



AB Bank

## PROJECT WORK

**Course Code: BUS 498**

# Performance Evaluation of AB Bank Limited

### Submitted To:

Professor Dr. Tanbir Ahmed Chowdhury  
Chairperson, BA, Dean, FBE  
Department of Business Administration

### Submitted By:

Miss. Sharmin Akhter                      2011-2-10-241

Submission Date: 12<sup>th</sup> April 2015



# EAST WEST UNIVERSITY

Letter of Transmittal

12th April, 2015

Professor Dr. Tanbir Ahmed Chowdhury

Department of Business Administration

East West University

Subject: Submission of Project report on Performance Evaluation of ABBL.

Dear Sir

I hereby submit you the Project Report on "Performance Evaluation of ABBL". While doing the project, I believe I have been able to make an understanding of the subject matter and the important issues that were required to obtain.

I tried my level best to make an applicable and feasible report so that it will be as effective as it was expected to be. I consider providing any information or clarification if necessary.

I hope you will accept my Project Report and kindly oblige.

Sincerely

*Sharmin*

Miss. Sharmin Akhter



# AB Bank

## Letter of Authorization

12th April, 2015

This is to certify that Miss. Sharmin Akhter, a BBA student of East West University. In the Spring, 2015 semester, is taking the course Project Work (BUS 498) which requires the performance evaluation of ABBL. For this purpose, he is required to gather relevant information at East West University.

It is worth mentioning that the gathered information will only be used for pure academic purposes and will be kept confidential. It will be highly appreciated if you help her get relevant information regarding the report.

Thank you.

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Professor Dr. Tanbir Ahmed Chowdhury

Chairperson, BA, Dean, FBE

East West University



## Acknowledgement

I am truly gratified that I received the regulation and assistance of our honorable course instructor in the preparation of this formal report. For this reason, I especially appreciate my praiseworthy course instructor, **Professor Dr. Tanbir Ahmed Chowdhury**, for his constant effort in imparting valuable knowledge and expertise enabling us to produce such a proper report on this suitable focus.

This is an enormous opportunity for our future accomplishment and achievements of our goals by preparing a report on this attractive focus. I have tried to follow the guidelines of preparing a formal report on “**Performance Evaluation of ABBL**”, which will be beneficial for me in future.



# AB Bank

## Executive Summary

Banking is a business, which is run on the confidence and trust of people. This confidence enjoyed by banks and enables the bank to mobilize funds from various sources. The profitability of a bank always depends on the efficient management of fund and exploring the genuine avenues in which its resources are invested to produce the maximum income.

But everything is finally evaluated by the performance of the bank. This is why performance evaluation of a bank is very crucial in the process of finance. Being a student of finance, my focus was more on performance appraisal of the bank based on the financial indicators.

In this report, different indicators of performance evaluation are been described on the basis of which the position of AB bank Ltd can easily be determined. This report contains four chapters. First chapter deals with introduction, origin of the report, objective, scope, methodology and limitation of the study. Second chapter emphasis on the overview and products and services of AB Bank Ltd. Chapter Three analyze the financial performance of the bank. Chapter Four contains problems, suggestion, conclusion and bibliography of the bank.

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# Chapter: 1

# Introduction



## 1.1 Introduction

Background of AB Bank Limited AB Bank Limited, the first private sector bank was incorporated in Bangladesh on 31st December 1981 as Arab Bangladesh Bank Limited and started its operation with effect from April 12, 1982.

AB Bank is known as one of leading bank of the country since its commencement 29 years ago. It continues to remain updated with the latest products and services, considering consumer and client perspectives. AB Bank has thus been able to keep their consumer's and client's trust while upholding their reliability, across time.

## 1.2 Origin of the Report:

This report has been completed for the partial requirement of the **“Performance evaluation of AB Bank”**, with the specified time duration. I had to study and analysis on certain topics of **‘Annual Reports of AB Bank’** to prepare the report.

The report was originated to make a study on the **“Performance evaluation of AB Bank”** and as a part of the fulfillment of project report required for the completion of the BBA program of the Department of Business Administration of East West University.

As a part of my study and completion of the BBA degree, the project work was assigned by **“Professor Dr. Tanbir Ahmed Chowdhury”**, Department of Business Administration, East West University. During this project work, I have gathered a lot of knowledge regarding the discloser in annual report of AB Bank.

## 1.3 Objective of the study:

### 1.3.1 General objective:

- To gain experience and view the application of theoretical knowledge in the real life.

### **1.3.2 Project objective/ specific objective:**

- To have a clear idea of disclosure of Annual Reports in the AB Bank.
- To have a close vision as well as analyze the disclosure of Annual Reports in the AB Bank.
- To find out the lacking in the Disclosure of Annual Reports in the AB Bank.
- To suggest ways of improving the standards of Discloser of Annual Reports of AB Bank.

## **1.4 Scope of the study:**

Exploratory research method is used in writing this report. This type of research is meaningful in any situation in which the researcher does not have enough understanding to proceed with the research project. This research is characterized by flexibility and versatility with respect, to the methods, because formal research method, because formal research protocol and procedures are not employed. Rather researchers are alert to new ideas and insights as the process. Once a new idea or insight is discovered, they may shift their exploration in that direction. Observation method is used to complete this qualitative research.

## **1.5 Methodology of the study:**

Most of the information has been collected from the annual report of the AB bank. I tried to be cautious to draw the experience in the report. This study briefly highlights the various benefits of implication of Discloser Annual Report of AB bank.

### **1.5.1 Data sources**

Most of the information has been collected from the annual report of the AB bank.

### 1.5.2 Data collection

To conduct the research, I used secondary sources of data.

**The Sources of data and information are --**

- Published article and manuals
- Annual Reports Published by the Bank
- Periodicals published by Bangladesh Bank.
- Various books, articles, compilations.
- Websites

### 1.6 Limitation of the study:

In all respect some limitation and weakness remain within which I failed to escape by any means. These are follows:

#### **Limitation of time**

Time constraint was an obstacle for the study. A better analysis might be done if enough time would be provided.

**Lack of Secondary Data** The annual report was the main secondary Information source of information that was not enough to complete the report and provide the reader a clear idea about the bank.

## Chapter 2

# An Overview of AB Bank Limited

## 2.1 An overview of AB bank

During the last 29 years, AB Bank Limited has opened 82 Branches in different Business Centers of the country, one foreign Branch in Mumbai, India and also established a wholly owned Subsidiary Finance Company in Hong Kong in the name of AB International Finance Limited. To facilitate cross border trade and payment related services, the Bank has correspondent relationship with over 220 international banks of repute across 58 countries.

The Bank maintained its sound credit rating in 2008 to that of the previous year. The Credit Rating Agency of Bangladesh Limited (CRAB) awarded the Bank an A1 rating in the long term and ST-2 rating in the short Term.

AB Bank believes in modernization. The bank took a conscious decision to rejuvenate its past identity – an identity that the bank carried as Arab Bangladesh Bank Limited for twenty five long years. As a result of this decision, the bank chose to rename itself as AB Bank Limited and the Bangladesh Bank put its affirmative stamp on November 14, 2007.

The Bank decided to change its traditional color and logo to bring about a fresh approach in the financial world; an approach, which like its new logo is based on bonding, and trust. The bank has developed its logo considering the contemporary time. The new logo represents our cultural “Sheetal pati” as it reflects the bonding with its clientele and fulfilling their every need. Thus the new spirit of AB is “Bonding”.

## **2.2 Mission of AB bank**

‘To be the best performing bank in the country’

## **2.3 Vision of AB bank**

‘To be the trendsetter for innovative banking with excellence and perfection’

## **2.4 Core Objectives OF AB bank.**

### **Compliance**

AB bank considers adherence to national policies and objectives a priority for giving its customers the best financial support with corporate integrity, meaning a fully compliant bank along with involvement in social development.

### **Customers**

AB bank gives the best priority on its customers demand and through its endless effort it assures the best satisfaction to its customers.

### **Share holders**

AB bank assures the best return to its share holders by commenced performance over a rolling year.

### **Team Members**

AB bank provides secure, satisfying employment, ensuring the contribution of each individual to the success of ABBL.

## 2.5 Strategies of ABBL

- Ensure that distribution, operations, technology and risk management are aligned and geared towards sustainable growth and service delivery.
- Optimize business mix and maintain the asset quality with balanced growth, focusing the return to the share holders.
- Add value to the customers by providing satisfactory, reliable and competitive services at reasonable cost and thereby attaining excellence in banking operation.
- Focus on man power and talent management for capacity building through training and development.
- Strengthen the capital base through generation and optimization of capital based on risk-adjusted returns.
- Set high ethical standards and transparency in adhering regulatory requirements.
- Enhance brand image true value driven CSR to promote the stability of financial, social and ecological systems.

## 2.6 Milestones in the Development of ABBL

1. Maintaining adequate capital
2. Risk Management
3. Sustainable Dividend Policy
4. Maintenance of Liquidity
5. Utilization of resources
6. Contribution to the National Exchequer

## **2.7 Different banking segments of ABBL**

### **2.7.1 Corporate Banking**

ABBL provides corporate banking like Term Loan, Time Loan, Trade Finance, Trust Receipt, Working Capital, Bill Discounting, Letter of guarantee, Syndication arrangement, Agency function, Syndication participation, Equity financing arrangement, Corporate advisory service etc.

### **2.7.2 Retail banking**

- Personal Loan (Unsecured)
- Personal Loan (Secured)
- Home Loans
- Education Loan
- Auto Loan
- Debit Card

### **2.7.3 SME banking**

The SME banking contains Choto Puji Rin, Proshar, Digun , Uddog, Goti, Awparajita , Sathi

### **2.7.4 Agricultural Credit**

ABBL has good presence in Agriculture and Rural Credit. The financing are fundamentally in Crop, Fisheries, Solar Energy, Bio-gas, ETP, Livestock areas. To patronize crop lending, AB' signed agreements with different micro-finance institutions and arranged "Open Agriculture and Rural Credit Distribution" event at different regions. AB also disbursed Agricultural Credit at Concessional Interest rate for the purpose of Cultivation of Pulses, Oil, Seeds, Spices and Maize.



## 2.7.5 Treasury and capital market

### Money Market

Money market securities of ABBL contains Overnight (call), Repo, SWAP, Term, Reverse Repo etc.

## 2.8 Bank's major functional departments and their activities

It is functioning not only in Bangladesh but also all over the world. The main activities of the bank have been discussed as under:

### a) Treasury & Investment functions:

Treasury activities both Money Market and Foreign were done separately earlier from April 2007 both activities were merged and both the Officials are working sitting side by side. As a result, Bank's treasury functions are running smoothly.

### b) Loans and Advances:

Following the guidelines of Bangladesh Bank credit facilities have been extended to productive and priority sectors. The Outstanding advance of the Bank is Tk. 40,915.35 million on 31st December 2008. In extending credit facilities, the Bank has given due importance to sectorial needs and requirements of both public and private sectors.

### c) Small and Medium Enterprise Loan:

AB Bank Ltd. has been activity involved with financing in SME. To meet the growing need of SME's loan, AB Bank Ltd. create a separate Division. The outstanding advances in this sector stood at 42.00 crore as on 31st December 2008.

### d) Industrial Credit:

AB Bank Ltd. has been playing a vital role in supporting rapid industrialization in the country. The Bank continuous to provide for financing long term loan as well as working capital needs to industrial project. The Bank also continuous to aggressively invest an in well structured syndicated loans. Sanction, disbursement and outstanding as on 31st December-08 are follows:

**e) Foreign Remittance:**

Inward remittances from Bangladeshi national working abroad continued to play supporting role in strengthening the current account of Bangladesh Economy. AB bank Ltd. has ensured Quick delivery of remittances by reducing lead-time to the beneficiaries account. The country received Taka 156.36 million during the year 2008. Compared with Taka 131.64M million in the same period of the preceding year.

**f) Foreign Trade:**

The performance of Foreign Exchange and Foreign Trade business is shown below marked a increase over the last year.

Major export items were Readymade Garments, Shrimps, Tea and non-traditional items. Import remained confined mainly to Consumers goods, capital machineries & industrial raw materials.

**g) Foreign Correspondents:**

AB Bank has already established a worldwide network & relationship with International Banking through its 1 representative office it's in England, 1 subsidiary "AB International Finance." in Hong Kong. 1 Foreign Branch in Mumbai.

**h) Recovery of Non-performing Loans:**

The Bank has geared up its efforts to recover the classified loans and ensure sustained declination of classified loans over the years through the branches to keep pace with the global target of the bank to increase its performing assets. To achieve this target, the concern Division (Recovery Division-I) of Head Office co-ordinates the activities of the concerned Division/Branches to accelerate.

(a) Cash Recovery

(b) Settle-up classified loan accounts through interest waiver.

(c) Regularize classified loans through rescheduling

**i) Corporate Social Responsibility:**

AB has been active all-through in the sports arena for quite sometime now. From the early part of eighties your Bank curved its niche in the sports arena as one of the prime partner. AB has been organizing "Siraj Smirty Cricket Tournament" an age group competition conducted at the district level for the last 10 years in a now.

Besides the cricket, AB also contributed towards popularizing the Table Tennis and Volleyball in different forms through organizing tournaments or through sponsorship of particular events. Bank wants to be an active partner in development of sports in the country. AB Bank has been sponsoring the Golf Tournament at the Bhatiary Golf Club for the last ten years in a row.

In 2007, AB Foundation participated in disaster relief operations for the Landslide victims in Chittagong, SIDR affected people of the coastal areas and In 2007, AB Foundation participated in disaster relief operations for the Landslide victims in Chittagong, SIDR affected people of the coastal areas and for the flood affected people across the country. Banks also run a media campaign for SIDR rehabilitation program. Foundation also contributed Taka 2.0 lac towards Sabina Yasmeen Chickasha Shahayok Committee fund for treatment of this renowned singer of the soil.

Bank also participated in the Training Academy of the Dhaka Stock Exchange. About Taka 8.0 lac was donated to procure training room equipment for the DSE Training Academy. AB has also been a regular contributor to the Bangladesh Institute of Bank Management.

#### **k) Card Business:**

AB Bank Ltd. introduces ready cash card facility. Under this System card holder can reload and refunded money from its designated Branches Card holder also can pay utility Bills and purchase goods from different POS (point of sale).

Bank has also joined Electro ways Transactions Network (ETN) commonly known as E-cash, recently. This new platform will enable the Card Division to go for mass-based card programs in the future.

## 2.9 Information Technology and Automation

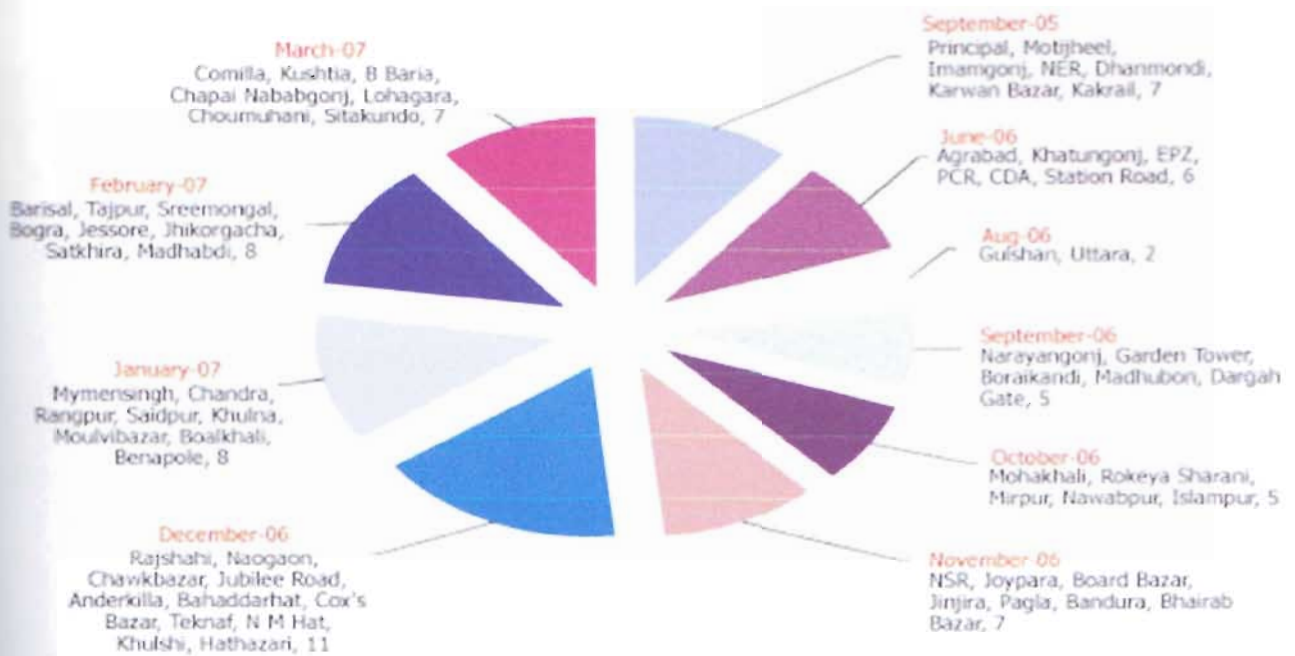
### Business Automation

Being the first private sector Bank of the country, your Bank has prided itself in the quality of the banking services it provides by taking conscious decision to employ the best available banking technology to serve the customers which now stands over 200,000 in all. Core Banking System Kapiti was employed alongside the manual banking operations ever since 1984. Later on in the year 2004, Misys core banking solution was selected for implementation to take AB in to super highway of real time online banking of today. Beginning, 2005 Misys implementation was taken-up and in the 1st Phase seven (7) Branches were upgraded to the new core banking system.

For the year 2006, in line with the growth strategy, service quality improvement and availability were put into focus whereupon coverage of remaining Branches under Misys became all the more important. Bank took up a massive Project of migration, connectivity and standardization of processes and hardware throughout. A CORE TEAM was formed. The theme was YES WE CAN. We made it possible.



## Rolled Out Branches



**Software products from Misys PLC Core Banking Software:** Equation Banking System  
Misys Equation is a fully integrated, real-time, multi-currency retail banking solution that helps organizations deliver competitive products and excellent service to customers. It supports consumer and corporate banking as well as treasury operations on a single platform.

### **Software products from Avanza Solutions**

AB Bank has been investing heavily in Electronic Banking infrastructure projects keeping in mind the consumer and client perspective. Two such initiatives that AB Bank has taken is the implementation of the National Electronic Funds Network (BEFTN) and Financial Middleware (Rendezvous). AB Bank has joined hands with Avanza Solutions for the implementation of these projects.

Name	Function
Transaction Interface	It is used for creating EFT entries and files by bank staff
File Sharing Component	It provides a platform for sending and receiving files with BEFTN
Transaction Processing Component	It processes the transactions present in file received from BEFTN

**Result:**

- AB Bank now capable to do Inward EFT and Outward EFT through import and export files
- Integration is done with PBM software supplied by Central Bank
- Integration with the Core Banking System is done
- Integration with Middleware – Rendezvous is also done

The application serves as a clearing system between banks.

**Rendezvous – Financial Middleware**

**Then Need:**

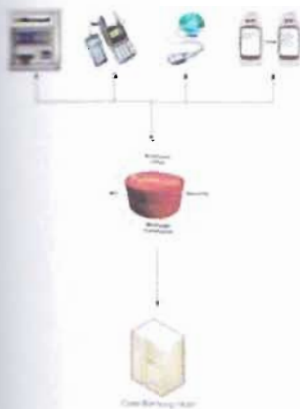
AB Bank wanted to deploy a scalable and flexible solution for their eBanking services which could help them in providing seamless integration with all existing backend (Core Banking System) and front end delivery channels (ATM, POS, Internet Banking, SMS Banking, Kiosk etc.). AB Bank wanted a solution which could make them capable to introduce unlimited number of ADC – Alternate Delivery Channels without making any significant changes on their Core Banking & ATM Switch.

**The Solution:**

Financial middleware is the core and integral unit of any e-Banking infrastructure and the success or failure of a bank's e-Banking initiatives depends highly on the performance of this unit as the middleware needs to be reliable, flexible, scalable & secure. Reliability reflects on the service quality as the system should provide maximum uptime, security is required because of the financial nature of the solution. Moreover, the transactions need to be secured alongside the solution being highly scalable & flexible to handle the transaction load as new front end delivery channels integrate. Avanza's Rendezvous does just that! Rendezvous is a switching middleware that ensures all transactions are executed from all the sources in a uniform, secure, reliable and efficient manner.

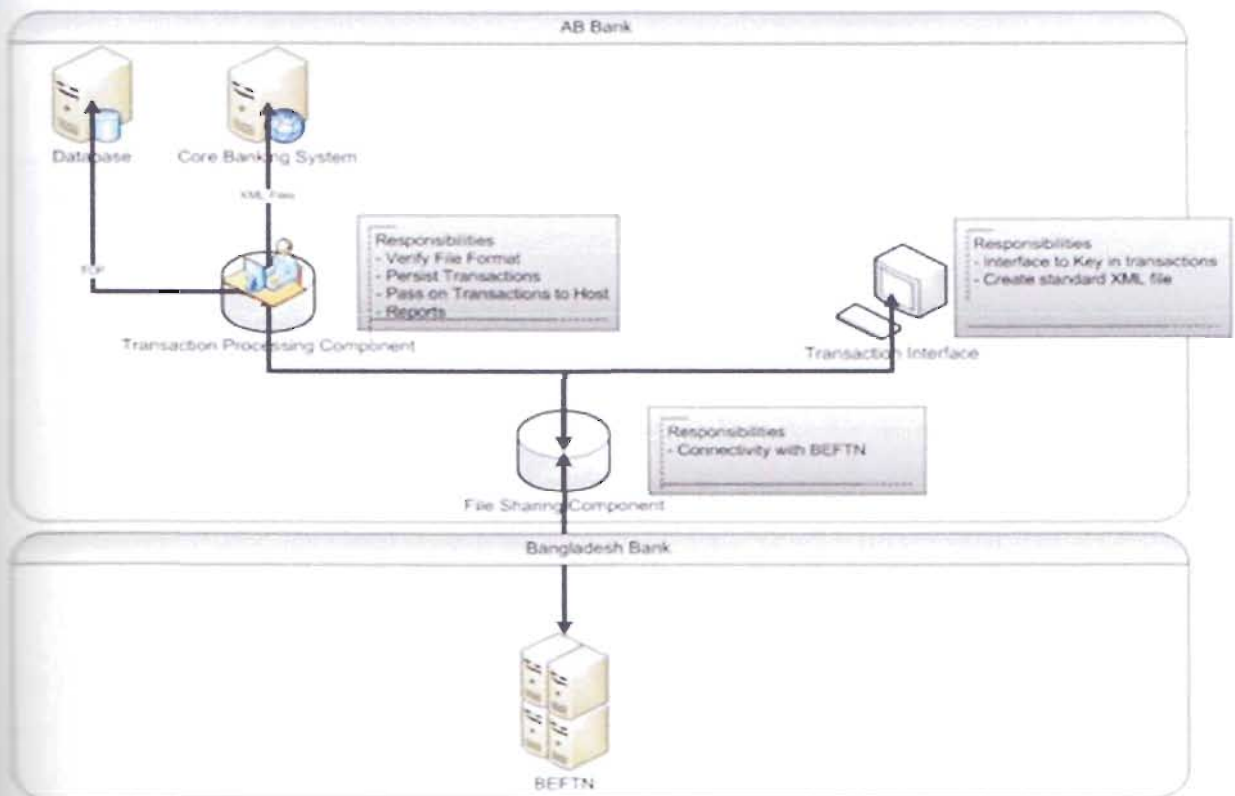
**Results:**

AB Bank has a centralized middleware –Rendezvous implemented at AB Bank, integrates its back end systems for end to end processing, integrates with their ATM Switch for providing acquiring and issuing features, integrates with POS switch for providing acquiring features on POS and integrates with AB Bank's Internet and SMS Banking. Standard message formats and transaction sets will be hosted at the middleware and routing logic is handled using business rules.



*Architecture of the proposed solution by Avanza Solutions to AB Bank.*

AB Bank uses ASPIRE from Avanza Solutions ([www.avanzasolutions.com](http://www.avanzasolutions.com)) which was custom-tailored to our need for integrating with Bangladesh Bank's BEFTN (Bangladesh Electronic Funds Transfer Network). During the BEFTN test runs, AB Bank was the only bank to pass the tests completely - thanks to the dedication and expertise of Avanza resources. Currently the bank is handling both Inward and Outward EFT with confidence using ASPIRE which is connected to our core banking system through a financial middleware, Rendezvous, again from Avanza Solutions.





## 2.10 Product Range of ABBL

**Product Range belongs to given below 13 objectives**

### **1. Retail Banking:**

- A. Deposit Products: AB Student Account, Max Saver, Smart Saver, Deposit Double Scheme (DDS), Monthly Savings Deposit Scheme (MSDS), Monthly Income Deposit (MIDS), Millionaire Scheme Account (MSA),
- B. Personal Banking Loan Products: Personal Loan, Home Loan,
- C. Secured Loan: Personal Overdraft-Secured

All of this deposits/product creates for retail banking.

### **2. Corporate Banking:**

AB Bank provides Corporate Banking solutions to the growing Corporate Sector of the country. To meet the diverse financial needs of the corporates, the Bank provides a broad spectrum of products and services. With expertise, innovation and customization, the Bank simplifies the complexities of the financial world for the clients and helps them attain their desired objectives. The prime focus is on building and maintaining long-term mutually beneficial relationship with the clients, and being a part of their journey towards development and growth.

Corporate Banking solutions are channelized through the following:

- A. Corporate Finance
- B. Structured Finance

## **Corporate Finance**

AB Bank offers a wide range of Corporate Banking Services, which are:

- A. Project Finance
- B. Working Capital Finance
- C. Trade Finance
- D. Offshore Banking
- E. International Banking
- F. Islami Banking Finance

## **Structured Finance**

AB Bank Limited has a proven track record as book runner, mandated lead arranger and underwriter of Syndicated loans. Due to the long experience and flexible handling the Bank can offer clients tailored loans as well as a complete service for complex transactions through Syndication.

As an unwavering financial partner with substantial underwriting capacity, the Bank offers clients the following facilities:

- A. Preparation of Information Memorandum
- B. Deal Structuring
- C. Equity Financing
- D. Corporate Advisory Services

### 3. SME Banking

#### SME DEPOSIT/LOAN PRODUCTS

Considering the volume, role and contribution of the SMEs, in the last three decades AB Bank has been patronizing this sector by extending credit facilities of different types and tenor. As of now around 25% of the bank's total loan portfolio is segmented to the SMEs which deserve all out attention in our plans, projections and forecasting.

As such the bank has emphasized on the following issues:

- To provide the best services to the SME sector
- To increase the SME portfolio of ABBL significantly
- To improve the quality of ABBL's portfolio

SME Sectors in which AB Bank has participated so far:



- Agro-based and agro-processing industry
- Agro-based activities such as fishing, fish preservation and marketing
- Agro- tools making and marketing
- Nakshi Kanta and handloom
- Food seed preservation and marketing
- Bakery
- Hatchery
- Dry fish processing
- Furniture
- Horticulture & flower marketing
- Cold storage
- Construction business
- Hospital and clinic
- Hotel, restaurant and tourism
- Mobile phone accessories
- Printing and packaging
- Renewable energy such as solar power
- Light engineering industry
- Plastic industry
- Cosmetics and toiletries
- Handicrafts
- Jute goods
- Stationery goods industry
- Frozen food
- Leather and leather products
- Electronics
- Artificial flower making
- Rice mill/Auto rice mill
- Wholesale and retail shop
- Drug house/Pharmacy
- Phone-Fax
- Chatal business
- Trading
- Old iron goods
- Mobile set and accessories business
- Various small business
- Fertilizer business
- Jute trading
- Clothing and shoe business
- Rod and cement trading
- Hardware business
- Crockery business
- Grocery and chaff goods business
- LP gas business
- Warehouse and container business
- Commercial plantation
- Transportation and communication
- Tailoring
- Saloon and beauty parlour
- Call centre
- Diagnostic centre
- Digital color lab
- Bamboo and cane goods production
- Boutiques
- Interior and exterior decoration
- Light engineering workshop
- Tribal handloom and specialized handloom (komor tant)
- Saw mill
- Dairy and fish feed production
- Brick field
- Khadi industry
- Agor and candle light production
- Spice grinding
- Biscuit factory
- Food processing
- Oil and pulse mill
- Hosiery
- Welding industry
- Particle board industry
- Biogas plant
- Sand & stone business
- Wood & steel goods business
- Paddy-rice business
- Nursery
- Sweetmeat production
- Fish cultivation (shrimp, telapia, pangas etc.)
- Battery manufacturing
- Pottery
- Sanitary goods manufacturing
- Tea industry
- Fruit processing industry
- Solar electricity plant etc.

Other 10 objectives of production range of ABBL are **Lending Rates, Deposit Rates, Exchange Rates, NRB Banking, Money Transfer, Islami Banking, AB Securities Limited, Investment Banking, Cards & Schedule of Charges.**

### 2.10.1 Deposit products of ABBL

## Deposit Products:

<b>Product Name</b>	<b>AB Student Account</b> "AB Minor" and "AB Major"
<b>Type</b>	Savings Account for the <b>Students</b> of Educational Institutions
<b>Features</b>	<ul style="list-style-type: none"> <li>• Eligibility? <ul style="list-style-type: none"> <li>○ AB Minor: Students of Educational institutions aged between 6 years to below 18 years</li> <li>○ AB Major: Students of Educational institutions aged 18 years or older</li> </ul> </li> <li>• Minimum initial deposit? <ul style="list-style-type: none"> <li>○ AB Minor: BDT 100.00</li> <li>○ AB Major: BDT 500.00</li> </ul> </li> <li>• Debit Card <ul style="list-style-type: none"> <li>○ AB Minor: Maximum withdrawal limit is Tk. 2,000.00 (Two Thousand) per month through the Debit Card. Limit will be extended up to 5,000.00 with guardian permission.</li> <li>○ AB Major: Usual white debit card will be issued.</li> </ul> </li> <li>• Cheque book <ul style="list-style-type: none"> <li>○ Cheque Book can be issued with no charges.</li> </ul> </li> </ul>
<b>Interest Rates</b>	8.00% <ul style="list-style-type: none"> <li>• Interest on daily balance</li> <li>• Interest will be paid Half Yearly</li> </ul>
<b>Additional facilities</b>	<ul style="list-style-type: none"> <li>• No Account maintenance fees</li> <li>• Free debit card</li> <li>• Free SMS/Internet Banking</li> <li>• Free standing instruction</li> <li>• Free Real Time Mobile Top-up*(GP, Banglalink, Citycell, Airtel, Robi, Teletalk).</li> </ul>

**Product Name**      **Max Saver**



<b>Type</b>	Savings account with maximum returns.	
<b>Features</b>	<ul style="list-style-type: none"><li>• Account will be limited for individuals only.</li><li>• Initial deposit of minimum Tk. 50,000.00.</li><li>• No restrictions on the number of transactions.</li><li>• No interest forfeiting rules.</li><li>• Free SMS banking &amp; internet banking.</li><li>• Interest will be calculated on daily balance and will be applied quarterly.</li><li>• ATM transaction limit max Tk. 80,000.00 per day.</li></ul>	
<b>Interest Rates</b>	<b>Balance</b>	<b>Rate</b>
	Less than Tk. 50,000.00	0.00%
	Tk. 50,000.00 to less than Tk. 5,00,000.00	3.00%
	Tk. 5,00,000.00 to less than Tk. 15,00,000.00	4.00%
	Tk. 15,00,000.00 to less than Tk. 30,00,000.00	5.00%
	Tk. 30,00,000.00 to less than Tk. 50,00,000.00	6.00%
	Tk. 50,00,000.00 & above	7.00%
<b>Additional facilities</b>	Customer will be eligible for the following privileges upon maintaining average balance of 50,000.00 and above: <ul style="list-style-type: none"><li>• Free cheque book.</li><li>• Free Debit card.</li><li>• No Account maintenance fee.</li></ul>	

**Product Name****Smart Saver****Type**

Online Savings Account

**Features**

- Account will be limited for only individuals only.
- Initial deposit of minimum Tk. 5,000.00.
- No restrictions on the number of transactions.
- No interest forfeiting rules.
- Free SMS banking & internet banking.
- Interest will be calculated on daily balance and will be applied quarterly.



## Interest Rates

Balance	Rate
Less than Tk. 5,000.00	0.00%
Tk. 5,000.00 to less than Tk. 2,50,000.00	3.00%
Tk. 2,50,000.00 to less than Tk. 5,00,000.00	4.00%
Tk. 5,00,000.00 to less than Tk. 15,00,000.00	5.00%
Tk. 15,00,000.00 to less than Tk. 25,00,000.00	6.00%
Tk. 25,00,000.00 & above	7.00%

## Additional facilities

Customer will be eligible for the following privileges upon maintaining average balance of 5,000.00 and above:

- Free Debit card.
- No Account Maintenance Fee

## Product Name

### Features

## Deposit Double Scheme (DDS)

- Special type of fixed deposit account.
- Interest rate : 10.50%
- Make money double within 7 years.
- Minimum deposit amount is Tk.50,000 to maximum deposit of Tk.50,00,000.
- Loan/overdraft facility can be availed up to 90% of the deposited amount.

## Product Name

### Features

## Monthly Savings Deposit Scheme (MSDS)

- Monthly installment based savings scheme.
- A person can contribute monthly installments of Tk.500 or it's multiple(Tk.100 or its multiple for branches outside municipal area)
- Account can be opened for 3, 5, 7 or 10 years.
- Rate of interest : 10.50%
- Loan/overdraft facility may be allowed up to 90% of the deposited amount subject to minimum BDT.15,000.

**Returns**

Monthly Installment	Pre-tax maturity after:			
	3 years	5 years	7 years	10 years
500	21,163	39,346	61,658	104,979
1000	42,327	78,692	123,317	209,958
2000	84,654	157,384	246,634	419,917
5000	211,634	393,461	616,585	1,049,791
10000	423,268	786,922	1,233,170	2,099,583

**Product Name**
**Monthly Income Deposit (MIDS)**
**Features**

- Fixed deposit scheme with monthly returns.
- Minimum deposit is Tk. 1,00,000.00 with the maximum amount being Tk 50,00,000 either in a single or joint name.
- Account can be opened for 1, 3 or 5 years.
- Rate of interest : 10.50%

**Returns**

Principal Amount	Monthly Payment
100,000	875
5,00,000	4,375
10,00,000	8,750

**Product Name**
**Millionaire Scheme Account (MSA)**
**Features**

- Monthly installment based savings scheme with fixed maturity value of BDT. One million (10,00,000).
- The initial investment will determine the monthly installment amount.
- Installment size varies with tenor and initial investment.
- Account can be opened for 3, 4, 5 or 6 years.
- Rate of interest : 10.50%
- Loan/overdraft facility may be allowed up to 90% of the deposited amount subject to minimum BDT.15,000.



Installment size	Tenor (years)	3	4	5	6
	Without initial investment		23,710	16,870	12,790
	<b>50,000</b>	22,110	15,610	11,735	9,175
	<b>75,000</b>	21,310	14,980	11,210	8,715
With initial investment of:	<b>100,000</b>	20,510	14,355	10,685	8,255
	<b>125,000</b>	19,710	13,725	10,155	7,800
	<b>150,000</b>	18,910	13,100	9,630	7,340
	<b>175,000</b>	18,110	12,470	9,105	6,880
	<b>200,000</b>	17,315	11,840	8,575	6,420

## 2.10.2 Loan products of ABBL

### . Personal Banking Loan Products

<b>Product Name</b>	<b>Personal Loan</b>
<b>Purpose</b>	Personal Loan may be availed for any purpose.
<b>Loan Limit</b>	Maximum Tk. 10,00,000 (without collateral) 30% of the value of the quotation
<b>Charges</b>	Application fee: Tk. 500 Processing fee: 1% on the approved loan amount
<b>Tenor</b>	Min: 12 Months Max: 60 Months
<b>Rate of Interest</b>	Service Holder 18.00% Self employed Professional 18.00% Business People 19.00%
<b>Security</b>	Hypothecation of the product to be purchased.
<b>Guarantee</b>	1. Spouse/parent guarantee. 2. One personal guarantee.

<b>Product Name</b>	<b>Auto Loan</b>
---------------------	------------------

<b>Purpose</b>	<ol style="list-style-type: none"> <li>1. Purchase of Brand new cars</li> <li>2. Purchase of Re-conditioned cars</li> </ol>
<b>Loan Limit</b>	50% of the value for brand new car or reconditioned car but not exceeding BDT 40,00,000/-
<b>Charges</b>	Application fee: Tk. 500/- Processing fee: 1% on the approved loan amount.
<b>Tenor</b>	12-60 Months
<b>Rate of Interest</b>	15.00%
<b>Security</b>	Registration of the vehicle in the name of the bank on account of the client- Hire Purchase Mode.
<b>Guarantee</b>	Personal guarantee of spouse/parents only.

<b>Product Name</b>	<b>Home Loan</b>
---------------------	------------------

<b>Purpose</b>	<ol style="list-style-type: none"> <li>1. Purchase of apartment/house within the Municipal areas of town/cities in Bangladesh.</li> <li>2. Purchase of Flat/Apartment/independent house not more than 15 years old.</li> <li>3. Completion of construction of a new house.</li> <li>4. Renovation of the existing house</li> <li>5. Loan takeover facility from other banks</li> </ol>
----------------	--

<b>Loan Limit</b>	Max: 70% of the value of the flat or construction cost but not more than Tk. 1,20,00,000
<b>Charges</b>	Application fee: Tk. 500 Processing fee: 1% on the approved loan amount.
<b>Tenor</b>	Max: 20 Years
<b>Insurance Coverage</b>	Property insurance for Earthquake and Fire, Death Coverage (optional).
<b>Rate of Interest</b>	14%
<b>Security</b>	Registered mortgage of property along with registered IGPA to sell the property.

### 3. Secured Loan

<b>Product Name</b>	<b>Personal Overdraft-Secured</b>
<b>Purpose</b>	To meet personal exigency.
<b>Loan Amount</b>	Maximum 90% of the security.
<b>Charges</b>	Processing fee: 0.5% subject to Min Tk. 2,000.00 and Max Tk. 5,000.00

## Rate of Interest

For ABBL FDR: (3.00% over ABBL FDR)  
Other Bank's FDR, WDB: 18.25% p.a.

## Security

1. Lien over FDR, ICB Unit certificate, RFCD, NFCD, CD account(s) etc.
2. One personal guarantee in case of third party cash collateral.

### Core Competencies

- ✓ Activities guided by Bank's approved SME Policy
- ✓ Risk Management Capacity
- ✓ Diversified Credit Portfolio
- ✓ Portfolio is well secured
- ✓ Tailor made product for its customer
- ✓ Consolidated database
- ✓ Supervision and Monitoring
- ✓ Compliance

### Products

- ✓ Overdrafts
- ✓ Time loan
- ✓ Term loan
- ✓ Letter of Credit
- ✓ Trust Receipt
- ✓ Loan against Accepted Bill

### Special SME Products

- |                    |  |
|--------------------|--|
| <b>Gati</b>        | - Loan facility for additional working requirements  |
| <b>Chhoto Puji</b> | - Collateral free loan for working capital / fixed investment requirement.                                       |
| <b>Proshar</b>     | - Term Loan for expansion & BMRE.  |
| <b>Awparajita</b>  | - Working Capital requirement / fixed investment for women entrepreneurs.  |
| <b>Digun</b>       | - Double amount of loan against value of the savings instrument (ABBL FDR, DDS) for working capital requirement. |
| <b>Sathi</b>       | - Term loan for Light Engineering/ project finance.  |
| <b>Uddog</b>       | - Loan for new entrepreneurs both in working capital and fixed capital investment.                               |

## **2.11 Other Banking Facilities:**

- **Locker service**
- **Internet banking**
- **SMS banking FAQ on SMS banking**
- **New Cheque Book**
- **Lost Cheque Book**
- **Lost Debit/ Credit Card**
- **Fund Transfer**
- **Account Opening**
- **Address Change**
- **Signature change**
- **Account Closing**

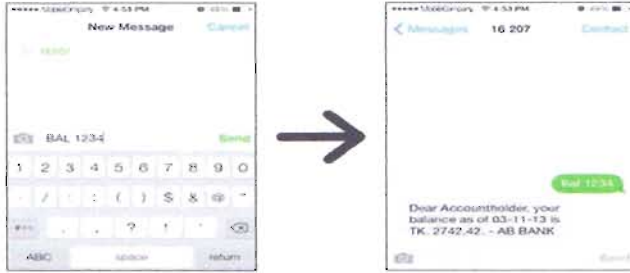
## 2.11.1 SMS banking

### SMS BANKING

Register your mobile number and follow the simple processes illustrated below to avail our SMS Banking Service:

For free registration, contact your nearest AB Bank Branch or Phone : 16207 or +88 096789 16207 | Email: support@abbl.com | Web: www.abbl.com/sms-banking.html

Send all the SMS to 16207 Transaction Alert



## 2.11.2 Money Transfer

### FOREIGN REMITTANCE THROUGH EXCHANGE HOUSE

For Inward Remittance, AB Bank established extensive drawing arrangement network with Banks and Exchange Companies located in the important countries of the world

AB Bank Limited



বিদেশে থেকেও থাকুন দেশের সাথে

পাশের যেকোন সার্ভিস থেকে  
রেমিট্যান্স সুবিধা উপভোগ করুন



## 2.12 Composition of the Board

The board vests the management of the bank on a Board of Directors, for over all supervision and directions on policy matters. The power of general supervision and control of the affairs of the bank is exercised by the President and the Managing Director of the bank who is the Chief Executive. The board consists of 13 members.

**Chairman:** Mr. M. Wahidul Haque.

**Vice-Chairman:** Salim Ahmed.

**Directors:**

: Mr. Feroz Ahmed.

: Mr. M. A. Awal.

: Mr. Golam sarwar.

: Mr. Mesbahul Hoque.

: Mr. Md. Anawar Jamil Siddqui.

: Barr. Syed Afzal Hasan uddin.

: Barr. Faheemul Huq

: B.B. Saha Roy

**Independent Director:**

**Shishir Ranjan Bose, FCA**

**Prof. Dr. M. Imtiaz Hossain**

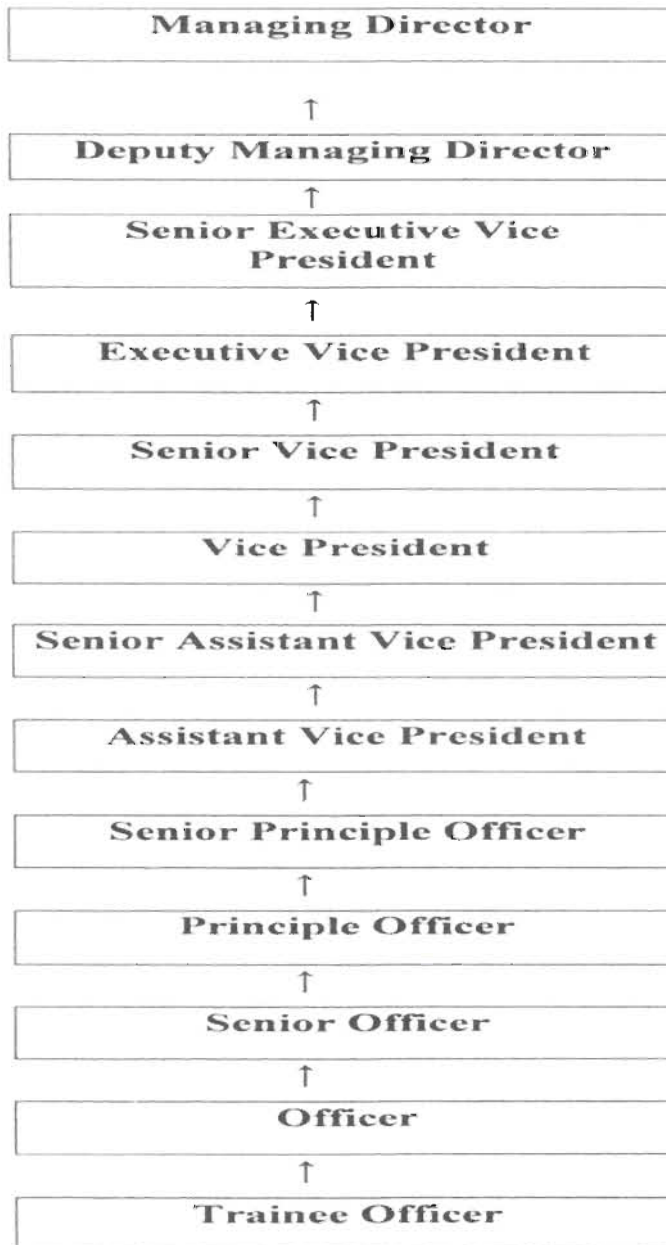
**Runa Zakia Shahrood khan**

**President & Managing Director:** Shamim Ahmed Chowdhury

M. Fazlur Rahman

**Company Secretary:** Mahadev sarker Sumon FCA.

Fig: Carrier Ladder of ABBL:



## Chapter: 3

# Performance Analysis of ABBL



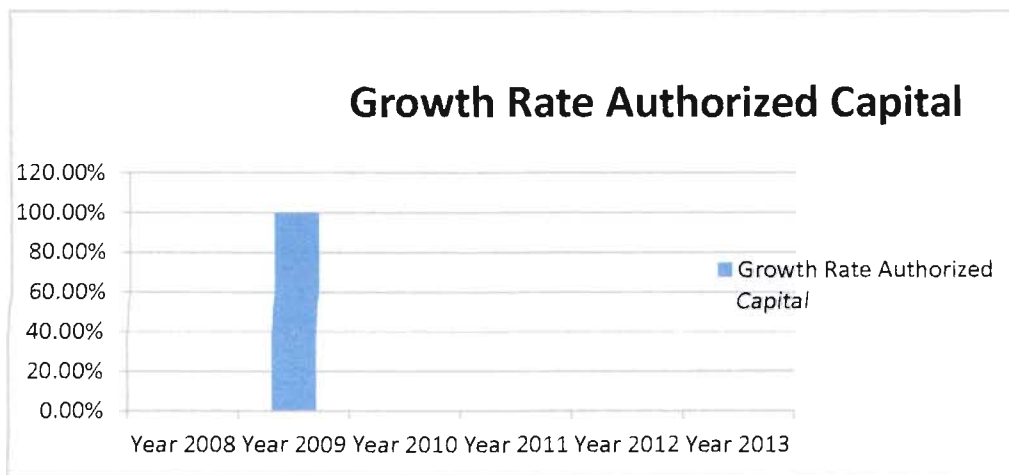
### 3.1 Authorized Capital:

The number of stock units that a publicly traded company can issue as stated in its articles of incorporation, or as agreed upon by shareholder vote. Authorized share capital is often not fully used by management in order to leave room for future issuance of additional stock in case the company needs to raise capital quickly. Another reason to keep shares in the company treasury is to retain a controlling interest in the company.

**Table: 3.1: Authorized capital**

Year	Authorized Capital:	Growth Rate
2008	3000	-----
2009	6000	100%
2010	6000	0%
2011	6000	0%
2012	6000	0%
2013	6000	0%

Source: Annual Report 2013 of ABBL



From the graph; we can see that, in 2009, there is huge growth (100%) in Authorized capital. But in the next year, this situation is changed and the rate decreased to 0%.

From the graph; we can see that, ABBL is having a fluctuating growth rate in Authorized capital as it is not increasing its authorized capital. The highest growth rate is 100% in 2009 and the lowest rate is 0% in next years.

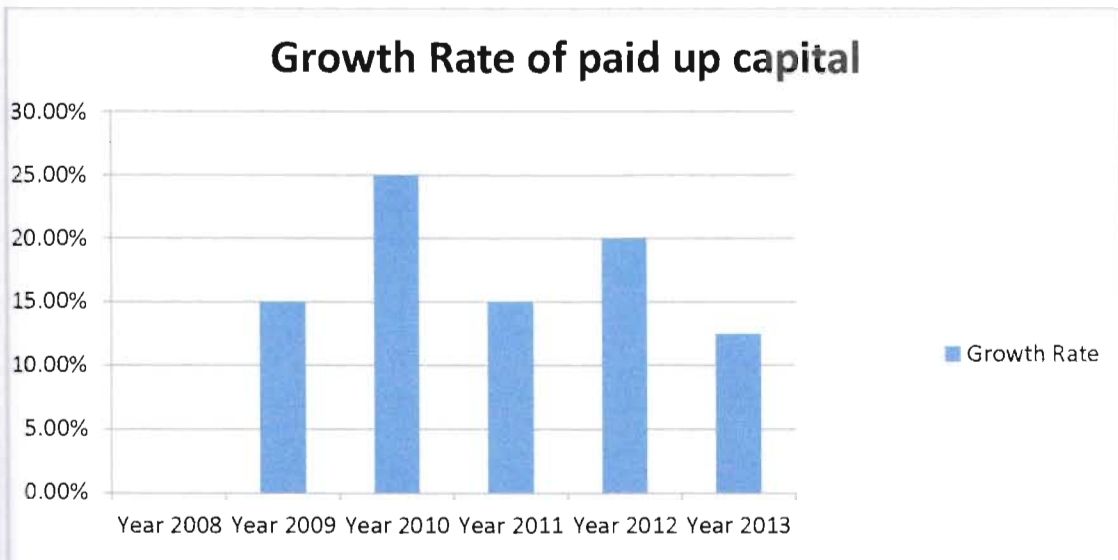
### 3.2: Paid-up Capital:

The amount of a company's capital that has been funded by shareholders. Paid-up capital can be less than a company's total capital because a company may not issue all of the shares that it has been authorized to sell. Paid-up capital can also reflect how a company depends on equity financing.

**Table: 3.2: Paid- up capital**

Year	Paid-up Capital (Million BDT)	Growth Rate
2008	2230	-----
2009	2564	12.50%
2010	3205	19.99%
2011	3686	15.01%
2012	4423	25%
2013	4976	14.98%

Source: Annual Report 2013 of ABBL



From the graph, we can see that, though the amount of paid-up capital increases in every year, the growth rate fluctuates. From 2009 to 2013, the rate is fluctuating and the highest rate is 25%, but in 2009, the rate is lowest which 12.50%.

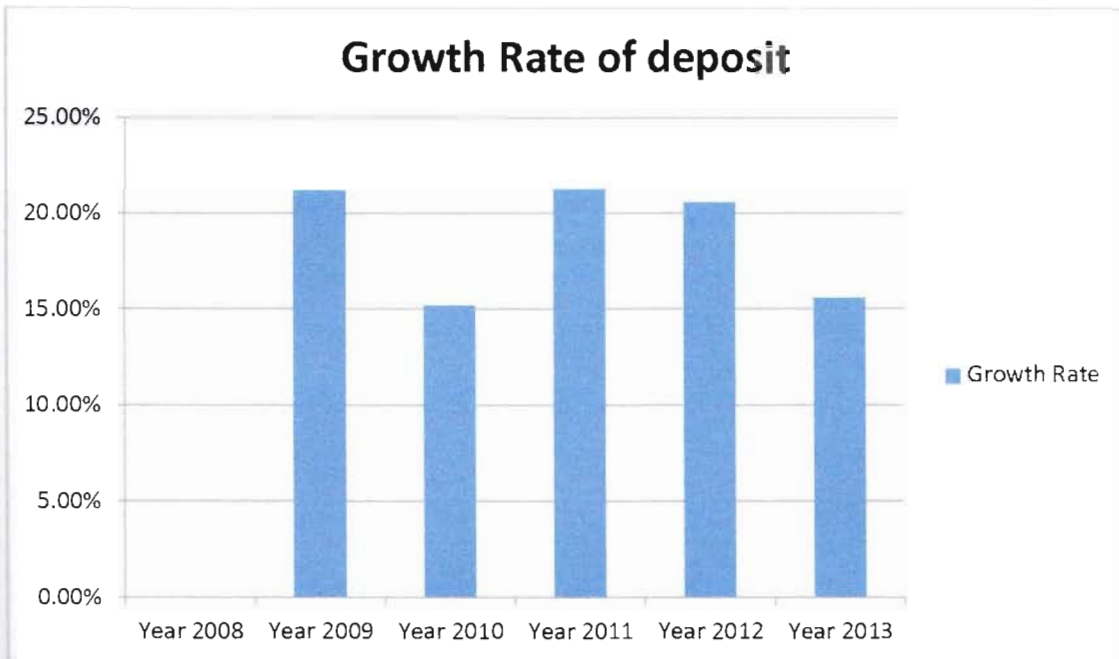
### 3.3: Deposit:

1. A transaction involving a transfer of funds to another party for safekeeping.
2. A portion of funds that is used as security or collateral for the delivery of a good.

**Table: 3.3: Deposit**

Year	Deposit(Million BDT)	Growth Rate
<b>2008</b>	68560	-----
<b>2009</b>	83087	21.19%
<b>2010</b>	95702	15.18%
<b>2011</b>	116152	21.37%
<b>2012</b>	140026	20.55%
<b>2013</b>	161846	15.58%

Source: Annual Report 2013 of ABBL



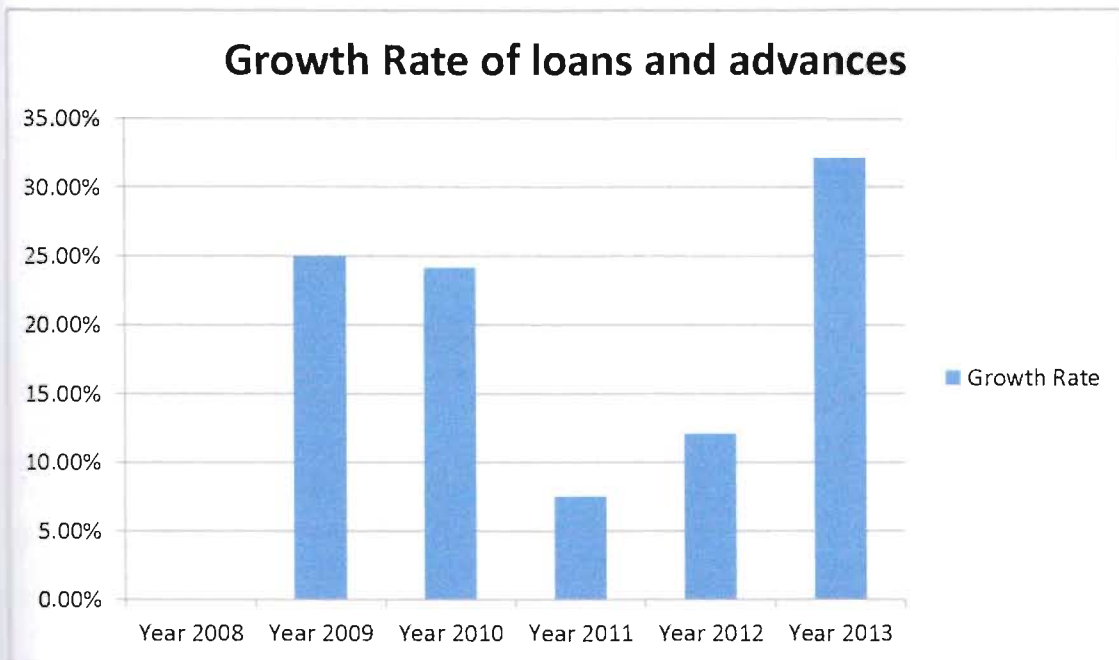
From the graph, we can see that, though the amount of deposit increases in every year, the growth rate fluctuates. From 2009 to 2013, the rate is fluctuating and the highest rate is 21.37%, but in 2009, the rate is lowest which is 15.18%.

### 3.4: Loans and Advances:

**Table: 3.4: Loans and Advances**

Year	Loans and Advances(Million BDT)	Growth Rate
<b>2008</b>	56709	-----
<b>2009</b>	70880	24.99%
<b>2010</b>	88002	24.16%
<b>2011</b>	94618	7.52%
<b>2012</b>	106066	12.10%
<b>2013</b>	140121	32.12%

Source: Annual Report 2013 of ABBL



According to the graph, we can see that, in 2013; the growth rate of loans and advances increased by 32.12%. But in 2011 and 2012, the rates are slowed down to 7.152% and 12.210% though the total amount of loans and advances are increasing each year but not that much.

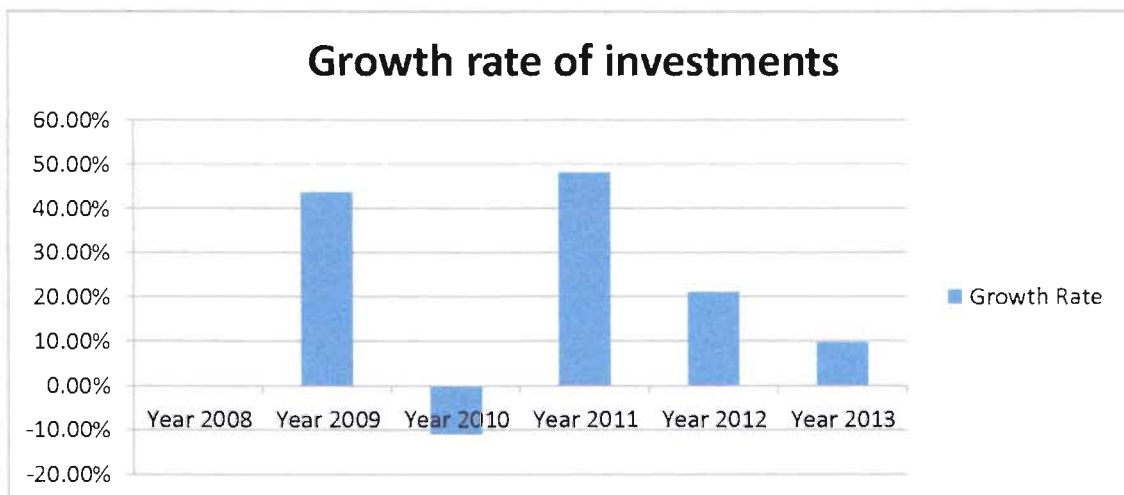
### 3.5: Investments:

An asset or item that is purchased with the hope that it will generate income or appreciate in the future. In an economic sense, an investment is the purchase of goods that are not consumed today but are used in the future to create wealth. In finance, an investment is a monetary asset purchased with the idea that the asset will provide income in the future or appreciate and be sold at a higher price.

**Table: 3.5: Investments**

Year	Investments(Million BDT)	Growth Rate
<b>2008</b>	11396	-----
<b>2009</b>	16369	43.64%
<b>2010</b>	14563	-11.033%
<b>2011</b>	21556	48.02%
<b>2012</b>	26115	21.15%
<b>2013</b>	28676	9.81%

Source: Annual Report 2013 of ABBL



According to the graph, we can see that, in 2011; the growth rate of investments increased by 48.02%. But in 2010, the rate is slowed down and becomes -11.03% through the decrease in total amount of investments.

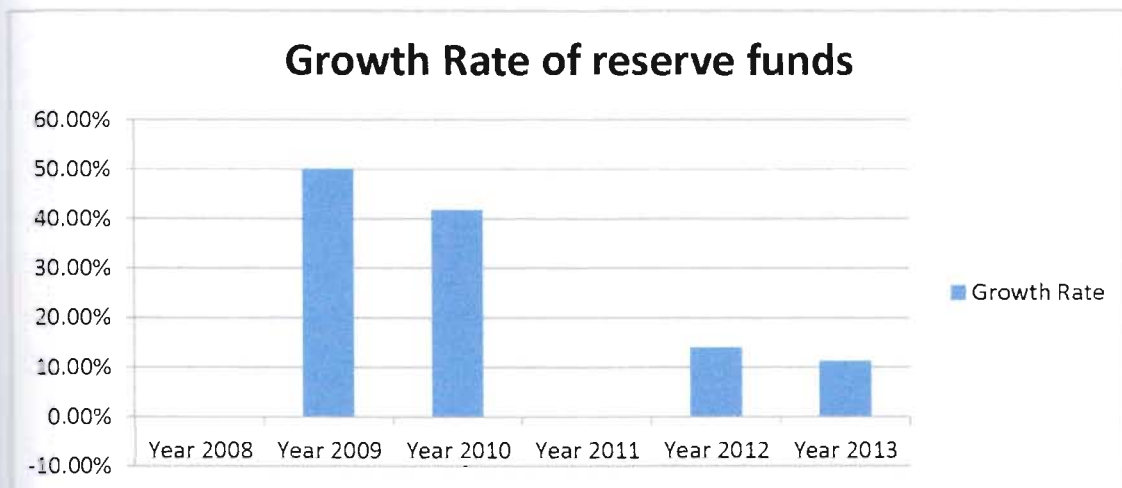
### 3.6: Reserve Funds:

An account set aside by an individual or business to meet any unexpected costs that may arise in the future as well as the future costs of upkeep. In most cases, the fund is simply a savings account or another highly liquid asset, as it is impossible to predict when an unexpected cost may arise. However, if the fund is set up to meet the costs of scheduled upgrades, less liquid assets may be used.

**Table: 3.6: Reserve funds**

Year	Reserve Funds(Million BDT)	Growth Rate
2008	2066	-----
2009	3101	50.1%
2010	4396	41.76%
2011	4390	-0.14%
2012	5005	14%
2013	5565	11.20%

Source: Annual Report 2013 of ABBL



According to the graph, we can see that, in 2009; the growth rate of reserve funds increased by 50.10%. But in 2011, the rate is slowed down and becomes -0.014% through the decrease in total amount of reserve funds.

### 3.7: Import Business:

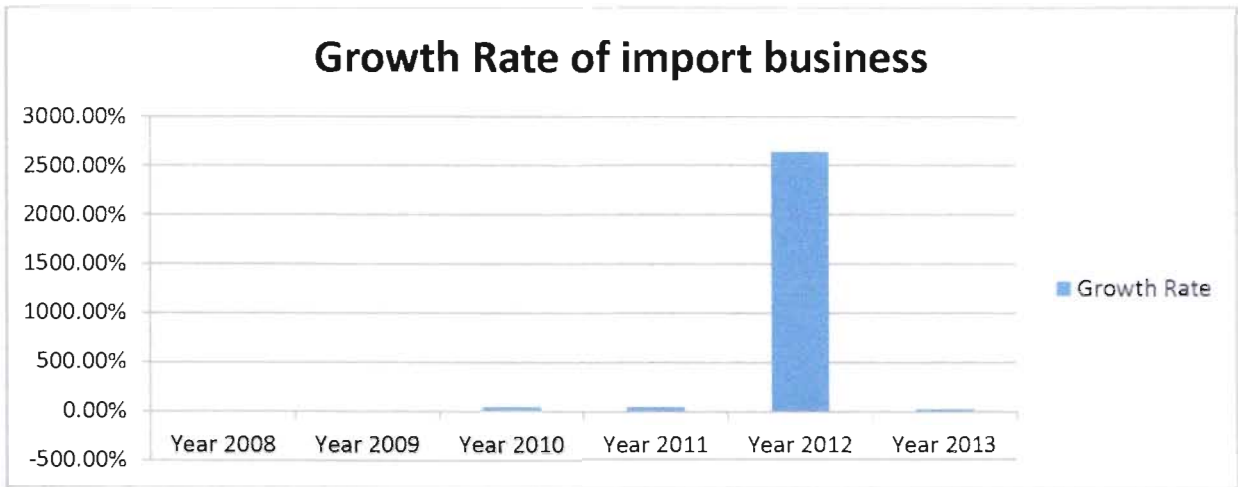
A good or service brought into one country from another. Along with exports, imports form the backbone of international trade. The higher the value of imports entering a country, compared to the value of exports, the more negative that country's balance of trade becomes.

**Table: 3.7: Import business**

Year	Import business(Million BDT)	Growth Rate
<b>2008</b>	70041	-----
<b>2009</b>	65956	-5.8%
<b>2010</b>	90751	37.59%
<b>2011</b>	79463	48.02%
<b>2012</b>	100373	26.30%
<b>2013</b>	125383	24.92%

Source: Annual Report 2013 of ABBL





According to the graph, we can see that, in 2009; the growth rate of import business was -5.8% but through the passage of time ABBL increased this business and in 2011 it became 48.02%. But in 2013, the rate is slowed down and becomes 24.92%.

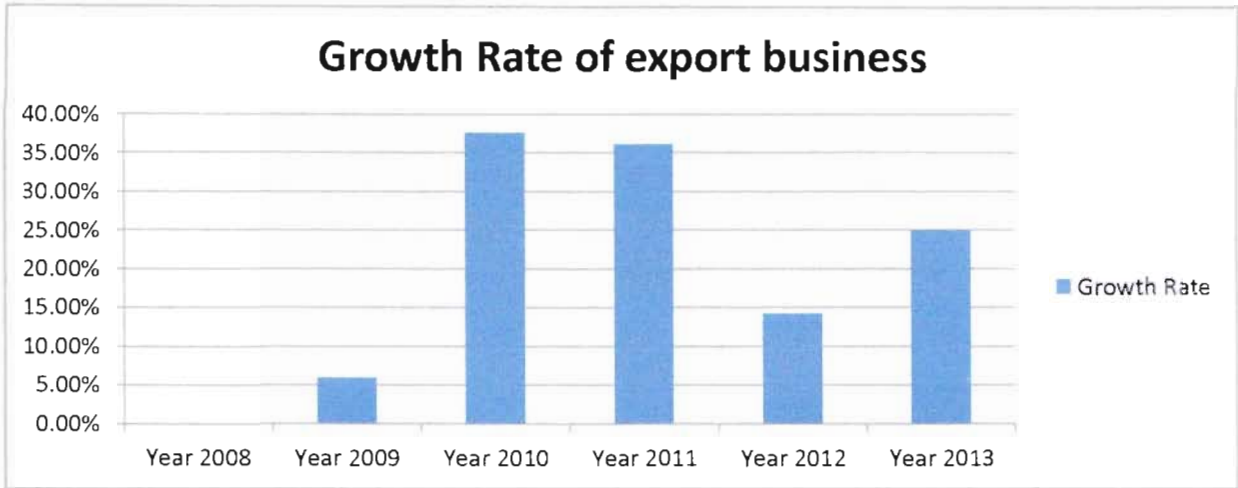
### 3.8: Export business:

A function of international trade whereby goods produced in one country are shipped to another country for future sale or trade. The sale of such goods adds to the producing nation's gross output. If used for trade, exports are exchanged for other products or services. Exports are one of the oldest forms of economic transfer, and occur on a large scale between nations that have fewer restrictions on trade, such as tariffs or subsidies.

**Table: 3.8: Export business**

Year	Export business(Million BDT)	Growth Rate
2008	28937	-----
2009	30640	5.89%
2010	41686	37.59%
2011	57592	36.1%
2012	65782	14.22%
2013	72571	24.92%

Source: Annual Report 2013 of ABBL



According to the graph, we can see that, in 2010; the growth rate of export business was higher which was 37.59%. The export business growth rate of ABBL is fluctuating through the years.

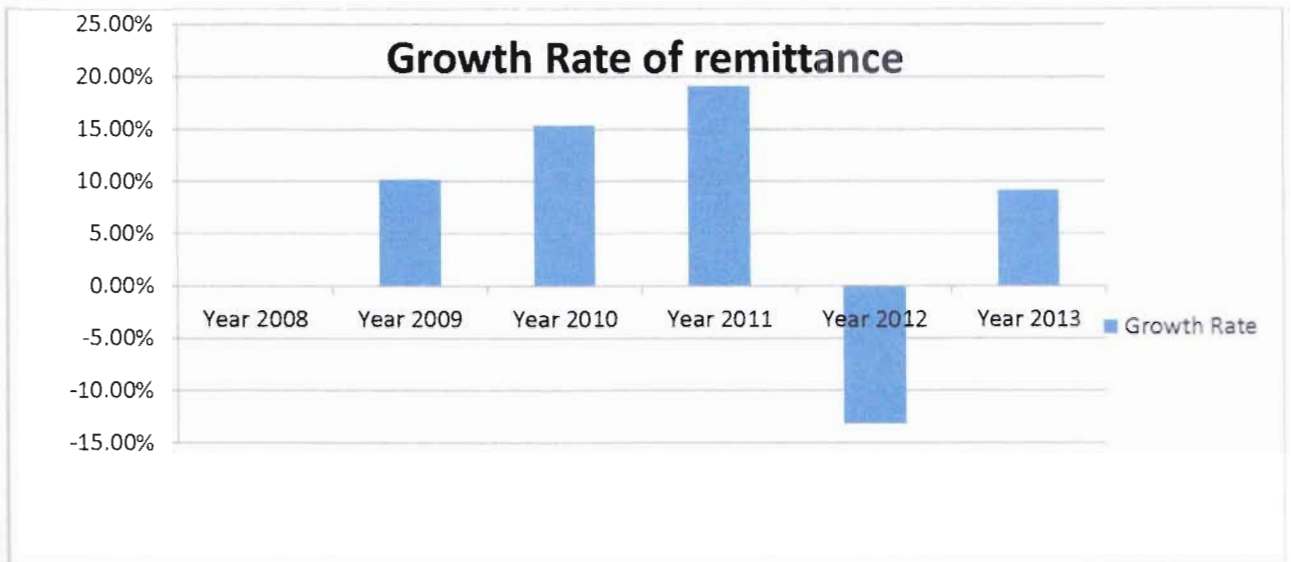
### 3.9: Remittance:

The process of sending money to remove an obligation. This is most often done through an electronic network, wire transfer or mail. The term also refers to the amount of money being sent to remove the obligation.

**Table: 3.9: Remittance**

Year	Remittance(Million BDT)	Growth Rate
2008	164	-----
2009	182	10.18%
2010	210	15.34%
2011	250	19.05%
2012	217	-13.2%
2013	237	9.22%

Source: Annual Report 2013 of ABBL



According to the graph, we can see that, the growth rate of remittance of ABBL is fluctuating. In 2011 it has highest growth of 19.05% but in next year this growth became negative -13.2%.

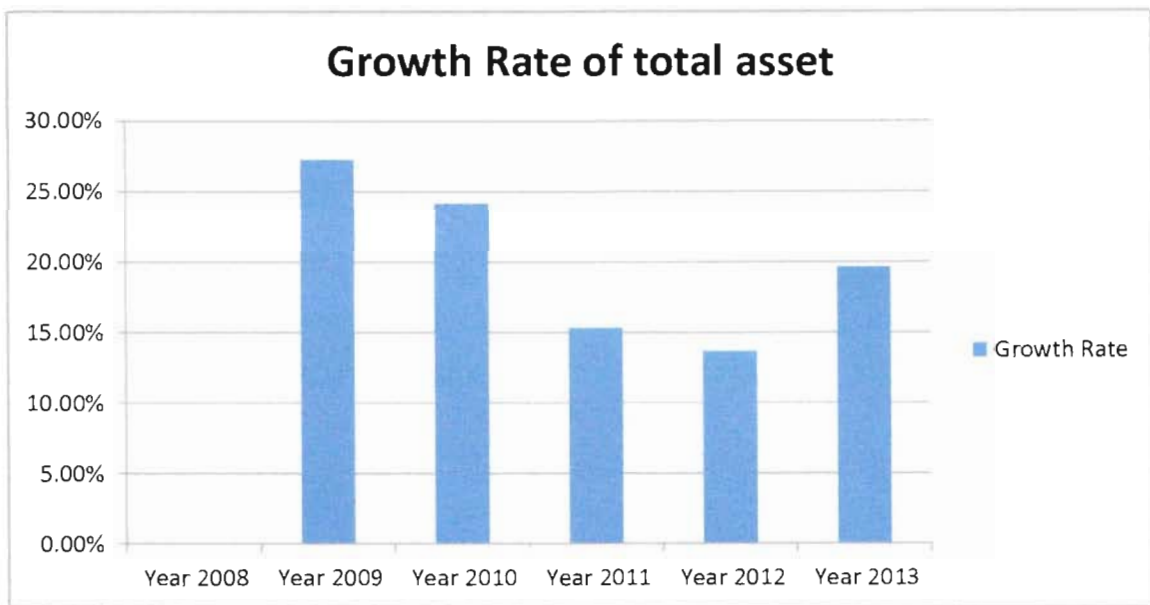
### 3.10: Total Assets Growth:

When buying an asset as an investment, it is critical to understand how that asset can be expected to behave in the future. A high, stable growth rate is the obvious desired outcome. One way to estimate the expected growth of an asset is to calculate its historical growth rate; over a long period of time, an asset can be expected to behave in a consistent way, so the past growth rate is a good indicator of the future growth rate

**Table: 3.10: Total Assets Growth**

Year	Total Assets Growth (Million BDT)	Growth Rate
2008	84054	-----
2009	106912	27.2%
2010	132691	24.11%
2011	152963	15.28%
2012	173842	13.65%
2013	208006	19.65%

Source: Annual Report 2013 of ABBL



According to the graph, we can see that, the growth rate of total asset of ABBL is fluctuating throughout the years. The highest total asset growth is 27.2% in 2009 and the lowest is in 2012 which is 13.65%.

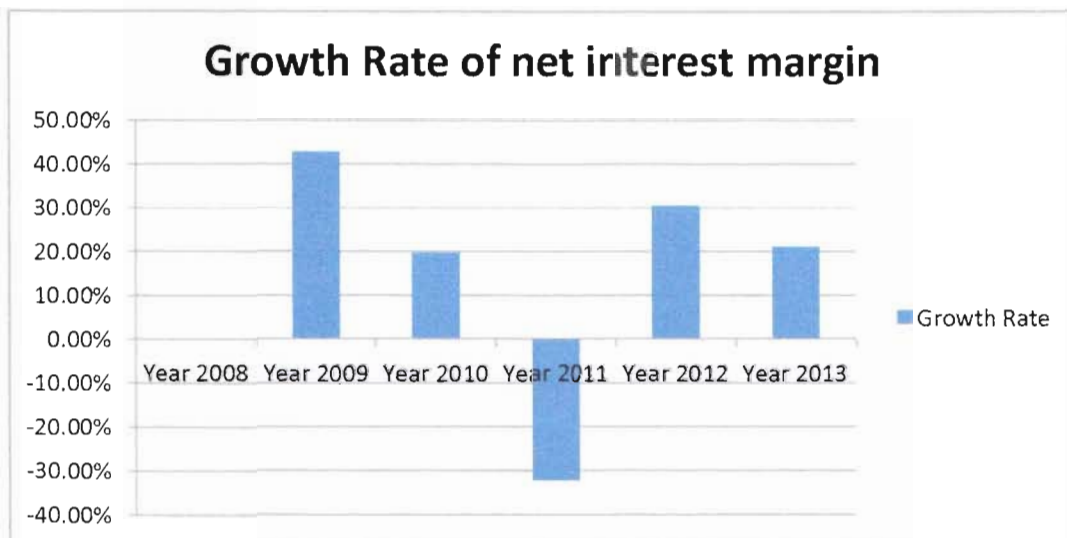
### 3.11: Net interest margin:

A performance metric that examines 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.

**Table: 3.11: Net interest margin**

Year	Net interest margin(Million BDT)	Growth Rate
2008	2034	-----
2009	2908	42.9%
2010	3481	19.7%
2011	2394	-32.2%
2012	3123	30.45%
2013	3780	21%

Source: Annual Report 2013 of ABBL



According to the graph, we can see that, in 2009; the growth rate of net interest margin was highest which 42.9%, but through the passage of time in 2011 this growth rate of ABBL became negative which was -32.2%. In 2011 the NIM is negative that means the bank is unable to generate the interest income.

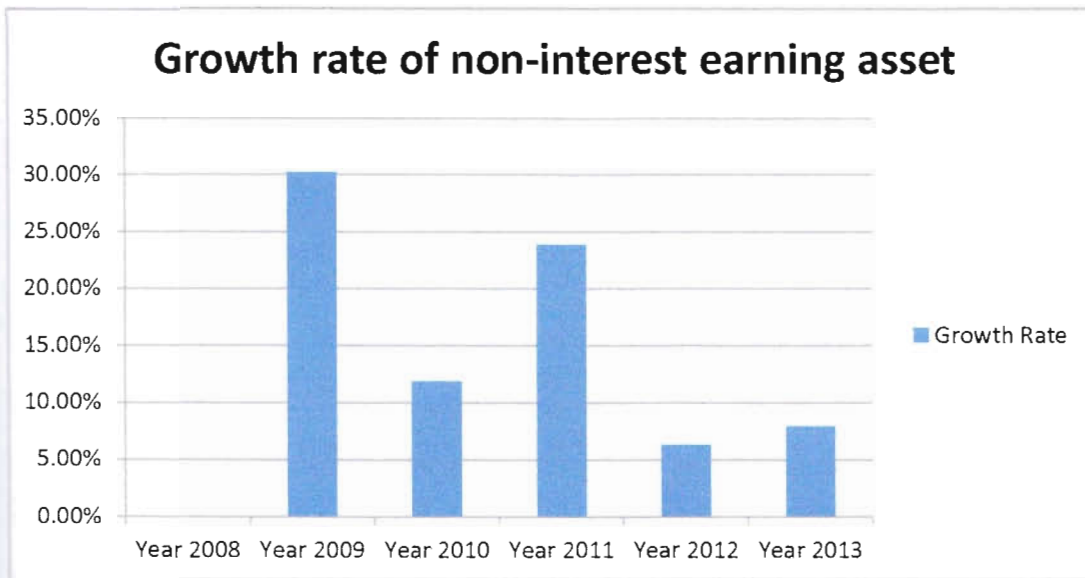
### 3.12: Non- interest Earning Asset:

Non-earning assets are those assets that by their characteristics do not generate interest income for the Company. Generally speaking, a financial institution would prefer to minimize such assets, which are primarily composed of cash and due from balances, premises and equipment, bank owned life insurance, intangibles and “other” assets.

**Table: 3.12: Non-interest Earning asset**

Year	Non- interest Earning Asset (Million BDT)	Growth Rate
2008	15473	-----
2009	20144	30.2%
2010	22535	11.87%
2011	27914	23.87%
2012	29676	6.31%
2013	32028	7.93%

Source: Annual Report 2013 of ABBL



According to the graph, we can see that the growth rate of Non- interest Earning Asset of ABBL is fluctuating. The highest growth rate was in 2009 which 30.2% and the lowest rate is in 2012 which is 6.31%.

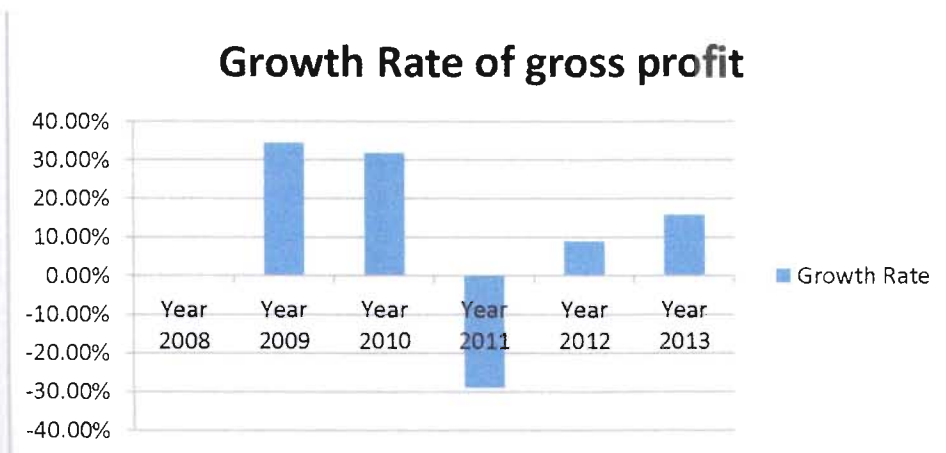
### 3.13: Gross Profit:

A company's revenue minus its cost of goods sold. Gross profit is a company's residual profit after selling a product or service and deducting the cost associated with its production and sale.

**Table: 3.13: Gross profit**

Year	Gross Profit(Million BDT)	Growth Rate
2008	6153	-----
2009	8269	34.39%
2010	10898	31.79%
2011	7743	-28.95%
2012	8435	8.94%
2013	9755	15.65%

Source: Annual Report 2013 of ABBL



According to the graph, we can see that, in 2009; the growth rate of gross profit of ABBL was highest which 34.39%, but through the passage of time in 2011 this growth rate of ABBL became negative which was -28.95%.

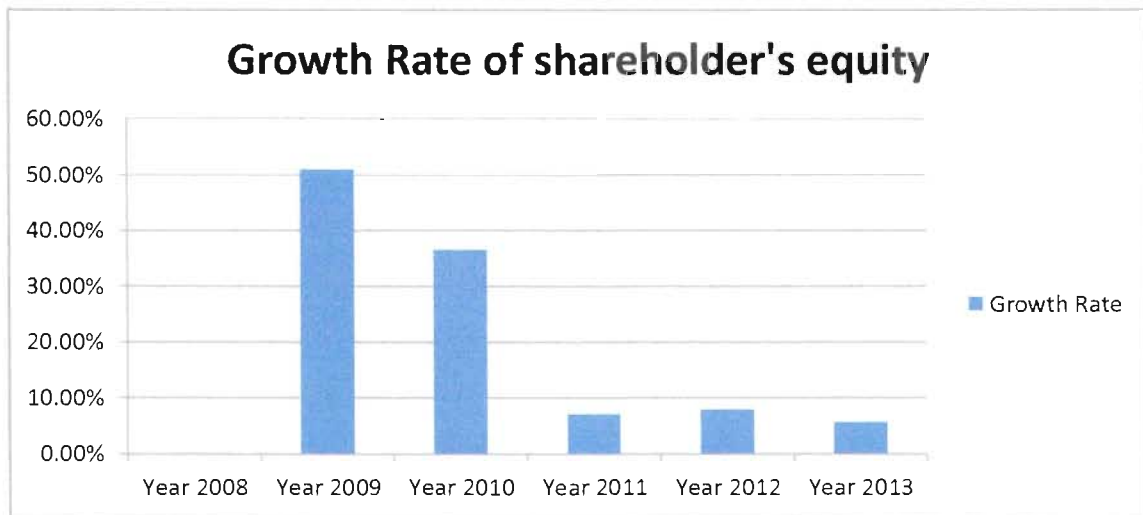
### 3.14: Shareholder's equity:

A firm's total assets minus its total liabilities. Equivalently, it is share capital plus retained earnings minus treasury shares. Shareholders' equity represents the amount by which a company is financed through common and preferred shares.

**Table: 3.14: Shareholder's Equity**

Year	Shareholder's equity(Million BDT)	Growth Rate
2008	6723	-----
2009	10158	51.1%
2010	13867	36.5%
2011	14853	7.1%
2012	16034	7.95%
2013	16940	5.65%

Source: Annual Report 2013 of ABBL



According to the graph, we can see that, in 2009; the growth rate of total capital was highest which 51.1%, but through the passage of time in 2013 this growth rate of ABBL became lower which was 5.65%.



## Performance Evaluation of ABBL:

### 3.15: Return on Assets:

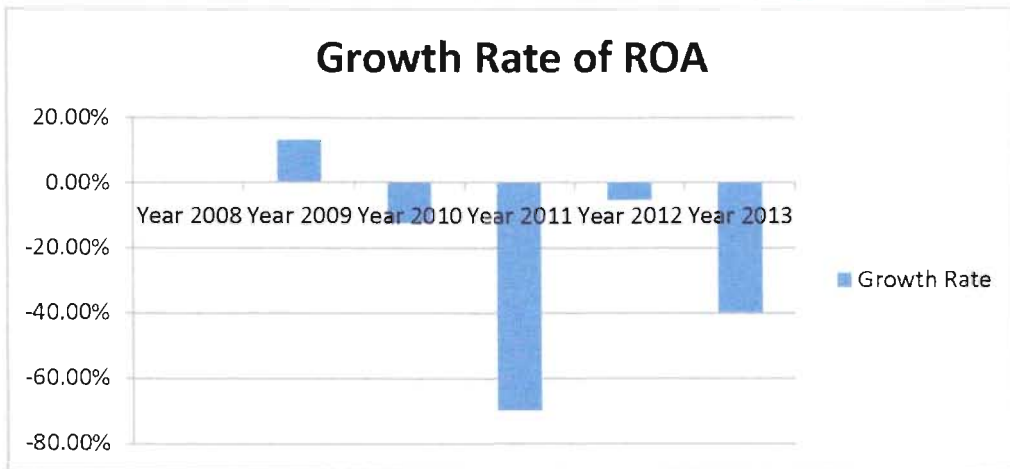
An indicator of how profitable a company is relative to its total assets. ROA gives an idea as to how efficient management is at using its assets to generate earnings. Calculated by dividing a company's annual earnings by its total assets, ROA is displayed as a percentage. Sometimes this is referred to as "return on investment".

$$\text{ROA} = \text{Net Income} / \text{Total Assets}$$

**Table: 3.15: return on Assets**

Year	Return on Assets(Million BDT)	Growth Rate
2008	3.12%	-----
2009	3.52%	12.82%
2010	3.08%	-12.5%
2011	.93%	-69.8%
2012	.88%	-5.38%
2013	.53%	-39.77%

Source: Annual Report 2013 of ABBL



According to the graph, we can see that, in 2009; the growth rate of return on asset was only positive which 12.82%, but through the passage of time this growth rate of ABBL became negative which means ABBL is very much inefficient in managing return on assets.

### 3.16: Return on Investment:

A performance measure used to evaluate the efficiency of an investment or to compare the efficiency of a number of different investments. To calculate ROI, the benefit (return) of an investment is divided by the cost of the investment; the result is expressed as a percentage or a ratio.

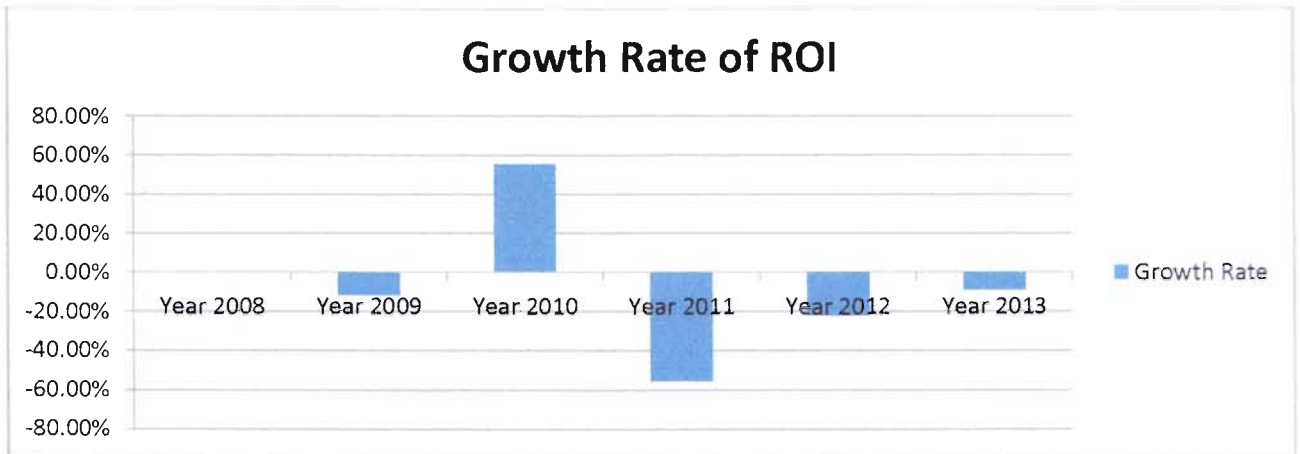
$$\text{ROI} = (\text{Gain from investments} - \text{Cost of investments}) / \text{Cost of investments}$$

**Table: 3.16: Return on Investment**

Year	Return on Investment	Growth Rate
2008	23.89%	-----
2009	21.06%	-11.85%
2010	32.72%	55.36%
2011	14.62%	-55.32%
2012	11.39%	-22.1%

<b>2013</b>	<b>10.37%</b>	<b>-8.96%</b>
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Source: Annual Report 2013 of ABBL



According to the graph, we can see that, in 2010; the growth rate of ROI was highest which 55.36%, but through the passage of time this growth rate of ABBL became negative which indicates the inefficiency of ABBL in managing ROI.

### 3.17: Return on Equity:

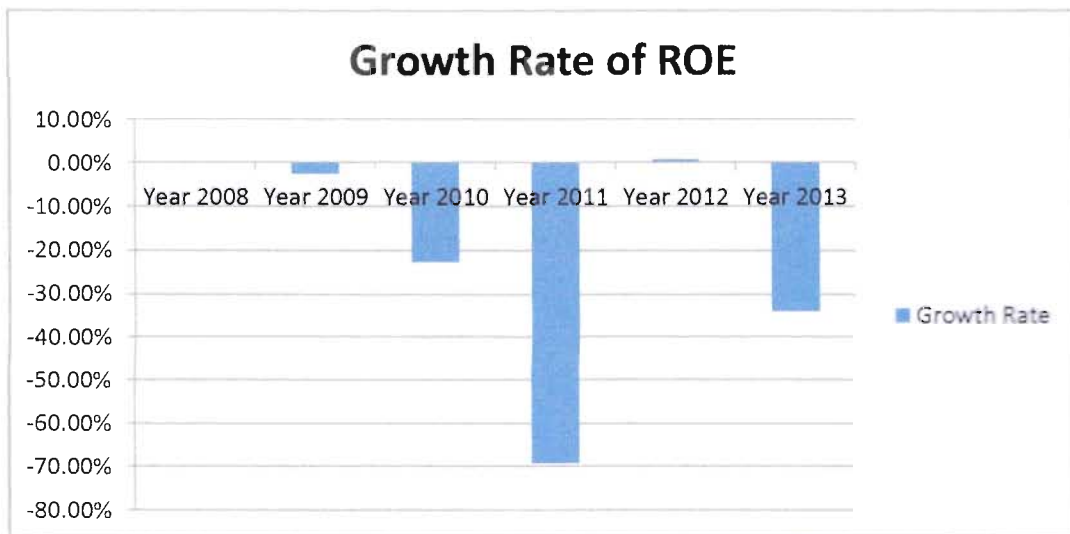
The amount of net income returned as a percentage of shareholders equity. Return on equity measures a corporation's profitability by revealing how much profit a company generates with the money shareholders have invested.

Return on Equity = Net Income/Shareholder's Equity

**Table: 3.17: Return on Equity**

Year	Return on Equity(Million BDT)	Growth Rate
<b>2008</b>	<b>40.96%</b>	-----
<b>2009</b>	<b>39.84%</b>	<b>-2.7%</b>
<b>2010</b>	<b>30.77%</b>	<b>-22.77%</b>
<b>2011</b>	<b>9.25%</b>	<b>-69.34%</b>
<b>2012</b>	<b>9.31%</b>	<b>0.65%</b>
<b>2013</b>	<b>6.13%</b>	<b>-34.16%</b>

Source: Annual Report 2013 of ABBL



According to the graph, we can see that, in 2012; the growth rate of ROE was only positive which 0.65%, but through the passage of time this growth rate of ABBL became negative which is the indicator that the performance of ABBL is not good.

### 3.18: Earnings - Per- Share:

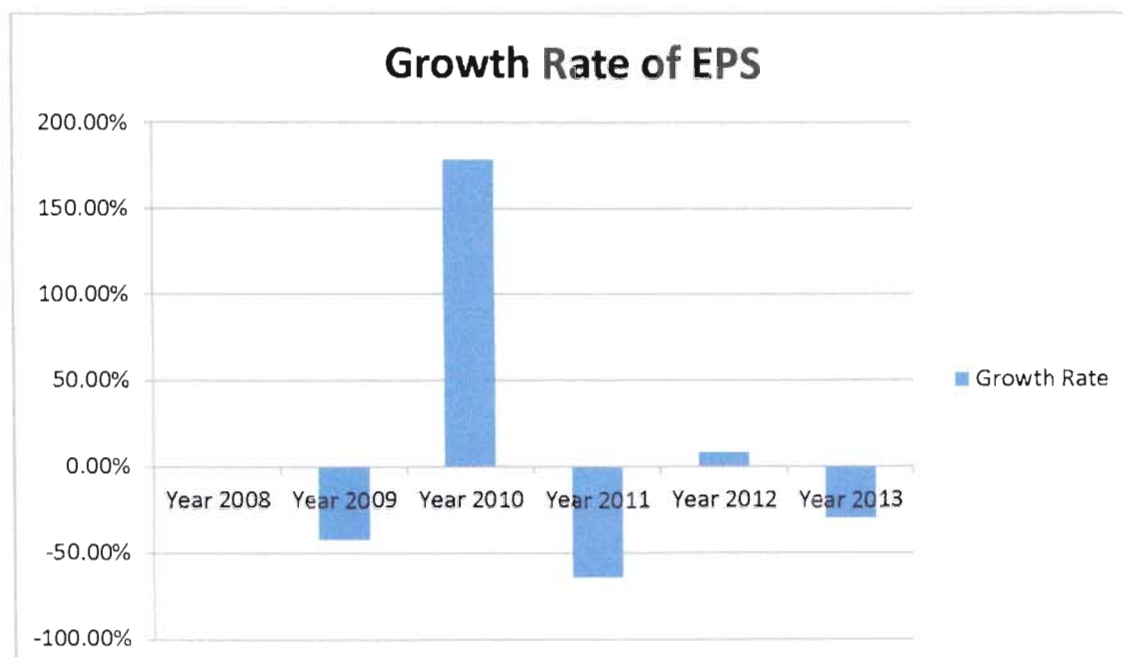
The portion of a company's profit allocated to each outstanding share of common stock. Earnings per share serve as an indicator of a company's profitability.

$$\frac{\text{Net Income - Dividends on Preferred Stock}}{\text{Average Outstanding Shares}}$$

**Table: 3.18: Earnings- per -share**

Year	EPS(Million BDT)	Growth Rate
2008	4.62	-----
2009	2.67	-42.2%
2010	7.43	178.3%
2011	2.67	-64%
2012	2.89	8.24%
2013	2.03	-29.76%

Source: Annual Report 2013 of ABBL



According to the graph, we can see that, in 2010; the growth rate of EPS was highest which 178.3%, but through the passage of time this growth rate of ABBL is fluctuating. The bank should be aware about the EPS to maintain the value of the bank.

### 3.19: Debt- equity Ratio:

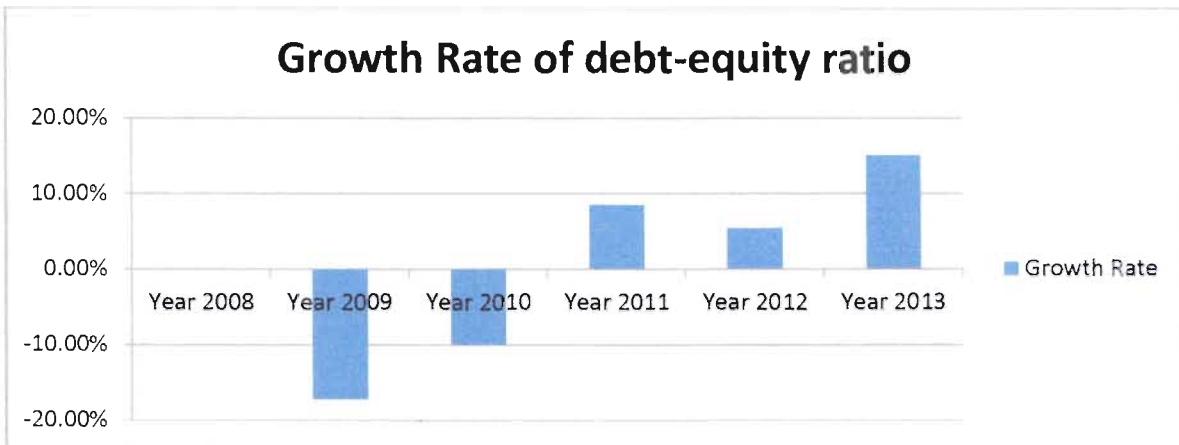
A measure of a company's financial leverage calculated by dividing its total liabilities by stockholders' equity. It indicates what proportion of equity and debt the company is using to finance its assets.

$$\frac{\text{Total Liabilities}}{\text{Shareholders Equity}}$$

**Table: 3.19: Debt-Equity ratio**

<b>Year</b>	<b>Total Liabilities (Million BDT)</b>	<b>Shareholders' Equity(Million BDT)</b>	<b>Debt- equity Ratio</b>	<b>Growth Rate</b>
2008	77331	6723	11.50	
2009	96754	10158	9.52	-17.2%
2010	118824	13867	8.57	-10%
2011	138110	14853	9.3	8.5%
2012	157808	16034	9.8	5.4%
2013	191066	16940	11.28	15.10%

Source: Annual Report 2013 of ABBL



According to the graph, we can see that, in 2013; the growth rate of EPS was highest which 15.10%, but during five years this growth rate of ABBL sometimes became positive and negative.

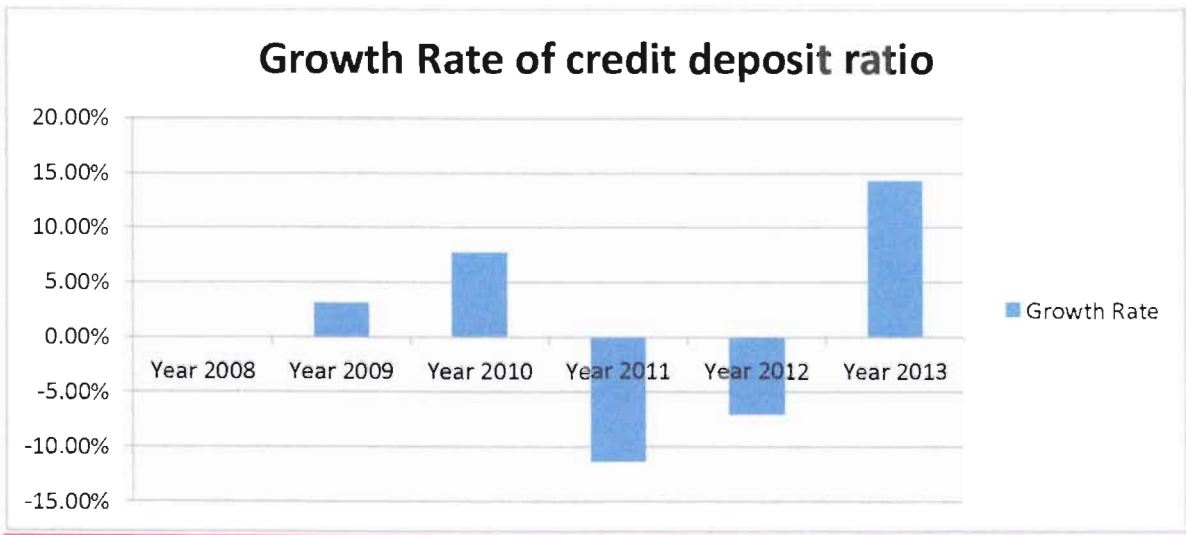
### 3.20: Credit Deposit Ratio:

A commonly used statistic for assessing a bank's liquidity by dividing the banks total loans by its total deposits. This number, also known as the LTD ratio, is expressed as a percentage. If the ratio is too high, it means that banks might not have enough liquidity to cover any unforeseen fund requirements; if the ratio is too low, banks may not be earning as much as they could be.

**Table: 3.20: Credit deposit ratio**

Year	Credit Deposit Ratio	Growth Rate
2008	82.71%	-----
2009	85.31%	3.14%
2010	91.95%	7.78%
2011	81.48%	-11.39%
2012	75.75%	-7.03%
2013	86.58%	14.30%

Source: Annual Report 2013 of ABBL



From the graph; we can see that, the credit deposit ratio for ABBL is too fluctuating which means that; the bank might not have enough liquidity to cover any unforeseen fund requirements. From 2009 to 2013, the highest ratio is 14.30% in 2013 and the lowest ratio is -11.39% in 2011.

### 3.21: Price Earnings Ratio:

A valuation ratio of a company's current share price compared to its per-share earnings.

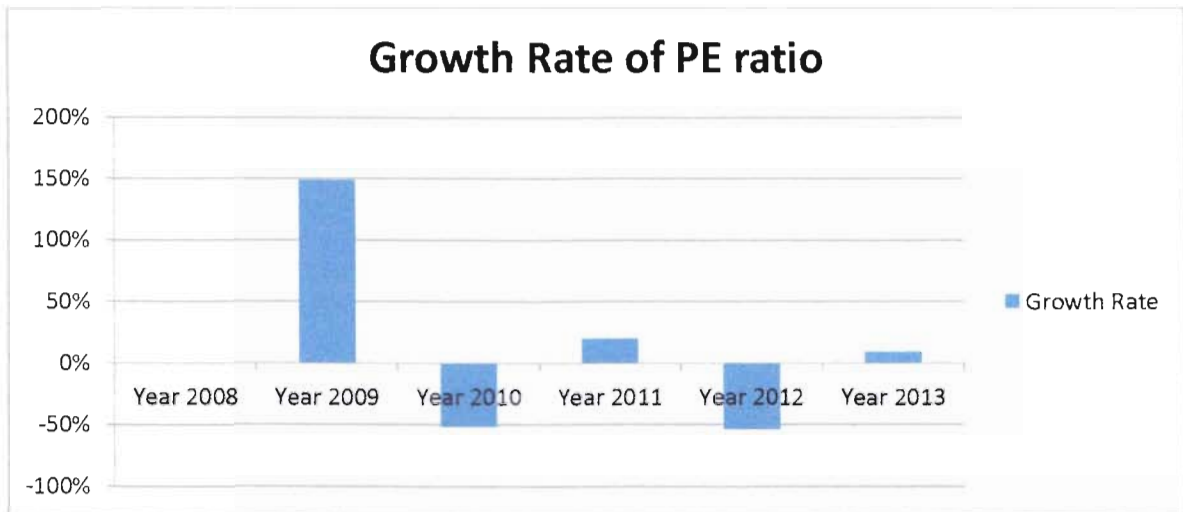
Market Value per Share / Earnings per Share (EPS)

**Table: 3.21: Price earnings ratio**

Year	Market value per share	EPS	PE ratio	Growth Rate
2008	82	4.62	17.75	
2009	118	2.67	44.19	149%
2010	158	7.43	21.27	-51.9%
2011	68	2.67	25.46	19.7%
2012	34	2.89	11.76	-53.8%
2013	26	2.03	12.8	8.8%

Source: Annual Report 2013 of ABBL





According to the graph, we can see that the growth rate of PE ratio of ABBL is fluctuating. The growth rate of this ratio was highest which 149% in 2009, but through the passage of time this growth rate of ABBL became decreasing.

### 3.22: Capital Adequacy Ratio (CAR):

A measure of a bank's capital. It is expressed as a percentage of a bank's risk weighted credit exposures. Also known as "Capital to Risk Weighted Assets Ratio (CRAR)."

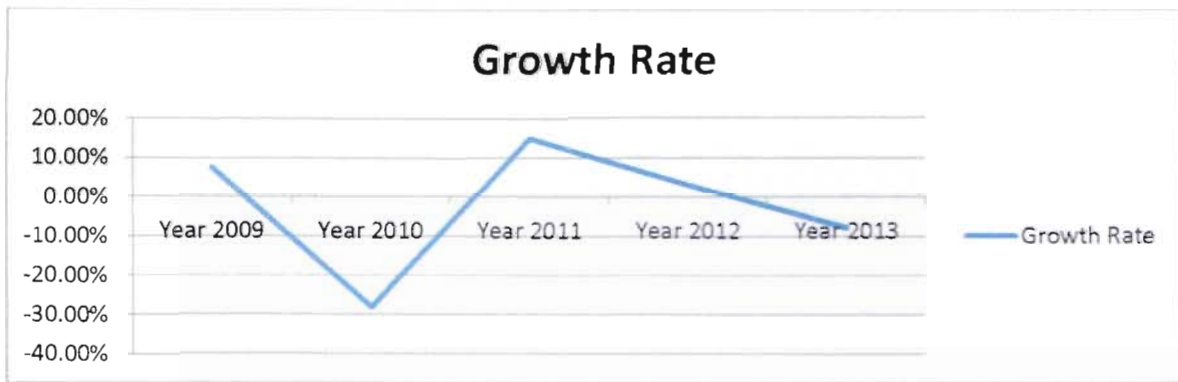
$$\text{CAR} = \frac{\text{Tier One Capital} + \text{Tier Two Capital}}{\text{Risk Weighted Assets}}$$

$$\text{CAR} = (613 + 131) / 5795 = 12.84\% \text{ (Year 2008)}$$

**Table: 3.22: Capital Adequacy ratio**

Year	Capital Adequacy Ratio (CAR)	Growth Rate
2008	12.84%	-----
2009	13.78%	7.32%
2010	9.91%	-28.08%
2011	11.37%	14.73%
2012	11.73%	3.17%
2013	10.80%	-7.93%

Source: Annual Report 2013 of ABBL



According to the graph, we can see that, in 2011; the growth rate of CAR was highest which 14.73%, but through the passage of time this growth rate of ABBL is fluctuating and became lowest in 2010 which is -28.08%.

## Chapter: 4

# Problems and Suggestions

#### 4.1: Problems of ABBL

From the performance evaluation part, it could be said that SEBL is a faster growing low risk taker bank. ABBL is one of the leading banks among the private banking sector of Bangladesh. After the analysis, I have got some Negative findings which mean problems. These problems are completely from my personal point of view.

Those are given below:

1. Automation system is not sufficient example Bank booth system.
2. Loan Interest rate is increasing day by day.
3. Their banking facilities are not available for each sector of Bangladesh.
4. Though they are showing their mobile banking is available according to the demand of the servicer holder
5. Their promotional activities not enough rather than other banking institution.
6. Banks are not facilitating all kinds of economic activities and finance many other needs of the people, in both urban and rural arrears. But overcrowding of the banking sector is not at all desirable as this, instead of meeting those objectives, would create problems for the sector itself, particularly the existing operators in the sector
7. The image of the banking industry has many times been tarnished by several stories regarding the owners in recent media releases. Despite the considerable progress made, foreign countries are still somehow treating our banking industry activities as questionable.
8. Their Net Interest Margin is not good.
9. Their Paid-up capital is not that much according to their authorized capital
10. The CAR is not in good position which is problematic for the bank.
11. The Price -Earnings ratio of the bank is not good.
12. Earnings-Per-share of the bank is in decreasing trend which is very much negative sign for the bank.
13. The ROA growth rate of the bank is in decreasing trend ad negative which means that the bank is not performing well.

14. The ROI rate of the bank is decreasing which indicates that the performance of the bank is bad. They are unable to increase the return of their investments.
15. We can also see that the ROE rate is also decreasing. That means the bank is not able to utilize their equity properly as a result their ROE is decreasing.
16. For any bank, higher import financing than export always gives a good sign of development. But import financing of ABBL is not as good enough for its development.
17. ABBL has less human resources for each department results more work load on the employees. It takes more time to perform a single task and ultimately decision making process been delayed.
18. ABBL are providing A TM card service but their service is limited by very few A TM booths.
19. The Bank is too much centralized. For each and every move, branch office has to go for permission from the Head Office. The Head Office tightly controls each and every branch office. This sort of dependency on Head Office slows down the activities of branch office.

## 4.2: Suggestions

To solve the problems which are find out in the problem1; part, some possible suggestions are given in the below. By implementing these recommendations,

ABBL can improve its position.

1. They should set up Bank booth to major working place like trading area, market place compare to other well reputed banks as like BRAC, DBBL etc.
2. Loan interest rate should be flexible to all the working and non-working people.
3. They should go for proper research of Bangladeshi culture to improve their banking activities.
4. They should available their mobile banking service to their consumer.
5. To gain the confidence of shareholders, ABBL have to increase its Earnings per Share (EPS).
6. ABBL should increase import financing for its own development.
7. ABBL have to increase its net income against asset to increase the ROA.
8. To speed up the work, ABBL should hire more employees so that pressure reduces from the existing employees.
9. By more market research, ABBL have to establish more ATM Booths in important location to make their services available to the customers.
10. Should remove centralization.
11. ABBL should increase management efficiency.
12. ABBL should pursue advertisement campaign in order to build a strong image among the people. They should carry out aggressive marketing campaign to attract clients. They can give advertisements in newspaper and magazine, television.
13. Also sponsoring games, education and other social activities, ABBL can make its place in the heart of Bangladeshi people.
14. ABBL is one of the leading Commercial bank. In order to hold the position for long time, they should have the creativeness and they should be the initiator of newer products, technologies and services.

15. Each and every department should have equal distribution of information to carry a particular task smoothly. There must have a communication among all the divisions.

### 4.3: Conclusion

Modern Commercial Banking is exacting business. The reward are modest, the penalties for bad looking are enormous. And Commercial banks are great monetary institutions, important to the general welfare of the economy more than any other financial institution. It has a vastly sobering and exacting responsibility. Banking industry in Bangladesh is now on the right track. The banks are contributing much than the previous years for the growth and development of the country. Banking industry is much organized because of strong vigilance and supervision of Bangladesh Bank. In the industry, AB Bank is one of the pioneers in many criteria. AB Bank is committed towards the excellence in the service with efficiency, accuracy and proficiency.

Like of most of the commercial banks, Credit & foreign exchange department is one of the most important departments of AB Bank. Despite problems and weaknesses, it is driving the bank from the front. With an easy to understand operating guidelines, transparent operating procedure and a team of highly knowledgeable and proficient personnel, this department is expanding and excelling itself day by day.



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