



*Financial Ratio Analysis*  
*Of*  
*The City Bank Limited*

*Internship Report*  
*On*  
*Financial Ratio Analysis*  
*Of*  
*The City Bank Limited*



*Submitted To:*

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*Date of Submission: 16<sup>th</sup> September 2014*

## Letter of Transmittal

10<sup>th</sup> June 2014

Ms. Sreyoshi Ahmed

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**Subject:** Submission of Internship report

Dear Sir,

I would like to submit my report titled 'Financial Ratio Analysis Of The City Bank Limited prepared as a part of the requirement for BBA program of BRAC Business School. I have successfully completed my internship program in The City Bank Limited and I worked there as an intern for three months. Working on this report was a great learning experience for me as I got to learn the differences between practical and theoretical work. I hope you will find the report to be systematic and reliable.

I would like to take this opportunity to thank you for all the support and guidelines that you have provided, which I hope to continue getting in the future.

Sincerely yours,

Jannatul Ferdous

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## **Acknowledgements**

First I want to pay my gratitude to almighty Allah for enabling us to prepare the report successfully. Then I would like to express my sincere gratitude and cordial thanks to some specific persons who helped me to organize this report and for their kind opinion, suggestions, instructions and support and appropriate guidelines for this.

First of all, I would like to thank my Internship Supervisor Ms. Sreyoshi Ahmed, Lecturer, BRAC University for his continuous guidance and assistance in preparing the report on Financial Ratio Analysis of The City Bank Limited. Her valuable advice has helped me a lot in writing this report. I am immensely thankful to her for the supports she has provided during my Internship period.

Next, I would also like to express heartfelt gratitude to my organizational supervisor at The City Bank Limited, Mr. Zahidur Rahman, Branch Manager, Gulshan Avenue Branch. He directed me towards the right information and regularly reviewed my progress in preparation of this report. He has provided the information about the organization and the information about Branch Banking as well to help me with the report.

Finally, this report would not have been possible without the dedication and contribution of all my colleagues who has helped me by teaching all the works. I express my sincere gratitude to all of them. Their valuable contribution is what made this Term Paper possible.

## **Executive Summary**

In the new competitive business era, private banking sector is getting more competitive in Bangladesh. In this sector the most used financial statements are the balance sheet and profit and loss account where the balance sheet shows the financial position and profit and loss account shows the net profit or net loss of a bank. Ratio Analysis deals with these statements.

Ratio analysis is the most popular trend to evaluate a bank's performance over years or with other companies in an industry. In my report I had to study CBL's financial statements for the last few years then had to analyze and give significant comments regarding the changes in the financial position. Analysis and interpretation of these financial statements through ratio analysis has now become an important technique for performance appraisal because the investors, financial experts, management executives and the bankers are always rely on these ratios to make important decisions. The management team of any bank, investor and the government agencies always concern about liquidity ratios and adequacy ratios of a bank which interprets the efficiency of a bank.

As a part of my B.B.A program, I have spent 12 weeks in CBL Gulshan Branch learning the activities of general banking, general advance and foreign exchange department. I have analyzed the financial statements of CBL to find out its ratios by using its past and current records. After preparing this report I came to know that analysis of financial statements through ratios helps to overcome the past flaws and make the future decisions and strategies. Therefore, it is very necessary for every organization whether the company's size is to make financial statement and to analyze it by ratios.

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## Chapter -1

### 1.1 Introduction:

The necessity of commercial banks is more significant than the nationalized banks in the third world countries such as Bangladesh as this is the 21st century – the era of globalization and consolidation among the multinational and foreign companies. In the age competition, the banks are no more dissimilar from any other consumer-marketing corporation. The excellent service quality permits a bank to differentiate themselves from their competitors, provide a bearable competitive advantage, and enhance efficiency. Customer service is the process of ensuring customer satisfaction with a product or service. Often, customer service takes place while performing a transaction for the customer, such as making a sale or returning an item. In Banks customer service includes processing cheque, cash and direct debit payments and withdrawals, setting up and maintaining customers' accounts, dealing with enquiries, promoting and selling financial products and services to customers, using a computerized system to update account details, general administration tasks such as maintaining records, opening post and sending letters to customers, operating UK and overseas currency tills, helping customers with loan and mortgage applications.

This internship report contains the passing study on “The City Bank Ltd”. The report is distributed in many parts according to the constructions of supervisor of report.

City Bank manages its business and operation vertically from the head office through four distinct business divisions namely

- Corporate & Investment Banking;
- Retail Banking (including Cards);
- SME Banking; &
- Treasury & Market Risks.

Under a real-time online banking platform, these four business divisions are supported at the back by a robust service delivery or operations setup and also a smart IT Backbone. Such centralized business segment based business & operating model ensure specialized treatment and services to the bank's different customer segments.

## 1.2 Objective of the Study

The objective of the Internship is to involve the students with the organizational working environment and this report is a result of such organizational involvement. The primary objective of this report is to explain the real life scenarios in the organizational working environment and **Financial Ratios Analysis of City Bank Limited (CBL) over Years.** But the specific objectives behind this study may be border. The report has conducted

- To achieve the information regarding the banking environment and its services.
- To find out the performance of CBL over years through ratio analysis.
- To estimate the future position of CBL.
- To find out the reason behind CBL's enhancements or pitfalls of performance over years.

## 1.3 Scope of the study

The field of my study is the operation of Gulshan Avenue branch of The City Bank Limited. For conducting this study an overall knowledge of the total banking system is necessary because the departments of banking are linked with each other. The scope of the organizational part covers the organizational background, objective, function, departmentalization and product and services of The City Bank limited as a whole. The main part covers the financial analysis of The City Bank Ltd. This refers that how the bank is performing over the years.

## 1.4 Methodology of the study:

The report is prepared on the basis of secondary sources of information. They are as follows-

### Secondary Source:

- Annual report of The City Bank Ltd.
- File balance sheet and various documents
- Different textbooks & materials
- Website of The City Bank Limited
- Reports submitted by several internship students

## 1.5 Limitations of study:

From the intention to make the report realistic and properly accepted this report has been conducted. However, many problems appeared in the way of conducting the study. All the given information is not fully complete. Some of the information is company secret and important and only provided to some persons to know about it.

However, I try my best to settle and pass up the Report before the due date and hoping it was satisfied. The study considers following limitations:

1. Lack of in-depth knowledge and analytical ability for writing such report.
2. Another limitation of this study is bank's policy of not disclosing some data and information for obvious reason, which could be very much useful.
3. In case of the secondary data collection, there were very few secondary information was available. There were few supporting books, report, journals etc.
4. Lack of experience to analyze data.
5. As the duration of the internship program is three months and the process of this program is job rotation, so I didn't get sufficient time in each department to understand their activities.
6. Gathering information about the banking performance was very difficult. That is why I have to follow more on secondary data like annual report, web sites and some of banking documents.
7. Banking sector is a very vast sector where I have a little knowledge about it which limits my report.

## Chapter - 2

### An Overview of City Bank Ltd

The City Bank Ltd. is one of the first generation Commercial Banks operating in Bangladesh. It started its journey in 1983 and now is a top bank among the oldest five Commercial Banks in Bangladesh. The first branch was opened at B. B. Avenue Branch in the capital, Dhaka city. It was the visionary entrepreneurship of around 13 local businessmen who had the courage of taking immense uncertainties and risks that made the establishment of the bank possible. Those sponsor directors commenced the journey with only Taka 3.4 core worth of Capital, which now is a respectable Taka 330.77 core as capital & reserve.

City Bank is one of the very few local banks which do not follow the traditional, decentralized, geographically managed, branch based business or profit model. Basically, the bank manages its business and operation vertically from the head office through 4 distinct business divisions namely Corporate & Investment Banking; Retail Banking (including Cards); SME Banking; & Treasury & Market Risks.

Under a real-time online banking platform, these 4 business divisions are supported at the back by a robust service delivery or operations setup and also a smart IT Backbone. Such centralized business segment based business & operating model ensure specialized treatment and services to the bank's different customer segments.

The bank at present has 92 online branches and 1 SME service centers and 11 SME/Agri branches spread across the length & breadth of the country that include a full-fledged Islami Banking branch. Besides these traditional delivery points, the bank is also very active in the alternative delivery area. It currently has 213 ATMs of its own; and ATM sharing arrangement with a partner bank that has more than 1150 ATMs in place; SMS Banking; Internet Banking and so on. It already started its Customer Call Center operation. City Bank is the first bank in Bangladesh to have issued Dual Currency Credit Card. The bank is a principal member of VISA international and it issues both Local Currency (Taka) & Foreign Currency (US Dollar) card limits in a single plastic. VISA Debit Card is another popular product which the bank is pushing

hard in order to ease out the queues at the branch created by its astounding base of some 400,000 retail customers. The launch of VISA Prepaid Card for the travel sector is currently underway.

City Bank prides itself in offering a very personalized and friendly customer service. It has in place a customized service excellence model called CRP that focuses on ensuring happy customers through setting benchmarks for the bank's employees' attitude, behavior, readiness level, accuracy and timelines of service quality.

City Bank is the first bank in Bangladesh to have issued Dual Currency Credit Card. The bank is a principal member of VISA international and it issues both Local Currency (Taka) & Foreign Currency (US Dollar) card limits in a single plastic. VISA Debit Card is another popular product which the bank is pushing hard in order to ease out the queues at the branch created by its astounding base of some 400,000 retail customers. The launch of VISA Prepaid Card for the travel sector is currently underway. City Bank has launched American Express Credit Card and American Express Gold Credit card in November 2009. City Bank is the local caretaker of the brand and is responsible for all operations supporting the issuing of the new credit cards, including billing and accounting, customer service, credit management and charge authorizations, as well as marketing the cards in Bangladesh. Both cards are international cards and accepted by the millions of merchants operating on the American Express global merchant network in over 200 countries and territories including Bangladesh. City Bank also introduced exclusive privileges for the card members under the American Express Selects program in Bangladesh. This will entitled any American Express card members to enjoy fantastic savings on retail and dining at some of the finest establishment in Bangladesh. It also provides incredible privileges all over the globe with more than 13000 offers at over 10000 merchants in 75 countries.

City Bank prides itself in offering a very personalized and friendly customer service. It has in place a customized service excellence model called CRP that focuses on ensuring happy customers through setting benchmarks for the bank's employees' attitude, behavior, readiness level, accuracy and timelines of service quality. City Bank is one of the largest corporate banks in the country with a current business model that heavily encourages and supports the growth of the bank in Retail and SME Banking. The bank is very much on its way to opening many

independent SME centers across the country within a short time. The bank is also very active in the workers' foreign remittance business. It has strong tie-ups with major exchange companies in the Middle East, Europe, Far East & USA, from where thousands of individual remittances come to the country every month for disbursements through the bank's large network of 99 online branches and SME service centers. The current senior management leaders of the bank consist of mostly people from the multinational banks with superior management skills and knowledge in their respective "specialized" areas. The newly launched logo and the pay-off line of the bank are just one initial step towards reaching that point.

## **2.1 Historical Background of CBL**

The City Bank Limited is Banking Company registered under the Companies Act, 1913. The bank operates as a scheduled bank under a banking license issued by the Bangladesh Bank, Central Bank of the country. It has started operation on 27<sup>th</sup> March, 1983. It was launched then with the objective of serving the communities with the taking of deposits from the general citizens for interest to use these deposits for lending the small industrial sectors. But with the passing of time it has started its outset and has presented some unique, demanding and timely packages to the people.

The emergence of The City Bank Limited in the private sector is an important history in the banking arena of Bangladesh. During 1981-83, when the nation was in the grip of severe recession, government first declared and gave permission the establishment of banks in the private sector in order to make money supply more volatile and to reactivate the economy. After that government declaration some dynamic entrepreneurs marched and came forward for establishing a bank with a motto to revitalize the overall economic condition of the country.

The City Bank Limited is the first right hand in this front line. It first obtained fund from those of the promoters, which is subsequently augmented by the issue of share capital. It started with Taka 100 million of authorized capital and Taka 14 million of paid up capital in March 27, 1983.

Since the very inception The City Bank Limited. is working with the philosophy of serving the nationals as an ideal and unique financial house. Every organization has some objectives of its own. The primary objective of The City Bank Limited is to earn profit throw undertaking the responsibility of providing financial help for the development of the country's commercial and industrial sector.

## **2.2 Objectives and Goals of CBL**

CBL always ready to maintain the highest quality of services by upgrading banking technology prudence in management and by applying high standard of business ethics through its established commitment and heritage.

CBL is committed to ensure its contribution to national economy by increasing its profitability through professional and disciplined growth strategy for its customer and by creating corporate culture in international banking arena.

- The objective of CBL is not only to earn profit but also to keep the social commitment and to ensure its co-operation to the person of all level, to the businessman, industrialist-specially who are engaged in establishing large scale industry by consortium and the agro-based export oriented medium & small scale industries by self inspiration.
- CBL as the first and the largest private bank is committed to continue its endeavor by rapidly increasing the investment of honorable share holders into assets.
- CBL believes in building up strong based capitalization of the country.
- CBL is committed to continue its activities in the new horizon of business with a view to developing service oriented industry and culture of morality and its maintenance in banking.
- CBL has been working from its very beginning to ensure the best use of its creativity, well disciplined, well managed and perfect growth.
- CBL is always preoccupied to encourage the investors for purchasing its share by creating the opportunity of long term investment and increasing the value of share through prosperity as developed day by day.

- CBL is playing a vital role in Socio-economic development o Bangladesh by way of linkage with rest of the world by developing worldwide network in domestic and international operations.

### **2.3 Vision and Mission of CBL**

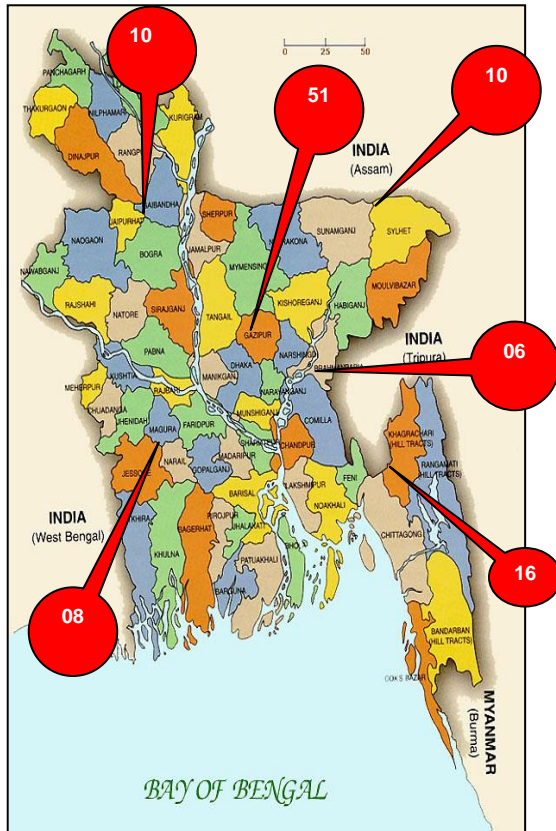
The main vision of The City Bank Ltd. is to be “The Financial Supermarket with a Wining Culture Offering Enjoyable Experience.”

With maintaining this they also try to fulfill mission, such as,

- Offer wide array of products and services that differentiate and excite all customer segments
- Be the “Employer of choice” by offering an environment where people excel and leaders are created
- Continuously challenge processes and platforms to enhance effectiveness and efficiency
- Promote innovation and automation with a view to guaranteeing and enhancing excellence in service
- Ensure respect for community, good governance and compliance in every activity.



## 2.4: City Bank Footprints:



- Branches country-wide:
  - Dhaka Region : 51
  - Chittagong Region : 16
  - Sylhet Region : 10
  - Khulna Region : 08
  - Rajshahi Region : 10
  - Comilla Region : 06
- All branches fully online
- 1 SME service Centers, 11 SME Agri Branches.
- 213 City ATMs; shared access to 1150 ATMs
- Tie up with 21 Exchange Houses for remittances
- 4 Brokerage Branches in operation

## 2.5 Functions of Different Division at City Bank

### 2.5.1: Financial Division

- Financial Planning , budget preparation and monitoring
- Payment of salary
- Controlling inter-branch transaction
- Disbursement of bills
- Preparation / Review of returns and statement
- Preparation of financial reports and annual reports
- Maintenance of Provident Fund, Gratuity, Superannuation Fund
- Reconciliation

### **2.5.2: Credit Risk Management (CRM)**

- Loan administration
- Loan disbursement
- Project evaluation
- Processing and approving credit proposals of the branches
- Documentation, CIB (Credit Information Bureau) report etc
- Arranging different credit facilities
- Providing related statements to the Bangladesh Bank and other department

### **2.5.3: Human Resource Division**

- Recruiting
- Training and development
- Compensation, employee benefit, leave and service rules program and purgation
- Placement and performance appraisal of employees
- Preparing related reports
- Reporting to the Executive Committee/Board on related matters
- Promotional camping and press release

### **2.5.4: Information Technology (IT) Department**

- Software development
- Network management and expansion
- Member banks reconciliation
- Date entry and processing
- Procurement of hardware and maintenance

### **2.5.5: Branch Control and Inspection Division**

Controlling different function of the branches and search for expansion

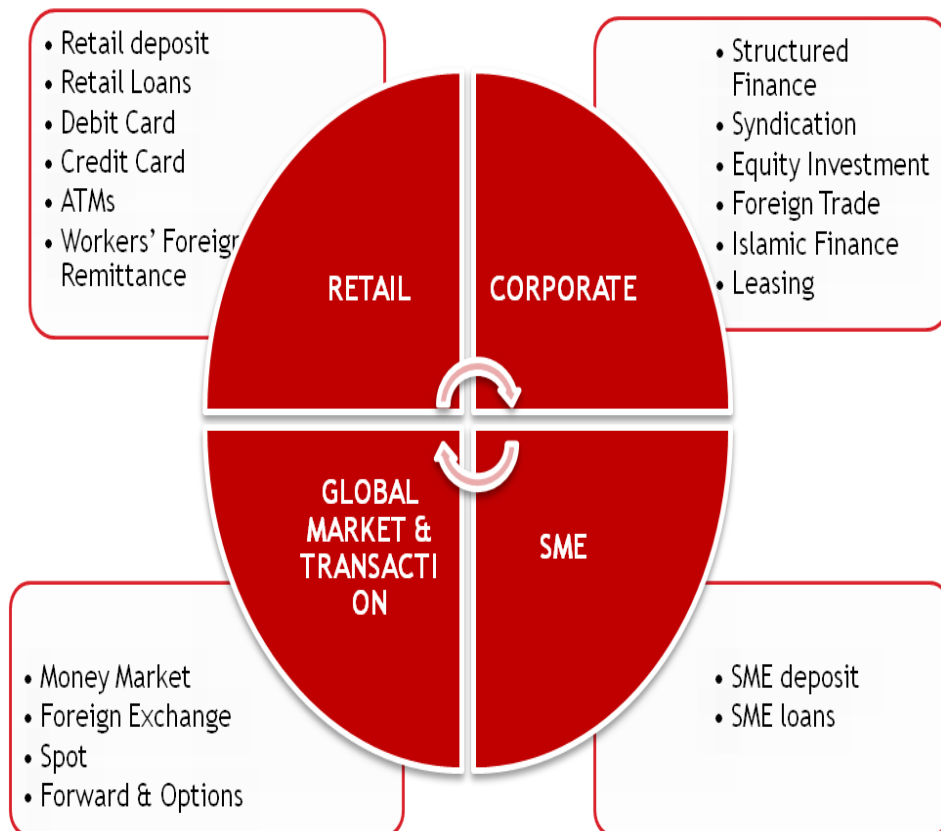
- Conducting internal audit and inspection both regularly and suddenly

- Ensuring compliance with Bangladesh Bank(BB), monitoring BB’s inspection and external audit reports

## 2.6: Services of CBL

The principal activities of the Bank are to provide all kinds of commercial banking, consumer banking trade services, custody and clearing to its customers through its branches in Bangladesh. City Bank is among the very few local banks which do not follow the traditional, decentralized, geographically managed, branch based business or profit model. Instead the bank manages its business and operation vertically from the head office through 4 distinct business divisions namely-

1. Corporate & Investment Banking;
2. Retail Banking (including Cards);
3. Treasury & Market Risks. &
4. SME Banking;



## Chapter- 3

### Internship Experience

#### 3.1 Introduction

In May 2014, I was assigned by The City Bank HR personnel's as an intern in the Gulshan Avenue Branch. After that a schedule of the internship program was given to me consist of the working schedule along with the job responsibilities. Basically, a branch has 3 sections; Teller service, Customer service and Relationship Management. I worked under the Customer service section of the Gulshan avenue branch and for that reason I got longer time to gather knowledge about that particular segment.

#### 3.2 Job Description:

I worked in the retail or general banking division in The City Bank Limited. I got the opportunity to work in customer service which is consist of card division, remittance & clearing segment of the branch. A CBL intern is responsible for the EQM Machine Management. When a customer enters in the bank it's an intern's duty to guide him or her to the right service area with the right token. This EQM service helps to improve the operational efficiency, risk mitigation and continuous improvement.

The Customer Service area is divided into few sections such as, Cheque, pin, cards, loan, remittance, pay order etc. On the first day of my work in the Customer Service department, the CSM (Customer Service Manager) of the department explained all the things related to the operations to me. He showed me how the total customer service department works in the branch. He also made me familiarized with the various terms and tools like different application form, procedure, that are used by that department to make the life of employees easier. He also gave a brief description that how an account can be open and the rules regulations for opening any kind of account in The City Bank Limited. Some activities that were performed by me are discussed below.

- **Account Opening Form Fill up**

Account opening form fill up are part of the one the tasks assigned to a CBL intern. There are different kinds of bank accounts starting from current, savings, proprietorship, partnership etc. Every form has different rules for maintain. These rules are declared by Bangladesh Bank.

- **Card Delivery**

An intern of CBL is also assigned to play assistant role to this service area. For example, by delivering debit credit cards to the customer or bearer, keep the tracker of the regular cards received from the currier and reconcile of the cards. There were four register note book for maintaining the cards; two is for new issue cards and rest for lost and stolen card. In the both cases cards and pins maintain by two separate individual for security purpose. There were two people in the hold of card and pin of that branch. They have to maintain the existing card user with increasing large number of new card user day by day. Moreover The City Bank Limited has an account opening system named “accelerated banking”. Under this package bank provides the debit card instantly to the every customer.

- **Pin Delivery**

Pin is the core component of the debit cards. Without these pins customers cannot withdraw money from their cards. Pins are also delivered in the same way as the card by the intern.

- **Destruction**

Bank cheque book, cards, pins expires after a certain period of time. When the time of expirations comes closer bank sent letters and phone calls to the customers for collecting their products. If customers fail to collect bank end the existence of that product. This process is known as destruction. An intern of CBL plays an important role in destruction. His / Her task is divided into three steps.

Step 1: Find out which check, card or pin is close to destruction and list down the names categorizing them based on months.

Step 2: After letter sent from the bank call the listed customers and tell them to collect within upcoming week.

Step 3: After the check, card or pin is destroyed systematically, destroy them manually.

- **Reconciliation**

Bank reconciliation statement is a report which compares the bank balance as per company's accounting records with the balance stated in the bank statement. Reconcile of the cards, pins, FDR, Cheque books are done every day. Before reconciling we have to count the closing balance of the day, then count how many are being received from the courier and the number delivered to the customers. In the branch everything is reconciled starting from cheque books, cards, pins, FDR's etc.

There are more activities related to Accounts:

- **Dormant Account and Activation Process of Dormant Account**

Dormant account is an account which is inactive. Under the City bank policy, if an account remains inactive for 3 months then accounts will be considered as a dormant account. If the account becomes dormant then account holder won't be able to use it for transactions. For transactions customer needs go to the branch where he or she had opened that account and with certain process account can be active again.

At first account holder needs to come to the mother branch and then has to fill up a form named dormant account reactivation. Account holder needs to sign and fill up the form and submit it to the customer service officer. Customer service officer will verify the signature and sent the request to the head office through centralized system to reactivate the account. Then it takes 2 to 3 days for reactivate the account and then account holder can transact with this account. To active dormant accounts charges are applicable.

- **Nominee, Signature or Address Change of Existing Account:**

There are several issues like nominee change, signature change, and address change etc. work regarding existing account.

Nominee is the person who is the authorize person in behalf of the account holder. Basically after the death or any such cases nominee will have the right to take any kind of decision regarding that account. To change the nominee customer needs to come to the mother branch of the account and then fill up a form named nominee change form. In the nominee form, one copy

of nominee photograph is needed and account holder has to sign the form that he or she wants to change his or her accounts nominee. Then files need to submit to the responsible officer and responsible person will verify the information and sign. This whole process takes 2 to 3 days.

For signature change, account holder has to fill up the signature change form and then needs to submit to the customer service department. Customer service officer verify the signature and the information with photograph change, in some cases account holder needs to provide a photograph of his or her own if the previous photograph is not match with the present photograph. This whole process also takes 2 to 3 days.

Again for name change, address change, and many other factors works as almost in the same process, except the address change process. For address change, account holder needs to provide the NID, which has to match with his present address then the account holder can change the address. The remaining process is same as other like has to fill up a form then submit it to the customer service department and then responsible officer will verify the account and signature passed to the head office. This process also takes 2 to 3 days as well.

- **Account Closure:**

If an account holder request to close his or her account, it can be closed. After receiving an application from the customer to close an account, some procedures are followed by a banker. The customer should be asked to draw the final check for the amount standing to the credit of his account less the amount of closing and other incidental charges and submit the unused cheque leaves. The A/C should be debited for the account closing charges etc. and an authorized officer of the bank should destroy unused cheque leaves. In case of Joint A/C, the applicant for closing the A/C should be signed by all the joint holders.

### **3.3 Learning Outcome**

From this Internship experience I have learned lots of new job that is done by a bank. Till now I have visited a bank as a customer. When I joined as an intern, I learned that how each and every work is done by the officers systematically as well as very carefully. My learning outcomes from this internship experience are discussed below:

- Experienced the picture of corporate life which makes a person work for 8 hours continuously
- Observed how does a branch plays its role in banking
- Learned how to deal with customers, how to talk to them and understand customers needs and demands
- How to build strong business relationship and continue it for long term
- Working with colleagues and how to cooperate with them while doing a work together
- Giving full concentration on work to complete it on due time
- Learned to overcome my challenges and execute my skills and build self confidence
- Learned how to work under pressure and tackle the critical situations



## Chapter- 4

# Ratio Analysis

**4.1 Financial Performance Measure:** A tool used by individuals to conduct a quantitative analysis of information in a company's financial statements. Ratios are calculated from current year numbers and are then compared to previous years, other companies, the industry, or even the economy to judge the performance of the company. Ratio analysis is predominately used by proponents of fundamental analysis. (**Investopedia**)

Ratio analysis is a study of the relationships between financial variables. It is very important in fundamental analysis which investigates the financial health of any financial institution. This ratio analysis gives frank financial information in this current business world. By giving a glance anyone will be able to know what the position that institution is now. Therefore managers, shareholders, creditors etc. all take interest in ratio analysis. For example using liquidity ratios managers can use the information if the institution's liquidity is struggling and they may have to take out short term finance. For this reason to evaluate the performance of CBL the ratio analysis has been selected. Here in this report contains the most common ratios and analyze to evaluate the performance of CBL over the year 2012 and 2013.

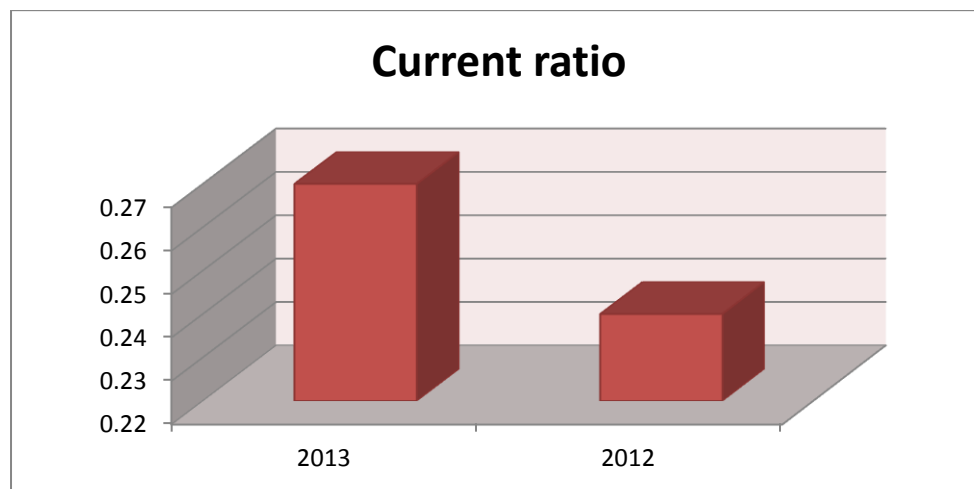
To do an analysis, the following ratios and values have been calculated:

**4.1 Liquidity Ratio:** Liquidity ratios are used to determine a company's ability to meet its short-term debt obligations. The liquidity ratio is the result of dividing the total cash by short-term borrowings. It shows the number of times short-term liabilities are covered by cash.

**4.1.1 Current Ratio:** This ratio is calculated by dividing the total current assets of an institution by its total current liabilities. It shows how any institution like UCBL meets its current liabilities through its current assets.

Current Ratio = Current Assets / Current Liabilities

Name of ratios	2013	2012
Current ratio	0.27 times	0.24 times



In 2013 company's current ratio was 0.27 times higher than current liabilities. Current ratio has increased than last year as current asset increase also current liabilities increase in a higher proportion which is good for the bank. As we know higher the current ratio is better for the institution because this higher ratio helps to prevent getting default.

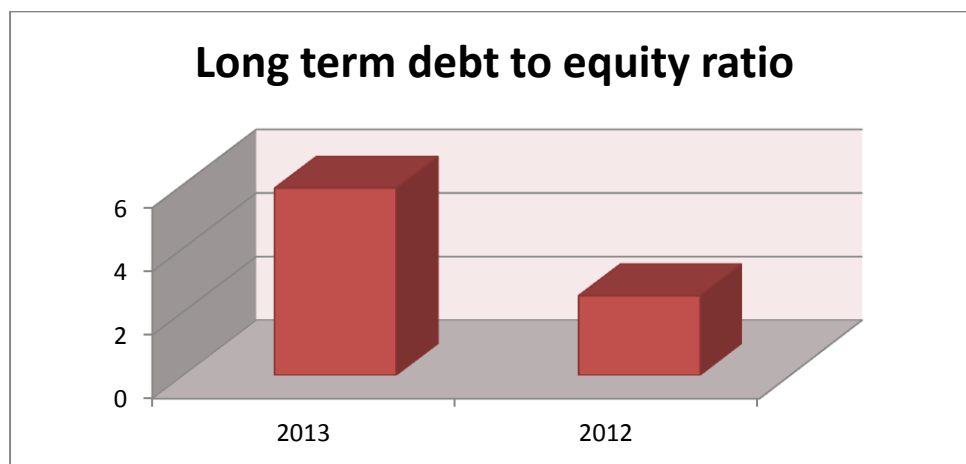
**4.2 Leverage ratio:** Leverage ratios are used to calculate the financial leverage of an institution. It helps to get an idea of the institution's methods of financing or to measure its ability to meet financial obligations. There are several types of ratios which main factors are debt, equity, assets and interest expenses.

**4.2.1 Long term debt to equity ratio:** Long term debt to equity ratio is one of the financial leverage ratios which are used in banking sectors to know the link between the long term debt

and equity. The ratio is calculated by taking the institution's long-term debt and dividing it by the total value of its equity.

$$\text{Long-term Debt to Equity Ratio} = \text{Long-term Debt} / \text{Total Equity}$$

Name of ratios	2013	2012
<b>Long term debt to equity ratio</b>	5.88	5.20

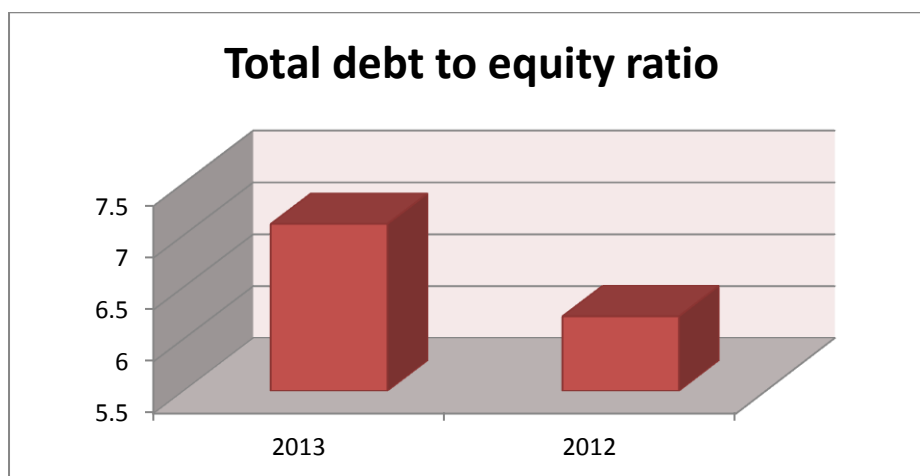


This ratio measures CBL's long-term sources of fund. Here from this figures it is noticed that most of the CBL's long term sources of fund come through the long term liability like fixed deposits and multiple saving schemes. In 2013 this leverage ratio was 5.88 which mean CBL long term funds come from depositors' deposits rather than the stockholders 'equity. On the other hand in 2012 the Long-term Debt to Equity Ratio was 5.20 which was less than 2013.

**4.2.2 Total debt to equity ratio:** It is one of the banking financial leverage which is calculated by dividing its total liabilities by stockholders' equity. It mainly indicates the proportion of equity and debt that a bank is using to finance its assets.

Total Debt to Equity Ratio = Total Debt / Total Equity

Name of ratios	2013	2012
<b>Total debt to equity ratio</b>	7.11	6.22

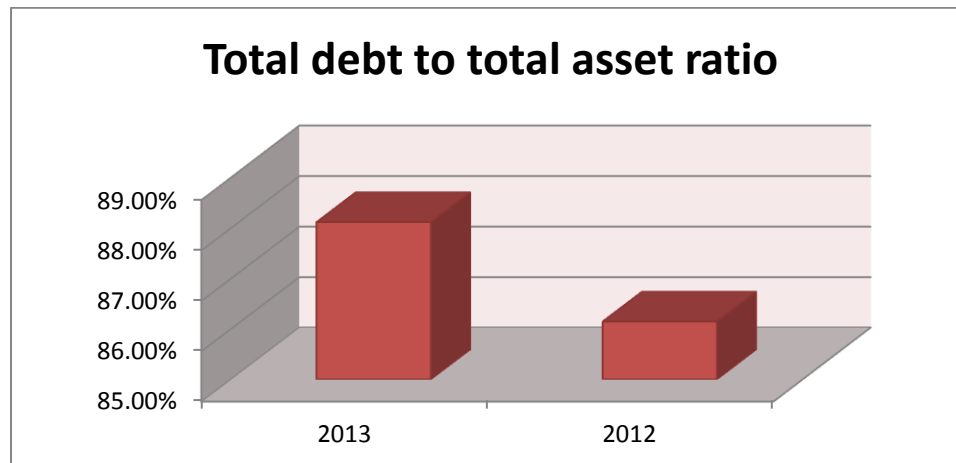


Alike all bank CBL's most of the fund collected from deposits. In year 2013 and 2012 the ratio was 7.11 and 6.22 consequently. The result shows that in 2013 and 2012 CBL financed most of its assets through the debt which means through deposits. As a result the bank is doing well by increasing its deposits over years like 2013. This higher outcome over years not only increases the risk but also increases the profit.

**4.2.3 Total debt to total asset ratio:** Total debt to total asset ratio measures a bank's financial risk. It determines how much of the bank's assets have been financed by the debt. It is calculated by total debt dividing by the institution's total assets.

Total Debt to Total Asset Ratio = Total Debt / Total Asset

Name of ratios	2013	2012
<b>Total debt to total asset ratio</b>	88.12%	86.15%

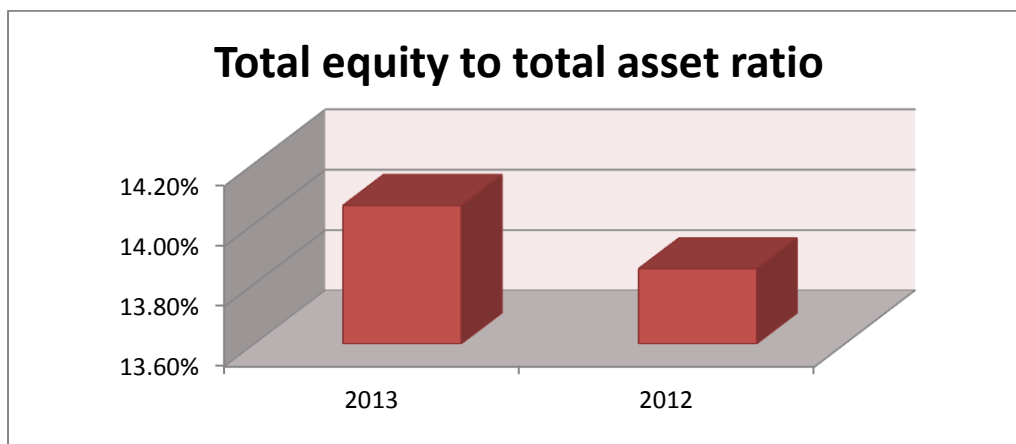


Almost all of the CBL's assets are financed by its debt. It works by taking the deposits from the general and invest it in different sectors. From the year 2012 to 2013 the ratios were 86.15% and 88.12% which are almost same. The higher ratio may increase more risk because if CBL defaults in any investment than the depositors will also be defaulted.

**4.2.4 Total equity to total asset ratio:** Total equity to total asset ratio is one of the leverage ratios which is used by the organization like banking sectors. It determines how much of the bank's assets have been financed by the equity.

Total Equity to Total Asset Ratio = Total Equity / Total Asset

Name of ratios	2013	2012
<b>Total equity to total asset ratio</b>	14.06%	13.85%



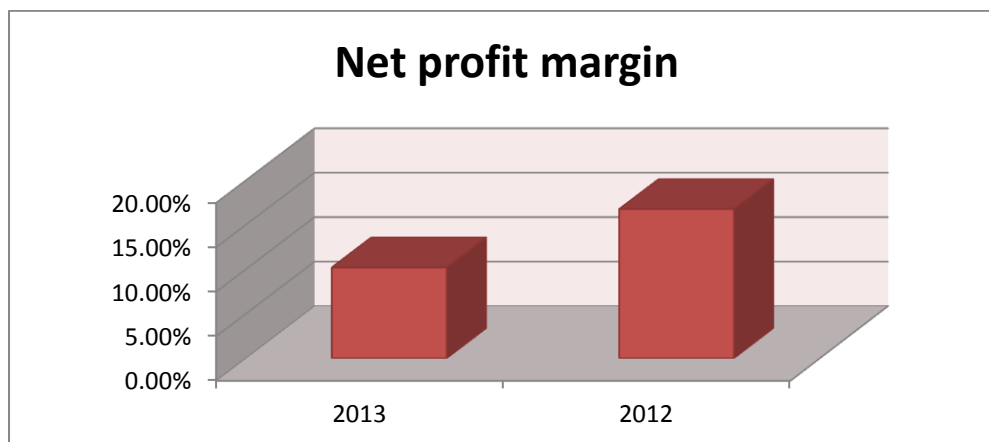
In year 2013 and 2012 the ratios were 14.06% and 13.85%. As in 2013 total asset decrease and total equity increase, the total equity to total asset ratio increased than previous year.

**4.3 Profitability ratio:** Profitability ratios are used to compare companies in the same industry, since profit margins will vary widely from industry to industry.

**4.3.1 Net profit margin:** Net Profit Margin is a ratio of profitability which is calculated by dividing the net profit after taxation by revenues or net interest income. It measures how much CBL's is actually earning from its every taka of revenue.

Net Profit Margin = Net Profit after Taxation / Net interest Income

Name of ratios	2013	2012
Net profit margin	10.21%	16.78%

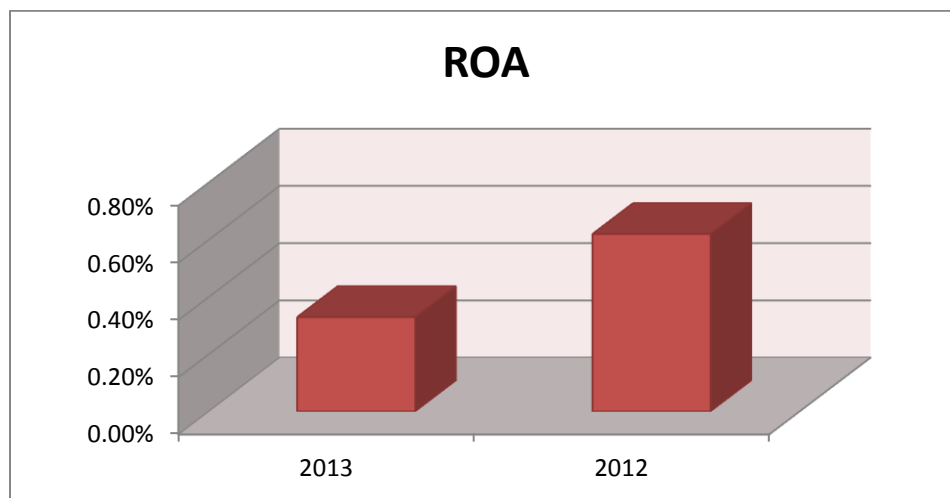


The greater the outcome the better the CBL’s performance is. In 2013 the result was 10.21% that means in 100 taka of net interest income CBL’s net profit was 10.21 taka. On the other hand in 2012 the net profit was taka 16.78 against 100 taka of net interest. Between the years in 2012 and 2013 the bank had failed to earn handsome profit margin in percentages. The net profit margin had decreased in a higher proportion almost 6% as the net profit after tax had decreased. It indicates that bank performance outcome is not that much up to the mark.

**4.3.2 Return on asset (ROA):** ROA is a profitability ratio which shows how profitable a bank is related to its total assets. ROA gives an idea that how efficient the management of a bank is to generate profits using its assets.

$$\text{Return on Assets} = \text{Net Profit after Taxation} / \text{Total Assets}$$

Name of ratios	2013	2012
ROA	0.33%	0.62%



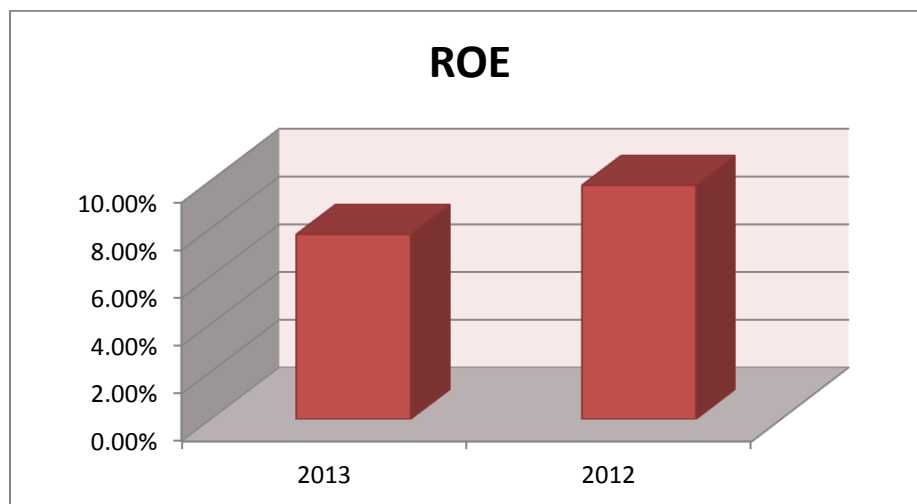
ROA is the most used profitability ratio. As CBL was a part of banking industry and its most of the assets come from the debt which was the reasons for its low net profit as well as poor ROA. As a result the CBL had low ROA in the year of 2013 which were .33%. In the year 2013 the net profit of the bank had decreased.

**4.3.3 Return on equity (ROE):** Return on equity measures a bank’s profitability which calculates how much net profit that bank may generates with the money that shareholders have invested as equity.

Return on Equity = Net Profit after Taxation / Equity

Name of ratios	2013	2012
ROE	7.75%	9.80%





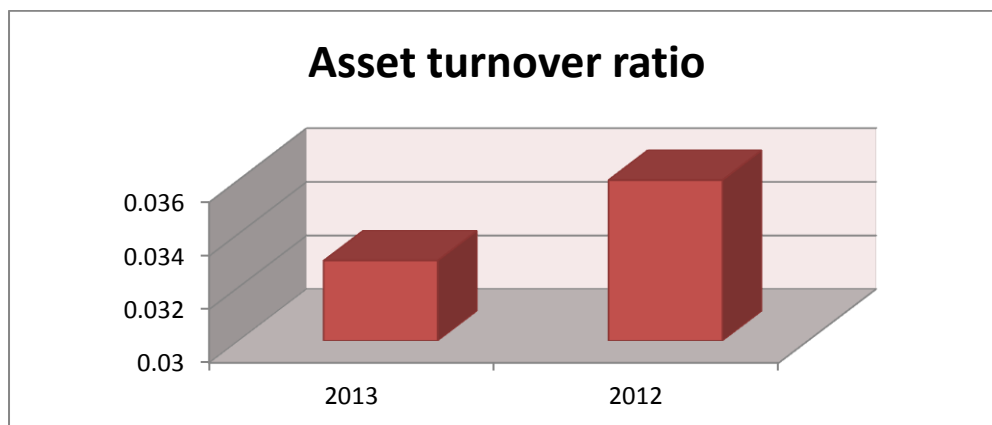
ROE is very popular ratio toward the shareholders of any bank. After doing the analysis from CBL's financial statements its shows those in years 2013 and 2012 the return from 100 taka invested by the shareholders was respectively 7.75 and 9.80. The higher the percentage is the better for the bank as well as for shareholders.

**4.4 Efficiency Ratio:** Efficiency Ratios determine the efficiently of using its assets and managing its operations.

**4.4.1 Assets turnover ratio:** Assets turnover ratio measures the turnover of the firm's total assets. It is calculated by dividing net interest income by total assets.

Assets Turnover = Net interest Income / Total Assets

Name of ratios	2013	2012
Asset turnover ratio	0.033 times	0.036 times

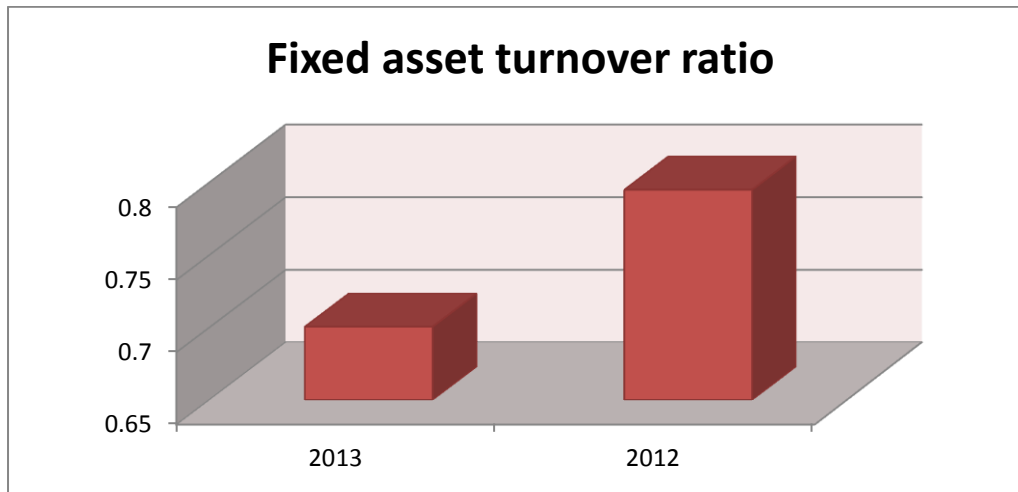


CBL's asset turnover ratio was almost same and too low. The ratios were 0.033 times in year 2013 and 0.036 in 2012. These ratios indicate that CBL was not generating a sufficient volume of revenue given to its total asset investment. To increase this ratio CBL had to utilize its sources of fund on those assets which may bring more revenue to the bank.

**4.4.2 Fixed asset turnover ratio:** The fixed assets turnover ratio measures how effectively the bank uses its fixed assets or long term investment.

Fixed Asset Turnover = Net interest Income / Fixed Assets

Name of ratios	2013	2012
<b>Fixed asset turnover ratio</b>	0.7006 times	0.795 times



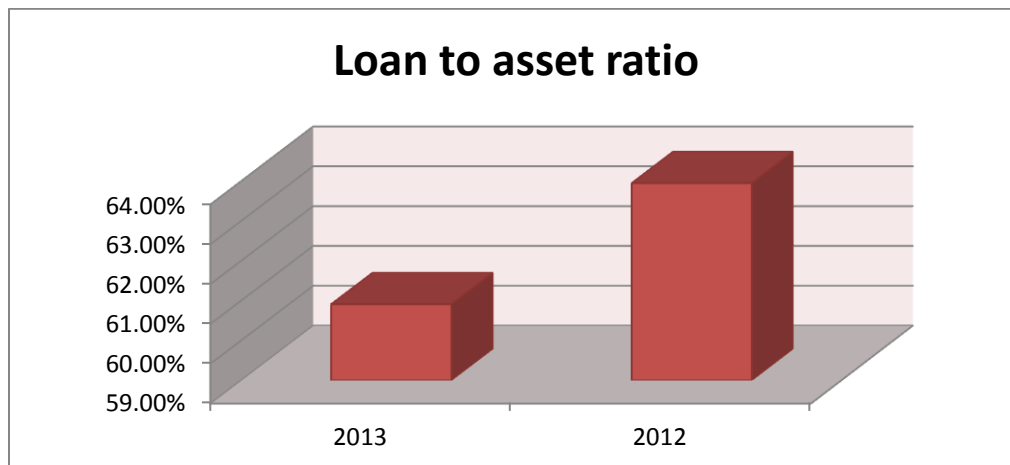
The analysis of this ratio shows the downward slope of CBL. From the year 2013 and 2012 the ratios were 0.7006 and 0.795 Times consequently which is falling down over years. This lower fixed-asset turnover ratio shows that CBL had less effectiveness in using the investment in fixed assets to generate its revenues and it is falling year after year.

**4.5 Other important ratios for banks:** There are some ratios which indicate that the bank's solvency and long-term performance.

**4.5.1 Loan to asset ratio:** It is calculated by dividing the amount of loans by the amount of total assets at a bank.

$$\text{Loan to Asset Ratio} = \frac{\text{Total Loans}}{\text{Total Asset}}$$

Name of ratios	2013	2012
Loan to asset ratio	60.91%	63.95%

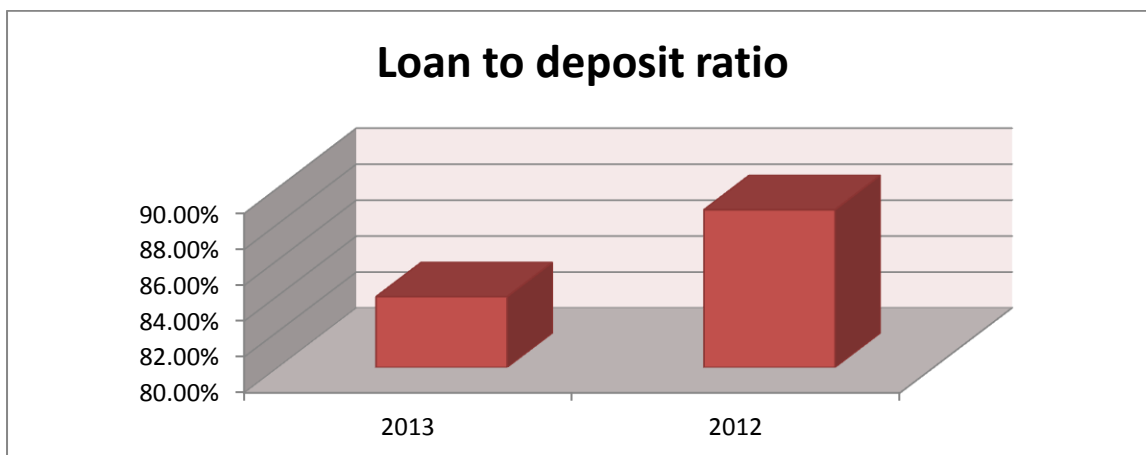


In year 2012 and 2013 CBL's loan to total asset ratio was respectively 60.91% and 63.95%. The higher the ratio the more risk the bank has. As bank's main business is interest earning so the larger percentages of this ratio brings more revenue to the bank. As a result 2012 incurred more revenue than 2013 years. But that is considered as risky behavior, so 2013 the bank risk is reduced.

**5.4.2 Loan to deposit ratio:** Loan to deposit ratio is a form of percentage divided total loans by total deposits.

Loan to Deposit Ratio = Total Loans/Total Deposits

Name of ratios	2013	2012
<b>Loan to deposit ratio</b>	83.95%	88.79%

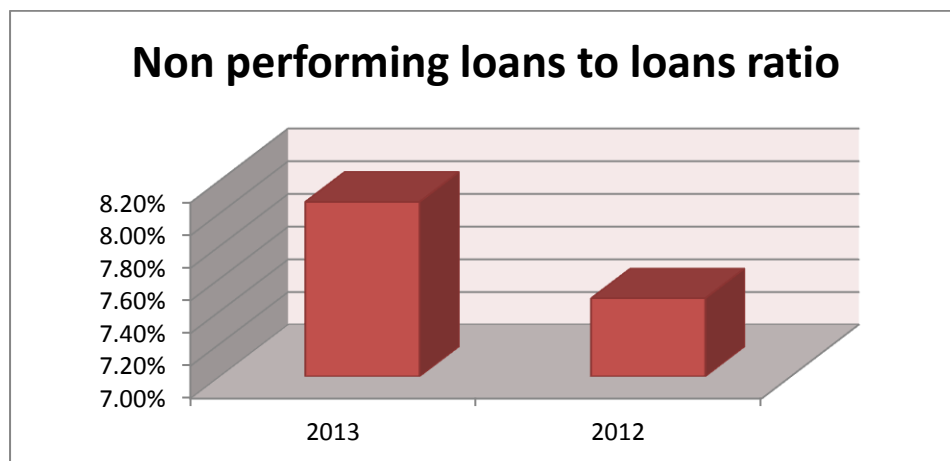


In year 2012 and 2013 the ratios of CBL was respectively 88.79% and 83.95%. These ratios show a relationship between loans and advances to total deposits. It indicates how much productively the deposits are used. Analysis shows a decrease in 2013 because advances were also increased sharply with the increase of deposits.

**5.5.3 Non performing loans to loans ratio:** A non-performing loan is a loan that will not be recovered. Non-performing loans indicates the percentage of non-performing loans of a bank has.

Non-Performing Loans to Loans Ratio = Non-Performing Loans /Total Loans

Name of ratios	2013	2012
<b>Non performing loans to loans ratio</b>	8.07%	7.48%

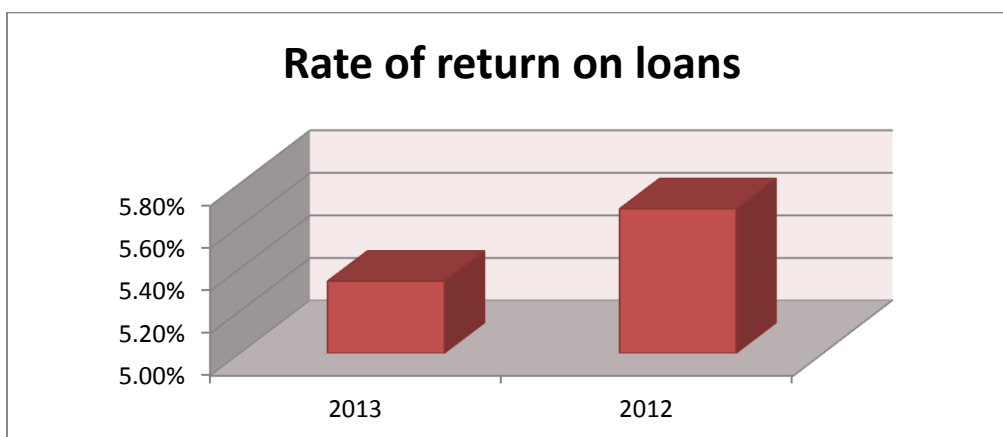


The ratios were 8.07% and 7.48% in the year of 2013 and 2012. This ratio should be lower at any cost because the higher outcome indicates that the bank has serious problems with collecting its debts. The ratio is higher than last year's, which indicates that they should be more alert about it.

#### 4.5.4 Rate of Return on Loans:

Rate of Return on Loans = Net Interest Income / Total Loans

Name of ratios	2013	2012
<b>Rate of return on loans ratio</b>	5.34%	5.68%



In year 2012 and 2013 the ratios were respectively 5.68% and 5.34%.The rate of return at loans of the CBL is decreasing over year. This shows that the bank is not in good position when we compare to the interest income of CBL with its loans. From year 2012 to 2013 the return is getting down which indicates that the industry become more competitive over years. Thus the bank's earning over years is falling in favor of interest income on its loans.

## Chapter- 5

### Findings from the Study and Recommendation

#### 5.1: SWOT Analysis of CBL

SWOT is an acronym for the internal strength and weakness of a firm and the environmental Opportunity and Threat facing by that firm. So if we consider The City Bank Limited as a business firm and analyze its strength, weakness, opportunity and threat the scenario will be as follows:



##### 5.1.1: Strength

- Trustworthiness
- Good Management
- Cooperation with each other
- Regular Customers
- Membership with SWIFT
- Good banker-customer relationship
- Strong Financial Position



- Large Network- both nationally & Internationally
- Real- Time On-Line Banking
- Dual-Currency City Visa Card- Unique in Bangladesh

#### 5.1.2: Weakness

- Lack of proper motivation, training and job rotation.
- Lack of experienced employees in junior level management.
- Still a Problem Status Bank
- Lack of own ATM services.
- Large Branch Network in Rural Area

#### 5.1.3: Opportunities

- SME Finance
- Huge business area
- High growth of sales & trade Finance volume
- Steps taken by Bangladesh Bank
- High growth of sales & trade Finance volume
- Steps taken by Bangladesh Bank
- Investments on technology.

#### 5.1.4: Threats

- FCBs and Third Generation Banks
- Aggressive SME Finance by New CBs
- Losing customers
- Entrance of new Private CBs
- Huge FDI flow

## 5.2: Critical Findings in CBL Gulshan Branch

The problems existing in this are many and explained as follows:

1. The present system is time consuming both for the bankers as well as the clients. For instance; in terms of bankers, the officers have to go through a lot of files in searching the details of a particular transaction, if it is backdated. In terms of clients, they have to wait in a long queue in order to let the officer find out the correct file.
2. In some cases not paying attention towards customers during a busy hour creates a negative situation.
3. Customers do not receive appropriate attention. Even though these customers aren't a/c holders of the bank, the goodwill and negative word of mouth of the bank and its overall image of quality service are hampered.
4. Customers get impatient of waiting for a long time like half an hour or even more for receiving during peak times.
5. In case of student affairs file there are times when the clients do not know which branch are they to receive their information from and thus going to branch to branch.

For a service business that is in operation for long term, these effects will negatively affects the goodwill in the long run, which seems to be hazardous.

### 5.3: Other Findings from Observation:

#### **Centralization:**

The Bank is too much centralized. For each and every move, branch office has to go for permission from the Head Office. The Head Office tightly controls each and every branch office. This sort of dependency on Head Office slows down the activities of branch office.

#### **Lack of waiting place:**

In compare to customers the place for waiting/ sitting areas are not sufficient, as a result, customers have to wait by standing.

The service of The City Bank Ltd. is competitive and efficient comparing to the others; but there is significant scope of improvement.

1. The bank needs to make significant effort to improve the employee relationship with clients.
2. The environment inside the bank needs to be improved significantly for efficient and pleasant banking activities for the customers.
3. Steps should take to improve employee job satisfaction.
4. More customized products and service should introduce.
5. Call center team often provides inadequate or incorrect information to the customers.
6. To increase customer satisfaction the bank needs to improve their service quality by providing more importance on customer's preference.
7. Service charge is relatively high than others.
8. Branch needs more personnel to ensure smooth service.

In terms of the customers, environment of the bank is quite ok but the services of cash needs to more fast also more attention need to be given to the customers when they come for foreign remittance.

#### 5.4: Recommendation

We are believed in surprising contest of new era, must have to important considered of the marketing to generate constructive exclusivity and uniqueness opportunity of the banking sector.

So, CBL should start strategic planning to increase the infrastructures and also important constructs needed to support its large customer base. So, considering the service sector of Bangladesh, CBL should be more conscious to deal with its customers as the customers have now more choice to bank with and there are institutions that are intensifying competition by focusing more on superb customer service.

To identify these bank needs proper information system is required badly. Customer feedback can make value to increase right services and relations to the right customers and increase precise commitment, loyalty, trust and satisfaction to become with huge good relationship. CBL has several services gap to authentic of considerate the consumer behavior and their potential attitude, which made them deficient in modern banks. CBL has to minimize their service gap though strong study on customer objection, expectation, perception and critical internal marketing aspects. Steps should be taken to implement the new process in order to ensure a smooth service as promised to customers.

1. Employees are needed to give adequate training to work and handle clients under pressure. In this case both the branch authorities and higher authorities can persuade each other to train the employees.
2. CBL should increase more Consumer Banking activity. Their Consumer banking activity is quite satisfactory but it will be better if they can put attention on individual customer.
3. They should invent other type of deposit to attract more customers which is different from other banks.
4. CBL should maintain more cash and deposit balances with other banks. Because it is desirable that banks keep their cash and balance with other bank to such extent so that it can minimize the chance of liquidity crunch.
5. Should develop more strategic planning as to compete with its rival banks.
6. Increase the merchant locations of ATM cards.
7. There are many customer's of the bank are aged between 21 to 30 the bank should

consider the products and services with fewer service charges that are suitable for that age group. The products should also be developed mostly for customers with income more than 30,000 and particularly jobholders.

8. CBL had good liquidity ratios during year 2012 and 2013. But it should give more concern about these types of fluctuations in ratios.
9. CBL had fair leverage ratios in where it uses the debt most to increase revenue rather than the equity. It may increase the risk of the bank. So, to minimize the risk I think CBL should finance more equity.
10. From year 2013 there was a lower growth in compare to 2012. It indicates that CBL has no consistency in growth over years. CBL should ensure a better growth over year to reach a strong position.
11. In 2013 CBL net profit was too much less than 2012 which is not good for the bank. So they should concern about it and introduce some new unique products which again increase their net profit.
12. Should increase the number of ATMs and ensure their smooth operations.
13. CBL should recruit more capable & experiences employees to spread the products all over the country.
14. Delinquency behavior is higher in the DCC area so need to concentrate on semi-urban area or rural area.
15. CBL should maintain errors-free customer's record & database which will help to identify the major customer's facility requirements.
16. Employees should get proper knowledge on products & facilities to deliver the customer regarding right time, right facilities as per their requirements.
17. Customers are confused about the loan pricing & hidden charges, so CBL should informed the customer about the different fees & installment size of that particular product.

18. Agriculture is the backbone of the country. As per BB policy; CBL should increase their more concentration on Agri loan.
19. As per customer response, CBL is taking long time to process & disbursed the loan. More easy way should find to minimize the duration for loan process.
20. CBL is needed to reach the brand value to the customers for building up ideal relationship to create loyal customer.

## Chapter- 6

### Conclusion

Since the banking service especially the private Banks are doing an outstanding business, so it is clear that the modern people are more concerned about securing their valuable assets and get high-quality and timely services. For this reason lot of new commercial bank has been established in last few years and these banks have made this banking sector very competitive. So, now banks have to organize their operation and do their operations according to the need of the market. Banking sectors no more depends on a traditional method of banking. In this competitive world this sector has trenched its wings wide enough to cover any kind of financial services anywhere in this world. The major task for banks, to survive in this competitive environment is by managing its assets and liabilities in an efficient way. City Bank is the most promising bank in Bangladesh. Every day City Bank endeavor to increase their product and services although they provide a wide range of product of services to their customers. City Bank is helping the economy of Bangladesh by remitting of funds both local and foreign. For helping the people the bank provides bridge financing loan, working capital loan to its corporate clients. As modern function City Banks provides credit card facility, ATM card facility and any branch banking facility to its customers.

This project concentrated mostly on the customer services of the Gulshan avenue branch and identified some valuable information that could make the services more attractive and also enhance the banks reputation among the customers. With the current performance of the Bank and with little improvement here and there will certainly make City Bank one of the best Private Bank in Bangladesh in the near future.

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## CHAPTER 07: APPENDIX

### ACRONYMS

- CBL: City Bank Limited
- BB: Bangladesh Bank
- A/C: Account
- CD: Current Account
- SB: Savings Account
- FDR: Fixed Deposit Receipt
- DD: Demand Draft
- PO: Pay Order
- PS: Pay Slip
- TT: Telegraphic Transfer
- STD: Short Term Deposit
- KYC: Know Your Customer
- CIB: Credit Information Bureau
- NID: National Identity Card

## Workings

### Current ratio:

Name of the ratios	2013	2012
Current ratio: current asset / current liabilities	(82,934,979,953/29326878545)	(90,867,649,445 /38497897769)

### Leverage Ratios:

Name of Leverage ratio	2013	2012
Long term debt to equity ratio: Long-term Debt / Total Equity	(107,056,026,378 / 18,194,010,358)	(93,850,347,764/18,052,015,227)
Total Debt to Equity Ratio : Total Debt / Total Equity	(129,365,547,214 /18,194,010,358)	(112,261,858,498/18,052,015,227)
Total Debt to Total Asset Ratio : Total Debt / Total Asset	(129,365,547,214/147,559,557,572)	(112,261,858,498/130,313,873,725)
Total Equity to Total Asset Ratio : Total Equity / Total Asset	(490,227,417/129,365,547,214)	(18,052,015,227/130,313,873,725)

**Profitability ratio:**

<b>Name of the ratio</b>	<b>2013</b>	<b>2012</b>
Net profit margin : ( Net Profit after Taxation / Net interest Income)* 100	(490,227,417/4,800,383,826)*100	(794,453,815/4,734,571,880)*100
Return on asset : (net profit after taxation / total asset ) * 100	(490,227,417/147,559,557,572) *100	(794,453,815/130,313,873,725) *100
Return on equity: ( net profit / total common equity) * 100	(490,227,417/6325515058) *100	(794,453,815/ 8106671582) * 100

**Efficiency Ratio:**

<b>Name of the ratio</b>	<b>2013</b>	<b>2012</b>
Assets Turnover : Net interest Income / Total Assets	(4,800,383,826 /147,559,557,572)	(4,734,571,880/130,313,873,725)
Fixed Asset Turnover : Net interest Income / Fixed Assets	(4,800,383,826 /6,851,347,927 )	(4,734,571,880/5,957,809,664)

**Other important ratios:**

<b>Name of Leverage ratio</b>	<b>2013</b>	<b>2012</b>
Loan to Asset Ratio : Total Loans/Total Asset	(89,878,629,903 /147,559,557,572)	(83,332,667,223/130,313,873,725)
Loan to Deposit Ratio : Total Loans/Total Deposits	(89,878,629,903 /107,056,026,378)	(83,332,667,223/93,850,347,764)
Non-Performing Loans to Loans Ratio : Non-Performing Loans /Total Loans	(7,251,011,770/89,878,629,903)	(6,230,781,000/83,332,667,223)
Rate of Return on Loans : Net Interest Income / Total Loans	(4,800,383,826/89,878,629,903)	(4,734,571,880/83,332,667,223)

