

Internship/Thesis Report On

(Financial Performance Analysis of Agrani Bank Limited)

Submitted by:

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Semester: Spring 2021

Submitted to:

Department of Business Administration

Submitted for the partial fulfillment of the degree of
Bachelor of Business Administration



Sonargaon University (SU)

Date of Submission:

5th May, 2021

Internship/Thesis Report

On

(Financial Performance Analysis of Agrani Bank Limited)

Prepared by:

Name: Monmon Sultana

ID: BBA1701010020

Prepared for:

Md. Shahbub Alam

Lecturer

Department of Business Administration

Submitted for the partial fulfillment of the degree of
Bachelor of Business Administration



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LETTER OF TRANSMITTAL

Date: 5th May, 2021

To

Md. Shahbub Alam

Department of Business Administration

Sonargaon University (SU)

Subject: Submission of Internship Report

Dear Sir,

With due respect, I am submitting report on “**Financial Performance Analysis of Agrani Bank Ltd.**” It is a great pleasure that you have given me this opportunity. I do my best for doing this report. This is really a great source of learning for any student. I learn so many things from this work. Your guidance and suggestion help me great. I will be happy to provide any kind of further explanation about this report if it is needed.

I have tried my best to avoid my fault and hope that my report will satisfy you and I also would like to thank you again for giving me the great opportunity to submit the report.

Yours Sincerely,

Monmon Sultana

ID: BBA1701010020

BBA (Major in Finance)

Department of Business Administration

Sonargaon University (SU)

STUDENT DECLARATION

With due respect, I declare I am Monmon Sultana, a student of Bachelors of Business Administration, ID: BBA1701010020 from Sonargaon University would like to solemnly declare here that this report on “Financial Performance Analysis of Agrani Bank” has been prepared by me. While preparing this report, I didn’t breach any copy right act internationally.

I am further declaring that, I did not submit this report anywhere forwarding any degree, diploma or certificate.

Sincerely Yours,

Monmon Sultana
ID: BBA 1701010020
Program: BBA
Major: in Finance
Semester: Spring 2021

LETTER OF AUTHORIZATION

Certified that this report titled “**Financial Performance Analysis of Agrani Bank Limited**” is a bona fide work of Student’s name, who has carried out the research under my supervision. Certified further that to the best of my knowledge the work reported here in does not form part of any other project report or dissertation on the basis of which a degree or award was conferred on an earlier occasion on this or any other candidate.

.....

Md. Shahbub Alam
Lecturer
Department of Business Administration
Sonargaon University (SU)

ACKNOWLEDGEMENT

At the beginning I am very much grateful to almighty for giving me strength and opportunity and sound mind to complete the internship report. First of all, I would like to thank to my Internship Supervisor, Md. Shahbub Alam, Lecturer, Sonargaon University, for guiding me and encouraging me to work on this topic for my internship report. I strongly believe that, these will assist me a lot to make me more professional and building my future professional career. He had been very helpful through the internship program and suggests all sources for necessary information to make this report. This internship report might never have been completed without the necessary particle knowledge, assistance of many books, articles, websites and secondary data. It enhanced my practical knowledge in corporate culture.

Finally, my heartiest thanks go to others who were involved and helped directly and indirectly to prepare this report. Without them all these would not have been made possible.

Executive Summary

This report “Financial Performance Analysis of “Agrani Bank Limited” is a result of BBA internship program.

This report encourage us to apply our comprehension of the hypothetical information in the viable field. This report showing details of Agrani Bank Limited and financial analysis.

I was working in this report gain the knowledge that I have gained from working, training and experiences.

The **1st portion** of this report consist a Background **of the Study with small Introduction and description**. The **2nd portion** of the report contains of **Overview of Agrani Bank Limited**. In the **3rd portion**, I have shown the **Theoretical details of the Loans and Advances, Financial Ratios and other analysis**. And the **4th portion** I have tried to show the **Performance Analysis of the Loans and Advances Position, Financial Ratios and other Analysis and given explanation**. Then include **Findings and Recommendations** from my point of view. And carry out the problems and to minimize the problems. And at **last the Conclusion**.

TABLE OF CONTENTS		
Particulars		Page No.
TITLE PAGE		I-II
LETTER OF TRANSMITTAL		III
STUDENT DECKERATION		IV
LETTER OF AUTHORIZAQTION		V
ACKNOWLEDGEMENT		VI
EXECUTIVE SUMMARY		VII
TABLE OF CONTENT		VIII-IX
CHAPTER ONE: BACKGROUND OF THE STUDY		1-5
1.1	Introduction	2
1.2	Objective of the study	2
1.3	Significance of the study	3
1.4	Methodology	3-4
1.5	Scope & Limitations of study	4-5
CHAPTER TWO: ORGANIZATIONAL OVERVIEW		6-20
2.1	Profile of Agrani Bank Limited	7
2.2	Vision, Mission, Qualities & Motto of ABL	8
2.3	SWOT Analysis of ABL	9-10
2.4	Product & services of ABL	10-13
2.5	Organizational Overview	14
2.6	Chain of Command of ABL	15
2.7	Corporate Culture of ABL	16-19
2.8	Duties of General Banking	19-20
CHAPTER THREE: THEORETICAL BACKGROUND		21-33
3.1	Loans and Advances	22
3.1.1	Principles of General Advances	22
3.1.2	Classification of General Advances	23
3.2	Total Credit Line	23
3.3	Loan Sanction Procedure	23-30
3.4	Theory of Financial Ratios	31-32
3.5	Common Size Analysis	33
3.6	Trend Analysis	33
CHAPTER FOUR: FINANCIAL PERFORMANCE ANALYSIS OF ABL		34-54
4.1	Loans and Advances Position of ABL	35-37
4.2	Financial Ratio Analysis of ABL	38-49

4.2.1	Liquidity Ratio	38-39
4.2.2	Leverage Ratio	40-41
4.2.3	Asset Activity Ratio	42-43
4.2.4	Credit Risk Ratio	44-45
4.2.5	Profitability Ratio	46-49
4.3	Common Size Analysis (Balance Sheet, Income Statement)	50-53
	Interpretation	54
CHAPTER FIVE: FINDINGS, RECOMMENDATIONS AND CONCLUSION		55-60
5.1	Findings of the Report	56
5.2	Recommendations for ABL	57-58
5.3	Conclusion	59
	References	60

Acronym: ABL

Agrani Bank Limited

Chapter -1
(Background of the Study)

1. Introduction:

Agrani Bank Limited, a state owned leading commercial bank with 953 outlets strategically located in almost all the commercial areas throughout Bangladesh, overseas Exchange Houses and hundreds of overseas Correspondents, came into being as a Public Limited Company on May 17, 2007 with a view to take over the business, assets, liabilities, rights and obligations of the Agrani Bank which emerged as a nationalized commercial bank in 1972 immediately after the emergence of Bangladesh as an independent state.

1.2: Objective of the study:

The objectives of this paper are:

- i. To assess the present situation of non-performing loans in our banking sector.
- ii. To show the trend of the “loan default problem” in Bangladesh.
- iii. To examine the loan default status of commercial banks.
- iv. To discuss legal aspect to recover loans from the defaulters.
- v. To identify the causes and remedies of non-performing loans and.
- vi. To raise some issues and observations which need to be looked upon quickly for ensuring financially sound banking sector

1.2.1 Broad Objective:

The main objective of the study is to analyze loans and advances operation of Agrani Bank limited and also to fulfill the partial requirement of BBA program.

1.2. 2 Specific Objective:

The following aspects can be listed as the specific objectives for this practical orientation in Agrani Bank Limited:

- To know the loan sanctioning, disbursement and recovery procedures of Agrani bank Ltd.
- To evaluate the performance of loan and advances department of Agrani Bank Ltd.
- To suggests the probable solutions of loans department from the identified problems and limitations.

Strategic Objectives of Agrani Bank Limited:

- I. Succeeding at least 6.50 percent portion of stores and 5.50 percent portion of advances and advance of Bangladesh advertise.
- II. Gaining upper hand by bringing in general expense contrasted down with that of contenders.
- III. Overtaking contenders by demonstrating quality client care.
- IV. Achieving mechanical initiative among the friend gathering.
- V. Strengthening the Bank's brand acknowledgment.
- VI. Contributing towards the financial prosperity of the nation by concentrating especially on SME and farming Sectors.
- VII. Strengthening research capacity for imaginative items.

1.3: Significance of the Study:

This internship report is an important partial requirement of four years BBA graduation program. This is because knowledge and learning become perfect when it is associated with theory and practice. By this internship program student can establish contacts and networking. Contacts may help to get a job in practical life. That is, student can train and prepare themselves for the job market. A poor country like Bangladesh has an overwhelming number of unemployed educated graduates. As they have no internship

Experience they have not been able to gain normal professional experience of establish networking system, which is important in getting a job. Therefore, it is obvious that the significance of internship is clearly justified as the crucial requirement of four years BBA graduation.

1.4: Methodology:

Methodology refers to the essential part of the study and the process of collecting information and arranging it in terms of the relevant issues of the study. It is designed in a way so that correspondent to achieve the objectives of the study. As I am going to find out the loan and advances operation of the bank, so I have to describe the whole operational procedure of the bank.

1.4.1: Data Collection:

To prepare the report and find out problem all required data have been collected from two sources, but mostly secondary data have been used for the analysis purpose of the report.

Secondary sources:

I have taken the help of different types of secondary data in my report. The sources of those data have been categorized as follows:

- ✚ ABL's Annual Report.
- ✚ Relevant file study as provide by the concerned.
- ✚ Different department wise operational manual of the bank, books and periodicals related to banking sector, textbook and other materials
- ✚ Related links available in the Internet.
- ✚ Website of Agrani Bank Ltd.

1.4.2: Data Analysis:

Agrani Bank has different types of loans. These branches give different types of loans to its borrower. Therefore, I have tried to analyze all financial data related on “Loans and Advances” by using different types of statistical and financial tools like; growth or trend analysis, descriptive analysis, financial ratio analysis and other necessary tools. To complete the data analysis and data presentation different software; Microsoft word and Microsoft excel have been used.

1.5: Scope & Limitations of the Study:

Scope:

The scope of the study includes the organizational structure, background and objective, functional, departmental and business performance of Agrani Bank Limited. As a whole and the main part covers loans and advances of Agrani Bank Limited. With a view to completing the whole report, it will be required to concentrate on the overall banking process. In order to complete the report, both branch and bank data will be used.

Limitations:

This study is not free from limitations. It is important to note that in spite of these limitations this report will be contributed in developing a dazzling and outstanding report.

Below these limitations are:

1. **Limitation of Scope:** While collecting data, they did not disclose more information due to the confidentiality of the organization.
2. **Lack of experience:** There is a chance of having some mistake in the report. Though best effort has been applied to avoid any kind of mistake.
3. **Legal obligation:** Due to some legal obligation and business secrecy the bank was reluctant to provide some sensitive data. Thus, this study limits only on the available published data and certain degree of formal and informal interview and limited survey.
4. **Extensive Nature:** Although the particular study is extensive in nature, hard effort was given to make the study Worthwhile and meaningful even then there exists some limitation.
5. **Lack of time:** The researcher was in the bank for three months so within this short span of time it is very difficult to be familiar with all the activities of the bank. Major limitation of this report is time constrained.
6. **Lack of Secondary data:** The annual report and websites was the main secondary information source that was not enough to complete the report.
7. **Lack of Supervision by the bank officers:** As the officers were busy with their daily working activities, they were not able to give me much time apart from their daily working activities.
8. **Restricted Information:** There were various types of information that the bank officers cannot disclose due to the security and other corporate obligations.
9. **Due to COVID-19 situation** whole country gone through lockdown that`s because I can`t go out of home and cannot go in bank go collect primary data from Agrani bank. This is one of the biggest limitations to make this report.

Chapter -2

(Organizational Overview)

2.1: Profile of Agrani Bank

Agrani Bank Limited, a state owned leading commercial bank with 953 outlets strategically located in almost all the commercial areas throughout Bangladesh, overseas Exchange Houses and hundreds of overseas Correspondents, came into being as a Public Limited Company on May 17, 2007 with a view to take over the business, assets, liabilities, rights and obligations of the Agrani Bank which emerged as a nationalized commercial bank in 1972 immediately after the emergence of Bangladesh as an independent state. Agrani Bank Limited started functioning as a going concern basis through a Vendors Agreement signed between the ministry of finance, Government of the

People's Republic of Bangladesh on behalf of the former Agrani Bank and the Board of Directors of Agrani Bank Limited on November 15, 2007 with retrospective effect from 01 July, 2007.

Agrani Bank Limited is governed by a Board of Directors consisting of 10 members headed by a Chairman. The Bank is headed by the Managing Director & Chief Executive Officer; Managing Director is assisted by Deputy Managing Directors and General Managers. The bank has 11 Circle offices, 36 Divisions in head office, 53 zonal offices and 953 branches including 34 corporate, 42 AD (authorized dealer) branches.

Agrani Bank Limited is the first state-owned Commercial Bank in Bangladesh to introduce Agent Banking. Currently ABL has 200 agent booths that are operating Agent Banking activities around the rural areas of Bangladesh. In Agrani Bank Limited, Islamic Banking system is operated under 'Islamic Banking Unit' since February 28, 2010 through 5 Islamic Banking Windows.

Capital Structure

Authorized Capital: 2500 core

Paid up Capital: 2072 core

2.2. Vision, Mission, Qualities, Motto of Agrani Bank Limited:

2.2.1: Vision:

To work morally and decently inside the stringent structure set by our controllers and to acclimatize thoughts and exercises from best practices to improve our business strategies and methodology to the advantage of our clients and representatives.

2.2.2: Mission:

To turn into the best driving state claimed business bank of Bangladesh working at global degree of proficiency, quality, sound administration, astounding client support and solid liquidity.

2.2.3: Qualities:

We esteem in uprightness, straightforwardness, responsibility, respect, assorted variety, development and polished skill to give significant level of administration to every one of our clients and partners inside and outside the nation.

2.2.4: Motto of the bank:

“COMMITTED TO SERVE THE NATION.”

2.3: SWOT Analysis of Agrani Bank Limited

We consider Agrani Bank as a business firm and analyse its strength, weakness, opportunity and threat the scenario will be as follows:

Strength:

- I. Good Management
- II. Lending rate is moderately serious
- III. Cooperation with one another
- IV. Good financier client relationship
- V. Strong Financial
- VI. Service charges are similarly sensible.
- VII. Strong corporate personality
- VIII. Young eager workforce
- IX. Empowered Work power

Weakness:

- I. Lack of appropriate inspiration, preparing and work true
- II. Lack of experienced representatives in junior level administration
- III. Lack of claim ATM administrations
- IV. Tendency to leave the bank in mission of adaptable condition
- V. Absence of solid showcasing exercises
- VI. Office condition isn't acceptable as private bank condition
- VII. High charges of L/C

Opportunity:

- i Growth of offers volume
- ii Change in world of politics
- iii Launching own ATM card administrations
- iv Expansion of banking administrations into other various administrations

Threats:

- i Upcoming Banks/Branches
- ii Different administrations of FCB'S (Phone Banking/Home Ban ruler)
- iii Similar items are offered by different banks
- iv Default Loans
- v Financial Crisis
- vi Existing card administrations of Standard Chartered Bank or other private Bank.

2.4. Products & Services of Agrani Bank Limited:

2.4.1. Products of Agrani Bank Limited:

I. Deposit Product:

Deposit Accounts

- Current Deposit (CD)
- Savings Deposit
- Special Noticed Time Deposit (SNTD)
- Non-Resident Special Taka Account (NRTA)
- Non-Resident Investors Taka Account (NRIT)
- Students Savings A/C (School Banking)
- Small Life Insurance Policy Holders A/C

- Ten Taka Farmers A/C
- Freedom Fighters A/C
- Fixed Deposit (FDR)

Deposit Scheme:

- Agrani Bank Pension Scheme (APS)
- Agrani Bank Bishesh Shanchay Scheme (ABS)
- Agrani Bank Quarterly Income Scheme
- Agrani Bank Double Benefit Scheme
- Agrani Bank Millionaire Deposit Scheme
- Agrani Bank Lakhpoti Deposit Scheme
- Agrani Bank Prabash Deposit Scheme Agrani Bank Deposit Scheme for Women

(FC)Foreign Currency Account:

- Foreign Currency A/C (FC)
- Non-Resident Foreign Currency Deposit A/C (NFCD)
- Resident Foreign Currency Deposit A/C (RFCD)
- Exporters Retention Quota A/C

Import Finance:

- Loan Against Imported Merchandise
- Loan Against Trust Receipt Payment Against Document

Export Finance:

- Export Cash Credit
- Packing Credit
- Local/ Foreign Bills Purchased
- Loan Against Export Development Fund

II. Loans & Advances:

Continuous Loan:

- Cash Credit
- Secured Overdraft

Term Loan:

- Industrial Credit (IC)
- Housing Loan (General & Commercial)
- Consumer Credit
- Loan for Overseas Employment
- Weavers' Credit

Agriculture Credit:

- Crop Loan
- Fishery Loan
- Animal Husbandry Loan
- Agri Machinery Loan
- Rural Transport Loan

Enterprise Loan:

- Service Sector Loan
- Trading Sector Loan
- Manufacturing Sector Loan Women Entrepreneurs Loan

III. Treasury:**Money Market:**

- Maintaining CRR & SLR
- Treasury Bills
- Treasury Bonds
- Secondary Trading of Govt. Securities
- Repo
- Reverse Repo
- Other Investments

Foreign Exchange Market:

- Selling Foreign Currency for Import Payment
- Buying Foreign Currency against Export Proceeds
- Fixation of Exchange Rate
- Foreign Currency Buying and Selling

- SWAP Transactions
- Forward Transaction
- Term Placement

III. Letter of Credit:

- Letter of Credit- Sight
- Back to Back L/C

2.4.2. Services of Agrani Bank Limited:

Value Service:

- Locker Service
- Utility Bill Collection Arm Forces Pension Payment

Cash Service:

- ATM Service
- Cheque Encashment
- Foreign Currency

Islamic Banking Service:

Deposit

- Mudaraba Savings A/C
- Mudaraba Hajj Savings Scheme
- Mudaraba Term Deposit
- Mudaraba Mohor Savings Scheme

Other Foreign Exchange Service:

- Documentary Bill Collection
- Advanced Payment for Import & Export
- Foreign Remittance (incoming & Outgoing)
- Issuance of Draft, TT

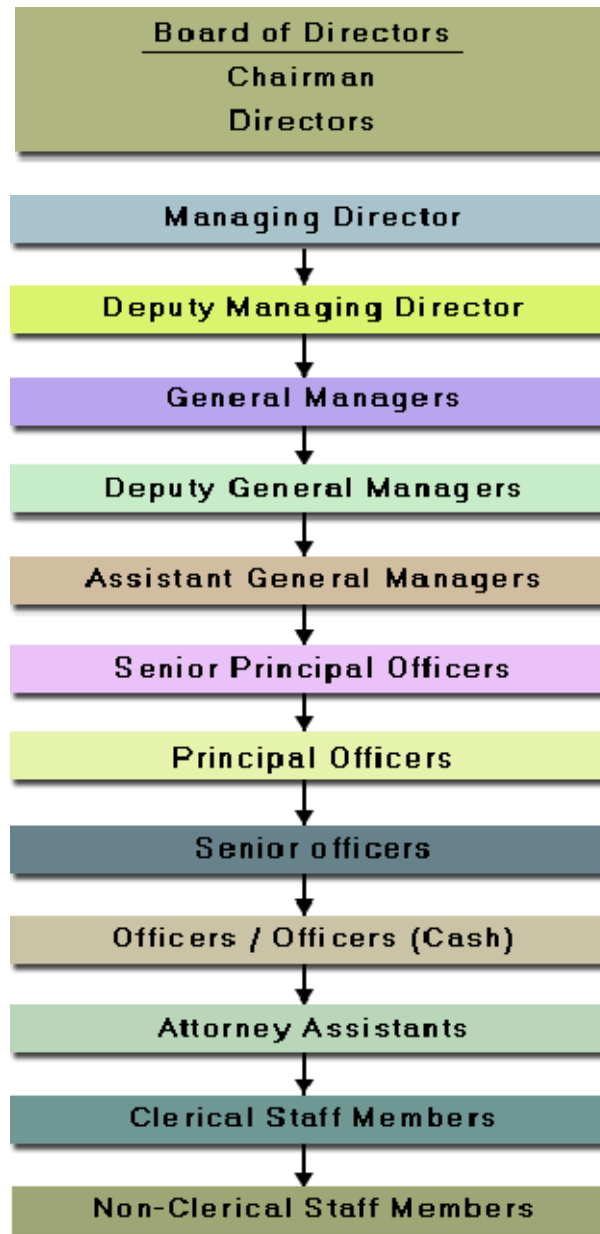
2.5: Organizational Overview:

Name of the company	Agrani Bank Limited.
Chairman	Dr. Zaid Bakht
Managing director	Syed Abdul Hamid ,PhD,FCA.
Company secretary	Badal Chandra Dey
Legal status	Public limited company

Date of incorporation	17 may 2007
Registered office	9/D Dilkusha commercial area, Dhaka1000.bangladesh.
Authorized capital	Tk. 2500 crore
Paid up capital	Tk. 2072 crore
Reserve and retained earning	Tk. 1659 crore
Number of employees	14005(official 10458 staff 3547)
Number of branch	928
Number of subsidiary	02
Website	www.agranibank.org
Email	Agrani @ agranibank.org

2.6. Chain of command of Agrani Bank:

Hierarchy of Agrani Bank



2.7: Corporate Culture of ABL

Employees of ABL Share certain common values which helps to create an ABL culture.

- The client comes first.
- Search for professional excellence.
- Openness to new ideas & new methods to encourage creativity.
- Quick decision-making.
- Flexibility and prompt response.
- A sense of professional ethics

2.7.1 Strategies of the Agrani Bank Limited

- a) To manage and operate the Bank in the most efficient manner to enhance financial performance and to control cost of fund
- b) To strive for customer satisfaction though quality control and delivery of timely services
- c) To identify customers' credit and other banking needs and monitor their perception towards our performance in meeting those requirements.
- d) To review and update policies, procedures and practices to enhance the ability to extend better service to customers
- e) To train and develop all employees and provide them adequate resources so that customers need can be reasonably addressed.
- f) To promote a organizational effectiveness by openly communicating company plans, policies, practices and procedures to employees in a timely fashion.
- g) To cultivate a working environment that fosters positive motivation for improved performance.
- h) To increase direct contact with customers in order to cultivate a closer relationship between the bank and its customers.

2.7.2: Core values

Agrani Bank Limited (ABL)'s core values proposition consists of 9 key elements. The values would assist the bank in perceiving its employees to work as a team towards accomplishment of assigned duties and responsibility for achievement of desired objectives.

Team work: open communication, discussion and interaction amongst the employees would ensure unification of actions and efforts towards achieving the common goal.



Ethics:

Everyone must ensure adherence to ethical practices of banking.

Objectivity:

All persons will have definite objective in carrying out their tasks.

Integrity:

Protection and safeguard of customers' interest is a vital element for societal trust.

Excellence:

Excellent performance and effectiveness are preconditions to ensure quality service to the large customer base of the bank.

Innovation:

New and innovative products are the needs off the for time for which continuous action oriented researches are carried out.

Commitment:

Every employee is committed to work up the expected level to ensure satisfaction in his valued customers.

Self-Reliance:

Each employee will have ownership attitude towards the bank and self confidence in his work for betterment of the bank.

Transparency:

Information is to be kept open for all so that stakeholders can have proper ideas about the bank's activities.

Accountability:

All employees are responsible for their activities and will remain accountable to their respective superior for accomplishment.

2.7.3: Management:

The board of directors is consisted of 11 members. The Chairmen and Directors are nominated by government. Agrani Bank Ltd., the only commercial bank was established by a group of winning local entrepreneurs conceiving an idea of creating a model banking institution with different outlook to offer the valued customers, a comprehensive range of financial services and innovative products for sustainable mutual growth and prosperity.

The sponsors are reputed personalities in the field of trade, commerce and industries.

The Bank is being managed and operated by a group of highly educated and professional team with diversified experience in finance and banking. The Management of the bank constantly focuses on understanding and anticipating customer's needs. The scenario of banking business is changing day by day, so the bank's responsibility is to device strategy and new products to cope with the changing environment. Agrani Bank Ltd. has already achieved tremendous progress within only two years. The bank has already ranked as one of the quality service providers & is known for its reputation

2.8: Duties performed in the general Banking:

General banking is one of the most important department every department transection. During my internship period I learn most from this section I did work in the following section in general banking Division:

- Assistant on Loan sanctioning process
- Account opening
- Account Closing
- Cheque Book Issue
- Local Remittance Transaction
- Clearing section

:

2.8.1: General Banking:

General banking is one of the most important departments of every bank transaction. During the period I learned most from the department. I did my work in the following sections,

- a) **Account Opening:** For opening a new account I collected some documents from the client because it was bank required formalities. Like two copies of passport size photos with attached signature, voter ID cards photos copy, one copy of nominees passport size photo etc.
- b) **Account closing:** :when any client close there account, He/she send a application to bank manager ,If bank authority accept the application then bank charge 200 TK for saving account and 300 Tk. for current account and also take his cheque book and closing his account number.
- c) **Check Issue:** If any client need check book then I put his/her account name and account number with the mobile phone number in to the register book. I also provide him/her the check book collection date.
- d) **Clearing:** For clearing the check I input the checks data into the banks computer software that was passed me from the account section.

2.8.2: Foreign Remittance:

When remittance money or any other money comes from the different countries then I provide some forms to complete the client's agent. After completing the form I send it to the banks second head sir to check and signature for providing the clients expected money.

Basically I have done my job on loan and advance the information's are as follows.

2.8.3: Loans and Advances:

- Welcoming the clients who came for loan and advances.
- Provide them necessary documents for loan processing.
- Assisting loan officer in calculating interest and quantitative figures
- Helping the officer in setting installment of loan with interest and principal Verification of the primary document and loan proposal with the direction of officer Follow up the recovery of loan and advances.
- Calling over phone to different clients who were default to pay loan for their updates.

Chapter -3
Theoretical Background

3.1: Loans & Advances:

Agrani Bank limited, being one the largest Commercial Bank, had some prejudice to finance directly on priority basis to Agriculture, Industry and commerce sector for strengthening the economic base of the country. 45% of the total economic activity transacted along with Agrani bank Limited itself, So, it is clear that, Agrani Bank Limited plays the key role to oil the economic wheel of the Country. Besides this, Agrani Bank Limited has been maintaining all Government policies to keep its pioneer position in extending loans to Government Bodies, sector corporation and private enterprises. The Bank gave predominance to the Govt. policy of financing and provided finance and a logical rate of interest as was during the last few years.

Agrani bank Limited continued to extend its lending operation in the productive and priority sectors both public and private covering agriculture, industry, trade and commerce. Its earnings are mainly derived from interest charged on loans and discounts. A wise and prudent in regard to Advance is, therefore, considered an important sector inspiring confidence in the depositors and customers of a Bank. Following are the basic principles or sound lending which each banker follows when considering

3.1.1: Principles of General Advances:

The principles of general advances management policy of any Banking institution is needed to be very systematic. it needs to have certain accepted standards and flexibility so that the policy can change in different realities and situations. Beside this, L.C. mathur says that “An ideal advance is one which is granted to a reliable customer for an approved purpose in which that customers has adequate experience, safe in the knowledge that the money will be used to advantages and repayment will be made within a reasonable period from trading receipts or known maturities due or on about given date”.

The accepted standards relate to safety, Liquidity and profitability of the advance where as the dynamic factors relate so aspects such as the nature and extend or risk. Head Office issues General principles about the conduct of advance. In all types of business dealings, officers and employees must be guided by the principles or honesty, integrity and safeguard the

Interest of the depositors and shareholder of the bank. They should strictly adhere to the banking laws Rules and regulation of the Govt. of Bangladesh, the instruction issued by Bangladesh bank head office from time to time that affects business practice of the bank. However, the key to safe, liquid, health and profitable credit operation depends in the quality of judgment used by the officers making lending decisions.

3.1.2: Classification of General Advances:

Bank is service as well as profit oriented organization. so, making of loans and advances have always been prominent and profitable function of a bank. Sanctioning Credit to customers and others out of the funds at its disposal is one of the principle services of a modern Bank. Advance made in Agrani bank Limited in different natures, such as, cash credits (CC), overdrafts, small loans, Demand loans, Bills purchased & discounted, house Building loans and staff Loans etc. Agrani bank Limited deals with the money from the depositors repayable on demand. So, it can't afford their funds for long periods.

3.2: Total Credit Line:

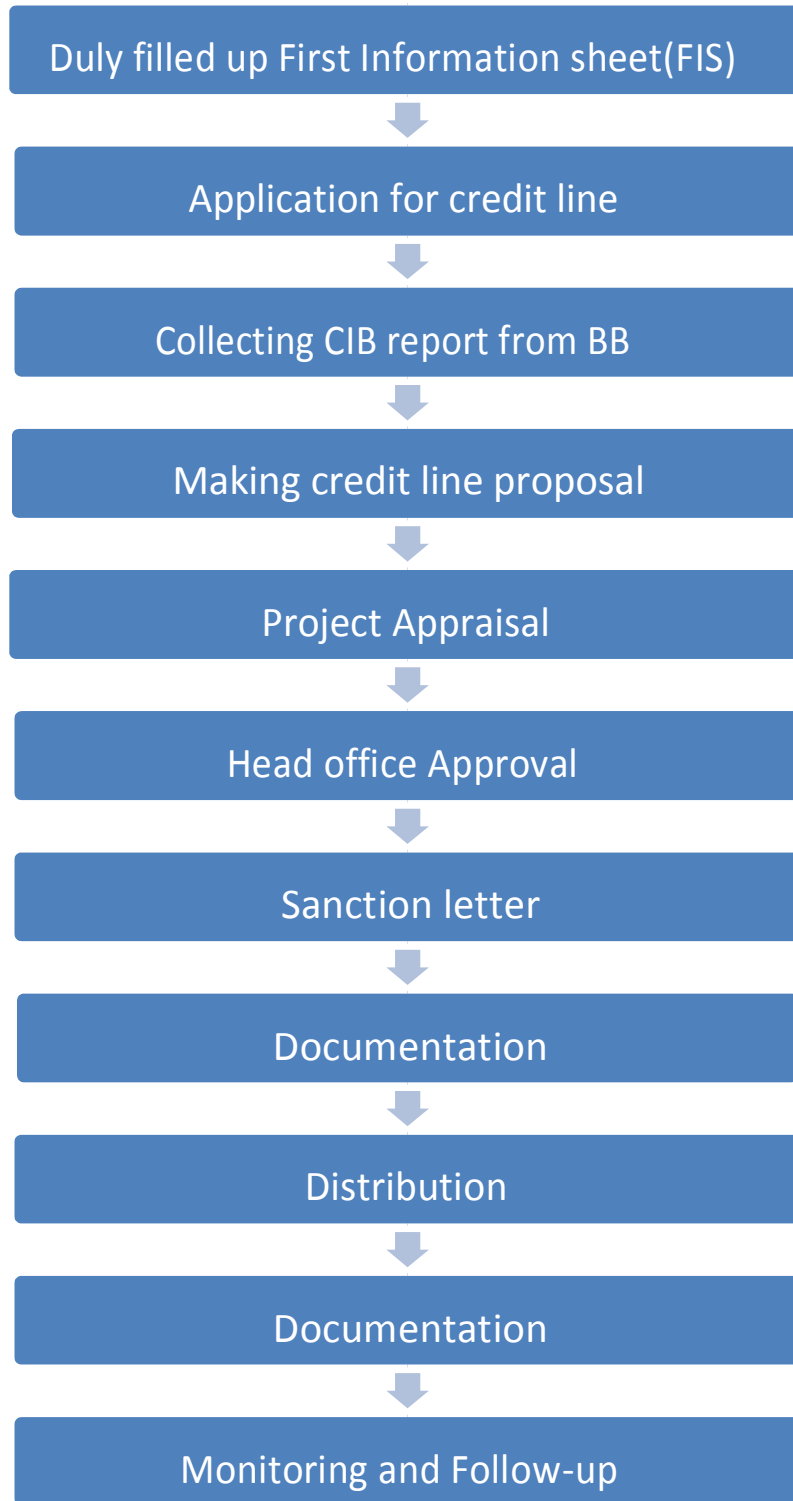
There are types of loans in the credit under general Advance division excluding public sector.

- Chemical industry: it includes the soap on and chemical factory.
- Rice, flour and oil, mills: to install action of machine and working capital.
- Steel and engineering concern including re-rolling mills.
- Hides and skins: Here it sanction and processing.
- House Building Loan: Generally it is known as second mortgage loan.
Additional money was
- Supplied after the loan given near house building Finance Corporation.
- Just loan: Cash Credit and segregate both are sanctioned to the private just industry.
- Spinning mills: here also Cash credit and segregate loan are sanctioned as working capital.
- Small Loan: all types are working capital below two laces in any trading concern.

3.3: Loan Sanction procedure:

The purpose for which lending is made should be productive as to ensure definite source of repayment. Banks discourage advances for Harding stocks or for speculative activities. There are obvious risks involved there in a part from the antisocial nature or such transaction. banker must closely scrutinize the purpose for the borrower applies at particular purpose accordingly. Purpose has assumed a special significance in the present day concept of Banking.

The following procedure is applicable for giving loans to the customer:



3.3.1: Selection of the Borrower:

Banking would select Borrower/ Entrepreneur who would take loan from bank for their Business purpose or industry purpose. A prudent Banker should always notice background, Character, capital, Capacity and purpose of the Borrowers/ Entrepreneurs. Entrepreneur who does not live at the commanding area and what is social status. The banker should Consider this decide to pay loan to the Entrepreneurs.

3.3.2 Verification of the Cultural A Security:

Collateral security is a security, which is immovable from one place to another. A branch manager always should notice the verification of the collateral securities that Bank sanctioned to the borrower. A Manager should verify:

- Location
- Possession
- Situation
- Present market Value
- Force sale value of the security as if the bank can the security when the borrower fail to Repay.

3.3.3: Requirements of Loan Proposal:

Following items are required to prepare a Loan proposal:

- Loan Application (4 copies).
- Photograph and educational Certificates (4 copies).
- Required papers as per ownership of the firm.
- Scheduled of Mortgage properties and relevant papers.
- Nationality Certificate & Trade license.
- No objection letter from his superior (if he is n Govt. employees)
- Declaration of Tangible/intangible assets/liability.
- Actual deed of land/building as collateral Security.

- No objection letter from Environmental Department.
- Permission letter from local Authority in Establishment of the project.
- Current year tax payment receipt of union council.
- Thorn less certificate of 12 years form Sub- register office.
- In case of BUSIC ,actual allotment and possession letter is needed from BISIC.
- Documental evidence on behalf income and testimony of Tax Payment.
- No objection letter form the Govt. or any other Authority about the Land
- Mortgaged to the bank as Security of credit which is sanctioned by the authority.
- In the case Company Attested copied s of Memorandum of Articles, Articles of
- Association, Certificate of incorporation, Commencement of business.
- Audited profit & loss Account of last three years of his any running business.
- Declaration about the source of equity of his own.
- Sight plan of the project and root plan of the proposed loan.
- Feasibility study/Viability study of the project from different aspect such as technical
- Management, socio-economical, Economical aspect.
- Tender sheet (including Catalogue, Detail specification) need to be submitted though local intender.
- Permission letter from PDB/REB/GAS/Electricity authority (if needed).

3.3.4: Disbursement of Loan:

Loan disbursement has to be made after completion documentation and observance of the sanctioning terms against rising of equity by sponsors as lay down. Disbursement against import is to be made though an opening or irrevocable L.C favoring the foreign supplier on execution or contract. Disbursement against local machinery and building construction is to be made to the supplier of Equipment's though Inland L/C. Each phase of loan Disbursement to be supervised by bank official so that borrower is given scope of diversion funds to anywhere tends to purpose other than the project and the of phase of implementation of the project to be effectively and borrowers persuaded for completion or project in time. There've are mainly three most important factors in the loan disbursement, such as:

- ✚ Completion of Documentation
- ✚ Verification of stocks
- ✚ All import Documentation

3.3.5: Supervision:

Supervision is very important in the aspect of Loan/sanctioning and disbursing process. Because, if the bank fail to identify the real borrower on that there exists 100% risk classifying this loan. As a result, bank will incur the total loss in this context; branch manager will exercise his commonsense and proper case in handing advances by them or any other appropriate authority. this has to realize by the manager that he is the corner stone of the bank and the overall success of bank depends to extent upon him, His total work represent himself to the local publican the management as a successful of successful branch manager, only he can control Advances judiciously to save the Bank fro-falling.

Losses the entire necessary document has been duly failed in stamped and correctly executed by the borrower. He has permeated about the following things:

- A proper authority operation and conferring power to
- overdraw is held in respect of accounts of permeated upon by persons other than the
- Borrowers themselves.
- It should be seen by him that the Advance does not contravene and law directed by Bangladesh bank or the landing policy of the Bank.
- Security is correctly valued and easily salable.
- Proper storage and custody are made.

- Stipulated margin is maintained.
- Adequate insurance, where necessary has taken.
- There is quick turnover of stocks.
- Operations of customers account.
- The balance of the account remains very near or goes beyond drawing limit or there is no good turnover.
- The balance is stagnant.
- Cherubs drawn by the party is returned for storage of fund.
- Post-dare cheques are issued by the party.
- Cheques drawn by the party are frequently countermanded financial position.

3.3. 6: Restrictions:

General Advances are restricted in the following sectors:

- Frog leg
- Leather of deer
- Leather of snake
- Hemp
- Wine
- Opium
- Elfish etc.

3.3.7: Sanction of Loan:

Where a branch manager writes a letter to accepting all terms and conditions of loan, it is called loan sanction. The conditions which are included in the loan sanction these are given bellow:

- Limit.
- Primary Securities.
- Collateral securities.
- The rate of Interest.
- Expiry date.
- Repayment.
- Documentation.
- Others Condition.

3.3.8: Cash Credit (CC)

A cash Credit is an arrangement by which the customer is allowed to borrow money up to a certain limit. this is a parliament arrangement and the customer need draw the sanctioned amount at once, but draw the amount as and when required can put back any surplus amount, which he may find thus, Cash Credit is an active and continuous process in which deposits and Withdrawals going on frequently interest is charged only for the amount withdrawn and for the whole amount charged. Generally interest rate 16% it is operated in the same ways a account on which an Overdraft has been sanction. Cash Credit accounts are, however, maintained in a separate ledger. Primary securities under consideration in case of Cash credit are goods, produce and merchandise. This is the most favorite of borrowing by large commercial and concerns on account of the Advantage that a customer need not borrow at once he can either or repay, in whole amount or in part, the amount advanced at any time his convenience. Are of cash credits two types, such as:

- i. Hypothecation
- ii. Pledge

Hypothecation:

Cash credit is the favorite mode of borrowing by traders, industrialists, Agriculturalists etc. for meeting their working capital requirements. This type of facility is always against pledge of goods, produce and merchandise. In a manufacturing company, whose stocks of raw materials and manufactured goods constantly fluctuated, it is difficult for the bank to control such charges; so "Hypothecation" facilities are allowed to them the same is true of the small traders and small industrialists who can't offer their stock for pledge but can only hypothecate the stock in their shop. In this, ownership and possession of the goods remain with the borrower although by virtue of the "hypothecation" agreement.

Pledge:

In case of "pledge" possession of the goods is delivered to the creditor i.e. Banker. It is therefore, regarded as the most secured type of Advance. Cash Credit in its true sense is against pledge of goods. It is a separate ledger. In addition, Goods Ledger, Go-down register are made on the strength of delivery order issued by the banks and goods are received through goods challans deposited borrower. The person who transfers the goods is called pledger (party) and to whom it is transferred is called the pledgee (The Banker)

The formula by which the growth rate calculated:

$$GR = (CM - PM / PM) * 100$$

Here,

GR= growth rate

CM=current month

PM=Previous Month

The initial month June growth rate is nil because there is no previous month date to calculate the growth. However in July the growth rate is also nil. The subsequent month August growth rate increases to 30% which indicates the branch has a fluctuating trend in cash credit loan disbursement and takes possession of the goods if there borrower defaults.

3.4:Theory of Financial Ratios:

A ratio analysis is a quantitative analysis of information contained in a company's financial statements. Ratio is used to evaluate the several of a organization's financial performance. Without ratio analysis, a organization cannot take the proper decision to make an investment

Financial Ratio's users:

Each association needs to think about their business execution or position. In the accompanying significant clients of fiscal summaries with their zones of intrigue are depicted:

- 1. Government**
- 2. Investors**
- 3. Bankers and Lenders**
- 4. Employees**
- 5. Suppliers**
- 6. Management**

Types of Financial Ratios:

There are many kinds of ratio. Described below:

1. Liquidity Ratio
2. Leverage Ratio
3. Asset Activity Ratio
4. Credit Risk Ratio
5. Profitability Ratio

Liquidity Ratio: A liquidity ratio is a financial ratio that shows whether an organization's present resources will be sufficient to satisfy the organization's commitments when they become due. As the vast majority of the organization take a lot of credit from lenders to grow its generation or business so they have to figure the expense of capital against the advance. Since a turned organization is more helpful than other organization. There are some liquidity ratio those are given below:

- i** Current Ratio
- ii** Cash Ratio
- iii** Quick Ratio

Leverage Ratio:

Leverage Ratio shows how much obligation an organization utilized. A higher proportion demonstrates that an organization may have caused a more elevated level of obligation. The two principle influence proportions are:

- i** Debt Ratio
- ii** Debt to Equity Ratio

Asset Activity Ratio: Fundamentally this ratio reflects the productivity of using the advantages appropriately. There are a few ratios those are given below:

- i** Total Asset Turnover
- ii** Fixed Asset Turnover
- iii** Current Asset Turnover
- iv** Equity Turnover

Credit Risk Ratio: Credit risk ratio demonstrates the danger of loss of the financial specialist cash alongside the loan costs because the company is failed to repay the debt. There are few credit risk ratios. Those are below:

- i** Equity to Asset Ratio
- ii** Equity to Net Loan Ratio

Profitability Ratio: profitable Ratio shows the organization's capacity to create salary in the wake of deducting all costs. It's otherwise called profit margin ratio. Each organization needs more profit by thinking about its absolute working costs. This ratio is one of the most significant ratios as by assessing this ratio financial specialists take contributing choices. There are some profitable ratios those are:

- i** Net Profit Margin
- ii** Return on Asset
- iii** Return on Equity

3.5: Common Size Analysis

Common size or vertical analysis is a method of evaluating monetary statistics by means of expressing each item in a economic announcement as a proportion of a base amount for the equal time period. A company can use this analysis on its stability sheet or its profits statement. A balance sheet summarizes the company's property (things that it owns that have value) its liabilities means the amounts it owes to others, and its fairness means an owners funding in the business. A profit assertion shows the company's revenues means amount of cash it made through promoting its goods and services and its prices means the amount of cash it spent to earn its revenues.

3.6: Trend Analysis

Trend analysis regularly refers to methods for extracting an underlying pattern of behavior in a time series which would otherwise be partly or almost completely hidden by means of trend. If the trend can be assumed to be linear, trend analysis can be undertaken inside a formal regression analysis, as described in trend estimation. Trend analysis is a mathematical technique that makes use of historical outcomes to predict future outcome. This is done by tracking variances in value and time table performance. The accounts listed help decide if the company is going through any type of financial stress. When trend analysis is performed, a organization is capable to see if its monetary position is enhancing or declining based as the length and the items on the statements for all later intervals are compared with gadgets on the statements of the base period. The adjustments are normally shown in percentage.

Chapter-4

Performance Analysis

4.1 Loans and Advance position of Agrani Bank:

Table 01: Table shows the amount of loan and advance and growth rate.

Years	2020	2019	2018
Particulars	Amount (Crore Tk.)	Amount (Crore Tk.)	Amount (Crore Tk.)
Loans and advance	39575	31912	26587
Growth	24.01%	20.02%	8.60%

Source: Annual report: Year 2020-18

4.1.2 Sector wise loan position of the Bank:

Table 02: Table shows the amount of sector wise loan and growth rate.

Sector / Year	2020 Core TK	2019 Core TK	2018 Core TK
Industrial Loan	4562.67	3323.05	2777.89
Growth	37.33 %	19.96%	-
Micro Credit	1273.22	835.39	988.72
Growth	52.41 %	(15.51) %	-
Commercial Credit	3819.92	2727.40	1615.32
Growth	71.25%	34.36%	-

Source: Annual report: Year 2018-20

4.1.3 Table: showing classified loan

Year	2020	2019	2018
Classified Loan (Crore Tk.)	6993	5570	6804

4.1.4 Table: showing Provision for classified loan

Year	2020	2019	2018
Provision Classified Loan (Crore Tk.)	2965	2750	3057

Source: Annual report 2020 (Three -year performance)

4.1.5 Table: showing provision for unclassified loan

Year	2020	2019	2018
Unclassified Loan (Crore Tk.)	322	394	502

Source: Annual report 2020 (Three -year performance)

4.1.6 Table: showing provision for NPLS to Total Loan and advances

Year	2020	2019	2018
Unclassified Loan (Crore Tk.)	17.67%	17.45%	25.59%

Source: Annual report 2020 (Three-year performance)

4.2 Ratio Analysis of Agrani Bank Limited:

4.2.1 Liquidity Ratio:

D) Current Ratio: Current ratio shows the capacity of a firm to pay its present liabilities by its current asset. This ratio tells financial specialists and examiners how an organization can augment the current asset on its accounting report to fulfill its current debt and other payable. The higher ratio is useful for the bank. In any case, if an organization has a high current ratio contrasted with their companion gathering, it demonstrates that administration may not be utilizing their assets efficiently.

Current Ratio= "Current Asset"/"Current Liabilities"

Particular	2014	2015	2016	2017	2018
Current ratio	1.1149	1.1291	1.1191	1.1189	1.1131

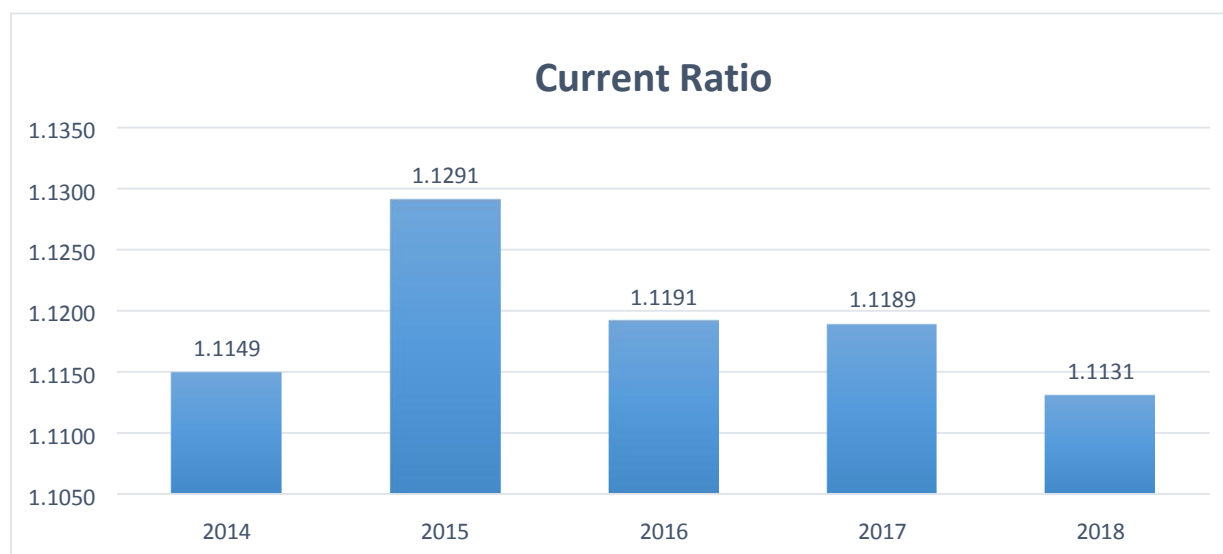


Figure: 1

The current ratio of Agrani bank is fluctuating from 2014 to 2018. In 2014 the ratio was 1.1149 and in 2015 the ratio was growth in 1.1291. Be that as it may, in 2016 the ratios was decreased to 1.1191 and in 2018 it also reduce by 1.1131. The bank is doing acceptable as the greater part of the bank keeps up 1:1 current ratio. The bank successfully uses their current assets as they have enough current assets for pay its current liabilities.

II) Cash Ratio: Cash ratio is a ratio which indicates the ability to pay its current liabilities by its highly liquid asset. This ratio is more protective than other liquidity ratio because it only considers an organization's most liquid resources. If the cash ratio is under 1, this connotes that the organization won't have enough money on hand to pay off its current liabilities.

Cash Ratio = Cash and Equivalents/ Current Liabilities

Particular	2014	2015	2016	2017	2018
Cash Ratio	0.0769	0.0752	0.0718	0.0706	0.0575

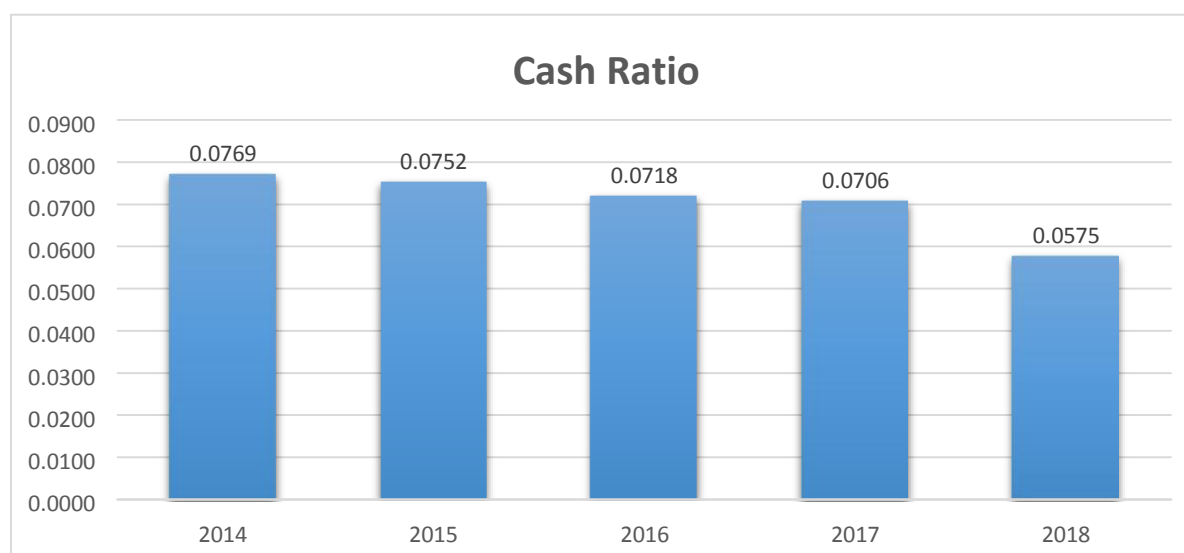


Figure: 2

In this graph cash ratio was gradually reducing. In 2014 the ratio was 0.0769 which was reducing by 0.0752 in 2015. We can see that in 2018 it was 0.0575 which is bad for the bank. And the cash ratio should not be lower than 0.5. In such a case that there come any crisis then they can't pay. If they have not enough money then they can't pay to the customers. For this reason bank have to maintain at least 0.5 as cash ratio.

4.2.2 Leverage Ratio:

I) Debt Ratio: Debt ratio refers the purchase of asset through debt. The ratio indicates that the company keeps itself into a risky location as its interest rate can be arise suddenly. So that an organization funds a lot of its advantages with debt, at that point debt ratio will be higher. Leasers see organizations with high debt ratio as less secure borrowers in light of the fact that the organization must offer a greater amount of its advantages for pay its liquidity in liquidations.

Debt Ratio = Total Liabilities/Total Asset

Particular	2014	2015	2016	2017	2018
Debt Ratio	0.9200	0.9210	0.9413	0.9396	0.9473

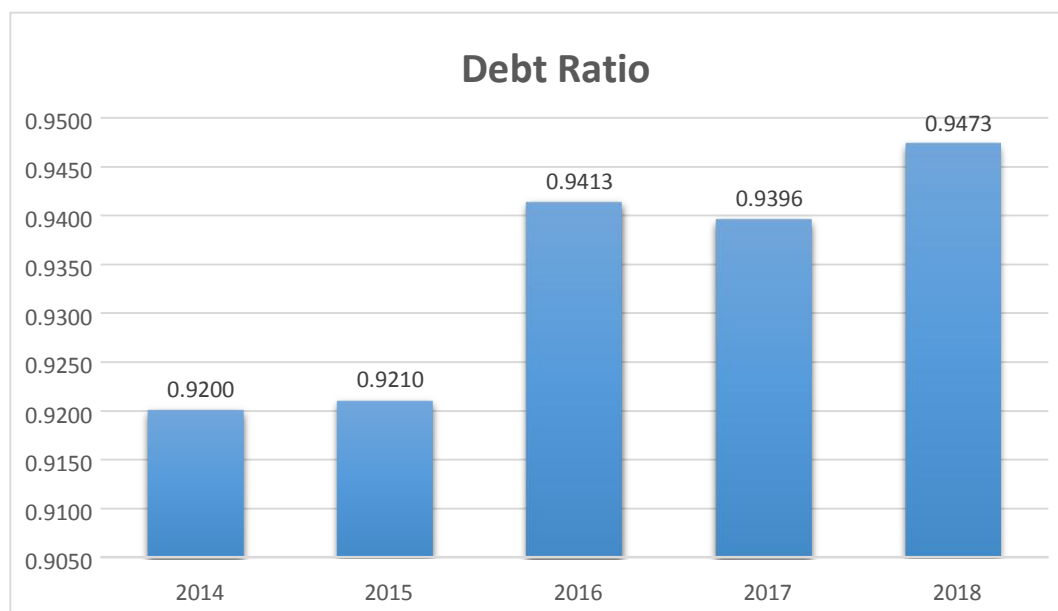


Figure: 3

The debt ratio of Agrani Bank Ltd. was expanded from 2014 to 2016 and in 2017 it was diminished by 0.9396. Be that as it may, in 2018 again it was expanded by 0.9473. The debt ratio expended is 0.4 to 0.6 however it can shift industry to industry. Debt ratio isn't useful for the bank. As the ratio is practically close to 1 which means all out resource is equivalent to add up to liabilities. The bank is correct now in less secure situation as whenever the loan fee can be risen. In that circumstance they can't have the option to pay those intrigues. The bank should utilize greater value to buy its benefit and ought to pay off utilizing debt.

II) Debt to Equity Ratio: The debt to equity ratio demonstrates the extents of equity and debt that an organization is utilizing to back its business exercises. It shows the degree to which the investor's equity can satisfy its debts. If the ratio is too high that means the company maybe face financial problem. So the company has to maintain this ratio so that the ratio does not rise so high.

Debt to Equity Ratio = Total Liabilities/Total Equity

Particular	2014	2015	2016	2017	2018
Debt to Equity Ratio	11.5073	11.6545	16.0481	15.5442	17.9764

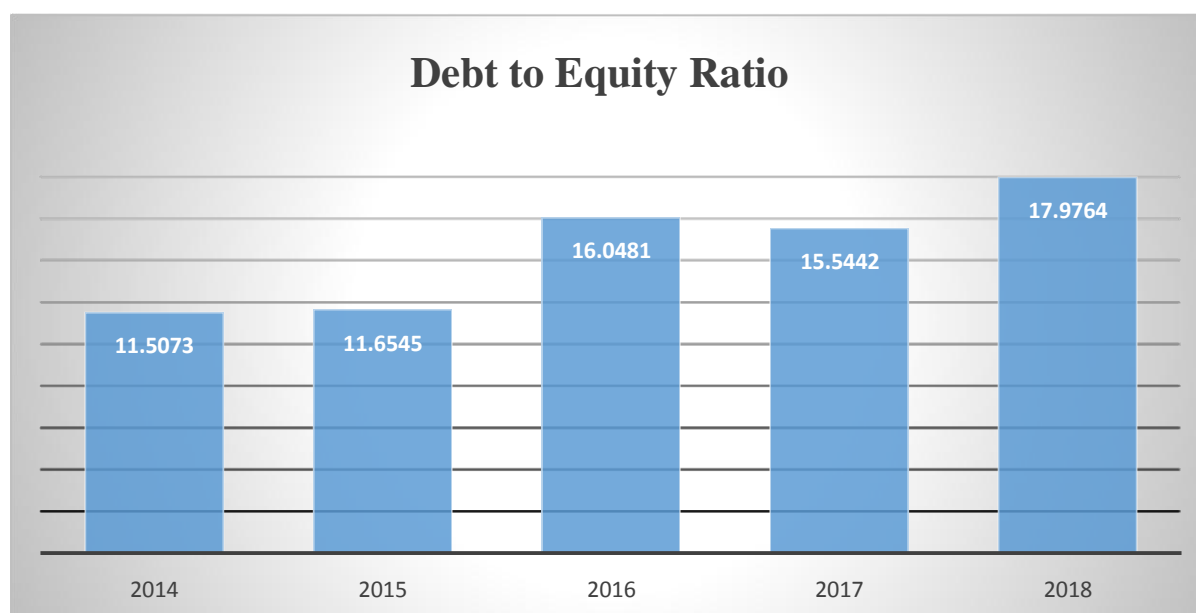


Figure: 4

The debt to equity ratio of Agrani Bank Ltd. was increased except 2017 where the ratio was 15.5442. A higher debt to equity ratio for the most part suggests the more unsafe as it utilizes more debt than equity. Numerous banks utilize more debt to fund its business exercises yet they ought to keep up the ratio as loan cost can be risen whenever.

4.2.3 Asset Activity Ratio

II) Total Asset Turnover: Total asset turnover ratio is a ratio which indicates how efficiently a firm uses own asset to generate sales. The total asset turnover ratio, the more proficient an organization. On the other hand, if an organization has a low complete asset turnover ratio, it shows it isn't effectively utilizing its assets to create deals. Financial specialists utilize this ratio to contrast and comparative organizations in a similar part.

Total Asset Turnover = Net Interest Income/Total Asset

Particular	2014	2015	2016	2017	2018
Total asset turnover	0.0024	0.0012	0.0013	0.0065	0.0113

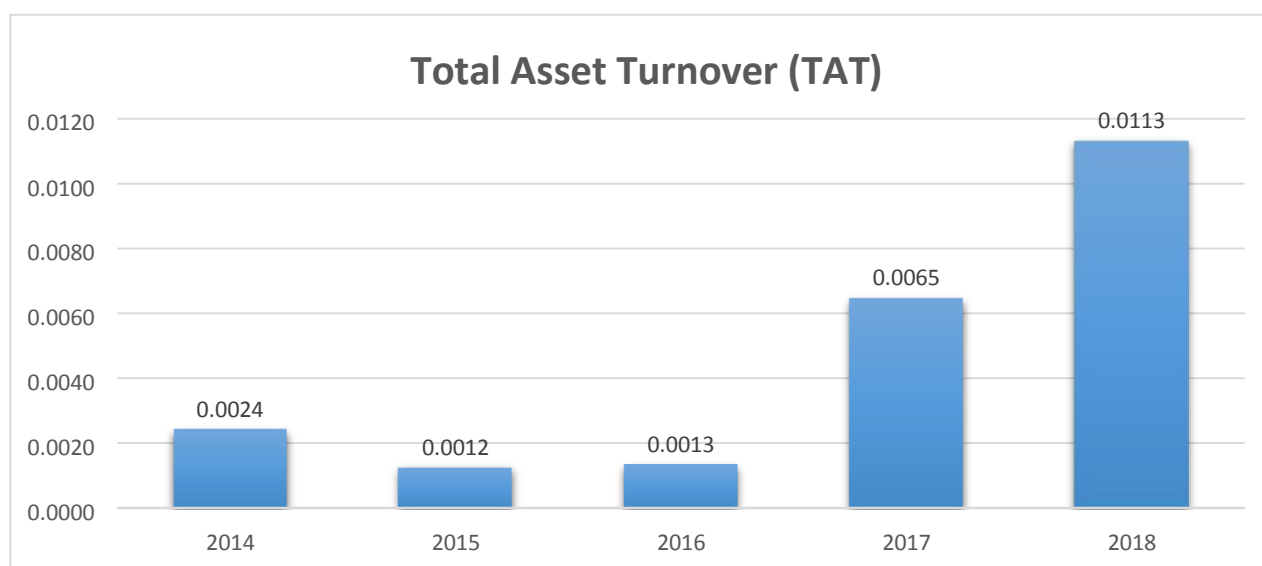


Figure:5

Total asset turnover ratio was shifting from 2014 to 2018. In 2014 the total asset turnover ratio was 0.0024 and 2015 it was decrease by 0.0012. And in 2016, 2017, 2018 it was continually increase by 0.0013, 0.0065 and 0.0113. The bank is not utilize its total asset to produce its sales. As the higher the ratio is, the better the company. The standard range of TAT is 4 to 6 times though it differs from organization to organization. If the bank wants to raise the asset turnover ratio they need to forecast properly to produce sales.

II) Fixed Asset Turnover: Fixed asset turnover demonstrates how effectively a firm uses its fixed asset, for example- property, plant, and gear to create deals. A higher fixed asset turnover additionally shows that the administration is utilizing fixed asset all the more viably. Then again, banks utilize this ratio to discover that the organization can deliver enough incomes from another bit of hardware to repay the credit they used to buy it.

$$\text{Fixed Asset Turnover} = \text{Net interest Income} / \text{Fixed Asset}$$

Particular	2014	2015	2016	2017	2018
Fixed asset turnover	0.0768	0.0434	0.0524	0.2794	0.6035

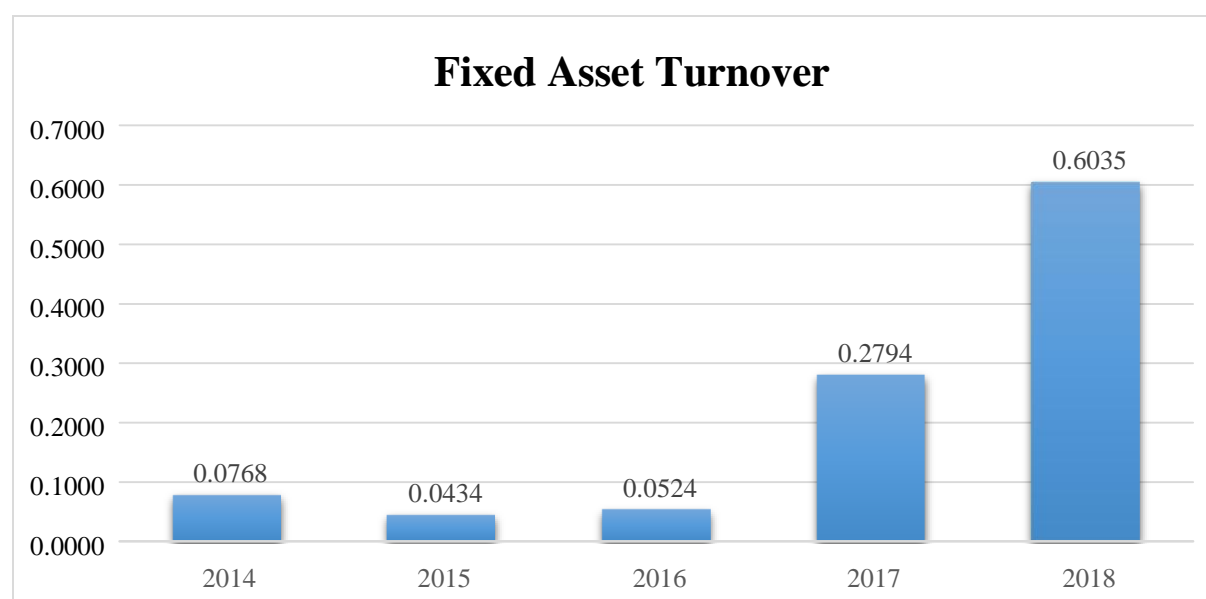


Figure:6

The fixed asset ratio was lower in 2015 and 2016. Then in 2017 and 2018 it was increasing by 0.2794 and 0.6035. Though in 2017 and 2018 the fixed asset ratio was increased but still it was bad for the bank as a low fixed asset indicates that the fixed asset are not being utilized effectively and large amount of sales are not produced by using fixed asset. If the bank wants to raise the ratio then management have to focus on the usage of fixed assets.

4.2.4 Credit Risk Ratio:

I) Equity to Asset Ratio: Equity to asset ratio is a ratio that refers to the percentage of total assets financed through the shareholder's equity. It is utilized to decide how much investor would get when the organization goes for liquidation and it speaks to the measure of assets on which investors have a remaining case. The more noteworthy the ratio the better as it will infer that more prominent measures of advantage are being financed through equity

Equity to Asset Ratio=Total Equity/Total Asset

Particular	2014	2015	2016	2017	2018
Equity to Asset Ratio	0.0800	0.0790	0.0587	0.0604	0.0527

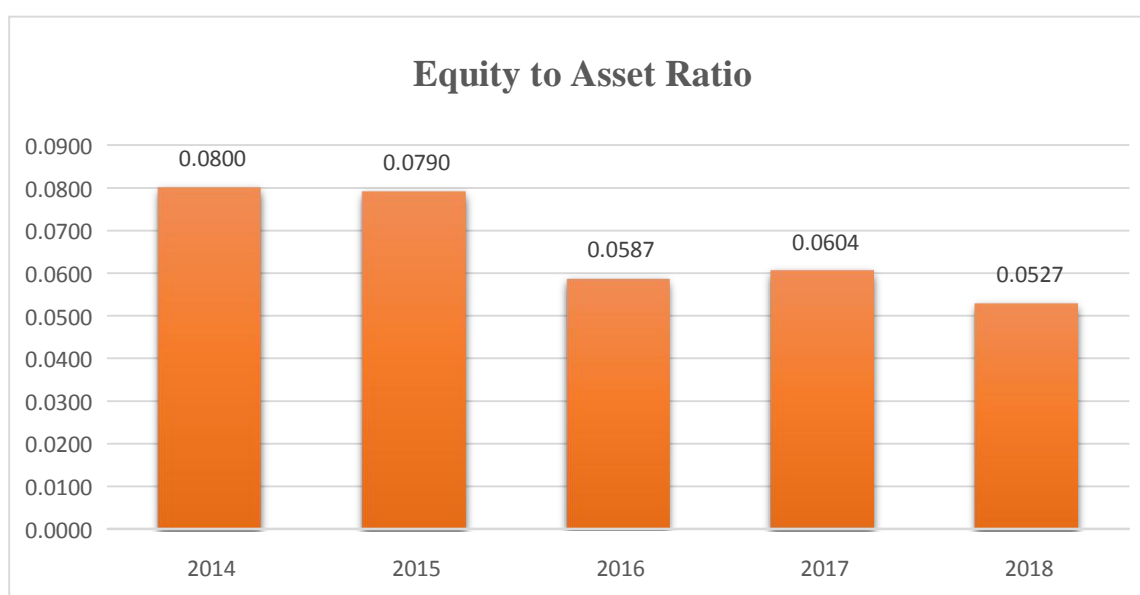


Figure: 7

The equity to asset ratio of ABL was decrease except 2017. As we realize that the greater the ratio more measure of assets being acquired through equity. Year to year the bank is lessening to utilization of equity to buy assets. In 2014 the bank utilize more equity to buy assets instead of different years.

II) Equity to Net Loan Ratio: Equity to net loan is a ratio that refers to how much net loans are financed by the equity the bank occupies. It is used to determine how much shareholder would receive when the company goes for liquidation and it represents the amount of assets on which shareholders have a residual claim. The greater the ratio the better as it will imply that greater amounts of asset are being financed through equity.

Equity to net loan ratio= Total Equity/Net Loans

Particular	2014	2015	2016	2017	2018
Equity to Net Loan Ratio	0.1683	0.1825	0.1376	0.1276	0.1051

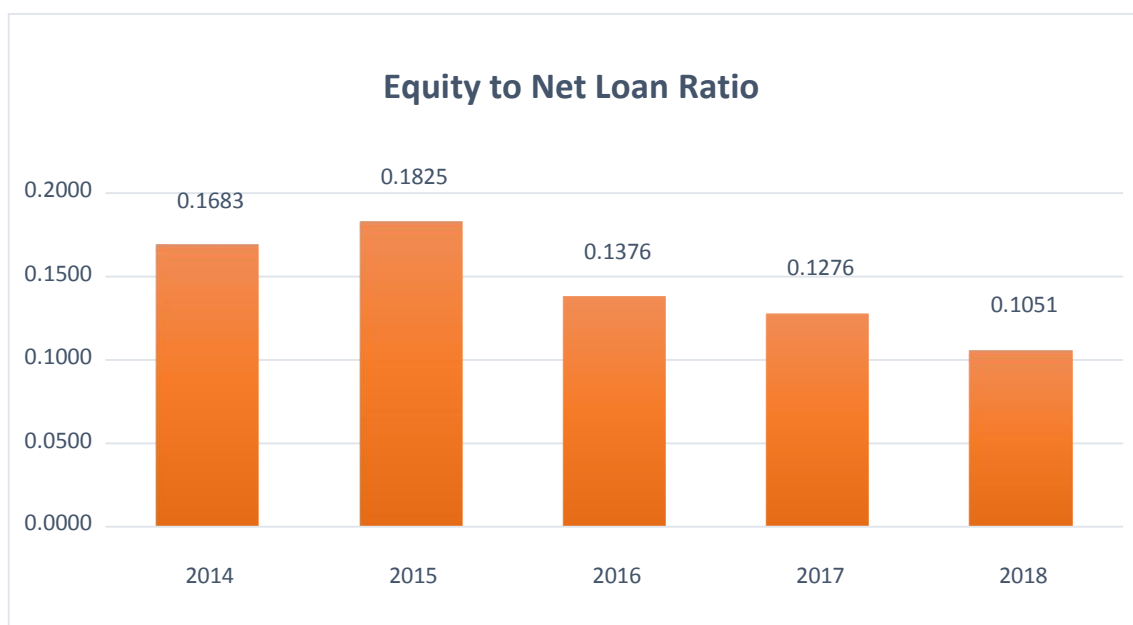


Figure: 8

The equity to net loan ratio of ABL was decrease after 2015 where the ratio was 0.1825. The higher ratio suggests lower hazard to become default. As in 2015 the ratio was higher there was less opportunity to become default than different years.

4.2.5 Profitability Ratio:

D) Net Profit Margin: Net profit margin alludes the level of income staying in the wake of giving all costs, for example, interest, taxes and favour stock profit to the investors from organization's absolute income. A high net profit margin demonstrates that the business is evaluating its items accurately.

Net Profit Margin = Net Profit/Net Interest Income

Particular	2014	2015	2016	2017	2018
Net Profit Margin (NPM)	1.6749	0.9430	-8.4324	1.5548	0.1161

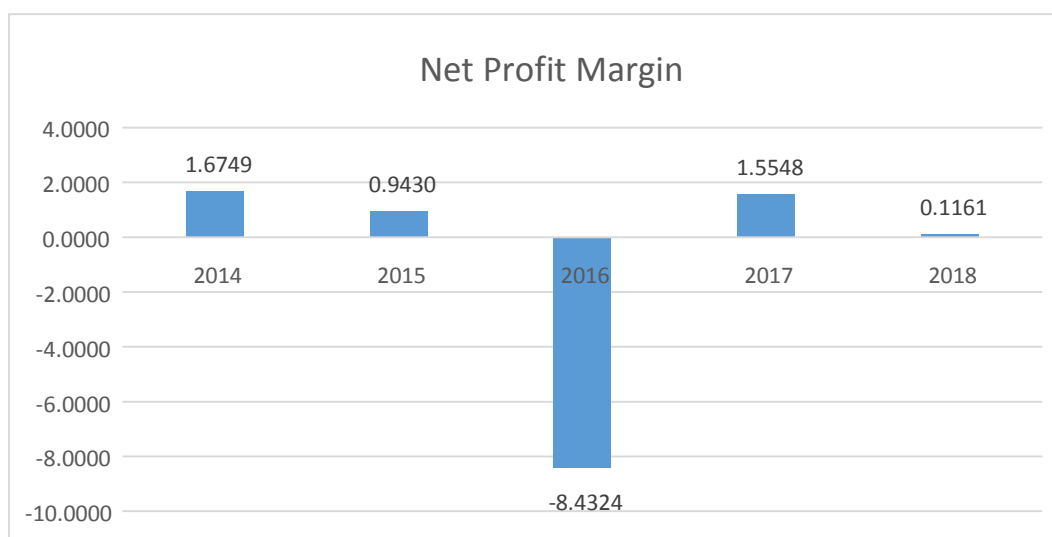


Figure: 9

The Net Profit Margin was low even in 2016 it became negative which isn't useful for the bank. Regularly 10% Net Profit Margin is acceptable however it relies upon industry. As this ratio isn't acceptable that implies the bank can't have the option to decrease its costs.

II) Return on Asset (ROA): Return on asset quantifies how proficiently an organization can deal with its asset to create profits. The higher ratio is increasingly positive for financial specialists on the grounds that more often than not they utilize this ratio to see if the organization successfully dealing with its assets to create more noteworthy measure of profit or not.

Return on Asset =Net Profit/Total Asset

Particular	2014	2015	2016	2017	2018
Return on Asset (ROA)	0.00401	0.00116	-0.01118	0.01003	0.00131



Figure: 10

The Return on asset ratio is in vacillated circumstance and in 2016 it became negative which isn't useful for the bank. Return on asset ratio should be in any event 5% for an organization. In that think about, it is by all accounts that the bank isn't bringing in cash from the utilization of its assets. If it happens further, at that point will make issue for them as it is one of the most significant ratio to dissect the organization's exhibition. In this situation the bank needs to build profit, at that point they should appropriately use its assets.

III) Return on Equity (ROE): Return on Equity measures the ability of a company to generate profits from its shareholder's investments in the company.

Return on Equity=Net Profit/Total Equity

Particular	2014	2015	2016	2017	2018
Return on Equity (ROE)	0.0502	0.01462	-0.19056	0.16593	0.0249

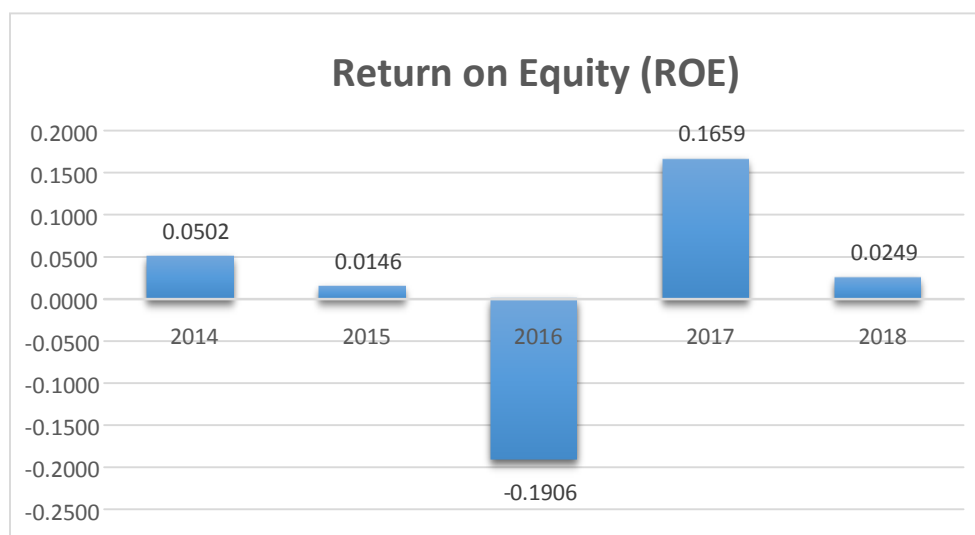


Figure: 11

Return on Equity of Agrani Bank Ltd. is fluctuating from 2014-2018. Be that as it may, in 2016 it got negative. Be that as it may, shockingly it got positive and furthermore higher (0.1659) in 2017. In 2018 again it is diminished by 0.0249 which implies the bank isn't successfully use investor's venture. It is bad sign for the bank. As investor use this return on equity ratio to find out whether the bank is correctly uses their investment or not.

IV) Equity to Net Loan Ratio: Equity to net loan is a ratio that refers to how much net loans are financed by the equity the bank occupies. It is used to determine how much shareholder would receive when the company goes for liquidation and it represents the amount of assets on which shareholders have a residual claim. The greater the ratio the better as it will imply that greater amounts of asset are being financed through equity.

Equity to net loan ratio= Total Equity/Net Loans

Particular	2014	2015	2016	2017	2018
Equity to Net Loan Ratio	0.1683	0.1825	0.1376	0.1276	0.1051

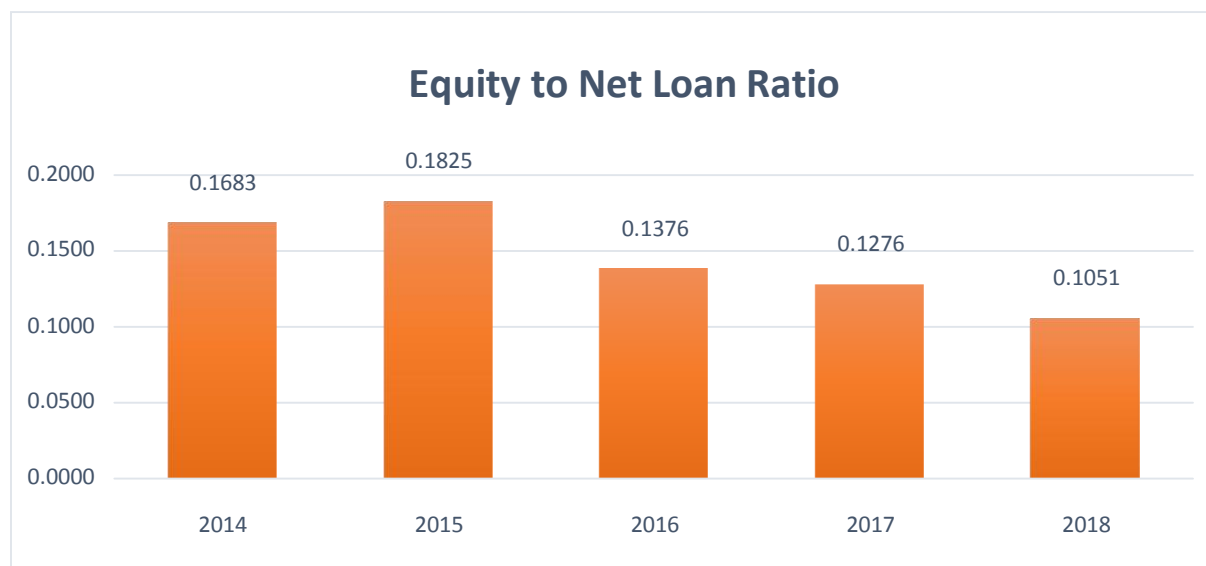


Figure: 12

The equity to net loan ratio of ABL was decrease after 2015 where the ratio was 0.1825. The higher ratio suggests lower hazard to become default. As in 2015 the ratio was higher there was less opportunity to become default than different years.

4.3 Common Size Analysis of Agrani Bank Limited:

I) Common Size of Balance Sheet:

Agrani Bank Limited					
Balance Sheet					
As on December 31, 2014-2018					
Particulars	2014	2015	2016	2017	2018
PROPERTY AND ASSETS:					
Cash and Cash Equivalents:	6.10%	5.97%	5.74%	5.70%	4.70%
Cash in Hand (Including foreign currencies)	0.86%	0.72%	0.62%	0.56%	0.49%
Balance with Bangladesh Bank and its agent bank (Including foreign currencies)	5.25%	5.25%	5.13%	5.14%	4.21%
Balance with Other Banks and Financial Institution:	3.11%	3.70%	4.45%	11.54%	15.92%
In Bangladesh	2.64%	3.18%	4.14%	10.85%	15.09%
Outside Bangladesh	0.47%	0.52%	0.31%	0.69%	0.83%
Money at call and short notice:	1.02%	0.28%	0.14%	0.40%	0.09%
Investments:	30.77%	36.38%	36.49%	25.36%	20.18%
Government	26.20%	32.01%	32.47%	21.61%	12.51%
Others	4.57%	4.37%	4.02%	3.75%	7.66%
Loans and advances:	47.50%	43.30%	42.64%	47.35%	50.15%
Loans, cash credit and overdraft etc.	46.40%	42.47%	42.05%	46.96%	49.83%
Bills discounted and purchased	1.10%	0.83%	0.59%	0.40%	0.32%
Total Current Asset	88.50%	89.63%	89.46%	90.36%	91.04%
Fixed assets Including land, building, furniture and fixtures	3.12%	2.82%	2.53%	2.31%	1.87%
Other assets:	8.38%	7.54%	8.01%	7.33%	7.04%
Non-banking Assets:	0.00%	0.00%	0.00%	0.00%	0.05%
Total Assets	100.00%	100.00%	100.00%	100.00%	100.00%
LIABILITIES & CAPITAL:					
Liabilities:					

Borrowings from other Banks, Financial Institutions and agents	1.95%	1.70%	0.75%	2.19%	3.15%
Deposit and other accounts:	84.32%	84.50%	84.17%	83.76%	83.19%
Current deposits and other accounts	8.42%	8.05%	18.36%	18.96%	21.01%
Bills payable	1.11%	0.93%	1.08%	0.88%	1.19%
Savings bank deposits	23.08%	22.50%	24.37%	25.43%	23.72%
Fixed deposits	51.72%	53.02%	40.36%	38.48%	37.28%
Other liabilities:	13.72%	13.80%	15.08%	14.05%	13.66%
Total Liabilities	100.00%	100.00%	100.00%	100.00%	100.00%
Shareholders' Equity /Capital:					
Paid-up Capital	52.37%	46.39%	56.66%	50.87%	49.83%
Reserve:	42.80%	39.10%	47.69%	47.59%	48.31%
Statutory Reserve	14.81%	13.12%	16.02%	19.14%	20.43%
General Reserve	0.01%	1.20%	1.47%	1.32%	1.29%
Risk Fund	0.00%	0.00%	0.11%	0.15%	0.19%
Asset revaluation reserve	27.98%	24.78%	30.09%	26.98%	26.40%
Revaluation and amortization reserve	5.12%	12.43%	11.70%	4.07%	3.50%
Retained surplus/(deficit)	-0.30%	2.09%	-16.05%	-2.53%	-1.64%
Total Shareholders' Equity	100.00%	100.00%	100.00%	100.00%	100.00%

Interpretation

In comparison of total asset, cash and cash proportionate thing is demonstrating a little change from 2014 to 2018 contaminate it is diminishing from 6.10% to 4.70%. Ventures is indicating less development as it is fluctuating. Credit and advances is expanding from 47.50% to 50.15%. Yet, fixed asset is diminishing from 3.12% to 1.87%. Comparing to total liabilities, current deposits and different records is indicating a tremendous change from 2014 to 2018 by expanding 8.42% to 21.01%. Fixed deposit is diminishing from 51.72% to 37.28%.

II) Common Analysis of Income Statement:

Agrani Bank Limited					
Income Statement					
For the year ended December 31, 2014-2018					
Particulars	2014	2015	2016	2017	2018
Operating income					
Interest and revenue income (Interest Income)	100.00 %	100.00 %	100.00 %	100.00 %	100.00 %
Interest paid on deposits, borrowings etc. (Interest Expense)	94.93%	97.07%	-96.15%	-80.70%	-72.39%
Net interest income	5.07%	2.93%	3.85%	19.30%	27.61%
Investment income	55.62%	63.26%	72.80%	65.20%	37.23%
Commission, exchange earnings and brokerage	18.54%	13.77%	14.40%	15.07%	7.84%
Other operating income	4.12%	4.30%	5.92%	4.87%	4.16%
Total Operating Income	83.35%	84.26%	96.97%	104.44 %	76.84%
Operating expenses					
Salary and allowances	26.35%	29.42%	46.93%	47.67%	34.42%
Rent, taxes, insurance, electricity etc.	3.25%	3.61%	4.94%	3.98%	3.45%
Legal expenses	0.09%	0.10%	0.17%	0.12%	0.09%
Postage, stamp, telecommunication etc.	0.68%	1.05%	1.62%	1.87%	0.80%
Stationery, printing, advertisement etc.	1.07%	1.19%	0.97%	0.73%	0.56%
Chief Executive's salary and allowances	0.02%	0.02%	0.02%	0.03%	0.02%

Directors' fees	0.01%	0.01%	0.02%	0.03%	0.02%
Auditors' fees	0.02%	0.02%	0.02%	0.02%	0.01%
Depreciation, Amortization and Repair of bank's assets	3.06%	4.10%	4.29%	5.88%	4.56%
Other expenses	2.90%	7.61%	12.11%	8.03%	7.13%
Total operating expenses	37.44%	47.14%	71.09%	68.35%	51.09%
Profit/(Loss) before amortization, provision & tax (Operating Profit)	45.91%	37.13%	25.88%	36.08%	25.75%
Amortization of valuation adjustment	5.68%	5.63%	6.20%	5.90%	0.00%
Profit/(Loss) before provision & tax	40.22%	31.50%	19.68%	30.18%	25.75%
Provision for loans and advances	17.48%	23.52%	38.08%	-22.38%	3.98%
Provision for off balance sheet exposure	0.00%	0.00%	0.00%	1.75%	0.00%
Provision for diminution in the value of Investment	0.00%	0.00%	4.34%	-3.16%	0.00%
Provision for employees benefits	0.00%	0.00%	4.99%	6.04%	3.28%
Other provision	15.45%	10.52%	7.30%	4.97%	4.55%
Total provision	32.94%	34.03%	54.70%	-12.79%	14.91%
Net profit/(loss) before Tax	7.29%	-2.53%	-35.02%	42.97%	10.84%
Provision for Tax	-1.20%	-5.30%	-2.52%	12.97%	7.64%
Current Tax	0.54%	0.55%	10.83%	11.91%	10.09%
Deferred Tax	-1.74%	-5.85%	-13.35%	1.06%	-2.45%
Net profit/(loss) after Tax	8.49%	2.76%	-32.50%	30.00%	3.20%
Add: Retained surplus (Opening balance)	-9.61%	-0.50%	5.13%	-25.99%	-3.19%
Add: Transfer from provision	1.61%	2.44%	0.00%	0.00%	0.00%
Add: Prior year adjustment	0.47%	-0.73%	0.00%	0.00%	0.00%
Net effect of all items directly recognized in Equity-retained earnings	0.00%	0.00%	0.00%	0.00%	0.04%

Interpretation

Investment income is showing growth except 2018 as in 2018 the investment income is not increasing by 37.23% than other years. Commission, exchange earnings and brokerage income is decreasing from 18.54% to 7.84%. Then positive net profit except 2016.

Chapter -5
Findings, Recommendations and Conclusion

5.1 Findings of the Report:

I have made sense of certain findings in the wake of gathering and breaking down information. The findings are as per the following:

- Current ratio of Agrani Bank Limited was fluctuating from 0.0769 (2014) to 0.0575 (2018). In 2018 the ratio was decreased by 1.1131 than previous years.
- Cash ratio of Agrani Bank Limited was diminishing from 2014 to 2018 that implies the bank has confronting cash emergency in 2018.
- In 2018, the total asset turnover ratio was 0.0113 which higher than other years. So that it was not put an extraordinary effect on the bank.
- Debt ratio of Agrani Bank Limited was 0.9473 which is higher than other years. As debt ratio is in expanded situation that implies bank's reliance on creditors are expanded.
- Debt to equity ratio was expanded with the exception of 2017. As in 2018 the ratio was 17.9764 which higher than different years that implies the bank utilize more debt to back its exercises as opposed to utilizing equity.
- Net profit margin was decreasing from 1.6749 (2014) to 0.1161 (2018) even it goes negative in 2016 (-8.4324) that means the bank is unable to earn huge profit even some time it faces huge losses.
- Return on asset was decreasing from 0.00401 (2014) to 0.00131 (2018) even it got negative in 2016 (-0.01118) which implies the bank isn't adequately use their assets to create profit.
- Return on equity was diminishing from 0.0502 (2014) to 0.0249 (2018) even it goes negative in 2016 (-0.19056) that implies the bank isn't viably use their equity to produce profit. It isn't acceptable sign for the bank as the investors utilize this ratio to see if the bank is appropriately utilize their venture or not. On the off chance that the bank is neglected to use their ventures appropriately, at that point they will not contribute once more.
- The equity to asset ratio was lessening with the exception of 2017 (.0790) which implies the bank utilizes more debt to buy assets than equity.

- The equity to net loan ratio was decreasing except 2015 (0.1825). As the ratio is lower that means the bank has higher chance to default.

5.2 Recommendations for Agrani Bank Limited:

- ✚ Bank should have rigorous advertising policy to make their advances product more attractive and popular.
- ✚ Personal loan and any purpose loan should be promoted among different salaried people in both government and private sector employee reducing the rate of interest in compare to other bank.
- ✚ In cash credit (cc) their loan disbursement on August is relatively low compared to July. They should keep trying to push it up because it is considered as credit risk which is essential factors that needs to be managed.
- ✚ In Customer Credit their loan disbursement in middle suddenly fall a certain amount which is very much unpredictable because this is related to the stander of living of the customer. So they should increase these type of loan amount.
- ✚ In staff loan there is also down fall. They must be encouraged their staff for that type so that they might satisfied with their work.
- ✚ In FDR loan disbursement there is little bit low but they should keep it stable because The customers have the option to re-invest their funds both principal amount and interest amount on maturity or principal amount and the interest amount being paid into their accounts.
- ✚ In ABS (Agrani Bank Special benefit Scheme) their loan disbursement is positive. They are very good on it. They give pretty much good offer to their special customer and they should keep going like this.
- ✚ In MDS (Monthly Deposit Scheme) loan disbursement is like same as ABS. This is also pretty much high amount because of their special scheme. In this two sector Agrani Bank doing well. My recommendation is they should keep it up with the other sector of loan disbursement.

- ✚ As cash ratio was decreasing 0.0769 (2014) to 0.0575 (2018). So the bank needs to expand the ratio above 0.5. Else they can't ready to settle liquidity emergency and can't pay to the customer.
- ✚ Though in 2018 total asset turnover was 0.0113 which higher than previous years, they still not utilizing their assets adequately to produce salary. For adequately using assets they need to conjecture appropriately. They have to build total asset turnover from 4 to 6 multiple times as it is standard range however it varies from organization to organization.
- ✚ As debt ratio was expanding year to year that implies bank's reliance on creditors are expanded which isn't useful for the bank. They should decrease the reliance on creditors as their liquidity was insufficient then they can confront troubles if the loan cost can be risen. The bank should cautious to utilize debt to buy asset or working different exercises.
- ✚ As debt to equity ratio was expanding that implies the bank utilizes more debt to fund its exercises as opposed to utilizing equity. The bank should keep up among debt and equity to fund its exercises in any case bank will be confronted many problems to pay its commitments.
- ✚ Net profit margin (NPM) of Agrani Bank Limited was extremely low in 2016 (-8.4324) even it became negative which isn't useful for the bank. On the off chance that the bank needs to expand NPM, at that point it must be decreasing its costs else it can't ready to procure profit and can't offer profit to the investors.

5.3: Conclusion:

In this internship report, I show my level best to Financial Analysis of Agrani Bank Limited. We already know about Agrani Bank Limited is one of the best owned bank in our country. In all economic conditions of our country, the bank has been working with extraordinary certainty and contending colossally with local commercial banks along with other multinational banks also. Agrani Bank Limited is attempting its level best to perform well. Agrani Bank Limited faced some financial crisis time to time. Some of the crisis was excessive bad loans, shortage of loans and advances, scarcity of cash in hands due to vault limit etc. These crisis increases time to time due to economic slowdown, interest rate variation, inflation in the money market. Agrani Bank Limited still fighting with these crisis and give their best.

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- ❖ **Agrani Bank Limited’s Annual Report from 2014**
- ❖ **Agrani Bank Limited’s Annual Report from 2015**
- ❖ **Agrani Bank Limited’s Annual Report from 2016**
- ❖ **Agrani Bank Limited’s Annual Report from 2017**
- ❖ **Agrani Bank Limited’s Annual Report from 2018**
- ❖ **Agrani Bank Limited’s Annual Report from 2019**