



**Internship Report on
Financial Performance Analysis of Five Leading Banks of
Bangladesh**



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Date of Submission: 19th February, 2013

Letter of Transmittal

Date: 19th February, 2013

To

Shawkat Kamal

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Subject: Submission of the Internship Report

Dear Sir,

I am submitting my internship report titled “Financial Performance of Five Leading Bank of Bangladesh” as requirement of internship program under BBA curriculum. I have completed my internship program in BRAC Bank Limited, Head Office-Annex Building-3, Gulshan Avenue, Gulshan-1, Dhaka-1212 under your close supervision.

I would like to thank you for assigning this report as it gave me the opportunity to broaden my knowledge in the real life scenario on banking sector. I hope that my work will come up to the level of your satisfaction.

I welcome your query and will grateful to answer them.

Sincerely Yours,

.....

Shanjida Afrin (09104142)

Acknowledgement

Completion of this report has made me grateful to a number of people especially those who took the time to share their thoughtful guidance and suggestions to improve the report. First of all I would like to acknowledge my academic supervisor and teacher Mr. Shawkat Kamal, Assistant Professor, BRAC Business School, BRAC University. I am grateful to him not only for his continuous support and supervision for giving me the opportunity to prepare the report but also for providing me the opportunity to improve the report by extending the submission deadline. I am really grateful to my supervisor of BRAC Bank Tanjib Rubaiyat, Associate Manager, Financial Control, Finance Division, BRAC Bank Ltd, for supporting me with resources and knowledge. I am also thankful to the entire department of Regulatory Reporting team of Finance Division as they have always been there for me when I needed them most. Specially, Tanjib Rubaiyat, Associate Manager, BRAC Bank Ltd, Mohammad Nazmul Huq Bhuiyan ACA, Manager, Financial Control, Finance Division, BRAC Bank Ltd, their active participation to all my questions, queries during my internship has made this journey a true success. Thanks to all of them for providing valuable suggestions and information in preparing this report. It was my privilege and I am truly honored working with such a wonderful team.

Executive Summary

The health of the economy is closely related to the banking system. The banks are mobilizing the savings of the people for the investment purpose. This internship report is based on the four months internship program from 7th October 2012 to 7th February 2013 as a requirement of BBA program. To fuel our economy there are almost 30 commercial banks in Bangladesh. BRAC Bank is one of the top performing commercial bank in our country. Though it has started its journey in 2001, but at present it has a very strong position in the banking industry. As the competition is increasing, the commercial banks are constantly looking for to develop credit operation and performance appraisal to the market. In this report I have done a comparative analysis of five best performing banks of Bangladesh. The selection is primarily done on CRAB (Credit Rating Agency of Bangladesh). These Banks are Islami Bank, Prime bank, BRAC Bank, Dhaka Bank and Eastern Bank and all of them are having the rate AA3 given by CRAB. The comparative analysis is done based on some financial parameter like Return on Equity, Return on Asset, Return on Investment, Profit after Tax, Loans and Deposit size, Earning per Share. Moreover there are some other factors on which performance analysis is done. These are sector wise loan distribution of each bank, number of branches and staffs. At last there are some overall findings on this report.

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Part: 1

Introduction

1.1: Introduction

BRAC Bank is the fastest growing in Bangladesh and is playing the vital role as financial intermediaries linking economic policies of the government with rest of the economy. The bank is constantly serving the people and the economy of the country by raising aggregate demand, production and thus creating wealth for the economy.

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

1.2 History of BRAC Bank Limited

BRAC Bank Limited, one of the latest generation of commercial banks started its journey on July 04, 2001. It is an affiliate of BRAC (Bangladesh Rural Advancement Committee), one of the world's largest non-governmental development organizations founded by Fazle Hasan Abed in 1972. It has been the fastest growing Bank in 2004 and 2005. The Bank operates under a "double bottom line" agenda where profit and social responsibility go hand in hand as it strives towards a poverty-free, enlightened Bangladesh.

BRAC Bank Limited, with institutional shareholdings by BRAC, International Finance Corporation (IFC) and Shore Cap International, has been the fastest growing Bank in Bangladesh for the last three consecutive years. In the recent past the bank has gone public with price of shares reaching impressive heights, further showing promising future.

International Finance Corporation:

BBL has important international shareholdings apart from BRAC: IFC and Shore Cap. International Finance Corporation (IFC) is the commercial wing of World Bank. Using certain channels and overseas representatives, IFC helps local financial institutions find profitable ways to target small and medium sized companies. Funding comes from the Asian Development Bank, Canada, the European Commission, the Netherlands, Norway, the United Kingdom and IFC itself.

IFC is a 9.5% shareholder in BBL. A new assistance program signed in August 2005 aims to double the bank's number of small and medium enterprise clients in 18 months through campaigns to target women entrepreneurs and rural clients, introduce new products and train branch managers.

Shore Cap International Ltd

Another international institutional investor Shore Cap International Ltd. is an international private non-profit, equity company seeking to invest in small business banks and regulated micro finance institutions in countries with developing and transitional economies. Shore Cap typically invests between \$500,000 and \$2 million for an ownership position of 10-25% of a company. As a minority shareholder, Shore Cap seeks financial institutions with a strong, experienced management team and a committed set of local development-minded investors. Shore Cap currently owns 1% of BBL's shareholdings.

Shareholding Position:

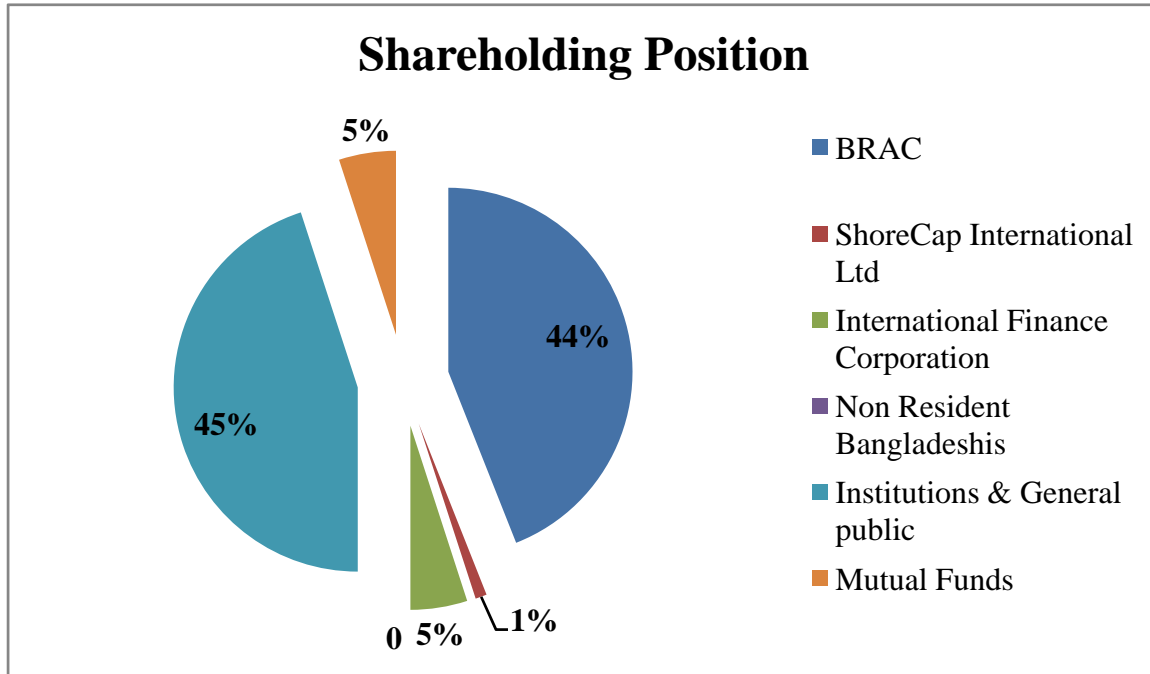


Figure: Shareholdings Position

1.3 Products and Services:

Small & Medium Enterprise (SME)

BRAC Bank is the country’s largest SME Bank. BRAC Bank, being the youngest bank, took a step to break away from usual tradition and tapped into the true suburb entrepreneurial initiatives. Today, with over 14500 crores of loans disbursed till date, BRAC Bank is country’s largest SME financier that has made more than 320000 dreams come true.

- This division has Captured 5.87% market share within SME Banking arena of Bangladesh.
- Till date BRAC Bank has served 369,246 borrowers, amounting BDT 176,740 million through its 550 customer touch points (SME Unit Offices, SME Sales and Service Centers, SME Krishi Branches).

- Customer deposit grew by 47% in 2011 compared to 2010. Current level of deposit stands at BDT 13,193 million.
- Customer asset grew by 17% in 2011 compared to 2010. Current level of asset stands at BDT 43,529 million.
- Record breaking asset disbursement of BDT 463 crore was seen in October 2011, with a net asset growth of BDT 212 in the month alone.

For SME loan operation, BRAC Bank Ltd has in total 900 unit offices, 80 zonal office, 12 territory and 1800 Customer Relationship Officers. These CROs work for the Bank to converge clients for getting the SME loan. Once CROs get the loan application and if it is less than 500,000 TK then zonal officers have the authority to approve the loan. But if it is above 500,000 then the CROs send it to Head Office for all necessary approval. After approving the loan then Asset Operation Department starts its work. As the scopes of businesses are growing, the amount of files and disbursement is getting bigger. In May 2007, AOD has processed 3249 files amounting Tk. 1,235,200,000. So SME Division's success greatly relies on the performance. Up to 2010, BBL provides loans for 3, 20,000 clients and in total BDT 144, 330 million. BDT 37,400 million asset disbursement was supplemented by BDT 8,970 million deposits. Fit – for – purpose strategies and strong drives towards both asset and liability made these successes possible.

Vision of SME Banking Division:

Remain the leader in SME banking, respected locally and globally, while focusing on people, profit and planet.

Strengths:

- Brand Image
- Trained sales force
- Good quality staff and service
- Quality distribution network

- Strong credit & collection framework
- Superior technology and service

SME Products:

- **Anonno:** For any kind of business needs, which starts from BDT 3 Lac to 10 Lac.

Type of Facility: Funded

- **Apurbo:** Offered BDT 1 million to BDT 10 million loans against registered mortgages.

Type of Facility: Funded

- **Prothoma:** Term loan for small scaled business operated by women entrepreneur, Maximum BDT 1 million is offered

Type of Facility: Funded

- **Durjoy:** Offered BDT 3 Lac to BDT 2.5 million Loans without any security.

Type of Facility: Funded

- **Shomriddhi:** Import-export related expenses, post import expenses, tax/duty payment, local bill purchase and working capital, offered BDT 1 Lac to BDT 20 million.
 - LC and LATR facility(Non-Funded)
 - Revolving loan, overdraft(Funded)
 - Local bill discounting facility(Funded)
- **Shokti:** Offered BDT 1 million to BDT 10 million to meet your any kind of business needs.

Type of Facility: Funded

- **Shompod:** Shompod-a new product to be designed shortly

Type of Facility: Funded

Retail Banking

With 154 outlets, over 300 ATMs and over 500,000 cards in the market, BRAC Bank offers a wide range of financial solutions to meet customer's everyday demand.

In case of home loan, car loan or simply quick loan simply an application has to be dropped.

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

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

- **Salary Loan:** Loan against your salary

Type of Facility: Funded

- **Quick Loan:** For needs that arise quickly the solution needs to be Quicker

Type of Facility: Funded

- **Car Loan:** Purchase a brand new car or a reconditioned one, BRAC Bank Auto Loan is built for maximum speed and efficiency

Type of Facility: Funded

- **Home loan:** Home loan

Type of Facility: Funded

- **Secured Loan:** Secured Loan/ Overdraft

Type of Facility: Funded

Corporate Banking:

- **Overdraft:** On-demand credit facility designed to meet day-to-day operational activities of the business, including purchase of raw materials and expenses.

Type of Facility: Funded

- **Short Term Loan:** To meet different short-term fund requirements of the client. Payment of duty, Tax, VAT and other expenses related to the release of goods from customs through pay orders in the name of customs authority or Bangladesh Bank cheque is payable through this scheme.

Type of Facility: Funded

- **Lease Finance:** For acquiring capital machinery and equipment. The client is given an opportunity to have exclusive rights to use an asset, for an agreed period of time, against payment of rent

Type of Facility: Funded

- **Loan against Trust Receipt:** A loan against a Trust Receipt provided to the client when the documents covering an import shipment are given without payment. Under this system, the client will hold the goods of their sale proceeds in trust for the bank, until the loan allowed against the Trust Receipt is fully paid.

Type of Facility: Funded

- **Work order Finance:** Clients can avail loan facilities against valid Work Orders up to a certain proportion.

Type of Facility: Funded

- **Emerging Business:** To serve medium enterprises having facility requirements like a large corporate in nature, but smaller in volumes. The facilities may range from a single-funded or non-funded limit to a composite credit facility that includes various corporate products.

Type of Facility: Funded/ Non-Funded

- **Syndication:** For financial ventures requiring large-scale investment, we raise funds from banks/financial institutions through syndications

Type of Facility: Funded

- **Term Loan:** Primarily used for fixed asset financing, such as the acquisition of capital machinery, equipment and vehicles.

Type of Facility: Funded

- **Project Finance:** Financing new projects and expansion of existing facilities

Type of Facility: Funded

- **Bill Purchase:** Payment made through purchase of bills (local/foreign) to meet urgent requirement of the customer falls under this type of credit facility (LBP/LBD/FDBP/FBP).

Type of Facility: Funded

- **Letter of Credit:** Related to import or local purchase of different items. It is also provided for the import and export of goods (such as raw materials, machinery, equipment, any trading item).

Type of Facility: Non-Funded

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

Different products of Retail Banking are as follows:

- Deposit Products
- Lending Products
- Locker Services
- Remittance Services

❖ **Probashi Banking**

Probashi Banking division of the Bank caters the NRBs (Non- Resident Bangladeshi) not only by disbursing remittance but also offering 'One Stop Banking Solution' by creating a favorable environment and opportunity for the NRBs to make long-term financial contributions in the socio-economic progress of the nation.

To facilitate the NRBs (Non- Resident Bangladeshi) a bunch of probashi banking products and services are designed to secure expatriate Bangladeshi(s) future saving(s) and investment(s) need as well as providing a structured financial planning for future.

❖ **E-Banking**

For the first time in Bangladesh BRAC Bank limited has introduced e-commerce program for all VISA & MasterCard cardholders. Electronic Commerce is a convenient and affordable way to buy and sell products or services online.

E-Commerce software and service enables individuals to maintain an online business while performing transactions right from the Web. It is the fastest, convenient and cost effective way of making transaction through web site.

New Products:

Krishok Card: SME banking division of BRAC Bank introduced ‘Krishok Card’ for the first time in Bangladesh. With this card farmers can buy seeds, fertilizer, equipments and other agricultural materials. They can also withdraw money whenever they want as per their requirement. BRAC Bank limited has come to rescue the distressed farmers by introducing this first plastic card. With this card, farmers can avail revolving loan facility instead of term loan with lower interest rate. This card facilitates to avail easy loan ranging from BDT 10,000 to BDT 50,000 at 13% interest rate in line with Agriculture and rural Credit Guidelines of Bangladesh Bank.

Shamolima: Another new product for Agriculture Sector was launched by SME banking division named “Shamolima”. It is used to finance in farming, livestock rearing, bio gas plant and solar panel.

Probridhdhi: Probridhdhi is a new product introduced for the large deposit clients with privileged features. It is also introduced by the SME Banking.

1.4 Mentionable Points on BRAC Bank:

1.4.1 Bkash:

In 2011 BRAC Bank opened its new subsidiary bkash which is a major breakthrough to bring more people into banking. It was launched on July 21, 2011. More than 150000 people are doing banking on bkash. At least 839 micro-borrowers are paying their installments over mobile and for providing this service available almost 4000 agents are working across Bangladesh. This independent company has been rendering mobile financing services for both the banked and unbanked population of Bangladesh. Bkash has already signed with Robi and GrameenPhone and very soon it will sign with other telecom operators. BRAC Bank believes that, bkash will be the next revolution and will change the social fabric of Bangladesh just the way mobile phones once did.

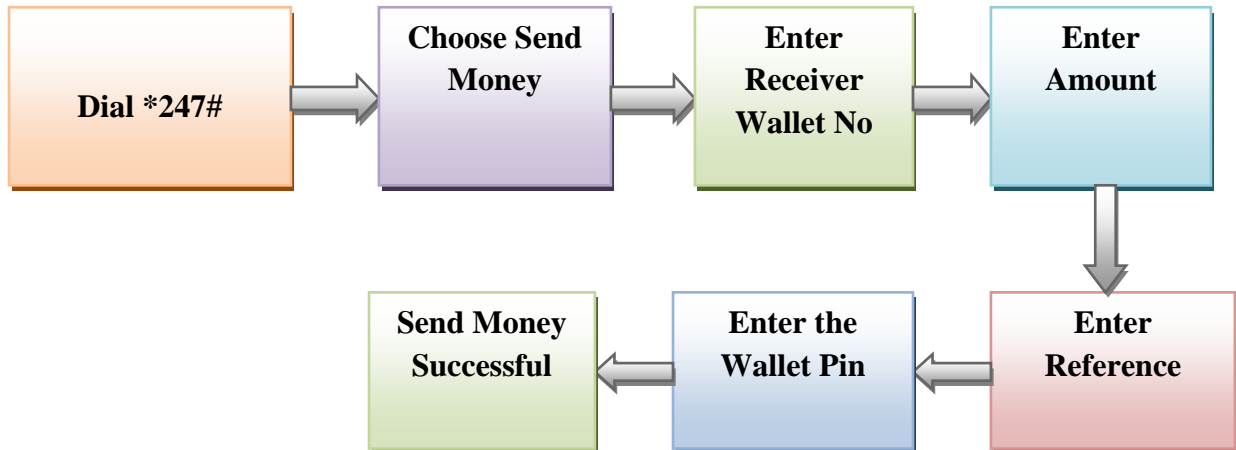
Objective of bKash is to serve the low income people in Bangladesh by providing services which are fast, affordable, convenient, reliable and nationwide. In Bangladesh more than 70% people live in rural area where access to financial services is not that much easy. To get money from their near and dear ones they have to rely on our conventional system of money gram or other sources, which are very time consuming and not reliable. Most of the people in rural areas have mobile phones. Bkash is dedicated to widening the net of financial inclusion among the people of Bangladesh by facilitating money transfer through mobile phones. Bkash provides mobile financial services allowing customers to send, receive, and pay money from their mobile phones. At present, bKash is the most convenient way of transferring money anytime, anywhere. Anyone can now send money instantly staying at home just by pressing a few buttons on mobile phone.

- Bkash enables the user to send money to anyone, using an advanced technology available on own mobile phone. The recipient will receive money instantly, no matter where s/he is. Even if the user don't have the required amount in the users bKash Account, someone else can easily send the amount in times of need.
- Send or receive money with minimal effort and cost. Bkash provides the highest benefit to its customers at an affordable cost, enabling everyone to access the formal financial system of the economy.
- Money in bKash Account won't be lost even if the user loses the mobile phone. Every transaction is protected by individuals own PIN and state-of-the-art technology provided by VISA ensures the users money is always safe and secure in Bkash system.

Mission:

By providing financial services that are convenient, affordable and reliable, bKash aims to widen the net of financial inclusion. Bkash wants to provide a solution for mobile financial services, built on a highly scalable mobile money platform, allowing people of Bangladesh to safely send and receive money via mobile devices.

The steps of sending money using Bkash are given below:



- Enter *247# in Mobile Phone
- Choose “Send Money” from the option and write the receiver wallet no which is 01717469832
- Enter the Selected amount and send money to Bkash wallet. Then the user will get an ID in his/her mobile phone shortly
- After sending email at Bkash at prepaidcardbd.com writing users mobile phone operator name, users mobile number and ash Id
- Then Bkash will email the users prepaid card number in reply within 1 hour
- 3% Charges applicable.

Partners of Bkash:

Partners of Bkash are:

- Robi
- Banglalink
- BRAC
- Bill & Melinda Gates Foundation
- Fundamo (A Visa Company)
- Shore bank International

Robi:

Robi Axiata Limited is a joint venture company between Axiata Group Berhad, Malaysia and NTT DOCOMO INC, Japan. It was formerly known as Telekom Malaysia International (Bangladesh) which commenced operations in Bangladesh in 1997 with the brand name AKTEL. On 28th March 2010, the service name was rebranded as 'Robi' and the company came to be known as Robi Axiata Limited.

Grameen Phone:

Grameen Phone is the joint venture between Grameen Telecom Corporation and Telenor of Norway which has operations in 12 other countries. It is the first company to introduce GSM technology in Bangladesh in 1997.

Banglalink:

Banglalink started its operation in Bangladesh in February 2005. It is fully owned by Orascom Telecom ventures Limited (OTV), the parent company of the group is Vimpelcom which is a 6th largest mobile phone operator in the world.

Shore Bank International:

SBI is a partner of Bkash to provide services at a large scale that will allow low income people in Bangladesh to access financial services. Shore bank international delivers wide range financial facilities to financial institutions and their funders globally. It is dedicated to expand capital for small businesses, entrepreneurs and households. For supporting Bkash shore bank international received \$10 Million grant from Bill & Melinda Gates Foundation.

Fundamo (A Visa company):

Fundamo is a wholly owned subsidiary of Visa Inc. and a leading platform provider of mobile financial services for mobile network operators and financial institutions. Fundamo is headquartered in Cape Town, South Africa. Fundamo's Enterprise Mobile Financial Services platform has been deployed in more than 40 countries across Africa, Asia, and the Middle East, offering mobile financial services for person-to-person payments, bill payments, wireless airtime top-up, and ticketing.

BRAC:

BRAC is the world's largest non-government development organization. BRAC is currently present in all 64 districts of Bangladesh, with over 8 million microfinance group members, 37,500 non-formal primary schools and more than 70,000 health volunteers. BRAC provides its massive footprint all over Bangladesh to bkash to deliver financial services at the vicinity of the beneficiaries.

Bill & Melinda Gates Foundation:

In developing countries, Bill & Melinda Gates Foundation focuses on improving people's health with vaccines and other life-saving tools and giving them the chance to lift themselves out of hunger and extreme poverty. Based in Seattle, Washington, the foundation is led by CEO Jeff Raikes and Co-chair William H. Gates Sr., under the direction of Bill and Melinda Gates and Warren Buffett.

1.4.2 CSR Activities:

As a bank with values, BRAC Bank has also continued making sustainable and lasting impact on society with its CSR activities. To expand and carryout social activities in a focused way, BRAC bank has launched a CSR Desk with a dedicated team in 2011. BRAC Bank Limited follows the 3Ps (People, Planet and Profit) philosophy in its operation. Besides core business, the bank carries a strong emphasis on Corporate Social Responsibility initiatives that support the people and protect the planet. BRAC Bank’s CSR program focuses on:

- **Environment**
- **Education**
- **Health**
- **Young Leadership**
- **Culture & Heritage and**
- **Community development**

1.4.3 GABV (Global Alliance for Banking on Values):

BRAC bank is the founding member of Global Alliance for Banking on Values (GABV). GABV is an independent network of banks using finance to deliver sustainable development for underserved people, communities and the environment.

BRAC Bank along with thirteen of the world’s leading sustainable banks is engaged in building a viable future for the financial industry. In line with the theme of developing human capital, the Bank is also involved in creating an alternative banking and financial system where social impact is considered as important as financial return.

GABV has some key actions:

- Raising financial capital to fund the growth and impact of sustainable banks

- Developing human capital so a new generation of capable, motivated sustainable bankers can productively and efficiently use the financial capital.
- Measuring the impact of GABV's network to demonstrate the results of their combined work for a wide group of stakeholders.
- Expanding network of banks by increasing the reach of their business models and delivering GABV's goal by 2020.

As a part of its continued support towards spreading sustainable business practices across the globe through GABV, BRAC Bank conducts multidimensional research. In 2011, BRAC Bank conducted a research on “Impact of Credit on the Sustainability of SME Borrowers of BRAC Bank.” It was done with an aim to measure the economic and social impact of SME credit on the bank's small borrowers. The findings were presented in 2011 GABV summit held in Peru. The research has found that:

- BRAC Bank has created values to the entrepreneurs.
- SME credit of the bank has positively to different outcomes for the borrowers.
- Their financed enterprises have positive impact at the social and environmental sustainability level.

Others: SME sector is the main concentration area for the bank financing since its inception which comprises of over 50% of the total loans and advances. Major portfolio of BRAC Bank belongs to commercial sector.

After launching Home Loan in 2008, BRAC Bank has built a portfolio of BDT 6 Billion in just 4 years, which is an industry record.

Planet Card is a revolutionary concept for the Banking industry in Bangladesh. The name ‘Planet’ is derived from the ‘Triple bottom line agenda (People, Planet and Profit). It is a VISA Debit Card which is a socially responsible initiative of BRAC Bank to protect this world and to present a better tomorrow for the future generations.

BRAC Bank has successfully implemented the cost and waste management campaign which directly contributed towards bank's profit.

BRAC Bank is continuously taking modern banking services to the doorsteps of remotest customers through its widespread nationwide network. This is helpful for fostering social change as well as economic development.

1.5 Other Information:

Number of Branches: 154(Including SME Service Unit)

Main Branches: 86

SME Unit office: 79

- a) Number of Urban Branches: 51
- b) Number of Rural branches: 33
- c) Number of SME Branches: 22
- d) Number of Agriculture Branches: 48
- e) Number of overseas Branches: 0

Number of branches functioning as Islamic banking branch: 1

Number of branches incurring loss: 25

Number of branches functioning as offshore banking unit: 1

Offshore banking unit is working under Gulshan branch.

Number of employees: 7,714

- a) Officers: 4,707
- b) Staff: 3,007

Number of total deposit accounts: 872,872

Number of total loan accounts: 200,398 (Including credit card)

Number of ATM: 313

- a) **Own:** 286
 - i) In Dhaka City: 205
 - ii) In Chittagong: 18
 - iii) Other Places: 63
- b) **Shared:** 27
 - i) In Dhaka City: 7
 - ii) In Chittagong: 2
 - iii) Other places: 18

1.6 Vision:

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

To achieve the vision BRAC Bank is promoting broad-based participation in Bangladesh economy through providing high quality banking services. The bank plans to achieve its vision by increasing access to economic opportunities for all individuals and businesses in Bangladesh with a special focus on currently under-served people across the urban-rural spectrum. BRAC bank believes in mutual benefits, the Bank’s and its clients’ benefit will depend on each other.

BRAC Bank target is to increase the ability of underserved individuals and enterprises to build their asset base and access market opportunities so that it increases the economic well-being for all Bangladeshis at the same time, and this will contribute significantly to the profitability of the bank.

BRAC Bank intends to set standards as the market leader in Bangladesh. BRAC Bank is already the market leader in SME sector in Bangladesh though it is the youngest bank in our country. To be a socially responsible institution BRAC Bank is actively participating in CSR activities in different area like education, health, and environment and in many development areas. BRAC bank believes in 3Ps which is people, planet and profit. BRAC bank is trying to provide the best

service and is putting very strong emphasis on CSR activities which support the people and protect the planet. It is producing earnings and pays the dividends which support the activities of BRAC and its shareholders.

Corporate Mission:

The mission statement for any business or organization must be in line with its long term plan or vision. The mission statement should shortly state the short term plan of the organization to achieve its long term goal. BRAC Bank has multiple mission statements which are very specific and important to achieve the vision. The mission statement of BRAC Bank is given below:

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

In SME sector BRAC Bank has the stupendous success as its main focus is on the SME sector and it comprises of over 50% of the total loans. At the same time the deposits are growing day by day with a very competitive but low cost rate. To earn more non funded income BRAC bank is affiliating more fees on commission and is increasing more non funded income service. For achieving efficient synergies between the bank branches BRAC Bank is providing same services

to all the branches and is keeping all types of services in all branches so that customers will get their required service wherever they want. At present, BRAC Bank is investing more on power sector which is a very faster growing sector. By providing best services without any compromise to each and every customer, BRAC bank is trying to create a strong brand value in Bangladesh.

Core Values:

- Value the fact that one is a member of the BRAC family
- Creating an honest, open and enabling environment
- Have a strong customer focus and build relationships based on integrity, superior service and mutual benefit
- Strive for profit & sound growth
- Work as a team to serve the best interest of our owners
- Relentless in pursuit of business innovation and improvement
- Value and respect people and make decisions based on merit
- Base recognition and reward on performance
- To be responsible, trustworthy and law-abiding in all that we do

Part: 2

Job Description

2.1 Nature of the Job:

I have done my internship in Regulatory Reporting Department, Financial Control, Finance Division of BRAC Bank.

During this 4 months time period of my internship I was assigned different types banking activities mainly related with regulatory reporting. All the assigned work was mainly Microsoft Excel based. In every task there was huge scope of learning. These are:

- CL(Classification of Loans and Advances)
- Portfolio management
- Deposit related queries by Bangladesh Bank audit Team
- Weekly Statement of Position(Thursday Position)
- Daily Report on SBS II.

During my internship I spent majority of my time in doing portfolio management, which is mainly known as Survey on Portfolio Investment in Equities and Debt Securities. In this part I worked with the foreign exchange which is mainly stock based. People who are living outside Bangladesh or nonresidents, their transactions are given in BRAC Bank's software named FINACLE. From there I used to print individual's transaction and put the data on debit and credit side. At first there is opening balance given at the top. Then on the credit side, there are inward remittance, sale proceeds, and income proceeds. On the other hand on the debit side, there is payment against purchase of securities/brokerage commission, repatriation of sale proceeds, and repatriation of income proceeds. At last there is the final closing balance. When the final closing balance amount matched with the printed paper's closing balance then I found that my work is properly done. By this way, I have done 417 person's portfolios. A sample format is given below:

1. Name of the reporting Bank/Institution.....

2. Address for Correspondence:

3. Name of the Non-Resident Investor.....
4. Country of Non-Resident Investor.....
5. Date of opening of Non-resident investors Taka Account (NITA).....
6. Balance of NITA....

| | |
|--|--|
| Opening Balance as on October,01,2012 | |
| Cash Credit during the period | |
| A. Inward Remittance | |
| B. Sale Proceeds | |
| C. Income Proceeds | |
| Total Credits During the Period | |
| Cash Debits during the Period | |
| A. Payment against purchase of securities/brokerage commission etc | |
| B. Repatriation of Sale proceeds | |
| C. Repatriation of Income Proceeds | |
| D. Repatriation of unutilized Balance(if any) | |
| Total debits during the period | |
| Closing Balance as on December 31,2012 | |

IPO Purchase.....

Right Share Supply.....

Tax Payment.....

Incidental Expense.....

Finding out the top depositors of each branch excluding the SME units was another task I had to deal with. It requires huge Microsoft Excel working and it was a bit lengthy work to execute. The number of top depositors depends on where the branch is situated. For example, if the branch is located in Dhaka then the number of depositors is high and their amount of deposits is also very high. In that case I had to find out the depositors who have more than 1 crore taka. On the other hand, if the branch is located in rural area then the amount of deposits and depositors is low in comparison with the urban branch. In that case, I sought out the top 20 depositors.

I worked with different types of loans and classified them according to the outstanding given by the bank to the creditors. All these classifications were done according to the instructions provided by Bangladesh Bank. As per Bangladesh Bank rules I classified all the customers who have taken loans and advances from BRAC Bank according to the delay of repayment of the loan. There are mainly five categories of loan classifications. I was given full data on the whole creditors of BRAC Bank and then I was instructed to classify them according to the rules. For example, there are two types of loans. One is classified loan and another is unclassified loan. Unclassified loan consists of special mention account and Standard Account. On the other hand, classified loans are the combination of substandard, doubtful and bad /loss loan. My job was to find out the classified loan among all the loans and advances. I was given a full Microsoft Excel data where the outstanding amount, interest suspense and security value were given. A fixed provision is determined for each type loan classification as per Bangladesh Bank guideline. Therefore, according to that instruction, I made the final classification with the help of other given data. Main objective was to find out total amount of bad loans like substandard, doubtful and bad/loss status account are considered as the bad loan of bank. According to Bangladesh Bank guideline, the status of a borrowers account will be considered as substandard when that borrower does not repay the installment amount for 03(three) months or beyond but less than 06(six) months. If repayment amount is due for 06(six) months or beyond but less than 09(nine) months, then it will be accounted as doubtful account. Finally bad/loss account is considered when the loan repayment is unpaid for 09(nine) months or beyond. Each classification has a

specific provision amount against each loan. Considering all the provisions, interest suspense the ultimate status of each customer is found.

Then I worked with the branch summary of Loan Classification and Provision. In this section, I sought out each branch's total loan classifications and provisions under different CL. In CL-2 consists of continuous loan like staff loan. CL-3 consists of demand loan. CL-4 consists of term loan which is less than 5 years and CL-5 consists of term loan which is more than 5 years. Finally CL-6 includes micro/agriculture loan. Like portfolio here is also a format on which I used to put the data from the raw sheet.

2.2 Work Experience:

I have mentioned earlier that, I have spent most of the time in portfolio management. At the initial stage, this work seems very interesting to me. When I found the correct closing balance I felt relieved. But sometimes there were some transactions which consists of 17 pages, which are combinations of thousands transactions of a single person, that seems very scaring to me at the first sight. When the closing balance does not match with the given one, then I had to look on every detail of the transactions to find out my silly mistakes. It was a great experience to work on portfolio. At the same time there were many new things I have learnt. On the whole I enjoyed this task very much.

Another enjoyable task I have done is to find out the top depositors of 47 branches. It was a bit lengthy task and full task had to do on Microsoft Excel. Earlier in my University I have learnt some Excel functions. Those functions (like VLookup, Sum if, Left, Sum etc), I have applied all these applications practically for so many times. There were some other new functions I have learnt while working.

Daily Work:

SBS –II (Scheduled Bank Statistics) is a report which has to be submitted to Bangladesh Bank daily. The total daily deposit from government and semi government institutions has to mention in this report. My daily work was to do this SBS-II.

Weekly Statement of Position:

Weekly statement of position is a report which has to submit in Tuesday. It is based on the trial balance of each week up to Thursday. To do this task at first I used to download the full trial balance of BRAC Bank from the software. It requires almost 3 hours downloading the trial balance.

2.3 Difference between Bank & Manufacture Company's Annual Reports

While working with the annual report I found some interesting things about the differences between a bank's annual report and a manufacturing industries annual report. Here are some mentionable things I would like to mention

A balance sheet represents a company's financial condition for a certain period of time. It consists of company's assets, liabilities and owner's equity. A bank's assets are loans and investments on the other hand; a manufacturing firm's resource includes production equipments, machineries. Net loan the bank loaned to its customers is the most significant asset for a bank. The liabilities of a bank's balance sheet are interest bearing and non interest bearing deposits and the loans which a bank takes from other banks for long term and short term.

But a manufacturing company's balance sheet starts with the cash, marketable receivables, and accounts receivables. Depending on the company type some company's balance sheet include raw materials, finished products inventory as their assets. However, long term loans and bonds are the financial obligations of a company. Therefore there are significant differences between a bank's balance sheet and a manufacturing company's balance sheet.

Income statement of an organization is known as statement of profit loss. A bank's income generates from lending fees, trading surpluses, interest income and non-interest income and its expenses include provision for loans, noninterest expenses, and income tax expenses. On the other hand a manufacturing company generates its revenues by means of selling tangible goods and its expenses incurred by factory charges like costs of raw materials, labor costs, storage fees for semi finished and finished products.

Part: 3

Part: 3

The internship report is to analyze the performance of five leading banks of Bangladesh. The selected banks are Islami Bank, Prime Bank, BRAC Bank, Dhaka Bank and Eastern Bank. These banks are selected because these are the banks which have a very up to the mark performance and with a very high credit rating. All these banks are having the rate at least AA3 which is given by Credit Rating Agency of Bangladesh (CRAB). At the same time the banks have been selected after analyzing a number of annual report by observing the banks' financial ratios like-ROE, ROI, ROA, amount of classified loans against total loan, earning per share, total assets, and total deposits, asset growth and deposit growth and so on. In addition to these, these banks have been selected in light of some experienced bankers opinion. According to them these are some leading banks which are performing very well for the last consecutive years.

3.2 Objective of the Report:

Primary Objective:

The primary objective of this report is to evaluate the performance of BRAC Bank with other four leading banks of Bangladesh.

Some specific objectives are:

- To make comparison among the bank's balance sheet items.
- To find out the area in which the banks are not meeting their expectations.
- To identify the position of BRAC Bank.

3.3 Methodology:

For preparing this report information has mainly collected from the respective banks annual report and individual bank's website. The various ratio analysis are used in this report which are collected from banks annual reports and financial statements and the ratios that are not found in the annual report are calculated from the information provided in the annual report. For example the growth rate of assets, deposits are not directly given in the annual report, but the total assets, deposits of consecutive years are given directly given in the annual report. From those data the growth of deposits and assets can be calculated. Different ratios have been selected to analyze the of the banks-like, return on equity to measure the efficiency of using equity, return on assets to measure the efficiency of using bank's assets, return on investments to measure the investment efficiency, total classified loans against the total loans to judge the efficiency of loan collection, earning per share to measure the earnings per share, net income ratio to measure the efficiency of operating cost to generate revenue. The financial information considered for the evaluation relates to the last three years because to analyze the performance more emphasis should be given on the current year performance

3.4 Limitation:

The first limitation is getting the information and interpreting it, as I am not familiar with each and every information provided in the annual report. Therefore there might be some information which may be inaccurate, since the time invested in the work is not sufficient enough to know about the company.

4.1 (ROE) Return on Equity:

Return on equity is a very closely watched number among knowledgeable investors. Return on equity measures the efficiency of an organization that to what extent the organization is generating profits from every unit of shareholders equity. It is a strong measure of how well the management of a company creates value for its shareholders. Return on Equity of top five banks is given below:

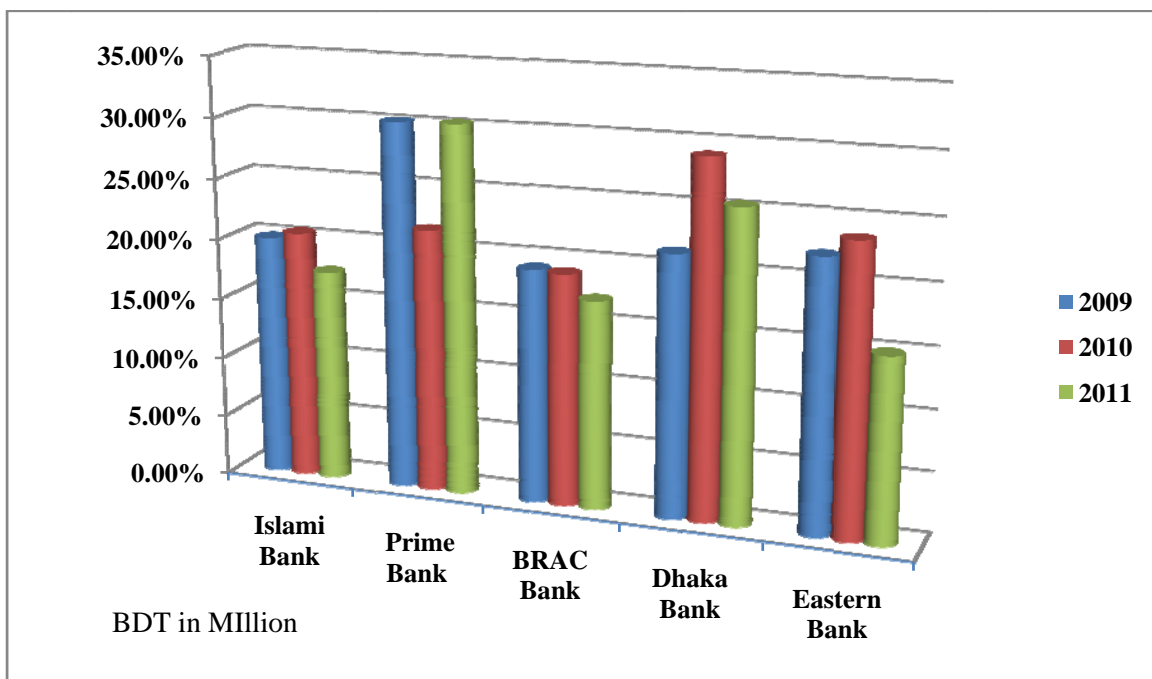


Figure: Return on Equity

| | 2009 | 2010 | 2011 |
|--------------|--------|--------|--------|
| Islami Bank | 19.92% | 20.47% | 17.42% |
| Prime Bank | 30.19% | 21.65% | 30.32% |
| BRAC Bank | 19.19% | 19.02% | 17.09% |
| Dhaka Bank | 21.40% | 29.08% | 25.43% |
| Eastern Bank | 22.17% | 23.64% | 15.04% |

In 2009, ROE of Islami Bank is 20.47%, in 2010 ROE are 19.92 and finally in 2011 ROE are 17.42. Therefore ROE of Islamic Bank decreased at a slow pace but its performance is very consistent.

In case of Prime Bank, ROE of 2009, 2011 is quite similar, however in 2010 ROE decreased from previous year. But in 2011, return on equity increased to 30.32% from 21.65%.

Performance of BRAC Bank in terms of return on equity is comparatively not up to the mark in comparison with other banks. In 2011, ROE is the lowest among 2009, 2010, 2011.

Dhaka Bank's performance in terms of ROE is more or less consistent in last three years.

But in case of Eastern bank, in 2009 and 2010, ROE was almost same but in 2011 ROE decreased at a high rate.

While comparing the performance of five leading bank, it is visible from the above graph ROE of BRAC Bank is the lowest. On the other hand Prime Bank and Dhaka Bank maintained the highest ROE for the last three years.

4.2 ROA (Return on Asset):

Return on asset is the ratio of profit after tax and average assets. It shows that how profitable a company's asset is in generating revenue. The higher the percentage is better for the organization, which means the assets are having higher efficiency. The ROA of the selected banks are following:

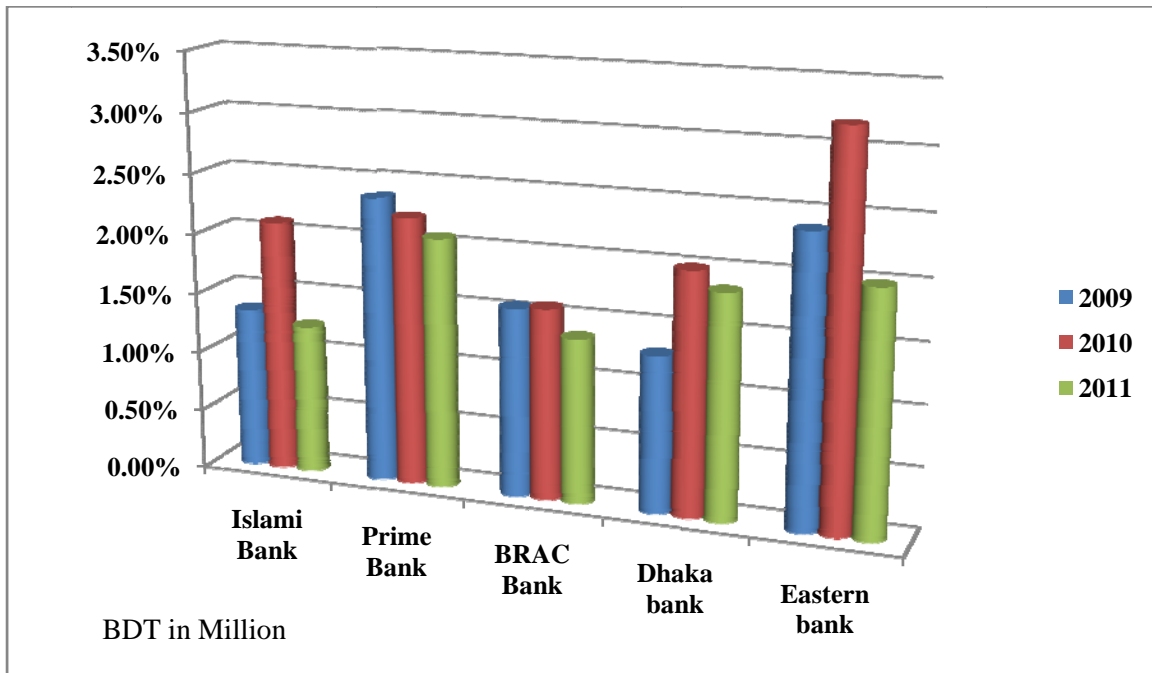


Figure: Return on Asset

| | 2009 | 2010 | 2011 |
|---------------------|--------------|--------------|--------------|
| Islami Bank | 1.34% | 2.10% | 1.24% |
| Prime Bank | 2.37% | 2.22% | 2.07% |
| BRAC Bank | 1.56% | 1.58% | 1.36% |
| Dhaka Bank | 1.29% | 2.00% | 1.85% |
| Eastern Bank | 2.38% | 3.19% | 2.00% |

From above chart, it is visible that BRAC Bank maintained the consistent ROA. Although it has the lowest ROA among the five banks, but its amount has the consistency in the past three years. Similarly Prime bank is also having a balanced ROA in 2009, 2010 and 2011. Eastern Bank's performance is very volatile as it is seen from the chart that in 2009 the ROA is 2.38%. But in 2010 it has been increased to 3.19% from 2.38%. Again in 2011 it has been reduced to 2.00%. Like Eastern Bank, Dhaka Bank and Islamic bank have a higher ROA in 2010 than 2009.

However, both the banks' ROA decreased in 2011, which means the efficiency of assets has decreased in 2011.

4.3 ROI (Return on Investment)

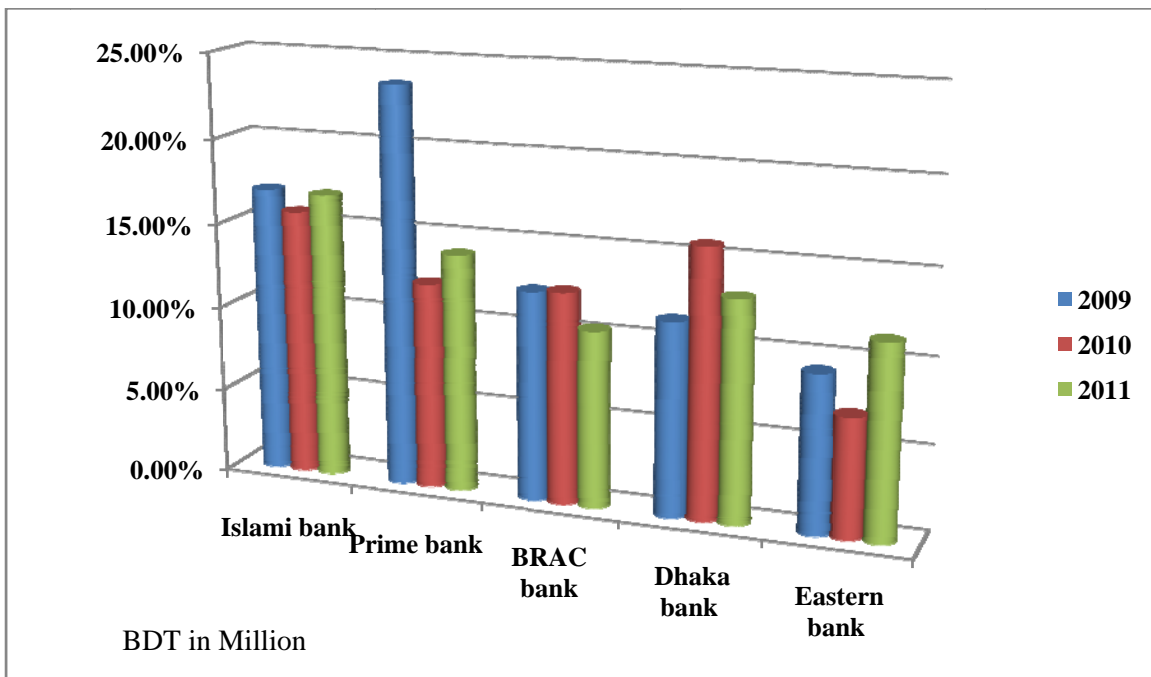


Figure: Return on Investment

| | 2009 | 2010 | 2011 |
|---------------------|---------------|---------------|---------------|
| Islami Bank | 16.39% | 15.72% | 16.85% |
| Prime Bank | 23.53% | 12.16% | 14.02% |
| BRAC Bank | 12.30% | 12.41% | 10.36% |
| Dhaka Bank | 11.35% | 15.73% | 12.97% |
| Eastern Bank | 9.25% | 6.99% | 11.36% |

Return on investment is the ratio of money gained on an investment relative to the amount invested. From this ratio it is measured the efficiency of an organization’s investment to have a highest return. Like ROA, the higher the ratio of ROI, better the performance of the organization. This means, higher the return on investment, higher the efficiency of the organization on investment decision making. Return investment is mainly dependent on the market situation. Due to frequent market fluctuation ROI changes a lot. In 2011, the market was very volatile due to the stock market. As many banks invested in stock market but in return they did not get the expected return. That is why the outcome was not up to the mark according to their expectation.

4.4 Interest Income on Loan:

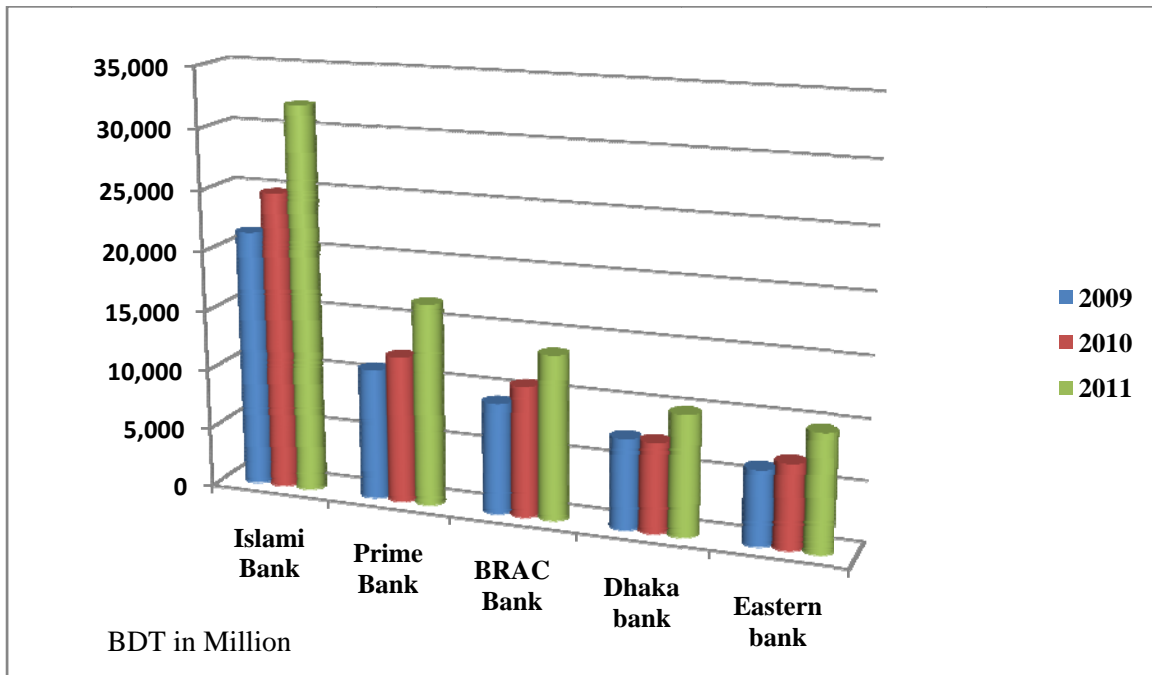


Figure: Interest Income on Loan

| | 2009 | 2010 | 2011 |
|---------------------|---------------|---------------|---------------|
| Islami bank | 21,371 | 24,766 | 32,020 |
| Prime bank | 10,831 | 12,147 | 16,727 |
| BRAC Bank | 9,172 | 10,808 | 13,610 |
| Dhaka bank | 7,466 | 7,405 | 9,946 |
| Eastern Bank | 6,187 | 6,976 | 9,713 |

From the above chart, it is seen that, in each year Islami bank has the highest earnings on their loans. In 2011 all the selected banks have the highest earnings on their loans. That means the amount of taking loan in 2011 was very higher. Among all these banks, Eastern bank has the lowest earnings on the loan but it is moving upward in each year. It is noticeable that, all the banks' earnings on loans are moving upward. Prime Bank and BRAC Bank have the similarity in their income. Similarly, Dhaka Bank and Eastern bank have the almost same amount of interest earning on their loans. However Islami Bank is the highest earners among all the banks.

4.5 Net Interest Income:

Net interest income is found by deducting all the expenses on both deposits and borrowings from the interest income on loans.

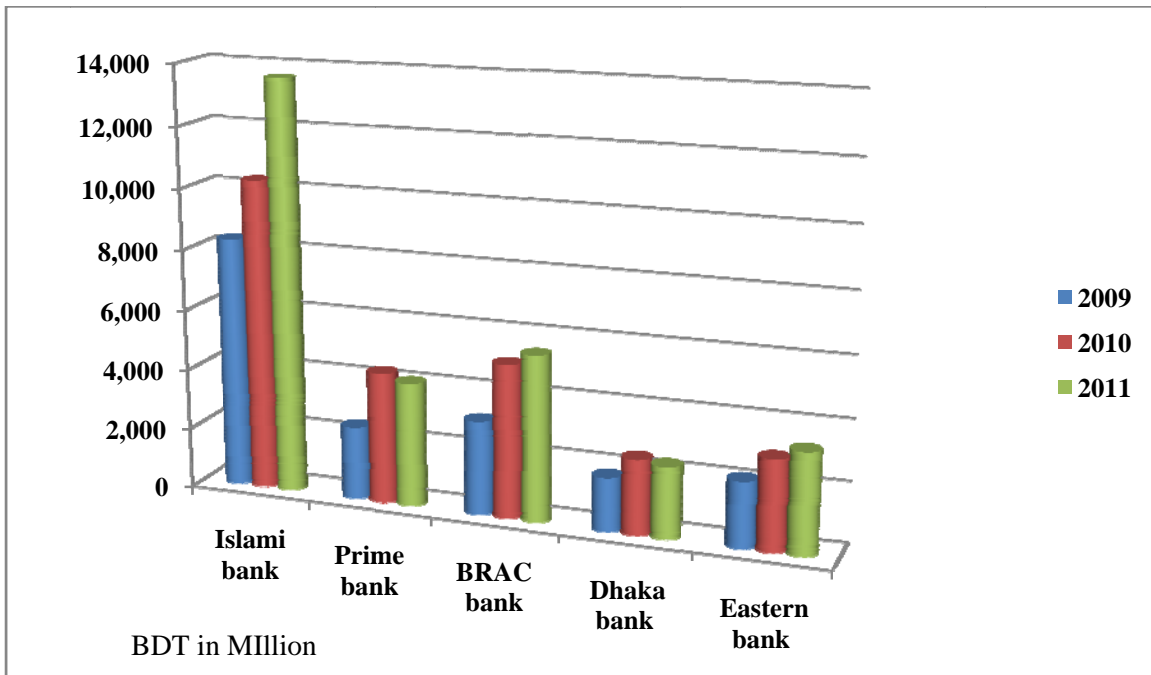


Figure: Net Interest Income

| | 2009 | 2010 | 2011 |
|--------------|-------|--------|--------|
| Islami bank | 8,294 | 10,294 | 13,618 |
| Prime bank | 2,405 | 4,323 | 4,089 |
| BRAC Bank | 3,099 | 5,051 | 5,446 |
| Dhaka bank | 1,759 | 2,460 | 2,335 |
| Eastern Bank | 2,154 | 2,973 | 3,314 |

Islami bank has kept its position higher among all the selected banks for the last three years. Like net interest income, in previous graph in interest income on loans and advances were also higher among all the selected banks. BRAC Bank and Prime bank have on an average same net interest income. All the banks performance is upward moving which is a positive sign. However, Dhaka bank and Prime bank have a negative fluctuation. In 2011, both banks' net interest income decreased a bit from the previous year. The performance of Islami Bank is very appreciating, as in every year the rate of interest income is increasing.

4.6 EPS:

Earning per share indicates the earnings of the firm against its each share or stock. The ratio is usually used to find out the operating efficiency of the firm against its total number of share outstanding. The EPS of the selected banks are given below:

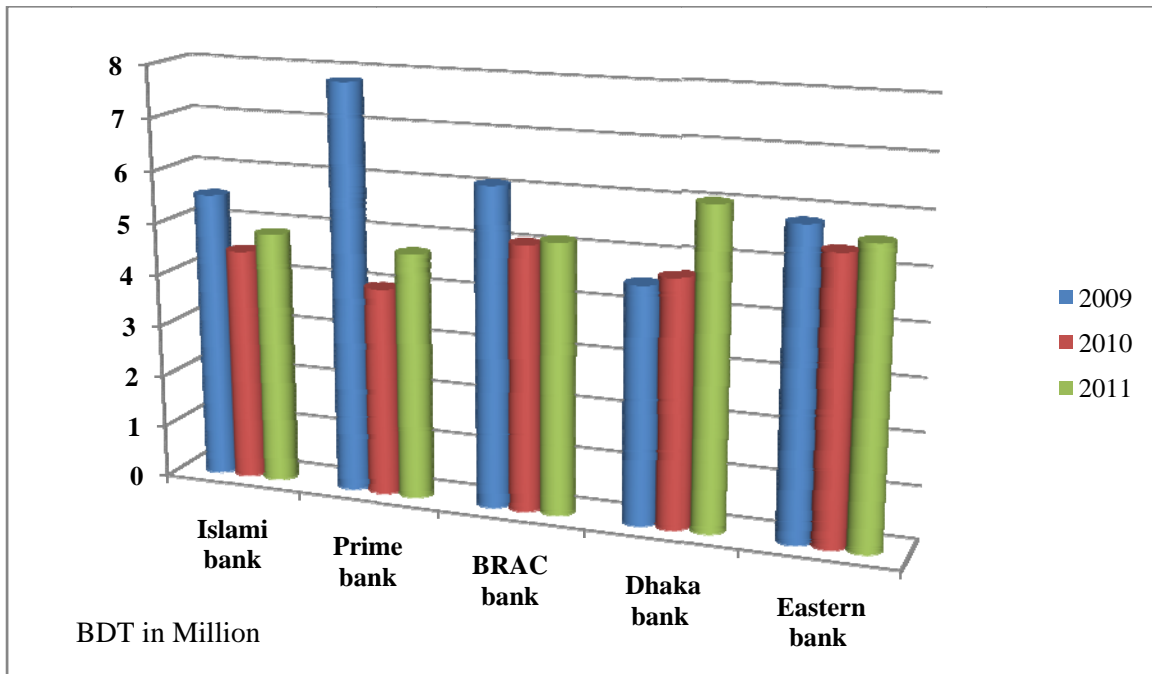


Figure: Earning per Share

| | 2009 | 2010 | 2011 |
|---------------------|-------------|-------------|-------------|
| Islami bank | 5.5 | 4.46 | 4.84 |
| Prime bank | 7.8 | 3.98 | 4.7 |
| BRAC Bank | 6.09 | 5.05 | 5.15 |
| Dhaka bank | 4.5 | 4.68 | 6.03 |
| Eastern Bank | 5.8 | 5.36 | 5.57 |

The graph shows that in 2009 the highest payout was made by Prime Bank, however in 2010 the EPS reduced to 3.98 which is a major fluctuation in its performance. In 2011, the payout increased a bit but not that much. Islami bank has the consistent performance with less volatility. The EPS of Eastern bank is most consistent and maintained almost a constant trend. BRAC Bank's performance is also comendable as it has less fluctuation for the last three years.

4.7 Yield on Asset:

Yield on Asset is the ratio of interest income and average loans and advances.

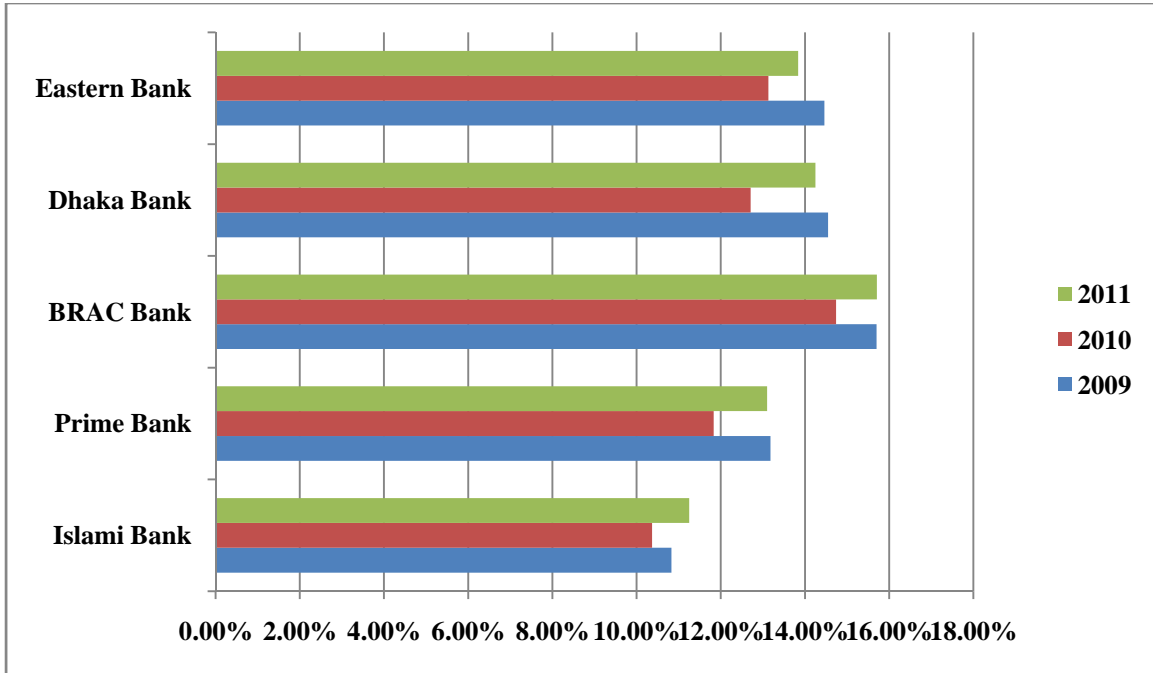


Figure: Yield on Asset

| | 2009 | 2010 | 2011 |
|--------------|--------|--------|--------|
| Islami Bank | 10.83% | 10.37% | 11.25% |
| Prime Bank | 13.18% | 11.83% | 13.10% |
| BRAC Bank | 15.70% | 14.74% | 15.71% |
| Dhaka Bank | 14.55% | 12.71% | 14.25% |
| Eastern Bank | 14.46% | 13.13% | 13.84% |

4.8 Profit before Provision:

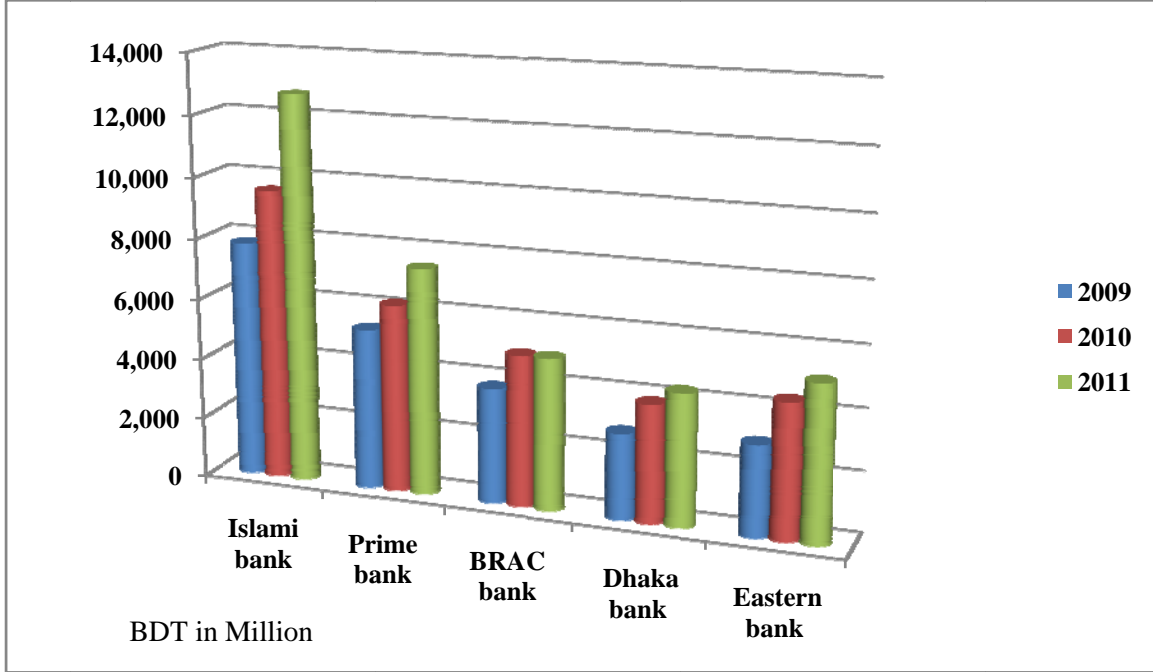


Figure: Profit before Provision

| | 2009 | 2010 | 2011 |
|---------------------|--------------|--------------|---------------|
| Islami bank | 7,781 | 9,570 | 12,732 |
| Prime bank | 5,289 | 6,176 | 7,455 |
| BRAC Bank | 3,781 | 4,956 | 4,970 |
| Dhaka Bank | 2,810 | 3,852 | 4,321 |
| Eastern Bank | 2,968 | 4,410 | 5,107 |

In case of profit before provision, all the selected banks are having the positive growth in each year. Among them Islami Bank is the highest profit earner. Prime bank is in the second position.

BRAC Bank’s performance is constant in 2010 and in 2011. Dhaka bank and Eastern bank are having the upward moving profit before provision.

4.9 Profits after Tax:

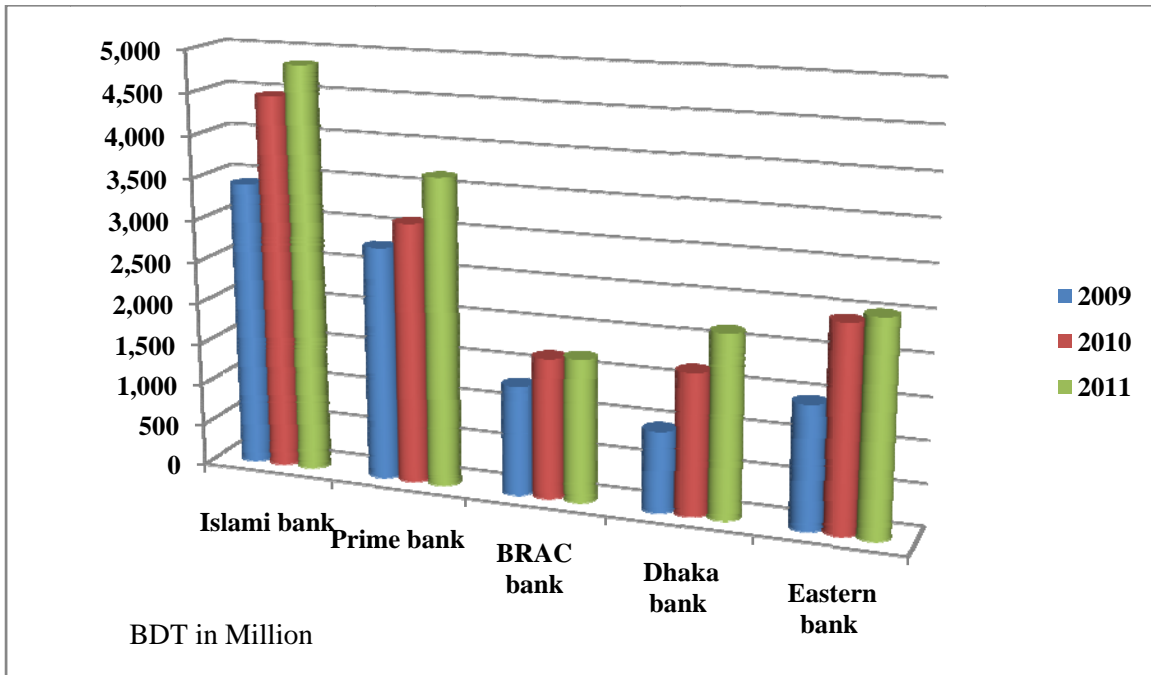


Figure: Profit after Tax

| | 2009 | 2010 | 2011 |
|--------------|-------|-------|-------|
| Islami bank | 3,404 | 4,463 | 4,841 |
| Prime bank | 2,784 | 3,101 | 3,662 |
| BRAC Bank | 1,304 | 1,670 | 1,702 |
| Dhaka bank | 959 | 1,679 | 2,166 |
| Eastern Bank | 1,459 | 2,425 | 2,521 |

Profit after tax is found after deducting all the provisions and taxes. It is the ultimate figure through which a bank can understand that what amount is left after giving all the provisions and taxes. From above graph it is seen that, in 2009 Islami bank had 3,404 Million PAT, but in 2010 it increased to 4,841 Million. Finally in 2011, PAT has been raised to 4,841 Million. Prime bank had 2,784 million profits after tax in 2009, in 2010 it augmented to 3,101 million and finally in 2011, the amount enlarged to 3,662 million. BRAC Bank has very steady growth for the last three years and has less volatility. In 2009 Dhaka Bank had the lowest amount of PAT in comparison with the other selected banks. However in 2010, Dhaka Bank managed to maintain a higher amount of PAT than previous year which was a very rapid change. And it was more or less similar to BRAC bank in 2010. Like all the selected banks Eastern bank has the upward moving PAT for the last three years, in 2010 and in 2011 profit after tax was more or less alike.

4.10 Loans and Advances:

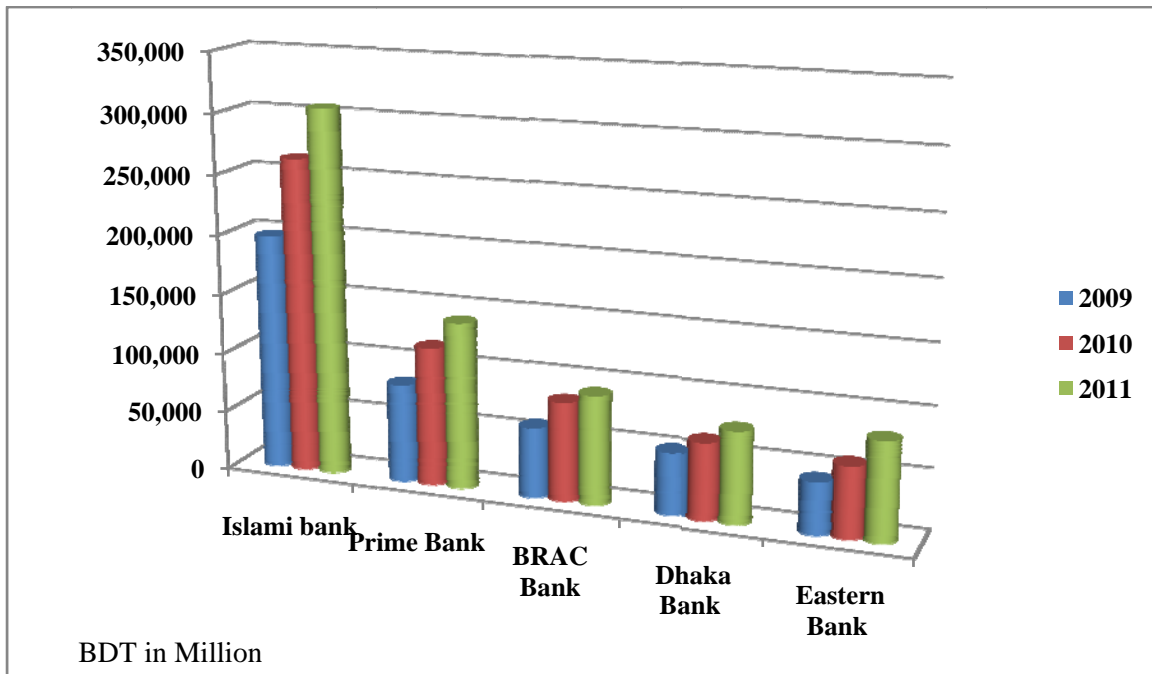


Figure: Loans and Advances

| | 2009 | 2010 | 2011 |
|---------------------|----------------|----------------|----------------|
| Islami bank | 197,335 | 263,225 | 305,841 |
| Prime bank | 82,204 | 116,057 | 139,409 |
| BRAC Bank | 58,414 | 82,461 | 90,822 |
| Dhaka bank | 51,304 | 63,591 | 75,983 |
| Eastern Bank | 42,778 | 58,607 | 81,774 |

Loans and advances is another benchmark to measure the performance of banks. From the above chart, it is evident that Islami bank has the maximum amount of loans and advances for the last three years. In each year Islami bank makes a great affirmative change. Alike Islami bank, Prime bank has made growing loan and advances in last consecutive years. Rest of three banks has also upward shifting loans and advances in each year. However as a younger bank BRAC bank has made marvelous advancement in loans and advances.

4.11 Loan Mix of 2010:

According to Bangladesh Bank circular if a loan is overdue up to

- 59 days then it will be considered as Standard Loan(STD)
- (60-89)days or 2 months and above, it will be under Special Mention Account(SMA)
- (90-179) days or 3 months and above, it will be under Sub-Standard(SS)
- (180-269)days or 6 months and above, it will be considered as Doubtful(DB)
- Over 270 days or 9 months and above, it will be under Bad/ loss account.

Standard Loan and Special Mention Account is known as unclassified loan. On the other hand, Sub-standard, doubtful and bad/loss account are known as classified loan.

The loan mix of 2010 of five selected banks is given below:

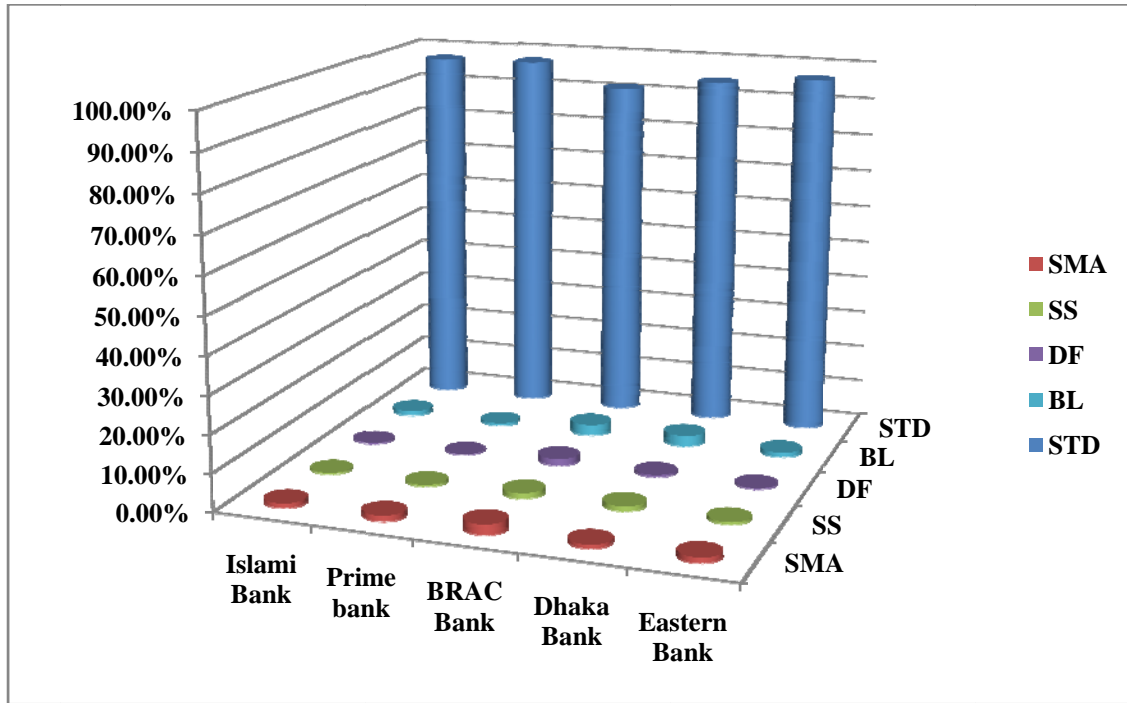


Figure: Loan Mix of 2010

| | STD | SMA | SS | DF | BL |
|---------------------|---------------|--------------|--------------|--------------|--------------|
| Islami bank | 97.10% | 1.14% | .34% | .20% | 1.23% |
| Prime bank | 97.32% | 1.50% | .46% | .11% | .61% |
| BRAC Bank | 91.34% | 2.68% | 1.39% | 1.74% | 2.86% |
| Dhaka bank | 94.47% | .95% | 1.22% | .53% | 2.82% |
| Eastern Bank | 96.62% | 1.38% | .56% | .25% | 1.18% |

4.12 Loan Mix of 2011:

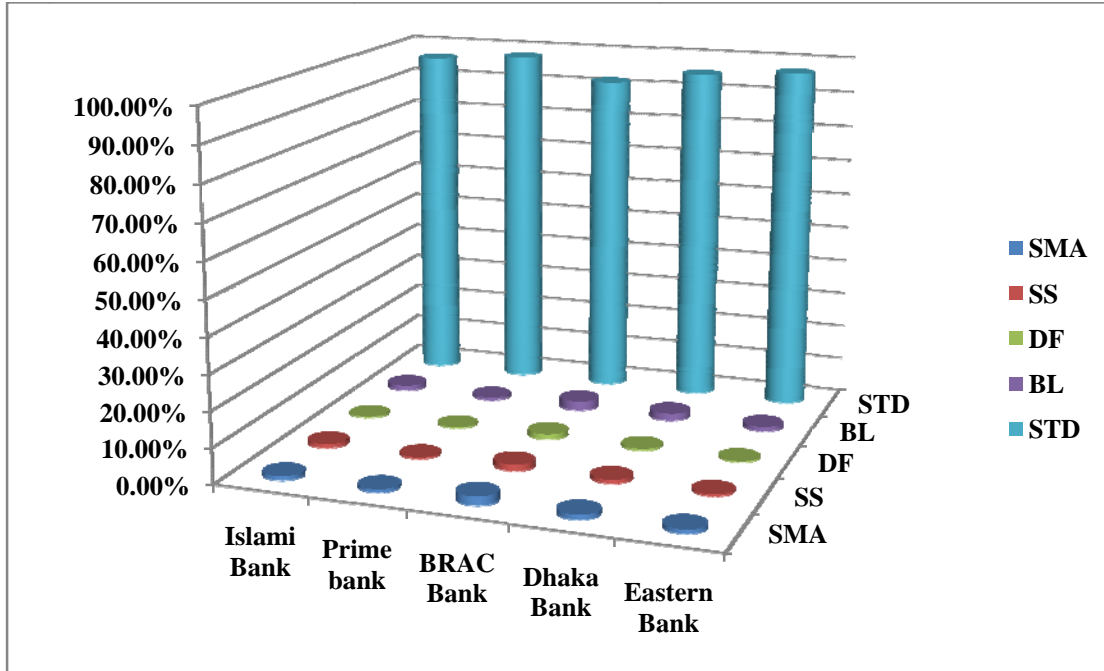


Figure: Loan Mix of 2011

| | STD | SMA | SS | DF | BL |
|---------------------|---------------|--------------|--------------|--------------|--------------|
| Islami bank | 96.16% | 1.13% | 1.03% | .26% | 1.42% |
| Prime bank | 97.79% | .85% | .40% | .22% | .74% |
| BRAC Bank | 91.79% | 2.44% | 1.74% | 1.42% | 2.61% |
| Dhaka bank | 95.26% | 1.29% | .99% | .51% | 1.96% |
| Eastern Bank | 97.05% | 1.04% | .51% | .21% | 1.19% |

4.13 Total Classified Loans:

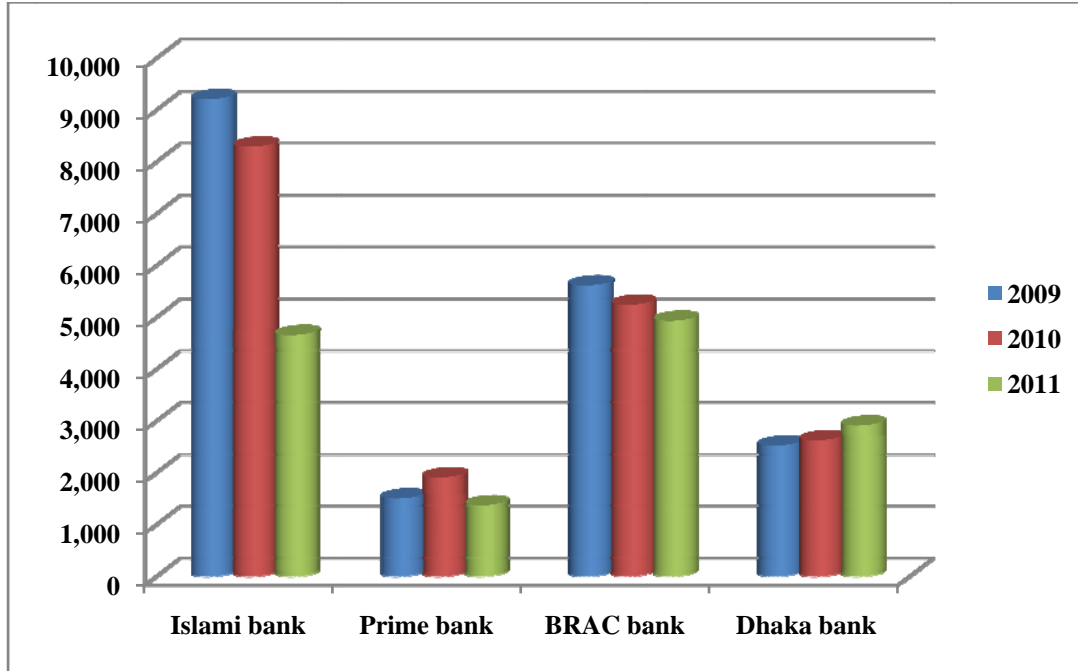


Figure: Total Classified Loans

| | 2009 | 2010 | 2011 |
|---------------------|--------------|--------------|--------------|
| Islami Bank | 9,208 | 8,292 | 4,656 |
| Prime Bank | 1,502 | 1,908 | 1,368 |
| BRAC Bank | 5,614 | 5,240 | 4,930 |
| Dhaka Bank | 2,522 | 2,624 | 2,909 |
| Eastern Bank | 1,221 | 1,561 | 1,169 |

4.15 Ratio of Classified Loan against Total loan:

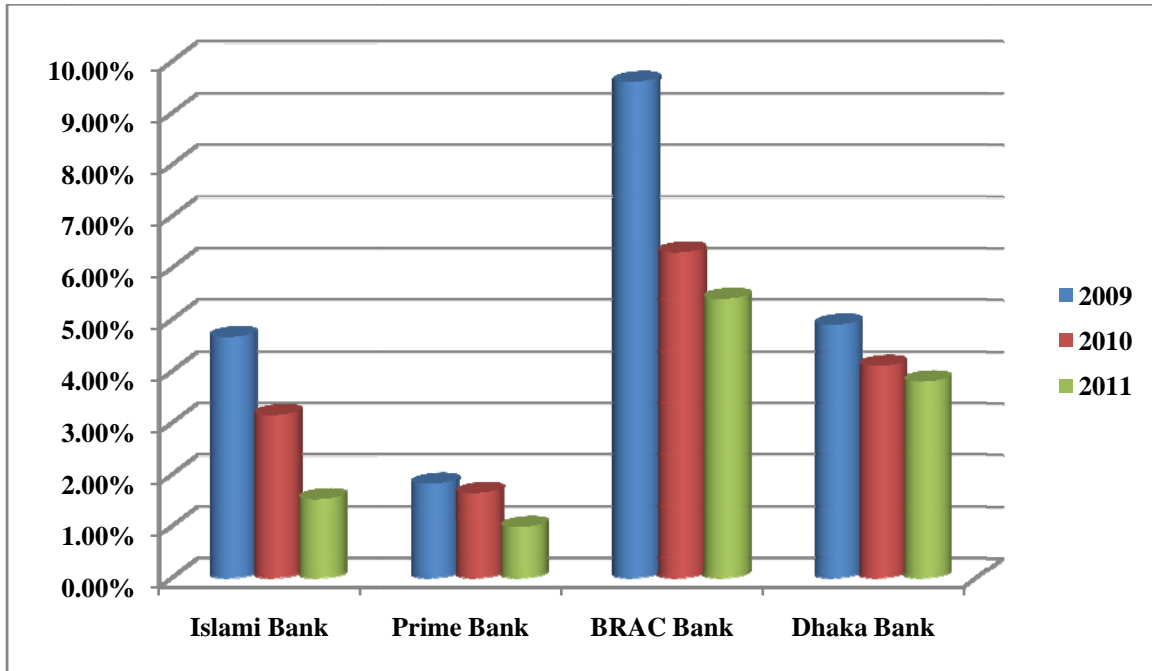


Figure: Ratio of Classified Loan against Total Loan

| | 2009 | 2010 | 2011 |
|---------------------|--------------|--------------|--------------|
| Islami Bank | 4.66% | 3.15% | 1.52% |
| Prime Bank | 1.82% | 1.64% | 0.98% |
| BRAC Bank | 9.6% | 6.3% | 5.4% |
| Dhaka Bank | 4.9% | 4.1% | 3.8% |
| Eastern Bank | 2.8% | 2.66% | 1.42% |

Ratio of classified loan against total loan is very efficient measurement to measure the efficiency to collect the money. The higher the percentage is the lower the efficiency of the bank. The figure shows that the classified loans of BRAC Bank are very high in comparison with the other selected banks. However the ratio is being decreased in each year which is a affirmative signal for the bank that the efficacy in collecting money is up beating day by day. Islami Bank is in

most favorable position. It has mounting amount of loan size, but the ratio of classified loan against total loan is very low. It is incredibly optimistic that each of the selected banks ratios of classified loan against total loan is shrinking gradually in each year that means these banks are getting more cautious in selecting the creditors.

4.16 Loan Provision % of Operating Profit:

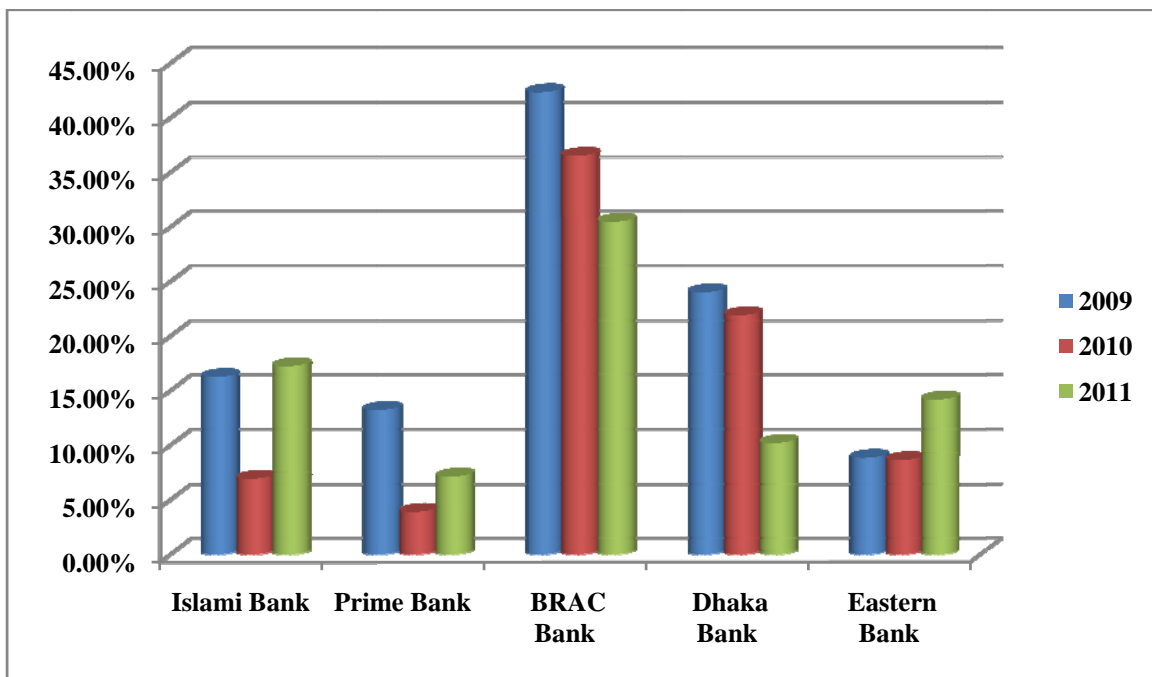


Figure: Loan Provision % of Operating Profit

| | 2009 | 2010 | 2011 |
|--------------|--------|--------|--------|
| Islami Bank | 16.24% | 6.93% | 17.24% |
| Prime Bank | 13.23% | 3.89% | 7.12% |
| BRAC Bank | 42.34% | 36.51% | 30.47% |
| Dhaka Bank | 24.01% | 21.90% | 10.20% |
| Eastern Bank | 8.84% | 8.63% | 14.18% |

4.17 Deposit:

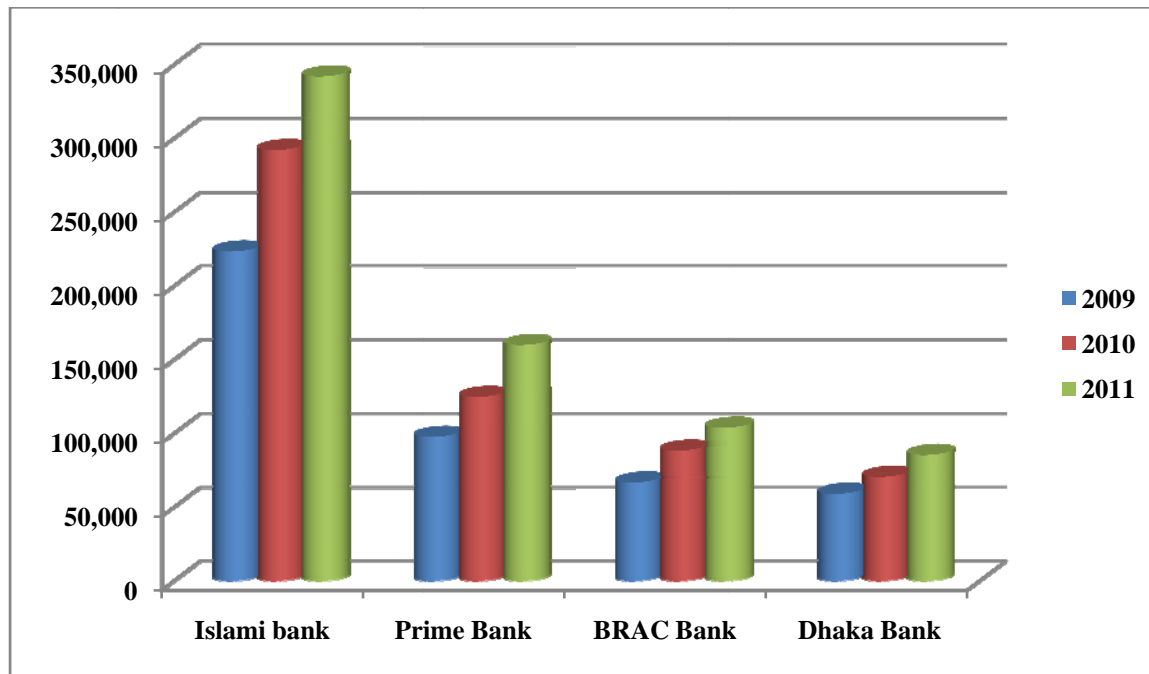


Figure: Deposit

| | 2009 | 2010 | 2011 |
|---------------------|----------------|----------------|----------------|
| Islami Bank | 223,204 | 291,935 | 341,854 |
| Prime Bank | 97,488 | 124,574 | 159,816 |
| BRAC Bank | 66,613 | 88,158 | 103,726 |
| Dhaka Bank | 58,952 | 70,420 | 85,277 |
| Eastern Bank | 45,362 | 56,425 | 75,536 |

The information shows that, Islami Bank has the highest amount deposits in last three consecutive years. On the other hand, Eastern Bank holds a lower deposit amount in comparison with other selected banks. In each year, the amount of deposits of each bank is increasing.

4.18 Average Deposits:

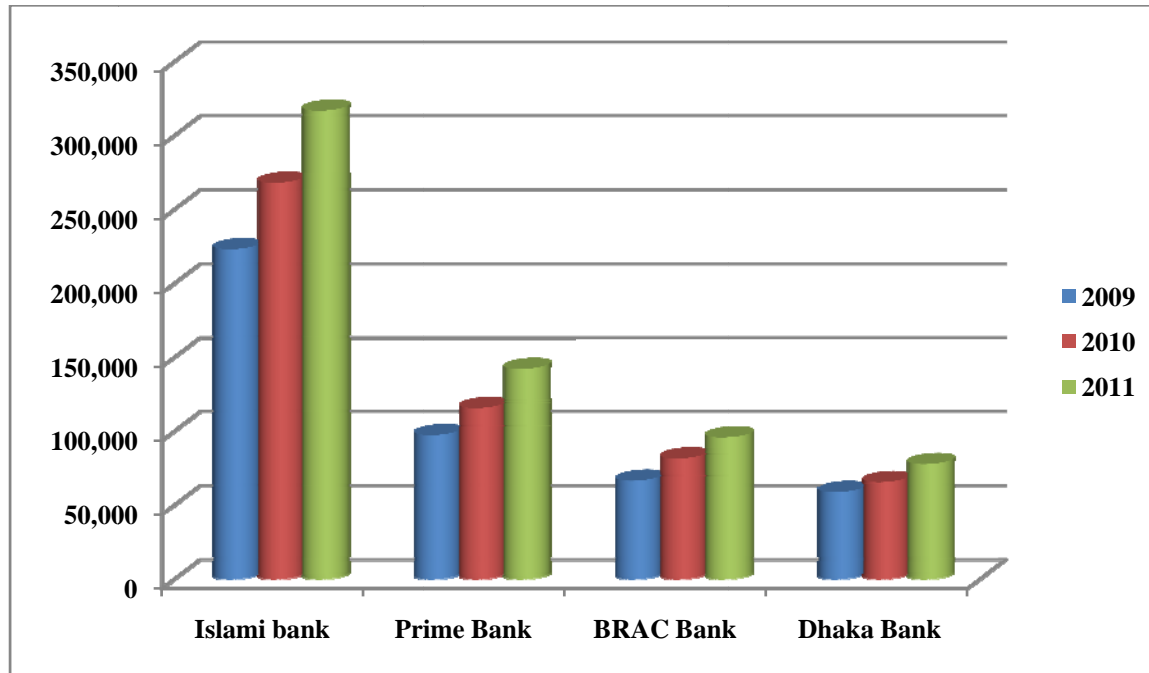


Figure: Average Deposit

| | 2009 | 2010 | 2011 |
|---------------------|----------------|----------------|----------------|
| Islami Bank | 223,204 | 268,113 | 316,894 |
| Prime Bank | 97,488 | 115,765 | 142,195 |
| BRAC Bank | 66,613 | 81,689 | 95,942 |
| Dhaka Bank | 58,952 | 65,669 | 77,849 |
| Eastern Bank | 45,362 | 52,808 | 65,980 |

4.19 Deposit Mix of 2010:

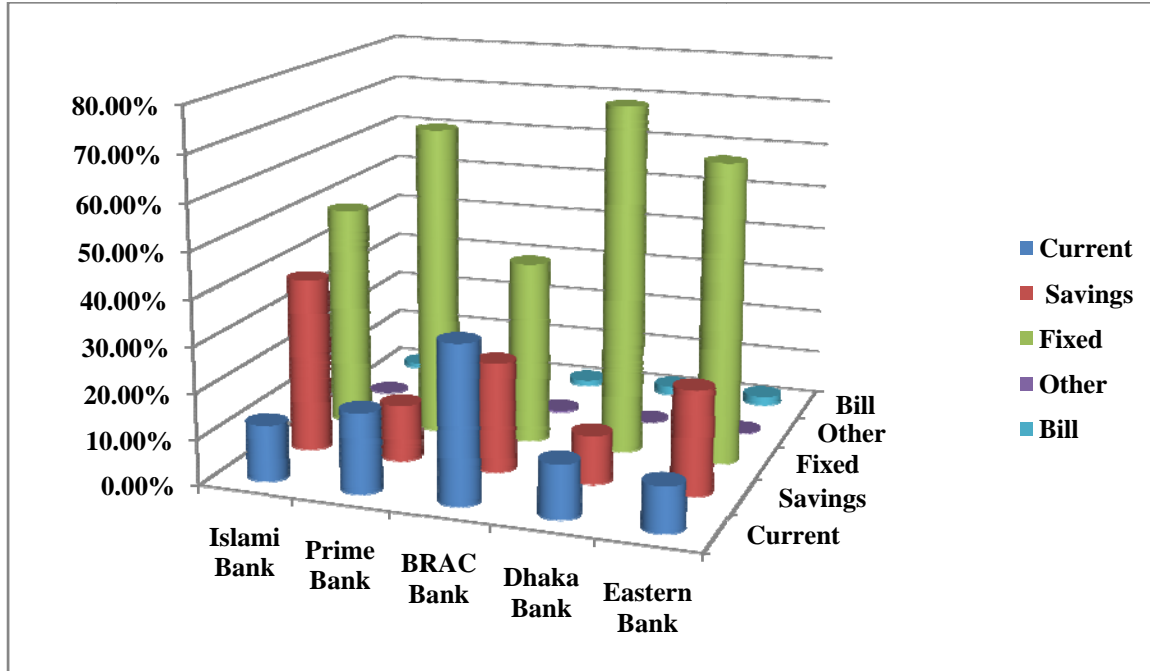


Figure: Deposit Mix of 2010

| | Current | Savings | Fixed | Other | Bill |
|---------------------|---------------|---------------|---------------|--------------|--------------|
| Islami bank | 12.16% | 38.07% | 48.75% | 0.00% | 1.02% |
| Prime bank | 17.37% | 12.28% | 68.39% | 0.00% | 1.96% |
| BRAC Bank | 34.33% | 23.96% | 40.26% | 0.31% | 1.16% |
| Dhaka bank | 11.62% | 10.52% | 75.99% | 0.00% | 1.87% |
| Eastern Bank | 9.79% | 22.78% | 65.48% | 0.04% | 1.91% |

4.20 Deposit Mix of 2011:

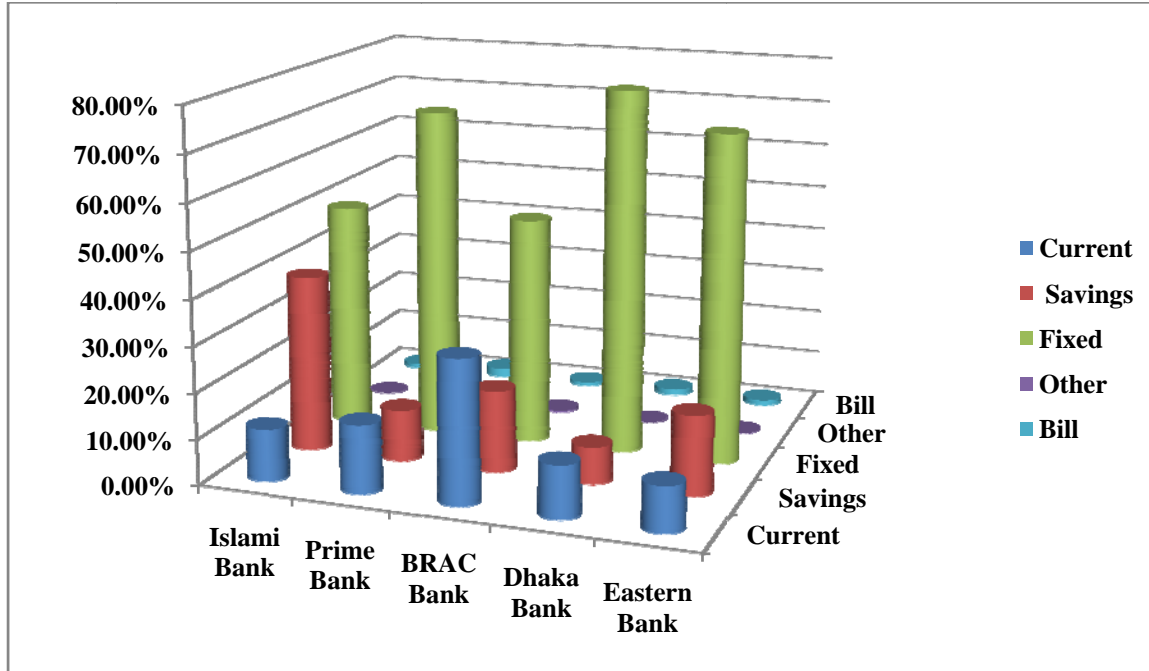


Figure: Deposit Mix of 2011

| | Current | Savings | Fixed | Other | Bill |
|---------------------|---------------|---------------|---------------|--------------|--------------|
| Islami bank | 11.31% | 38.63% | 49.23% | 0.00% | 0.84% |
| Prime bank | 14.79% | 11.23% | 72.11% | 0.00% | 1.87% |
| BRAC Bank | 31.18% | 17.86% | 49.90% | .31% | .74% |
| Dhaka bank | 11.46% | 8.04% | 79.21% | 0.00% | 1.29% |
| Eastern Bank | 9.88% | 17.42% | 71.59% | .03% | 1.08% |

4.21 Sector Wise Loan Portfolio of BRAC Bank

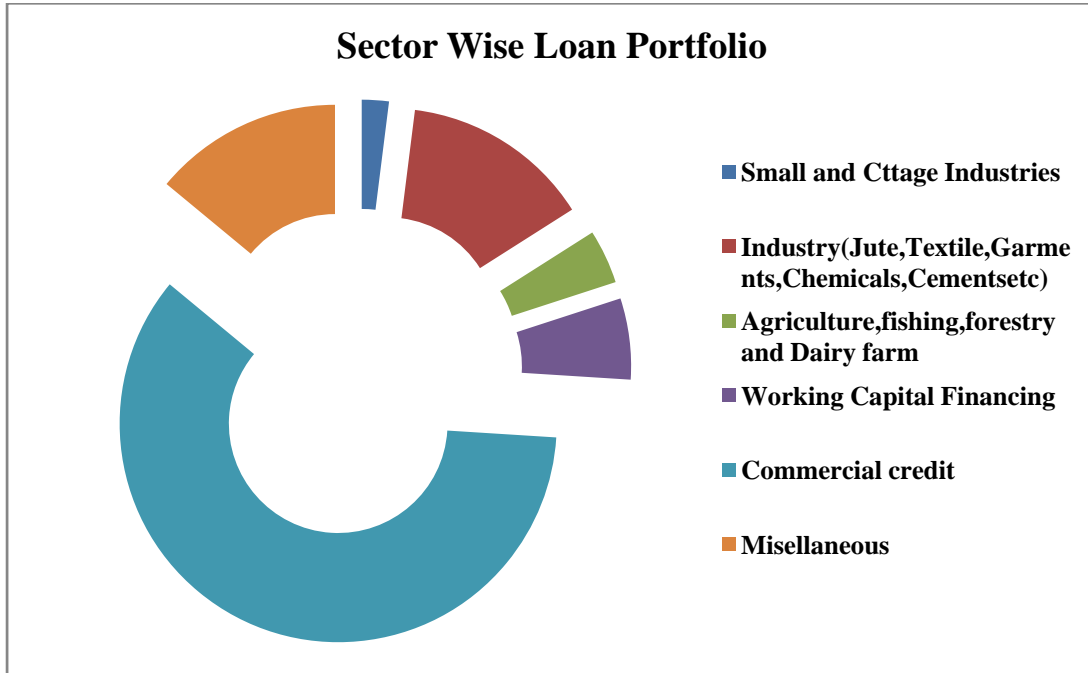


Figure: Sector wise Loan Portfolio of BRAC Bank

| Sector | Percentage |
|--|------------|
| Small and Cottage Industries | 2% |
| Industry | 14% |
| Agriculture, fishing, forestry, dairy farm | 4% |
| Working Capital Financing | 6% |
| Commercial Credit | 60% |
| Miscellaneous | 14% |

From above diagram it is observable that BRAC bank has been disbursing most of its loans and advances in commercial sector. After that, industries like jute, textile, garments, chemicals, cements are having the next sectors where BRAC bank disbursed the loans and advances. Currently, BRAC Bank is putting focus on agriculture, fishing, forestry, dairy farm that is why these sectors comprise 4% of total loan portfolio.

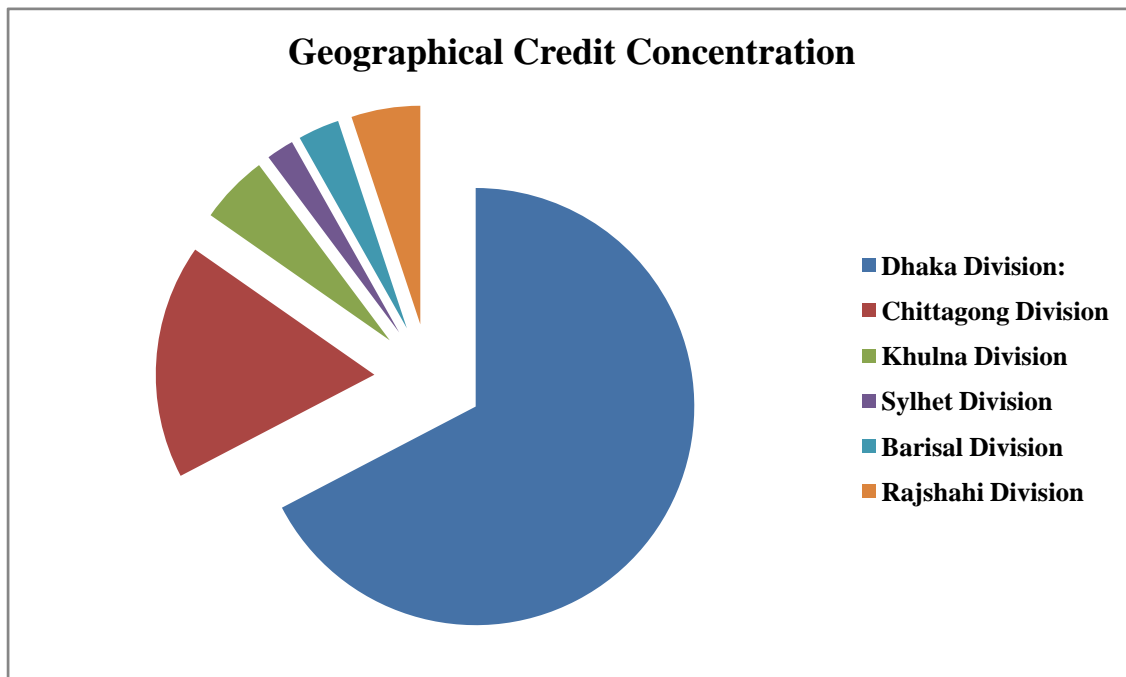


Figure: Geographical Credit Concentration of BRAC Bank

| Division | Percentage |
|---------------------|------------|
| Dhaka Division | 66% |
| Chittagong Division | 17% |
| Khulna Division | 5% |
| Sylhet Division | 2% |
| Barisal Division | 3% |
| Rajshahi Division | 5% |

66% credit of BRAC Bank is concentrated in Dhaka City. 17% credit is concentrated in Chittagong area. Almost 83% of total credit is concentrated in these two areas as all types of advancements are going away on mainly in these two cities. Khulna and Rajshahi divisions are covering same percentage of credit concentration that is 5%. The next position holds the Barisal division. At last Sylhet division contains lowest percentage credit concentration that is only 2%.

4.22 Sector wise Loan Portfolio of Islami Bank:

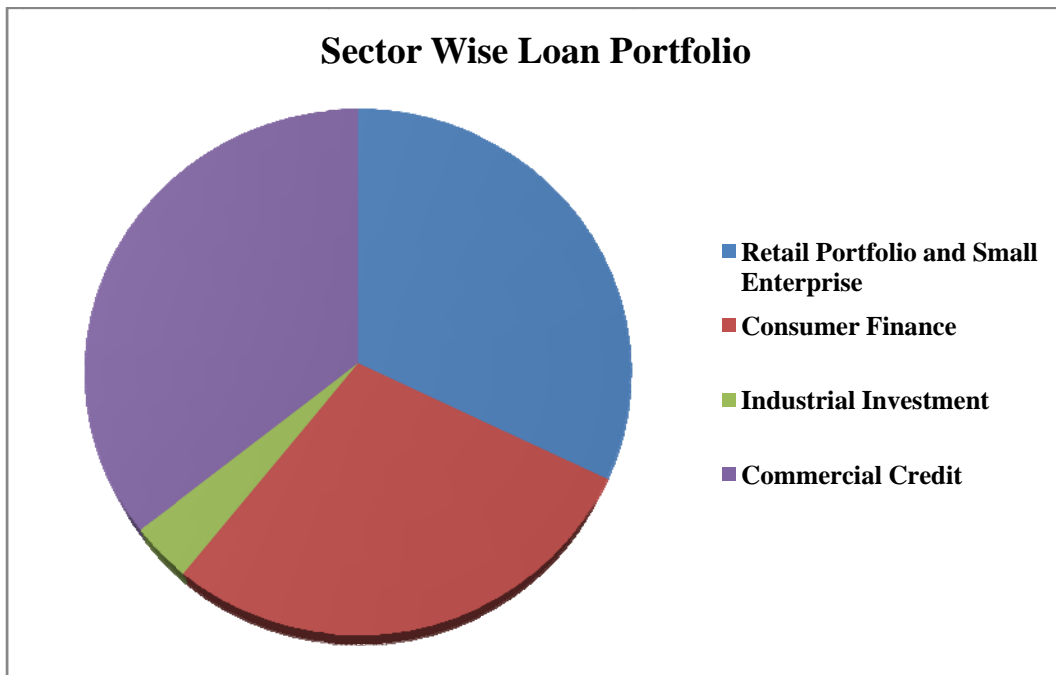


Figure: Sector wise Loan Portfolio of Islami Bank

Islami Bank puts its concentration mainly on retail portfolio and small enterprise and consumer finance. Both the sector contains almost similar percentage of whole amount.

| Sector | Percentage |
|---------------------------------------|------------|
| Retail Portfolio and Small Enterprise | 36% |
| Consumer Finance | 32% |
| Industrial Investment | 4% |
| Commercial Credit | 40% |

Geographical Classification of Islami Bank:

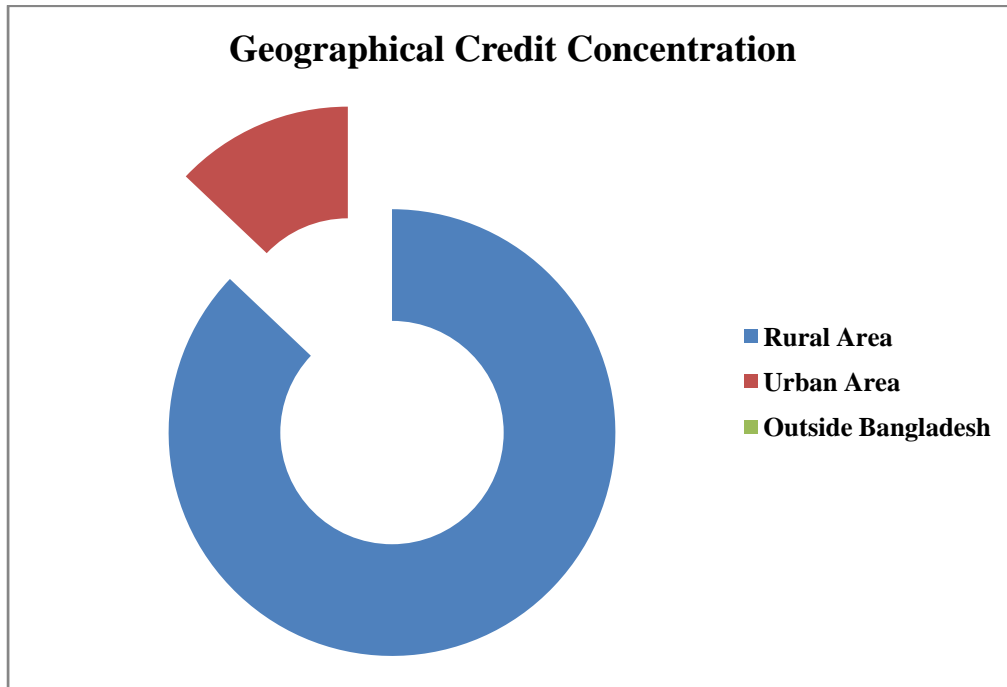


Figure: Geographical Credit Concentration of Islami Bank

| | Percentage |
|------------|------------|
| Urban Area | 87.07% |
| Rural Area | 12.93% |

Islami bank has most of its credit concentration in urban areas which is 87.07%. On the other hand, rural area contains 12.93% credits of total credit concentration.

4.23 Sector Wise Loan Portfolio of Prime Bank:

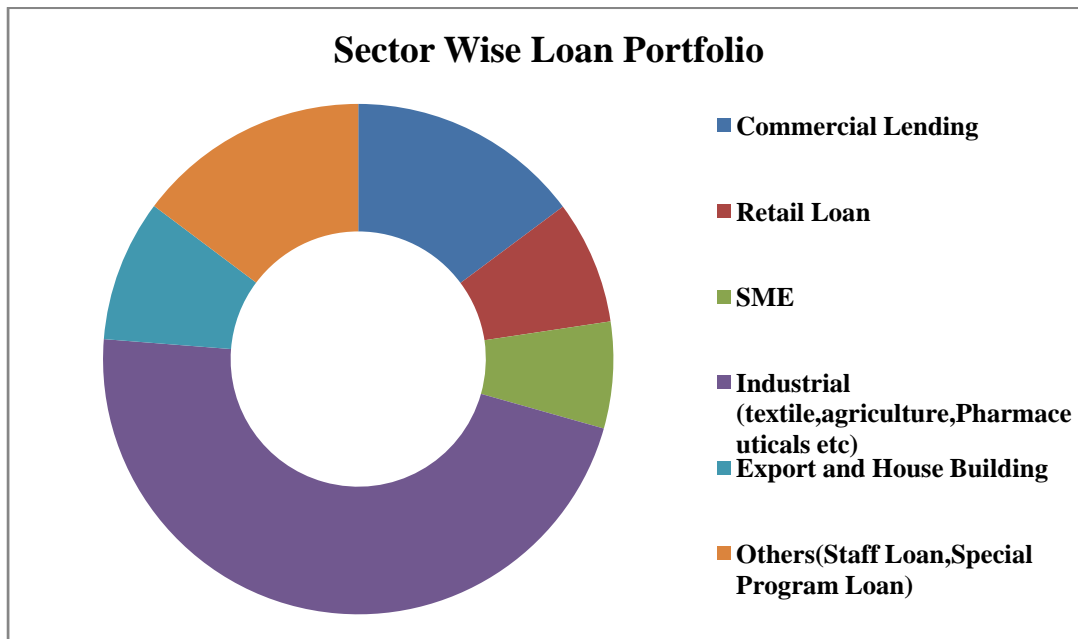


Figure: Sector wise Loan Portfolio of Prime Bank

| Sectors | Percentage |
|---------------------------|------------|
| Commercial Lending | 14.83% |
| Retail loan | 7.84% |
| SME | 6.76% |
| Industrial Loan | 46.93% |
| Export and House Building | 9% |

Prime bank has disbursed most of its loans and advances in industrial (textile, agriculture, pharmaceuticals) sectors as these sectors are very flourishing nowadays. Subsequently, commercial lending contains 14.83% loan and advances. SME holds 6.76% of loans and advances. 9% loans and advances are for export and house building. Other sectors like staff loan, special program loan consists of 14.78% of total loans and advances.

Geographical Distribution of Prime Bank:

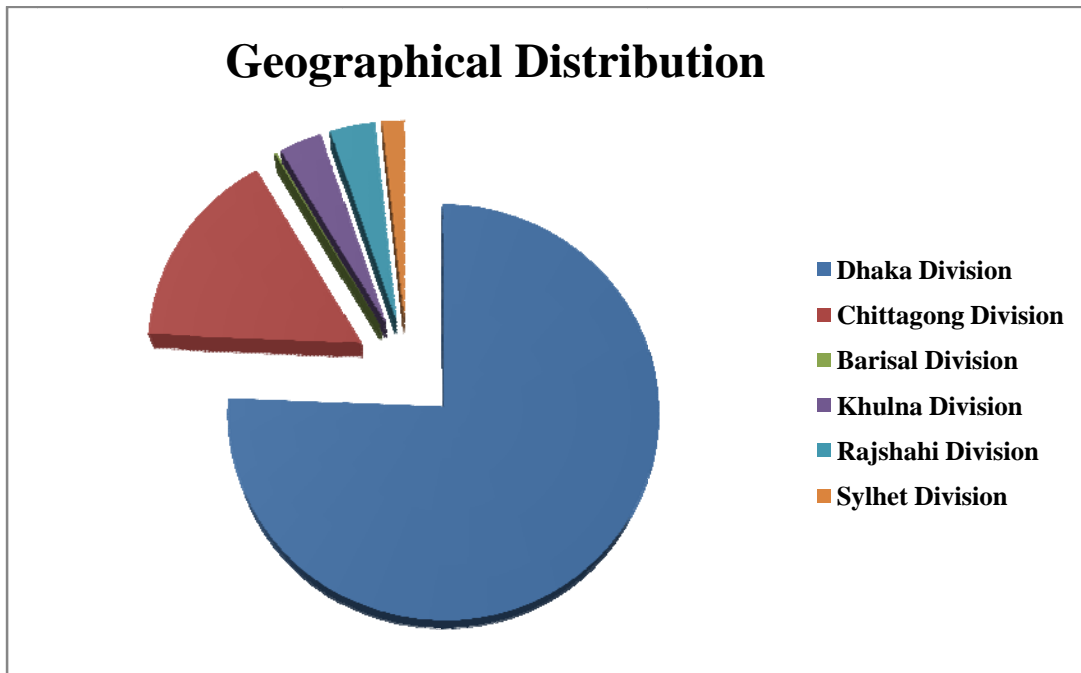


Figure: Geographical Credit Concentration of Prime Bank

| Division | Percentage |
|---------------------|------------|
| Dhaka Division | 75.68% |
| Chittagong Division | 15.88% |
| Barisal Division | .12% |
| Khulna Division | 3.25% |
| Rajshahi Division | 3.40% |
| Sylhet Division | 1.67% |

Alike other banks, disbursement of Prime bank are mainly concentrated in Dhaka division. Then Chittagong division is in second position.

4.24 Sector Wise Loan Portfolio of Dhaka Bank:

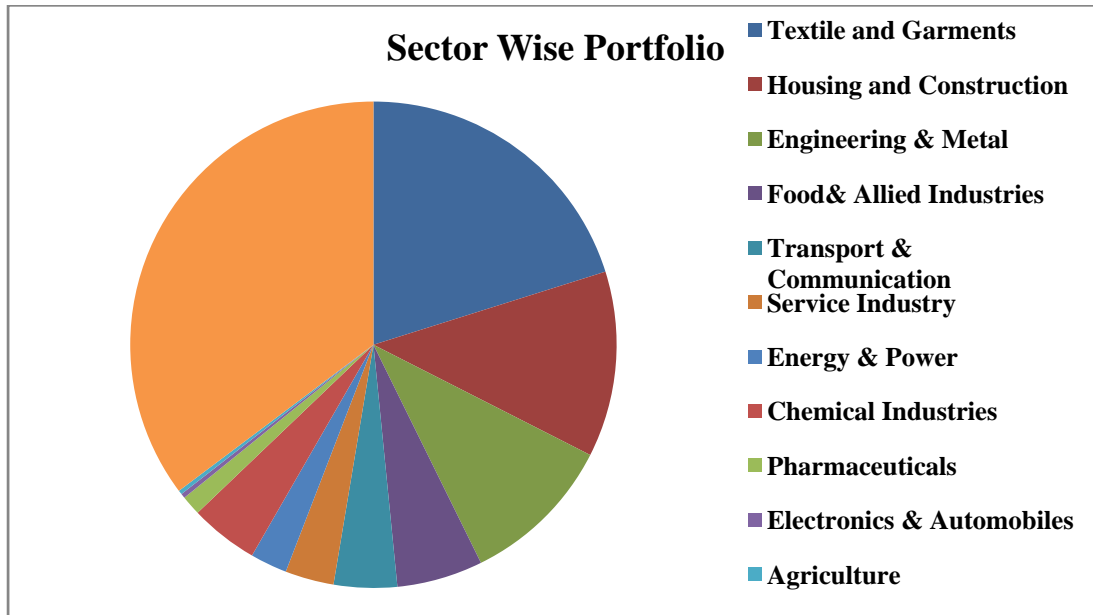


Figure: Sector wise loan Portfolio of Dhaka Bank

| Sector | Percentage |
|--------------------------------------|---------------|
| Textile and Garments | 20.03% |
| Housing and Construction | 12.27% |
| Engineering & Metal | 10.17% |
| Food & Allied Industries | .30% |
| Transport & Communication | 4.18% |
| Service Industry | 3.22% |
| Energy & Power | 2.44% |
| Chemical Industries | 4.52% |
| Pharmaceuticals | 1.30% |
| Electronics & Automobiles | 5.68% |
| Agricultures | .27% |
| Other Industries | 35.05% |

Dhaka Bank largely invests on textile and garments industries, housing and construction and in other industries. In textile industries it invests 20.03%, housing and construction includes 12.27%, engineering & metal industry contains 10.17%. However Dhaka Bank has less concentration on agriculture and this sector holds only .27% of total credit concentration.

Geographical Concentration of Dhaka Bank:

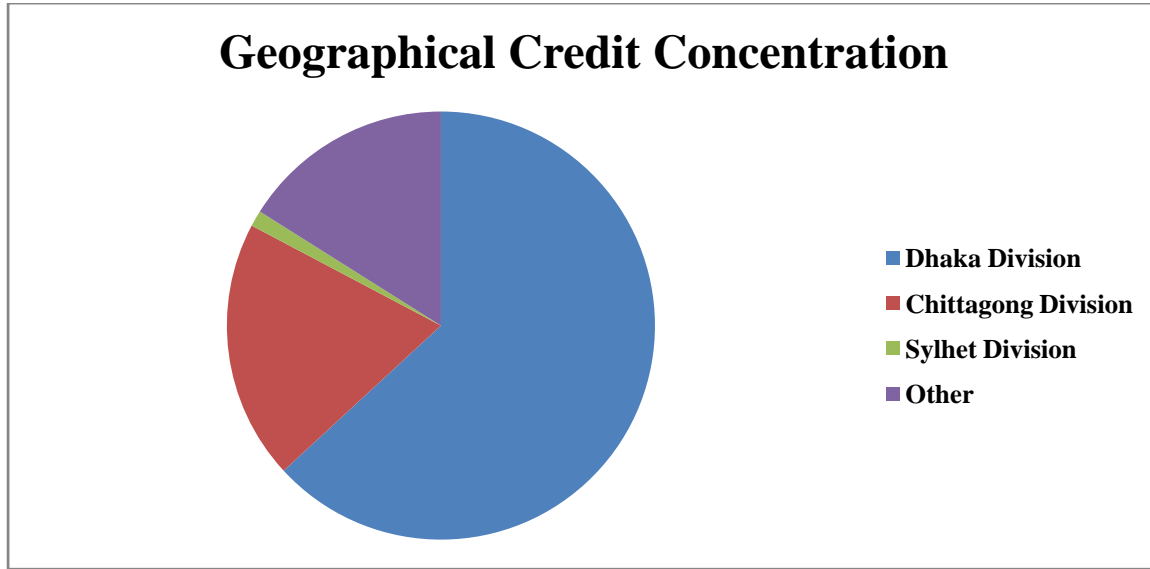


Figure: Geographical Credit Concentration of Dhaka Bank

| Division | Percentage |
|---------------------|------------|
| Dhaka Division | 63.14% |
| Chittagong Division | 19.60% |
| Sylhet Division | 1.21% |
| Other | 16.05% |

Geographical credit concentration of Dhaka bank is mainly concentrated in Dhaka division which is 63.14%. Chittagong division is the next focus of Dhaka Bank which is 19.60%. In Sylhet division Dhaka Bank invests only 1.21%.

4.25 Sector Wise Loan Portfolio of Eastern Bank

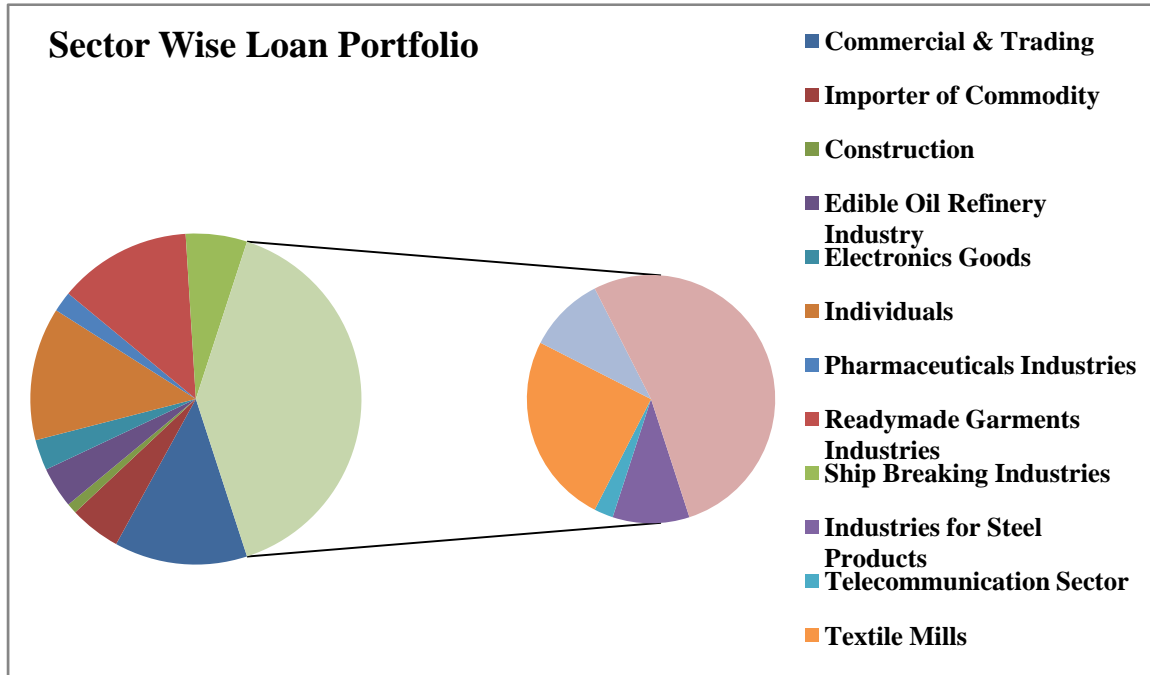


Figure: Sector wise Loan Portfolio of Eastern Bank

| Sector | Percentage |
|-------------------------------|------------|
| Commercial & Trading | 13% |
| Importer of Commodity | 5% |
| Construction | 6% |
| Edible Oil Refinery Industry | 4% |
| Electronics Goods | 3% |
| Individuals | 13% |
| Pharmaceuticals Industries | 2% |
| Readymade Garments Industries | 13% |
| Ship Building Industries | 40% |
| Industries for Steel Products | 4% |
| Telecommunication Sector | 1% |
| Textile Mills | 10% |

Geographical Concentration of Eastern Bank:

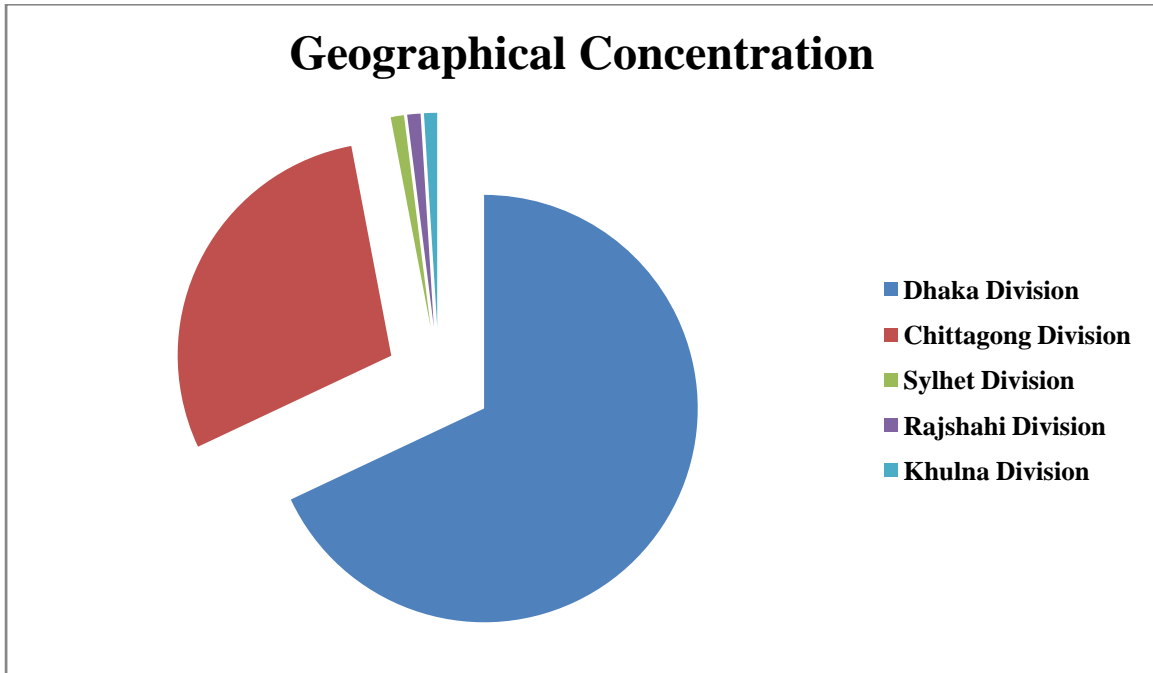


Figure: Geographical Credit Concentration of Eastern Bank

| Division | Percentage |
|---------------------|------------|
| Dhaka Division | 68% |
| Chittagong Division | 29% |
| Sylhet Division | 1% |
| Rajshahi Division | 1% |
| Khulna Division | 1% |

Like other banks Eastern bank also has its primary investment in Dhaka Division. The next is Chittagong. As in these two cities business activities are expanding at a high volume that is why the demand for loans is increasing as well.

4.26 Non Funded Income:

Non Funded income is a very good source of increasing income of a bank that is why every bank tries to increase its non funded income. Non funded income include, deposit and transaction fees, annual fees, monthly account service charges, check and deposit slip fees etc.

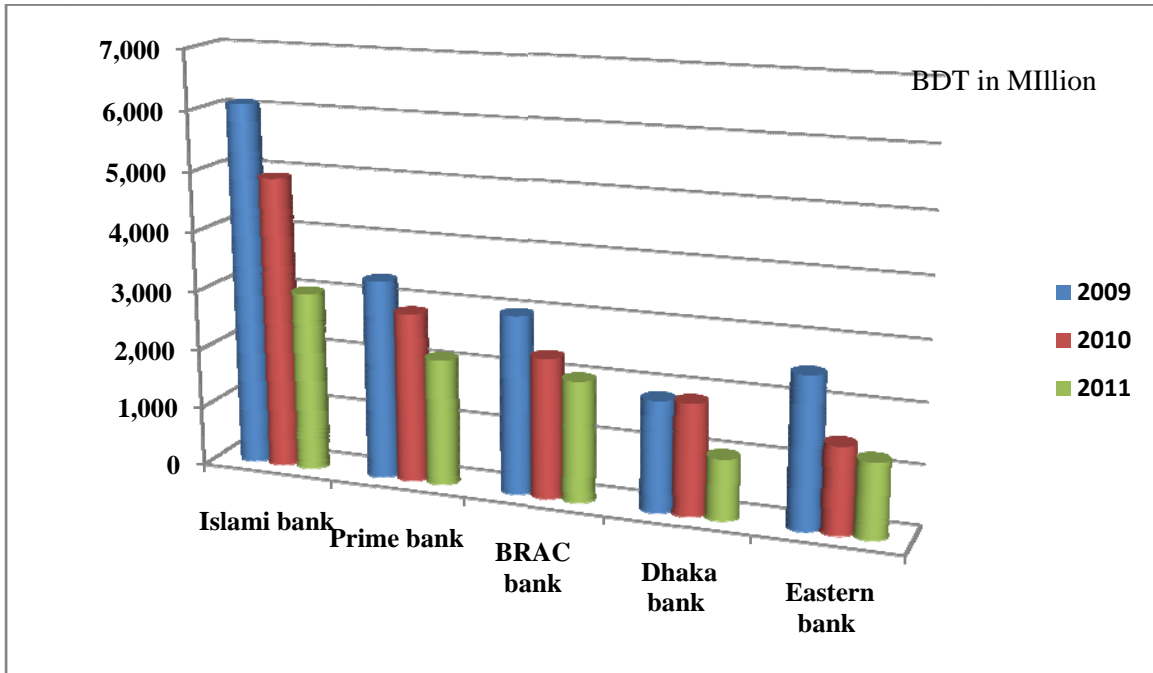


Figure: Non Funded Income

| | 2009 | 2010 | 2011 |
|--------------|-------|-------|-------|
| Islami Bank | 6,092 | 4,904 | 3,010 |
| Prime Bank | 3,341 | 2,840 | 2,115 |
| BRAC Bank | 2,984 | 2,331 | 2,014 |
| Dhaka Bank | 1,842 | 1,852 | 1,005 |
| Eastern Bank | 2,508 | 1,437 | 1,245 |

From the above diagram, it is visible that in 2009, non funded income of all selected bank was very high, but gradually it has been reduced in 2010 and 2011. Among them Dhaka bank's performance is commendable as it is maintaining a consistent rate throughout the last three years.

4.27 Number of Staff:

| | 2009 | 2010 | 2011 |
|---------------------|-------|--------|--------|
| Islami Bank | 9,588 | 10,500 | 12,000 |
| Prime Bank | 1,844 | 2,139 | 2,292 |
| BRAC Bank | 5,907 | 7,151 | 6,619 |
| Dhaka Bank | 924 | 1,109 | 1,240 |
| Eastern Bank | 878 | 973 | 1,214 |

As the banking industry is expanding day by day so the number of branches is also spreading across the country. Along with the branches the number of staff is also amplifying as without satisfactory amount of staffs, the banking activity will be hampered. Therefore in all five banks the number of branches is enlarging in each year as well as the staffs. However in BRAC Bank the number of staffs has been reduced in 2011 from 2010. That means in 2010 there was higher turnover rate in BRAC Bank.

4.28 Number of Branches:

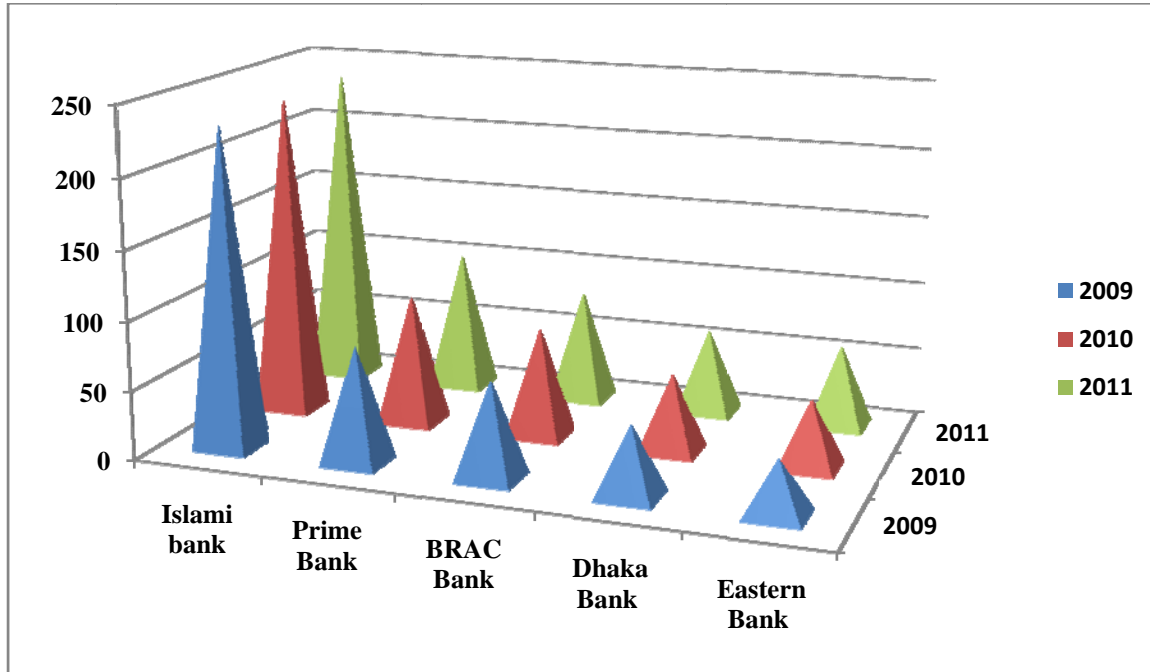


Figure: Number of Branches

| | 2009 | 2010 | 2011 |
|---------------------|-------------|-------------|-------------|
| Islami Bank | 231 | 233 | 236 |
| Prime Bank | 84 | 94 | 102 |
| BRAC Bank | 69 | 79 | 81 |
| Dhaka Bank | 50 | 56 | 61 |
| Eastern Bank | 39 | 49 | 59 |

Findings:

To cope up with the current industry each bank takes its own strategy to sustain in the market. Some of them stress on the deposit, some put emphasize to augment the loan size. Actually it totally depends on the current position of the bank. So it is a bit difficult for me to give any recommendation for the improvement of their performance with my limited experience. However, I have come across with some findings which are as following:

In terms of ROE, Dhaka Bank and Prime Bank are in a very suitable position as they are having a higher and comparatively regular return on their equity. Prime Bank and Eastern Bank are having very positive growth in return on asset.

Prime Bank and Islami Bank contain the higher profit after tax among five banks.

Islami Bank has the superior loans and advance sizes. At the same time, Islami Bank keeps its position at advanced level in terms of net interest income and interest income on loan. Prime Bank is also having a very praiseworthy position for loans and advances. BRAC Bank is the youngest among these banks, but its loan and advance size is also commendable. Though Islami Bank has the premier magnitude of loans, nevertheless the classified loans are exceptionally low. Prime bank's classified loans against total loan are low as well. On the other hand, BRAC bank's ratio of total classified loan against total loan is diminishing gradually.

Islami bank is not in superior position in terms of loans and advance size but also in terms of deposit size as well.

All the selected banks are paying more or less similar earning per share for the last consecutive three years. Among them Eastern Bank and BRAC Bank have the consistency in their payment.

From overall analysis it is found that, all the selected banks' non funded income is decreasing although non funded income plays an imperative role to boost up the profit of a bank.

After considering all the facts it is observable that, Islami Bank is in a very favorable place in banking industry. Islamic Bank's procedure of doing business is mainly based on Islamic

guideline. Therefore, their advertisements and marketing are done in that way. Most of the people in our country are comfortable with the environment and the culture Islamic bank nurture.

Conclusion:

I have studied the five leading banks performance in terms of some financial terms with which I am familiar with, but there are some other financial terms which are also very essential for the proper measurement of performance analysis. As I am not that expert in studying the annual report meticulously and not aware of each term of banking industry, that is why there may be some missing terms which might be important for the comparative analysis. Whatever analysis I have done so far, from this it is clearly visible that any of the banks is not perfectly perfectionist; each of them has its own drawbacks. All these banks are continuously supporting the communities with an adequate supply of credit for all the legitimate business and consumer financial needs. Therefore evaluating BRAC Bank Limited's performance with some best performing commercial bank of Bangladesh, it can be said that as a younger bank it is heading towards a bright future.

Last but not least, it was an honor for me that I have worked as an intern in BRAC Bank Limited with a wonderful team. I hope that my knowledge I have attained would be supportive in my career.

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Appendix:

