

A Report on Profitability and Liquidity Analysis of The City Bank Ltd.

By

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ID: 16104001

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

[Brac Business School]
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Declaration

It is hereby declared that

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

Student's Full Name & Signature:

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Professor, Dean of Brac Business School
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Letter of Transmittal

Dr. Sang H. Lee
Professor and Dean
Brac Business School
BRAC University
66 Mohakhali, Dhaka-1212

Subject: Submission of Internship Report on Profitability and Liquidity Analysis of City Bank Ltd.

Dear Sir,

This is my pleasure to display my entry level internship position in City Bank Ltd. at City Alo Gulshan Women Branch, where I report to the Branch Manager Mrs. Dilshad Khanam. I started this internship since 3 November, 2020 and I was interviewed in the Head Office Gulshan 2 by HR professional Mrs. Tanjila Haque and Mr. Adeeb Hussain (Head of Service Quality and Customer Support: Retail Banking Division). I applied for City Bank through OCSAR Brac University and was called for a phone call interview first. After a day or two, I was called at the Head office where my personality and behavior was analyzed by one person while another person explained me about job responsibilities along with the environment of the branch. Therefore, I am in content to let you know that I was appointed by your direction. With due respect it is to let you know that, with all my knowledge I have given my best to make sure that this report contains required data and detailed analysis. I trust that the report will meet the desires.

Sincerely yours,

Fabiha Tabassum Lamisa
16104001
BRAC Business School
BRAC University
Date: January 9, 2021

Non-Disclosure Agreement

This agreement is made and entered into by and between City Bank Ltd. and the undersigned student at BRAC University

.....
Fabiha Tabassum Lamisa
ID: 16104001

Acknowledgement

In the 3-month Internship journey of City Bank Ltd. it was a very delightful experience because the bank was full skillful and friendly people. With their extensive knowledge and experience, I gathered a lot of learning. The ambience was aesthetic because I was posted in their most exclusive branch- City Alo Gulshan Women attached to Gloria Jeans Coffees which did not seem like traditional offices.

Firstly, all gratitude towards the Almighty Allah, to give us abilities and such opportunities.

Thus, the report titled, as “Profitability and Liquidity Analysis of The City Bank Limited”- has been prepared to fulfill the last credit course requirements of BBA degree in Brac Business School. Following all the advices, instructions and under the supervision of all the mentors, I could finish this analysis.

Hence, I would like to thank everyone who guided and helped me complete the report.

Therefore, the First person in the list is Dr. Sang H Lee, my academic Supervisor of the internship report, Professor and Dean of BRAC Business School. Without Sir’s sincere mentorship, it would have been really difficult for me to move forward with the report.

Besides him, I was also given important advices by all my colleagues from City Bank, especially my Supervisor (Branch Manager) of City Alo- Mrs. Dilshad Khanam, who gave her valuable time for monitoring and providing fruitful information for my report.

My sincere gratitude is for all the people who supported me throughout this journey, I am really lucky to have gained their co-operation and time.

Executive Summary

In this report, I portrayed profitability and liquidity of The City Bank Ltd. and discussed to what extent Covid-19 has affected their performance analyzing annual reports, supervisor information and branch observations.

This report also mentions about risk management and all the general banking activities of City Alo-Gulshan Women Branch.

Apart from ratio analysis and CAMELS rating, to determine profitability and liquidity position, focus is on 'excellent service quality' of The City Bank where it is made sure that no satisfactory service is provided so that customers trust towards City Bank remains firm.

This report also mentions innovations made by the City Bank over 37 years where they presented unique approaches rather than following traditional banking practices for customers. Though the pandemic has brought a lot of challenges but with time and sincerity, City Bank can overcome all risks gaining sustainable success in Bangladesh and overseas.

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Chapter 1: Overview of Internship

1.1 Student Information:

I am Fabiha Tabassum Lamisa with a student Id- 16104001 and I am a student of BRAC University enrolled on Spring 2016. I am student of BRAC Business School specializing on Finance and Accounting.

1.2 Internship Information:

1.2.1 Period, Company, Department & Address:

At present I am doing an internship in The City Bank Limited and this specific branch is exclusively customized for Women customers. Hence, it is named City Alo- Gulshan Women branch, Located in Gulshan 1, Shanta Skymark.

This is the Retail division for female customers, which organizes a collaboration with Gloria Jeans Coffees, where accountholders of City Alo get a 50% on every purchase. My internship period started from November 3, 2020 and will come to an end on February 3, 2021.

1.2.2 Internship Company Supervisor's Information:

In City Bank, I report to the Branch Manager- Mrs. Dilshad Khanam who supervises the whole branch activities.

1.2.3 Job Scope

This opportunity was exhilarating for me, because I was known as the Service ambassador of the branch. The first part of my job was to Greet customers, bearers and assist them towards their banking needs such as writing slips for cash deposit, card payments. Also, arranging meetings of them with our Customer Service Officers, Customer Service Manager, Card Ambassador and Relationship Manager was also a small part of my job. In this service it was imperative for me to observe that no customer waits for more than 5 mins, hence waiting line management was a must here. Service Hour started at 10 am to 4pm.

After 4pm, I was given several forms to fill, such as Account Opening forms, Loan file form. Other parts of my job included assisting all officers, with:

- Solving undelivered welcome letter request
- Customer calls for undelivered card, cheque-book collection request
- Making Excel files of documents, customer surveys to make a record about their remarks of City Bank service.
- Reported to the HR and Service Quality division about evaluation of customer services and any discrepancies or complains noticed inside the premises.

1.3 Internship Outcomes

1.3.1 My Contribution to the Company

My contribution towards the company included ensuring Service Quality for the customers so that the excellence is maintained. While assisting every employee, some of their work pressure was shared by me. Lastly, Customer Line management was reduced to some extent, and by answering their general queries, customer satisfaction was aimed to be achieved.

1.3.2 Benefits to the Student

After joining City Bank, there were a lot of issues that were learnt. Firstly, a lot of Bank Jargons, operational activities were understood. To ensure excellent service quality, a lot of customer behavior and ways to convince them was understood. Moreover, knowledge about bank products were gained. In addition, after all these trainings, I was paid a sum of 5000taka per month.

1.3.3 Difficulties Faced During Internship

In contrary to all learnings there were also some difficulties. Most of the tasks were self-learnt as bank officials were mostly busy. Hence sometimes guidance and trainings were insufficient. I was asked to perform administration activities such as arranging books, running for prints, photocopies, inspecting lengthy documents to detect errors made by officials. There were also different views of officers while filling out account opening forms, where some people were clear and efficient about their work, while some taught things which showed inefficient practices to some extent because they perform tasks hastily.

1.3.4 Recommendations

For future leaders who would want to commence internship on City Bank, I would like to suggest them to have knowledge about bank jargons and products. They should also be soft-spoken and kind to their customers because behavior and friendly natured people are really valued by City Bank.

Chapter 2: Organization Part: Overview, Operations and a Strategic Audit

2.1 Introduction:

Organizations are a foundation created by a group of individuals with a common purpose or vision. Similar to all organizations are banks which are founded, nurtured as a financial institution by elite entrepreneurs. City Bank is no less than the same. It is One of the top Commercial banks, serving the general population of Bangladesh along with corporate sector with innovative bank products excellent services quality.

City Bank as an organization has come a long way maintaining its unique featured- product legacy leading to even present Women banking, Internet banking services for the population too. While discussing about operations of City Bank, priority customer service is built at the core where employees focus on providing priority services to build trust-based relationship with customers as a result, value based unique strategies are created for stakeholders.

2.2 Objective:

The primary objective of this part of the report is analyze about the internal areas of City Bank to know about how the bank functions, what the bank offers to customers and how it deals with external pressures. Through Internship on City Bank, observations were based on the Women Banking branch, products and services offered to them, general banking, entire management, marketing and accounting practices of the branch. Besides, this part also discusses about some of the external environment analysis that affects City bank.

2.3 Methodology:

To examine about the Organization and internal management, sources of information were obtained from the following:

Primary sources: Discussion with Branch Manager, Branch Operation Manager, Tellers, Relationship Manager, Customer service officers, Card ambassador.

Own observations.

Secondary Sources: E-journals, Annual report, articles.

2.4 Scope:

This main part of this Research has been done examining data; figures and information collected from City Bank which extends from 2016-2019, concentrated on City Bank's profitability, liquidity analysis only influenced by post pandemic risk presented by COVID 19 with counter risk governance by City Bank. On the other hand, it also mentions about City Bank's organization as a whole focusing mostly on General Banking for Women only, as the internship was commenced on City Alo- Gulshan Women Branch.

2.5 Limitation

In contrast to the vast scope, there were several barriers to create this report as well. Firstly, Information was limited from the internal authorities and enough data was not provided rather bits of information only. As a result, most aspects of the report were based on observations. Besides this, numerical data were covered from the annual report only and within a short time frame, this report could not cover sufficient details about present situation.

2.6 Significance:

The following analysis about City Bank sets forth information about the bank's operations, performance and risk management in this economy. It shares data analysis and opinions by corporate personnel with their practical experiences, knowledge which is difficult to access in other research materials. Hence, this analysis may help top management to put focus on various drawbacks and lead them towards better decisions. It is also important to set examples for other banks to follow because risks emerge in every stage of the organization and tackling those risks with innovative approaches can be studied through City Bank's analysis.

2.7 Overview of the Company:

2.7-1 Background of City Bank

City bank widely known as the first private commercial bank in Bangladesh, started its journey since 1983 by 13 young businessmen with the first branch operation initiated on B. Avenue Branch Dhaka. With over 1700,000 customers and 132 branches, 116 SME unit office, 403 ATM/CDM machines, city bank has set milestones towards becoming a tech- driven complete bank in Bangladesh in 37 years of Banking.

At present, City Bank put forward a wide range of Traditional and Islamic banking solutions, incorporating wholesale banking, corporate banking and retail banking for the population of Bangladesh. Additionally, City bank also set representative branches in Hong Kong and Malaysia. One of the highlights about City Bank is that it is the sole franchisee (seller) of American Express (AMEX) in Bangladesh which makes it distinctive from any other bank. Besides, it has launched 'City Touch' digital banking app for which customers can get easy internet banking services. Moreover, City ALO Women Banking branch, CityMaxx (AMEX) cards. Dual Currency AMEX credit cards are first launched for women by City Bank.

For its premium banking services City bank has been achieving the best bank award in Bangladesh since 2016.

2.7-2 Subsidiaries

City Bank Capital resources limited (CBCRL)

Initiated in 17 August, 2009, CBCRL provides dynamic variety of investment products, including merchant banking activities, such as issue management, underwriting, portfolio management and corporate advisory. In elaboration, subordinated bonds (for scheduled banks), zero-coupon bonds, commercial paper, preference shares, debt restructuring, term loans, working capital facilities, issue management services, advisory services, underwriting, agency and trusteeship all such are offered by CBCRL.

City Brokerage Limited

City Brokerage Limited (CBL), another wholly-owned subsidiary of The City Bank Limited, is one of the top brokerages in Bangladesh, where skillful professionals offer a benchmark of international brokerage services to retail, corporate and clients overseas. While serving Bangladesh community and foreign investors, City Brokerage achieved market recognition building a secured network of elite class clients. In future, City Brokerage plans to incorporate software-based system namely order management system (OMS) to increase retail market share, supporting all branches of City Bank.

CBL Money Transfer

CBL Money Transfer (CBLMT) initiated in Malaysia, is a private company limited, became fully owned by City Bank in 2016, conferred up to 7% of total national inward remittance from Malaysia. At present, CBL money transfer holds 11 branches and looks forward to introduce mobile remittance services in Malaysia so that customers can easily get remittance services without having the need to visit traditional branches

City Hong Kong Limited

City Hong Kong Ltd is a recent launch by City Bank to have its first foreign banking operational unit (2019). It had aimed to inaugurate itself in one of the top financing hubs of the world. Till

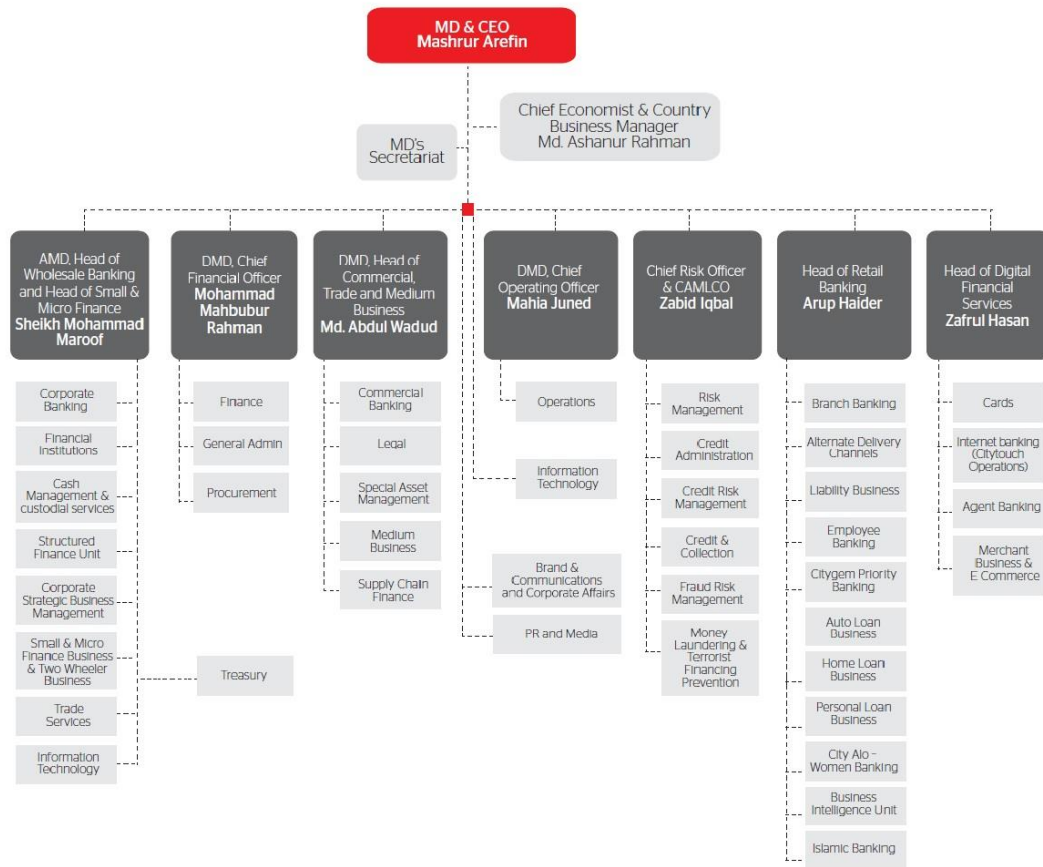
today, City HK offers Letter of Credit (LC), Bill financing, Documents and aims to create and serve a niche market, set off against City Bank and all other banks of Bangladesh.

2.8 Organizational Structure

Located in Gulshan 2, the Head Office of City Bank manages all 5 units which includes Business unit, Branch Banking units, Risk Unit, Operations Unit and Support team.

Starting from Efficient customer service by skillful officers, priority banking by relationship managers, billing transactions by tellers and featured Card distributions by card ambassadors, City Bank’s structure comprises all divisions to work for each function on 5 days per week. In addition, the organization also includes Call Centre service, I-bank (Internet banking) for corporate current accounts and CityTouch App for all customers.

2.8-1 Organogram of City Bank:



2.8-2 Mission, Vision, Core Values:

Vision- Being a financial supermarket with a winning culture, while offering enjoyable experiences to stakeholders.

Mission – To be the financial services group of choice in Bangladesh, City bank aims to:

- 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 leadership is 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 the community, good governance and compliance in everything they do

Values:

- ‘Results-driven’
- ‘Engaged’ and ‘Inspired’
- ‘Accountable’ and ‘Transparent’
- ‘Courageous’ and ‘Respectful’
- Focused on ‘Customer delight’

2.8-3 Products and Services:

1. Savings and current accounts –

- Current account- This account is for corporates and organizations. Under this, Proprietorship account, Partnership account and Limited Company account can be created.
- Savings account –Savings account is open for the population and has categories. It can be opened by individuals or joint accounts can be created, while savers can avail interest depending on time durability. Categories of Savings account are:
 - General Savings
 - Savings delight account
 - High value savings account
 - City Manarah General Savings
 - City Manarah Savings delight
 - City Manarah High Value Savings
 - New born Deposit
 - Student Savings
- Term deposit account- Accountholders can avail term deposits against their savings, they are:
 - General DPS account
 - Insurance backed DPS

- Fixed Deposit Receipt (FDR of 3 months, 6 month, 1year-10 year)
 - Monthly interest paying FD account
2. Personal loans – Lending in City Banking also has categories:
 - Auto loan
 - SME Loan
 - Home Loan
 - Secured loan
 - Private loan
 3. Debit cards –
 - Master Card
 - VISA card
 - City Maxx American Express Card
 4. Credit cards- City Bank is the sole franchisee of American Express (AMEX) cards available in dual currency(Local and US Dollar), and is of the following categories
 - Silver
 - Gold
 - Platinum
 VISA- Credit card also available in two categories:
 - Silver
 - Gold
 5. Internet banking – Internet Banking services is provided through I-Bank for current account holders and CityTouch App is for other accountholders. Through Ekhoni App, accounts can also be created. Services provided are listed as follows:
 - Process transactions
 - Purchasing travel tickets,
 - Transfer money
 - Make reservations in restaurants
 6. Corporate banking and Investment Banking- For projects, investor necessities and trade requirements City Bank offers clients with:
 - Structured Finance
 - Syndication
 - Equity Investment
 - Foreign Trade
 - Islamic Finance
 - Leasing
 7. SME banking – To encourage small to medium enterprises, services provided are:
 - Medium Segment SME Service.
 - Small Segment SME Service.
 - Agro SME Service.
 8. Treasury and syndication services- In the Bangladesh Capital market, brokerage services are provided through:

- Foreign currencies
 - Cash-market
 - Enterprise Sales
9. Agent banking- Currently, City Agent Banking has been providing its services through agents and through software based system where customers and agents can perform secured transaction
 10. Citygem priority banking- Citygem is for special customers to whom priority banking services are provided, they are all high-net-worth (HNW) customers. Currently there are 7 Citygem Priority banking centres 5,800 Citygem customers of City Bank.
 11. City Alo-women banking- A recent innovation of City bank with a café plus banking platform for women.
 12. Islamic Banking- A Shariah based banking list of services.
 13. Other services:
 - Cash withdraw
 - Cash deposit
 - Clearing cheque
 - Transfer cheque
 - Card cheque
 - Pay order
 - Real Time Gross Settlement (RTGS) Payment
 - Remittance services
 - Transaction profile (TP) update , Signature change, Contact Info change.
 - Bank statement provision
 - ATM, CDM and Call center services etc.

2.9 Management Practices:

2.9-1 Top Management practices of City Bank:

With over 4493 employees, City Bank aims to create value in every stage of its operations, where top management aspires to become a strong banking platform for Bangladesh, delivering sustainable value to clients and shareholders and positively impacting the society providing diversified services. As a result, the top management focuses a lot on risk management and opts for continuous research and development to bring about customized unique solutions in the market.

2.9-2 Strategies and steps taken:

- To Improve Online banking services- the Citytouch app was introduced providing one step customer solutions.
- On-the-go banking was pioneered- Buying tickets, transferring funds, making payments, keeping track of money and expenditures was enabled through online platform.
- Association with Bkash App- Transferring of funds with zero charge was put forward for customers.
- Plans are being made to bring up ‘on-the-move banking’ using online channels.
- Proper IT based secured systems are built to protect customer’s private data.

- City Alo- Women Banking Branch has been created, with a sophisticated café+ banking environment where women are offered with priority services.
- Modifications of Retail Banking is being made, while managing risks according to all Government regulations. As a result, meetings are being held continually to properly maintain capital, loan disclosures and reporting structure which is core part of strategy.

2.10 Marketing Practices

2.10-1 Media Division

City Bank has a separate Media division designed to advertise bank products and services. City Bank is global brand, hence to stay in the media cover, MD and CEO continually introduce new concepts, provide interviews in newspaper portals such as The Daily Star and Prothom Alo. Similarly, press conferences are arranged, where public issues are discussed.

2.11 Financial Performance & Accounting Practices

2.11-1 5 year Financial Statements

Five-year performance at a glance

Figures in BDT million unless specified

Particulars	2019	2018	2017	2016	2015
Balance Sheet					
Authorised Capital	15,000	15,000	15,000	15,000	15,000
Paid-up Capital	10,164	9,680	9,219	8,758	8,758
Reserve Fund & Surplus	15,252	14,750	15,650	11,895	12,132
Total Shareholders' Equity	25,416	24,430	24,869	20,653	20,890
Tier-II Subordinated Bond	9,200	8,800	7,250	3,000	3,000
Deposits	246,704	205,170	183,493	174,695	143,729
Borrowings	44,168	60,453	37,906	31,695	22,080
Loans and Advances	246,944	231,391	196,596	175,025	143,088
Credit to deposit ratio (excluding OBU loans)	79.1%	82.5%	84.9%	80.4%	79.2%
Debt- Equity Ratio (times)	13.0	12.3	10.1	11.3	9.1
Investments	39,452	27,882	25,508	24,432	24,615
Fixed Assets	5,675	3,519	3,277	3,437	3,516
Earning Assets	290,209	271,706	220,875	199,508	167,913
Total Assets	354,689	324,780	275,531	254,776	210,221
Off-Balance Sheet Exposures	118,329	135,748	98,845	61,020	50,126
Income Statement					
Net Interest Income (excluding investment income)	10,832	9,201	7,495	6,477	5,506
Investment Income	2,086	1,842	2,791	4,746	4,391
Non-interest Income	5,367	4,859	4,630	3,173	2,888
Operating Income	18,285	15,954	14,916	14,396	12,784
Operating Expenses	9,998	9,274	8,047	6,859	6,090
Operating Profit (profit before provision and tax)	8,287	6,679	6,869	7,537	6,694
Provision for loans, investment and other assets	2,556	2,324	1,718	2,071	2,179
Profit before Tax	5,731	4,355	5,152	5,466	4,516
Profit after Tax	2,472	2,018	3,628	3,956	3,600

These financial statements cover one calendar year from 1 January to 31 December. Moreover, all financial disclosures have been made following the principals below:

- IAS, IFRS Banking, Companies Act, 1991 (Amendment in 2013)
- Bangladesh Bank Regulations
- Companies Act, 1994

- Bangladesh Accounting Standards
- Bangladesh Financial Reporting Standards
- Financial Institutions Act, 1993
- Securities and Exchange Rules, 1987
- The Income Tax Ordinance, 1984

2.12 Information System Practices

2.12-1 Recent Initiatives:

In 2019, a total of 334 million taka was invested in the IT sector Of City Bank in all eight departments of IT, which are:

- IT Service Management (ITSM)
- IT Governance (ITG)
- Enterprise Architecture (EA)
- Cards and ADC Systems (C&A)
- Enterprise Software Solutions (ESS)
- Project Management Oice (PMO)
- Information Security (IS) and
- Innovation (INV)

Investments were made for establishing core banking system. Besides this, more featured products, dual currency were brought up though dealing with Bangladesh Automated Clearing House. In addition, through the Women banking Branch, for female businesspersons more tech-savvy exclusive list of products were inaugurated.

Moreover, for maintaining an effective supply chain solution, system-based invoice, China UnionPay Acquiring, instant Debit Card issue, buying selling installments through AMEX Card, remittance facilities and transfer methods have been initiated. For an ease of trading in ASIA, a full-fledged IT progress took place for developing a financial institution in Hong Kong,

2.13 Industry and Competitive Analysis:

2.13-1 PESTEL

In the Macro environment, City Bank also plays a role to survive competition and external pressures. It can be understood through a PESTEL Analysis.

In the Political Context, all decisions were taken based on government policies specially according to Bangladesh Bank regulations. Recently, to combat the pandemic a lending rate of 9% was set. Hence all banks including City Bank moved forward to adapt to create new business strategies.

Next, in the Economy's perspective, City Bank has contributed to create business relationships with the Malaysian and Hong Kong economy with branch establishment overseas. Besides this, employment opportunities are created in Bangladesh economy. Similarly, pacing with the economic growth, City Bank also contributes to total income for the country, creating business opportunities providing loans hence encouraging small-medium enterprises to grow as well.

In the Social Context, a lot of financial programs were designed in line with UNSDG, which enabled systematic and tech savvy solutions for the society as a whole.

Technology- City Bank has invested a huge amount in the IT sector, to develop systematic solutions. For example, Core Banking Software, Green financing, Online banking solutions were launched. Enabling tech savvy Digital Platforms for employees to work upon in Digital Bangladesh. In the Legal context- City Bank deals with a lot of regulations and security instruments for loans, Sanchaypatra maintaining all guidelines by the government. This is because any discrepancy can create lawsuits or even imprisonment. Hence City Bank provides strong counselling, consistency of services and customized solutions to deal with caseworks.

2.13-2 SWOT:

It is vital for Banks to identify their core strengths and drawbacks to survive in the industry.

Likewise, City Bank's **Strengths** include their brand name and net worth created for 37 years where customers trust is gained which enabled City Bank towards building a wide network.

In addition, skillful human resources of City Bank also contribute to fulfill City Bank's vision, while providing excellent services to all clients.

Moreover, adaptable work environment and quick responsive operations also enable City Bank to grasp market and regulatory requirements quickly. Lastly, being the sole Franchisee of American Express (AMEX) Cards, City Bank has an added advantage to grasp a market which no other bank could.

In contrast there are some **Weaknesses** that are present that impediments on operations of City Bank. Increasing Non-performing loans, inability to recover funds, falling profit figures, economic instabilities and emerging risks are also challenging for City Bank to tackle.

On the other hand, Strong **Opportunities** are also present which might lead to grasp higher sales and market share. This is added advantage because operations are extended overseas leading to build higher customer base. Additionally, opportunities are created when investments are made in Digital platforms, leading to cost cutting aspects that might emerge soon when customers will lessen traditional visit to banks.

However, there are **Threats** to the bank due to increasing competition by newcomers. Besides this, the pandemic may bring about a lot of unknown risks and customer shift in demands. Thus, uncertainty may remain which might lead to risk of higher non-performing loans if businesses shut down given the pandemic.

Summary and Conclusions:

Based on the revelations made by City Bank as an organization, many aspects of the internal operations and practices were discussed in this report. Some external obligations were also covered that affects the bank's operations.

Therefore, with knowledge, experience of the skillful employees and innovative tech-based strategies City Bank may evolve towards new prospects of success.

2.14 Recommendations

To combat with emerging threats and increase profitability City Bank can focus on strategies to reduce non-performing loans. New schemes, plans can be introduced for sustaining in the developing economy. Lastly, they excel in customer service so to uphold the trust and build wider network, they must keep consistency in providing priority banking services to customers and bearers.

Chapter 3: Profitability and Liquidity Analysis of The City Bank

3.1 Introduction

A financial institution that offers loans, obtains deposits and provide different services to individuals, businesses are known as Commercial Banks. In Bangladesh, there are a total of 57 banks among which in total 54 banks are commercial banks.

Banks are categorized as one of the most secured financial organizations with Bangladesh Bank setting various guidelines to assist and monitor them. Under such Central Bank authority, Banks function accordingly to all rules, regulations set by Bangladesh Bank and send reports of their Performances.

Subsequently, Bank performance highly depends upon their profitability situation, how much Liquid are their securities and how they tackle risks. Profitability determines how long with their operational strategies they might survive in the long run whereas Liquidity answers whether they have enough cash to pay back to their depositors. Similarly, proper risk management also a factor that affects bank performances as risk management practices shows how banks detect potential risks and develop strategies to mitigate them.

3.2 Background

One of the most prestigious commercial Bank in Bangladesh – The City Bank Ltd. has pioneered since 1983. It was the vision of 12 entrepreneurs who, after facing tremendous obstacles and challenges during those early days, put forward the determination of City bank's formation. City Bank has always followed innovative and unique business strategies which also includes their practice of not sticking to conventional profit based business model. This is supported by their uniqueness in services such as a separate branch 'City Alo' for Women Banking, Dual Currency: American Express card launch in Bangladesh etc.

City Bank's Profitability and Liquidity position over the years has been stable with Good growth over the years with the bank serving a total of 1765,000 customers till now.

3.3 Objectives:

Internship in City Bank Limited offered an opportunity to work within a well reputed financial institution. As a result, being Finance graduate it was a basic approach for me, to prepare a Finance Based report because banks deal with a lot of money, large set of data, documents of finance-based products such loans, credit facilities/cards etc.

Through this Internship I also got access to datasets, annual reports and general ideas about the banking sector. Hence, my target to prepare a finance-based report was met in which my analysis was focused on Profitability and Liquidity position over the years.

Therefore, the primary objective of this report was to analyze the Profitability and Liquidity situation Of the City Bank Ltd. over four years.

Besides this, this report also aims to analyze performance compared to other competitors in 2019.

To fulfill the primary objective, some specific objectives are discussed below:

- Identification and evaluation of risk management practices
- Identifications of barriers and problems that leads to fluctuations of profitability

3.4 Significance:

Traditionally, Interns in City Bank, research and report about customer service and general banking activities being service ambassadors. However, my approach was dissimilar to them, because I opted to choose their annual reports and prepare my own dataset using numerical figures to analyze about Profitability and Liquidity position over the years.

This is why, this research is significant since a lot of shifts have occurred in the entire industry and a very smaller number of researches has been conducted to analyze the effects in the banking sector. As a result, this paper might give a general idea, to know about the factors that cause performances to fluctuate as well as all the policies and new methods banks are introducing to tackle risks.

3.5 Methodology

To understand about Profitability, Liquidity, Performance and Risk management approaches to compare before and after the pandemic, the sources of data are mentioned below:

Primary data collected from:

- Interviewing Branch manager, Relationship Manager, Branch operation manager and other employees.
- Investigating customers
- On the job observations

Secondary data collected from:

- Annual Reports of The City Bank Ltd.
- Annual report of AB Bank Ltd.
- Annual Report of BRAC bank Ltd.
- Articles of Risk Management, Bank performances, Effects of Covid19 Pandemic
- Website of the City Bank Ltd.
- Official Records
- Different journals, study materials

3.6 Literature Review

A Bank's performance may highly depend on how it is achieving its objectives, following its vision and mission using full potential of its resources. However, there are obstacles which are mainly risks that works as an impediment towards a bank's success. This study mentions some important suggestions and findings to connect and understand how banks perform and manage those risks which poses a threat to their operations.

3.6-1 Review on Bank performance

Firstly, a research has been carried out regarding bank performance which suggests that internal factors of bank play a great role in determining profitability of a bank which include bank's operational efficiency, bank's risk aversion (capital ratio), liquidity, and credit quality. It was also mentioned by Asthanasoglou et al (2006) that there was no impact of Bank capital on profitability but GDP and inflation had influence on profitability. However, the same article mentions that Ben Naceur and Omran (2008) studied about commercial banks during 1989-2005. They found that credit risk and bank capital cause noteworthy impact on bank profitability.

Through my analysis of City Bank, it was also seen that as capital investment increased, net profits declined however, GDP and profitability were not also positively related, GDP increased yet Net Profit fell.

In my research, the focus is on a Bank based on Bangladesh. (Naceur and Omran,2008) found the banking sector in Bangladesh incorporates four groups of banks. They are state-owned commercial banks (SCBs), State-owned development financial institutions (DFIs), Private commercial banks (PCBs) and Foreign commercial banks (FCBs).

Additionally, (Samad,2015) demonstrates that Bangladesh Bank is constantly trying to boost the banking sector and maintain sound financial results. Bangladesh Bank (BB) adopted a number of policy measures in FY18 to strengthen risk management and corporate governance in banks, frequent assessment of the sustainability of all banks, tracking of large borrowers, fraud forgery and increasing internal control and regulation through self-assessing internal controls against fraud. etc.

In the same article, it was also mentioned that the overall output of the banks such as capital adequacy, asset quality, management efficiency, earnings, liquidity is evaluated in a detailed manner. Banks are provided with a ranking of '1' to '5' in based on their performance. The risk management activities of a bank would, therefore have a direct impact on its CAMELS ranking. In my study, I also explained about bank output through CAMELS, hence depending on this rating, it shall also be understood to what extent banks are exposed towards risk.

On the other hand, according to (Leeladhar 2005) Bangladesh's banking sector has witnessed substantial growth in size and scope in recent years. Despite recent progress in financial viability, profitability, modernism and competitiveness, uncertainties exist that banks still do not consider large segments of the population, especially poor people, in the scope of basic banking services. However, my analysis suggests, number of bank customers is increasing for City Bank and most segments are targeted with

facilities designed for any individual such as SME business loans, Student savings account, city touch Akhoni accounts etc.

Unlike my analysis, (Uddin and Suzuki, 2011) affirm that there have been modifications in the banking sector with major changes in the financial system. The factors that affect the profitability are also essential for fixing complex issues of the banking sector. Besides, most of the developments of the financial system introduced by the government have direct significance on the banking sector. As a result, several changes in ownership, market concentration, regulations and policies have been made to boost banking efficiency.

3.6-2 Review on Risks and Risk Management

There are several systematic and unsystematic risks that banks face. In another article (James et al., 2002) puts forward that risk is the deviation of the expected outcome which can be classified as business risk and financial risk. Adding to that, he defined banks being the most critical yet volatile segment of a country's financial system, as a large number of risks arise and have a very significant effect not only on the profitability of banks, but also on working atmosphere.

Among many, there is one vulnerable risk which takes place in every bank which is Liquidity risk. In this research, focus is put on Profitability and Liquidity. According to (Kumar and Yadav,2013) Liquidity is the bank's capacity to finance a growth in assets and to fulfill both planned and potential cash and collateral obligations at a fair expense and without incurring unacceptable losses. Hence Liquidity risk arises when banks fail to satisfy such obligations when they become due, without adversely impacting the financial condition of the bank.

Similarly, (Samad, 2015) suggests that Liquidity risk is simply the failure of a bank to fulfill its customer's cash requirements. When a bank keeps more cash reserves in the bank's vault, it is more liquid so it can quickly pay depositors' claims. On the other hand, the profitability of a bank is enhanced as banks invest in long-term loans. However, the Bank becomes unreliable if its capital is invested in long-term loans and cannot meet the high demand for cash and new loans. On contrary my analysis suggests that as the number of loans are rising over the years, net profits are declining.

Besides depositors, (Gatev, 2006) revealed that banks that make commitments to give out loans are exposed to the risk of unexpected liquidity demands from their borrowers.

Alternatively, one of the systematic risks that has caused recent crisis can be the corona virus (COVID-19) is also analyzed to some extent in this paper.

On March 8, 2020, The Institute of Epidemiology, Disease Control and Research (IEDCR) identified novel coronavirus in Bangladesh which threatens to cause massive, global and probably permanent damage to the economy. The Asian Development Bank (2020) also predicted that Bangladesh will suffer approximately \$3 billion loss in its GDP and unemployment of 9 million individuals. According to (Barua,2020) banks around the world could also face increased credit and default risk since businesses may run out of cash, leading to bank failures and some businesses may even shut down given a fall in demand for goods and services. He also added that most upcoming borrowing and investment decisions

may be delayed. Though the Federal Reserve tried to mitigate liquidity risks through changing policy rates given the pandemic however, such decision may cause economic instability.

With risks come risk management practices, steps taken by banks to shield themselves. In an article (Khan and Ahmad, 2001) described about the objective of financial institutions which aims to please shareholders through profit maximization by offering distinctive financial services at the same time managing potential risks. Unlike that, City bank also established online banking services, through City Touch App ensuring convenience and easy banking for customers. Now customers can easily engage in their daily transactions from home, Use AMEX cards facilities to make local and international deals, open accounts, make payments for bills etc.

For liquidity risks, (Kumar and Yadav, 2013) suggests that better management and utilization of portfolio of assets can help minimize Liquidity risk. Through diversifications, securing credit lines supported by investments, and by minimizing cash flow discrepancies, such risks can be controlled. Accordingly, a bank should set up an effective risk management system where the Board of Directors (BoD) establishes liquidity risk management policies, methodologies providing guidelines depending on risk exposure ensuring better bank management. They should also develop strategies to tackle liquidity risks so that the bank can meet cash needs in time of emergency.

My analysis also supports such statements, Annual report of City bank suggests that through CASA funds which is a low-cost source of fund, there has been an improvement in access to financial resources with proper capital use. For that, City bank has engaged in a comprehensive evaluation of bank lending by understanding the health of both current and potential companies.

On the other hand, when we move on to systematic and unsystematic risks, (Santomero,1997) demonstrates that Systematic risks cannot be controlled, minimized or eliminated by an organization or industry as a whole whereas unsystematic risks are diversifiable and exist within an organization. (Alam, M., & Masukujjaman, M (2011) also adds that Systematic risk is related with the broader economy and can be mitigated with a broad portfolio of stocks, whereas unsystematic risk is related to one particular asset or company and cannot be diversified if its components are not made stable.

According to the Basel committee on banking supervision 2001), (Paulinus, E. C., & Jones, A. S. (2017) suggests that setting an appropriate risk environment to protect the banks from adverse effects is the first step towards risk management. Through analysis of cases in different industries all sorts of risks are identified such as credit, operational and other risks. Then, using data algorithm, proper surveillance and evaluation of risks, top management intervention is made. City bank annual report also suggests that they reorganized the activities of Management Risk Committee, restructured the organogram of risk types to better identify risks.

Similarly, another research describes contributions human resources towards risk management. (Luburic, 2015) suggests for better risk management, an efficient team of employees are needed. According to (ISO 9001) top management sets up an organizational culture with its vision, mission, goals directed towards the success of the company in which employees practice a common culture. His paper demonstrates the role of the all the employees towards risk management and identified them as the fundamental strengths

of any organization. They are imperative for the growth and success of organizations because altogether the team deals with risks and handles client queries.

City bank with the help of its employees amplified their focus on risk control too, in a proactive manner caused by Covid-19, considering each risk's potential impact on the bank's sustainability, profitability and strategies. Top management concludes that that without extensive teamwork and each person's contribution a sustainable risk management practice could not have been achieved.

In Bangladesh (n.d), risk management systems for the banking sector has been updated by Bangladesh Bank (BB) where six key guidelines have been discussed to ensure the solidity, durability and usefulness of the risk management system to benefit the banking sector. Besides this, the article also mentions about 'Risk Management Guidance for Banks 2012' which encourages banks to adopt new methods for tracking, analyzing, and managing risks within their institutions in a more reliable way. Banks are also asked to follow international standards and the risk management reporting format that has been amended with timely submissions on a half-yearly basis. "Comprehensive Risk Management Report (CRMR)" is the title of half yearly report. Similarly, a short reporting format is used to track risk management activities further which has been named "Monthly Risk Management Report (MRMR)" had been introduced where banks need to present these reports every month. Through CRMR and MRMR all Risk management practices are assessed by each bank and useful input are made to improve their constraints.

Followed by that, City Bank's Annual report 2019 also mentions that their Management Committee reviewed risk management reports of the bank which included - the Monthly Risk Management Report, Comprehensive Risk Management Reports, and also monitored Activities of the Committee to properly govern and identify potential threats arising from the risks. On that note The committee found out about City Banks's deteriorating asset quality performance. Lastly, based on all policies, suitable solutions were recommended.

3.7 Findings and Analysis

In this analysis, The Research basically gives an idea whether the impact of Covid-19 led to a declining demand for banking service of City bank and whether profitability and liquidity situation has deteriorated. It also gives a slight idea whether there was inadequate risk management during the pandemic.

Accordingly, Profitability, Liquidity, NPL, GDP, unemployment rate, New customer rate, pandemic are all the variables to be tested. Here, the Dependent variables are Profitability, Liquidity and the Independent variables are- NPL, GDP, unemployment rate, New customer rate, pandemic

Therefore, to find out about these, Performance of City Bank is analyzed through Profitability and Liquidity ratios over the years with competitor analysis. In addition, through CAMELS rating, bank performance can be rated. Moreover, to illustrate performance broadly, a lot of other figures are mentioned.

3.7-1 Profitability Ratios of City Bank

- **Net Profit Margin-** The net profit margin is used to examine total profit against sales of bank products. It is expressed as:
$$\frac{\text{Net profit}}{\text{Total Revenue}}$$

City Bank’s Net Profit Margin over the years is mentioned below:

Table:1

Ratio	2016	2017	2018	2019
Net Profit Margin	27.48%	24.33%	12.65%	13.52%

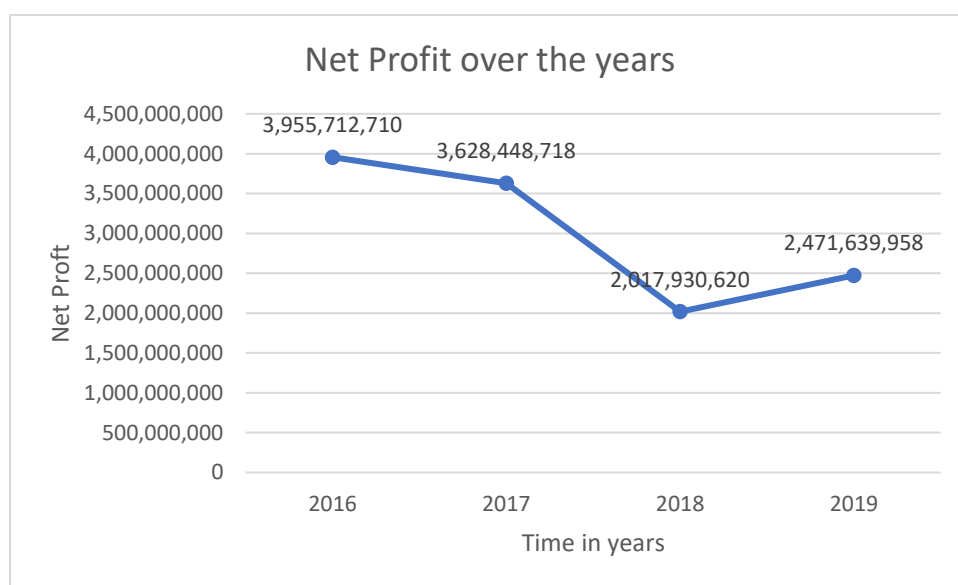


Figure 1 City Bank’s Net Profit Margin

Here, we can notice that Net Profit Margin has declined over the years. Every 100-taka Sales generated Net profit of 13.52 taka recently, whereas before it was 27.48 taka.

- **Return on Assets (ROA) -** Return on Assets signifies the percentage of efficiency of assets to generate revenue. It is expressed as:
$$\frac{\text{Net Profit}}{\text{Total Assets}}$$

City Bank’s Return on Asset over the years is mentioned below:

Table:2

Ratio	2016	2017	2018	2019	AB BANK	BRAC BANK
Return on Assets (ROA)	1.70%	1.40%	0.70%	0.70%	0.05%	1.65%

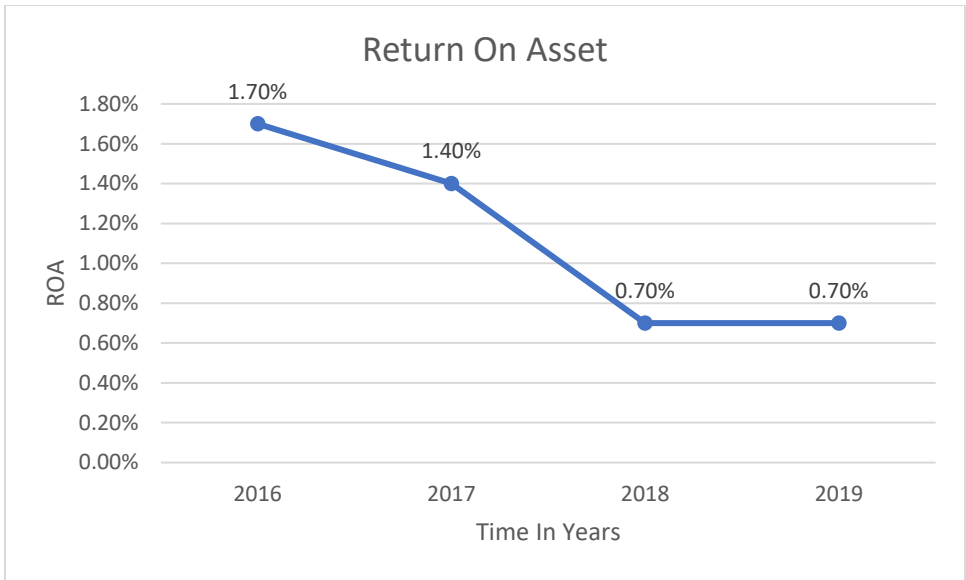


Figure 2: ROA Of City Bank from 2016-2019

The Table and Figure above shows that Return on Asset (ROA) of City Bank has decreased over 2016- 2019, where every 100-taka total asset generated 0.7taka of Net Profit whereas it was 1.70 taka before.

Besides this when compared to AB Bank and BRAC Bank:

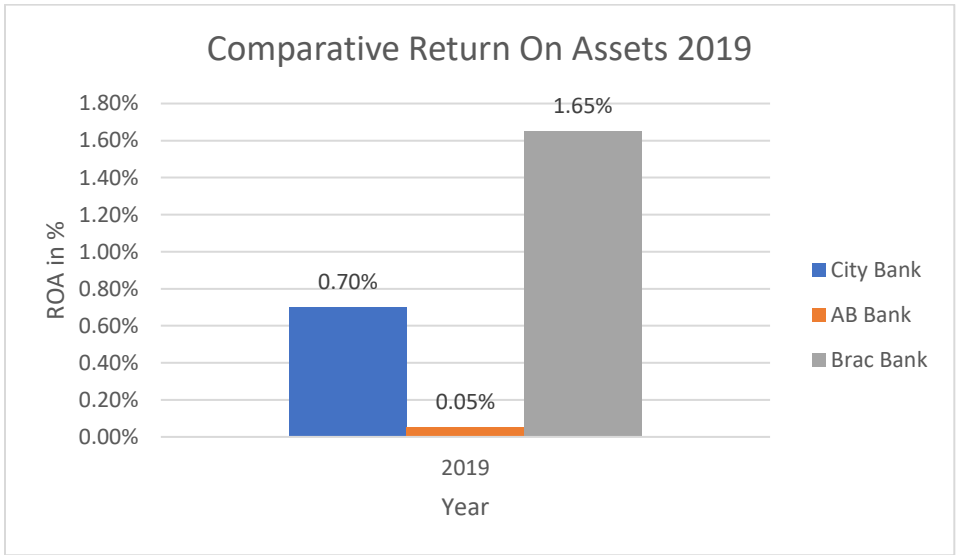


Figure 3: Comparative ROA of City Bank, BRAC Bank, AB Bank

This figure shows that comparatively City Bank’s ROA is well off than AB Bank but BRAC Bank’s ROA is better.

- **Return on Equity (ROE):** Return on Equity specifies how much shareholders earn for their investment in equity.

It is expressed as:
$$\frac{\text{Net Profit}}{\text{Total Common Equity}}$$

City Bank's ROE is mentioned below:

Table :3

Ratio	2016	2017	2018	2019	AB Bank	BRAC Bank
Return n Equity (ROE):	15.50%	15.95	8.20%	9.90%	0.74%	16.20%

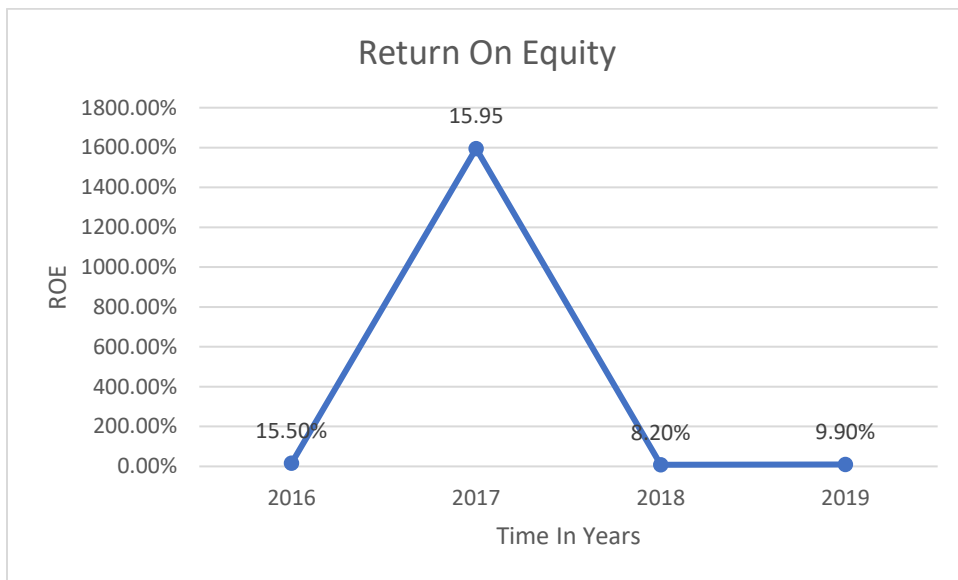


Figure :4 ROE of City Bank over 2016-2019

City Bank's data implies that ROE fell from 15.50% to 9.90% within 2016-2019. This means every 100- taka invested by common shareholders in City Bank earned 9.9 taka whereas it was 15.5 taka before.

When compared to AB Bank and BRAC Bank, City Bank's ROE was better than AB bank but BRAC Bank's performance is better comparatively. This is shown in table above and the figure below:

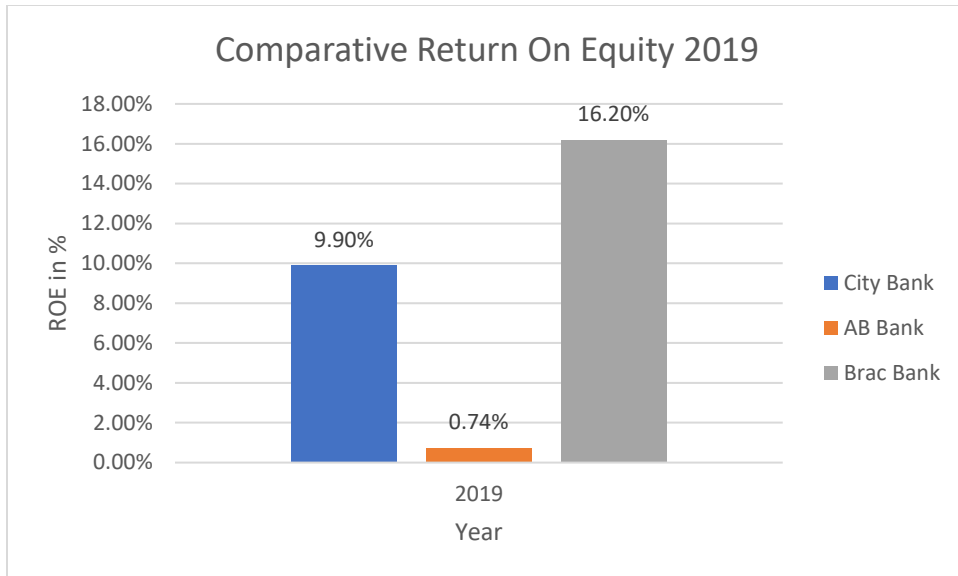


Figure: 5 ROE of The City Bank, AB Bank, BRAC Bank in 2019

- **Return on Investments (ROI):** Return on investment shows the amount earned for every money invested by the bank. It is expressed as:
$$\frac{\text{Net profit}}{\text{Total Investment}}$$

City Bank's ROI is mentioned below:

Table: 4

Ratio	2016	2017	2018	2019	AB Bank	BRAC Bank
Return On Investments (ROI)	16.19%	14.22%	7.24%	6.27%	6.07%	8.23%

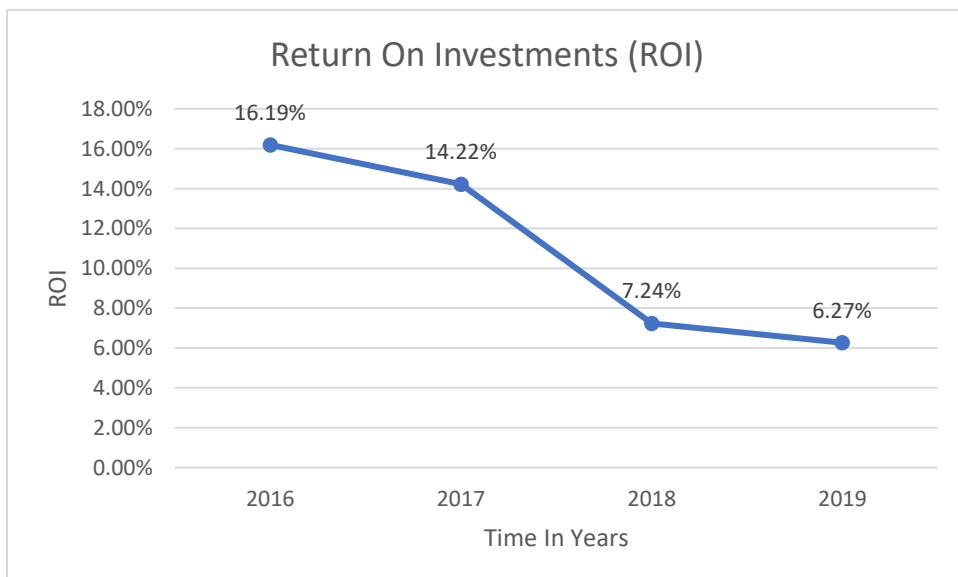


Figure 6: ROI of City Bank from 2016-2019

The table and the figure above show that ROI of City Bank declined from 2016-2019 from 16.19% to 6.27%. This clearly occurred since earnings fell over the years. In 2019, City Bank earned 6.27 taka for every 100-taka investment, whereas it earned 16.19 taka before. When compared to AB Bank and BRAC Bank, the figure below shows:

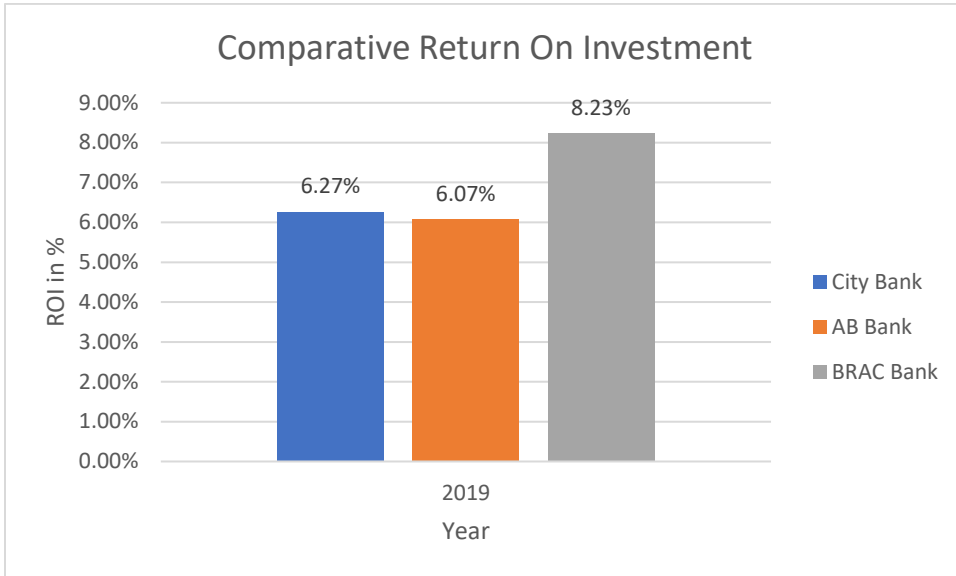


Figure: 7 Return on Investment of City Bank, AB Bank, BRAC Bank

This figure implies (ROI) of City bank is higher than of AB Bank but lower than BRAC Bank. On that note, it can be said that earnings are degenerating day by day.

Other Indicators of Profitability:

- **Total Operating Income-** Through Total operating income, we can notice how much of interest income and non-interest income City Bank has earned before paying for day to day expenses and taxes over the years. This can be shown in the table:

Table: 5

Details	2016	2017	2018	2019	AB Bank	BRAC Bank
Total Operating Income	14,395,722,838	14916112766	15953610422	18284712150	12,884,008,991	21,388,102,554

Using this information, it can be seen that City Bank’s total operating Income has been increasing since 2016 to 2019.

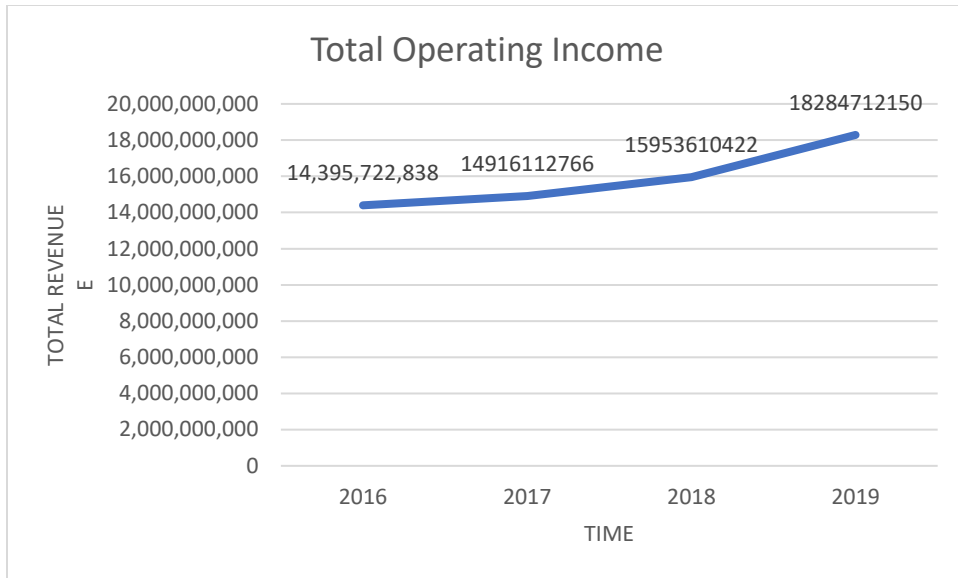


Figure 8: Total Operating Income from 2016-2019

However, when we compare City Bank’s Total Operating Income with AB Bank and BRAC Bank, the following figure signifies:

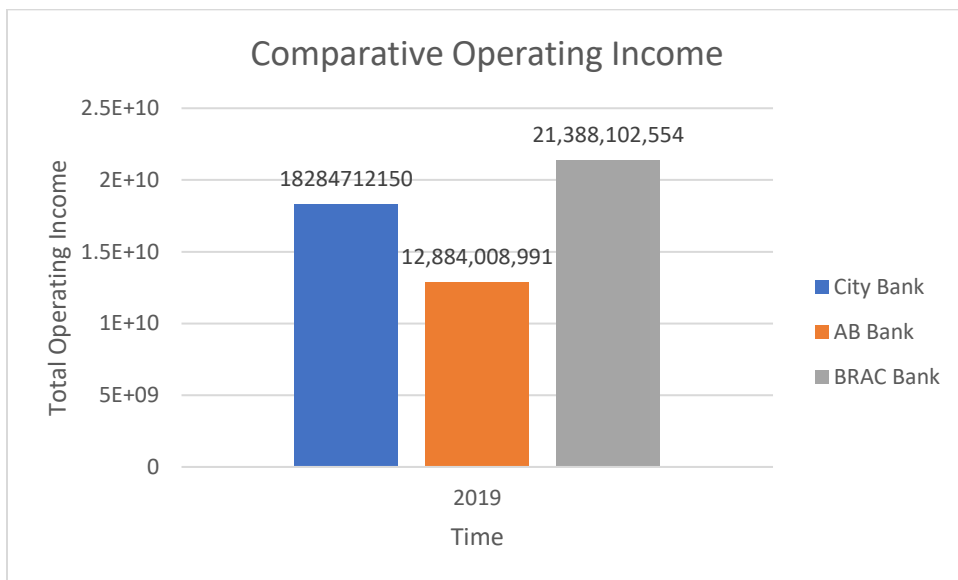


Figure 9: Total Operating Incomes of City Bank, AB Ban and BRAC Bank in 2019

- **Net profit after Taxes:** In terms of financial performance Net Profit after taxes is one of the most imperative figures. Through Net Profit after taxes, total earnings for the year can be analyzed which is to be distributed to shareholders after paying taxes.

City Bank’s Net profit after taxes can be shown in the following table and the figure below:

Table:6

Details	2016	2017	2018	2019	AB Bank	BRAC Bank
Net Profit after Taxes	3,955,712,710	3,628,448,718	2,017,930,620	2,471,639,958	167,741,264	5,645,802,388

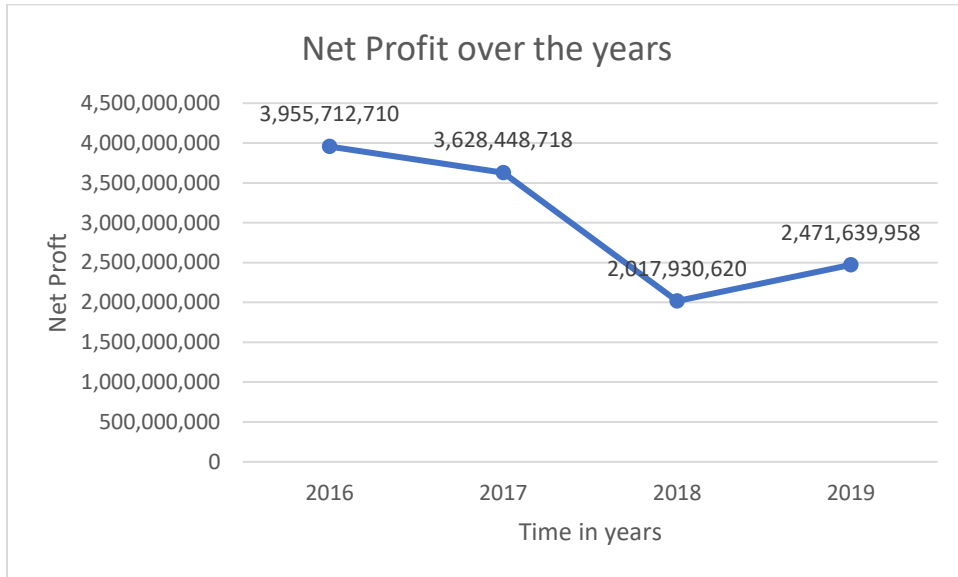


Figure: 10 Net Profit of City Bank over 2016-2019

From the figure above, it can be noted that earnings have been deteriorating as Net Profit after taxes is declining over the years.

On the other hand, when compared to AB Bank and BRAC Bank, the following figure shows:

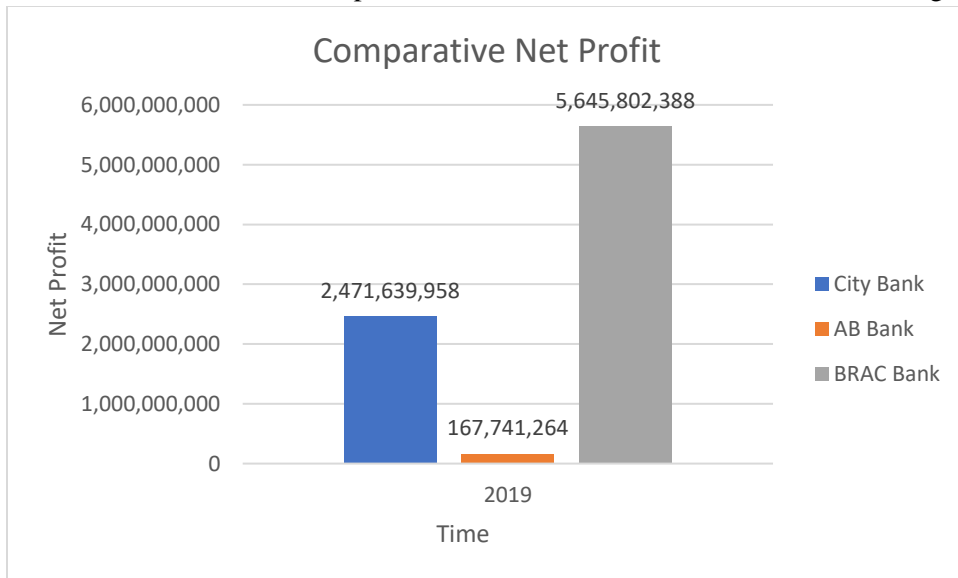


Figure 11: Net Profit after taxes of City Bank, AB Bank, BRAC Bank in 2019

From the figure above it can be seen that, City Bank’s Net Profit after Taxes is higher than of AB Bank, but lower than BRAC Bank.

- **Earnings Per share (EPS)** – EPS is another performance analyzing tool, because it signifies how much a shareholder is earning from each share invested. It is very important for any organization’s goodwill as investors value those organizations which provide them with the highest earning.

EPS is calculated using this formula:
$$\frac{\text{Net Profit after taxes}}{\text{Total Number of Shareholders}}$$

Thus, City Bank’s EPS is shown in the following table and the figure below:

Table :7

Details	2016	2017	2018	2019	AB Bank	BRAC Bank
EPS	4.52	3.75	1.99	2.43	0.22	4.58



Figure: 12 EPS of City Bank over 2016-2019

City Bank’s EPS has been decreasing over the years from 4.52 taka to 2.23 taka. This does not show a good growth, and can be an unattractive indicator of performance for shareholders or investors.

Similarly, when compared to AB BANK and BRAC Bank, the following figure implies:

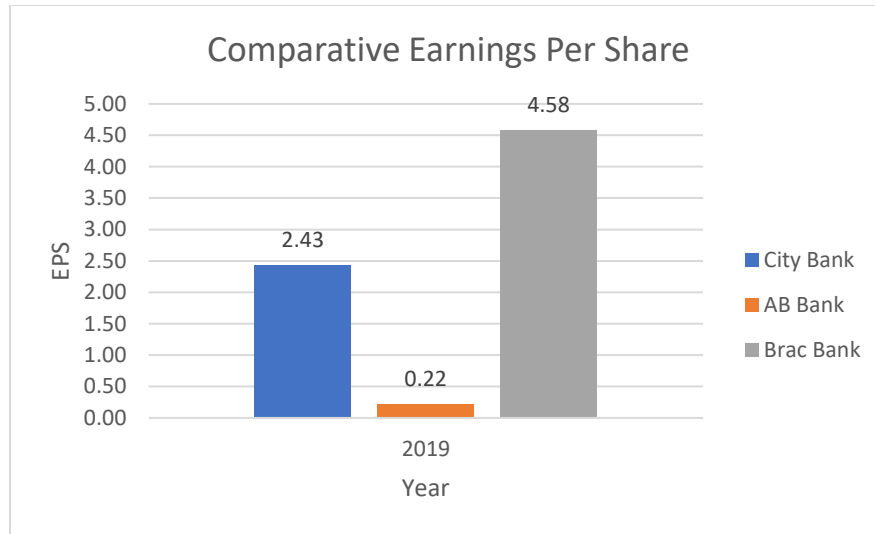


Figure 13: EPS of City Bank, AB Bank and BRAC Bank in 2019.

The above figure indicates that City Bank’s EPS is better than what AB Bank is offering, but BRAC Bank’s EPS is the higher.

- **Total Deposit-** Deposits are cash kept in the bank by customers, so it is a source of fund or liability for banks to return this cash whenever customers want to withdraw. This is also a simple indicator or performance because it signifies the trust of customers towards the bank.

City Bank’s Total deposits over the years can be shown through the table and the figure below:

Table 8:

Details	2016	2017	2018	2019	AB Bank	BRAC Bank
Total Deposits	174,695,032,689	183,492,764,467	205,170,199,563	246,703,665,442	279,457,593,298	268,309,328,462

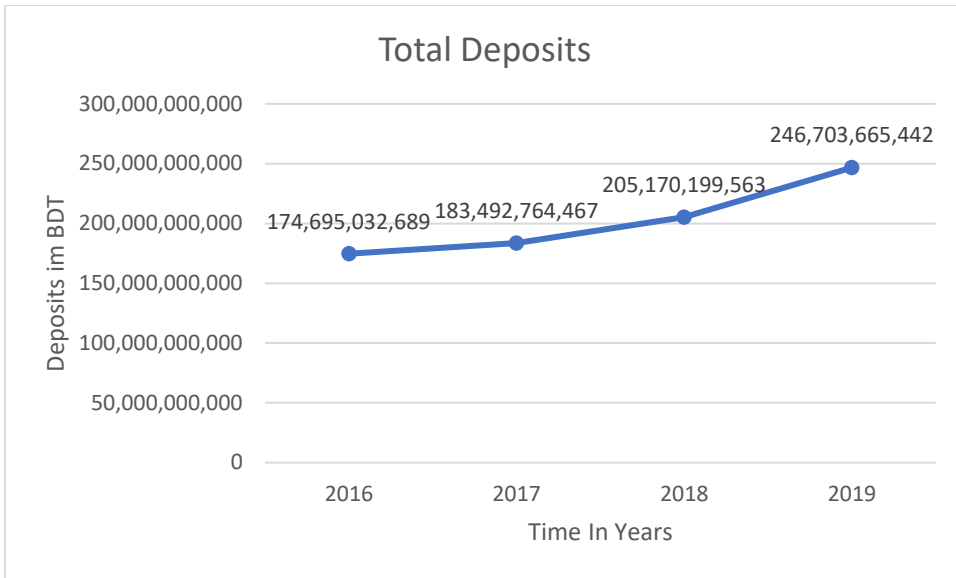


Figure: 14 Deposit growth of City Bank over 2016-2019

Through the above information, it can be noted that City Bank’s deposit base has seen a good growth over the years, which is a good indicator of performance.

On the other hand, when compared to AB Bank and BRAC Bank. The following figure indicates:

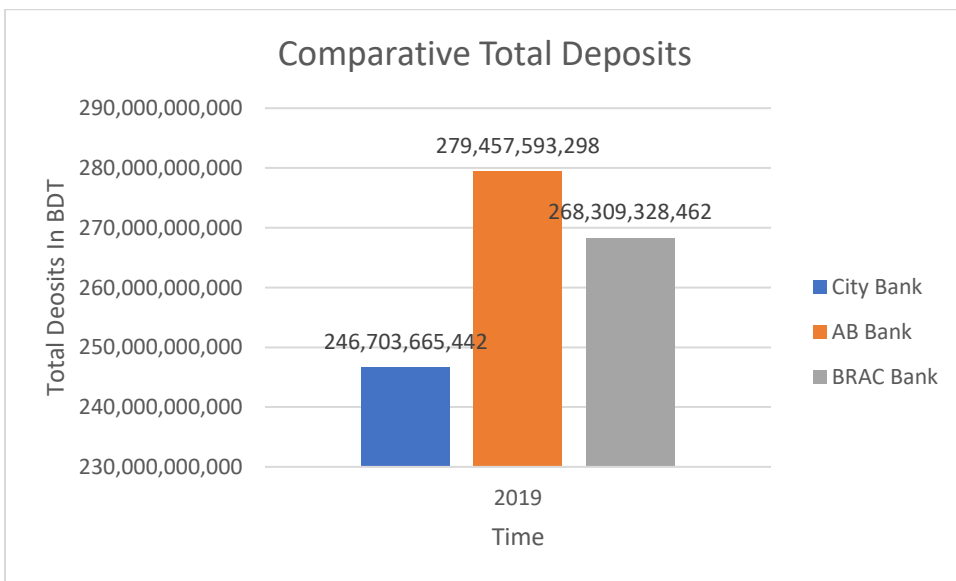


Fig: 15 Total Deposits of City Bank, AB Bank and BRAC Bank in 2019

Comparatively, City Bank has been reporting a lower Deposit growth rate than AB Bank and BRAC Bank. This means, City Bank needs to source more funds from customers or increase its customer base who would keep funds in their respective accounts.

- **Total Loan-** Loans are Assets for a bank, a use of their fund, since it is a bank offering and banks expect interest earnings and principal amount to be repaid from customers. Hence a Bank's performance relies on the amount of Loans disbursed too.

City Bank's total loans are thus mentioned in the following table and figure below:

Table:8

Details	2016	2017	2018	2019	AB Bank	BRAC Bank
Total Loans	175,025,676,659	196,595,859,784	231,391,469,451	246,943,650,723		

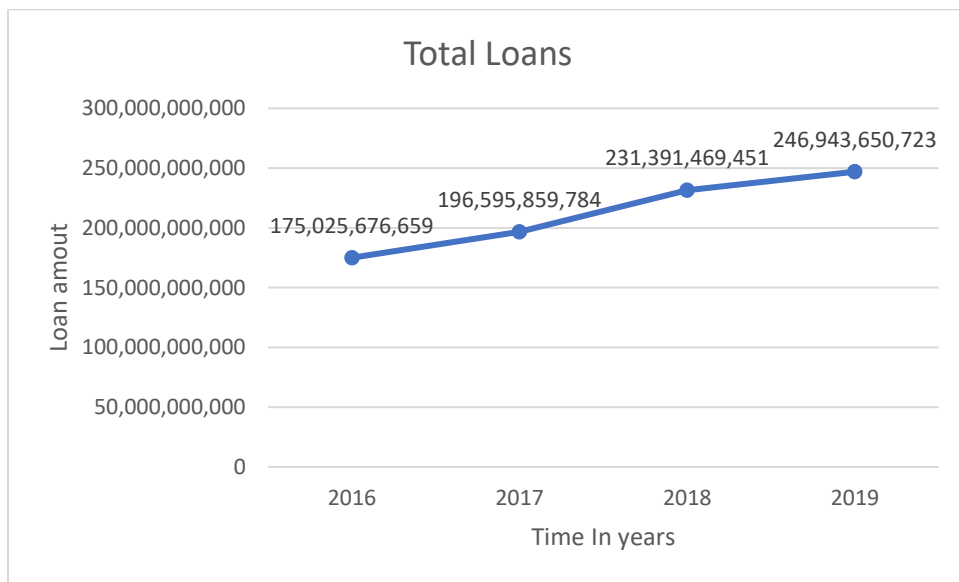


Figure: 16 City Bank's total loan disbursement over 2016-2019

City Bank's loans have also been growing which is making the asset base stronger over the years. This loan figure includes all loans such as Home loans, SME Loans, Auto Loans etc.

In contrast with AB Bank and BRAC Bank, the following figure shows:

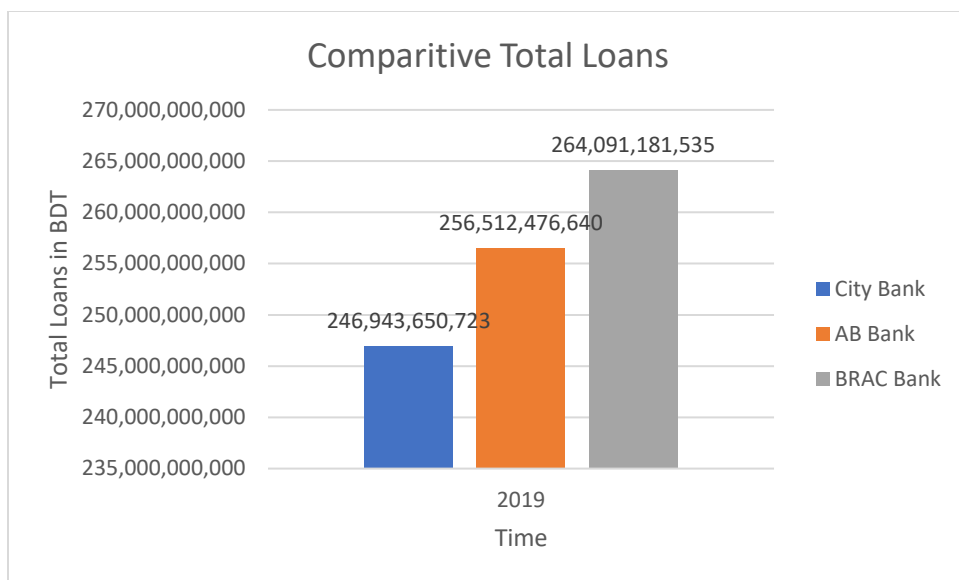


Figure:17 Total loans of City Bank, AB Bank and BRAC Bank in 2019

From the figure above, it can be perceived that City Bank’s Growth of Loans is also slower than AB Bank and BRAC Bank. This may mean that City Bank is not utilizing its funds most efficiently.

- **Non-Performing Loans (NPL)** – NPL can also be a general indicator of Bank performance, because it specifies which customers have missed the deadline of interest payments of loans. This also implies which loans may be at higher risk of default. Hence, the lower the NPL’s for a bank, the better the bank’s performance.

City Bank’s NPL information can be shown below:

Table: 9

Details	2016	2017	2018	2019	AB Bank	BRAC Bank
NPL in million	10,582	10,678	12,326	14,244	46,890	10525
NPL in %	6%	5.40%	5.30%	5.80%	18.28%	3.99%

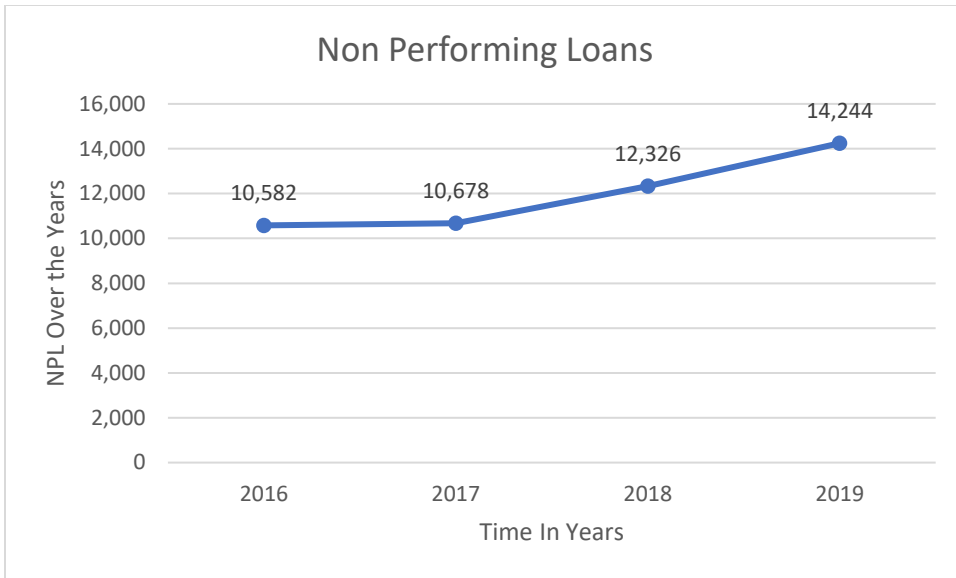


Figure:18 NPL of City Bank over 2016-2019

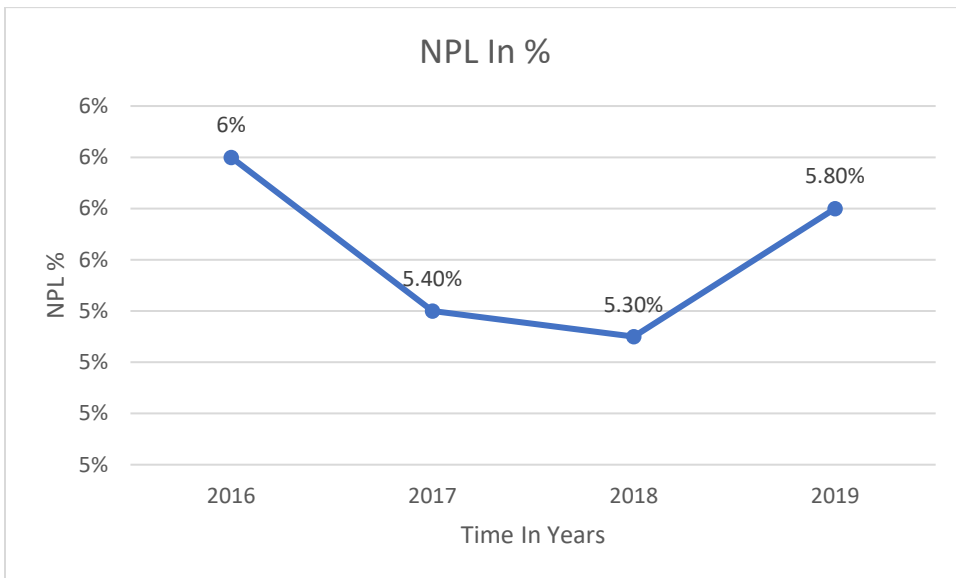


Figure:19 NPL % expressed over total loans of City Bank over 2016-2019

City Banks' NPL is growing over the years, which is not an idle situation since scheduled repayments are necessary for the bank to run smoothly. It also poses a threat in the cash flow system, because City Bank may not have enough interest income and cannot offer credit further.

When compared to AB Bank and BRAC Bank, the following figure implies:

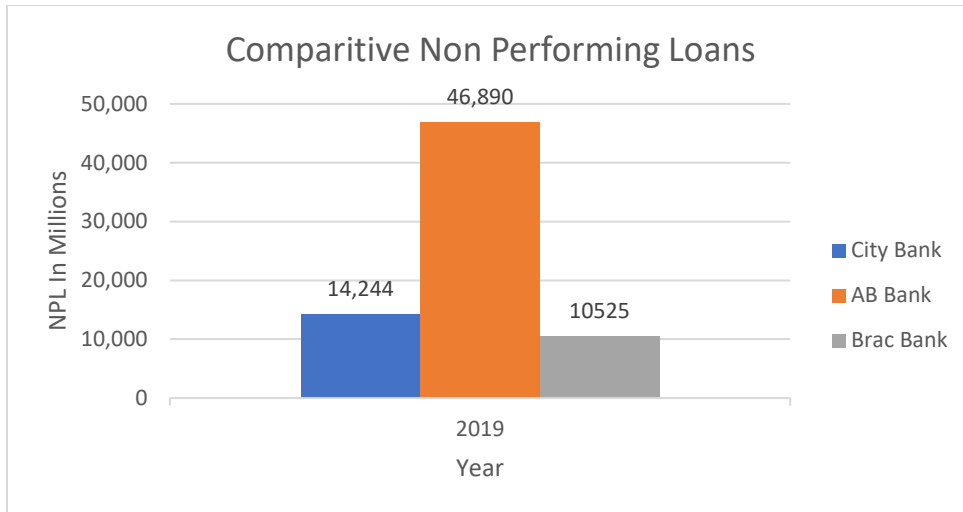


Figure 20: NPL of City Bank, AB Bank and BRAC Bank in 2019

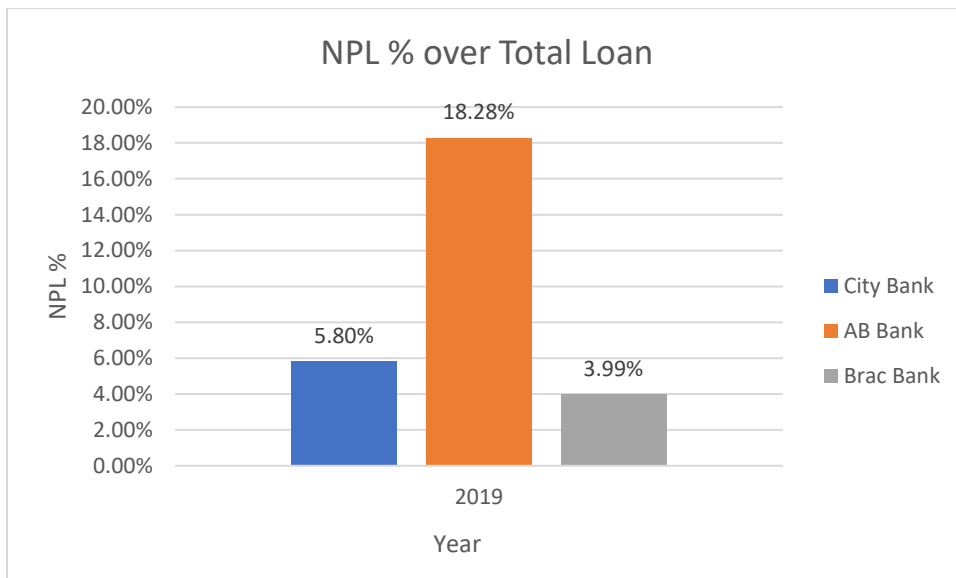


Figure: 21 NPL expressed over Total loans for City Bank, AB Bank and BRAC Bank in 2019

The comparative analysis suggests that City bank has lesser non-performing loans than AB bank but BRAC Bank’s NPL are the lowest. Target is achievable if City Bank focuses more on loan recovery strategies.

3.7- 2 Liquidity Ratios

- **Current ratio-** Current ratio exhibits an organization’s current assets over current liabilities. It is used to measure how much liquid assets an organization holds compared to its liability obligations.

It is expressed as $\frac{\text{Current assets}}{\text{current liabilities}}$

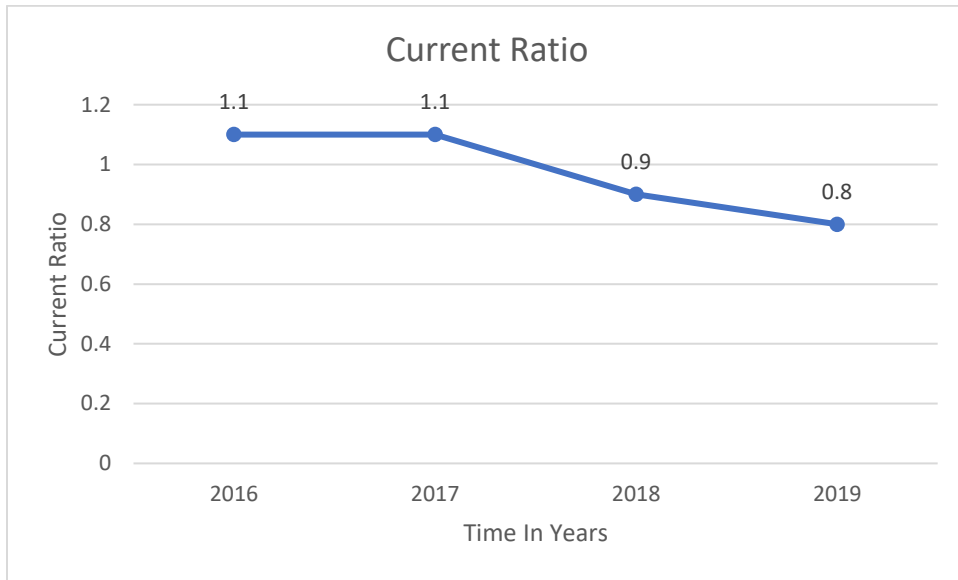


Figure:22 Current ratio of City Bank over 2016-2019

City Bank’s Current Ratio indicates that it has fallen notably since 2016. City Bank’s Current assets were only 0.8 times of their Current Liabilities. Hence, short term debts should be minimized and more liquid cash reserves should be kept to reach an idle situation.

When compared to AB Bank and BRAC Bank, their Liquidity Coverage ratio is mentioned below:

Table:11

Details	City Bank	AB Bank	BRAC Bank
Liquidity Coverage ratio	142.60%	26.84%	185%

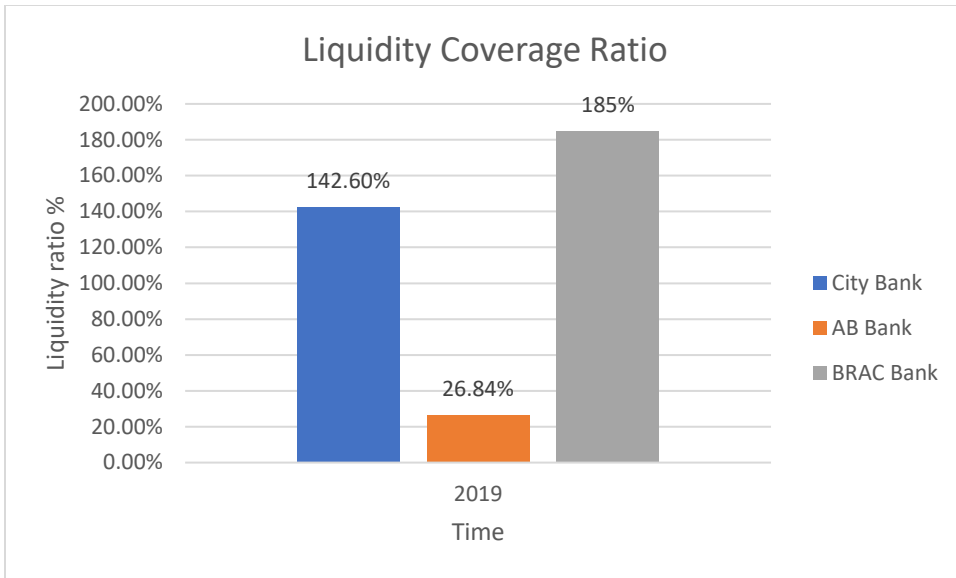


Figure 23: Comparative Liquidity ratio of City Bank, AB Bank, City Bank in 2019

To meet short term cash requirements, banks hold high quality liquid assets. Consequently, it can be seen from the figure above that City Bank holds a good amount of Liquid assets than AB bank, however, BRAC Bank is the most Liquid among them.

3.7- 3 Additional performance Indicators of City Bank:

- **Total Number of Customers-** A Bank’s ultimate success is the customer base it builds, the higher the number of customers, the more reputed and well known its service is. City Bank’s customers are growing day by day, given the unique list of services provided to them which might be a good indicator of performance, this is shown in the graph below:

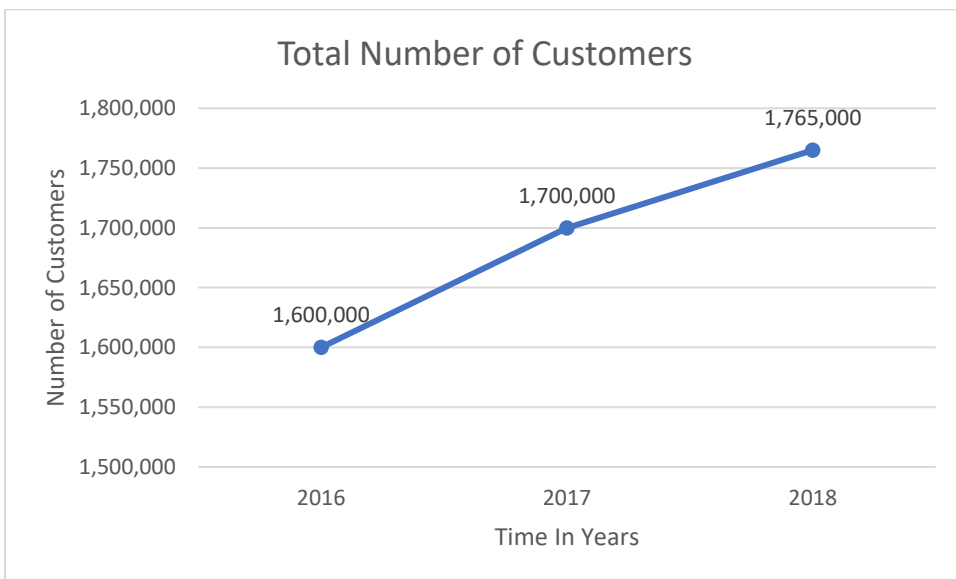


Figure: 24 Total customer base of City Bank From 2017-2019

- **City Touch Users-** This is a new innovation of City Bank and customers find it really convenient to avail basic banking services of City Bank. Hence it may be a flourishing performance indicator too. Number of growing CityTouch users are shown below:

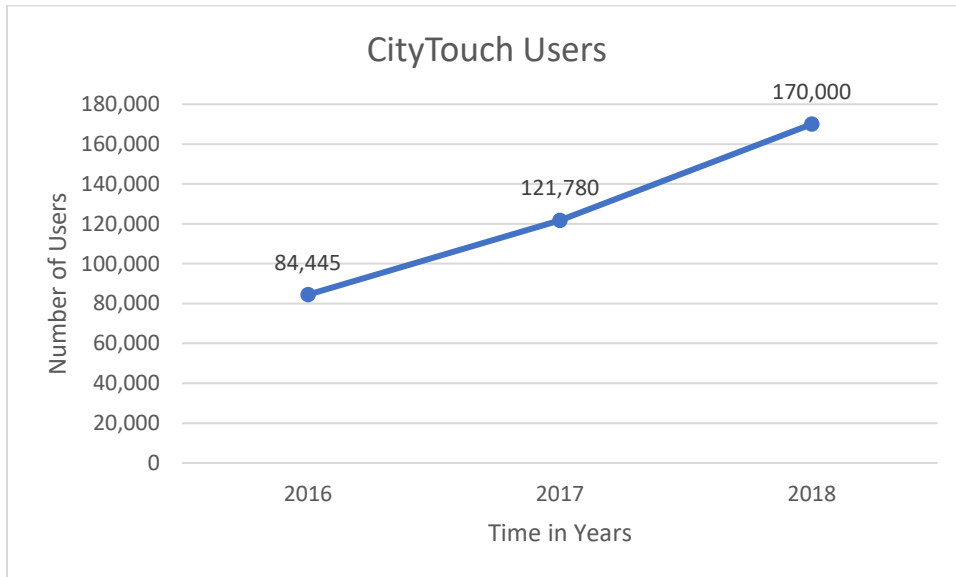


Figure 25: Customer base of CityTouch Application (App) from 2017-2019

- **GDP and Unemployment rate-** Two of the key measures that determines an economy’s performance are Gross Domestic Product (GDP) and Unemployment rate which affects any organization’s profitability and success. GDP refers to the value of total production in an economy whereas unemployment refers to the number of people who are currently not working and looking for new line of work. With increasing GDP, the number of people unemployed should fall such as the figure below:

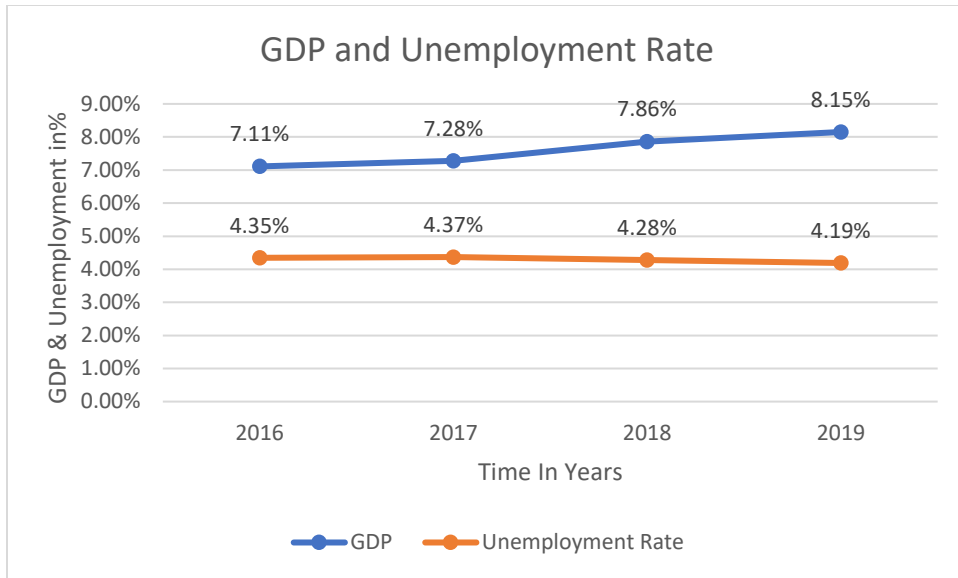


Figure 26: Bangladesh GDP and Unemployment rate from 2016-2019

The Figure above shows Bangladesh’s GDP and unemployment rate which signifies that GDP grew from 7.11% to 8.15% whereas Unemployment rate fell from 4.35% to 4.19% and it is clearly a good indicator of a developing economy.

Therefore, a Bank’s contribution in the GDP and Unemployment measure is in general included from overall performance of the Banking sector. With such a growth, City Bank’s performance should had improved, however it was satisfactory when we look into the profitability ratios above.

3.7-4 CAMEL Rating

CAMEL rating is a method that is used to rate a bank’s achievements. It specifies whether a bank has enough capital, sufficient loans (Assets), whether management is efficient, whether bank has adequate earning capacity and lastly whether banks can easily sell off their securities for cash to achieve liquidity.

The idle Rating is given in the picture below:

Components	Rating 1	Rating 2	Rating 3	Rating 4	Rating 5
Capital Adequacy					
Capital Adequacy Ratio	≥15%	12% - 14.99%	8% - 11.99%	7% - 7.99	≤6.99%
Tier 1 Capital/Risk Weighted Assets	≥5%	4.5% - 5%	3.5% - < 4.5%	3% - < 3.5%	< 3%
Assets Quality					
Classified Loan / Total Loans	<3%	3% - <5%	5% - < 10%	10% - <15%	≥15%
Actual Provisioning / Required Provisioning	100%	95% - < 100%	80% - < 95%	50% - < 80%	<50%
Management					
Management Expenses/Total Earning	≤25%	30% - 26%	38% - 31%	45% - 39%	≥46%
Earnings					
ROA	≥1.3%	0.8% - < 1.3%	0.4% - < .8%	0.16 - < .4%	< 0.16
ROE	≥ 9%	7% - < 9%	5% - < 7%	2% - < 5%	< 2%
Liquidity					
Liquidity Ratio L1	≤55%	62% - 56%	68% - 63%	80% - 69%	≥81%
Liquidity Ratio L2	≥50%	45% - 49.99%	38% - 44.99%	33% - 37.99	≤32%

- **Capital Adequacy Ratio (CAR)**- CAR specifies if a bank has enough capital to cover for its loan obligations. According to Bangladesh Bank, all banks must maintain a minimum CAR of 12%. Through City bank's management, one information is sourced which includes that City Bank does not increase too much capital but tries to maintain the minimum requirement because too much capital indicates that the bank is conservative and not investing enough.

CAR is calculated using this formula:
$$\frac{\text{Total Capital}}{\text{Risk Weighted Assets}}$$

City Bank's CAR ratio is portrayed on the graph below:

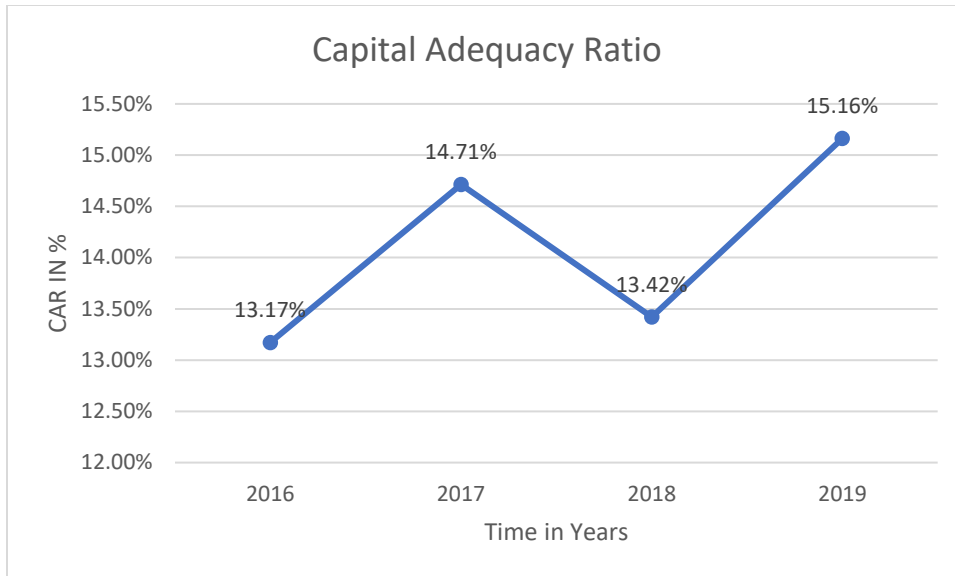


Figure: 27 Capital Adequacy Ratio of City Bank 2016-2019

Here, the figure denotes that CAR has been increasing since 2016-2019 from 13.17% to 15.16%. Thus, according to the idle rating, **Rating:1** can be given to City Bank portraying that they have enough capital to protect their investors.

- **Asset Quality**- Bank's Asset quality measures how much Non-performing loans (NPL) a bank has. If rate of NPL is high, it signals that proper credit worthy customers are not present, borrowers are not paying back on time and thus Asset Quality is not efficient.

It can be calculated using this formula:
$$\frac{\text{Non performing loans}}{\text{Total loans}}$$

City Bank's Asset Quality ratio is mentioned in the figure below:

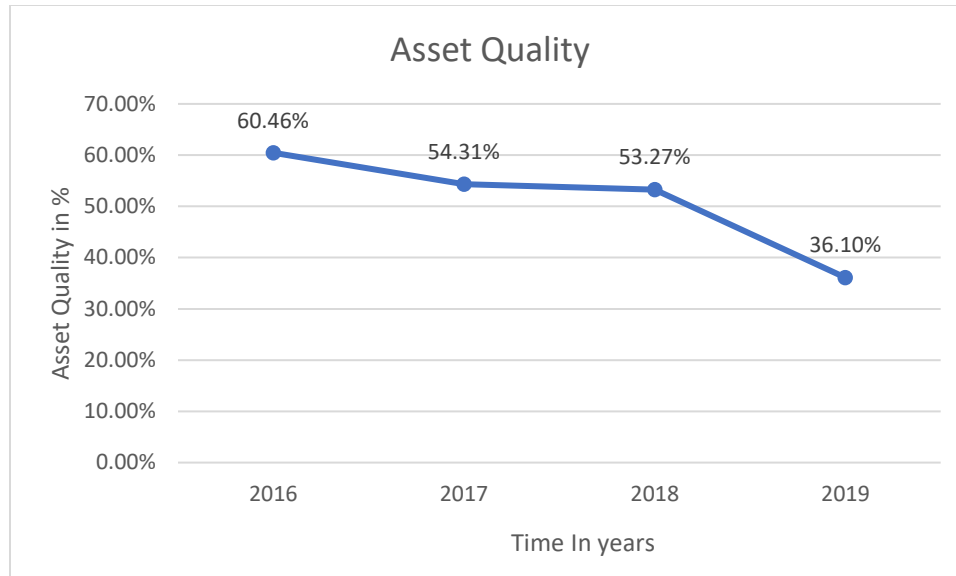


Figure: 28 City Bank’s Asset Quality Ratio over 2016-2019

The figure shows that City Bank’s Asset Quality ratio is falling since 2016 from 60.46% to 36.10%. This does not indicate an idle situation because below 50% the lowest rating that is **Rating 5** is given. Thus, Asset Quality is poor and it may pose credit or default risks so regulations need to be imposed with top management’s concern.

- **Management Efficiency-** Management efficiency ratio specifies whether management is following Central bank guidelines, managing expenses in a coherent way and revenue targets are reached. A bank’s management is also efficient if the bank can quickly adapt to the changes of the market and formulate aggressive strategies for success.

It is calculated using this formula:
$$\frac{\text{Total Management Expense}}{\text{Total Revenue}}$$

City Bank’s Management efficiency ratio is graphed below:

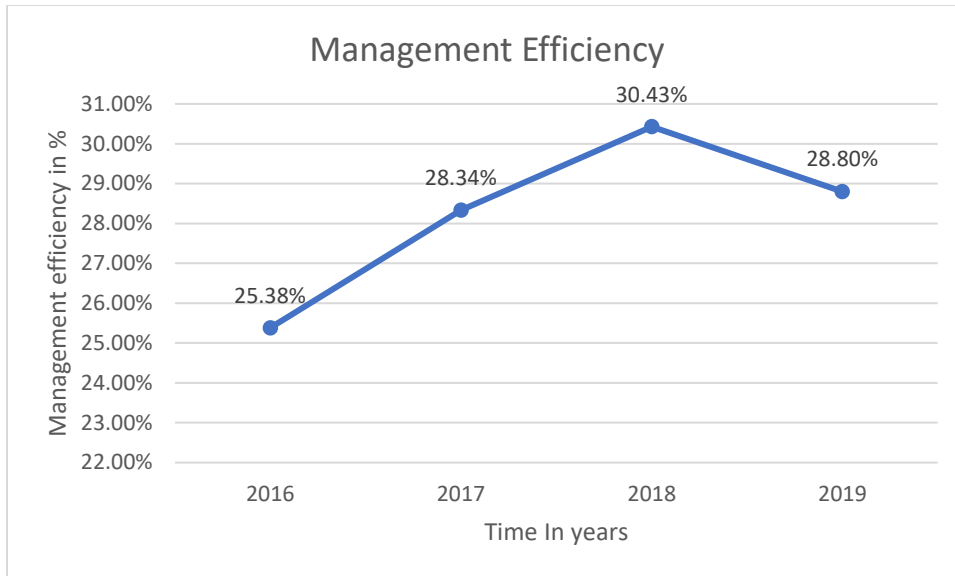


Figure :29 Management Efficiency Ratio of City Bank over 2016-2019

The figure shows, City Bank’s Management Efficiency has been escalating from 25.38% to 28.80% from 2016-2019. Followed by the Idle rating picture, a **Rating:2** can be given to City Bank which may mean that they are efficiently following Bangladesh Bank Guidelines, but there may be some drawbacks which can be omitted easily without any regulations.

- **Earnings** – Earnings ratio is comprised of Return on assets (ROA) and Return on Equity (ROE) and depicts whether a bank is reaching its revenue target and earnings are durable for the long run. It is calculated using two formulas:

$$\text{Return on Assets: } \frac{\text{Net Profit}}{\text{Total Assets}}$$

$$\text{Return on Equity: } \frac{\text{Net Profit}}{\text{Total Common Equity}}$$

City Bank’s Earnings ratio is mentioned in the figure below:

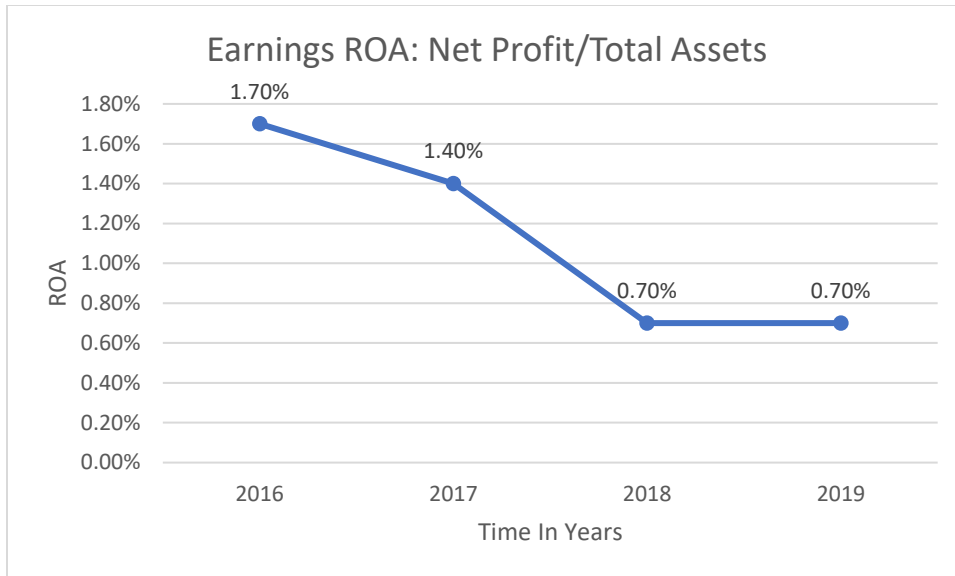


Figure:30 ROA of City Bank from 2016-2019

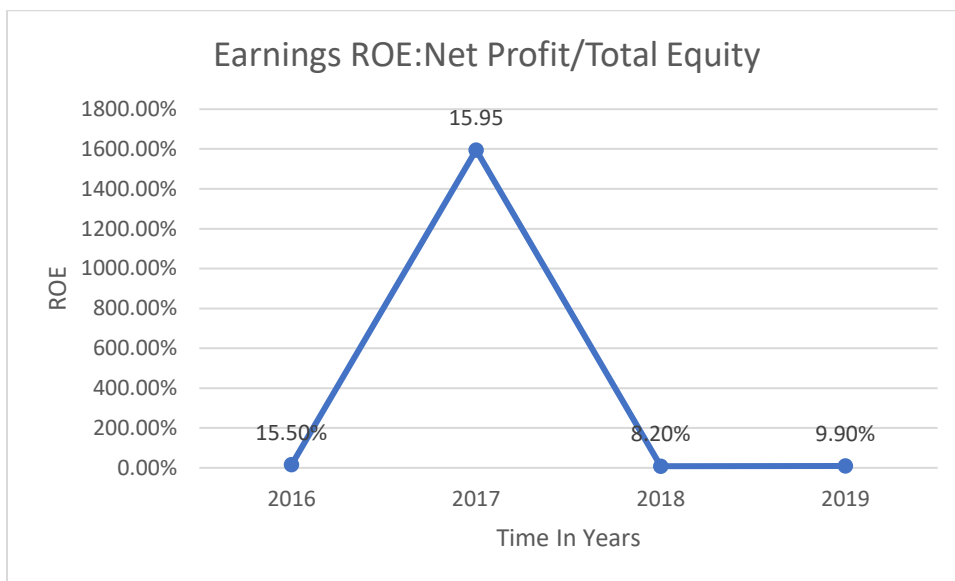


Figure: 31 Earnings Efficiency of City Bank over 2016-2019

The above figures depict that both ROA and ROE fell since 2016-2019 to 0.7% and 9.90% respectively. For ROA **Rating 2** can be given and for ROE a **Rating 1** can be given to City Bank following the idle rating picture. This may mean that earnings are stable but top management needs to improve financial plans and control measures.

- **Liquidity-** For a solid Financial system, a secured Liquidity position is needed to be maintained by banks. This is because, if banks run out of cash or liquid assets, they will not be able to pay back for short term liabilities which may cause a bank run'. As a result, a bank's liquidity maintenance is a necessity and can be calculated using the formulas below:

Liquidity Management - L1: $\frac{\text{Total Loans}}{\text{Total Deposits}}$

L2: $\frac{\text{Liquid Assets}}{\text{Total Assets}}$

City Bank's Liquidity ratios are followed by the graphs below:

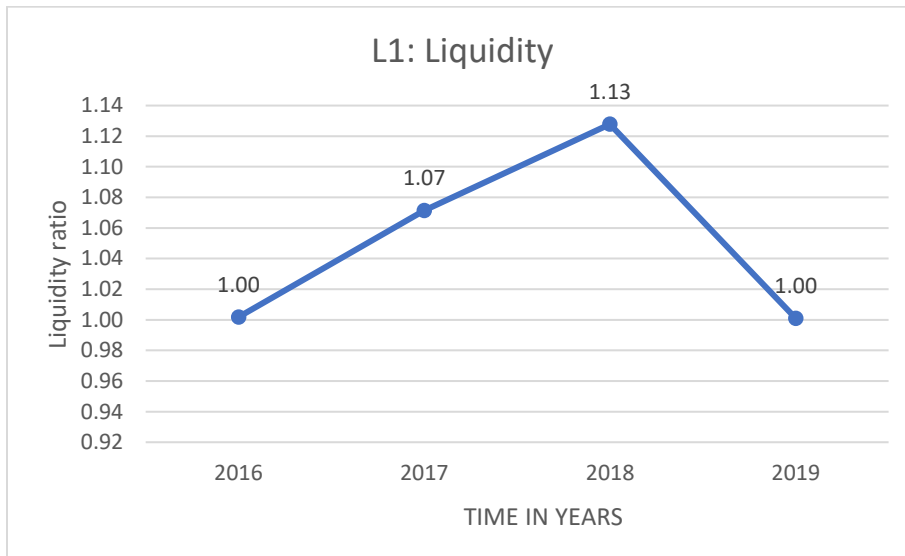


Figure:32 L1 ratio of City Bank over 2016-2019

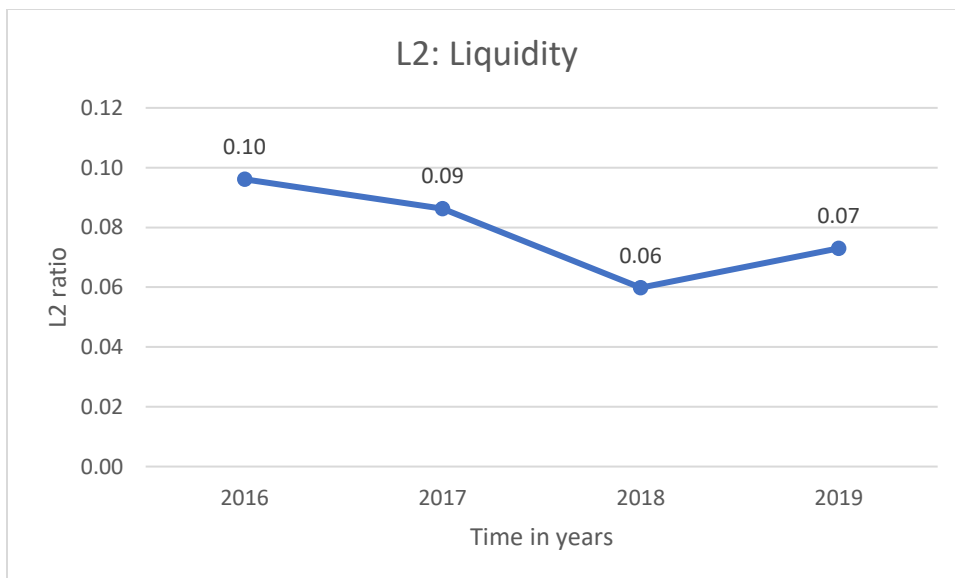


Figure 33: L2 Ratio for City Bank over 2016-2019

From the Figures above, it can be inferred that L1 was stable being 1 or 100% since 2016-2019, whereas L2 declined from 0.1 to 0.07 or 10% to 7%. According to the Idle format, a **Rating 5** can be given which

signifies that City Bank needs assistance and to meet current liquidity necessities to shield itself from loan losses and for protecting deposits.

Therefore, through CAMEL rating, it can be implied that, City Bank is performing well in terms of maintaining Capital Adequacy with Efficient Management and Earnings but it should put more focus on improving Asset Quality and Liquidity.

Evaluation of the Overall Analysis:

City Bank's overall Profitability analysis and suggests that earnings have been falling since 2016, leading towards a decline in the earning capacity of City Bank.

Thus, the ratio analysis above suggests a decline in all profitability ratios.

Similarly, liquidity ratios also suggest no growth rather the credit business of City Bank poses a risk of not having much liquid assets to satisfy depositors' obligations because City Bank may have assets or securities that are hard to convert into cash.

Generally, the ratios have been decreasing since 2016, but the major pull back may have been caused by the Pandemic driven by Corona Virus (COVID-19).

The pandemic caused many businesses to shut down, many people lost jobs around the world as people were idle during the lockdown, causing total production in the economy to decline and unemployment to rise.

Unlike that, industries in Bangladesh reported unemployment and business sector performance figures which can be shown below:

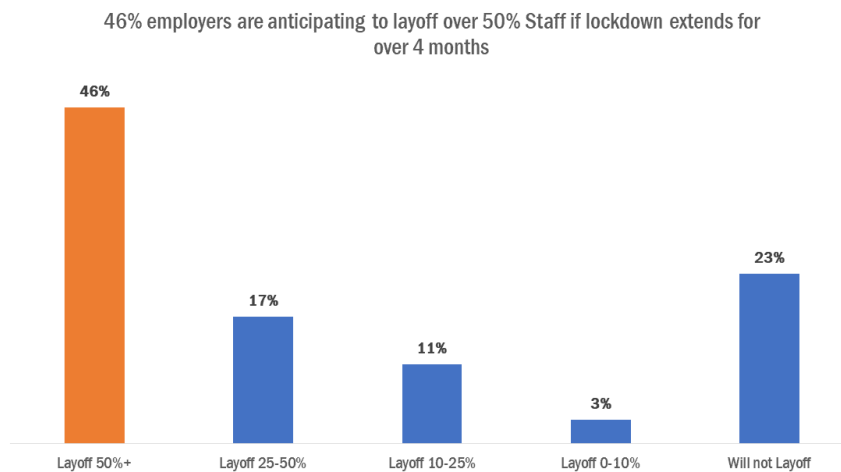
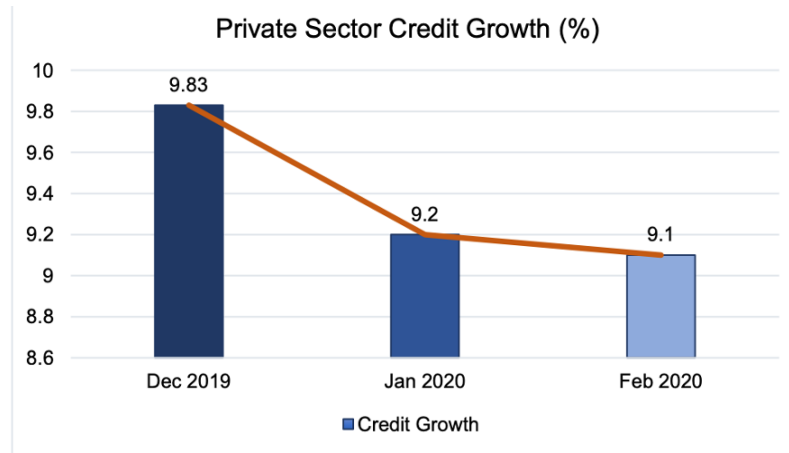


Fig: 34 Unemployment during lockdown in Bangladesh.



Source: Bangladesh Bank

Figure 35: Private sector Growth of Bangladesh during pandemic

Using these figures, it can be seen that there has been a downfall in the economic performance of Bangladesh and a rise in unemployment due to COVID-19.

Similarly, Banks reported the following issues caused by COVID-19:



Unlike other organizations, City Bank’s premises remained closed since March 2020, but banking operations were kept limited, as a result profitability and liquidity may have been affected given inadequate risk management measures taken by City Bank.

However, when we look back at GDP and Unemployment figures above. GDP had been growing while Unemployment falling till 2019. As a result, the pandemic may not have affected City bank on a large scale. This may have occurred because though there was a Lockdown in Bangladesh, but banks remained open from 10:00 am to 1 pm for which banking operations were still running. (The Business Standard,2020)

Besides this, from the figures above (Additional measures of Profitability) it can be noted that there had been a significant growth in the number of customers, Deposit rates as well as number of Loans. Adding

to that, Earnings Growth has also occurred given the Figures from CAMEL rating which might indicate not a significant deterioration of profitability

Although this systematic risk driven by the Pandemic was present, there were also Risk Management measures taken by City Bank. Firstly, to maintain liquidity ratio, City Bank maintained a surplus Cash reserve ratio (CRR) of BDT 3,232,661,107 and surplus Statutory Liquidity Ratio (SLR) of BDT 11,722,280,056

with Bangladesh bank which was beyond the required amount of.

In addition, CEO of City Bank suggested that they are trying to diversify their portfolio of deposits by putting focus on CASA (Current Account and Savings Account) because it is cost friendly and this is their approach towards combatting liquidity risks.

3.8 Summary and Conclusion

Therefore, in this analysis of Profitability and Liquidity of City Bank Ltd. it is clear that City Bank is not in a very well-off position when monitored over several variables unlike Covid-19 pandemic, GDP and Unemployment, growing number of non-performing loans. The analysis is also supported by Ratio and CAMEL rating which indicates declining profitability and unbalanced liquidity for the time being. However, City Bank has moved towards online banking through the City Touch App, as a result when higher number of customers will accept online transactions rather than traditional visit to banks for services, earnings growth may enhance but it might take time.

Moreover, in response to COVID-19, Government fixed lending rates to 9% from on 1 April, 2020 to strengthen all bank' combat towards the pandemic. As a result, City Bank's approach was towards Systematic operational processes, E-banking measures. Protecting rates for profitability by improving cost-to-income ratio. In addition, the goal was to increase employee productivity, stopping recruitments for 2021, incorporate cost saving measure to protect profitability.

3.9 Recommendations

Accordingly, to enhance profitability City Bank should first target decrease the number of non-performing loans, because loans are their assets and interest are profit for them in their credit offering business.

Secondly, Differences in service quality are present before and post pandemic hence, Customer segmentation and more research is required to understand their financial needs.

Some customers may be more sensitive, so they can be offered customized solutions such as secured or unsecured lending options, priority services over the phone who does not visit banks very often.

Additionally, City Bank should consider establishing pandemic-specific policies and procedures, capabilities for employee communications so that no differences arise while providing services Through this approach, revenues may not deteriorate and customer loyalty may enhance.

On the other hand, most customers are still unaware of the 'City Touch' app, so the app needs to be made more feasible, hence more campaigns, required so that customers understand on how to use the app. This will lead to more customer satisfaction; queue will reduce and with hassle free E-banking there will be more loyal customer retention.

Moreover, higher deposits, Loan disbursements are required so that funds are made better use of. Better management and marketing practices shall lead to more sale of lockers, credit cards and bank services. This will lead to more non-interest income like charges, fees etc.

Lastly, to tackle Liquidity risks, investing in liquid securities is required such as more government securities is required apart from cash held with central bank and deposits held with other institutions.

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Acronyms:

DPS- Deposit Plus Scheme

SME- Small and Medium Enterprise

CBL- City Bank Limited

AMEX- American Express

LC- Letter of Credit

FD- Fixed Deposit

ATM- Automated Teller Machine

CDM- Cash Deposit Machine

CASA- Current and Savings Account

NPL- Non-Performing Loans

Appendix:

City Bank Annual report extracts

BALANCE SHEET

As at 31 December 2019

	Notes	2019	Figures in Taka 2018
PROPERTY AND ASSETS			
Cash			
In hand (including foreign currencies)	4.a.1	6,130,572,909	5,418,430,686
Balance with Bangladesh Bank and its agent bank (s) (including foreign currencies)	4.a.2	19,776,258,104 25,906,831,013	14,016,977,760 19,435,408,446
Balance with other banks and financial institutions			
In Bangladesh	5.a	18,731,082,702	27,353,384,864
Outside Bangladesh		4,305,212,819	(100,797,998)
		23,036,295,521	27,252,586,866
Money at call and short notice investments			
Government	6	89,379,167	89,379,167
Others	7.a	36,085,210,195 3,366,294,433	23,636,105,055 4,245,929,247
		39,451,504,628	27,882,034,302
Loans and advances/investments			
Loans, cash credits, overdrafts, etc./investments	8.a	244,204,761,679	228,080,837,959
Bills purchased and discounted	9	2,738,889,044	3,310,631,492
		246,943,650,723	231,391,469,451
Fixed assets including premises, furniture and fixtures			
Other assets	10.a	5,675,246,085	3,519,386,471
Non-banking assets	11.a	12,433,741,210	14,176,321,705
	12	1,152,338,991	1,033,701,289
Total assets		354,688,987,338	324,780,287,696
LIABILITIES AND CAPITAL			
Liabilities			
Tier-II subordinated bond	13	9,200,000,000	8,800,000,000
Borrowings from other banks, financial institutions and agents	14.a	44,168,290,655	60,453,052,237
Deposits and other accounts			
Current deposits and other accounts	15.a	40,790,426,287	27,589,302,759
Bills payable		1,884,096,479	1,521,442,000
Savings bank deposits		46,367,253,617	44,278,439,530
Fixed deposits		157,661,889,059	131,781,015,273
Bearer certificate of deposit		-	-
		246,703,665,442	205,170,199,563
Other liabilities	16.a	29,201,394,866	25,927,109,068
Total liabilities		329,273,350,963	300,350,360,867
Capital/shareholders' equity			
Paid up capital	17.2	10,163,866,610	9,679,872,970
Statutory reserve	18	8,659,477,813	8,001,559,112
Share premium	19	1,504,388,797	1,504,388,797
Dividend equalisation reserve	20	530,786,631	530,786,631
Other reserve	21.a	930,897,743	1,830,462,576
Surplus in profit and loss account	22.a	3,626,218,781	2,882,856,744
Total shareholders' equity		25,415,636,375	24,429,926,829
Total liabilities and shareholders' equity		354,688,987,338	324,780,287,696

PROFIT AND LOSS ACCOUNT

For the year ended 31 December 2019

		Figures In Taka	
	Notes	2019	2018
Interest income/profit on investments	26.a	26,819,239,518	22,916,894,717
Interest paid/profit shared on deposits and borrowings etc.	27.a	(15,987,236,351)	(13,716,355,902)
Net interest income/profit on investments		<u>10,832,003,167</u>	<u>9,200,538,815</u>
Investment income	28.a	2,086,159,974	1,842,359,857
Commission, exchange and brokerage	29.a	3,380,963,967	3,254,028,220
Other operating income	30.a	1,985,585,042	1,656,683,530
		<u>7,452,708,983</u>	<u>6,753,071,607</u>
Total operating income (A)		<u>18,284,712,150</u>	<u>15,953,610,422</u>
Salaries and allowances	31	5,247,455,559	4,835,648,658
Rent, taxes, insurance, electricity, etc.	32.a	517,834,384	995,738,472
Legal expenses	33.a	46,008,027	59,573,011
Postage, stamp, telecommunication, etc.	34.a	85,291,432	103,412,042
Stationery, printing, advertisements, etc.	35.a	235,989,626	244,899,590
Chief executive's salary and fees	36	18,960,006	18,624,195
Directors' fees	37.a	1,640,000	1,746,000
Auditors' fees		1,770,000	1,770,000
Depreciation and repair of Bank's assets	38.a	1,599,749,332	1,112,883,922
Other expenses	39.a	2,242,861,796	1,900,121,612
Total operating expenses (B)		<u>9,997,560,162</u>	<u>9,274,417,501</u>
Profit before provision (C = A-B)		<u>8,287,151,988</u>	<u>6,679,192,921</u>
Provision for loans and advances/investments	40.a	(2,585,079,302)	(1,841,325,799)
Provision for off-balance sheet exposures		(41,344,313)	(165,977,525)
Provision for diminution in value of investments	40.b	-	(3,000,000)
Other provision	40.c	70,632,584	(313,966,186)
Total provision (D)		<u>(2,555,791,031)</u>	<u>(2,324,269,510)</u>
Total profit before taxes (E = C+D)		<u>5,731,360,957</u>	<u>4,354,923,411</u>
Provision for taxation (F)			
Current tax expense	41.a	(3,045,860,580)	(2,271,498,375)
Deferred tax income/(expense)		(213,860,419)	(65,494,416)
Total provision for tax		<u>(3,259,720,999)</u>	<u>(2,336,992,791)</u>
Net profit after tax (G = E+F)		<u>2,471,639,958</u>	<u>2,017,930,620</u>
Appropriations			
Statutory reserve		657,918,701	870,984,682
General reserve		-	-
		<u>657,918,701</u>	<u>870,984,682</u>
Retained surplus for the year		<u>1,813,721,257</u>	<u>1,146,945,938</u>
Earnings per share (EPS)	46.a	<u>2.43</u>	<u>1.99</u>

BALANCE SHEET

As at 31 December 2018

	Note	2018	Figures in Taka 2017
PROPERTY AND ASSETS			
Cash			
In hand (including foreign currencies)	4.a.1	5,418,430,686	4,447,677,389
Balance with Bangladesh Bank and its agent bank (s) (including foreign currencies)	4.a.2	14,016,977,760	19,339,302,948
		<u>19,435,408,446</u>	<u>23,786,980,337</u>
Balance with other banks and financial institutions			
In Bangladesh	5.a	27,353,384,864	12,125,956,169
Outside Bangladesh		<u>(100,797,998)</u>	<u>603,628,965</u>
		27,252,586,866	12,729,585,134
Money at call and short notice			
	6	89,379,167	89,379,167
Investments			
Government	7.a	23,636,105,055	22,099,527,532
Others		<u>4,245,929,247</u>	<u>3,408,912,369</u>
		27,882,034,302	25,508,439,902
Loans and advances/investments			
Loans, cash credits, overdrafts, etc./investments	8.a	228,080,837,959	191,873,705,133
Bills purchased and discounted	9	<u>3,310,631,492</u>	<u>4,722,154,652</u>
		231,391,469,451	196,595,859,784
Fixed assets including premises, furniture and fixtures			
Other assets	10.a	3,519,386,471	3,277,030,329
Non-banking assets	11.a	14,176,321,705	12,662,485,803
	12	<u>1,033,701,289</u>	<u>881,668,179</u>
Total assets		<u><u>324,780,287,696</u></u>	<u><u>275,531,428,634</u></u>
LIABILITIES AND CAPITAL			
Liabilities			
Tier-II subordinated bond	13	8,800,000,000	7,250,000,000
Borrowings from other banks, financial institutions and agents	14.a	60,453,052,237	37,906,297,408
Deposits and other accounts			
Current deposits and other accounts	15.a	27,589,302,759	25,512,834,069
Bills payable		1,521,442,000	1,355,732,100
Savings bank deposits		44,278,439,530	39,082,904,954
Fixed deposits		131,781,015,273	117,541,293,344
Bearer certificate of deposit		-	-
		<u>205,170,199,563</u>	<u>183,492,764,467</u>
Other liabilities	16.a	<u>25,927,109,068</u>	<u>22,013,024,611</u>
Total liabilities		<u><u>300,350,360,867</u></u>	<u><u>250,662,086,487</u></u>
Capital/shareholders' equity			
Paid up capital	17.2	9,679,872,970	9,218,926,640
Statutory reserve	18	8,001,559,112	7,130,574,430
Share premium	19	1,504,388,797	1,504,388,797
Dividend equalization reserve	20	530,786,631	530,786,631
Other reserve	21.a	1,830,462,576	2,519,404,380
Surplus in profit and loss account	22.a	<u>2,882,856,744</u>	<u>3,965,261,269</u>
Total shareholders' equity		<u><u>24,429,926,829</u></u>	<u><u>24,869,342,148</u></u>
Total liabilities and shareholders' equity		<u><u>324,780,287,696</u></u>	<u><u>275,531,428,634</u></u>

PROFIT AND LOSS ACCOUNT

For the year ended 31 December 2018

	Note	2018	2017
Interest income/profit on investments	26.a	22,916,894,717	16,783,958,930
Interest paid/profit shared on deposits and borrowings etc.	27.a	(13,716,355,902)	(9,288,627,591)
Net interest income/profit on investments		9,200,538,815	7,495,331,339
Investment income	28.a	1,842,359,857	2,790,987,000
Commission, exchange and brokerage	29.a	3,254,028,220	2,851,849,621
Other operating income	30.a	1,605,110,593	1,777,944,806
		<u>6,701,498,670</u>	<u>7,420,781,427</u>
Total operating income (A)		15,902,037,484	14,916,112,766
Salaries and allowances	31	4,835,648,658	4,209,317,272
Rent, taxes, insurance, electricity, etc.	32.a	995,738,472	911,604,504
Legal expenses	33.a	59,573,011	50,601,079
Postage, stamp, telecommunication, etc.	34.a	103,412,042	77,304,848
Stationery, printing, advertisements, etc.	35.a	244,899,590	210,914,296
Chief Executive's salary and fees	36	18,624,195	17,594,152
Directors' fees	37.a	1,746,000	1,758,000
Auditors' fees		1,770,000	2,328,250
Depreciation and repair of Bank's assets	38.a	1,112,883,922	1,019,049,698
Other expenses	39.a	1,848,548,675	1,546,153,421
Total operating expenses (B)		9,222,844,563	8,046,625,520
Profit before provision (C = A-B)		6,679,192,921	6,869,487,246
Provision for loans and advances/investments	40.a	(1,841,325,799)	(1,257,823,728)
Provision for off-balance sheet exposures		(165,977,525)	(180,000,000)
Other provision	40.b	(316,966,186)	(279,750,000)
Total provision (D)		(2,324,269,510)	(1,717,573,728)
Total profit before taxes (E = C+D)		4,354,923,411	5,151,913,517
Provision for taxation (F)	41.a		
Current tax expense		(2,271,498,375)	(1,765,196,934)
Deferred tax income/(expense)		(65,494,416)	241,732,134
Total provision for tax		(2,336,992,791)	(1,523,464,800)
Net profit after tax (G = E+F)		2,017,930,620	3,628,448,718
Appropriations			
Statutory reserve		870,984,682	1,030,382,703
General reserve		-	-
		<u>870,984,682</u>	<u>1,030,382,703</u>
Retained surplus for the year		1,146,945,938	2,598,066,015
Earnings per share (EPS)	46.a	2.08	3.75

BALANCE SHEET

As at 31 December 2017

		Figures in Taka	
	Note	2017	2016 (Restated)
PROPERTY AND ASSETS			
Cash			
In hand (including foreign currencies)	4.a.1	4,447,677,389	3,787,829,631
Balance with Bangladesh Bank and its agent bank (s) (including foreign currencies)	4.a.2	19,339,302,948	20,696,275,735
		<u>23,786,980,337</u>	<u>24,484,105,366</u>
Balance with other banks and financial institutions			
In Bangladesh	5.a	12,125,956,169	12,187,706,470
Outside Bangladesh		603,628,965	661,120,028
		<u>12,729,585,134</u>	<u>12,848,826,498</u>
Money at call and short notice			
	6	89,379,167	91,379,167
Investments			
Government	7.a	22,099,527,532	22,048,912,713
Others		3,408,912,369	2,383,242,864
		<u>25,508,439,902</u>	<u>24,432,155,577</u>
Loans and advances/investments			
Loans, cash credits, overdrafts, etc./investments	8.a	191,873,705,133	167,749,683,704
Bills purchased and discounted	9	4,722,154,652	7,275,392,955
		<u>196,595,859,784</u>	<u>175,025,076,659</u>
Fixed assets including premises, furniture and fixtures			
	10.a	3,277,030,329	3,437,235,921
Other assets			
	11.a	12,662,485,803	13,500,653,120
Non-banking assets			
	12	881,668,179	956,925,360
Total assets		<u>275,531,428,634</u>	<u>254,776,357,668</u>
LIABILITIES AND CAPITAL			
Liabilities			
Tier-II subordinated bond	13	7,250,000,000	3,000,000,000
Borrowings from other banks, financial institutions and agents	14.a	37,906,297,408	31,695,262,081
Deposits and other accounts			
	15.a	25,512,834,069	24,512,543,307
Current deposits and other accounts		1,355,732,100	1,587,153,855
Bills payable		39,082,904,954	34,994,257,334
Savings bank deposits		117,541,293,344	113,601,078,193
Fixed deposits		-	-
Bearer certificate of deposit		<u>183,492,764,467</u>	<u>174,695,032,689</u>
Other liabilities	16.a	<u>22,013,024,611</u>	<u>24,732,977,227</u>
Total liabilities		<u>250,662,086,487</u>	<u>234,123,271,997</u>
Capital/shareholders' equity			
Paid up capital	17.2	9,218,926,640	8,757,980,310
Statutory reserve	18	7,130,574,430	6,100,191,727
Share premium	19	1,504,388,797	660,857,013
Dividend equalization reserve	20	530,786,631	176,928,877
Other reserve	21.a	2,519,404,380	1,112,928,213
Surplus in profit and loss account	22.a	3,965,261,269	3,844,199,530
Total shareholders' equity		<u>24,869,342,148</u>	<u>20,653,085,670</u>
Total liabilities and shareholders' equity		<u>275,531,428,634</u>	<u>254,776,357,668</u>

PROFIT AND LOSS ACCOUNT

For the year ended 31 December 2017

		Figures in Taka	
	Note	2017	2016 (Restated)
Interest income/profit on investments	26.a	16,783,958,930	16,042,227,272
Interest paid/profit shared on deposits and borrowings etc.	27.a	<u>(9,288,627,591)</u>	<u>(9,565,268,460)</u>
Net interest income/profit on investments		7,495,331,339	6,476,958,812
Investment income	28.a	2,790,987,000	4,745,837,129
Commission, exchange and brokerage	29.a	2,851,849,621	2,125,263,521
Other operating income	30.a	<u>1,777,944,806</u>	<u>1,047,663,376</u>
		7,420,781,427	7,918,764,026
Total operating income (A)		14,916,112,766	14,395,722,838
Salaries and allowances	31	4,209,317,272	3,637,129,519
Rent, taxes, insurance, electricity, etc.	32.a	911,604,504	729,397,902
Legal expenses	33.a	50,601,079	36,338,906
Postage, stamp, telecommunication, etc.	34.a	77,304,848	86,933,721
Stationery, printing, advertisements, etc.	35.a	210,914,296	160,933,282
Chief Executive's salary and fees	36	17,594,152	16,939,300
Directors' fees	37.a	1,758,000	2,203,000
Auditors' fees		2,328,250	2,127,000
Depreciation and repair of Bank's assets	38.a	1,019,049,698	962,903,259
Other expenses	39.a	<u>1,546,153,421</u>	<u>1,223,909,848</u>
Total operating expenses (B)		8,046,625,520	6,858,815,736
Profit before provision (C = A-B)		6,869,487,246	7,536,907,102
Provision for loans and advances/investments	40.a	<u>(1,257,823,728)</u>	<u>(1,938,300,000)</u>
Provision for off-balance sheet exposures		<u>(180,000,000)</u>	<u>(133,000,000)</u>
Other provision	40.b	<u>(279,750,000)</u>	<u>-</u>
Total provision (D)		(1,717,573,728)	(2,071,300,000)
Total profit before taxes (E = C+D)		5,151,913,517	5,465,607,102
Provision for taxation (F)	41.a		
Current tax expense		(1,765,196,934)	(1,656,130,855)
Deferred tax income/(expense)		241,732,134	146,236,463
Total provision for tax		(1,523,464,800)	(1,509,894,392)
Net profit after tax (G = E+F)		3,628,448,718	3,955,712,710
Appropriations			
Statutory reserve		1,030,382,703	1,093,121,420
General reserve		-	-
		<u>1,030,382,703</u>	<u>1,093,121,420</u>
Retained surplus for the year		2,598,066,015	2,862,591,290
Earnings per share (EPS)	46.a	4.09	4.52

The annexed notes 1 to 50 form an integral part of these financial statements.

Financial Information about Competitors (AB Bank):

AB Bank Limited Last 10 years' perfor

Financial Position	2019
Cash & bank balances	25,121
Investments	61,579
Money at call and short notice	4,776
Loans & advances	256,512
Fixed assets	4,871
Other assets	12,366
Non-banking assets	343
Total Assets	365,569
Borrowings	14,820
Subordinated Bond	7,400
Deposits	279,458
Other liabilities	41,051
Equity	22,840
Total Liabilities & Shareholders' Equity	365,569
Total contingent liabilities & commitments	47,836
Loan Deposit Ratio*	84.28%
Interest earning assets	284,417
Non-Interest earning assets	81,151
Profitability	
Net interest margin	7,869
Operating income	12,884
Operating expenses	6,434
Operating profit	6,450
Provision for loans and others	5,141
Profit before tax	1,309
Provision for tax	1,141
Profit after tax	168
Cost income ratio	41.35%
Return on investment (ROI)	6.07%
Return on assets (ROA)	0.05%
Return on equity (ROE)	0.74%
Assets Utilization Ratio	77.80%
Cost of fund	8.71%
Earnings Per Share	0.22
Net income per share	0.22
Other Business	
Import	47,370
Export	55,110
Remittance (Million USD)	265
Equity Measures	
Authorized capital	15,000
Paid-up capital	7,581
Capital - Tier I	18,712
Capital - Tier II	14,836
Total capital	33,547
Capital surplus/ (deficit)**	(7,875)
Statutory reserve	6,872
Retained earnings	5,817
Capital to Risk Weighted Assets Ratio	10.12%
Asset Quality	
Total loans & advances	256,512
Classified loans (CL)	46,890
% CL to total loans & advances	18.28%
Provision for unclassified loan	8,286
Provision for classified loan	6,994
Share Information	
Market Price per share (DSE) (Taka)	7.90
Dividend - %	5.0***
Bonus - %	5.0
Cash - %	-
Price earning ratio (times)	35.71
Net Asset Value per share (Taka)	30.13
Distribution Network	
Number of branches	105
Number of SME service center	11
Employee number	2,210
Number of Agent Banking Unit	64

AB Bank Limited
Shareholders' Information
Financial Highlights - AB & Consolidated

Particulars	AB Bank Limited		
	2019	2018	% Growth
At the end of year			
Equity	2,284	2,265	1%
Deposits	27,946	23,544	19%
Loans & Advances	25,651	24,107	6%
Investments	6,158	4,359	41%
Fixed Assets	487	354	37%
Total Assets	36,557	32,253	13.3%
Performance during the year			
Interest Income	2,672	1,947	37%
Operating Profit	645	308	110%
Provision for Loans and others	514	252	104%
Profit Before Tax	131	56	135%
Provision for Tax	114	54	112%
Profit After Tax	17	2	815%
Statutory Ratios			
Liquid Assets	26.84%	20.71%	
Capital Adequacy Ratio	10.12%	10.03%	
Share information			
Earnings Per Share-EPS (Taka)	0.22	0.02	815%
Stock Dividend (proposed)	5%	-	
Net Asset Value Per Share-NAVPS (Taka)	30.13	29.88	1%
Ratios			
Classified Loan	18.28%	33.07%	
Return on Assets (ROA)	0.05%	0.01%	
Return on Equity (ROE)	0.74%	0.08%	

BRAC BANK Information

STANDALONE INFORMATION		2019
FINANCIAL POSITION		
Cash and bank balances		38,629
Investments		45,944
Loans and Advances		264,091
Fixed Asset		8,189
Other assets		11,001
Non-banking assets		66
Total Assets		367,920
OPERATING PROFIT RATIOS		
Borrowing		35,390
Convertible Subordinate Bonds		-
Money at call and on short notice		1,274
Deposit and other accounts		268,309
Other liabilities		25,290
Total Shareholders' Equity		37,658
Total Liability and Shareholders Equity		367,920
AD ratio		82.10%
Off Balance Sheet Items		100,137
Interest Earning Assets		355,147
Non-Interest Earning Assets		12,773
INCOME STATEMENT- PERFORMANCE AND PROFITABILITY		
Total Revenue		21,388
Interest Income		29,692
Interest Expense		14,654
Investment Income		3,072
Commission Exchange & Brokerage		3,151
Non-Interest Income		3,279
Total Operating Expenses		11,440
Total Income		36,042
Total Expenditure		26,095
Operating Profit		9,948
Profit Before Tax		8,505
Net Profit After Tax		5,646
Cost of Fund		7.08%
Return on Assets		1.65%
Return on Equity		16.29%
Return on Investment		8.23%
Debt Equity Ratio (Times)		8.77
GP Margin		59%
NP Margin		16%
Total Capital to Risk-weighted Asset Ratio (CRAR)		15.07%
ASSET QUALITY		
Total Loans and Advance		264,091
Classified Loans		10,525
Provision for Unclassified Loans (GP)		2,646
Provision for Classified Loans (SP)		6,081
Provision for off balance sheet items		392
Percentage of NPLs to Total Loans and Advances		3.99%
NPL Coverage Ratio (Incl. GP)		97%
NPL Coverage Ratio		65%

City Bank Other Information:

1. Insurance Facility | ইন্সুরেন্স সুবিধা

Free insurance coverage for permanent disabilities and death. Discounts at hospitals and diagnostic centers across Bangladesh.
পঙ্গুতু এবং জীবনহানির ক্ষেত্রে বিনামূল্যে ইন্সুরেন্স কভারেজ। দেশজুড়ে হাসপাতাল ও ডায়াগনস্টিক সেন্টারে বিভিন্ন সেবার ওপর ডিসকাউন্ট।

*Conditions apply *শর্ত প্রযোজ্য

2. City Alo Debit Card | সিটি আলো ডেবিট কার্ড

Upto 1.5% cashback on shopping, dining, groceries, hospitals and more. Exclusive welcome vouchers and other discounts round the year.
শপিং, ডাইনিং, খোসারি, হাসপাতাল এবং অন্যান্য কেনাকাটায় ১.৫% পর্যন্ত ক্যাশব্যাক। বিশেষ ওয়েলকাম ভাউচার এবং বছরজুড়ে আরো সব আকর্ষণীয় ডিসকাউন্ট।

3. City Alo Certification Program | সিটি আলো সার্টিফিকেশন প্রোগ্রাম

Certification Program jointly designed by City Bank and North South University for women entrepreneurs.
নারী উদ্যোক্তাদের জন্য সিটি ব্যাংক ও নর্থ সাউথ বিশ্ববিদ্যালয়ের যৌথ উদ্যোগে বিশেষ সার্টিফিকেশন প্রোগ্রাম।

4. Online Networking Platform | অনলাইন নেটওয়ার্কিং প্ল্যাটফর্ম

Access to blogs, videos and other information on www.cityalo.com
www.cityalo.com ওয়েবসাইট-এ ব্লগ, ভিডিও এবং অন্যান্য তথ্য।

5. Citytouch Digital Banking | সিটিটাচ ডিজিটাল ব্যাংকিং

Online fund transfer. hKash payment. bill payment. mobile top-up and much more with Citytouch Digital Banking.

Features:

City Alo Savings Accounts

Get interest on a monthly basis along with complimentary life insurance facility and more

City Alo Goal-based DPS

Reach your financial goal through deposit schemes with flexible tenure ranging from 6 to 120 months

City Alo Loans

Enjoy preferential interest rates for personal, home, auto and bike loans

SME Loans

Take your business to new heights with the help of SME loans

City Alo Debit Card

Enjoy exclusive cashback and discounts on shopping, dining, groceries and more

The City Alo American Express Card issued by City Bank

Get exciting welcome gifts, complimentary health insurance and more

City Alo Certification Program

Enroll in a specially designed program in collaboration with North South University for exclusive entrepreneurial training and networking opportunities

City Alo Coffee Shop Bank Branch

Sit back and enjoy a cup of coffee while your banking needs get fulfilled

Operating Accounts | অপারটিং অ্যাকাউন্টস

Particulars বিবরণ	Current Account কারেন্ট অ্যাকাউন্ট	City Alo General Savings Account সিটি অলো জেনারেল সেভিংস অ্যাকাউন্ট	City Alo High Value Savings Account সিটি অলো হাই ভ্যালু সেভিংস অ্যাকাউন্ট	City Alo Savings Delight Account সিটি অলো সেভিংস ডিলাইট অ্যাকাউন্ট	Student Savings Account স্টুডেন্ট সেভিংস অ্যাকাউন্ট	New Born's Deposit Account নিউ বর্ন'স ডিপোজিট অ্যাকাউন্ট
Account Opening Balance অ্যাকাউন্ট খোলার ব্যালেন্স	BDT 10,000 ১০,০০০ টাকা	BDT 1,000, BDT 500 (through Agent Banking) ১,০০০ টাকা, একেট ব্যাংকিং - ৫০০ টাকা	BDT 5,000, BDT 1,000 (through Agent Banking) ৫,০০০ টাকা, একেট ব্যাংকিং - ১,০০০ টাকা	BDT 1,00,000 ১,০০,০০০ টাকা	BDT 100 ১০০ টাকা	BDT 1,000 ১,০০০ টাকা
Minimum Balance for Interest Earning ইন্টারেস্ট অর্জিত করার ন্যূনতম ব্যালেন্স	N/A প্রযোজ্য নয়	BDT 5000 ৫,০০০ টাকা	BDT 25,000 ২৫,০০০ টাকা	BDT 1,00,000 ১,০০,০০০ টাকা	BDT 2,000 ২,০০০ টাকা	BDT 5,000 ৫,০০০ টাকা
Interest Calculation Frequency ব্যালেন্সের উপর ইন্টারেস্ট হিসাব	N/A প্রযোজ্য নয়	Monthly মাসিক	Daily দৈনিক	Daily দৈনিক	Daily দৈনিক	Monthly মাসিক
Interest Payment ইন্টারেস্ট পেমেন্ট	N/A প্রযোজ্য নয়	Monthly মাসিক	Monthly মাসিক	Monthly মাসিক	Monthly মাসিক	Half Yearly ছয় মাসিক
City Alo Debit Card সিটি অলো ডেবিট কার্ড	Available প্রযোজ্য	Available প্রযোজ্য	Available প্রযোজ্য	Available প্রযোজ্য	Available only for College Plan কলেজ প্লান-এ প্রযোজ্য	N/A প্রযোজ্য নয়
Debit Card Withdrawal Limit (Daily) ডেবিট কার্ড উত্তোলন সীমা (দৈনিক)	BDT 1,00,000 ১,০০,০০০ টাকা	BDT 1,00,000 ১,০০,০০০ টাকা	BDT 1,00,000 ১,০০,০০০ টাকা	BDT 1,00,000 ১,০০,০০০ টাকা	BDT 50,000 for College Plan Not Applicable for School Plan ৫০,০০০ টাকা (কলেজ প্লান), স্কুল প্লান-এ প্রযোজ্য নয়	N/A প্রযোজ্য নয়
Cheque Book চেক বই	1 st Cheque Book Free প্রথম চেক বই ফ্রি	1 st Cheque Book Free প্রথম চেক বই ফ্রি	Free Cheque Book if certain account balance is maintained in previous month পূর্ব মাসে নির্দিষ্ট ব্যালেন্স বৈশিষ্ট্য বজায় রাখলে ফ্রি	Free Cheque Book if certain account balance is maintained in previous month পূর্ব মাসে নির্দিষ্ট ব্যালেন্স বৈশিষ্ট্য বজায় রাখলে ফ্রি	Cash Withdrawal Slip (School Plan): Available for College Plan ৫০,০০০ টাকা (স্কুল প্লান), কলেজ প্লান-এ প্রযোজ্য	N/A প্রযোজ্য নয়
Account Statement অ্যাকাউন্ট স্টেটমেন্ট	Available & free for all regular statements প্রযোজ্য এবং সকল নিয়মিত স্টেটমেন্টের জন্য ফ্রি	Available & free for all regular statements প্রযোজ্য এবং সকল নিয়মিত স্টেটমেন্টের জন্য ফ্রি	Available & free for all regular statements প্রযোজ্য এবং সকল নিয়মিত স্টেটমেন্টের জন্য ফ্রি	Available & free for all regular statements প্রযোজ্য এবং সকল নিয়মিত স্টেটমেন্টের জন্য ফ্রি	Available & free for all regular statements প্রযোজ্য এবং সকল নিয়মিত স্টেটমেন্টের জন্য ফ্রি	Available & free for all regular statements প্রযোজ্য এবং সকল নিয়মিত স্টেটমেন্টের জন্য ফ্রি
Auto Debit Instruction অটো ডেবিট ইন্সট্রাকশন	Yes হ্যাঁ	Yes হ্যাঁ	Yes হ্যাঁ	Yes হ্যাঁ	Available only for College Plan কলেজ প্লান-এ প্রযোজ্য	No না
E-Statement ই-স্টেটমেন্ট	Yes হ্যাঁ	Yes হ্যাঁ	Yes হ্যাঁ	Yes হ্যাঁ	Yes হ্যাঁ	Yes হ্যাঁ
Locker Service লকর সার্ভিস	Available প্রযোজ্য	Available প্রযোজ্য	Available প্রযোজ্য	Available প্রযোজ্য	Available only for College Plan কলেজ প্লান-এ প্রযোজ্য	N/A প্রযোজ্য নয়
Citytouch Digital Banking সিটিটচ ডিজিটাল ব্যাংকিং	Available প্রযোজ্য	Available প্রযোজ্য	Available প্রযোজ্য	Available প্রযোজ্য	Available only for College Plan কলেজ প্লান-এ প্রযোজ্য	Available প্রযোজ্য
Call Center Service কল সেন্টার সার্ভিস	Available প্রযোজ্য	Available প্রযোজ্য	Available প্রযোজ্য	Available প্রযোজ্য	Available প্রযোজ্য	Available প্রযোজ্য
SMS Alert এসএমএস অলার্ট	Yes হ্যাঁ	Yes হ্যাঁ	Yes হ্যাঁ	Yes হ্যাঁ	Yes হ্যাঁ	Yes হ্যাঁ

Term Deposit Accounts | টার্ম ডিপোজিট অ্যাকাউন্টস

Particulars বিবরণ	Goal based DPS Account গোল বেইজড ডিপিএস অ্যাকাউন্ট	Insurance Backed DPS ইন্সুরেন্স ব্যাকড ডিপিএস	Fixed Deposit ফিক্সড ডিপোজিট	Monthly Interest Paying FD মাসিক ইন্টারেস্ট প্রদেয় এফডি	Double Money FD ডাবল মানি এফডি
Account Opening Balance অ্যাকাউন্ট খোলার ব্যালেন্স	BDT 500 ৫০০ টাকা	BDT 500 ৫০০ টাকা	BDT 50,000 ৫০,০০০ টাকা	BDT 50,000 ৫০,০০০ টাকা	BDT 50,000 ৫০,০০০ টাকা
Installment Size কিস্তির আকার	BDT 500 - BDT 50,000 ৫০০ টাকা - ৫০,০০০ টাকা	BDT 500 - BDT 10,000 ৫০০ টাকা - ১০,০০০ টাকা	N/A প্রযোজ্য নয়	N/A প্রযোজ্য নয়	N/A প্রযোজ্য নয়
Tenure মেয়াদ	6 months to 120 months ৬ মাস থেকে ১২০ মাস	5, 10, 15 & 20 years ৫, ১০, ১৫ ও ২০ বছর	1, 3 & 6 months, 1, 2 & 3 years ১, ৩ ও ৬ মাস, ১, ২ ও ৩ বছর	1, 2, 3 & 5 years ১, ২, ৩ ও ৫ বছর	9 years (*Subject to change) ৯ বছর (*পরিবর্তনশীল)
Pre-Mature Encashment Facility মেয়াদ পূর্তির পূর্বে নগদায়ন সুবিধা	Yes হ্যাঁ	Yes হ্যাঁ	Yes হ্যাঁ	Yes হ্যাঁ	Yes হ্যাঁ
Insurance Coverage ইন্সুরেন্স কভারেজ	No না	Yes হ্যাঁ	No না	No না	No না
Loan on Deposited Amount ডিপোজিট অ্যামাউন্টের উপর লোন	Available প্রযোজ্য	Available প্রযোজ্য	Available প্রযোজ্য	Available প্রযোজ্য	Available প্রযোজ্য

Deposit Products	Interest Rate
General Savings Account	
Below 50 Thousand	0.00%
50 Thousand - Below 1 Lac	0.50%
1 Lac - Below 5 Lac	1.00%
5 Lac and Above	1.50%
Alo General Savings Account	2.00%
High Value Savings Account	
Below 50 Thousand	0.00%
50 Thousand - Below 1 Lac	1.00%
1 Lac - Below 5 Lac	1.50%
5 Lac and Above	2.00%
Alo High Value Savings Account	2.00%
Student Savings Account	
School Plan	2.75%
College Plan	2.75%
New Born's Deposit A/C	2.00%
Seniors' Savings Account	
Below 25 Thousand	0.00%
25 Thousand - Below 1 Lac	1.00%
1 Lac - Below 5 Lac	1.50%
5 Lac - Below 25 Lac	2.00%
25 Lac and Above	2.75%
Savings Delight Account	
Below 1 Lac	0.00%
1 Lac - below 5 Lac	1.50%
5 Lac - below 10 Lac	2.00%
10 Lac - below 20 Lac	2.25%
20 Lac - below 30 Lac	2.50%
30 Lac and Above	2.75%
Alo Savings Delight Account	
Below 1 Lac	0.00%
1 Lac - Below 5 Lac	1.50%
5 Lac - Below 10 Lac	2.00%
10 Lac - Below 20 Lac	2.25%
20 Lac - Below 30 Lac	2.50%
30 Lac and Above	2.75%
RMG Workers' Account	2.75%
Under Privileged Children's A/C	2.75%
Basic Savings Account	2.75%
City Premium Transactional Account	
Below 50 Lac	0.00%
50 Lac - Below 1 Crore	2.25%
1 Crore and Above	3.00%
City Corporate Transactional Account (CCTA)	
Below 20 Crore	2.50%
20 Crore and Above	3.00%
Current Deposits	0.00%
Easy Current Account	1.00%
Easy Plus Current Account	1.50%
City Select Transactional Account (CSTA)	
Below 1 Crore	0.00%
1 Crore and Below 25 Crore	2.50%
25 Crore and Above	3.00%