

***“Current scenario of Loans and Advances of Bank Asia Ltd.
Moghbazar Branch”***



Internship Report On

“Current scenario of Loans and Advances of Bank Asia Ltd. Moghbazar Branch”

Submitted to:

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Letter of Transmittal

25th June, 2014

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Subject: Submission of internship report on “**Current scenario of Loans and Advances of Bank Asia Ltd. Moghbazar Branch**”

Dear Sir,

I am happy to submit my intern report on “**Current scenario of Loans and Advances of Bank Asia Ltd. Moghbazar Branch**”, which you have assigned me to do as a part of my BBA program requirement. I have tried my best to gather all kinds of relevant information, which could give an overall idea on this topic. I have worked 4 months with Bank Asia Limited and have observed their work. I tried to gather information regarding report as much as possible. I hope that this report will meet the expected standard.

I have enjoyed preparing the report very much and now I am submitting this internship report for your kind consideration and thanking you for your constant assistance and guidance.

Sincerely yours,

Tarique Imam

ID# 10104061

BRAC Business School

BRAC University

Acknowledgment

Prosperous conclusion of any course requires support from various personnel and I was fortunate to have that support, direction, and supervision in every aspect from my teacher and friends.

First of all I would like to thank beyond measure grace and deep kindness of the Almighty Allah.

I like to express my deep sense of thankfulness to my honorable academic supervisor Mr. Riyashad Ahmed, Assistant Professor, BRAC Business School for his frank encouragement as well as guidance in preparing this report

Then, I express my sincere gratitude to the Branch Manager, Md. Abdul Latif and the Operation Manager of the branch, Md. Delowar Hossain Sidy who was my supervisor during my internship period.

I would also like to thank the entire the branch as well as my fellow intern member who have made the four months of internship a memorable experience for me. Especial thanks to all the officers in the credit department who helped me in preparing my internship report. It was my privilege and I am truly honored working in such a wonderful branch.

Finally my sincere gratitude goes to my family, friends, and classmates who helped me whenever I needed them.

Executive Summary

This report is on the basis of loans and advance in Bank Asia Limited, Moghbazar branch. Through this report the reader will be able to know about the current condition of the loans and advance of Bank Asia Limited, Moghbazar branch. This report also describes the different types of loans they offer to their customer and the different types of treatment done to the different types of default loans. This report will enlighten the reader about the different department Bank Asia Limited, Moghbazar branch have and how they perform their task. Two department of the branch has been explained in details. Firstly the report will tell the reader about the general banking department of the branch, that is it will give the reader a potential overview of the general banking procedure and then customer service product that the bank offers in details for example savings account, current account, deposit pension scheme, fixed deposits etc. Secondly the reader will be able to know about the credit department procedures as well as its products like auto loans, house finance, consumer durable loan, unsecured personal loans etc and last but not the least the reader will be able to understand the performance of the whole organization in the market though the financial analysis (return on equity, earnings per share, return on assets, etc) that has been done in chapter 5.

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Chapter 1

Introduction



Chapter 1

1.1 Origin of the report

Bachelor of Business Administration (BBA) is a 4 (four) year course which is designed with an excellent combination of theoretical and practical aspects. In the last year of the course a BBA student has to work in an organization for the practical knowledge for achieving the BBA degree. This time period is known as internship period. Internship helps a student to relate all the theoretical knowledge to the practical work which was obtained during the 4 (four) year course.

I was assigned to Bank Asia Limited, Moghbazar Branch for my internship program. I joined Bank Asia limited, Moghbazar Branch on 23rd January, 2014 for completing my internship program. It was a 4 (four) month program which ended on 23rd April, 2014.

Students are required to prepare an internship report under the supervision of a teacher on a selected topic. The topic for my internship report is “Current scenario of Loans and Advances of Bank Asia Ltd, Moghbazar Branch”. With the help of my supervision and the staff of the organization I tried my level best to make a presentable report which will highlight the practical knowledge I had throughout my internship period.

1.2 Objective of the report

There are two types of objective of the report. They are:

- Broad Objectives
 - To understand the all procedure the bank follows
 - To understand the current condition of the loan and advance of the bank
 - To know all the product they offers.
- Specific objective
 - To know the Last 5 (five) years financial performance of Bank Asia Limited
 - To have clear idea about different loan categories in Bank Asia Limited

1.3 Methodology

For preparing the report I have used two different sources. They are:

- Primary Source
 - Interview with the officers
 - Personal observation
- Secondary Source
 - Web site of Bank Asia limited
 - Annual report of the bank
 - Internet

1.4 Limitation of the study

For completing the report I had to face few limitations. They are:

- To complete such report the time that is located is not enough
- All information could not be collected because of confidentiality
- Office staff could not provide sufficient information due to shortage of time
- Information provided in the web site was not adequate

Chapter 2

Overview of the bank



Chapter 2

2.1 History of Bank Asia

Bank Asia has been launched by a group of successful entrepreneurs with recognized standing in the society. The management of the Bank consists of a team led by senior bankers with decades of experience in national and international markets. The senior management team is ably supported by a group of professionals many of whom have exposure in the international market.

It set milestone by acquiring the business operations of the Bank of Nova Scotia in Dhaka, first in the banking history of Bangladesh. It again repeated the performance by acquiring the Bangladesh operations of Muslim Commercial Bank Ltd. (MCB), a Pakistani bank.

In the year 2003 the Bank again came to the limelight with oversubscription of the Initial Public Offering of the shares of the Bank, which was a record (55 times) in our capital market's history and its shares commands respectable premium.

The asset and liability growth has been remarkable. Bank Asia has been actively participating in the local money market as well as foreign currency market without exposing the Bank to vulnerable positions. The Bank's investment in Treasury Bills and other securities went up noticeably opening up opportunities for enhancing income in the context of a regime of gradual interest rate decline.

Bank Asia Limited started its service with a vision to serve people with modern and innovative banking products and services at affordable charge. Being parallel to the cutting edge technology the Bank is offering online banking with added delivery channels like ATM, Tele-banking, SMS and Net Banking. And as part of the bank's commitment to provide all modern and value added banking service in keeping with the very best standard in a globalize world.

Bank Asia is a third generation public limited commercial bank. It received the Certificate of Incorporation on September 28, 1999 and came to operation on November 27, 1999. Now after 12 faithful years of dedicated and reliable services, Bank Asia has created an envious position for itself among the leading banks of the country with an Asset base of TK. 117 billion, Deposit of TK 95 Billion

and 70+ outlets all over the country. But most importantly, the Bank has an unsurpassed legacy attached with its image.

2.2 Vision of Bank Asia Ltd.

- Bank Asia's vision is to have a poverty free Bangladesh in course of a generation in the new millennium, reflecting the national dream.
- Our vision is to build a society where human dignity and human rights receive the highest consideration along with reduction of poverty.

2.3 Mission of Bank Asia Ltd.

- To assist in bringing high quality service to our customers and to participate in the growth and expansion of our national economy.
- To set high standards of integrity and bring total satisfaction to our clients, shareholders and employees.
- To become the most sought after bank in the country, rendering technology driven innovative services by our dedicated team of professionals.

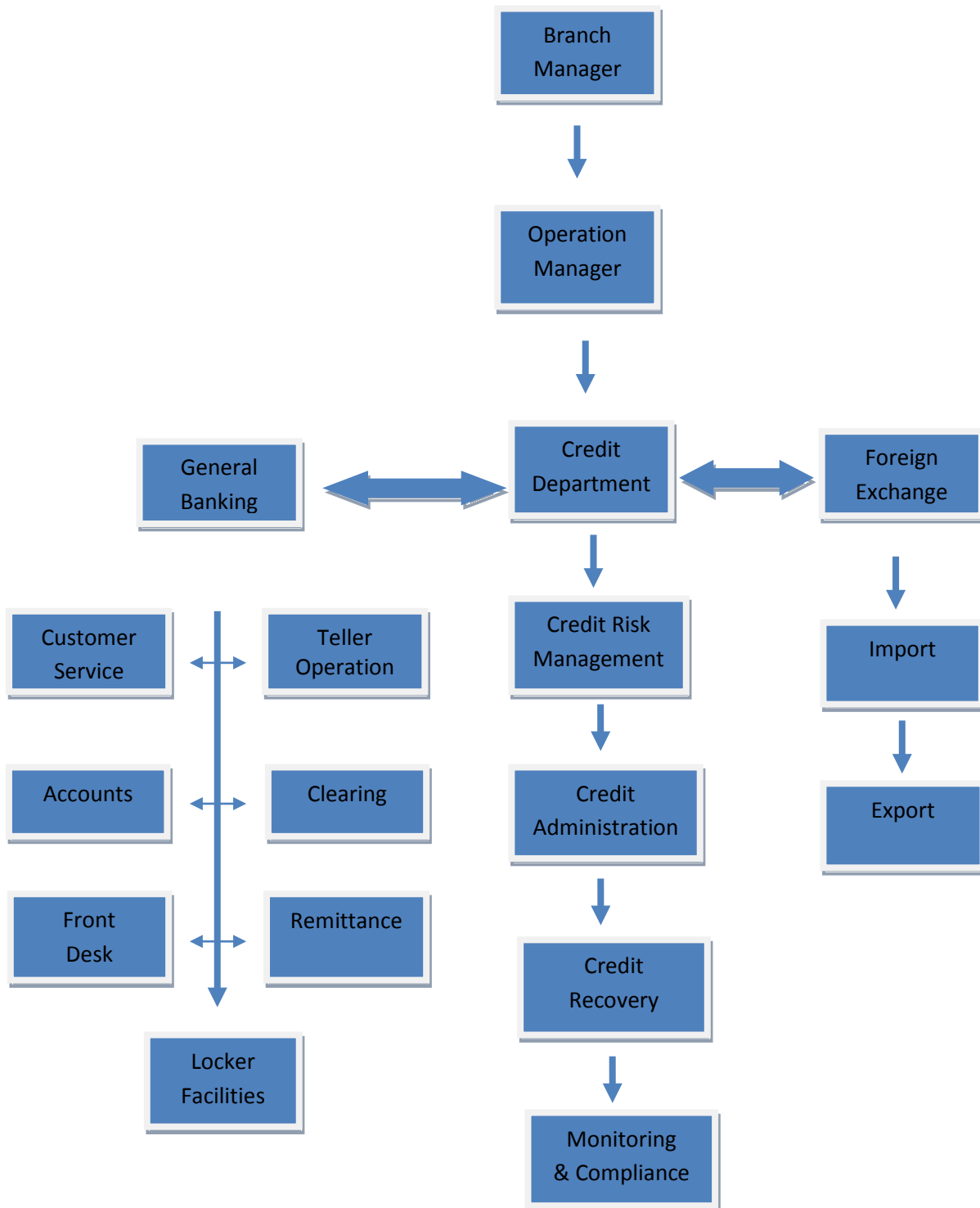
2.4 Objective of Bank Asia Ltd.

- High customer satisfaction.
- Maintaining good relationship with customers and corporate clients.
- Giving importance to the smallest query of the customer.
- Providing better service and product to the customer.
- Serving the whole by establishing branches in every part of the country.
- Value addition to the stakeholders through attaining excellence in banking operations
- Maintain high ethical standard and transparency in dealings

2.5 Hierarchy of Bank Asia

President and Managing Director
Deputy Managing Director (DMD)
Senior Executive Vice President (SEVP)
Executive Vice President (EVP)
Senior Vice President (SVP)
Vice President (VP)
First Vice President (FVP)
Assistant Vice President (AVP)
First Assistant Vice President (FAVP)
Senior Executive Officer (SEO)
Executive Officer (EO)
Senior Officer (SO)
Management Trainee Officer (MTO)
Officer
Junior Officer (JO)
Assistant Officer (AO)
Banking Officer (BO)
Trainee Officer (TO)

2.6 Structure of Bank Asia Limited, Moghbazar Branch



2.7 Corporate Milestones

01. Certificate of Incorporation	28/09/1999
02. Certificate of Commencement of Business	28/09/1999
03. Banking License	06/10/1999
04. First Branch License	31/10/1999
05. Inauguration of Bank	27/11/1999
06. Only Bangladeshi bank to acquire operations of 02 foreign banks namely: Bank of Nova Scotia, Canada and Muslim Commercial Bank of Pakistan	2001 (Bank of Nova Scotia, Canada) 2002 (Muslim Commercial Bank of Pakistan)
07. Date of IPO subscription	23-24/09/2003
08. IPO oversubscribed by:	56 times
09. Date of First Share Trading in Bourse	08/01/2004
10. Number of Shareholders and Shares (at the end of 2009)	10,868 (shareholders) 21,448,125 shares
11. Date of First Subscription with CDBL	20/12/2005
12. Date of First Script-less Trading	30/01/2006
13. Commenced Operation of Off-Shore Banking	28/01/2008
14. Commenced Operation of Islami Banking	24/12/2008
15. Member, Dhaka Stock Exchange (DSE)	
16. Commenced Operation of Capital Market Division	5/08/2009
17. Number of Promoters	22
18. Number of Directors	14
19. Number of Branches	73
20. Number of SME Service Centers	10
21. Number of Agricultural/SME Branch	4

22. Number of Brokerage Branches	5
23. Number of Islamic Banking Wing	5
24. Number of ATM booths	Own - 48, Shared-240 (Q-cash), Cash Link (125+)
25. Number of KIOSK	3
26. Number of employee till December, 2010	1240
27. Number of foreign correspondents (in 2010)	655
28. Beneficiaries from Corporate Social Responsibility (CSR) Programs	Cataract Operation - 885 H.S. Scholarship - 215 Comp. Learning Centres (25) - 3000+ Students
29. Deposits (as of 31/12/2010)	Tk.8,900.00 crore
30. Advance (as of 31/12/2010)	Tk.7,900.00 crore
31. Export (as of 31/12/2010)	Tk.5,842.00 crore
32. Import (as of 31/12/2010)	Tk.11,140.00 crore
33. Remittance (as of 31/12/2010)	Tk.1,854.00 crore through 1236 pay-out location
34. Total assets (at the end of 2009)	Tk.68,663.20 mln
35. Credit Rating Status	AA2 - Long Term ST-1 - Short Term
36. Income tax to Government (in 2009)	959.008 mln or 31.69%
37. Statutory Reserve (in 2009)	457.238 mln or 15.11%
38. Retained for investment and future growth (in 2009)	155.795 mln or 5.15%

2.8 CSR and Donation

Companies have a lot of power in the community and in the national economy. They control a lot of assets, and may have billions in cash at their disposal for socially conscious investments and programs. Some companies may engage in "green washing", or feigning interest in corporate responsibility, but many large corporations are devoting real time and money to environmental sustainability programs and various social welfare initiatives to benefit employees, customers, and the community at large.

Bank Asia has been conscious of corporate social responsibility from the very beginning of its operation in 1999. The Bank looks beyond short-term quantitative gains and concentrates on issues which make the financial institution socially responsible and thus expects a sustainable balanced growth.

Bank Asia has three major CSR programs. These are as follows:

- Higher Study Scholarship
- Ophthalmological Operation
- Operating Computer Learning Centers

2.8.1 Higher Study Scholarship

Bank Asia provides higher scholarship to rural poor meritorious students, who are studying in important subjects in public universities. So far (since 2005) 215 students have been awarded the scholarship. Of them, 94 scholarships have been provided this year. Total expenditure of scholarship this year is Tk 53.08 lac for this purpose while Tk.1.57 crore till date. Next year the bank have a plan to provide 100 more scholarships, which will raise beneficiary numbers to 334, and budget will be Tk 10.64 million/Tk 1.64 crore. The scholarships are given on the basis of SSC and HSC results.

It may be mentioned that Bank Asia gives scholarships for higher study to the meritorious students in the rural areas, where the Bank has branches. A total of 134 (one hundred thirty four) students have been selected for Bank Asia Higher Study Scholarship for the current year.

2.8.2 Ophthalmological Operation

The Bank bears entire cost of cataract-related eye operations, whose parents are poor and cannot afford the high cost of operations. Since 2006, 874 operations have been conducted under the program at a cost of about Tk 92 lac (till July, 2010). Most of the children are leading normal life and learning education.

2.8.3 Computer Learning Centers

Bank Asia, with the help of D-net, is operating 13 Computer Learning Centers (since 2006) in rural areas, where rural youths learn computer education. A total of Tk 4.7 lac has been spent for operational cost of these centers this year. Besides, 12 more learning centers have been set up this year involving Tk.1.58 million/Tk.15.76 lac as a part of the expansion program. So far, about 3000 youths received computer training though these centers, and cost involvement in this CSR program is Tk.1.03 crore (till Dec. 2009).

Chapter 3

Departments

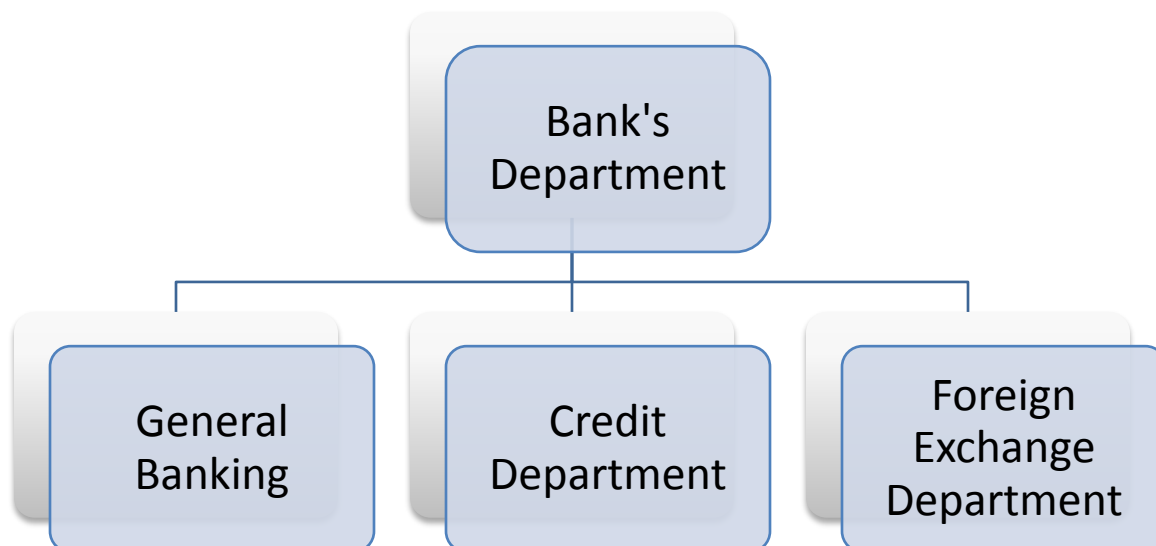


Chapter 3

3.1 Introduction

The Bank Asia limited is one of the most renowned and recognized third generation private banks of Bangladesh. Within a very short time it has established its existence among a huge number of rivals. Bank Asia Limited has always been strongly committed to provide a better quality service to the customer, not only they care about the customer at time Bank Asia authority also provides excellent facility to its employees to have their full job satisfaction. Like any other bank Bank Asia limited has three departments:

- General Banking
- Credit & Marketing Department
- Foreign Trade Department



3.2 General Banking

General Banking consist of customer service, teller operation, accounts, clearing, front desk, remittance and locker facilities of the bank besides Advance and Foreign Trade.

3.3 My Experience in General Banking

The first department that I ever worked in Bank Asia Limited, Moghbazar Branch was in customer service. I was taught how to fill up the account opening forms of the customer. I was also asked to guide the customers how to fill up the form properly. In first few days my job was to fill the forms and deliver the cheque book to the customer. After 1 month in customer service I was taught how to open a customer ID through the software (Staler). As I was an intern I did not have staler ID or password. I had to work under an officer's ID and password. I also had to send cheque book requisition to the corporate office and also had to issue cheque after handing the cheque through the Staler.

After working in customer service I was put in front desk or dispatch. There I had to receive letter or notice that came from different organization, customer and even from the corporate office. All the letters that come from different places had to be registered in a register copy then handed to the branch manager. He would the mark the letter to operation manager. Operation will mark the letter to its final destination. Each and every person who has been mark in the latter has to sign in the register copy. This register copy is known as inward register as all the income letters are registered here. Now for any letter that goes out of the branch also has to been registered in a register copy. This register copy is known as outward register. The purpose of this register copy is to keep track of income and outgoing letters.

I also did work with the clearing house officer but my work there was very limited. I only had to entry the cheque in a cheque register. In the register I had to write the cheque number, cheque serial number, name of the bank from where the cheque has been received, cheque date, amount, customers name and customer account numbers. All the cheque that came to the clearing house before 11 a.m. are send to the corporate officer for clearing, after that the rest of the cheques automatically goes to the next day's clearing house.

3.4 Customer Service

Customer service is an important, but broad concept in the banking industry. In essence, banks are service-based businesses, so most of their activities involve elements of service. While they do sell banking and financial products, there is often little tangible product variation among their offerings. Customer service managers generally deal directly with service issues, but several other common banking jobs involve service.

Customer Service Product:

- Saving Account
- Current Account
- Deposit Pension Scheme
- Fixed Term Deposit
- Shanchay Plus
- Shanchaye Koti Poti
- Monthly Benefit Plus
- Double Benefit Plus
- Triple Benefit Plus

3.4.1 Savings Account

A deposit account held at a bank or other financial institution that provides principal security and a modest interest rate. Depending on the specific type of savings account, the account holder may not be able to write cheque from the account and the account is likely to have a limited number of free transfers/transactions. Savings account funds are considered one of the most liquid investments outside of demand accounts and cash.

Savings account of Bank Asia Limited provides an interest of 5% per annum. The account holder can ask to issue cheque book and visa card for the account at certain amount of charges. The benefits that the customer will get from the account are:

- Cheque-book facility
- Opportunity to apply for - safe deposit locker facility
- Collect foreign remittance in both TC. & Taka draft
- Transfer of fund from one branch to another by
 - Demand Draft
 - Mail Transfer
 - Telegraphic Transfer
- Transfer of fund on Standing Instruction Arrangement
- Collection of cheques through Clearing House
- Online Banking service
- SMS Banking
- Bank Asia ATM Card Service

To open the account customer has to provide the following requirements:

- Completed account opening form
- Passport size photograph for each account holder and nominee(s)
- Proof of identification such as national/voter's ID, Passport or Driving License
- Tax Identification No. (TIN) (Not mandatory)

3.4.2 Current Account

In banking terminology, the term Current Account refers to a type of deposit account made with a financial institution that permits the withdrawal of funds and allows cheques to be written against the balance.

Benefits that a current account holder of Bank Asia Limited will have are:

- Cheque-book facility
- Opportunity to apply for - safe deposit locker facility
- Collect foreign remittance in both TC. & Taka draft
- Transfer of fund from one branch to another by
 - Demand Draft
 - Mail Transfer
 - Telegraphic Transfer
- Transfer of fund on Standing Instruction Arrangement
- Collection of cheques through Clearing House
- Online Banking service
- SMS Banking
- Bank Asia ATM Card Service

The documents that are required to open a current account are:

- Completed account opening form
- Passport size photograph for each account holder and nominee(s)
- Proof of identification such as national/voter's ID, Passport or Driving License
- Tax Identification No. (TIN)
- Trade License
- Proof of Address – copy of utility bill

3.4.3 Deposit Pension Scheme plus (DPS)

Deposit Pension Scheme plus (DPS) is an installment based savings deposit (on monthly basis) for individual customer. In this account a customer deposit a certain amount of money for a certain period. And on maturity an agreed amount will be paid to the customer.

The benefits, terms & conditions and other issues that a DPS account holder will have in Bank Asia Limited are as follows:

Benefits

- Attractive and competitive interest rates
- Up to 90% loan facilities
- No hidden charges
- Tax benefits as investment rebate
- No online charges for monthly deposit
- Customer will enjoy charge free Saving Account

Other Issues:

- Tenure: 3, 5, 7, 10 and 12 years
- Deposit amount starts from Tk. 500 to Tk. 10,000 monthly (amount should be multiple of 500)

Terms & Conditions:

- Only individuals can open the account
- In case of premature encashment, customer maybe given the maturity amount of previous tenure if that is completed by the time of encashment. Than for the remaining period, existing saving rate will be applied.

3.4.4 Fixed Term Deposit

A deposit held at a financial institution that has a fixed term. These are generally short-term with maturities ranging anywhere from a month to a few years.

Features of fixed term loan of Bank Asia Limited:

- A term deposit account, guarantees interest on deposit
- Attractive interstate rate
- Flexible tenor
- Up to 90% loan facilities

To open the account customer has to provide the following requirements:

- Completed account opening form
- Passport size photograph for each account holder and nominee(s)
- Proof of identification such as national/voter's ID, Passport or Driving License
- Tax Identification No. (TIN) (Not mandatory)

3.4.5 Monthly Benefit plus (MB+)

Benefits:

- Attractive and competitive interest rates
- Monthly return up to 9000 taka for every one lac taka deposit
- Up to 90% of loan facilities
- No hidden charges

Other Issues:

- Deposit tenure: 3 and 5 years
- Deposit amount starts with Tk. 50,000 or its multiple
- Maximum deposit amount under single name is Tk. 4,00,000
- Maximum deposit amount under join name is Tk. 6,00,000

Terms & Conditions:

- Only individuals can open this account
- Customer must maintain link account with Bank Asia
- No interest before one year.
- In case of premature encashment, the applicable rate will be the compounding savings rate on the principal deposits. However, there will be no interest payment for premature encashment within twelve months life of the account.

The present value of interest amount enjoyed by the customer will be adjusted from the principal amount.

3.4.6 Double Benefit plus (DB+)

Benefits:

- Attractive and competitive interest rates
- Double the amount in just 6 years 6 months
- Up to 90% of loan facilities
- No hidden charges

Other Issues:

- Deposit amount starts with Tk. 50,000 or its multiple
- Maximum deposit amount under single name is Tk. 4,00,000
- Maximum deposit amount under join name is Tk. 6,00,000

Terms & Conditions:

- Only individuals can open this account
- In case of premature encashment, simple interest rate at existing savings deposit will apply provided that the tenure of deposit crossed one year
- No interest before on year

3.4.7 Triple Benefit plus (TB+)

Benefits:

- Attractive and competitive interest rates
- Triple the amount in just 10 years
- Up to 90% of loan facilities

- No hidden charges

Other Issues:

- Deposit amount starts with Tk. 50,000 or its multiple
- Maximum deposit amount under single name is Tk. 4,00,000
- Maximum deposit amount under join name is Tk. 6,00,000

Terms & Conditions:

- Only individuals can open this account
- In case of premature encashment, simple interest rate at existing savings deposit will apply provided that the tenure of deposit crossed one year
- No interest before on year

3.5 Foreign Exchange Department

The principal function of a Foreign exchange department is to handle foreign inward remittances as well as outward remittances; buying and selling of foreign currencies, handling and forwarding of import and export documents and giving the consultancy services to the exporters and importers. Besides this, the department also gives the financial assistance in relation to the foreign trade, i.e., it gives assistance to the exporters by way of financing the exports and imports by giving them the financial assistance to clear the consignments or open a letter of credit. The department issues letters of credit for their importer clients and handles letters of credit received from overseas correspondents in favor of exporters.

Bank Asia Limited, Moghbazar Branch is not an Authorized Dealer (AD) branch so they do not have the permission to buy and sell foreign currency. So for the Non-AD branches Bank Asia all the foreign currency transaction is done by the Central Trade Service Unit (CTSU). Bangladesh Bank has given the CTSU the authority to do foreign currency transaction. All the paper work for L/C is done by the branch, which is then forwarded to the CTSU for the monetary transaction.

3.6 Credit Department

This is the survival unit of the bank because until and unless the success of this department is attained, the survival is a question to every bank. If this section does not properly work the bank it may become bankrupt. This is important because this is the earning unit of the bank. Banks are accepting deposits from the depositors in condition of providing interest to them as well as safe keeping their interest. Now the question may gradually arise how the bank will provide interest to the clients and the simple answer is Loans & Advance.

Credit is continuous process. Recovery of one credit gives rise to another credit. In this process of revolving of funds, bank earns income in the form of interest. A bank can invest its fund in many ways. Bank makes loans and advances to traders, businessmen, and industrialists. Moreover nature of credit may differ in terms of security requirement, disbursement provision, terms and conditions etc. The bankers have to keep in mind that lending is for the best interest of the community and lending should be directed to productive sectors only.

3.7 My Experience in Credit Department

The last month of my internship I had the opportunity to work in the credit department of the branch. There were not much of works that I could do. I had to scan letter and mail it to other officers. I had to arrange files in the credit departments. I also had to fill up accounts forms here as well, but this were little different. I had to fill up forms of loan account. These forms require personal guarantor.

After working for a couple of days I was taught how to write a loan proposal. I did not had to write everything myself. I was given a loan proposal format was I only had to change the loan's account holder's name, interest rate, expiry date, installment amount and if necessary any condition according to the sanction advice that is came from the corporate office. I also had to check weather all the calculation done in excel sheet like addition of total loans and advances are perfectly done or not.

3.8 Credit product

Bank Asia Limited offers various types of loan to customer. Each and every product is designed in different way to meet the needs of the customers. The verities of product that they offer are:

- Auto Loan
- House Finance
- Senior Citizen Support
- Consumer Durable Loan
- Unsecured Personal Loan
- Loan for Professionals

3.8.1 Auto Loan

This product will allow car financing to the customer segment. Under this scheme, the vehicle is hypothecated to the bank only. In addition to this registration requirement, on a case-to-case basis, bank may also secure the loan partially by the commonly acceptable form of cash/quasi cash securities available in the market.

- **Customer Segment:** Any Bangladeshi individual who has the means and capacity to repay bank loan, e.g. salaried executives of multinational and middle to large size local corporate, Government officials, Officials working in reputed NGOs (Non Government Organizations), international aid agencies & UN bodies, any tax paying businessmen of repute, any employed / self-employed tax-paying individual having a reliable source of income.
- **Loan Feature:** The Loan amount Maximum Tk.20,00,000.00 for both Recondition & Brand New Car. Repayment of the loan is maximum 6 years for brand new car and 5 years for recondition car. Loan repayment will be equal monthly installments. There is no hidden cost and no early settlement and partial adjustment fees. The interest rate would be a competitive interest rate in the market.
- **Eligibility:** The age of the borrower should be at least 25 years and maximum up to 65 years old at loan maturity. Borrower should have a surplus of at least Tk. 15,000 of income. An employed person should have a minimum service of 3 years and has to be a confirmed employee of the organization he works for. Self employed should have a minimum of 3 years of business running.

3.8.2 House Finance

This product will facilitate the customer to have financing for purchase of flat/house, construction of new house, extension and renovation of existing house etc.

- **Customer Segment:** Any Bangladeshi individual who has the means and capacity to repay bank loan, e.g. salaried executives of multinational and middle to large size local corporate, Government officials, Officials working in reputed NGOs (Non Government Organizations), international aid agencies & UN bodies, any tax paying businessmen of repute, any employed / self-employed/ tax-paying individual having a reliable source of income.
- **Loan Feature:** The Loan amount Tk. 3,00,000.00 to Maximum Tk.75,00,000.00. Repayment of the loan is maximum 15 years including maximum 1 year grace period. Loan repayment will be equal monthly installments. Loan to price ratio 70: 30 that is the bank will provide 70% of the total cost of the house and the rest 30 % has to be paid by the borrower. There is no hidden cost and no early settlement and partial adjustment fees. The interest rate would be a competitive interest rate in the market.
- **Eligibility:** The age of the borrower should be at least 25 years and maximum up to 65 years old at loan maturity. Minimum income of the borrower should be debt burden ration based. An employed person should have a minimum service of 1 year and has to be a confirmed employee of the organization he works for. Self employed should have a minimum of 3 years of business running and land lord having substantial rental income.

3.8.3 Senior Citizen Support

Senior Citizen Support is a terminating facility offered by Bank's Retail Banking Division to the Senior Citizen in the society living in the cities / towns where the Bank has its operations. It is a special loan package to the senior citizen having repayment capacity. It is an unsecured facility.

- Customer Segment
 - The senior citizen in the society i.e. retired persons having pension facility or rental/Interest income.
- Loan Feature
 - Loan amount Tk. 25,000.00 to Maximum Tk.2,00,000.00
 - Repayment tenure 1year to Maximum 3 years.
 - Payment method- Equal Monthly Installments.
 - Competitive interest rate
 - No early settlement & partial adjustment fees
 - No hidden cost.
- Eligibility
 - Age limit: Minimum 57 years, Maximum 65 years at loan maturity
 - Monthly surplus income (after meeting expenses) shall be at least two times of the installment amount.

3.8.4 Consumer Durable Loan

A personal loan scheme that supports purchase of various consumer durables such as Television, Refrigerator, Air Conditioner, Audio-Video Equipments, Washing Machine, Personal Computers, other household furniture/ appliances etc. Under this scheme, the item purchased to be hypothecated to the bank. In addition, on a case-to-case basis, bank may also secure the loan partially by the commonly acceptable form of cash/ quasi cash securities available in the market.

- Customer Segment
 - Any Bangladeshi individual who has the means and capacity to repay bank loan. In specific terms, these could be salaried executives of multinational and middle to large size local corporate, Government officials, Officials working in reputed NGOs (Non Government Organizations), international aid agencies & UN bodies, any tax paying businessmen of repute, any employed / self-employed tax-paying individual having a reliable source of income.
- Loan Feature
 - Loan amount Tk. 50,000.00 to Maximum Tk.5,00,000.00
 - Repayment tenure Minimum 1year to Maximum 4 years.
 - Payment method- Equal Monthly Installments.
 - Competitive interest rate
 - No early settlement & partial adjustment fees required
 - No hidden cost.
- Eligibility
 - Age limit: Minimum 25 years, Maximum 57 years at loan maturity
 - Minimum income Tk 15,000.00 per month
 - For salaried individual, minimum service length of 3 year and must be a confirmed employee. For self employed individual, a business record of minimum 3 years.

3.8.5 Unsecured Personal Loan

Unsecured Personal Loan (UPL) is a terminating facility offered by Bank's Consumer Credit Department to individual salaried persons living in the cities / towns where the Bank has its operations. It is a clean or unsecured loan in the sense that only security in this type of loan product is: a) Letter of Introduction from employer b) Transfer of monthly salary and assignment of Terminal Benefits c) Personal Guarantee taken from specific section of people.

- Customer Segment

- Any Bangladeshi individual who has the means and capacity to repay bank loan. In specific terms, these could be salaried executives of multinational and middle to large size local corporate, Government officials, Officials working in reputed NGOs (Non Government Organizations), international aid agencies & UN bodies, having a reliable source of income.
- Loan Feature
- Loan amount minimum Tk. 50,000.00 to Maximum Tk.10,00,000.00
- Repayment tenure Maximum 4 years.
- Payment method- Equal Monthly Installments.
- Competitive interest rate
- No early settlement & partial adjustment fees
- No hidden cost.
- Eligibility
- Age limit: Minimum 25 years, Maximum 57 years at loan maturity
- Minimum income Tk 15,000.00 per month
- Minimum service length 2 years. At least 6 months with current employer

3.8.6 Loan for Professionals

A personal loan scheme meant for professionals only (doctors, engineers, architects, IT professionals, management consultants etc.) to support their small scale purchase of different equipment, tools and small machineries for installation at their business sites / offices.

- Customer Segment
 - Any Bangladeshi in the following professions as self employed or salaried people:
 - Doctors or medical professionals
 - Engineers
 - Architects
 - IT professionals
 - Management Consultants

- Loan Feature
 - Loan amount Tk. 50,000.00 to Maximum Tk.5,00,000.00
 - Repayment tenure Minimum 1year to Maximum 4 years.
 - Payment method- Equal Monthly Installments.
 - Competitive interest rate
 - No early settlement & partial adjustment fees
 - No hidden cost.
- Eligibility
 - Age limit: Minimum 25 years, Maximum 65 years at loan maturity
 - Minimum income Tk 15,000.00 per month
 - For salaried individual, must be confirmed employees of a relevant firm. For self employed individual, a business record of minimum 2 years.

3.9 Categories of Loan and Advance

All loans and advance is group into four categories for the purpose of classification, the name of the categories are:

- Continuous Loan
- Demand Loan
- Fixed term Loan
- Short-term Agriculture & Micro – Credit

3.9.1 Continuous Loan

The loan accounts in which transactions may be made within certain limit and have an expiry date for full adjustment. For example cash credit and overdraft.

3.9.2 Demand Loan

The loans that becomes repayable on demand by the bank. If any contingent or any other liabilities are turned to forced loan those too will be treated as Demand Loan. Such as forced loan against imported merchandise, payment against documents, foreign bill purchased and inland bill purchase.

3.9.3 Fixed Term Loan

The loans, which are repayable within a specific time period under a specific repayment schedule. For example auto loan, house finance, etc.

3.9.4 Short-term Agriculture & Micro – Credit

This will include the short-term credits as listed under the annual credit program issued by the Agriculture Credit and Financial Inclusion Department (ACFID) of Bangladesh Bank. Credit in the agricultural sector repayable with in 12(twelve) months will also be included herein. Short-term Micro – Credit will include any micro – credit not exceeding an amount determined by the ACFID of Bangladesh Bank from time to time and repayable within 12(twelve) months, be those termed in any names such as Non-agricultural credit, Self-reliant credit, Weaver’s credit or Bank’s individual project credit.

3.10 Default loan classification

- Past Due/Over Due
 - Any continuous loan if not repaid or renewed within the fixed expiry date for repayment or after the demand by the bank will be treated as past due/over from the following day of expiry.
 - Any demand loan if not repaid or renewed within the fixed expiry date for repayment or after the demand by the bank will be treated as past due/over from the following day of expiry.

- In case of any installment or part of installment of a fixed term loan is not paid within the fixed expiry date, the amount of unpaid installment will be treated as past due/overdue from the following day of the expiry date.
- The short-term agricultural and micro-credit if not paid within the fixed expiry date of repayment will be considered as past due/overdue after six months of the expiry date.
- All unclassified loan other than Special Mention Account (SMA) will be treated as Standard.
- A continuous loan, demand loan or term loan which will remain overdue for a period of 2(two) months or more will be put into the Special Mention Account (SMA). Loans in the Special Mention Account (SMA) will have to be reported to the Credit Information Bureau (CIB) of Bangladesh Bank.
- Loans except short-term agricultural and micro-credit in the Special Mention Account (SMA) and Sub-Standard will not be treated as defaulted loan.
- Any continuous loan will be classified as:
 - Sub-standard if it is past due/overdue for 3 (three) months or beyond but less than 6 (six) months.
 - Doubtful if it is past due/overdue for 6 (six) months or beyond but less than 9 (nine) months.
 - Bad/Loss if it is past due/overdue for 9 (nine) months or beyond.
- Any demand loan will be classified as:
 - Sub-standard if it remains past due/overdue for 3 (three) months or beyond but not over 6 (six) months from the date of expiry or claim by the bank.
 - Doubtful if it remains past due/overdue for 6 (six) months or beyond but not over 9 (nine) months from the date of expiry or claim by the bank.
 - Bad/Loss if it remains past due/overdue for 9 (nine) months or beyond from the date of expiry or claim by the bank.
- In case of any installment or part of installment of a fixed term loan is not repaid within the due date, the amount of unpaid installment will be termed as past due/overdue installment. For fixed term loans:

- If the amount of past due installment is equal to or more than the amount of installment due within 3 (three) months, the entire loan will be classified as Sub-standard.
- If the amount of past due installment is equal to or more than the amount of installment due within 6 (six) months, the entire loan will be classified as doubtful.
- If the amount of the past due installment is equal to or more than the amount of installment due within 9 (nine) months, the entire loan will be classified as Bad/Loss.
- The short-term agricultural and micro credit will be considered irregular if not repaid within the due date as stipulated in the loan agreement. If the said irregular status continues, the credit will be classified as Sub-standard after a period of 12 (twelve) months, as Doubtful after a period of 36 (thirty six) months and as Bad/Loss after a period of 60 (sixty) months from the stipulated due date as per loan agreement.

Chapter 4

Loan and Advance Statistics



Chapter 4

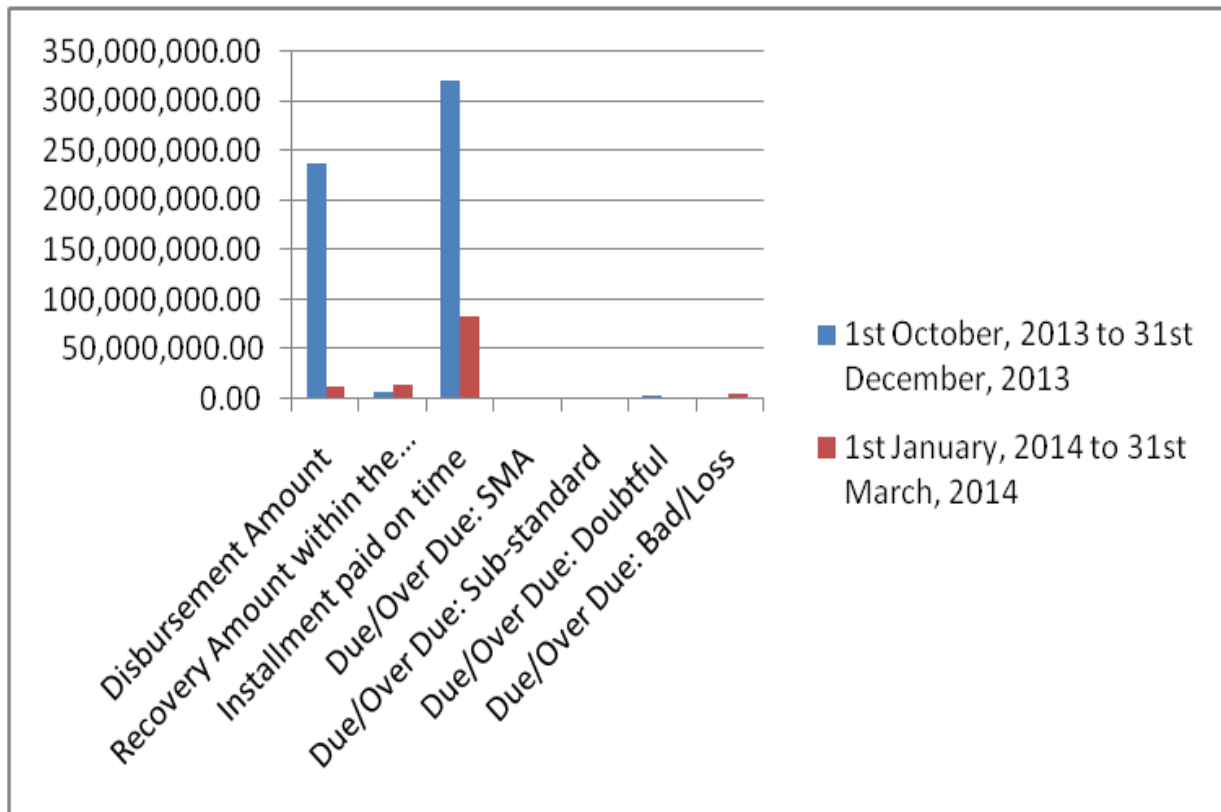
4.1 Loan and Advance Statistics

All the four category loans has been merge together and sorted into broader sectors like Industry loans, Trade & Commerce loans, Construction loans, Transport loans, Consumer finance loans, Public Sector loans and Private Sector loans. This topic will give a vivid idea about how much loan is being disbursed in each of the sector and how much is recovered in one quarter.

All the calculation or table presented in this chapter is in taka.

4.2 Trades & Commerce

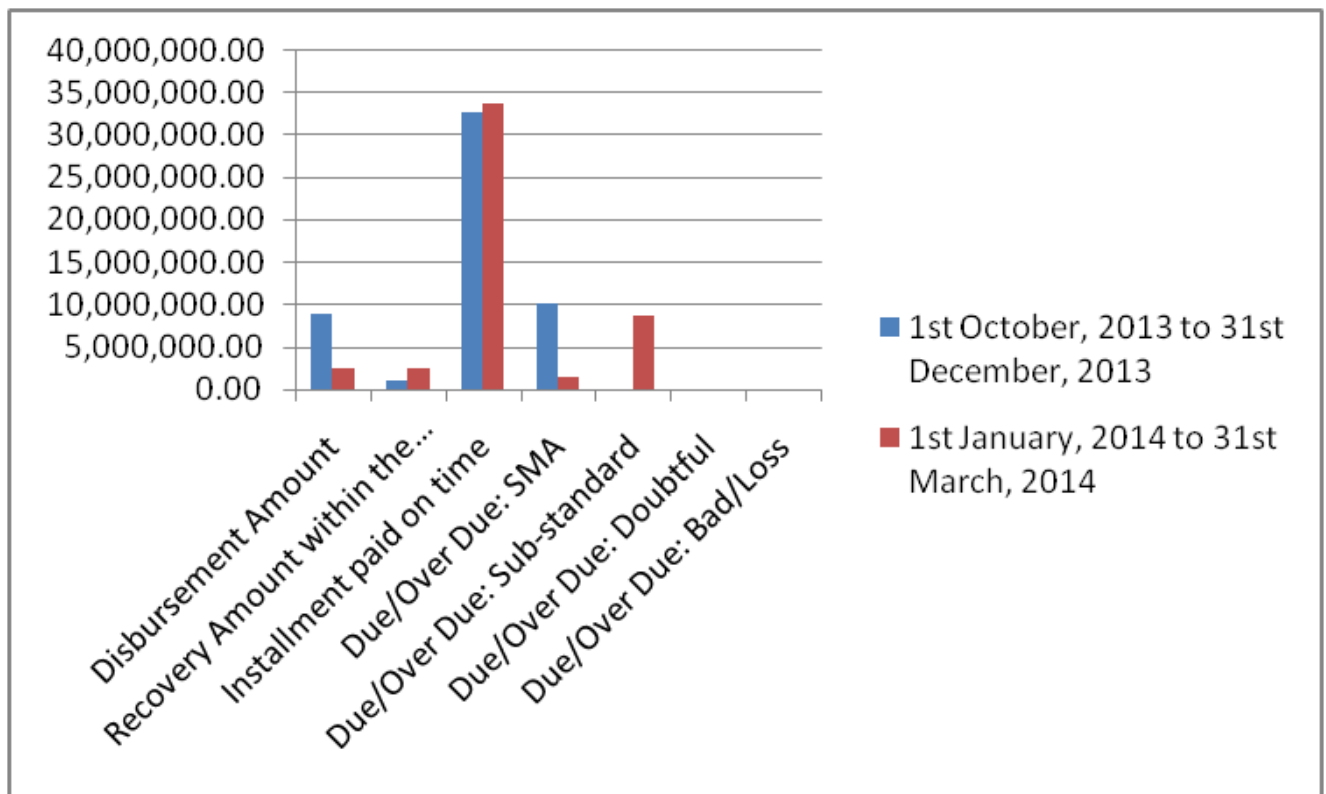
Trades & Commerce	1 st October, 2013 to 31 st December, 2013	1 st January, 2014 to 31 st March, 2014
Disbursement Amount within the Quarter	236,728,872.00	10,882,794.00
Recovery Amount within the Quarter	8,069,118.78	12,397,868.16
Installment paid on time	320,074,562.71	82,662,685.84
Due/Overdue: SMA	689,210.75	969,699.13
Due/Overdue: Sub-standard	980,462.08	622,939.18
Due/Overdue: Doubtful	2,975,571.48	485,293.77
Due/Overdue: Bad/Loss	256,620.34	3,272,696.11



In this quarter 31st March, 2014 the disbursement amount within the quarter of the trades & commerce sector has decreased than the last quarter but the recovery amount within the quarter has increased. Increase in recovery lead to a decrease in sub-standard due/overdue. It also shows that the amount of doubtful due/overdue has decrease but an increase in bad/loss due/overdue indicated that most of the doubtful due/overdue has shifted to bad/loss due/overdue. Installment paid on time has also decreased leading to an increase in SMA due/overdue. This shows those new loans are entering into SMA due /overdue.

4.3 Construction

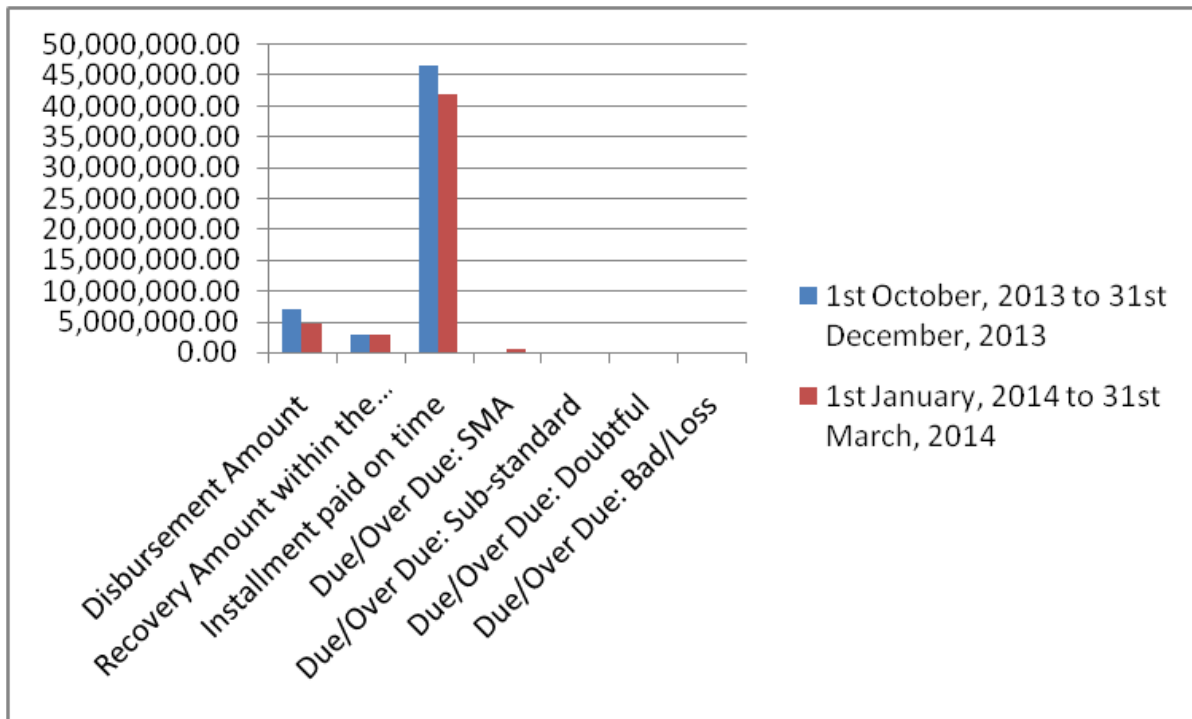
Construction	1 st October, 2013 to 31 st December, 2013	1 st January, 2014 to 31 st March, 2014
Disbursement Amount within the Quarter	8,893,000.00	2,500,000.00
Recovery Amount within the Quarter	1,076,970.00	2,455,871.18
Installment on time	32,743,942.17	33,781,358.67
Due/Over Due: SMA	10,187,333.82	1,545,764.91
Due/Over Due: Sub-standard	0.00	8,739,665.76
Due/Over Due: Doubtful	0.00	0.00
Due/Over Due: Bad/Loss	0.00	0.00



In this quarter 31st March, 2014 the disbursement amount within the quarter of the construction sector has decreased than the last quarter but the recovery amount within the quarter has increased. Increase in recovery lead to a decrease in SMA due/overdue. It also shows that the amount of sub-standard due/overdue was zero in last quarter but now it shows that huge amount of new loans has enter into that default category. It is good to see that no doubtful or bad/loss due/overdue is there for this sector in either quarter. Installment paid on time has increased but every little, not like the trades & commerce sector.

4.4 Consumer Finance

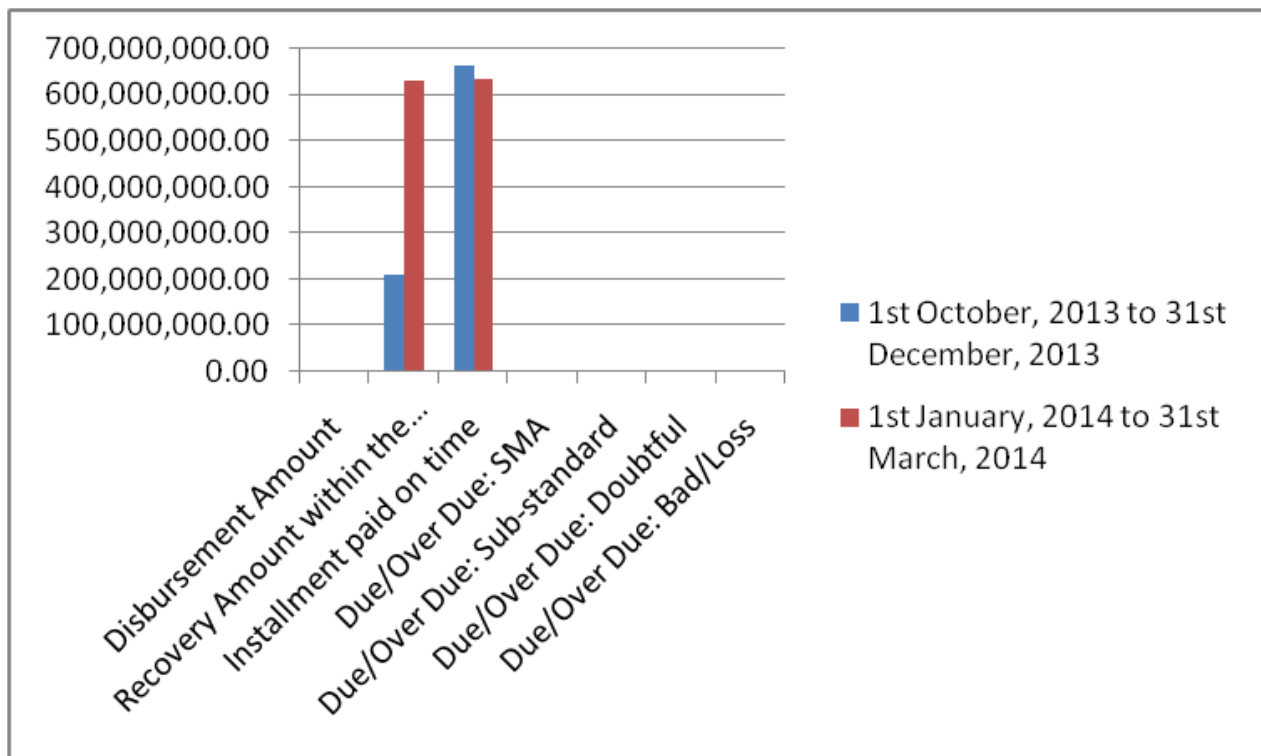
Consumer Finance	1 st October, 2013 to 31 st December, 2013	1 st January, 2014 to 31 st March, 2014
Disbursement Amount within the Quarter	6,904,500.00	4,715,000.00
Recovery Amount within the Quarter	2,821,083.97	2,763,596.72
Installment paid on time	46,517,192.00	42,078,021.17
Due/Over Due: SMA	0.00	638,801.02
Due/Over Due: Sub-standard	0.00	0.00
Due/Over Due: Doubtful	0.00	0.00
Due/Over Due: Bad/Loss	9,732.63	9,732.63



In this quarter 31st March, 2014 the disbursement amount within the quarter of the consumer finance sector has decreased than the last quarter and also the recovery amount within the quarter has decreased. The installment paid on time has also decrease. All the positive factor of this sector has decrease leading to an increase in SMA due/overdue. In last quarter there were no SMA but now in this quarter it is Tk. 638,801.02. Although there is no sub-standard or doubtful due/overdue in this quarter and also the bad/loss due/overdue has not increase that the previous quarter.

4.5 Industry

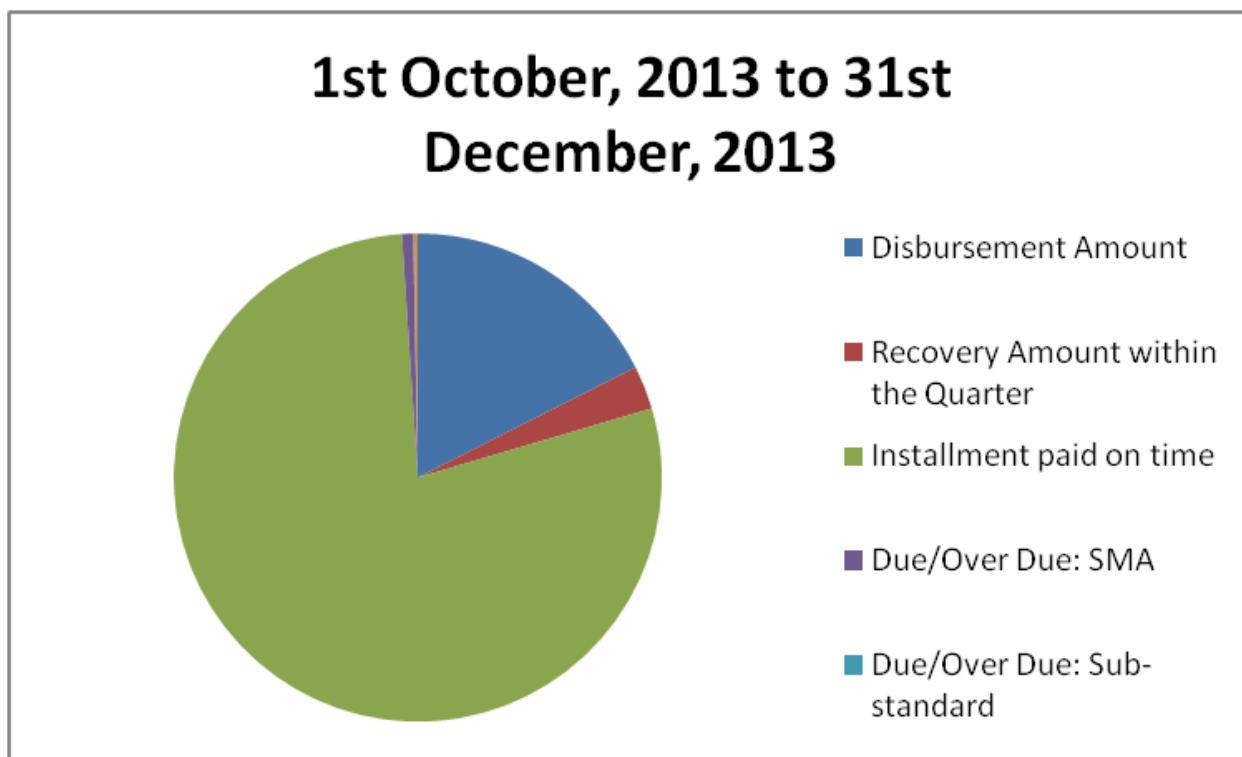
Industry	1 st October, 2013 to 31 st December, 2013	1 st January, 2014 to 31 st March, 2014
Disbursement Amount within the Quarter	0.00	0.00
Recovery Amount within the Quarter	209,950,649.30	629,548,195.28
Installment paid on time	662,031,551.04	634,358,574.49
Due/Over Due: SMA	0.00	0.00
Due/Over Due: Sub-standard	0.00	0.00
Due/Over Due: Doubtful	0.00	0.00
Due/Over Due: Bad/Loss	0.00	0.00



In this quarter 31st March, 2014 the disbursement amount within the quarter of the industry sector was zero. No new loans have been given to this sector. The earlier loans recovery is still on the process. The recovery amount within the quarter has increased than the last quarter. Installment paid on time has also increased than the previous quarter. There is no default loan in this sector.

4.6 Total Loan and Advance Statistics for the Quarters

Total Loan and Advance for the Quarter	1 st October, 2013 to 31 st December, 2013	1 st January, 2014 to 31 st March, 2014
Disbursement Amount	252,526,372.00	18,097,794.00
Recovery Amount within the Quarter	41,634,035.05	671,520,216.47
Installment paid on time	1,130,736,286.94	837,586,414.09
Due/Over Due: SMA	10,876,544.57	3,154,265.06
Due/Over Due: Sub-standard	980,462.08	9,362,604.94
Due/Over Due: Doubtful	2,975,571.48	485,293.77
Due/Over Due: Bad/Loss	266,352.97	3,282,428.74



In this quarter 31st March, 2014 the disbursement amount within the quarter of loans and advance has decreased. But recovery amount within the quarter has increased than the previous quarter. Installment paid on time was higher in last quarter. Increase in recovery amount within the quarter shows that the bank has been able to recover default loans but as the installment paid on time has decreased, new loans are entering into default loan categories. Few of the SMA due/overdue has been recovered but then rest shifted to the next category. Likewise doubtful due/overdue has also shifted to next category leading to an increase in both the sub-standard and the bad/loss due/overdue than the previous quarter.

Chapter 5

Financial Statement Analysis



Chapter 5

5.1 Ratio Analysis

Ratio Analysis is a form of Financial Statement Analysis that is used to obtain a quick indication of a firm's financial performance in several key areas. The ratios are categorized as Short-term Solvency Ratios, Debt Management Ratios, Asset Management Ratios, Profitability Ratios, and Market Value Ratios.

Ratio Analysis as a tool possesses several important features. The data, which are provided by financial statements, are readily available. The computation of ratios facilitates the comparison of firms which differ in size. Ratios can be used to compare a firm's financial performance with industry averages. In addition, ratios can be used in a form of trend analysis to identify areas where performance has improved or deteriorated over time.

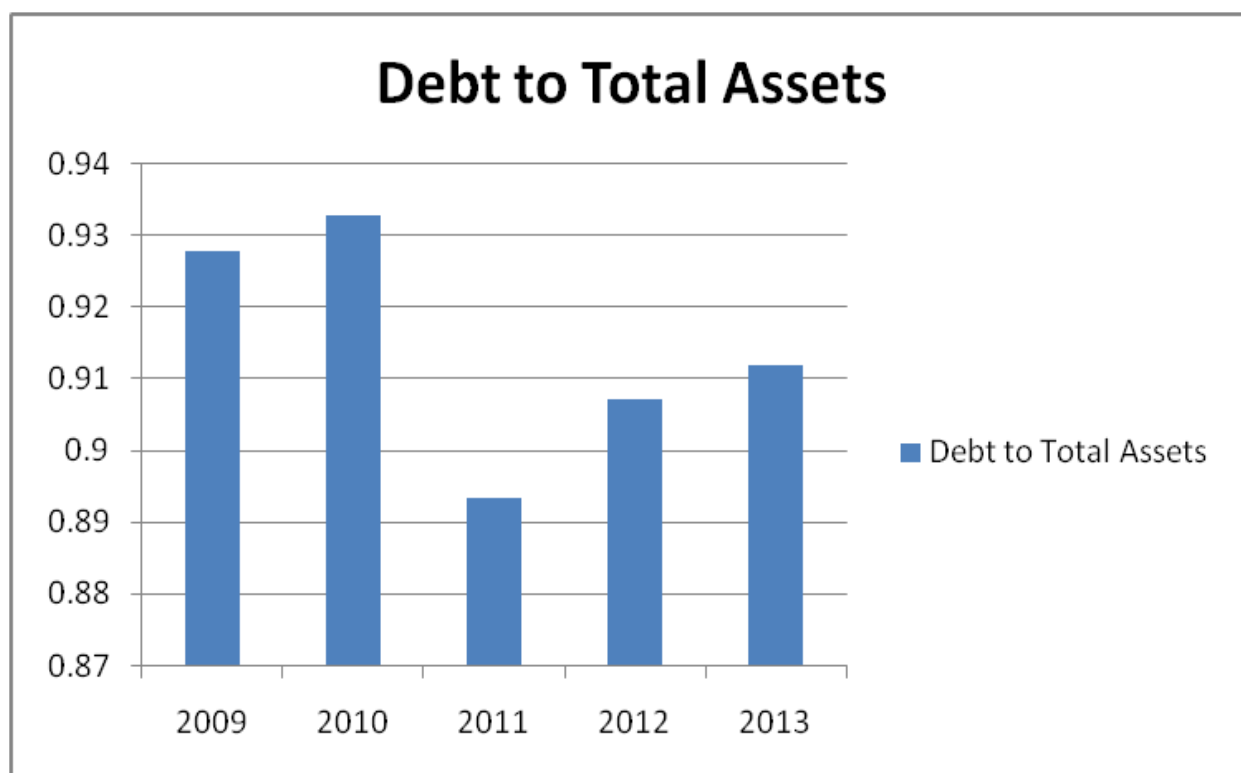
All the calculation or table presented in this chapter is in taka.

5.2 Debt to Total Assets

Total debt to total assets is a leverage ratio that defines the total amount of debt relative to assets. This enables comparisons of leverage to be made across different companies

$$\text{Debt to Total Assets} = \frac{\text{Total Assets} - \text{Total Owner's Equity}}{\text{Total Assets}}$$

	2009	2010	2011	2012	2013
Total Assets	68,663,199,976	105,198,050,148	118,143,507,367	141,235,371,839	165,067,196,178
Total Owner's Equity	4,954,144,557	7,059,943,201	12,605,985,709	13,114,164,888	14,557,419,056
Debt to Total Assets	0.928	0.933	0.893	0.907	0.912



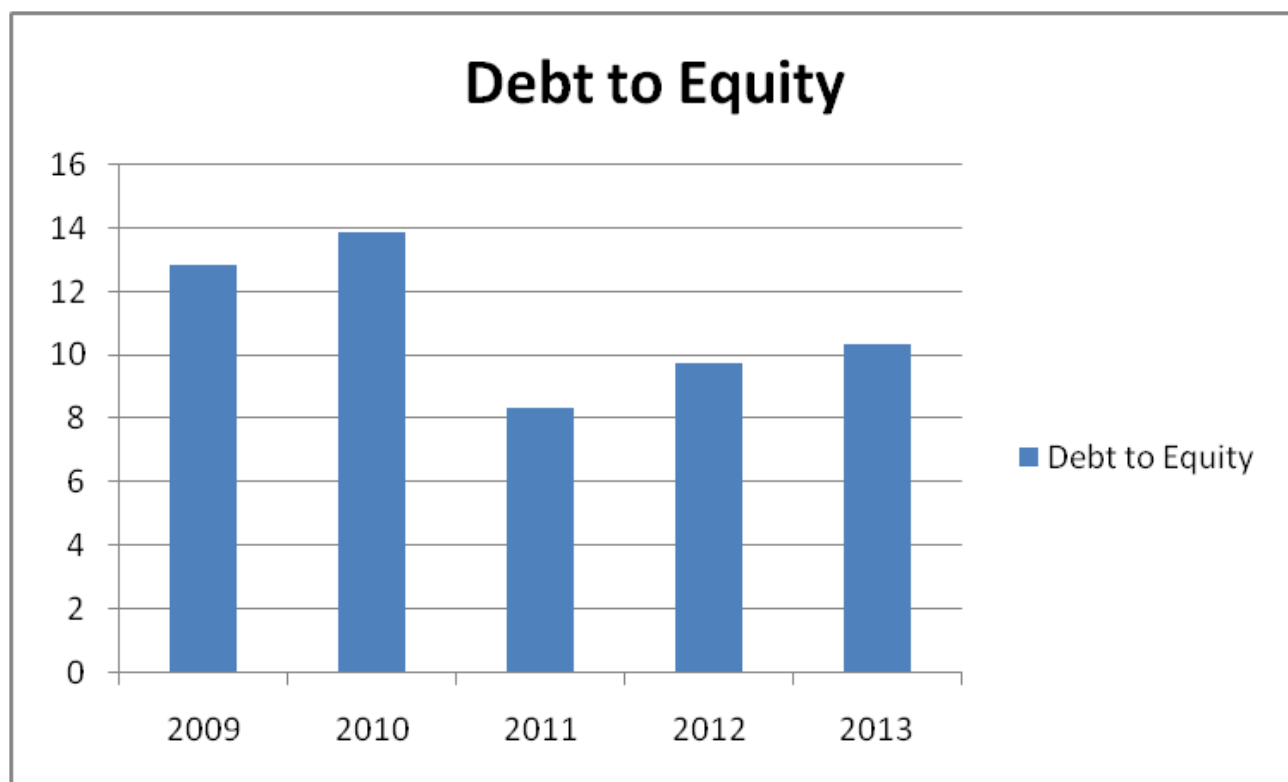
The debt to total assets ratio of Bank Asia has no fixed trend. In 2010 it increased from 0.928 to 0.933 but the following year 2011 it decreased to 0.893. Like wise in next year 2012 it again increased from 0.893 to 0.907 but in 2013 it seems to be out of the up and down trend. In 2013 debt to total assets ration increased from 0.907 to 0.912. Till 2011 they had no trend but now it seems they have a increasing trend, which is not a good situation. If the trend continues to go like this then the company will have high degree of leverage leading to a low level of financial flexibility. The highest debt to total assets ratio was in 2010 0.932 and the lowest was in 2011 0.893.

5.3 Debt to Equity

Debt to equity ratio is use to measure a company's financial leverage. This is calculated by dividing total liabilities by stockholders' equity. It indicates what proportion of equity and debt the company is using to finance its assets.

$$\text{Debt to Equity} = \frac{\text{Total Liability}}{\text{Total Owner's Equity}}$$

	2009	2010	2011	2012	2013
Total Liability	63,709,055,419	98,138,106,947	105,537,521,658	128,121,206,951	150,509,777,122
Total Owner's Equity	4,954,144,557	7,059,943,201	12,605,985,709	13,114,164,888	14,557,419,056
Debt to Equity	12.86	13.90	8.37	9.77	10.34



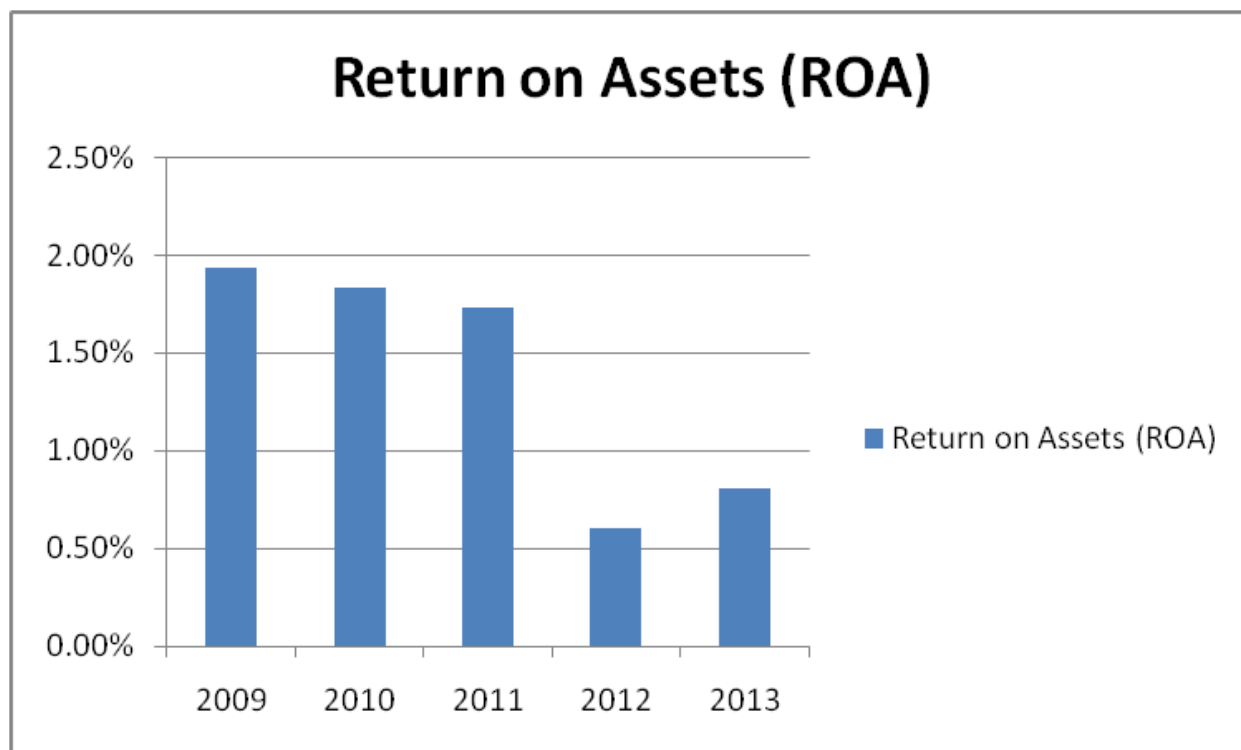
The debt to equity ratio of the bank shows that it has an increasing trend from 2011 to 2013. In 2010 the debt to equity ratio increased from 12.86 to 13.90. In 2011 it decreased to 8.37 but then afterwards the ratio seems to increase from 8.37 to 9.77 in 2012 and to 10.34 from 9.77 in 2013. Till 2011 they had no trend but now it seems they have a increasing trend. For a bank assets are loans that they disburse and liabilities are deposits that they get from their customers. A banks job is to take deposits from one customer and lend that money as loan to another. So a bank is likely to have a high debt to equity. The debt to equity of 2013 shows that to finance an asset the bank has used 1 taka of its owner equity and 10.34 taka of liability.

5.4 Return on Assets (ROA)

The Return on Assets Ratio indicates the income earned by the firm on its assets. It is important to remember that the ratio is based on accounting book values and not on market values.

$$\text{Return on Asstes (ROA)} = \frac{\text{Net Income after Tax}}{\text{Total Assets}}$$

	2009	2010	2011	2012	2013
Net Income After Tax	1,327,184,458	1,929,582,157	2,043,256,551	849,941,367	1,330,538,402
Total Assets	68,663,199,976	105,198,050,148	118,143,507,367	141,235,371,839	165,067,196,178
Return on Assets (ROA)	1.93%	1.83%	1.73%	0.60%	0.81%



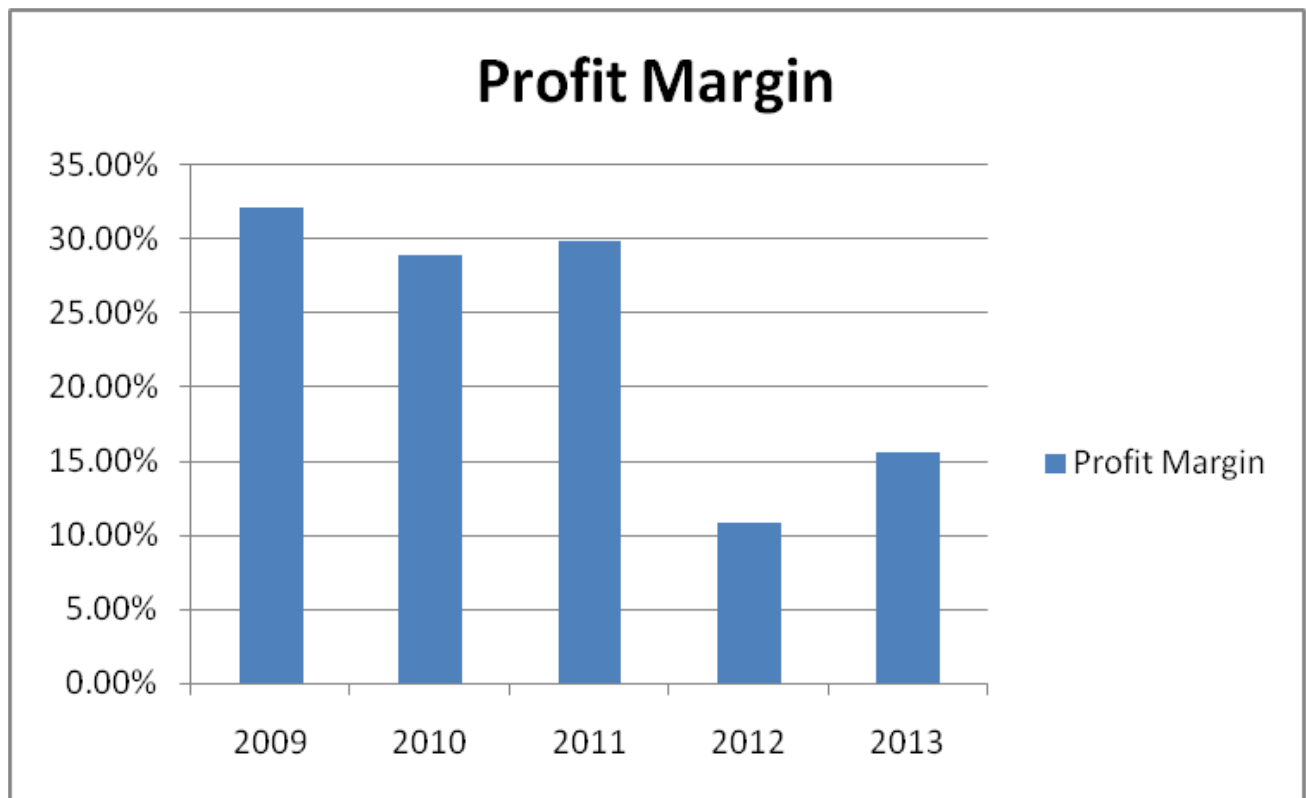
This ratio shows that the bank has a decreasing trend from 2009 to 2012. In 2009 return on assets of Bank Asia was 1.93% which decreased in 2010 to 1.83% in 2010. Likewise in 2011 it continued to decrease. It decreased from 1.83% to 1.73% in 2011, but in 2012 it has the highest downfall. In 2012 it decreased by 1.13%. 0.60% was their return on assets in 2012. Then again in 2013 the percentage increased, it increased from 0.60% to 0.81%. The highest ROA was in 2009 1.93% and the lowest was in 2012 0.60%. The ROA of 2013 indicates that the bank is earning a profit of 0.0081 of every 1 taka of assets.

5.5 Return on Equity (ROE)

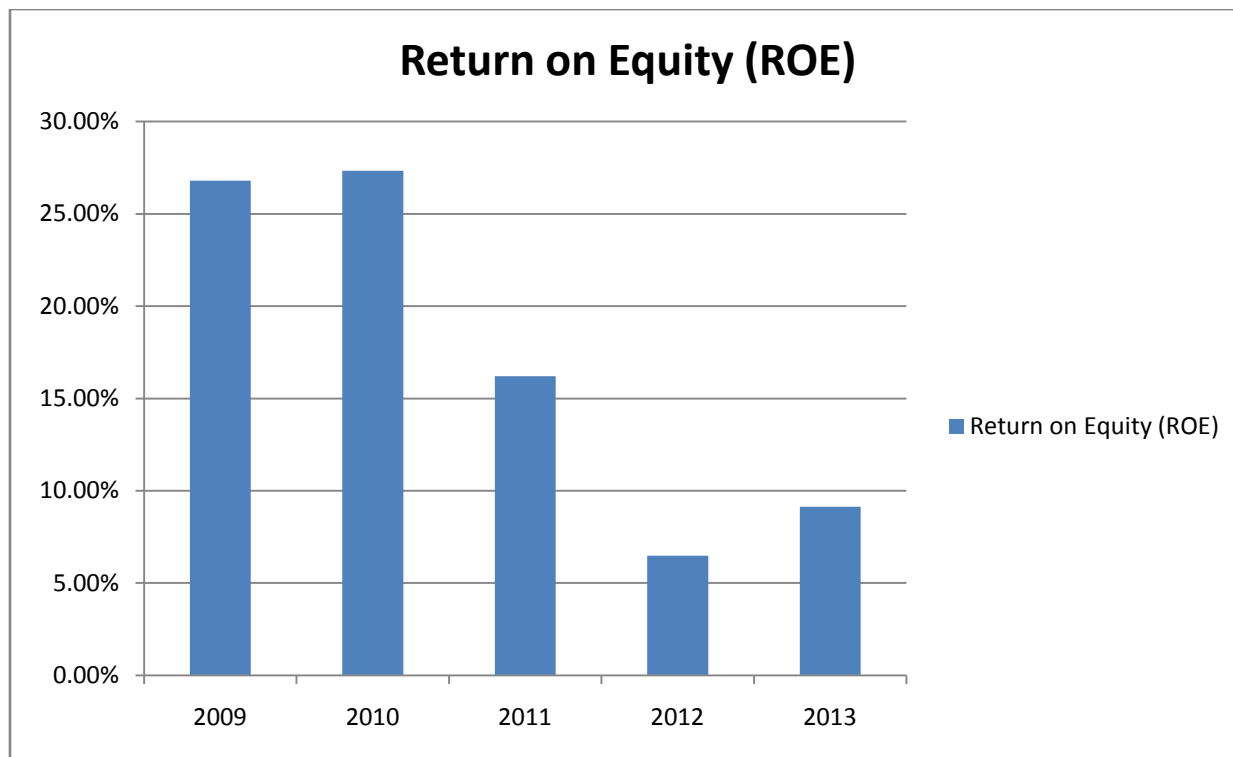
The Return on Equity Ratio indicates the income earned by the firm on its shareholders' equity. It is important to remember that the ratio is based on accounting book values and not on market values.

$$\text{Return on Equity (ROE)} = \frac{\text{Net Income after Tax}}{\text{Operating Income}} \times \frac{\text{Operating Income}}{\text{Total Assets}} \times \frac{\text{Total Assets}}{\text{Total Owner's Equity}}$$

	2009	2010	2011	2012	2013
Net Income After Tax	1,327,184,458	1,929,582,157	2,043,256,551	849,941,367	1,330,538,402
Total Operating Income	4,129,503,653	6,670,998,590	6,830,071,711	7,884,761,090	8,515,429,452
Total Assets	68,663,199,976	105,198,050,148	118,143,507,367	141,235,371,839	165,067,196,178
Total Owner's Equity	4,954,144,557	7,059,943,201	12,605,985,709	13,114,164,888	14,557,419,056
Profit Margin	32.14%	28.92%	29.92%	10.78%	15.63%
Equity Multiplier	13.85974898	14.90069355	9.372016603	10.76968096	11.33904269
Return on Equity (ROE)	26.79%	27.33%	16.21%	6.48%	9.14%



The profit margin of Bank Asia in 2009 was 32.14% which decreased to 28.92% in 2010. In 2011 the profit increased but every little, it rose to 29.92% from 28.92%. In 2012 it had a sightful decrease; it fell to 10.78% from 29.92%. In 2013 it again increased, now it is 15.63% which means for every 1 taka Bank Asia has a profit margin of 0.1563 taka. The highest profit margin was in 2009 32.14% and the lowest was in 2012 10.78%.



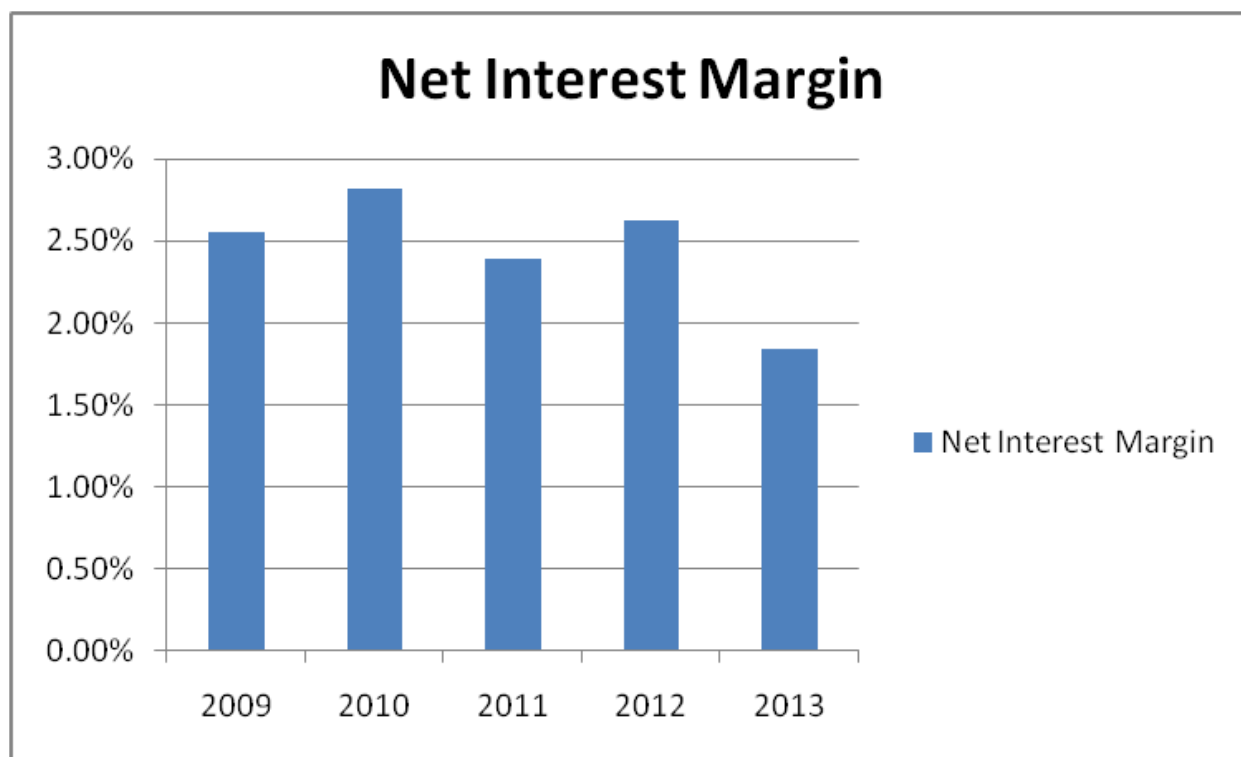
The return on equity (ROE) of the bank had a positive growth in 2010, then in the next two consecutive years that is 2011 and 2012 it had a negative growth but in recent year 2013 it has a positive growth. In 2010 the ROE increased from 26.79% to 27.33%. In 2011 it decreased tremendously, the ROE went straight down to 16.21% from 27.33%. This downfall was carried to the next year as well. In 2012 it was 6.48% but in 2013 it increased to 9.14%. The highest ROE was in 2010 27.33% and the lowest was in 2012 6.48%. This means that in 2013 the bank used 1taka assets to earn a profit of 0.0914 taka against its owner equity.

5.6 Net Interest Margin

Net interest margin shows how successful a firm's investment decisions are compared to its debt situations. A negative value denotes that the firm did not make an optimal decision, because interest expenses were greater than the amount of returns generated by investments.

$$\text{Net Interest Margin} = \frac{\text{Interest Income} - \text{Interest Expense}}{\text{Total Assets}}$$

	2009	2010	2011	2012	2013
Interest Income	6,247,494,941	8,381,354,215	11,409,807,639	13,888,800,933	14,718,904,894
Interest Expense	4,498,016,814	5,420,584,211	8,583,660,163	10,182,880,501	11,675,083,980
Total Assets	68,663,199,976	105,198,050,148	118,143,507,367	141,235,371,839	165,067,196,178
Net Interest Margin	2.55%	2.81%	2.39%	2.62%	1.84%



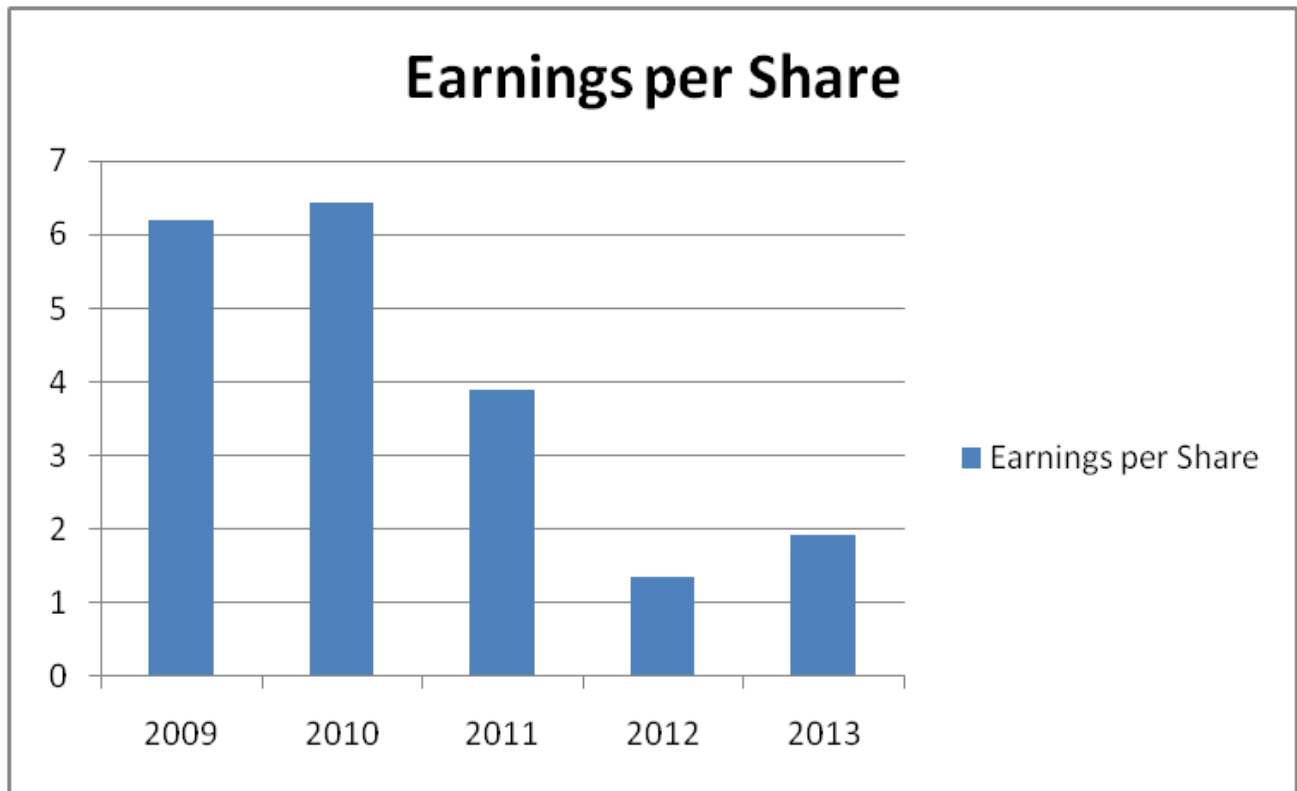
The net interest margin of the bank has an up and down trend. In 2010 it increased from 2.55% to 2.81% but in 2011 it decreased to 2.39%. In 2012 it again had a positive growth. The ratio increased from 2.39% to 2.62% but in recent year that 2013 it again decreased. Now it is 1.84%. The highest net interest margin was in 2010 2.81% and the lowest was in 2013 1.84%. This means that their investment decision compared to debt situation was not better than the last year. In 2013 the bank was able to generate a profit of 0.0184 taka for every 1 taka of its assets.

5.7 Earnings per Share

The earnings per share ratio (EPS) measure the amount of a company's net income that is theoretically available for payment to the holders of its common stock. A company with high earnings per share ratio is capable of generating a significant dividend for investors, or it may plow the funds back into its business for more growth; in either case, a high ratio indicates a potentially worthwhile investment, depending on the market price of the stock.

$$\text{Earnings per Share} = \frac{\text{Net Income after Tax}}{\text{Common Equity Shares Outstanding}}$$

	2009	2010	2011	2012	2013
Net Income After Tax	1,327,184,458	1,929,582,157	2,043,256,551	849,941,367	1,330,538,402
Common Equity/shares Outstanding	214,481,250	300,273,750	525,479,060	630,574,872	693,632,359
Earnings per Share	6.19	6.43	3.89	1.35	1.92



The earnings per share (EPS) of Bank Asia has a positive increase for one year then negative growth for consecutive years and then again a positive growth. In 2010 the EPS increased to 6.43 from 6.19, but in 2011 and 2012 it had a negative growth. In 2011 it was 3.89 which again decreased in 2012 to 1.35. In recent year that is 2013 it has a positive growth. Now the ESP is 1.92. The highest earnings per share was in 2010 6.42 and the lowest was in 2012 1.35. This indicates that the earnings per share are 0.0192 taka for every 1 taka asset the bank uses.

Chapter 6

Conclusion and Recommendation



6.1 Recommendation

The branch has been in the operation for last 5 (five) years without any downfall but during these 4 (four) months of my internship experience and while preparing the report I felt some minor change might help the branch as well as the organization to perform more effectively.

- The branch lack staff in the customer service department. If more staff is recruited in the customer service then the employees will be able to serve customer faster.
- The branch should start a token system customer service, so that the customers can be served according to the token number.
- The software (staler) that is use to do daily works sometimes does not work properly. As a result customer of any department of the branch is not served on time, the organization need to improve its software system to have more customer satisfaction.
- The branch should have more staff in the credit department so that they monitor the loans time to time and can recover the loans as bad/loss and sub-standard due/overdue has increased a lot then the previous quarter.
- The net interest margin has decreased in 2013 that means they are not making proper investment decision. They need to increase their interest margin by either decreasing the interest on deposits or increasing it on loans.
- The organization should look into its Earnings per Share (EPS). Their EPS is very low in recent years. They should increase their net income after tax to have an increase in EPS.
- The organization is not into promotional activities. They need to do some promotional activities so that people come to know about them. This will help to increase their number of customers.

6.2 Conclusion

Loans and advance credit program is an important development scheme in the banking sector in most of the developing economies including Bangladesh. In Bangladesh people of limited monthly income are faced with the problem of improving their standard of living. Loans and advance credit program helps them to improve their standard of living.

While preparing this report I got the chance to see the current scenario of an organization's loans and advance in the market. Through this report I saw that the current situation of loans and advance of Bank Asia Limited, Moghbazar branch is not in a good position. In this quarter their bad/loss due/overdue has increased a lot. This report also helped me to understand the performance of the whole organization. To some extent I felt the organization is not living up to its standard in the recent years.

I have tried my level best to combine my theoretical and 3 months internship knowledge to prepare this report. I hope the report will be useful to the reader.

Chapter 7

Reference, Calculations and Attachments



Reference

To complete this report the useful secondary sources I have used are mentioned below

Internet:

- <http://bankerguide.wordpress.com/>
- <http://www.investopedia.com/>
- <http://www.prenhall.com/divisions/bp/app/cfi/RA/RatioAnalysis.html>
- <http://www.bankasia-bd.com/home/index>

Annual reports

- Annual Report of Bank Asia Limited 2013
- Annual Report of Bank Asia Limited 2012
- Annual Report of Bank Asia Limited 2011
- Annual Report of Bank Asia Limited 2010
- Annual Report of Bank Asia Limited 2009

A circular from Bank Asia Limited Corporate Office, Circular No. 14 dated 23rd September, 2012

Calculations

	2009	2010	2011	2012	2013
Total Assets	68,663,199,976	105,198,050,148	118,143,507,367	141,235,371,839	165,067,196,178
Total Liability	63,709,055,419	98,138,106,947	105,537,521,658	128,121,206,951	150,509,777,122
Interest Income	6,247,494,941	8,381,354,215	11,409,807,639	13,888,800,933	14,718,904,894
Interest Expense	4,498,016,814	5,420,584,211	8,583,660,163	10,182,880,501	11,675,083,980
Total Owner's Equity	4,954,144,557	7,059,943,201	12,605,985,709	13,114,164,888	14,557,419,056
Net Income After Tax	1,327,184,458	1,929,582,157	2,043,256,551	849,941,367	1,330,538,402
Common Equity/shares Outstanding	214,481,250	300,273,750	525,479,060	630,574,872	693,632,359
Total Operating Income	4,129,503,653	6,670,998,590	6,830,071,711	7,884,761,090	8,515,429,452
Total Operating Expense	1,512,465,951	2,422,133,786	2,606,247,459	2,874,720,292	3,214,731,899

	2009	2010	2011	2012	2013
Debt to Total Assets	0.928	0.933	0.893	0.907	0.912

	2009	2010	2011	2012	2013
Debt to Equity	12.86	13.90	8.37	9.77	10.34

	2009	2010	2011	2012	2013
Return on Assets (ROA)	1.93%	1.83%	1.73%	0.60%	0.81%

	2009	2010	2011	2012	2013
Profit Margin	32.14%	28.92%	29.92%	10.78%	15.63%

	2009	2010	2011	2012	2013
Equity Multiplier	13.86	14.90	9.37	10.77	11.34

	2009	2010	2011	2012	2013
Return on Equity (ROE)	26.79%	27.33%	16.21%	6.48%	9.14%

	2009	2010	2011	2012	2013
Net Interest Margin	2.55%	2.81%	2.39%	2.62%	1.84%

	2009	2010	2011	2012	2013
Earnings per Share	6.19	6.43	3.89	1.35	1.92

CONSOLIDATED BALANCE SHEET




at 31 December 2013


	Notes	Amount in Taka	
		At 31 Dec 2013	At 31 Dec 2012
PROPERTY AND ASSETS			
Cash	4(a)	9,710,625,661	6,595,671,727
In hand (including foreign currencies)	4.1(a)	1,623,748,920	1,164,965,704
Balance with Bangladesh Bank and its agent bank (including foreign currencies)	4.2(a)	8,086,876,741	5,430,706,023
Balance with other banks and financial institutions	5(a)	1,368,921,853	3,710,892,710
In Bangladesh		1,330,150,719	1,924,092,237
Outside Bangladesh		38,771,134	1,786,800,473
Money at call and on short notice	6(a)	-	220,000,000
Investments	7(a)	34,111,552,052	25,268,882,682
Government		30,512,642,417	19,511,797,233
Others		3,598,909,635	5,757,085,449
Loans and advances/investments	8(a)	107,942,564,235	93,410,427,870
Loans, cash credits, overdrafts, etc/investments		104,106,039,712	89,186,791,710
Bills purchased and discounted		3,836,524,523	4,223,636,160
Fixed assets including premises, furniture and fixtures	9(a)	5,310,777,180	4,548,895,099
Other assets	10(a)	6,622,755,197	7,480,601,751
Non - banking assets		-	-
Total assets		165,067,196,178	141,235,371,839
LIABILITIES AND CAPITAL			
Liabilities			
Borrowings from other banks, financial institutions and agents			
Subordinated non-convertible zero coupon bonds	11(a)	2,359,117,075	4,275,010,476
Deposits and other accounts	11(aa)	599,998,411	599,998,411
Deposits and other accounts	12(a)	133,682,889,808	110,175,528,580
Current/AI-wadeeah current accounts and other accounts		17,318,034,961	14,844,632,927
Bills payable		1,667,720,280	1,502,901,195
Savings bank/Mudaraba savings bank deposits		12,827,249,596	10,613,363,599
Fixed deposits/Mudaraba fixed deposits		101,869,884,971	83,214,630,859
Bearer certificates of deposit		-	-
Other deposits		-	-
Other liabilities	13(a)	13,867,771,828	13,070,669,484
Total liabilities		150,509,777,122	128,121,206,951
Capital/shareholders' equity			
Total shareholders' equity		14,557,419,056	13,114,164,888
Paid-up capital	14.2	6,936,323,590	6,305,748,720
Share premium		330	330
Statutory reserve	15	4,208,075,877	3,503,958,171
Revaluation reserve	16(a)	2,705,391,603	2,592,675,837
General reserves		8,166,144	8,166,144
Retained earnings	17(a)	699,449,908	703,603,495
Non-controlling (minority) interest	17(b)	11,604	12,191
Total liabilities and shareholders' equity		165,067,196,178	141,235,371,839

CONSOLIDATED
PROFIT AND LOSS STATEMENT
 FOR THE YEAR ENDED 31 DECEMBER 2013

	Notes	Amount in Taka	
		Year ended 31 Dec 2013	Year ended 31 Dec 2012
OPERATING INCOME			
Interest income	20(a)	14,718,904,894	13,888,800,933
Interest paid on deposits and borrowings, etc	21(a)	(11,675,083,980)	(10,182,880,501)
Net interest income		3,043,820,914	3,705,920,432
Investment income	22(a)	3,055,009,284	1,840,646,106
Commission, exchange and brokerage	23(a)	1,912,082,603	1,881,617,259
Other operating income	24(a)	504,516,651	456,577,293
		5,471,608,538	4,178,840,658
Total operating income (A)		8,515,429,452	7,884,761,090
OPERATING EXPENSES			
Salaries and allowances	25(a)	1,487,461,781	1,322,836,874
Rent, taxes, insurance, electricity, etc	26(a)	388,742,958	346,012,541
Legal expenses	27(a)	9,144,734	7,470,346
Postage, stamp, telecommunication, etc	28(a)	68,512,059	57,517,258
Stationery, printing, advertisements, etc	29(a)	70,553,652	71,173,902
Managing Director's salary and fees	30	13,000,000	12,200,000
Directors' fees	31(a)	1,840,750	2,190,240
Auditors' fees	32(a)	1,956,800	1,930,785
Depreciation and repairs of Bank's assets	33(a)	387,349,133	347,908,531
Other expenses	34(a)	786,170,032	705,479,815
Total operating expenses (B)		3,214,731,899	2,874,720,292
Profit before provision (C=A-B)		5,300,697,553	5,010,040,798
Provision for loans and advances/investments			
General provision		49,000,849	15,174,646
Specific provision		1,519,802,819	2,075,183,808
		1,568,803,668	2,090,358,454
Provision for off-balance sheet items		79,485,283	130,572,366
Provision for diminution in value of investments	34(c)	247,053,414	100,220,768
Other provisions		-	7,877,361
Total provision (D)		1,895,342,365	2,329,028,949
Total profit before tax (C-D)		3,405,355,188	2,681,011,849
Provision for taxation			
Current tax	13.4.1(a)	2,055,629,854	1,804,625,023
Deferred tax	13.4.2(a)	19,186,932	26,445,459
		2,074,816,786	1,831,070,482
Net profit after tax		1,330,538,402	849,941,367
Appropriations			
Statutory reserve	15	704,117,706	544,599,399
General reserve		-	-
		704,117,706	544,599,399
Retained surplus		626,420,696	305,341,968
Attributable to:			
Equity holders of Bank Asia Limited		626,421,283	305,340,948
Non-controlling (minority) interest		(587)	1,020
		626,420,696	305,341,968
Earnings Per Share (EPS)	37(a)	1.92	1.23

See annexed notes, for Bank Asia Limited

 Chairman	 Director	 Director	 Director	 President and Managing Director
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 Auditors
 S. F. AHMED & CO
 Chartered Accountants
 House-51, Road-9, Block-F, Banani, Dhaka-1213
 Dated, March 05, 2014

Consolidated
Balance Sheet
as at 31 December 2011

	Notes	Amount in Taka	
		At 31 Dec 2011	At 31 Dec 2010
PROPERTY AND ASSETS			
Cash	4(a)	7,027,684,197	5,878,497,950
In hand (Including foreign currencies)		975,478,768	766,251,685
Balance with Bangladesh Bank and its agent bank (Including foreign currencies)		6,052,205,429	5,112,246,265
Balance with other banks and financial institutions	5(a)	1,738,544,646	580,206,294
In Bangladesh		1,234,834,514	554,576,691
Outside Bangladesh		503,710,132	25,629,603
Money at call and on short notice	6(a)	-	-
Investments	7(a)	16,107,661,266	12,575,700,932
Government		11,386,330,500	10,418,136,207
Others		4,721,330,766	2,157,564,725
Loans and advances/investments	8(a)	83,343,069,145	79,504,232,613
Loans, cash credits, overdrafts, etc/Investments		75,646,924,050	70,219,189,799
Bills purchased and discounted		7,696,145,095	9,285,042,814
Fixed assets including premises, furniture and fixtures	9(a)	4,618,831,326	1,837,283,978
Other assets	10(a)	5,307,716,787	4,822,128,381
Non - banking assets		-	-
Total assets		118,143,507,367	105,198,050,148
LIABILITIES AND CAPITAL			
Liabilities			
Borrowings from other banks, Financial Institution and agents	11(a)	1,226,743,285	5,163,774,972
Deposits and other accounts	12(a)	95,133,539,489	86,365,638,147
Current/AI-wadeeah current accounts and other accounts		12,024,446,868	11,631,173,000
Bills payable		1,102,014,310	898,703,046
Savings bank/Mudaraba savings bank deposits		9,060,930,520	7,947,958,226
Fixed deposits/Mudaraba fixed deposits		72,946,147,792	65,887,803,875
Bearer certificates of deposit		-	-
Other deposits		-	-
Other liabilities	13(a)	9,177,238,884	6,608,693,828
Total liabilities		105,537,521,658	98,138,106,947
Capital/shareholders' equity		12,605,985,709	7,059,943,201
Total shareholders' equity		12,605,985,709	7,059,943,201
Paid-up capital	14.2	5,254,790,600	3,002,737,500
Non-controlling (Minority) Interest		10,000	-
Share premium		330	330
Statutory reserve	15	2,959,358,772	2,272,917,429
Revaluation reserve	16(a)	2,934,436,025	482,618,168
Exchange equalization reserve		-	-
Other reserves		8,166,144	8,166,144
Retained earnings	17(a)	1,449,223,838	1,293,503,630
Total liabilities and shareholders' equity		118,143,507,367	105,198,050,148

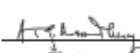
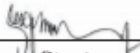
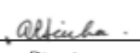
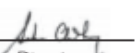
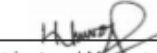
Consolidated

Profit and Loss Statement

for the year ended 31 December 2011

	Notes	Amount in Taka	
		Year ended 31 Dec 2011	Year ended 31 Dec 2010
OPERATING INCOME			
Interest Income	20(a)	11,409,807,639	8,381,354,215
Interest paid on deposits and borrowings, etc	21(a)	(8,583,660,163)	(5,420,584,211)
Net interest income		<u>2,826,147,476</u>	<u>2,960,770,004</u>
Investment Income	22	1,445,005,452	1,163,499,707
Commission, exchange and brokerage	23(a)	2,258,786,748	2,141,480,860
Other operating Income	24(a)	300,132,035	405,248,019
		<u>4,003,924,235</u>	<u>3,710,228,586</u>
Total operating income (A)		<u>6,830,071,711</u>	<u>6,670,998,590</u>
OPERATING EXPENSES			
Salaries and allowances	25(a)	1,122,537,823	1,015,219,528
Rent, taxes, insurance, electricity, etc	26(a)	298,517,672	158,628,865
Legal expenses	27(a)	5,479,733	4,196,492
Postage, stamp, telecommunication, etc	28(a)	25,901,471	21,267,327
Stationery, printing, advertisements, etc	29(a)	80,517,950	84,019,298
Managing Director's salary and fees	30	7,368,420	6,417,200
Directors' fees	31(a)	2,289,750	1,582,000
Auditors' fees	32(a)	2,270,909	450,000
Depreciation and repairs of Bank's assets	33(a)	340,108,142	258,136,618
Other expenses	34(a)	721,255,589	872,216,458
Total operating expenses (B)		<u>2,606,247,459</u>	<u>2,422,133,786</u>
Profit before provision (C=A-B)		<u>4,223,824,252</u>	<u>4,248,864,804</u>
Provision for loans and advances/Investments			
General provision		14,308,463	336,784,856
Specific provision		402,341,928	140,787,589
		<u>416,650,391</u>	<u>477,572,445</u>
Provision for off-balance sheet items		47,464,303	167,933,919
Provision for diminution in value of Investments		88,837,091	23,818,658
Other provisions		56,810,639	19,040
Total provision (D)		<u>609,762,424</u>	<u>669,344,062</u>
Total profit before tax (C-D)		<u>3,614,061,828</u>	<u>3,579,520,742</u>
Provision for taxation			
Current tax	13.5.1(a)	1,570,805,277	1,498,735,610
Deferred tax	13.5.2	-	151,202,975
		<u>1,570,805,277</u>	<u>1,649,938,585</u>
Net profit after taxation		<u>2,043,256,551</u>	<u>1,929,582,157</u>
Appropriations			
Statutory reserve	15	686,441,343	715,904,148
General reserve		-	-
		<u>686,441,343</u>	<u>715,904,148</u>
Retained surplus	17 (a)	<u>1,356,815,208</u>	<u>1,213,678,009</u>
Consolidated Earnings Per Share (EPS)	37(a)	<u>3.89</u>	<u>4.59</u>

See annexed notes, For Bank Asia Limited

 Chairman	 Director	 Director	 Director	 President and Managing Director
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Auditors

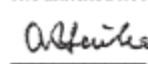
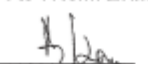
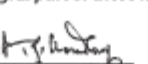
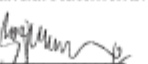

 S. F. AHMED & CO
 Chartered Accountants

BALANCE SHEET as at 31 December 2009

PROPERTY AND ASSETS	Notes	2009 Taka	2008 Taka
Cash	4		
In hand (including foreign currencies)		473,828,721	330,107,498
Balance with Bangladesh Bank and its agent bank (including foreign currencies)		3,286,540,028	2,688,675,135
		3,760,368,749	3,018,782,633
Balance with other banks and financial institutions	5		
In Bangladesh		1,110,162,272	1,094,542,411
Outside Bangladesh		236,272,165	310,301,087
		1,346,434,437	1,404,843,498
Money at call and on short notice	6		
Investments	7		
Government		8,902,784,540	5,669,954,393
Others		760,312,998	463,859,956
		9,663,097,538	6,133,814,349
Loans and advances/investments	8		
Loans, cash credit, overdrafts etc./investments		45,805,969,766	36,487,405,727
Bills purchased and discounted		4,461,947,673	3,487,592,908
		50,267,917,439	39,974,998,635
Fixed assets including premises, furniture and fixtures	9	1,018,375,117	644,249,923
Other assets	10	2,607,006,696	2,194,558,025
Non - banking assets		-	-
Total assets		<u>68,663,199,976</u>	<u>53,371,247,063</u>
LIABILITIES AND CAPITAL			
Liabilities			
Borrowings from other banks, financial institutions and agents	11	2,178,448,571	1,615,750,000
Deposits and other accounts	12		
Current/Al-wadeeah current accounts and other accounts		5,325,633,048	3,364,529,634
Bills payable		724,131,935	603,605,742
Savings bank/Mudaraba savings bank deposits		4,935,720,360	2,822,379,865
Fixed deposits/Mudaraba fixed deposits		43,847,332,887	35,644,723,745
Bearer certificates of deposit		-	-
Other deposits		-	-
		54,832,818,230	42,435,238,986
Other liabilities	13	6,697,788,618	5,987,300,730
Total liabilities		<u>63,709,055,419</u>	<u>50,038,289,716</u>
Capital/shareholders' equity			
Paid up capital	14.2	2,144,812,500	1,743,750,000
Share premium		330	330
Statutory reserve	15	1,557,013,281	1,099,774,787
Revaluation reserve	16	306,401,681	12,398,929
Exchange equalization reserve		3,339,553	3,339,553
Retained earnings	17	942,577,212	473,693,748
Total shareholders' equity		<u>4,954,144,557</u>	<u>3,332,957,347</u>
Total liabilities and shareholders' equity		<u>68,663,199,976</u>	<u>53,371,247,063</u>
OFF-BALANCE SHEET ITEMS			
Contingent liabilities	18		
Acceptances and endorsements		5,970,538,696	5,774,123,763
Letters of guarantee		3,182,997,551	2,527,221,074
Irrevocable letters of credit		15,668,004,305	8,192,269,064
Bills for collection		3,157,281,501	3,128,753,717
Other contingent liabilities		-	5,561,014
		27,978,822,053	19,627,928,632
Other commitments			
Documentary credits and short term trade-related transactions		-	-
Forward assets purchased and forward deposits placed		-	-
Undrawn note issuance and revolving underwriting facilities		-	-
Undrawn formal standby facilities, credit lines and other commitments		-	-
		-	-
		27,978,822,053	19,627,928,632
Total Off-Balance Sheet items including contingent liabilities		<u>27,978,822,053</u>	<u>19,627,928,632</u>

The annexed notes 1 to 44 form an integral part of these financial statements.

As per our report of same date.

 Chairman	 Director	 Director	 Director	 President and Managing Director	 Auditors
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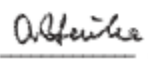
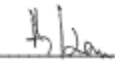
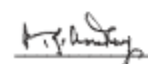
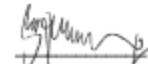

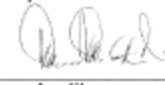
Dhaka, 15 April 2010

Rahman Rahmn Huq
Chartered Accountants

PROFIT AND LOSS ACCOUNT for the year ended 31 December 2009

	Notes	2009 Taka	2008 Taka
Interest income/profit on investments	20	6,247,494,941	4,973,111,164
Interest paid/profit shared on deposits and borrowings etc.	21	(4,498,016,814)	(3,739,016,507)
Net interest income/net profit on investments		1,749,478,127	1,234,094,657
Investment income	22	1,012,991,711	607,148,807
Commission, exchange and brokerage	23	1,177,501,692	850,633,162
Other operating income	24	189,532,123	200,658,932
		<u>2,380,025,526</u>	<u>1,658,440,901</u>
Total operating income (A)		4,129,503,653	2,892,535,558
Salaries and allowances	25	593,257,191	426,820,636
Rent, taxes, insurance, electricity etc.	26	119,728,571	89,832,577
Legal expenses	27	4,528,540	3,021,038
Postage, stamp, telecommunication etc.	28	32,038,840	29,192,002
Stationery, printing, advertisements etc.	29	55,612,766	36,713,152
Managing Director's salary and fees	30	3,451,942	6,460,000
Directors' fees	31	832,000	592,000
Auditors' fees		365,750	287,375
Depreciation and repair of Bank's assets	32	172,305,825	146,257,188
Other expenses	33	530,344,526	248,481,017
Total operating expenses (B)		<u>1,512,465,951</u>	<u>987,656,985</u>
Profit before provision (C=A-B)		2,617,037,702	1,904,878,573
Provision for loans and advances/investments			
General provision		128,410,294	175,901,962
Specific provision		119,009,376	228,805,278
		<u>247,419,670</u>	<u>404,707,240</u>
Provision for off-balance sheet items		83,425,564	94,429,051
Provision for diminution in value of investments		-	-
Other provisions		-	-
Total provision (D)	34	<u>330,845,234</u>	<u>499,136,291</u>
Total profit before tax (C-D)		<u>2,286,192,468</u>	<u>1,405,742,282</u>
Provision for tax			
Current	13.5.1	779,000,000	790,000,000
Deferred	13.5.2	180,008,010	(70,961,763)
		<u>959,008,010</u>	<u>719,038,237</u>
Net profit after tax		<u>1,327,184,458</u>	<u>686,704,045</u>
Appropriations			
Statutory reserve	15	457,238,494	281,148,457
General reserve		-	-
		<u>457,238,494</u>	<u>281,148,457</u>
Retained surplus	17	<u>869,945,964</u>	<u>405,555,588</u>
Earnings per share (par value Taka 100)	37	<u>61.88</u>	<u>32.02</u>

The annexed notes 1 to 44 form an integral part of these financial statements.

 Chairman	 Director	 Director	 Director	 President and Managing Director	As per our report of same date.  Auditors Rahman Rahmn Huq Chartered Accountants
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Dhaka, 15 April 2010