FIN464: Bank Management

Group Project on

"BRAC Bank & City Bank"

Section: 07

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Subject: Submission of report on the Brac Bank and City Bank

With all due respect, we are happy to give our report on the Brac Bank and City Bank for the course FIN464 requirement. We tried to use information from a lot of different places, especially the lessons you gave us. Our goal was to do everything you told us to do. While working on this job, we had a lot of trouble and issues, but your instructions helped us finish. While writing this report, we learned a lot about how the company works from the inside. We believe that we have learned things that will help us in real life and that these things can be used to build something. Without a doubt, we hope that the project meets all of the requirements for this report.

Regards,

Maisha Maliha

MD Al Mobin

Fariha Tabassum Haque

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Executive Summary

The goal of this final project was to look at how well two banks, Brac Bank and City Bank, are doing financially. Time series and cross-sectional analysis were both used to look at how banks have changed over time and how they relate to each other and to themselves. Another thing we looked at was how the disease changed some banks. Several tables and graphs were made to show how the banks compared to each other and how they changed over the four-year time that was chosen. We used every useful measure of financial success, like the debt-to-equity ratio and the liquidity ratio and so on. The report also has other well-known measures of financial success, such as the Capital Adequacy Ratio and Credit Rating. The data also has ideas for how banks can improve their financial performance, which will lead to improvements in their financial performance indicators. The general study tried to find out everything there was to know about the bank's performance and what made it so successful. To give the data more credibility, the information also tried to compare them with the standard in the industry. Financial reports from banks from 2018 to 2022 and the Wall Street Journal were used to gather all the required information.

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Company Background

The City Bank

One of the best business banks in Bangladesh is City Bank, which is also called The City Bank Limited. It was set up on March 27, 1983, and got its banking license on April 12, 1983. When the bank first opened, its goal was to become the best bank in the country by providing excellent customer service and cutting-edge goods. Over the years, City Bank has greatly expanded its office network and services. Banking for individuals, businesses, and the government, as well as Islamic banking, are just some of the many financial services and goods it offers. The bank has also made several digital banking options so that its customers can reach them more easily and quickly.

City Bank has a strong character for being committed to excellence, being open, and putting its clients' needs first. Many awards and praise have been given to it for its work and contributions to the financial field. The bank is listed on both the Chittagong Stock Exchange and the Dhaka Stock Exchange.

Brac Bank

BRAC Bank Limited, sometimes just called BRAC Bank, is a well-known business bank in Bangladesh. An international investment company called Shore Cap International Ltd and one of Bangladesh's best development groups, BRAC (Bangladesh Rural Advancement Committee), started it together in 2001. BRAC Bank wants to provide banking services to people and businesses all over the country, focusing on small and medium-sized businesses (SMEs). Retail banking, corporate banking, SME banking, and treasury operations are just a few of the many goods and services that banks offer. The bank is known for its cutting-edge financial products that are made to meet the wants of a wide range of customers. As a socially responsible bank, BRAC Bank actively supports many development projects and promotes financial equality. It has started several programs to help underserved areas and support women who want to start their businesses. The bank is committed to doing business in a way that is good for the earth and society, and it has been praised for this. BRAC Bank is traded on both the Chittagong Stock Exchange and the Dhaka Stock Exchange. Because it has branches and ATMs nationwide, it has a big influence in Bangladesh. The bank has won many awards for its work and dedication to Bangladesh's financial industry.

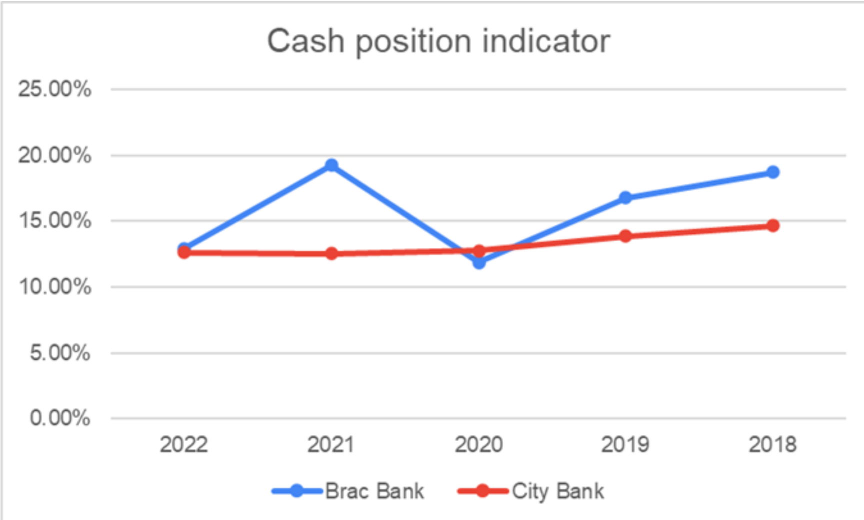
Ratios for Analysis

Liquidity Ratio

Cash position indicator

A company, investment fund, or bank's cash situation is the amount of cash it has on hand at any given time. The amount of cash on hand shows how stable and flexible a business is. Along with cash, this approach often looks at assets that can be quickly cashed in, like certificates of deposit, short-term government debt, and other assets that can be used as cash. A cash drag, on the other hand, is what might happen if you have too much cash on hand. Having cash on hand can help you get cash quickly and protect you from losses, but cash earns only the risk-free rate of return on its own, and having too much cash on hand can cause you to miss out on chances. As a business grows, "cash drag" is often the cause of slowdowns. Keeping some of your money in cash instead of spending it is what this term means. The cash position ratio is the measure of the amount of cash on hand to the amount of short-term debt. The number that should be used is between 0.2 and 0.5.

Cash position indicator					
	After Pandemic	During Pandemic		Before Pandemic	
FY	**2022**	**2021**	**2020**	**2019**	**2018**
Brac Bank	12.93%	19.27%	11.87%	16.79%	18.73%
City Bank	12.65%	12.56%	12.76%	13.85%	14.66%

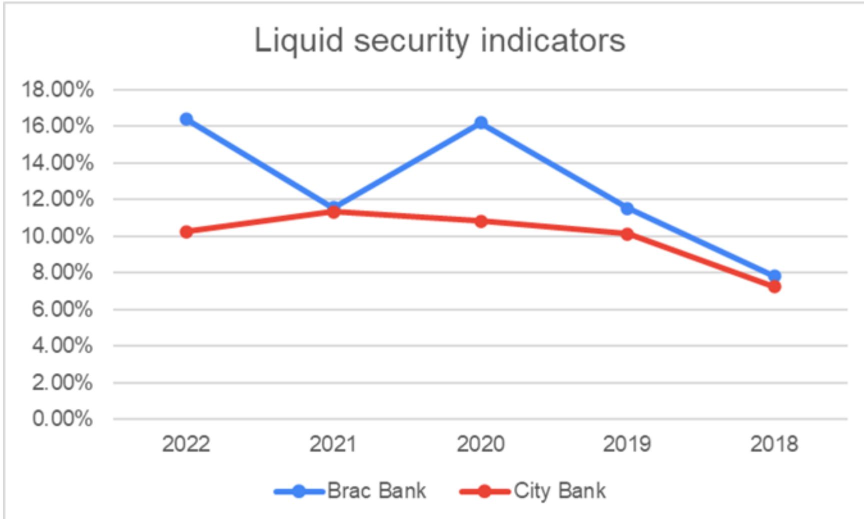


Based on the graph and information in the statements, there is a small drop, but City Bank's cash position has been pretty stable. In 2018, before the pandemic, it was 14.66%. During the pandemic in 2020 and 2021, it dropped to 12.56 %, but after the pandemic, it stayed the same at 12.65 % in 2022. The Cash situation of Brac, on the other hand, changed a lot. In 2018, it was 18.73%, but it slowly went down during the pandemic and will be 11.87% in 2020. Even though they went up to 19.27% in 2021, it went down again to 12.93% after the pandemic in 2022. It was seen that City Bank was very stable both before and after the pandemic.

Liquid security indicators

Liquid safety ratio of the government's investment in security to its total assets. When you divide the government's spending on security by its total assets, you get a picture of liquid security indicators.

Liquid security indicators					
	After Pandemic	During Pandemic		Before Pandemic	
FY	2022	2021	2020	2019	2018
Brac Bank	16.36%	11.55%	16.20%	11.51%	7.80%
City Bank	10.24%	11.32%	10.82%	10.11%	7.23%

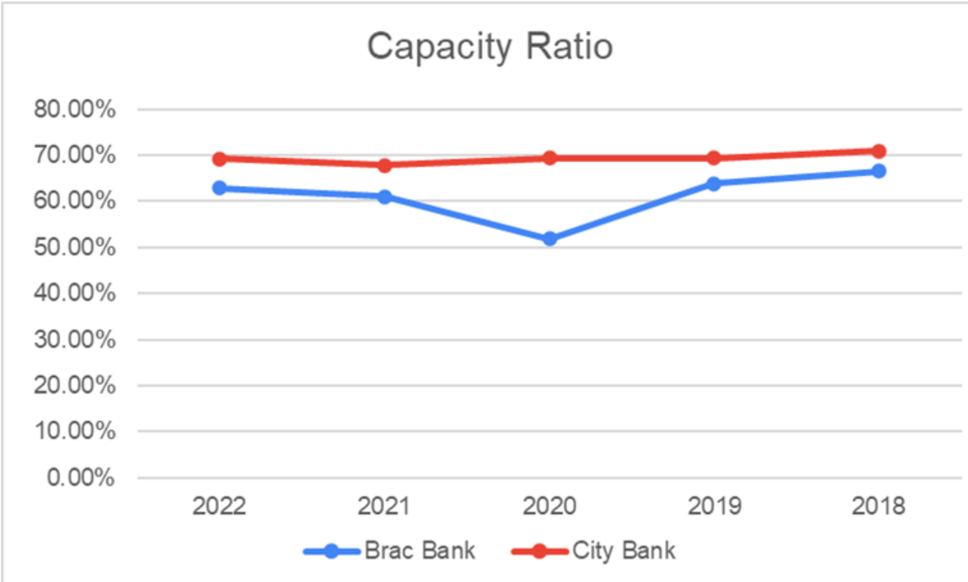


If the Liquide security measure goes up from 2018 to 2022, both banks will have to pay more. Even though Brac bank has to deal with changes, it has a much higher share than City bank. Brac had 7.80% liquid security in 2017, and that number rose to 11.51% in 2019. It also went up during the pandemic, but it went down to 11.55 percent in 2021. After the pandemic, however, Brac Bank's liquid security went up to 16.3 percent. City Bank also had to deal with a rise, though not as much as Brac Bank. Even so, both banks have almost the same amount of liquid stocks during a pandemic. In 2021, City Bank had 11.32 percent. From 7.23% in 2018 to 10.24% in 2022, it went up. During the pandemic, they saw a very small rise.

Capacity ratio

Analysis of capacity ratios The loans and advances that a bank gives to Total wealth. Capacity ratio is found by dividing loans and advances by total assets.

Capacity Ratio					
	After Pandemic	During Pandemic		Before Pandemic	
FY	2022	2021	2020	2019	2018
Brac Bank	62.82%	61.02%	51.80%	63.85%	66.59%
City Bank	69.20%	67.85%	69.29%	69.41%	70.92%



It shows that City Bank has a larger and more stable capacity ratio than Brac Bank. In 2018, 70.92% of the bank's capacity is being used. They were able to keep their capacity ratio between 69.29 and 67.85% during the pandemic in 2020–2021. It didn't change after the pandemic either.It was 69.20% in 2022. Brac bank, on the other hand, saw a drop when the pandemic began. Before the pandemic, it was 66.59% in 2018 and 63.85% in 2019. In 2020, it was 51.80%. In 2022, after the pandemic, it was 62.82%.

Profitability Ratio

Financial indicators known as profitability ratios are employed by analysts and investors to assess a company's capacity to turn a profit in relation to its revenue, balance sheet assets, operating expenses, and shareholders' equity over a given time frame. They demonstrate how well a business makes use of its resources to generate revenue and add value for investors (Vipond, n.d.). Most businesses typically aim for a greater ratio or value because it typically indicates that the company is operating profitably and creating cash flow. When the ratios are examined in relation to other companies or to earlier times, they are most helpful (Vipond, n.d.). Profitability Ratios are,

- Return on Equity (ROE)

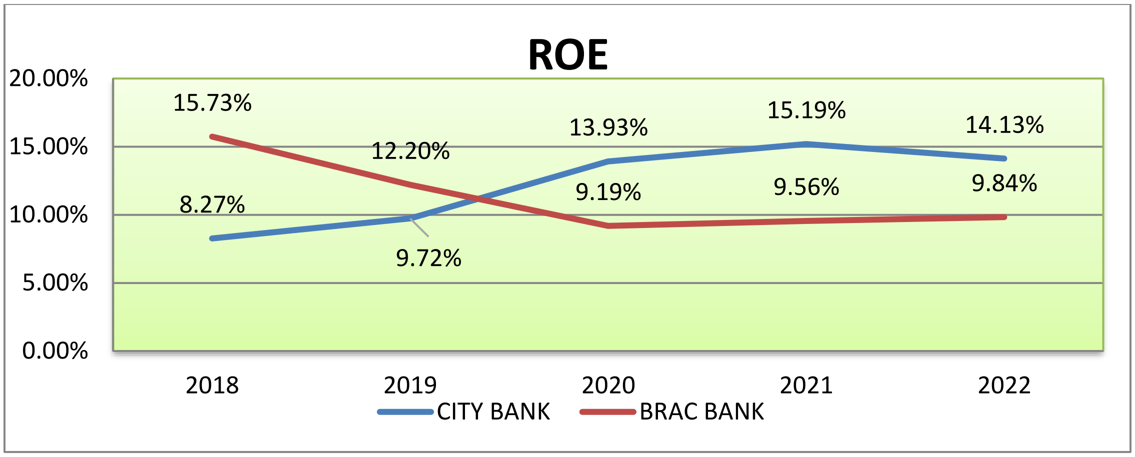
- Return on Asset (ROA)
- Net Interest Margin (NIM)
- Net Non-Interest Margin (Non-NIM)
- Earnings Per Share (EPS)

Return on Equity (ROE)

The financial performance metric known as return on equity (ROE) is computed by dividing net income by shareholders' equity. The percentage of net income in relation to stockholders' equity, or the rate of return on the capital that equity investors have invested in the company, is expressed as return on equity (ROE) (Vipond, n.d.). Investors and stock analysts pay close attention to the ROE ratio. It's common to use a company's favorably high ROE ratio as justification for buying stock. Businesses that exhibit a strong return on equity typically possess greater internal cash generation capabilities, hence reducing their need on loan funding (Vipond, n.d.).

$$\mathbf{ROE} = \frac{\mathbf{Net\ Income}}{\mathbf{Shareholders'\ Equity}}$$

ROE					
	Before the Pandemic		**During Pandemic**		**After Pandemic**
FY	**2018**	**2019**	**2020**	**2021**	**2022**
CITY BANK	8.27%	9.72%	13.93%	15.19%	14.13%
BRAC BANK	15.73%	12.20%	9.19%	9.56%	9.84%



By analyzing the above table and graph, we can say that, City Bank has generated good amount of profit by utilizing their shareholders investment properly from year 2018-2022. City Banks ROE ratio was unaffected during the pandemic and we can see their ROE increase to 13.93% and 15.19% in 2020 and 2021. But after the pandemic ROE was decreased and became 14.13% in 2022.

But in terms of BRAC Banks ROE, ratio seems a decreasing trend from year 2018 to 2022. During the pandemic banks ROE was heavily affected and it declined to 9.19% in 2020 from 15.73%. After 2020, BRAC Banks ROE started to increase from 2021 to 2022 and it became 9.84%.

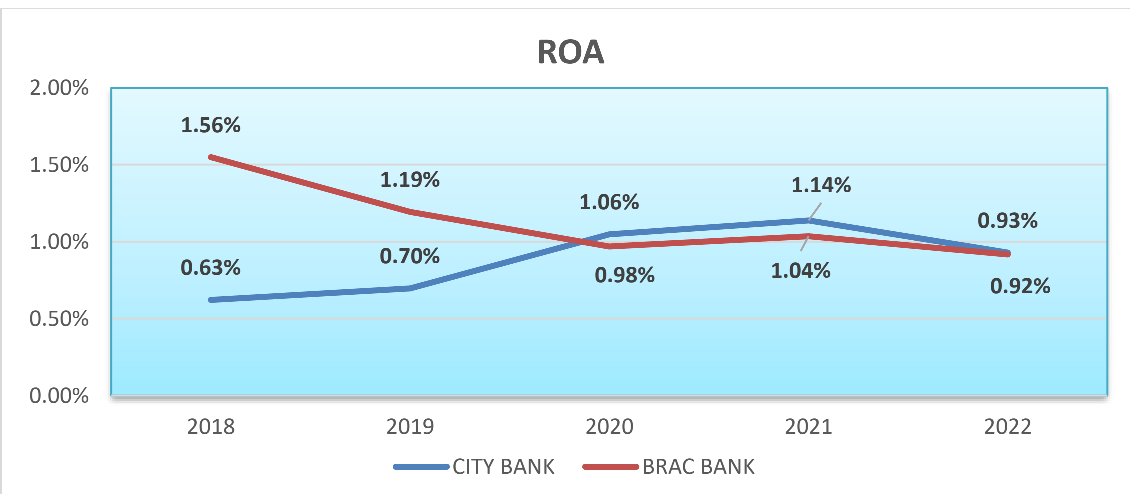
However, compared to BRAC bank, City Bank is doing better job in managing their shareholders equity from 2018-2022 for generating profit.

Return on Asset (ROA)

Return on assets (ROA), indicates the proportion of net earnings to the total assets of the business (Vipond, n.d.). In particular, the ROA ratio shows how much profit a business makes after taxes for each dollar of assets it owns (Vipond, n.d.). It also gauges a company's asset intensity. A corporation is deemed to be more asset-intensive the lower its profit per dollar of assets (Vipond, n.d.). Large capital expenditures are necessary for highly asset-intensive businesses in order to buy machinery and other equipment that will provide revenue (Vipond, n.d.).

$$\mathbf{ROA} = \frac{\mathbf{Net\ Income}}{\boldsymbol{Total\ Assets}}$$

ROA					
	Before the Pandemic		**During Pandemic**		**After Pandemic**
FY	**2018**	**2019**	**2020**	**2021**	**2022**
CITY BANK	0.63%	0.70%	1.06%	1.14%	0.93%
BRAC BANK	1.56%	1.19%	0.98%	1.04%	0.92%



As can be seen from the accompanying table and graph, City Bank made a respectable profit using its assets from 2018 to 22. Prior to the epidemic, their ROA ratios were 0.63% and 0.70%. The ratio appears to be unaffected by pandemics; in fact, it appears to be rising. Amid the pandemic, the ROA rose to 1.06% and 1.14%. Following the epidemic, the ROA dropped to 0.93%.

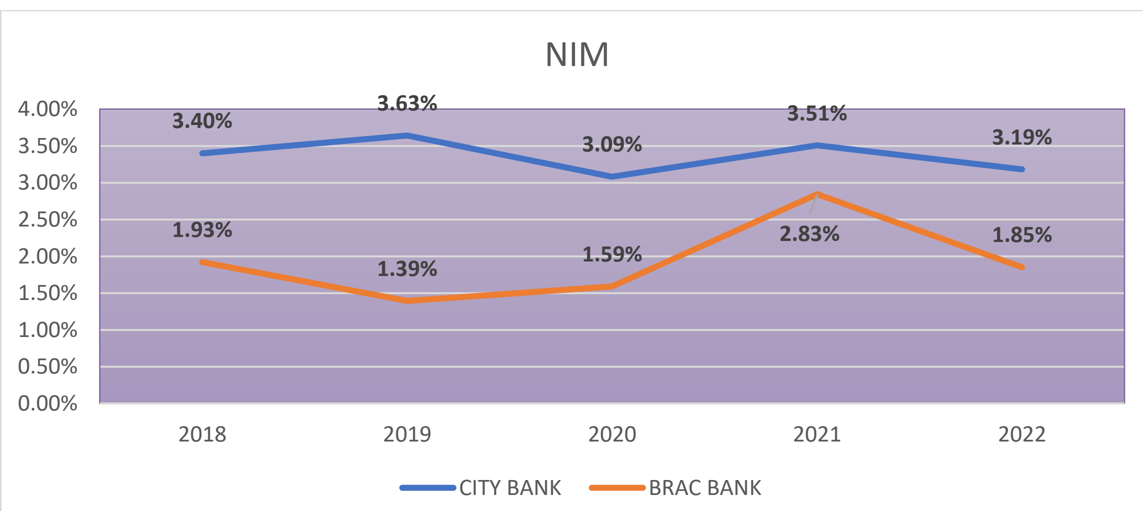
However, BRAC Bank's ROA ratio from 2018 to 22 indicates a downward tendency. However it was 1.56% and 1.19% in 2018–19 after that ROA grew to 0.98% during the epidemic and then to 0.92% in 2022.All things considered, City Bank is doing a fantastic job of managing its shareholders' equity from 2018-2022 even during the COVID period in comparison to BRAC Bank.

Net Interest Margin (NIM)

According to the total quantity of interest-producing assets owned by the bank, the net interest margin in finance is a measurement of the difference between the interests paid and interest received (Ross, n.d.). The difference between interest earned and interest paid to lenders is known as net interest margin. For banks and other financial firms that lend out interest-earning assets, it is a profitability ratio unique to their business (Ross, n.d.).

$$\mathbf{NIM} = \frac{\textbf{Interest income from loans \& security investments} - \textbf{Interest expenses on deposits \& on other deposit}}{\textbf{Total Assets}}$$

NIM					
	Before the Pandemic		**During Pandemic**		**After Pandemic**
FY	**2018**	**2019**	**2020**	**2021**	**2022**
CITY BANK	3.40%	3.63%	3.09%	3.51%	3.19%
BRAC BANK	1.93%	1.39%	1.59%	2.83%	1.85%

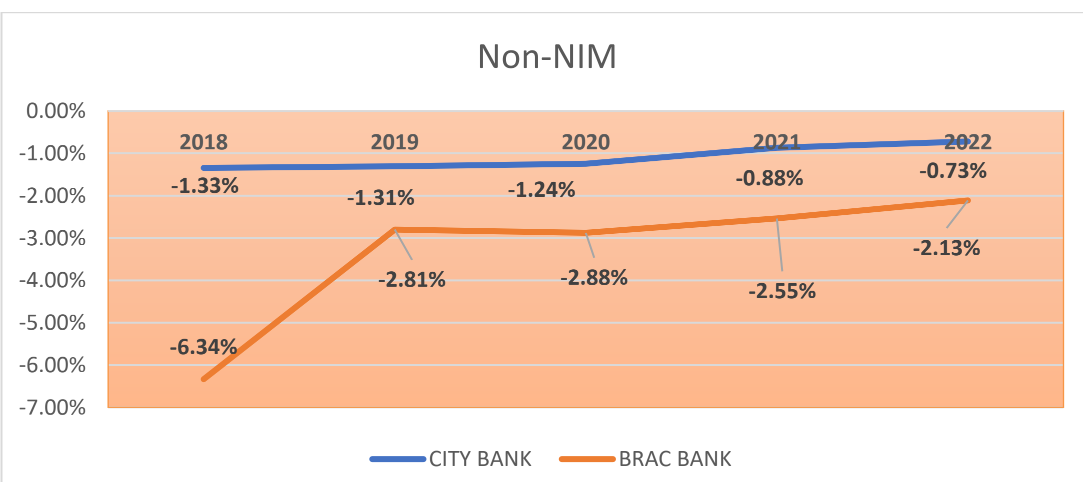


Both of the banks had NIM effects during the pandemic. Both banks NIMs dropped from year 2018-2022. It had little of an impact, though. Following the pandemic, City Bank and BRAC Bank both improved their NIM management by adjusting to the new circumstances. In contrast, City Bank performed exceptionally well in maintaining its NIM above 3% during the course of the last five years, from 2018 to 2022.

Net Non-Interest Margin (Non-NIM)

The revenue that banks and other financial institutions make from non-core operations is known as non-interest income (loan processing fee, late payment fees, credit card charges, service costs, penalties, etc.). It is essential to its overall financial success (Srivastav, n.d.).

Non-NIM					
	Before the Pandemic		**During Pandemic**		**After Pandemic**
FY	**2018**	**2019**	**2020**	**2021**	**2022**
CITY BANK	-1.33%	-1.31%	-1.24%	-0.88%	-0.73%
BRAC BANK	-6.34%	-2.81%	-2.88%	-2.55%	-2.13%



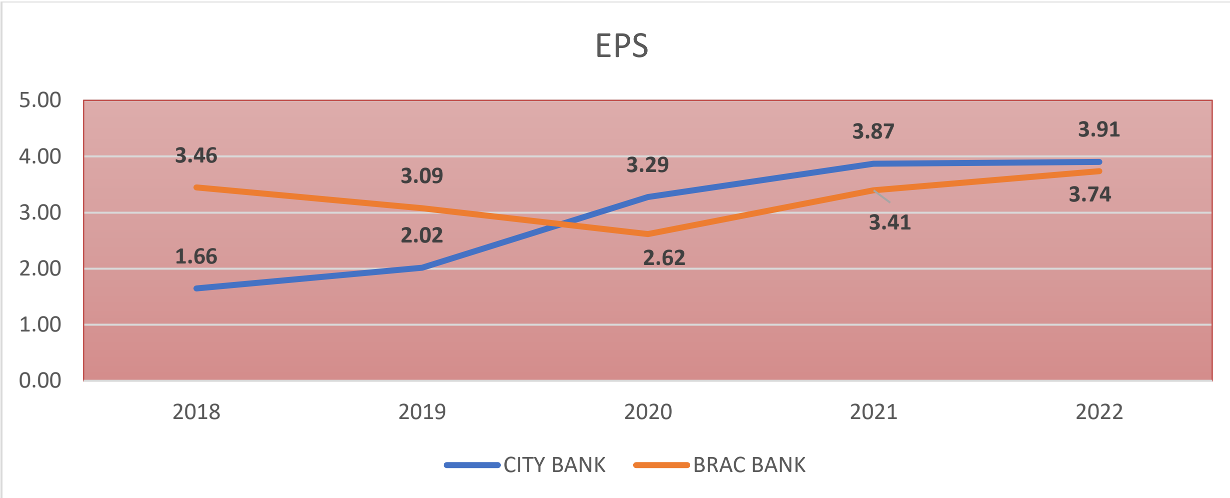
From the table and graph above, we can see that, both banks appear to have a negative Non-NIM. This is due to the fact because non-interest expenses typically exceed non-interest revenue for banks. Both banks experienced Non-NIM effects during the epidemic. However, City Bank outperformed BRAC Bank because, from 2018 to 2022, it's Non-NIM that is, its values of 1.33%, -1.31%, -1.24%, -0.88%, and -0.73%—was almost positive. However, as the table and graph above show, BRAC Bank Non-NIM was too distant from being a positive figure. However, comparing the two banks, we must conclude that City Bank did a good job of reducing its negative non-NIM ratio.

Earnings Per Share (EPS)

The profit of a business is divided by the number of outstanding shares of its common stock to get at earnings per share, or EPS (Fernando, 2022). The resulting figure is used to determine how profitable a company is. Companies frequently report EPS that has been adjusted for unusual expenses and possible share dilution. An organization is thought to be more lucrative if its EPS is higher (Fernando, 2022).

$$\textbf{EPS} = \frac{\textbf{Net Income}}{\textbf{Common Share Outstanding}}$$

EPS					
	Before the Pandemic		**During Pandemic**		**After Pandemic**
FY	**2018**	**2019**	**2020**	**2021**	**2022**
CITY BANK	1.66	2.02	3.29	3.87	3.91
BRAC BANK	3.46	3.09	2.62	3.41	3.74



From above graph and chart, after analyzing, we can see that, City Banks EPS value was 1.66 and 2.02 in 2018 & 2019 but that time BRAC Banks EPS was higher than City Banks and was 3.46 and 3.09. City bank handled the pandemic very well and their EPS was increased in 2020 & 2021 but BRAC banks EPS value dropped in 2020 and again rose in 2021 during the pandemic. After the pandemic, EPS became 3.91 for City and 3.74 for BRAC as both bank was doing well.

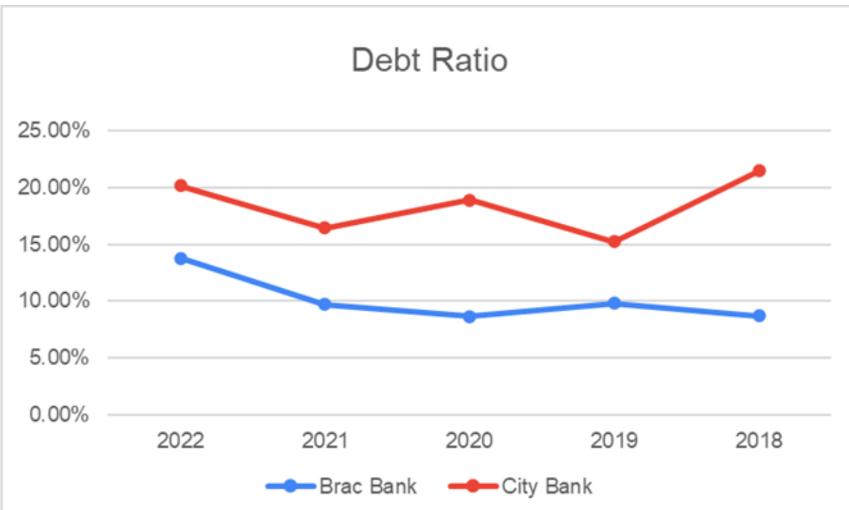
However, City Banks shareholders earned more money per share of the bank than BRAC bank shareholders in 2020 during the pandemic. However after the pandemic, both banks' shareholder earned more money per share of their banks. City Bank is doing well in terms of EPS.

Financial Risk

Debt Ratio

This is a financial measure that tells you how much debt a company has. The debt ratio is the amount of debt compared to the amount of assets. It can be shown as a number or a percentage. You can tell that a company has more liabilities than assets if its asset-to-asset ratio is greater than 1. This means that a lot of its assets are supported by debt. If interest rates go up quickly, a company with a high number might not be able to pay back its loans. If the ratio is less than 1, it means that more of a company's assets are paid for by stock (Investopedia.2023).

Debt Ratio					
	After Pandemic	During Pandemic		Before Pandemic	
FY	2022	2021	2020	2019	2018
Brac Bank	13.77%	9.74%	8.67%	9.84%	8.74%
City Bank	20.14%	16.41%	18.87%	15.23%	21.43%

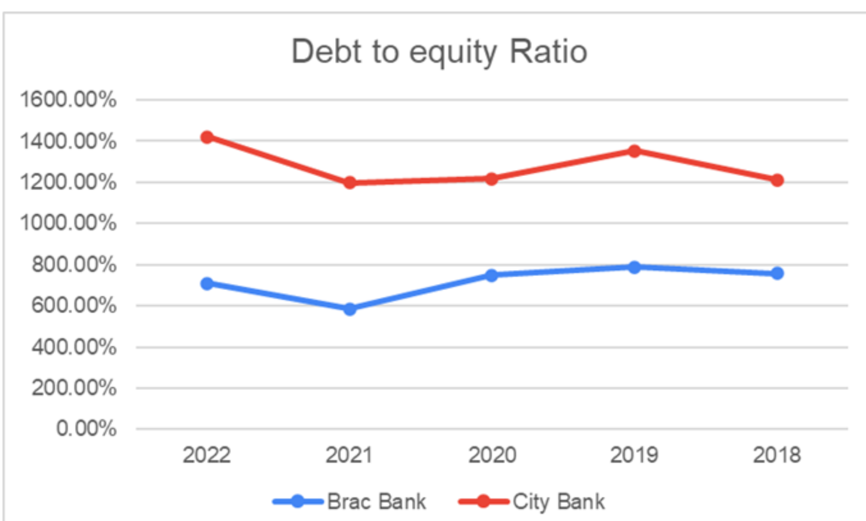


It was 8.74% for Brac bank in 2018 before the pandemic, and it was 9.84% in 2019. During the disease The debt ratio for Brac bank wasn't very different from what it was before the pandemic—8.67%. 9.74% in 2021 and 2020. On the other hand, Brac's debt ratio went up from 9.74% to 13.77% in 2022, which means that their debts grew after the pandemic. The line also shows how much debt City Bank has. There is a big difference between City Bank and Brac Bank in their loan ratios from 2018 to 2022. Even though Brac Bank was mostly steady, City Bank went up and down. It was 21.43% in 2018 and 15.23% in 2019. Unlike Brac, they also saw changes during the pandemic. After the pandemic, the loan ratio went up to 20.14 percent, which was a lot more than Brac Bank's.

Debt to Equity Ratio

A very important financial ratio called the D/E ratio shows how much debt a company has and how well it can pay it back. It is found by dividing the company's total debts by its shareholders' wealth. This shows how much a company can borrow to pay for its actions instead of using its own money. A high debt-to-equity ratio means that a company is using debt to fund more of its activities. If the company has too much debt, it could be vulnerable to risks. As long as the D/E ratio is low, it means that lenders are lending less money than owners are giving. The D/E ratio can be useful for capital construction in the long term *(True Templin,2023)*

Debt to equity Ratio					
	After Pandemic	During Pandemic		Before Pandemic	
FY	**2022**	**2021**	**2020**	**2019**	**2018**
Brac Bank	709.50%	586.06%	748.48%	789.03%	758.52%
City Bank	1420.08%	1197.93%	1217.13%	1354.64%	1212.12%



Even when there is a pandemic, the D/E percentage of City Bank is much higher than that of Brac Bank. Even though Brac bank's D/E ratio went down during the pandemic in 2021, it stayed pretty steady after that. It went down from 758.52% in 2018 to 748.48% in 2019, and then to 586.06% in 2021. They got it back to 709.50% after the outbreak. The D/E ratio for City Bank, on the other hand, is much higher than that of Brac Bank. However, like Brac Bank, City Bank also saw a drop in 2021.It was because of the pandemic that both of these banks were hit. The City Bank's D/E ratio was 1212.12% in 2018 and rose to 1354.64 % in 2019. During the pandemic, it went back up to 1217.13% in 2020, but in 2021, it went down like a banknote, from 1217.13% to 1197.93%. After the pandemic in 2022, City Bank's D/R ratio is 1420.08 percent, while Brac's is 709.50%.

MARKET POSITION RATIOS

The market position ratio is a way to figure out how much of the market a business has in its industry (Mbuva, n.d.).Here, we'll figure out and explain two different measures that show how well Brac Bank and City Bank are doing in the market.

1) Price-Earnings Ratio

The price-earnings ratio (P/E ratio) is a financial measure used to figure out how much a company's stock is worth. The profits per share (EPS) is divided by the market price per share to get this number. The P/E ratio helps investors figure out how much they are ready to pay for every dollar that the company makes. A high P/E ratio means that buyers think the company will make a lot of money in the future. On the other hand, a low P/E ratio could mean that the stock is cheap or that the company is having money problems(*P/E ratio - price-to-earningsratio formula, meaning, and examples* 2023)

Source: The Wall Street Journal

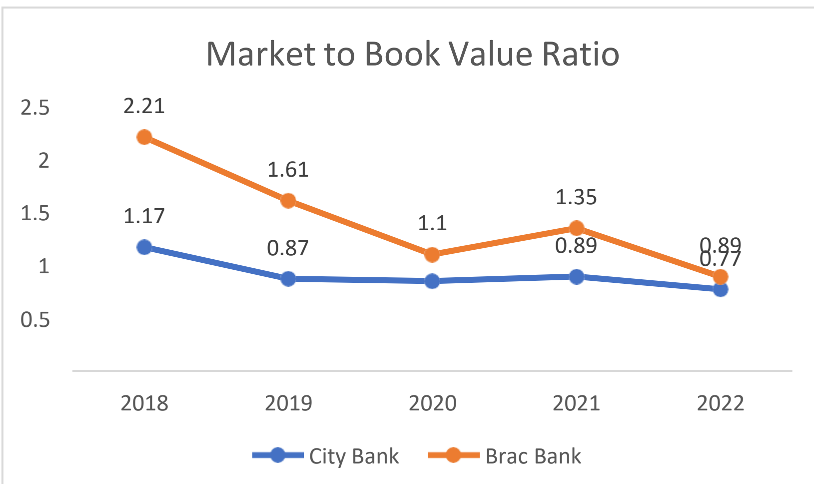
It was much higher in 2018 and 2019 than in 2020 before the pandemic, when the price-earnings ratio of the Brac Bank went down. The ratio of their price to their earnings went down from 14.97 to 12.7 in 2018 and 2019. In the end, this went down and became 11.86. But for some reason, the P/E ratio went up to 18.18 in 2020, which is also the year of the pandemic. After the pandemic, it went back to normal in 2018 by dropping to 10.03, which is less than it was before the epidemic. After looking at this number, we can say that the Brac Bank was doing well before the pandemic. It was 6.42 for City Bank in 2018 and 7.02 for 2019; however, the ratio of price to profit was different. This number went up over the next few years and is now 9.51 and 9.4, then going down the next year until it reached 9.4 in 2021. After the pandemic in 2022, the City Bank's P/E ratio slowly went down until it hit 5.89.

When the price-to-earnings ratio is high, shareholders are more ready to pay because they are happy with the management. So, neither bank was doing well before the pandemic, as shown by the price-earnings ratio going down compared to 2018 and 2019. It's better for the Brac Bank than for the City Bank. Over the course of five years, Brac Bank's price-to-earnings ratio did better than City Bank's. By the price-earnings ratio, the Brac Bank is ahead of the City Bank. This is because a higher price-earnings ratio means a better business.

Rate of Market Value to Book Value

The price-to-book ratio, which is also called the market-to-book value ratio (M/B ratio), compares the market price per share of a company to its book value per share. The book value shows the company's net asset value, which is found by taking its total assets and subtracting all of its debts. The M/B measure is used to find out whether a company's stock is overvalued or undervalued compared to its book value. If the ratio is more than 1, the market price is higher than the book value. If the ratio is less than 1, the market price is lower than the book value (*Market to book ratio*, 2023)

Market to Book Value Ratio					
	Before the Pandemic		During the Pandemic		After the Pandemic
	2018	2019	2020	2021	2022
City Bank	1.17	0.87	0.85	0.89	0.77
Brac Bank	2.21	1.61	1.1	1.35	0.89



Source: Market Screener

The market book value ratio for the City Bank was 1.17 in 2018 and 0.87 in 2019 before the pandemic. During the pandemic phase in 2020, it went down even more and reached 0.85; the next year, it slightly went up and hit 0.89. So, it's clear that they didn't do well in the first year of the pandemic, but they did well in 2021 compared to 2020. It fell again, this time to 0.77, after the pandemic. But the Brac Bank's market book value ratio went down in 2018 and 2019, coming in at 2.21 and 1.61, respectively. In the first year of the pandemic, 2020, it went down again and reached 1.1. The next year, 2021, it went up and hit 1.35. So, it's clear that they didn't do well in the first year of the pandemic, but they did well in 2021 compared to 2020. The market-to-book value ratio for Caribbean banks fell again after the epidemic and hit 0.89.

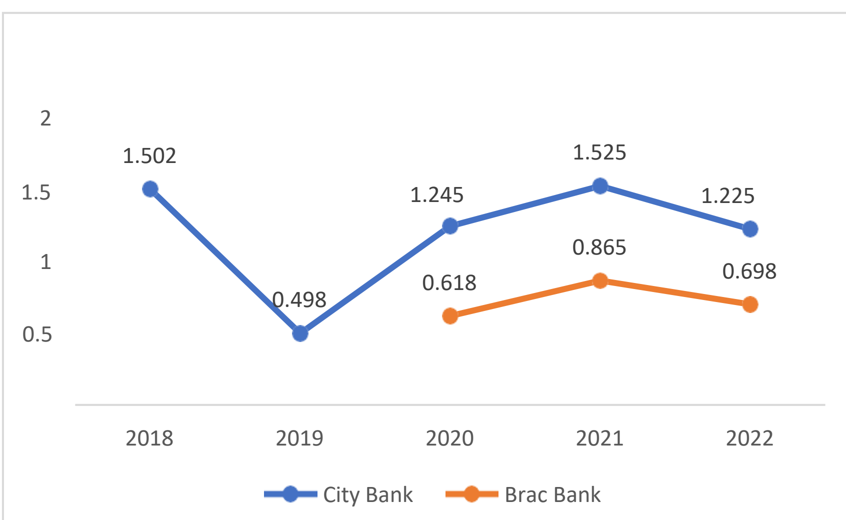
It is clear that the Brac Bank does better than the City Bank when looking at the market book value relationship. The Brac Bank's market book value percentage is a little higher than the City Bank's over the next five years, from 2018 to 2022. Brac Bank has a higher market-to-book value ratio. This number shows that Brac Bank is doing well.

Equal Dividend Per Share

"Dividend per share" (DPS) is the amount of dividend paid to owners for each share of a company that is still in business. It is found by dividing the total dividend payment by the number of shares that are still in circulation. Investors sometimes use the DPS to figure out how profitable a company is and how willing it is to give shareholders a share of its income.

A higher DPS may be good for investors who want to make money because it means a bigger bonus pay-out per share (Chen, 2022).

Dividend Per Share					
	Before the Pandemic		During the Pandemic		After the Pandemic
	2018	2019	2020	2021	2022
City Bank	**1.502**	**0.498**	**1.245**	**1.525**	**1.225**
Brac Bank	-	-	**0.618**	**0.865**	**0.698**



When the years 2018 and 2019 were compared before and after the pandemic, the City Bank's payout per share was much higher during the pandemic. In 2018, it was 1.502, but in 2019, it dropped sharply to 0.498. It went up a little more in 2021, to 1.525, after going up a little more in 2020, to 1.245. But because of the pandemic, the payout per share dropped to 1.225 in 2022. Each share will get a bigger return. This meant that the City Bank was doing well in terms of profits per share while the disease was going around. The Brac Bank's dividend per share, on the other hand, went up over time and was between 0.618 and 0.865 during the outbreak. In 2018 and 2019, Brac Bank did not pay any profits per share. Because of the pandemic, Brac Bank's payout per share dropped to 0.698 once more. In terms of payout per share, this means that Brac Bank did well during the pandemic.As we can see, the income per share of both banks had a mixed path over the five years from 2018 to 2022. However, both banks did pretty well. Things look better for the City Bank because it pays out more money per share than the Brac Bank. In the five years from 2018 to 2022, City Bank paid a much bigger bonus per share than Brac Bank did. The City Bank was doing a good job at this tim

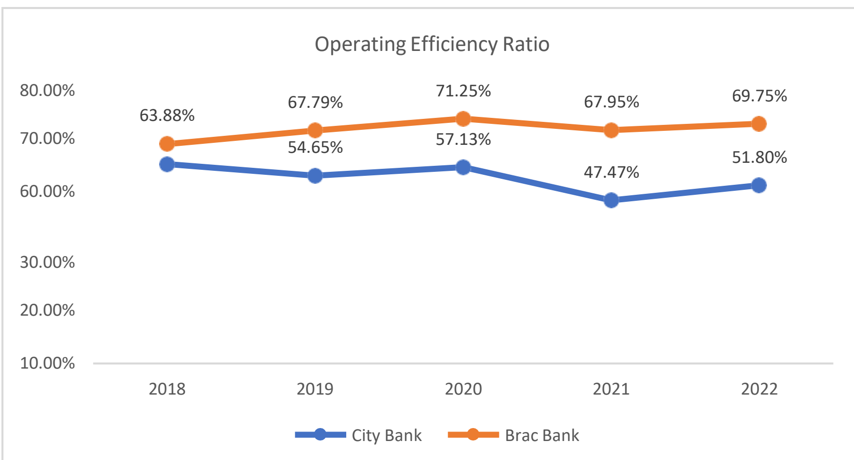
Efficiency Ratios

The efficiency number shows how well a company makes money by using its resources. It shows how well a company runs its operations and how well it can handle costs. (Rates of efficiency, 2023)Here, we'll figure out and explain two different measures that show how efficient Brac Bank and City Bank are.

Operating Efficiency Ratio

With the Operating Efficiency Ratio, you can see how well a company uses its resources to make money. Divide the business's running costs by its net sales revenue to get this number. Less of an operating efficiency ratio means that the business is more efficient because it is making more money compared to its working costs. This ratio can be used to see how efficient different companies are in the same industry or to see how efficient a company is changing over time. (The year 2022)

Operating Efficiency Ratio					
	Before the Pandemic		During the Pandemic		After the Pandemic
	2018	2019	2020	2021	2022
City Bank	**58.01%**	**54.65%**	**57.13%**	**47.47%**	**51.80%**
Brac Bank	**63.88%**	**67.79%**	**71.25%**	**67.95%**	**69.75%**

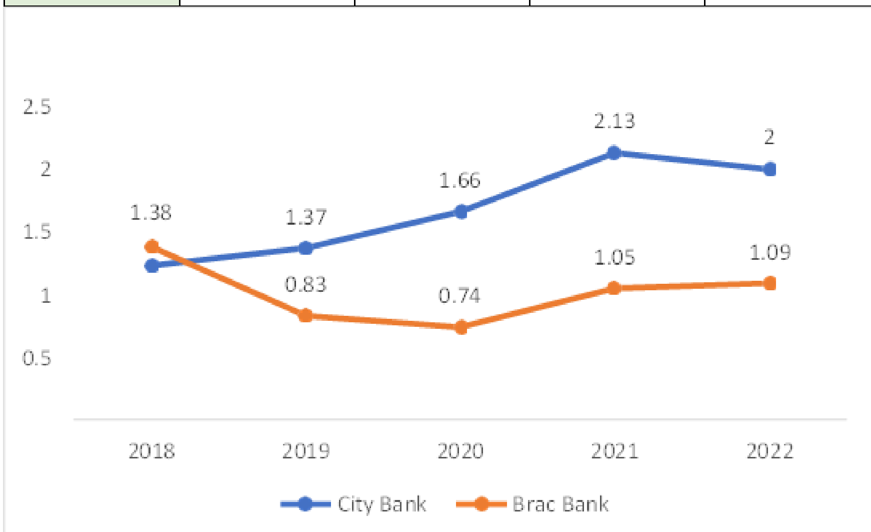


Before the pandemic, City Bank's working efficiency was 58.01% in 2018 and 54.65% in 2019, with a trend of going down. It was possible for them to keep up an upward trend of 57.13% in 2020, which was during the pandemic. In the second year of the pandemic, however, they became only 47.47% effective. But after the pandemic, they became more efficient again, this time by 51.80%. Before the pandemic, however, Brac Bank's working efficiency was 63.88% in 2018 and 67.79% in 2019, with a trend of going up. They were able to keep up their rising trend with 71.25% in 2020, which was during the pandemic. In the second year of the outbreak, however, they were only 67.95% effective. But after the pandemic, they were once again more efficient, this time at 69.75%.Brac bank is in a much better situation than City bank in terms of operating efficiency over the next five years, from 2018 to 2022.

Employee Productivity Ratio

The amount of work that each employee of a company does is measured by the employee output ratio. It is found by dividing the company's total income by the number of employees. This number tells you how well a company is using its employees to make money. A higher employee productivity ratio means that each worker is getting more money for the company. This could mean that operations are running smoothly and resources are being used well. (Barone, 2022)

Employee Productivity Ratio					
	Before the Pandemic		During the Pandemic		After the Pandemic
	2018	2019	2020	2021	2022
City Bank	**1.23**	**1.37**	**1.66**	**2.13**	**2.00**
Brac Bank	**1.38**	**0.83**	**0.74**	**1.05**	**1.09**



In 2018, the worker productivity ratio at the Brac Bank was 1.38, which was higher than the City Bank's 1.30. However, from 2018 to 2020, Brac Bank's employees regularly became less productive. The staff productivity ratio at the City bank, on the other hand, is going up. Following the pandemic, in 2022, the staff productivity ratio at City Bank dropped from 2.13 to 2, while it rose from 1.05 to 1.09 at Brac Bank.

Both banks were affected by COVID 19 in a big way. The reason for this is that the number is linked to net operating profit, which went down for the bank in 2020. Also, there were a lot of layoffs that year, which could have changed the ratio of how productive each person was. There is some disagreement about this, but it could be said that City Bank has more services than Premier Bank.

Credit rating (CR)

A credit rating service (CRA) is a business that checks the creditworthiness of borrowers, usually big businesses, governments, and other big organizations. Credit reporting agencies (CRAs) give borrowers credit scores based on many things, such as the borrower's financial situation, how well it has paid back debts in the past, and the chance that it will not pay back its debts.

Credit ratings help banks figure out how risky it is to give money to people. Since a higher credit score means there is a lower chance of not paying back the loan, banks may be willing to give money to people with higher credit scores at a lower interest rate.

Moody's Investors Service, Standard & Poor's, and Fitch Ratings are the three CRAs that matter the most. Credit ratings from these companies are given on a scale that goes from AAA (highest creditworthiness) to D (lowest creditworthiness).

When CRAs give out credit scores, these are some of the things they look at:

- Financial health: CRAs look at the financial records of a borrower to figure out how healthy its finances are. They look at things like how much debt the user has, how much cash it makes, and how profitable it is.
- History of repaying debt: CRAs look at how well a user has paid back debts in the past. The borrower's payment history, history of being late, and history of failure are some of the things they look at.
- Risk of default: CRAs figure out how likely it is that a borrower will not pay back a loan by looking at their finances, how well they've paid back other loans in the past, and other factors.

Credit scores are important for banks because they help them figure out how risky it is to lend money to people. Credit ratings help banks make the most money while minimizing their chance of losing money.

Credit scores can help you in the following ways:

- Less chance of losing money: Banks can lower their chance of losing money by giving money to people with better credit.
- More money in the bank: Banks can make more money by charging people with bad credit higher interest rates.
- Improved decision-making: Credit scores can help banks decide who to lend money to and at what interest rate, which can lead to better choices.

Credit scores aren't perfect, though. They may be different for each person and may change over time. When deciding who to give money to, banks shouldn't just look at credit scores. They should also look at other things, like the borrower's business plan and the people who run the business.

A credit rating of "AAA" has been given to BRAC Bank by Emerging Credit Rating Limited (ECRL). ECRL thinks that BRAC Bank has a very good chance of meeting its financial responsibilities, as this rating is the highest possible. One more credit rating company, CRAB, gives BRAC Bank a "AAA" grade.

Below are some of the things that have helped BRAC Bank's credit rating stay high:

- Good financial performance: For the past few years, BRAC Bank has always reported good financial performance. The bank made a net profit of BDT 13.2 billion in 2022, which was 17% more than the previous year.
- Strong asset quality: With a non-performing loan (NPL) level of only 0.4%, BRAC Bank has very strong asset quality. The usual rate in this field is 2.5%, so this is a big drop.
- A good amount of capital: BRAC Bank has a high capital adequacy ratio of 16.5%, which is much higher than the 10% rule set by the government. The bank has a strong cushion against any sudden loses because of this.

- An experienced management team: BRAC Bank is run by a group of qualified and experienced workers. Selim R. F. Hussain is the Managing Director of the bank and has worked in the banking business for more than 30 years.

BRAC Bank has a very good credit grade all around. This shows that the bank has good financial health, good asset quality, enough cash, and a management team with a lot of experience.

Credit grade Agency of Bangladesh Limited (CRAB) gives City Bank a "AA1" credit grade. This is the second-best rating that can be given, and it means that CRAB thinks City Bank will be able to meet its financial responsibilities. Moody's Investors Service also gives City Bank a "B1" credit grade.

Some of the things that have helped City Bank's credit rating are listed below:

- Strong financial performance: For the past few years, City Bank has regularly turned in strong financial results. The bank made a net profit of BDT 12.5 billion in 2022, which was 15% more than the previous year.
- Strong asset quality: With a yield on non-performing loans (NPL) of only 1.2%, City Bank has very strong asset quality. The usual rate in this field is 2.5%, so this is a big drop.
- A high level of capital: City Bank has a high level of capital adequacy at 15.5%, which is much higher than the 10% rule set by regulators. The bank has a strong cushion against any sudden loses because of this.
- Skilled and experienced management: City Bank is run by a group of skilled and experienced professionals. Mashrur Arefin, who is the Managing Director of the bank, has worked in the banking business for more than 25 years.

City Bank has a good credit grade all around. This shows that the bank has good financial health, good asset quality, enough cash, and a management team with a lot of experience.

This list shows some things that might affect City Bank's credit ranking in the future:

- Slowdown in the economy: If the economy slows down, there may be less demand for loans and more loans that aren't being paid back. This might make it harder for City Bank to make money, which could cause its credit rating to go down.

- More competition: There is more competition in the banking business in Bangladesh. This might cause profit margins to go down, which could hurt City Bank's financial success. Its credit rating could also go down because of this.
- Changes in rules: If regulations change, it might be harder for City Bank to run its business, which could hurt its finances. Its credit rating could also go down because of this.

Capital Adequacy Ratio (CAR)

The capital adequacy ratio (CAR) shows how wealthy a bank really is. To find it, divide a bank's capital by its risk-weighted assets. A bank is better able to handle financial shocks if its CAR is bigger.

Capital Adequacy Ratio (CAR)					
Name/ Year	**2018**	**2019**	**2020**	**2021**	**2022**
City Bank	**13.4%**	**15.2%**	**15.55**	**14.2%**	**14.5%**
Brac Bank	**13.67%**	**15.07%**	**14.55%**	**14.36%**	**14.04%**

Based on the table you gave me, it looks like both City Bank and Brac Bank have had good CARs for the past five years. The CAR for City Bank was 13.4% in 2018 and for Brac Bank it was 13.67%. In 2019, both banks' CARs went up. City Bank's finally reached 15.2% and Brac Bank's finally reached 15.07%. In 2020 and 2021, the CARs for both banks stayed pretty stable. City Bank's CAR went down a little to 15.55%, and Brac Bank's CAR went up a little to 14.55%. The CARs of both banks went up again in 2022. City Bank's CAR reached 14.2% and Brac Bank's CAR reached 14.04%.

The table shows that over the last five years, both City Bank and Brac Bank have kept their finances in good shape. Both banks' CARs have stayed above the minimum level required by regulators, which shows that they have enough capital to handle financial crises.

Some of the things that can change a bank's CAR are listed below:

- How much money a bank has on hand. Capital protects a bank from losing money. It can come from retained gains, common stock, and preferred stock, among other places.
- How many risk-weighted assets a bank has. Assets that are thought to be riskier than others are called risk-weighted assets. Banks need to keep more capital on hand to cover riskier investments.
- The rules and regulations. The regulatory atmosphere can change a bank's CAR by requiring minimum capital and putting in place other rules that can make costs go up.
- The CAR is a key indicator of how financially stable a bank is. It can be used to judge how well a bank can handle sudden changes in the economy and keep its financial promises.

The Conclusion and Recommendation

Both businesses have a good Return on Equity. But it was clear that City Bank's ROE went up over the course of the year while Brac Bank's went down. Even though they were better the year before. Perhaps it was because they didn't have as much money as in other years. It looks like City Bank has a good ROA, but Brac Bank didn't do as well because they didn't have as many assets. The non-net interest margin looks like it's negative, but both companies have done much better than they did five years ago, which is a good sign for their total performance. This means that EPS looks better for both businesses. EPS has been over 3 for both banks for a number of years. Based on the study of the profitability ratio, it looks like City Bank is doing better than Brac Bank. The amount of cash that both banks have on hand is enough. Both had a liquidity security ratio that was going up, which is good in case there is a liquidity problem. City Bank, on the other hand, has a lot more cash on hand. For Brac Bank to be able to pay its bills and have more cash on hand, it may sell some of its idle assets and liquidate some of its assets in its portfolio. Lastly, the capacity ratio is important for both banks because it shows that things will go well in general.

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Appendix

Appendix					
Brac Bank					
	2022	2021	2020	2019	2018
Total Asset	655,937	527,913	456.134	414,855	358.005
Total Liabilities	574,908	450,965	402.375	368,191	316.304
Total Equity	81,030	76,958	53,759	46.664	41,700
Debt to Equity	709.50%	586.06%	748.48%	789.03%	758.52%
Debt ratio	13.77%	9.74%	8.67%	9.84%	8.74%
	2022	2021	2020	2019	2018
Cash	31,871,593,250	23,459,424,430	19,987,803,891	23,066,672,434	22,394,474, 142
Balance with other banks and financial institu	52,951, 344,277	78,261 312,910	42,650,004,620	46,597,711,756	44,651,943,921
Government Investment	107319,008,486,	60,98, 642,835	85,498,396.23	47,735,405,086	27,925,905,144
Loans and advances	412,084.750,584	322,135, 188,439	273,438,940,961	264,870,263,857	238,400,399,560
Total asset	655,937,320,087	527,912,923,582	527,912,923,582	414,855,096,444	358,004,626,083
Cash positon indicator	12.93%	19.27%	11.87%	16.79%	18.73%
Liquid security indicator	16.36%	11.55%	16.20%	11.51%	7.80%
Capacity Ratio	62.82%	61.02%	51.80%	63.85%	66.59%

Appendix					
City Bank					
	2022	2021	2020	2019	2018
Total Asset	514,912	424.914	388.594	356.953	326.94
Total Liabilities	481.037	392.177	359.091	332.414	302.023
Total Equity	33.874	32.738	29.503	24.539	24.917
Debt to Equity	1420.08%	1197.93%	1217.13%	1354.64%	1212.12%
Debt ratio	20.14%	16 41%	18.87%	15.23%	21 43%
	2022	2021	2020	2019	2018
Cash	32,024,831,621	30,225,549,354	22,405,446,791	25,912,654,521	19,440,423,683
Balance with other banks and financial institu	33,134,037 253	23,159,348 912	27, 196 645,051	23,534, 858, 432	28,498,384, 942
Government Investment	52,745, 133,490	48,091,329,448	42,061,653,285	36,085,210, 195	23, 636,105,055
Loans and advances	356, 294, 628,368	288,316, 802, 586	269,267, 580,056	247, 777, 734 252,	231,874, 954, 522
Total asset	514,911, 846, 125	424, 914,436, 281	388,593, 904,766	356, 953, 394,037	326, 940,438, 782
Cash positon indicator	12.65%	12.56%	12 76%	13 85%	14 66%
Liquid security indicator	10 24%	11.32%	10.82%	10. 11%	7%
Capacity Ratio	69.20%	67.85%	69.29%	69.419	70.92%

CITY BANK	2018	2019	2020	2021	2022
Net Income	2,017,930,623	2,471,639,958	4,012,171,246	4,743,059,867	4,781
Shareholders' Equity	24,429,926,829	25,415,636,375	28,818,329,628	31,224,444,271	33,874
ROE	**8.27%**	**9.72%**	**13.93%**	**15.19%**	**14.13%**

CITY BANK	2018	2019	2020	2021	2022
Net Income	2,017,930,620	2,471,639,958	4,012,171,246	4,743,059,867	4,781
Total Asset	324,780,287,696	354,688,987,338	382,925,766,660	416,902,360,890	514,912
ROA	**0.63%**	**0.70%**	**1.06%**	**1.14%**	**0.93%**

CITY BANK	2018	2019	2020	2021	2022
Interest Income	24,759,254,574	28,905,399,492	26,572,285,986	23,304,322,139	29,601
Interest Expense	13,716,355,902	15,987,236,351	14,771,171,752	8,677,554,766	13,226
Total Assets	324,780,287,696	354,688,987,338	382,925,766,660	416,902,360,890	514,912
NIM	**3.40%**	**3.63%**	**3.09%**	**3.51%**	**3.19%**

CITY BANK	2018	2019	2020	2021	2022
Non Interest Revenue	4,910,711,750	5,366,549,009	4,936,113,159	6,776,496,821	9,273
Non-Interest Expense	9,274,417,501	9,997,560,162	9,697,466,587	10,402,717,266	12,978
Total Assets	324,780,287,696	354,688,987,338	382,925,766,660	416,902,360,890	514,912
Non- NIM	**-1.33%**	**-1.31%**	**-1.24%**	**-0.88%**	**-0.73%**

CITY BANK	2018	2019	2020	2021	2022
Net Income	2,017	2,471	4,012	4,743	4,781
Shares Outstanding	1,225	1,225	1,225	1,225	1,225
EPS	**1.66**	**2.02**	**3.28**	**3.87**	**3.91**

BRAC BANK	2022	2021	2020	2019	2018
Net Income	6,014	5,465	4,418	4,951	5,546
Shareholders' Equity	61,154	57,187	48,111	40,582	35,250
ROE	**9.84%**	**9.56%**	**9.19%**	**12.20%**	**15.73%**

BRAC BANK	2022	2021	2020	2019	2018
Net Income	6,014	5,465	4,418	4,951	5,546
Total Asset	655,937	527,913	456,134	414,855	358,005
ROA	**0.92%**	**1.04%**	**0.98%**	**1.19%**	**1.56%**

BRAC BANK	2022	2021	2020	2019	2018
Interest Income	25,549	23,192	21,259	20,730	18,558
Interest Expense	13,403	8,175	14,003	14,950	11,689
Total Assets	655,937	527,913	456,134	414,855	358,005
NIM	**1.85%**	**2.83%**	**1.59%**	**1.39%**	**1.93%**

BRAC BANK	2022	2021	2020	2019	2018
Non Interest Revenue	11,820	8,164	7,005	6,826	7,412
Non-Interest Expense	25,678	21,574	20,137	18,437	30,092
Total Assets	655,937	527,913	456,134	414,855	358,005
Non- NIM	**-2.13%**	**-2.55%**	**-2.88%**	**-2.81%**	**-6.34%**

BRAC BANK	2022	2021	2020	2019	2018
Net Income	6,014	5,465	4,418	4,951	5,546
Shares Outstanding	1,609	1,609	1,689	1,609	1,609
EPS	**3.74**	**3.41**	**2.62**	**3.09**	**3.46**

Operating Efficiency Ratio

		Brac Bank		
	2018	2019	2020	2021	2022
Total Operating Income	26,007,722,266	27,819,479,048	28,554,052,259	31,662,710,051	37,833,173,082
Total Operation Expense	16,614,264,116	18,859,364,375	20,345,364,375	21,515,425,868	26,388,615,545
Operating Efficiency Ratio	63.88%	67.79%	71.25%	67.95%	69.75%
		City Bank			
	2018	2019	2020	2021	2022
Total Operating Income	16,656,373,985	18,982,956,203	17,721,559,612	23,007,341,875	25,658,930,809
Total Operation Expense	9,661,917,737	10,374,788,961	10,124,639,143	10,922,628,375	13,292,037,777
Operating Efficiency Ratio	58.01%	54.65%	57.13%	47.47%	51.80%

Employee Productivity Ratio

		Brac Bank			
	2018	2013	2020	2021	2022
Net Operating Income (mm)	9,753	6,811	5,762	8,022	8,555
Number of Full-time Employee	7,085	8,160	7,740	7,619	7,863
Employee Productivity Ratio	1.38	0.83	0.74	1.05	1.09
		City Bank			
	2018	2019	2020	2021	2022
Net Operating Income (mm)	4,741	6,158	7,231	9,684	9,729
Number of Full-time Employee	3,858	4,493	4,356	4,539	4,866
Employee Productivity Ratio	1.23	1.37	1.66	2.13	2