

Report on

“Comparative analysis of Liability management performances of Listed Banks of Bangladesh”

A study on City Bank Ltd.



United International University
QUEST FOR EXCELLENCE

Submitted to:

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Letter of Transmittal

28 June, 2019

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Subject: Report submission on “Internship Report: The City Bank Limited”

Dear Sir,

It is my pleasure to present the report on my internship experience in The City Bank Limited. Optimum initiate has taken by me to gather essential data to conclude this report. The report is on the “**Comparative analysis of Liability management performances of Listed Banks of Bangladesh**”. Here I have focused mainly on the liability management of CBL comparison to some other listed banks you have assigned.

I therefore hope that the analysis that I have completed is on perhaps to your expectation. It has been a great experience for me doing the report and I tried to put everything which is related to the report.

Sincerely yours,

Zarin Tasnim

Acknowledgement:

Although I have taken efforts in this report but I wouldn't be able to complete this paper without humble aid and assistance of some people and organization. I would like to give my heartfelt gratitude to all of them.

Firstly I am truly owed to Rana Mazumder Sir. He helped me a lot with his counsel and continuous surveillance. Thanks to him for supporting and giving me right direction.

I would also like to thank my supervisor Md. Mushfiqur Rahman sir- (Branch Manager of Urduoad Branch- CBL) for his constant instructions and career advices. Then to my fellow BBA students and colleagues for their immense support with required information, beneficial advice and suggestions to accomplish this report.

Finally, I would like to give a special thanks to the United International University authority and Career Counseling Centre to facilitate internship opportunities.

Executive Summary:

This report is based on practical working experience at City Bank Limited as a part of internship program. The report is designed to bridge the gap between the theoretical knowledge and real life experience. It is designed to have a hands-on experience while passing through the theoretical learning. From 1983 to now this bank has changed a lot. It converted itself from traditional institute to modern one which accepts universal best practices and new technologies. Unlike many, the Bank's goal is not to achieve numbers only but to become a complete bank with numerous services. It has customer base of around 1.6 million, 130 branches, 369 ATM + CDM, 7 priority centers etc. The report mainly focuses on the Liability management. Liability Management is one kind of process which is upheld by banks to equalize its assets and liabilities. It is done to keep their balance sheet healthy while also maintain fluidity and enhance lending. Main concentration is given towards City Bank Limited but also other 10 listed banks have been taken into consideration for comparative analysis. Accounting data collected from bank's reports of income statement, balance sheet, the cash flow statement and others. A wide variety of comparative analysis like Average liability, classified loan, Working Capital ratio of all ten banks and city bank have been made. I try to represent the difference through graphical presentation in analysis and findings part.

The focus of this paper is to investigate and understand the influence of liability management on the overall performance of the bank. City bank is complete with the collective effort of four significant departments, such as Retail Banking, Corporate and Investment Banking, SME Banking and Treasury Banking. In case of Retail Banking banks directly perform transactions with customers. Services they offered are current and savings accounts, personal and corporate loan, debit cards, credit cards, and so forth.

The first part of the report gave a short introduction of the whole report and the research intention and methodology with all the sources defined. The second part is about the overview of The City Bank Limited with history, business vision and mission. Third part includes theoretical discussion of debt management. The fourth part is about the findings and analysis of the research that I undertook as a student of UIU. I tried to investigate whether liquidity management made by CBL oppose or favor the organization. The Fifth part explained the recommendation that I feel might be beneficial for the bank and the next part explained the conclusion. Overall this report highlights my overall learning so far and my experience as an intern.

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Chapter 1

Introduction

1.1 Origin of the report

1.2 Objectives

1.3 Methodology

1.4 Limitations

1.5 Scopes

Introduction:

1.1 Origin of the Report:

This internship report is the partial attainment of the course requirement of the BBA program and my respected supervisor has advised me to do a report on “Comparative analysis of Liability management performances of Listed Banks of Bangladesh- A study on City Bank Limited” at Urdu Road Branch. Thus I joined in “City Bank Ltd.” at Urdu Branch and worked with high degree of competence and lastly suitably submitted this report within due date.

1.2 Objectives of the Report:

Broad Objective:

The broad objective of the study is to analyze liability management of some listed bank and compare the results with City Bank Limited to have comparative insight of the performance of CBL in particular.

Specific objectives:

- To know liability details of the bank, what a bank owes, including most notably customer deposits.
- To know about classified loan of the bank or the bank loan that is in danger of default.
- To know unpaid interest and principal outstanding by CBL comparing other listed banks.
- To know firm’s ability to pay off its current liabilities with current assets through WC ratio.
- To know whether CBL gets enough deposit and earning enough interest revenue comparing to other banks.
- To know the amount of money they used or gained from investments they make.

1.3 Scope of Study:

This report is done on “Liability Management Activities” of City Bank Limited. Banks and financial institutions use liability management to reduce liquidity risks and detrimental market condition impacts. This report includes details about bank’s deposit, interest revenue, classified loan section and other data that represent about the liability it bears. It also covers the organizations working frame, different department of City Bank Ltd. I also tried to concentrate on theoretical aspects of debt management. But at the same time as the main concentration here is liability management performance, this report is limited to that background and lacks some other aspects of banking sector.

1.4 Methodology:

The present study is of analytical and conceptual in nature based on both primary data and secondary data. I prepared this paper based on practical experience I gathered from CBL. To complete this paper I have gathered information from different sources of the bank, different websites etc. to make this document factual and instructional I have go through several organizational data, record and other concerned things. Last but not in the least, I also had to talk with bank employees regarding information of my report.

Primary Sources

- Conversation with bank executives and staffs
- Exchange of view with bank clients.
- Review important files.
- Personal observation.

Secondary Sources

- Official records of CBL.
- Annual reports of eleven banks including CBL.
- Website of the bank.
- Newspapers, magazines, internet and education related websites.

Collected data are analyzed descriptively, such as percentages, and presented by using graphs. Different types of software like MS-Excel, MS-Word, Small Tools etc. are used to prepare the report. Final report is prepared accordingly in the form of word format.

1.5 Limitations of the Report:

Following listed the major limitations that affected most:

- Some information was hard to crack because of their confidential nature.
- Complexity to gaining information from financial division of City Bank ltd.
- Recent annual reports of most banks weren't available.
- In spite of my sincerity, some mistakes might have been occurred. I admit my responsibility for those inadvertent mistakes, if any.

Chapter 2

Organization Profile

2.1 General description of CBL

2.2 Vision, Mission & Values

2.3 Product & Services

2.4 Strategies

2.5 Organizational Structure

2.6 General Activities

2.1 General description of the organization:

The City Bank Limited is one of the first and oldest private sectors Bank in Bangladesh. It has been operating since 27th March 1983. It started by some eminent businessman with authorized capital of 1.75 billion. The reason behind starting this bank is to change the level of quality in banking zone. They are serving through their 120 branches all over the country in 39 regions. It also has 5 SME centers that also include a fully fledged Islamic Banking branch. Rather than that they are also concentrating on new service region. It currently has total 272 ATM booths of The City Bank Limited situated in 39 districts in Bangladesh. SMS Banking; Interest banking and so on. It is providing 24/7 hour customer service through its customer call center.

Twelve young businessmen way back in 1983, who braved the uncertainties with courage and set up the country's first private commercial bank. We will always recall them for their magnificent step they took in order to change the future for banking sector. They are Mr. Monowar Ali, Mr. Ibrahim Mia (Late), Mr. Abdul Hadi (Late), Mr. M.A. Hashem, Mr. Anwar Hossain, Mr. Abdul Barik Choudhury (Late), Mr. Deen Mohammad, Mr. A.B.M. Feroz, Mr. Md. Ali Hossain, Mr. Azizul Haque Chowdhury, Mr. N.A. Chowdhury, Mr. N.A. Chowdhury (Late) and Mr. A.K. Mehmood.

Currently multifarious services have been provided by CBL. Ranges of their services have been changed over the time. Dual Credit Cards, ATM and Online services these new banking products are already established by CBL. Recently it introduces a complete internet based service "**City Touch**" with which one can avail balance check service, money transfer, purchase movie tickets purchase, top up service etc. It also achieved national and international awards for some great execution.

It is rated as one of the 12 banks Bangladesh for its asset, deposit and profit, which is assessed by "ASIA WEEK" In the Year 2000. Also CBL was acknowledged by Prime Minister of the People's Republic Of Bangladesh with the "Top Ten Company" award. It also wins Best Bank in Bangladesh & Best Investment Bank 2018 Finance Asia country Awards for its tremendous achievements. Besides CBL also received "The Strongest Bank in Bangladesh award" in 2010 from The Asian Banker, "American Express Marketing Award" for remarkable new card launch in 2010 from American Express, "Money Gram International's Best Corridor Collaboration – South Asia in 2011" in recognition of its inward remittance growth and the ISO 9001:2008 certification from Moody International, for its whole rear end technologies.

Board of Director Committee is consists thirteen fortunate and renowned businessmen. Mr. Shoeb Mohammad, a well known industrialist is the Chairman of the Bank. Mr. Sohail R K Hussain a dynamic banker is the Managing Director of the Bank. After his joining as a CEO in the year 2014, the Bank's whole operations have obtained graet success. After that overall plot

of bank has changed extremely and making constant improve. Recently in 2018 January, new Managing Director Mr. Mashroor Arefin has taken responsibilities of the bank.

CBL is also the first bank to publish dual currency credit card. This holds a principal membership of VISA and Master Card franchises. It is among the very few banks which do not follow the traditional & branch based business or profit model. Rather it manages its activities vertically from the head office through 5 distinct Units namely-

- Business Unit.
- Branch Banking.
- Risk Control Unit.
- Operations Unit &
- Support Unit.

2.2 City Banks Vision, Mission and Values:

Vision

- The Financial Supermarket with a Winning Culture Offering Enjoyable Experiences

Mission

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

Values

- Result Driven.
- Accountable & Transparent.
- Courageous & Respectful.
- Engaged & Inspired.
- Focused on Customer Delight

2.3 Product and Services:

CBL has been providing different types of products since its inception. All their products are service based. They are-

A. Credit Cards

- American Express: In 2010 CBL at first brought AMEX into the Bangladesh as franchise. It has three categories and also available in dual currency mode.

- Credit Card (Local)
- Credit Card (Dual)
- Gold Credit Card
- Gold FC Credit Card
- Platinum FC Credit Card
- Platinum Credit Card

- VISA: it is an international card which is issued in both Taka & US dollar. Different types of VISA cards have been issued by the bank. They are-

- Platinum card
- Dual Gold Card
- Dual Silver Card
- Local Gold Card
- Local Silver Card

B. Debit Cards or ATM Cards

- Master Card: Master Card has no specific classes because CBL issued the master card as default card for account holders.
- VISA Electron: This is another kind of debit card issued by CBL with some extra liberty. Visa electron card currently confined by CBL.
- City Maxx American Express Card: This card is absolutely a particular card which can be use as American Express but as debit card order.

C. Retail Banking Service

In retail banking the entire general banking services, like different types of bank accounts opening (Current Account, General Savings Account, High Value Savings Account, and Joint Account etc) activities are performed. Various type of Loans are also offered by bank, like Consumer loan, Education loan, Heath Loan Car loan, Home Loan, House Renovation Loan etc.

D. SME Banking Service

CBL has been providing SME services through its three SME centers. They are-

- Medium Segment SME Service.
- Small Segment SME Service.
- Agro SME Service.

E. Wholesale Banking Service

Under wholesale banking services they are providing-

- Long term Finance
- Midterm Finance
- Structured Finance
- Cash Management
- Project Management

In spite of these services CBL also provides other services given below-

- Priority Banking Service
- Sapphire service
- Corporate Banking Services
- City Touch (Advanced Internet Banking)
- Trade Services (Foreign and Local)

CBL has two subsidiaries-

- City Capital Resource.
- City Brokerage.

2.4 Strategies of CBL:

CBL follows Market Oriented Strategic Planning. The purpose of this approach is to configure the bank's businesses and services so that they fulfill target profits and growth. CBL's Market Oriented Strategic Planning consists of two levels. They are-

- Location Based Strategy
- Business Level Strategy

Location Based Strategy:

Where other business sectors are available in that kind of place Branch Banking is very successful. One of the main reasons of CBL's success is that they spread their business all over the country through numerous branches. The 112 branches of CBL are divided into six different regions, which are - Dhaka Division consists 52 branches, Chittagong Division consists 17 branches, Comilla Division consists 11 branches, Sylhet Division consists 12 branches, Bogra Division consists 12 branches, Khulna Division consists 08 branches. Obviously focus of trade and way of life of the people are not the same in these six regions. So bank change its location based strategy according to the pattern of that particular region. CBL's Head office relentlessly monitors the growth of all the six areas.

Business Level Strategy:

Bank uses this strategy to strengthen its retail business, following a conservative lending approach as bank's major portion of the profit generates from its Retail Banking and SME Banking.

2.5 City Bank Organizational Structure:

Organizational chart helps build and design the organization structure to meet the objectives. Organizational chart can guide the employees to know their rights and responsibilities. It is used differentiate employees with different designation, to clearly visualize reporting authority, to make distinction among employees based on their work.

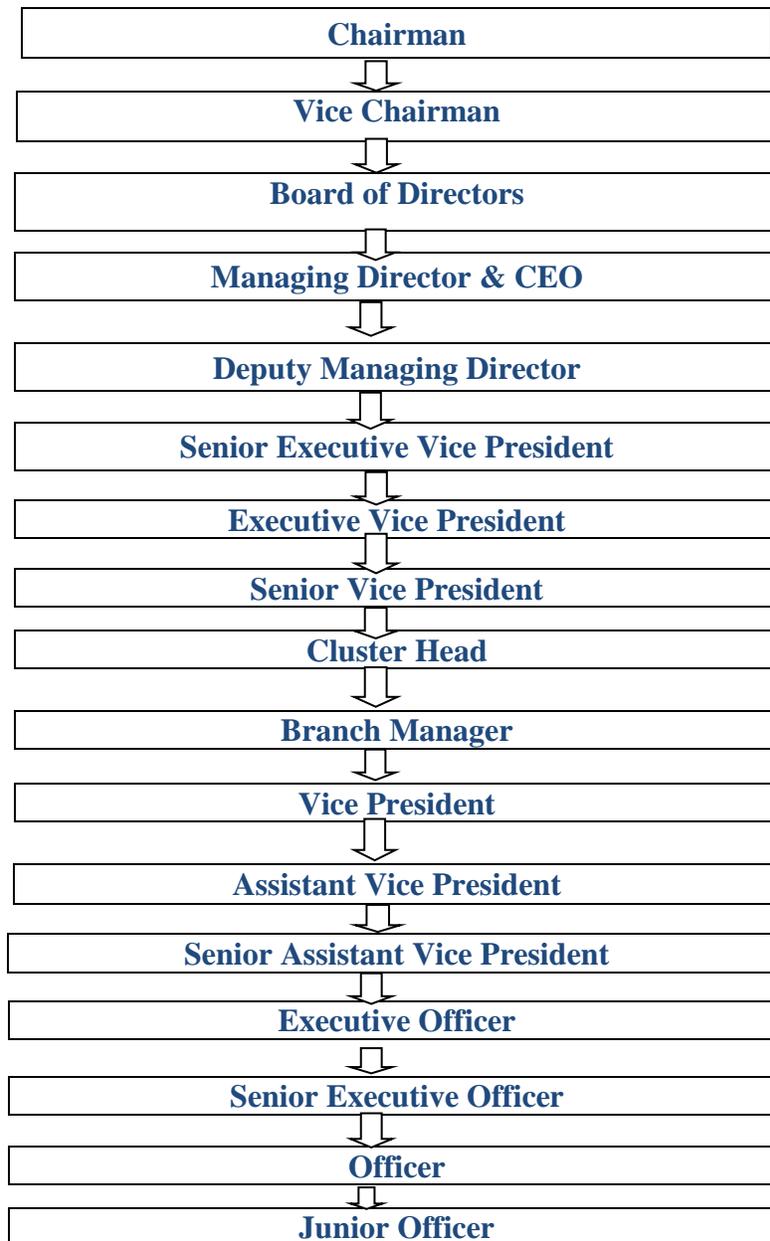


Figure- 2.1 Organizational Chart

2.6 General Activities of the City Bank Ltd.:

Controlling of deposit, clearing cheques, bills, account opening, security instrument handling, customer service, locker facilities and other services all are included in General Banking Service. City Bank is dealing with its all exercises vertically from the head office through four particular business divisions. They are,

- Corporate & investment banking
- Retail Banking
- SME Banking
- Treasury & Market risks

Corporate & Investment Banking

In CBL following activities are performed in this division-

Financing-

- Working capital finance
- Schedule of charges
- Interest rate on lending
- Project Finance
- Islamic Finance
- Trade finance
- Short/Mid-term Finance
- Structured Finance
- Cash managements
- Invest banking

Retail Banking (including cards)

Retail banking includes-

- Deposits
- Loans Schedule of charges
- Interest rate on Lending
- Cards-debit card, credit card etc
- NRB-foreign remittance

SME Banking

CBL's SME banking is engaged in following services-

- City Muldhan
- City Monaca
- City Shula
- City Nosh
- City Sheba

Treasury & Market risks

Treasury team is dedicated by City bank who is perfect to provide all treasury solution. Its foreign business partner helps the bank to provide a large number of Treasury products. There are four specializations in the treasury.

- Foreign Exchange
- Money Market
- Corporate sales
- Market research (dSPACE, 2017)

Chapter 3

Theoretical Discussion

3.1 Debt Management of CBL

3.2 Classified and Unclassified loans of CBL

3.1 Debt Management of City Bank Limited:

A debt management is an agreement between an account holder and a [creditor](#) that addresses the terms of an outstanding debt. DM helps organizations to reduce their outstanding debt. It also helps to protect unsecured debt and helps account holder regain control of finances. Debt management

CBL provides loans to large number of customer base in two categories. They are-

- Retail banking loans
- SME banking loans

Retail Finance Loan Center

Loan procedure was maintained by each branch before The Retail Finance Center (RFC) launched in 2008. The RFC processes in three ways to get effective results. At first RFC Credit Approval department collected loan application from the DST (sales) groups. After that to couch the loan applications sent credit approval center. If the applications are qualified then RFC Operation departments disburse the loan. Lastly the RFC Collection department takes care of the loan. It ensures that loan takers repaying the loan in due time, they are paying interest on time. They also take care of the default rates.

SME Banking Loans

SME loan is available for tiny businesses operating in exchanging, production, services, non-farm activity, farming and agro-based industries. City SME Small Loan offers flexibility and convenience to grow the business. If someone fails to pay the loan bank gives them extra time to pay the debt with some penalty.

3.2 Classified and Unclassified loans of City Bank Limited:

Classified Loan

A classified loan is any bank loan that is in risk of nonpayment. Classified loans have due interest and principal outstanding, and it is uncertain whether the bank will be able to retrieve the loan proceeds from the borrower. In January 2006, Bangladesh Bank Circular: Loan Classification and Provisioning describes the accounting of the interest of classified loans and their classification into "doubtful," "sub-standard," "interest suspense accounts," City bank divided their classified loans in three categories.

- **Sub-standard:** when a loan is past due/over due for six months or more but less than nine months it's known as Sub-Standard.
- **Doubtful:** when it is past due/over due for nine months or more but less than twelve months it's called doubtful.
- **Bad/Loss:** Lastly, when it is past due/over due for twelve months or more it is Bad or Loss.

Unclassified Loan

Unclassified loans are good loans. There is 100% possibility of getting these loans back. If a bank feels there is a high probability that a borrower will stop making settlement on a loan, it can change the classification of the loan from unclassified to classify. Once a loan is classified, the bank can take steps to prepare for losses it expects to incur from the borrower's non-payment. City bank divides their unclassified loans into two categories.

- **Standard including staff loans:** All unclassified loans other than Special Mention Account (SMA) will be treated as Standard.
- **Special Mention Account:** Continuous credit, Demand loan or a Term Loan which will remain overdue for a period of 90 days or more will be known as SMA. Interest accrued on such loan won't be shifted to Income account but will be credited to Interest Suspense Account. This helps banks to be extra conscious about these loans. Credit Information Bureau (CIB) of Bangladesh Bank must be notified by banks about "Special Mention Account (SMA)".

Classification of Loans and Advances/ Investments of City Bank Limited:

Classified and Unclassified loans of 2016:

Year – 2016		
Unclassified Loan	Taka	% of total loan
Standard including staff loan	158,646,015,656	90.64%
SMA	5,797,139,339	3.31%
Total	164,443,154,995	93.95%

Year- 2016		
Classified	Taka	% of total loan
Sub Standard	733,615,499	.42%
Doubtful	608,335,076	.35%
Bad/loss	9,239,971,089	5.28%
Total	175,025,076,659	6.05%

Classified and unclassified loans of 2017:

Year – 2017		
Unclassified Loan	Taka	% of total loan
Standard including staff loan	181,509,548,949	92.33%
SMA	4,408,415,846	2.24%
Total	185,917,964,794	94.57%

Year- 2017		
Classified	Taka	% of total loan
Sub Standard	804,154,826	.41%
Doubtful	445,319,829	.23%
Bad/loss	9,428,420,334	4.80%
Total	196,595,859,784	5.43%

Chapter 4

Analysis & Findings

4.0 Analysis and Findings:

In this analysis and findings part I'm going to analyze different sort of things about city bank. Like banks' liability, classified loan, current or WC ratio. Also how much deposit they are gathering, interest they are earning or their balance from CFIA. These points will be taken into consideration in this section.

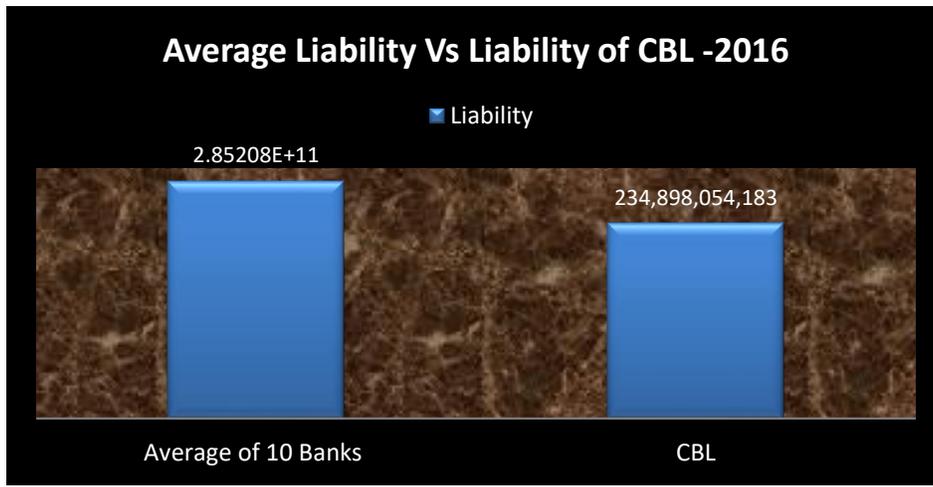
To complete this analysis and to make this more fruitful I'll go for comparative analysis. To finish this I was assigned with 10 other listed banks also. They are-

- Eastern Bank Ltd
- Export Import Bank of Bangladesh Limited
- First Security Islami Bank Limited
- Islami Bank Limited
- National Bank Limited
- National Credit and Commerce Bank Limited
- Jamuna Bank Limited
- Rupali Bank Limited
- Pubali Bank limited &
- Shahjalal Islami Bank Limited.

To complete the analysis, I make average of various data of these banks and compare it with CBLs' data to draw the conclusion.

1. Average liability of all these banks VS liability of CBL.

Year	Average Liability of Listed Banks	Liability of CBL
2016	2.85208E+11	234,898,054,183
2017	330,896,714,301	251,887,994,727



Graph- 4.1 & 4.2 Average Liability Vs Liability of CBL



Interpretation:

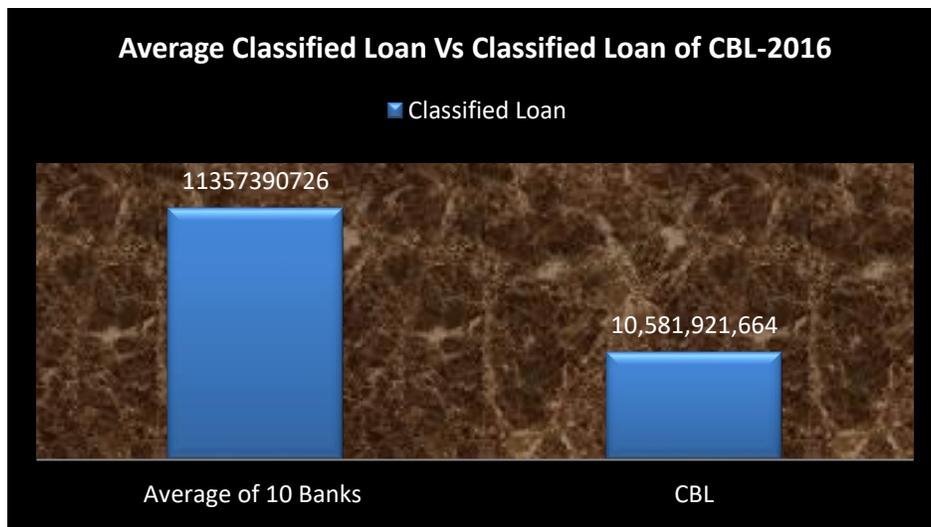
Liability is something that you owe somebody else. When we want to run business, at first we need capital but it not possible to completely avail this capital individually. So we take loan, or issue bond etc. Liabilities section includes loans, accounts payable, mortgages, deferred revenues, and accrued expenses and it is shown in right side of financial position statement. In case of bank the basic idea is same liabilities are what the bank owes to others. But here the main component under the liability section of banks is “Deposit”. Bank customers deposit money in different ways into banks and the bank views these deposits as liabilities. Because, these deposit is customer’s asset and banks are bound to repay the deposit when the customers want it back.

Though these deposits or many other components of liability section help banks to regulate their daily activities and it is quite next to impossible to run the business completely by owner’s contribution. So the significance of liability items are huge but still higher liability increases risk. It increases the risk of defaulting on, or being unable to repay. A reasonable amount of liability can help banks to grow but too much can overburden with high interest payments. If banks fail to make these interest payments or return the deposits, depositors or creditors might take bank’s assets or force into bankruptcy. Also it might make it problematic for the banks to gather additional funding or gather money only with unfavorable terms.

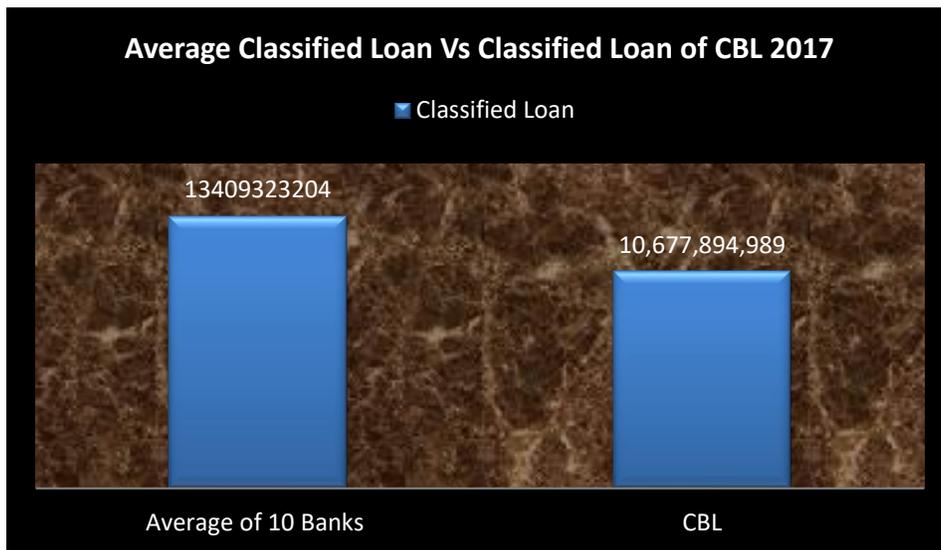
In case of CBL, their liability in both years are lower than the average of banks or what we can call “the market standard” and it is also compatible with the assets of the bank which indicates their efficiency in balancing liability.

2. Average Classified loan of all these banks VS Classified loan of CBL.

Year	Average Classified Loan of Listed Banks	Classified Loan of CBL
2016	11,357,390,726	10,581,921,664
2017	13,409,323,204	10,677,894,989



Graph- 4.3 & 4.4 Average Classified Loan Vs Classified Loan of CBL



Interpretation:

A classified loan is any bank loan that is in risk of nonpayment. Due interest and unpaid principal are the characteristics of these loans and it is uncertain whether the bank will be able to regain the loan proceeds from the borrower. Banks usually categorize such loans in different categories like sub-standard, doubtful & bad/loss.

For banks most common form of asset is loan. They take deposits from the surplus unit and lend it to the deficit unit and through this process banks earn profit. So obviously they have to be very much conscious about loan distribution.

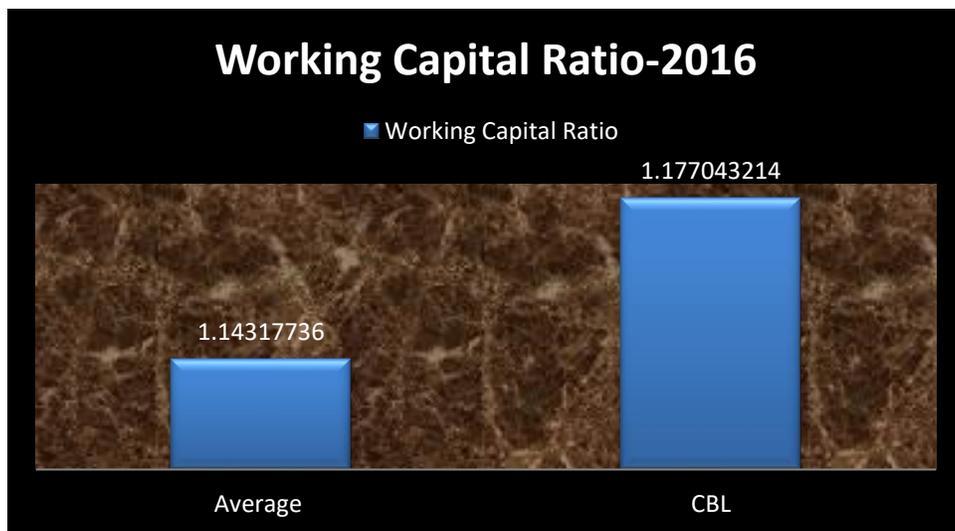
In case of CBL, thousands of loan applications are credited to the bank every day. They are providing different types of loan home loan, car loan, bike loan, house renovation loan which fall under personal loan and also corporate loans are available. Applicants for personal loans must have their monthly income up to 25000 and in case of corporate loan the process is very critical. For corporate loans, you must be able to properly tell the bank the purpose of your loan, then there will be surprise visit by bank employees from loan department and if they are satisfied then there will be further process. Applicants must provide details about their monthly income; they have to provide documents that verify their source of income, bank statements of other banks, documents of loan taken by them from any other bank before etc. All these information will be submitted to CIB (Credit Information Bureau).

This bureau has all the details related to the applicant's previous loan payment behavior. Whether the applicant pays the previous loans on time, is there any outstanding or is there any kind of negligence in interest payment everything. If applicants CBI result is satisfactory loan will approved and vice versa. All these information gathered just to make sure that the applicant is eligible to repay the loan, to pay the loan installments and interest.

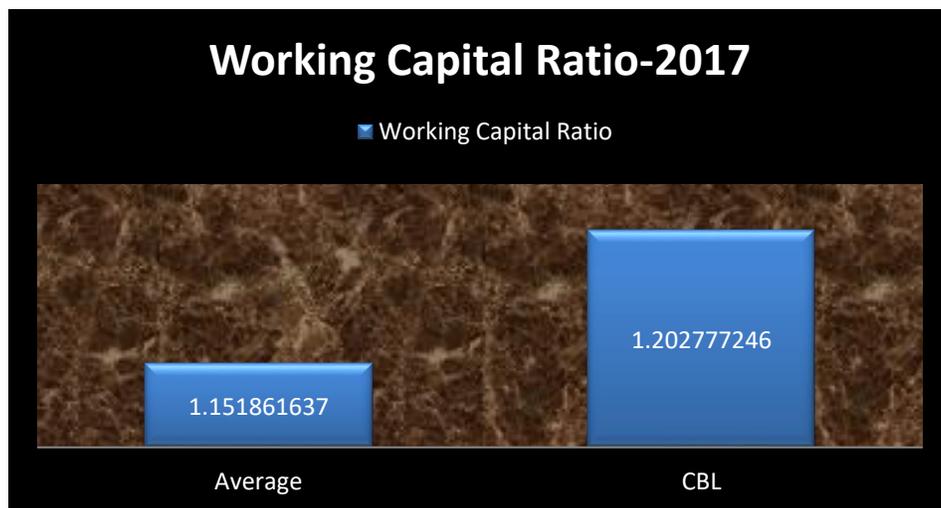
After all this, thousands of loan applications failed to return the money every year. Most of the defaults are unintentional and many of them are intentional too. It was quite interesting to know intentional defaults are more in corporate loans. Because sometimes the convenience of not refunding the money back to the bank is more than refunding it. In 2016, there was 6.05% classified loan out of total loan amount and in 2017 it is decreased to 5.43%, which is a positive indication. Also the amount of classified loan of CBL is lower than the average of other bank which is another good thing. But still CBL need to be more conscious to keep their loan defaults minimum.

3. Average WC ratio of all these banks VS WC ratio of CBL

Year	Average Working Capital Ratio	Working Capital Ratio of CBL
2016	1.14317736	1.177043214
2017	1.151861637	1.202777246



Graph- 4.5 & 4.6 Average WC Ratio Vs WC Ratio of CBL



Interpretation:

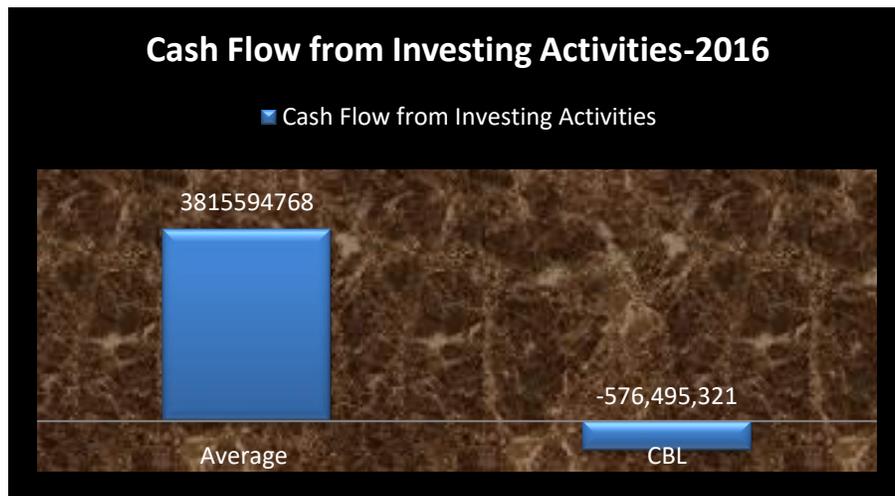
Working capital is calculated by eliminating current liabilities from current assets. The management of working capital is the set of actions that are required to run regular activities of the business to ensure that enough cash is there to meet short term debt and day-to-day expenses. Working Capital is also known as spinning capital. It measure how well organization handle its regular activity, how easily they can return their lenders in case of emergency and short-term solvency.

The working capital ratio, also called the current ratio, is a liquidity ratio that measures a firm's ability to pay off its current liabilities with current assets. Low working capital ratio values, near one or lower may indicate severe financial complications with a company. On the other hand, we know that the higher the WC ratio, the more capable the company is of paying its obligations, as it has a larger percentage of asset value comparing to the value of its liabilities. However, a high ratio (over 3) does not means that a company is in a position of financial welfare either. A high WC ratio of this company may suggest that that it is not using its current assets efficiently, is not securing financing well, or is not managing its working capital well.

In both years 2016 & 2017, we can see that WC ratio of CBL is higher than the market standard or banks average. It is more than 1 and less than 3 which indicates they are efficiently managing their working capital. Neither they have financial problems to pay short term debts nor do they have idle or excessive cash in hand.

4. Average Cash Flow from Investing Activities of all these banks VS Cash Flow from Investing Activities of CBL.

Year	Average Cash Flow from Investing Activities	Cash Flow from Investing Activities of CBL
2016	3815594768	-576,495,321
2017	2918489754	-6,420,683,756



Graph 4.7 & 4.8 Average CFIA Vs CFIA of CBL



Interpretation:

Cash Flow from Investing Activities is the section of a company's cash flow statement that displays the cash inflow and outflow from investments they make for a particular time being. Investing activities include purchases of long term estate, factory and apparatus. Also acquisitions of other businesses and investments in stock and bonds also part of it.

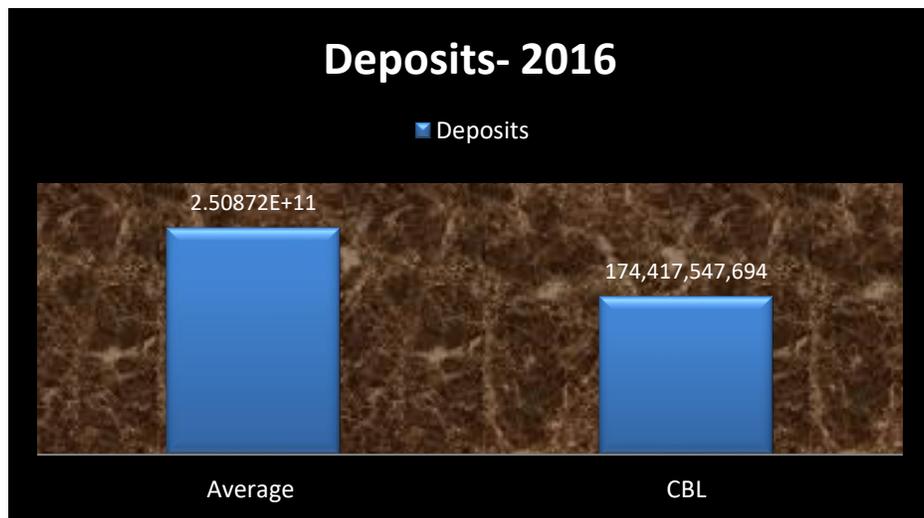
It is influenced by selling and purchasing of any fixed asset of the company. CFIA is positively affected when there are proceeds from the sale of estate and apparatus or proceeds from the sale of stocks or bonds.

When the company buys any fixed asset during the period, it affects the cash flow negatively because there is an outflow of cash from the organization. It is absolutely very normal activity because when you look at the balance sheet the current asset is converted to a long term asset. For Example, Companies acquire a recycling plant worth \$200,000 and paid full in cash. It means that there is an outflow of cash \$200,000 from the organization cash account. The effect of this transaction in the cash flow statement will be like (\$200,000) but by analyzing you can determine that only the company's current asset is converted into long term asset. So we can say that the negative balance is very much positive in its effect because it gives increase in the company's fixed asset which is useful for the company in the long run. On the other hand, it is also possible that the negative cash flow from investing activities might be a warning because it's made poor asset-purchasing decisions.

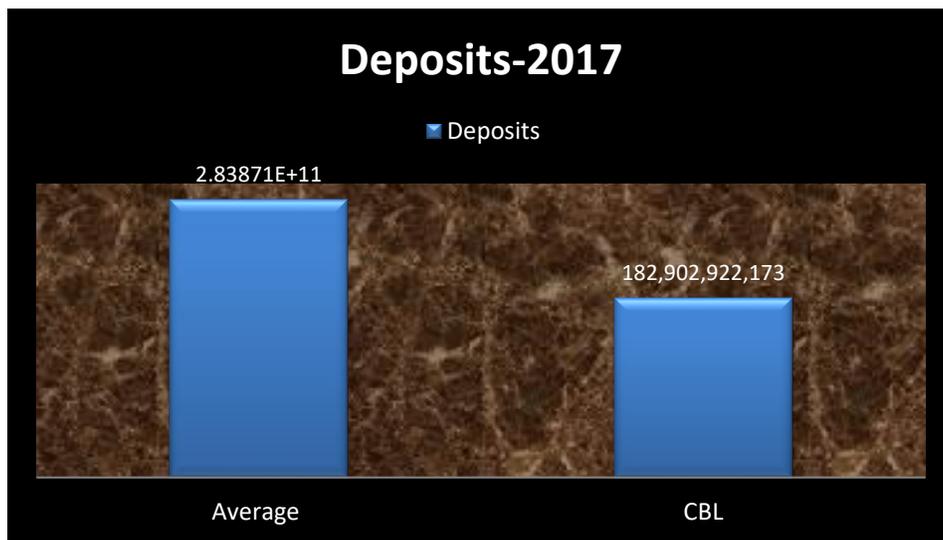
In case of CBL in 2016 & 2017, we can see their CFIA is negative where market average is positive. Now whether this is good or bad it depends on how they use their cash and after analyzing the whole thing I saw that in both years they invested more in property, plants and securities which is for the growth of the bank. On the other hand inflows are very little because they sale plenty of securities and so their CFIA is negative.

5. Average Deposit of all these banks VS Deposit of CBL.

Year	Average Deposit	Deposit of CBL
2016	2.50872E+11	174,417,547,694
2017	2.83871E+11	182,902,922,173



Graph- 4.9 & 4.10 Average Deposit Vs Deposit of CBL



Interpretation:

Bank deposits are money placed into banking institutions for savings. Deposits are made by using several accounts such as savings accounts, checking accounts and money market accounts. When the account holder opens a account to deposit money he or she also enters in a agreement with the bank but the account holder also has the right to withdraw his/her money in time of need according to the terms and condition.

This deposit is a liability owed by the bank to the depositor. When someone deposits cash to bank, they give up legal authority of the money. The money becomes bank's asset. On the other hand, the account is a liability to the bank. Banks pay interest to depositor monthly, semi annually or annually. Banks use these deposit to lend to the deficit unit and earns interest from for lending the money. This interest rate is more than the rate they provide to the depositors and this is how they increase their income.

We can see that in both years CBL deposits are less than the market average. It was very interesting to find that the bank that most deposited in 2016 and 2017 was Ismaili Bank Bangladesh limited. This maybe the indication of peoples rising interest in Sharia Based Banking system and also maybe the reason is lower interest rate is paid than before to the depositors.

6. Average Net Interest Revenue of all these banks VS Net Interest Revenue of CBL.

Year	Average Net Interest Revenue	Net Interest Revenue of CBL
2016	6451838009	6,511,190,280
2017	7735418469	7,539,256,385



Graph- 4.11 7 4.12 Average Net Interest Revenue Vs Net Interest Revenue of CBL



Interpretation:

A difference between the revenue that is generated from a bank's assets and the expenses related with paying its liabilities is known as net interest income. Bank's assets includes different sort of loans, mortgages and securities. Liabilities are the customer deposits. Excessive revenue that is generated from the interest earned on assets over the interest paid out on deposits is the net interest income.

Bank is not profitable only because it earns more interest from its assets than it pays out on its liabilities. Sometimes bank's profit can be negative after shirk bank's expenses from interest income. Space rent, employee salaries, utility bills these are some extra expenses of bank. Also like expenses it earns additional revenue like investment advisory services are one of them.

In 2016 CBLs' net interest revenue is higher than the average but in 2017 it went down. Though the difference is very minimum but it is worth mentioning.

Chapter 5

Recommendations and Conclusion

5.1 Recommendations

5.2 Conclusions

5.1 Recommendations

From the findings and analysis part we can see some problem and limitation for which we are discussing some recommendations below-

- Since the amount of current asset and liability is amounted almost same so they are in the risk of not being able to pay the debt in case of emergency. So they should hold more current asset for emergency circumstances.
- They should be more careful before loan approval, so that they can reduce the default rate than previous percentage.
- In both years their cash flow from investing activities balance is negative which indicates their higher investment for future growth which is good, but should be sure that these are healthy investments and will be beneficial in near future.
- They should accumulate more deposit by taking several initiatives, (like increasing interest rate, providing more customer service) as their deposit amount is lower than the average in both years.
- In 2017 the net interest income goes down than previous year, so should be more conscious about collecting interest from the loan taker.

There are some other things that want to recommend from my personal experience of working in CBL-

- The account opening procedure should be easier but at the same time to give customer flexibility they should not accept wrong documents (wrong NID print, passport copy, income verification documents etc).
- Cash payment and cheque clear should be faster.
- The process of F.D.R redemption should be easier and it is not okay to deliberately delay the payment.
- More promotional tools should be in forced to popularize the banking.
- The charges and fees of several services (sms service, card service, bank statement or solvency document proving service) should be considered again by matching with customer's expectation and that of competitors.

These are some recommendations that I feel worth mentioning.

5.2 Conclusion

The City Bank is considered as a reputed bank in Bangladesh. This bank is structured to operate in both local and foreign market. It has many experienced and qualified human resource. They work for business innovation and improvement.

This report is about “Liability Management” but I also tried to analyze other factors of the bank. They have some positivity and some drawback also. In this competitive market to sustain they have to attract new clients that can increase their deposits. Also, amount of classified loan should be decreased but its also good that CBL is concentrating on their future growth. Overall their performance is satisfactory but there is some issues that they should address immediately. I hope some of the recommendations might be helpful.

To sum up, I can say during my internship period I have attempted to enrich my knowledge that would be beneficial to develop my carrier positively. Though I tried to work in all departments & sections during my internship program but it is not possible to go to the depth or each activity due to confidentiality issues and time limitation. However, highest effort has been given to attain the objectives during the internship program and have gathered vast knowledge during precise time period and about CBL I can say, This bank has the potential and growth opportunities, all they need is some good strategies and efficient work force. That can lead them to the top.

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