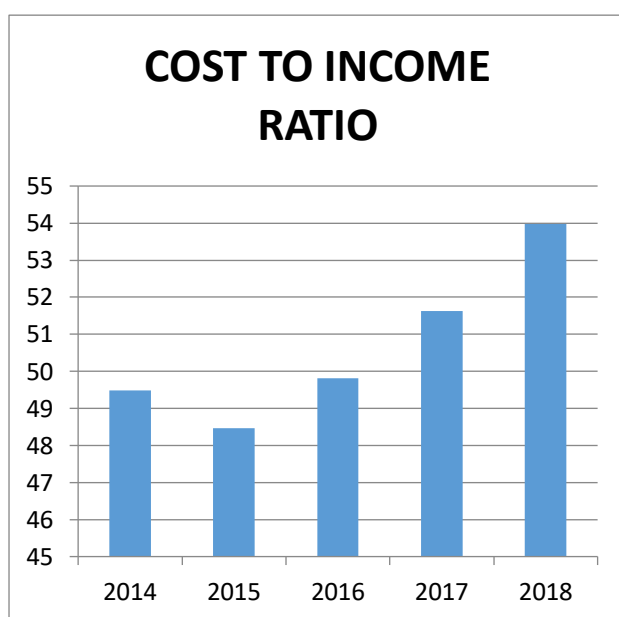
**✚ Cost to Income Ratio (CIR)**

This is a very important ratio which calculates the profitability of a bank. It indicates the efficiency of a bank. The lower the ratio, the more efficient and profitable the bank is. If the ratio increase over the years that means the cost of the organization is increasing which is not a suitable condition of the bank.

**Formula : Operating Expense / Operating Income**

<b>BRAC BANK</b>	<b>2014</b>	<b>2015</b>	<b>2016</b>	<b>2017</b>	<b>2018</b>
<b>Cost to Income</b>	<b>49.48</b>	<b>48.46</b>	<b>49.81</b>	<b>51.63</b>	<b>53.97</b>

<b>Title</b>	<b>BBL</b>	<b>EBL</b>	<b>MTB</b>	<b>DBBL</b>	<b>CITY</b>	<b>Industry average</b>
<b>Cost to Income</b>	<b>53.97</b>	<b>45.63</b>	<b>50.93</b>	<b>68.80</b>	<b>58.00</b>	<b>55.46</b>



**Comment**

In 2018, BBL has 53.97 cost to income ratio and over five years, from 2014 to 2018, it has been increased which suggests the cost of income is increasing too. The lower the ratio, the better the condition is. This increasing rate of ratio indicates, BBL has to work hard to bring more efficiency. Though it also happens as the market is really competitive so BBL has to do a lot of extra work to attract more customers and improve their services. Thus the cost to income ratio increases. However, BBL has lower cost to income ratio than the industry average which is good. It indicates, in market their competitors are spending more than BBL.

So, it can be said the condition is favorable comparing with the competitors but still they are to take some steps to lower the cost.

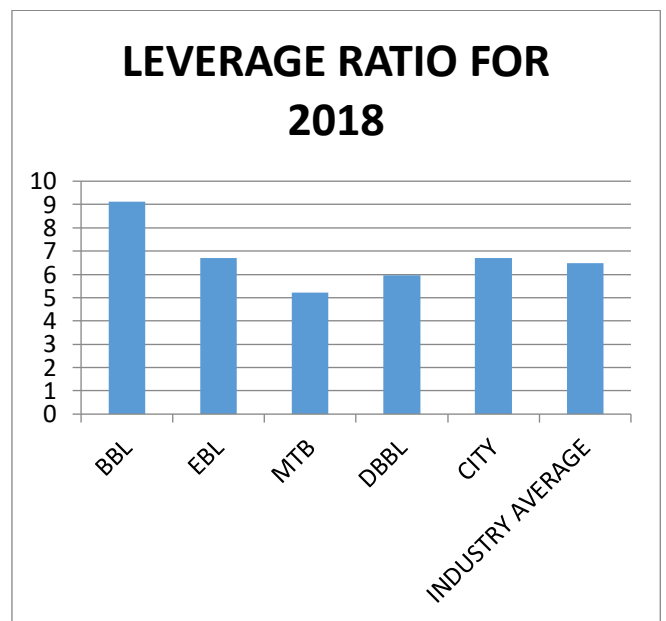
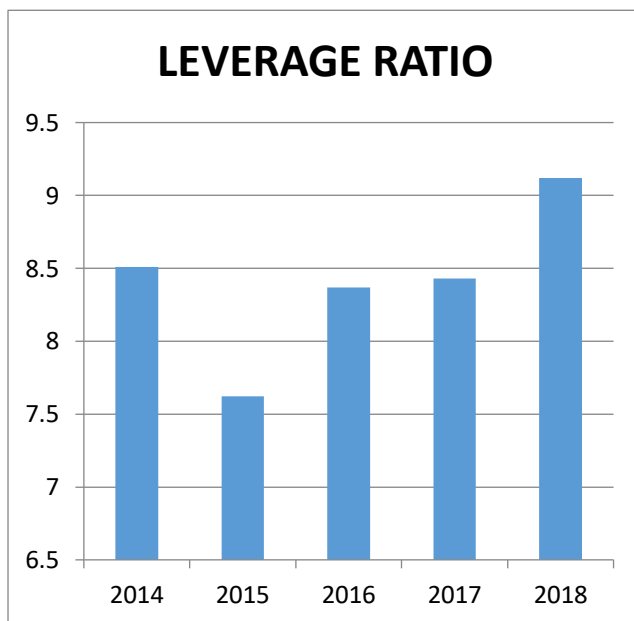
**🚩 Leverage Ratio**

This ratio measures is used to see a bank’s core capital to its total assets. To measure the ratio, tier 1 capital is used and this tier 1 capital is known as the most liquidated assets. This leverage ratio helps to seek out the capital adequacy of banks.

**Formula: Tier 1 Capital / Total Assets**

<b>BRAC BANK</b>	<b>2014</b>	<b>2015</b>	<b>2016</b>	<b>2017</b>	<b>2018</b>
<b>LEVERAGE RATIO</b>	<b>8.51</b>	<b>7.62</b>	<b>8.37</b>	<b>8.43</b>	<b>9.12</b>

<b>Title</b>	<b>BRAC</b>	<b>EBL</b>	<b>MTB</b>	<b>DBBL</b>	<b>CITY</b>	<b>Industry average</b>
<b>LEVERAGE RATIO</b>	<b>9.12</b>	<b>6.69</b>	<b>5.22</b>	<b>5.97</b>	<b>6.71</b>	<b>6.74</b>



**Comment**

In 2018, the leverage ratio is 9.12 % for BBL. From 2014, it decreased in 2015 and then increased over the years. Comparing with industry average, BBL has a very high leverage ratio. The higher the leverage ratio, better the condition is for a bank. Minimum tier 1 capital should be at least 5.50% and BBL has a way better than that requirement.

So, the leverage ratio of BBL is satisfactory as higher leverage ratio indicates a bank can easily survive a financial crisis. They can handle the negative shock of the economy.



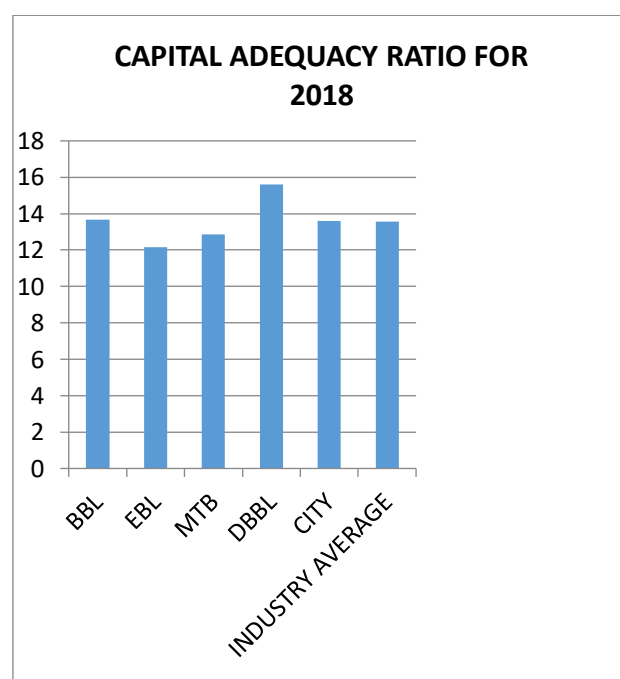
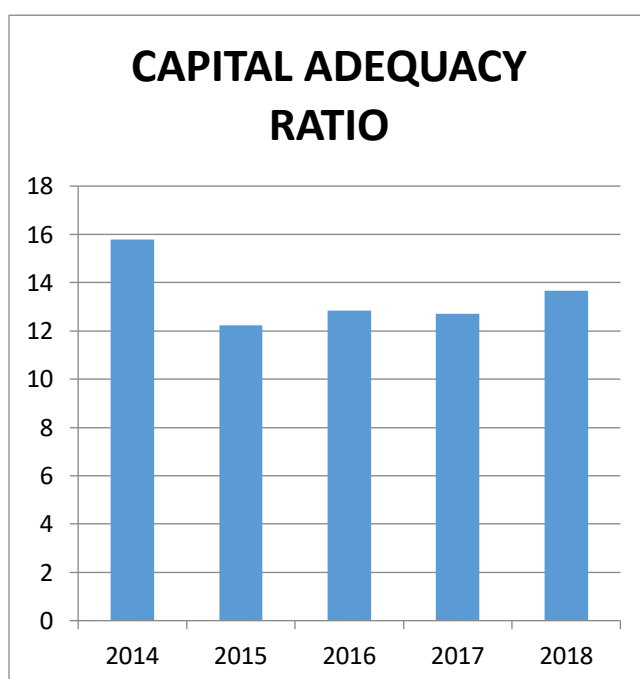
### ✚ Capital Adequacy Ratio (CAR)

This ratio has another name which is known as capital to risk weighted ratio (CRAR). This ratio measures the bank's capital to its risk. Bangladesh Bank continuously regulates the ratio just to make sure bank has enough capital to soak up the risks.

**Formula : ( Tier 1 Capital+ Tier 2 Capital) / Risk weighted asset**

BRAC BANK	2014	2015	2016	2017	2018
CAR	15.78	12.23	12.84	12.72	13.67

Title	BRAC	EBL	MTB	DBBL	CITY	Industry average
CAR	13.67	12.16	12.86	15.62	13.60	13.58



### Comment

In 2018, BBL has 13.67 capital adequacy ratio. From 2014 to 2015 the ratio decreased drastically and after that it has increased gradually. According to BB, minimum CAR ratio should be 10% and BBL has more than enough. It is almost near to the industry average as industry average is 13.58 and BBL has 13.67 ratio which is a bit higher.

Thereby, it can be said BBL is safe as it is maintaining the industry average. So the ratio is favorable for BBL.

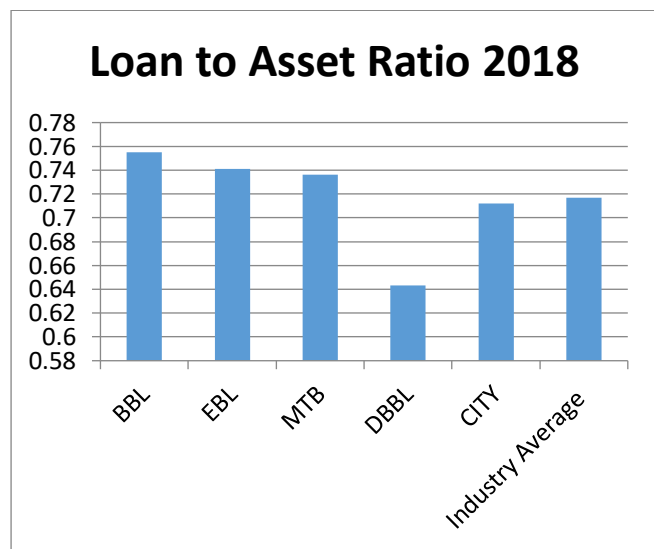
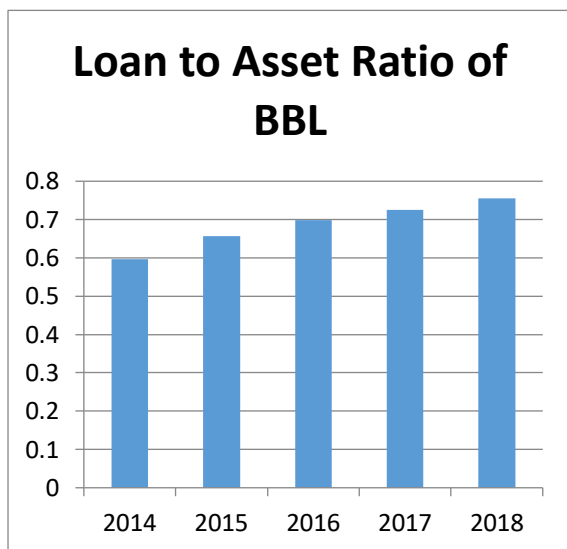
## 🚩 Loan to Asset Ratio

This ratio helps to find out banks total loans outstanding as a percentage of its total assets. If the ratio is higher it means the bank is loaned up and it has a very low liquidity. The higher the ratio gets, the more risky the bank becomes.

**Formula: total loans to assets = ( total loans/ total assets)**

<b>BRAC BANK</b>	<b>2014</b>	<b>2015</b>	<b>2016</b>	<b>2017</b>	<b>2018</b>
<b>Loans to Asset</b>	<b>0.596</b>	<b>0.657</b>	<b>0.698</b>	<b>0.726</b>	<b>0.755</b>

<b>Title</b>	<b>BRAC</b>	<b>EBL</b>	<b>MTB</b>	<b>DBBL</b>	<b>CITY</b>	<b>Industry average</b>
<b>Loan to Asset</b>	<b>0.755</b>	<b>0.741</b>	<b>0.736</b>	<b>0.643</b>	<b>0.712</b>	<b>0.717</b>



## Comment

In 2018, the loan to asset ratio of BBL has 0.755 and it has been increased since 2014. It indicates the liquidity risk of BBL has increased over the years. They have now higher risk as loan is not as liquid as other financial assets. However, this increased ratio also indicates the bank is now more profitable than before because high loans generate high net interest income.

BBL has a high loan to asset ratio than industry average that shows a high risk in market but high risk help them to earn high return.

So, the loan to asset ratio signifies the risk is getting higher over the years in BBL but the income is also getting higher which is good.

### Overview of ratio analysis:

Considering all these ratios, it can be said, BBL is doing great in the banking sector. They have a good profitability ratio, the return on assets and equity is also very pleasant. The capital adequacy ratio is also very satisfactory and indicates BBL has the capacity to fulfill all its financial commitment on time. Though their cost to income ratio is increasing slightly, the overall financial health of the bank is really satisfactory. The risk of liquidity is also higher as loan to asset ratio is increasing over the years. However, it also indicates BBL is taking higher risk to earn higher return as higher loans provide higher interest income.

Also the bank is doing good comparing the industry average in every aspect. However, they have to work hard to keep it up and try to make the performance improved than today. In these ratios, it is quite clear the market is really competitive. There are many banks who can take over the place any time as the difference among them is very insignificant. So, BBL has to work hard to keep their position strong and follow the tactics of those banks who are doing better than BBL.

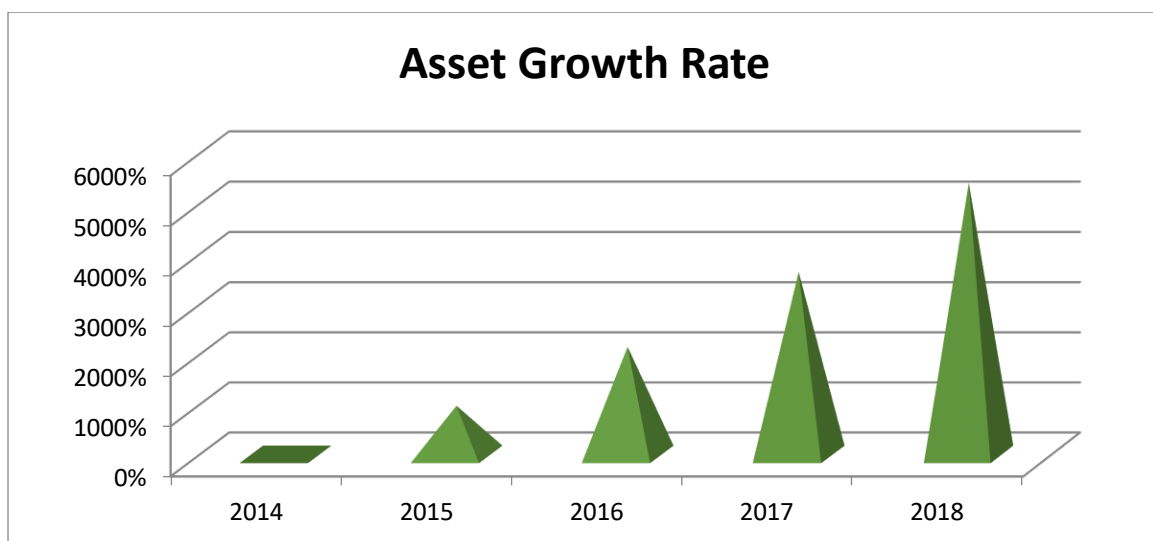
### 3.3.4 Growth Rate of BBL

#### 🚦 Asset growth

To find out the asset growth, first of all, subtract the current year asset from the previous year and then divide it with the previous year asset. Then multiply it with 100.

In million

TITLE	2014	2015	2016	2017	2018
TOTAL ASSETS	204,592	224,492	248,605	279,187	315,417
GROWTH RATE	0	9.73%	21.51%	36.46%	54.17%



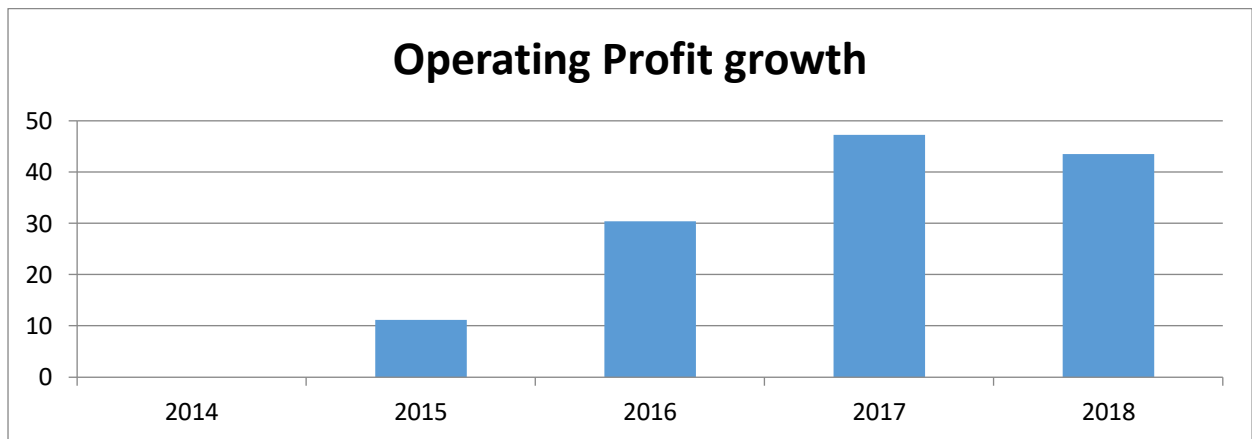
Here, it is visible that asset is growing every year from the base year which is very satisfactory. From base year 2014 till 2018 the assets are growing very fast. The reasons could be the business is growing over the years. In 2014, they had 166 branches while now

the number is 187. They amount of loans which is a major part of assets have also been increased than the base year. Over the last five years, the amount of advances is growing too which also took part to increase the assets.

**Operating profit growth**

It is also calculated in the same way as the asset growth is calculated. First, the base year have to be taken. Then the current year will be compared with the base year. Here the base year is 2014.

in million					
TITLE	2014	2015	2016	2017	2018
Operating Profit	6,146	6,835	8,013	9,050	8,822
Growth Rate	0%	11.21%	30.38%	47.25%	43.54%

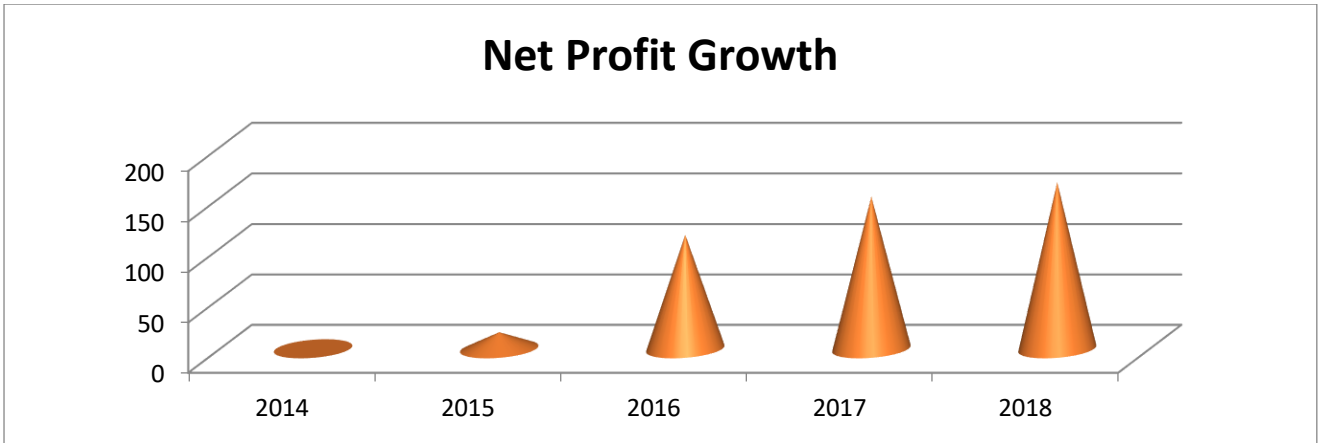


Here, the operating profit growth has been increased till 2017 but slightly decreased in 2018. The reason of this decreased rate in 2018 is a sudden increase in interest rate paid on deposits. Still BBL has done really well, operating profit has been increased over the last five years. Their interest income and other revenues have been risen from the base year. But the sudden rise of interest rate on deposits has a negative impact on profit margin in 2018 which led to decrease in net interest income.

**Net profit growth:**

Take the previous year as a base year and subtract it with the current year. After that divide it with previous year and multiply with 100.

in million					
TITLE	2014	2015	2016	2017	2018
Net Profit	2,091	2,436	4,460	5,250	5,547
Growth Rate	0%	16.50%	113.30%	151.08%	165.28%



Net profit growth of BBL was also increasing at a very high rate from 2014 to 2018. That indicates, the operating income has increased whereas the operating cost has reduced by BBL successfully. They have more loans than before which help to increase the net interest income and this increased amount of income contributed to increase the net profit over the years. Obviously, BBL has worked hard to reduce their operating cost too.

### 3.3.5 DuPont Analysis of BBL

DuPont analysis also known as DuPont model or DuPont identity; this is basically a financial ratio. This ratio is used to analyze how much a company is able to increase its return on equity. This framework also helps investor to do comparison of the operational efficiency of different companies within a same sector. The DuPont analysis is an expanded formula of return on equity.

This analysis mainly counts three main components of return on equity ratio which are given below:

- Profit Margin
- Total Asset Turnover
- Equity Multiplier

Looking at these three performances, DuPont analysis tells how a company can improve its ROE by keeping a high profit margin, increasing total asset turnover and leveraging assets more effectively.

Formula of DuPont analysis is look like this

$$\text{Return on Equity} = \text{Profit Margin} \times \text{Total Asset Turnover} \times \text{Equity Multiplier}$$

Where, Profit Margin = Net Profit/ Revenue

Asset Turnover = Revenue/ Total Assets

Equity Multiplier = Total Assets/ Total Equity

Here, DuPont Analysis of BBL and some of its competitors for better understanding will be done for the year of **2018**.

TITLE	BBL	MTB	EBL	CITY	DBBL
Profit margin	28.945	16.850	23.447	12.690	17.872
Asset turnover	0.061	0.042	0.047	0.049	0.066
Equity multiplier	9.970	17.023	12.299	13.294	14.985
ROE	17.534	12.143	13.414	8.260	17.658

From this analysis, BBL has generated the highest profit margin which is 28.945% from its competitor. In the market, there is no one better than BBL in terms of profit margin. It indicates for each 100 tk BBL is generating 28.945 tk profit margin while the competitors have lower profit margin in comparison to them. So, it can be said, BBL has a strong position in market in terms of generating income. They are showing efficiency to generate that profit and it is main strong point for them. No one in the market have closer profit margin to BBL. Asset turnover indicates how efficiently a company can use its assets to generate sales. Here, in this analysis, asset turnover of BBL is 0.061 times which is quite good in market but DBBL is better than BBL in this aspect as their asset turnover is 0.066 times. However, the

difference is by only 0.005 times which is very low and BBL has better asset turnover than other competitors. Equity multiplier specifies to what extent a company uses its financing through debt. The lower the ratio the better the company is. From this analysis, it is clearly visible that BBL has the lowest equity multiplier which is 9.97 times but competitors have a very high rate of this ratio. When the ratio is higher than the risk is high also for a company.

At the end, it can be said BBL is doing really well in the market; their performance is also very satisfactory. What they can do to focus on asset turnover and work hard to do better here too so that in market they can become the leader in every aspect.

### **3.4 Recommendation**

In ratio analysis, it is quite visible that the cost to income ratio is increasing of BBL. It is necessary for BBL to find out reason of it and take actions if necessary. They also have reduced the amount of loans as it is higher than their deposited money from where they give the loans. It can be dangerous for them. Or else they can increase the deposited money so that they can expand the loaned amount by offering more unique and lucrative services to its customers.

### **3.5 Impact of Covid 19:**

Recent pandemic which the world is going through has a negative impact not only in this report making process but also in our daily lives. Because of this Covid-19 virus, the world is now in lockdown. I was unable to go office in this situation. As a result, I could not collect enough information from my organization as needed. I wanted to take some interviews from different departments of BBL to collect detailed information but I could not do that. So, I could not write a lot of things that should be included in this report.

### **3.6 Conclusion**

At the end it can be said, BBL has a strong financial base comparing the industry average. There are many other banks that are performing below average. On the hand, the performance of BBL is mind-blowing. They are taking higher risk to get higher return which helps them to bring the success. Not only that, they have very efficient management who take the right decision at the right time. They are performing above the average but still they can do better by decreasing their cost to income ratio. They can use their human and other resources more efficiently and make them more digitalized to increase the profitability while decreasing the cost. The initial stage of digitalization requires a huge investment which is costly but it will help to earn more profit by reducing the overall cost afterwards.

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## Appendix

### A. Horizontal Income Statement Analysis

Accounts Title	2014	2015	2016	2017	2018
Interest income	16794142526/ 16794142526	17372892072/ 16794142526	17842334464/ 16794142526	20498331789/ 16794142526	25090005051/ 16794142526
Interest paid on deposits and borrowing	9192151178/9 192151178	8657032539/9 192151178	7035581830/9 192151178	8350693368/9 192151178	11574281608/ 9192151178
Net interest income	7601991348/7 601991348	8715859533/7 601991348	10806752634/ 7601991348	12147638421/ 7601991348	2961103311/7 601991348
Investment income	2501445804/2 501445804	2452727186/2 501445804	2496865821/2 501445804	3580988216/2 501445804	2961103311/2 501445804
Commission, exchange and brokerage	2566596779/2 566596779	2880811788/2 566596779	2537889736/2 566596779	2876025784/2 566596779	2573498361/2 566596779
Other operating income	738246871/73 8246871	1078913770/7 38246871	123233385/73 8246871	105028580/73 8246871	114597871/73 8246871
Total operating income	13408280802/ 13408280802	15128312277/ 13408280802	15964741576/ 13408280802	18709681001/ 13408280802	19164922986/ 13408280802
Salaries and allowances	2918698470/2 918698470	3283904177/2 918698470	3312501626/2 918698470	4346525111/2 918698470	4681288758/2 918698470
Rent, taxes, insurance, electricity etc	899088069/89 9088069	957364996/89 9088069	1148406728/8 99088069	1311823891/8 99088069	1408720244/8 99088069
Legal expenses	140504345/14 0504345	75358034/140 504345	60611079/140 504345	41762353/140 504345	55210529/140 504345
Postage, stamps, telecommunication	219366270/21 9366270	262499755/21 9366270	241582356/21 9366270	249590090/21 9366270	272339766/21 9366270
Stationery, printing, advertisement etc	267348795/26 7348795	373045124/26 7348795	202780149/26 7348795	303641768/26 7348795	292462722/26 7348795
Chief Executive's salary	13783916/137 83916	14260584/137 83916	13309000/137 83916	13309000/137 83916	13971499/137 83916

and fees					
Directors' fees and expenses	671831/671831	681700/671831	1335600/671831	1356680/671831	1297200/671831
Auditors' fee	955000/955000	955000/955000	1224753/955000	1469703/955000	1644500/955000
Depreciation and repairs to bank's assets	1030111923/1030111923	924154165/1030111923	906348957/1030111923	844185219/1030111923	1155998577/1030111923
Other expenses	1144205580/144205580	1438359150/144205580	2063812687/144205580	2546177562/144205580	2459714775/144205580
Total operating expenses	6634734199/6634734199	7330582685/6634734199	7951912936/6634734199	9659841377/6634734199	10342648570/6634734199
Profit/(loss) before provisions	6773546603/6773546603	7797729592/6773546603	8012828640/6773546603	9049839624/6773546603	8822274416/6773546603
Total provision	2610658475/2610658475	3177128901/2610658475	864547120/2610658475	1152364936/2610658475	749868328/2610658475
Total Profit/(loss) before taxes	4162888128/4162888128	4620600691/4162888128	7148281520/4162888128	7897474688/4162888128	8072406088/4162888128
Total provision for Taxation	2071999588/2071999588	2185829341/2071999588	2687848854/2071999588	2647354642/2071999588	2525102089/2071999588
Net profit/(loss) after taxation	2090888540/2090888540	2434771350/2090888540	4460432666/2090888540	5250120046/2090888540	5547303999/2090888540

B. Horizontal Balance Sheet Analysis

<b>Accounts Title</b>	<b>2014</b>	<b>2015</b>	<b>2016</b>	<b>2017</b>	<b>2018</b>
Cash in hand	7558012102/7558012102	5613959872/7558012102	5404296928/7558012102	6092421365/7558012102	6654775781/7558012102
Balance with Bangladesh Bank	9531154365/9531154365	10592881511/9531154365	10416488307/9531154365	12192061982/9531154365	15719774488/9531154365
Balance with other banks (inside)	23483319659/23483319659	17705308414/23483319659	13337028475/23483319659	16238997504/23483319659	12484067930/23483319659
Balance with other banks (outside)	1095742057/1095742057	4614132984/1095742057	2029964604/1095742057	3157243725/1095742057	2394477206/1095742057
Investment (government )	20559303620/20559303620	14979456068/20559303620	17045441443/20559303620	19193023616/20559303620	20341016406/20559303620
Investment (others)	3339291388/3339291388	4799796076/3339291388	5442555467/3339291388	5773231812/3339291388	5424101835/3339291388
Loans, cash credit, overdrafts etc	121358408559/121358408559	146145612439/121358408559	110499060018/121358408559	115748920643/121358408559	139491321275/121358408559
Small and medium enterprises			61185461566/61185461566	81064166152/61185461566	80422409963/61185461566
Bills purchased & discounted	582144574/582144574	1287994847/582144574	1927519928/582144574	5746293951/582144574	18094372030/582144574
Fixed assets including premises, furniture and fixtures	2893176476/2893176476	2937117061/2893176476	3113071588/2893176476	4275180860/2893176476	4300651117/2893176476
Other assets	14191611497/14191611497	15754950853/14191611497	18142339098/14191611497	9642147911/14191611497	10023235468/14191611497
Non-banking assets		62230075/62230075	62230075/62230075	63430075/62230075	66471775/62230075
<b>Total property and assets</b>	<b>20459216429/20459216429</b>	<b>224493440200/204592164297</b>	<b>248605457497/204592164297</b>	<b>279187119596/204592164297</b>	<b>315416675274/204592164297</b>

	7				
Borrowings from other banks,	7475201000/7475201000	22432693400/7475201000	18838239195/7475201000	23210933175/7475201000	22958478616/7475201000
Borrowings from BB	2387403892/2387403892	4527813643/2387403892	6752978397/2387403892	5595585766/2387403892	8344796525/2387403892
Convertible Subordinate Bonds	3000000000/3000000000	3000000000/3000000000	2951079000/3000000000	2850148000/3000000000	0.00
Money at call on short notice	1220000000/1220000000	3780000000/1220000000	1303750000/1220000000	2700000000/1220000000	0.00
Current accounts	52501946406/52501946406	49153715208/52501946406	50271016607/52501946406	62304458807/52501946406	53562341970/52501946406
Bills payable	1035003538/1035003538	843532886/1035003538	1309401487/1035003538	1013749416/1035003538	1528433733/1035003538
Savings deposits	25820159617/25820159617	29105666315/25820159617	31368696186/25820159617	35100923580/25820159617	38320761103/25820159617
Fixed deposits	68677976034/68677976034	63154460049/68677976034	84504303337/68677976034	96018419796/68677976034	133600242355/68677976034
Other deposits	429018672/429018672	1063137025/429018672	1406154121/429018672	1786887658/429018672	1610630541/429018672
Other liabilities	24289966469/24289966469	28617828167/24289966469	28459067732/24289966469	22615207423/24289966469	23853038592/24289966469
<b>Total liabilities</b>	186836675628/186836675628	205678846693/186836675628	227164686062/186836675628	253196313621/186836675628	283778723435/186836675628
Paid up capital	7092873210/7092873210	7092873210/7092873210	7104369100/7092873210	8552096940/7092873210	10725002850/7092873210
Share premium	3622522880/3622522880	3622522880/3622522880	3659942031/3622522880	3738490072/3622522880	3853767032/3622522880
Statutory reserve	3470350332/3470350332	3470350332/3470350332	3470350332/3470350332	4813606868/3470350332	6428088086/3470350332

Dividend equalization fund	0.00	0.00	355218455/355218455	355218455/355218455	355218455/355218455
Revaluation reserve on govt. securities	176631280/176631280	219539410/176631280	111643709/176631280	23306557/176631280	5593264/176631280
Assets revaluation reserve	516373535/516373535	516373535/516373535	516373535/516373535	516373535/516373535	478558600/516373535
Translation reserve					3001421/3001421
Surplus in profit and loss account/Retained earnings	2876737432/2876737432	3892934140/2876737432	6222874273/2876737432	7991713548/2876737432	9794724973/2876737432
<b>Total shareholders' equity</b>	17755488669/17755488669	18814593507/17755488669	21440771435/17755488669	25990805975/17755488669	31637951839/17755488669
<b>Total liabilities and shareholder equity</b>	204592164297/204592164297	224493440200/204592164297	248605457497/204592164297	279187119596/204592164297	315416675274/204592164297

### C. Vertical Income Statement Analysis

Accounts Title	2014	2015	2016	2017	2018
Interest income	16794142526/ 16794142526	17372892072/ 17372892072	17842334464/ 17842334464	20498331789/ 20498331789	25090005051/ 25090005051
Interest paid on deposits and borrowing	9192151178/1 6794142526	8657032539/1 7372892072	7035581830/1 7842334464	8350693368/2 0498331789	11574281608/ 25090005051
Net interest income	7601991348/1 6794142526	8715859533/1 7372892072	10806752634/ 17842334464	12147638421/ 20498331789	13515723443/ 25090005051
Investment income	2501445804/1 6794142526	2452727186/1 7372892072	2496865821/1 7842334464	3580988216/2 0498331789	2961103311/2 5090005051
Commission, exchange and brokerage	2566596779/1 6794142526	2880811788/1 7372892072	2537889736/1 7842334464	2876025784/2 0498331789	2573498361/2 5090005051
Other operating income	738246871/16 794142526	1078913770/1 7372892072	123233385/17 842334464	105028580/20 498331789	114597871/25 090005051
Total operating income	13408280802/ 16794142526	15128312277/ 17372892072	15964741576/ 17842334464	18709681001/ 20498331789	19164922986/ 25090005051
Salaries and allowances	2918698470/1 6794142526	3283904177/1 7372892072	3312501626/1 7842334464	4346525111/2 0498331789	4681288758/2 5090005051
Rent, taxes, insurance, electricity etc	899088069/16 794142526	957364996/17 372892072	1148406728/1 7842334464	1311823891/2 0498331789	1408720244/2 5090005051
Legal expenses	140504345/16 794142526	75358034/173 72892072	60611079/178 42334464	41762353/204 98331789	55210529/250 90005051
Postage, stamps, telecommunication	219366270/16 794142526	262499755/17 372892072	241582356/17 842334464	249590090/20 498331789	272339766/25 090005051

Stationery, printing, advertisement etc	267348795/16794142526	373045124/17372892072	202780149/17842334464	303641768/20498331789	292462722/25090005051
Chief Executive's salary and fees	13783916/16794142526	14260584/17372892072	13309000/17842334464	13309000/20498331789	13971499/25090005051
Directors' fees and expenses	671831/16794142526	681700/17372892072	1335600/17842334464	1356680/20498331789	1297200/25090005051
Auditors' fee	955000/16794142526	955000/17372892072	1224753/17842334464	1469703/20498331789	1644500/25090005051
Depreciation and repairs to bank's assets	1030111923/16794142526	924154165/17372892072	906348957/17842334464	844185219/20498331789	1155998577/25090005051
Other expenses	1144205580/16794142526	1438359150/17372892072	2063812687/17842334464	2546177562/20498331789	2459714775/25090005051
Total operating expenses	6634734199/16794142526	7330582685/17372892072	7951912936/17842334464	9659841377/20498331789	10342648570/25090005051
Profit/(loss) before provisions	6773546603/16794142526	7797729592/17372892072	8012828640/17842334464	9049839624/20498331789	8822274416/25090005051
Total provision	2610658475/16794142526	3177128901/17372892072	864547120/17842334464	1152364936/20498331789	749868328/25090005051
Total Profit/(loss) before taxes	4162888128/16794142526	4620600691/17372892072	7148281520/17842334464	7897474688/20498331789	8072406088/25090005051
Total provision for Taxation	2071999588/16794142526	2185829341/17372892072	2687848854/17842334464	2647354642/20498331789	2525102089/25090005051
Net profit/(loss) after taxation	2090888540/16794142526	2434771350/17372892072	4460432666/17842334464	5250120046/20498331789	5547303999/25090005051

D.Vertical Balance Sheet Analysis

Accounts Title	2014	2015	2016	2017	2018
Cash in hand	755801210 2/2045921 64297	5613959872 /224493440 200	5404296928/ 24860545749 7	6092421365/ 27918711959 6	6654775781/ 31541667527 4
Balance with Bangladesh Bank	953115436 5/2045921 64297	1059288151 1/22449344 0200	10416488307 /2486054574 97	12192061982 /2791871195 96	15719774488 /3154166752 74
Balance with other banks (inside)	234833196 59/204592 164297	1770530841 4/22449344 0200	13337028475 /2486054574 97	16238997504 /2791871195 96	12484067930 /3154166752 74
Balance with other banks outside	109574205 7/2045921 64297	4614132984 /224493440 200	2029964604/ 24860545749 7	3157243725/ 27918711959 6	2394477206/ 31541667527 4
Investment (government)	205593036 20/204592 164297	1497945606 8/22449344 0200	17045441443 /2486054574 97	19193023616 /2791871195 96	20341016406 /3154166752 74
Investment (others)	333929138 8/2045921 64297	4799796076 /224493440 200	5442555467/ 24860545749 7	5773231812/ 27918711959 6	5424101835/ 31541667527 4
Loans, cash credit, overdrafts etc	121358408 559/20459 2164297	1461456124 39/2244934 40200	11049906001 8/248605457 497	11574892064 3/279187119 596	13949132127 5/315416675 274
Small and medium enterprises			61185461566 /2486054574 97	81064166152 /2791871195 96	80422409963 /3154166752 74
Bills purchased & discounted	582144574 /20459216 4297	1287994847 /224493440 200	1927519928/ 24860545749 7	5746293951/ 27918711959 6	18094372030 /3154166752 74
Fixed assets including premises, furniture and fixtures	289317647 6/2045921 64297	2937117061 /224493440 200	3113071588/ 24860545749 7	4275180860/ 27918711959 6	4300651117/ 31541667527 4
Other assets	141916114 97/204592 164297	1575495085 3/22449344 0200	18142339098 /2486054574 97	9642147911/ 27918711959 6	10023235468 /3154166752 74
Non-banking assets		62230075/2 2449344020 0	62230075/24 8605457497	63430075/27 9187119596	66471775/31 5416675274
<b>Total property and assets</b>	204592164 297/20459 2164297	2244934402 00/2244934 40200	24860545749 7/248605457 497	27918711959 6/279187119 596	31541667527 4/315416675 274



Borrowings from other banks, financial institutions & agents	747520100 0/2045921 64297	2243269340 0/22449344 0200	18838239195 /2486054574 97	23210933175 /2791871195 96	22958478616 /3154166752 74
Borrowings from Bangladesh Bank	238740389 2/2045921 64297	4527813643 /224493440 200	6752978397/ 24860545749 7	5595585766/ 27918711959 6	8344796525/ 31541667527 4
Convertible Subordinate Bonds	300000000 0/2045921 64297	3000000000 /224493440 200	2951079000/ 24860545749 7	2850148000/ 27918711959 6	0
Money at call on short notice	122000000 0/2045921 64297	3780000000 /224493440 200	1303750000/ 24860545749 7	2700000000/ 27918711959 6	0
Current accounts & other accounts	525019464 06/204592 164297	4915371520 8/22449344 0200	50271016607 /2486054574 97	62304458807 /2791871195 96	53562341970 /3154166752 74
Bills payable	103500353 8/2045921 64297	843532886/ 2244934402 00	1309401487/ 24860545749 7	1013749416/ 27918711959 6	1528433733/ 31541667527 4
Savings deposits	258201596 17/204592 164297	2910566631 5/22449344 0200	31368696186 /2486054574 97	35100923580 /2791871195 96	38320761103 /3154166752 74
Fixed deposits	686779760 34/204592 164297	6315446004 9/22449344 0200	84504303337 /2486054574 97	96018419796 /2791871195 96	13360024235 5/315416675 274
Other deposits	429018672 /20459216 4297	1063137025 /224493440 200	1406154121/ 24860545749 7	1786887658/ 27918711959 6	1610630541/ 31541667527 4
Other liabilities	242899664 69/204592 164297	2861782816 7/22449344 0200	28459067732 /2486054574 97	22615207423 /2791871195 96	23853038592 /3154166752 74
<b>Total liabilities</b>	186836675 628/20459 2164297	2056788466 93/2244934 40200	22716468606 2/248605457 497	25319631362 1/279187119 596	28377872343 5/315416675 274

Paid up capital	7092873210/204592164297	7092873210/224493440200	7104369100/248605457497	8552096940/279187119596	10725002850/315416675274
Share premium	3622522880/204592164297	3622522880/224493440200	3659942031/248605457497	3738490072/279187119596	3853767032/315416675274
Statutory reserve	3470350332/204592164297	3470350332/224493440200	3470350332/248605457497	4813606868/279187119596	6428088086/315416675274
Dividend equalization fund			355218455/248605457497	355218455/279187119596	355218455/315416675274
Revaluation reserve on govt. securities	176631280/204592164297	219539410/224493440200	111643709/248605457497	23306557/279187119596	5593264/315416675274
Assets revaluation reserve	516373535/204592164297	516373535/224493440200	516373535/248605457497	516373535/279187119596	478558600/315416675274
Translation reserve			0.00%	0	3001421/315416675274
Surplus in profit and loss account/Retained earnings	2876737432/204592164297	3892934140/224493440200	6222874273/248605457497	7991713548/279187119596	9794724973/315416675274
<b>Total shareholders' equity</b>	17755488669/204592164297	18814593507/224493440200	21440771435/248605457497	25990805975/279187119596	31637951839/315416675274
<b>Total liabilities and shareholders' equity</b>	204592164297/204592164297	224493440200/224493440200	248605457497/248605457497	279187119596/279187119596	315416675274/315416675274

E. Ratio

<b>BRAC BANK</b>	<b>2014</b>	<b>2015</b>	<b>2016</b>	<b>2017</b>	<b>2018</b>
ROA	(2090888540/204592164297)*100	(2434771350/224493440200)*100	(4460432666/248605457497)*100	(5250120046/279187119596)*100	(5547303999/315416675274)*100
ROE	(2090888540/17755488669)*100	(2434771350/18814593507)*100	(4460432666/21440771435)*100	(5250120046/25990805975)*100	(5547303999/31637951839)*100
NIM	(17254438866 - 8814205585)/204592164297	(17700287627-8154477263)/224493440200	(17842334464 - 7035581830)/248605457497	(20498331789-8350693368)/279187119596	(25090005051-11574281608)/315416675274
LEVERAGE RATIO	(17418494999/204592164297)*100	(17114793333/224493440200)*100	(20813000000/248605457497)*100	(23534117550/279187119596)*100	(28779980403/315416675274)*100
CAR	((17418494999+3712000000)/133930000000)*100	((17114793333+3260000000)/166622000000)*100	((20813000000+3389000000)/188431000000)*100	((23534117550+3102378818)/209350870890)*100	((28779980404 + 3157306791)/233713448558)*100
DEBT TO EQUITY	186836675628/17755488669	205678846693/18814593507	227164686062/21440771435	253196313621/25990805975	283778723435/31637951839
DEBT TO ASSET	186836675628/204592164297	205678846693/224493440200	227164686062/248605457497	253196313621/279187119596	283778723435/315416675274
LDR	121940553133/148464104267	147433607286/143320511483	173612041512/168859571738	202559380746/196224439257	238008103268/228622409702
Cost to Income	(6634734199/13408280802)*100	(7330582685/15128312277)*100	(7951912936/15964741576)*100	(9659841377/18709681001)*100	(10342648570/19164922986)*100
Loans to Asset	121940553133/204592164297	147433607286/224493440200	173612041512/248605457497	202559380746/279187119596	238008103268/315416675274

D. Competitors Ratio

Title	BRAC	EBL	MTB	DBBL	CITY
ROA	(5547303999/315416675274)*100	(3080776920/282450953306)*100	(1582400985/221827582120)*100	(3998968383/339355688020)*100	(2017930620/324780287696)*100
ROE	(5547303999/31637951839)*100	(3080776920/22966259363)*100	(1582400985/13031148494)*100	(3998968383/22646481279)*100	(2017930620/24429926829)*100
NIM	((25090005051-11574281608)/315416675274)*100	((19821280127-12315063258)/282450953306)*100	((15542079435-10451237159)/221827582120)*100	((20945795759-6289758852)/339355688020)*100	((22916894717-13716355902)/324780287696)*100
LEVERAGE RATIO	(28779980403/315416675274)*100	(18908000000/282450953306)*100	(11578000000/221827582120)*100	(20272200000/339355688020)*100	((21797000000/324780287696)*100)
CAR	((28779980404 + 3157306791)/233713448558)*100	((18908000000+5740000000)/202655000000)*100	((11578 + 9464)/163644)*100	((20272200000+1380530000)/21820490000)*100	((2179.7+1377.34)/26154.38)*100
DEBT TO EQUITY	283778723435/31637951839	259484693943/2966259363	208796433627/13031148494	316709206741/22646481279	300350360867/24429926829
DEBT TO ASSET	283778723435/315416675274	259484693943/282450953306	208796433627/221827582120	316709206741/339355688020	300350360867/324780287696
LDR	238008103268/228622409702	209306250747/199628906412	163281709826/166700989966	218037368120/262433592014	231391469451/205170199563

cost to income	(10342648570/19164922986)*100	(5995315824/13139226210)*100	(4782507070/9390867756)*100	(15394013134/22375927153)*100	(9222844563/15902037484)*100
Loan to Asset	238008103268/315416675274	209306250747/282450953306	163281709826/221827582120	218037368120/339355688020	231391469451/324780287696

A. Growth Rate

TITLE	2014	2015	2016	2017	2018
TOTAL ASSETS	204,592	224,492	248,605	279,187	315,417
GROWTH RATE	0%	((224492-204592)/204592)	((248605-204592)/204592)	(279187-204592)/204592	(315417-204592)/204592

in million

TITLE	2014	2015	2016	2017	2018
Operating Profit	6,146	6,835	8,013	9,050	8,822
Growth Rate	0%	(6835-6146)/6146	(8013-6146)/6146	(9050-6146)/6146	(8822-6146)/6146

in million

TITLE	2014	2015	2016	2017	2018
Net Profit	2,091	2,436	4,460	5,250	5,547
Growth Rate	0%	(2436-2091)/2091	(4460-2091)/2091	(5250-2091)/2091	(5547-2091)/2091

E. . DuPont Analysis

	BBL	MTB	EBL	CITY	DBBL
profit margin	(5547303999/19164922986)*100	(1582400985/9390867756)*100	(3080776920/13139226210)*100	(2017930620/15902037484)*100	(3998968383/22375927153)*100
asset turnover	19164922986/315416675274	9390867756/221827582120	13139226210/282450953306	15902037484/324780287696	22375927153/339355688020
equity multiplier	315416675274/31637951839	221827582120/13031148494	282450953306/22966259363	324780287696/24429926829	339355688020/22646481279