

Report On
Financial Performance and Comparative Analysis of Modhumoti
Bank Limited

By

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20104168

An internship report submitted to the Brac Business School in partial fulfillment of the
requirements for the degree of
Bachelor of Business Administration

Brac Business School
Brac University
December 2023

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Declaration

It is hereby declared that

1. The internship report submitted is my/our own original work while completing degree at Brac University.
2. The report does not contain material previously published or written by a third party, except where this is appropriately cited through full and accurate referencing.
3. The report does not contain material which has been accepted, or submitted, for any other degree or diploma at a university or other institution.
4. I/We have acknowledged all main sources of help.

Student's Full Name & Signature:

Kazi Tamim Ahmed Abir

20104168

Supervisor's Full Name & Signature:

Dr. Suman Paul Chowdhury
Associate Professor, Brac Business School
Brac University

Organization Supervisor's Full Name & Signature

Mr. MD, Ataul Gani
FVP & Credit Incharge
Modhumoti Bank, Gulshan Branch.

Letter of Transmittal

Dr. Suman Paul Chowdhury

Associate Professor

Brac Business School

BRAC University

Kha-224 Merul Badda

Dhaka 1212. Bangladesh

Subject: Submission of Internship Report

Dear Sir,

With due respect, I hereby present you an internship report on “Financial ratio and Comparative analysis of Modhumoti Bank Limited”. It has been a great pleasure to work with their Gulshan branch for the last 3 months. With their helpful experience and insights into real-life corporate life, I have tried to make a full-fledged report by analyzing all the requirements that the internship required. For all the shortcomings, I would be grateful if you would consider them in an excusable manner.

I would be happy to provide all the further explanations regarding this research report if necessary.

Sincerely yours,

Kazi Tamim Ahmed Abir

20104168

BRAC Business School

BRAC University

Date: December 24, 2023

Acknowledgement

First of all I would like to express my deepest gratitude to the almighty Allah for granting me His unending grace which allowed me to complete my internship tenure. The completion of this internship will allow me to graduate from the BRAC Business School. To complete my internship period smoothly and research about the project I got help from various people from my university as well as the organization I was enrolled for the internship which is MODHUMOTI BANK LIMITED. I would like to express my appreciation to all the faculty members of my BBS for guiding me through everything. I would like to express my gratefulness to my internship supervisor Dr. Suman Paul Choudhury as his unending support and crucial guidance helped me complete my report. I would like to express my sincere gratitude to the branch manager of MODHUMOTI BANK LIMITED, Gulshan branch **Mr. Mohammad Shanoor Siddique** for granting me the opportunity of internship in this renowned organization. Furthermore, I would like to express my sincere gratitude and unending gratefulness to my organizational supervisor **Md. Ataul Gani**, FVP and Credit Incharge of MODHUMOTI BANK LIMITED for guiding me through all the obstacles. Also I would like to express my sincere gratefulness and acknowledge

- K.M. Murshed Kabir, VP and Foreign and Trade Incharge
- Md. Hasan Morshed, AVP
- Partha Protim Saha, AVP
- Md. Abujar Gaffar, PO
- Repan Howlader, FAVP
- Mohammad Atiqur Rahman, PO
- Shuaibul Islam, PO
- Md. Giyas Uddin, Officer
- Jinia Khan Rimu, MT
- Safia Akter, MT
- Umma Habiba, MT

Finally a silent stream of gratitude towards my family and friends. Thanks to all from the core of my heart.

Non-Disclosure Agreement

The following information used within the report is made and entered into by and between Modhumoti Bank Limited and the student from Brac University Kazi Tamim Ahmed Abir.(ID:20104168). The purpose of this internship is to share the academic experience within the organization and the university, refraining from disclosing data and related information of the organization which might be confidential.

Executive Summary

From the dawn of the civilization humans adapted quickly day by day and to enable their progress trade and commerce probably played the most important and sophisticated role. Banking has been in existence since the day the first currency was created. Wealthy people realized that they need some sort of safe and reliable place to store their money.

From historical data we can see that people used temples in ancient Rome, Greece, Babylon to store their money and those temples used lend money to people. But modern-day banking is different. Implementation of technology and ever-evolving computing power made the current banking system better and reliable than ever.

Currently our banking system is quicker, simpler and extensive which helps us to co-ordinate and collaborate with every financial institution within momentary glimpse. For last few decades banks are acting as the wheels of the economy of Bangladesh. By dividing their administrations based on the service they provide, banks of Bangladesh basically enabling every financial institute of our country. That's why people are taking more loans every year and investments in various sectors are increasing rapidly.

With a vision of smart use of technology, lead the next era of regional commercial banks by providing exceptional customer service by staff empowerment and intelligence and a full range of highest quality products and services **Modhumoti Bank LTD** was established on September 19, 2013. Despite being one of the youngest banks in Bangladesh, Modhumoti bank is performing tremendously because they are capturing both urban and rural area of Bangladesh by providing low interest rates to the companies and providing small and medium enterprise loans for the rural people.

This report will provide information about current scenario of Modhumoti Bank which will include strength, weakness, opportunity and threats in our country and what kind of service they are providing. This report also includes financial performance analysis of Modhumoti Bank.

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Chapter 1: Overview of the internship

Student's Information:

Kazi Tamim Ahmed Abir

ID: 20104168

Brac Business School

Major: Finance

Internship details:

Period: 24th September 2023 to 24th December 17, 2023

Company name: Modhumoti Bank Limited

Address: Holding: 75, Gulshan Avenue, Ward: 19, Thana: Gulshan, Dhaka.

1.2.2 Internship Company Supervisor's Information

Supervisor's Name: MD. Ataul Gani

Position: FVP, Credit in charge

Email: ataul@modhumotibankltd.com

Phone Number: +88-02-9860345

1.2.3 Job Scope:

Modhumoti Bank Gulshan branch is divided into four departments. They are Credit department, foreign exchange department, General banking department and the cash. Credit department of Gulshan branch is considered as the most jam-packed department in Modhumoti Bank. I did my internship under the supervision of the Credit- in charge Mr. Md Ataul Gani. He is like a phantom driving force which is responsible for not only the success of Gulshan branch but also enabling the

potential for every employes under him by his extra-ordinary leadership quality and brilliance in the sector. I was fortunate enough to learn directly from him. My other co-workers helped me to learn every basic duty and responsibility which helped me get the idea about everything within 2-3 days. I was like a battery for my department. My first and foremost duty was to help out my team. I tried to make everything faster so that more works can be completed at the end of the day. As the busiest department it was really crucial to finish every day's work every day.

1.3.1 Contribution to the company:

Activities I have done in my internship program:

- I used to collect CIB (Credit information bureau) data of the clients and make a CIB report for every particular client which is crucial for the approval of a loan of the client.
- I used to register every outgoing mail from the credit department which is necessary to track the date and information of the mail.
- I used to scan and upload every document in the central server of the Modhumoti Bank for future usages and legal reasons
- I used to collect every signature that is necessary for the approval of the loan
- Filing and documenting every piece of physical papers was my responsibility.
- I used to guide customers or client to the person who is responsible for the service he or she wants, so that everything goes in a disciplined way.

1.3.2 Benefits of this internship:

We know about the current job market situation in Bangladesh. As I have completed my major in finance, I wanted to do my internship in a financial institute where I will be able to learn theoretical stuffs practically. During my tenure in Modhumoti Bank I have gained various financial knowledge. As I was in the credit department, I learnt about what kind of information you need to

approve a loan, what sort of data you need to collect from the customer to prove that it's a legitimate client. What sort of interest rate you should offer to your customers. Some more benefits are listed below:

- I learnt about how to maintain a healthy work-life balance
- I learnt how to co-ordinate and adapt with various people
- Gained comprehensive knowledge about how the credit facility of a bank works
- Gained tips and tricks about how to handle and maintain a good relationship with clients
- Learnt how to work under pressure and how to learn from others effectively

1.3.3 Scope and limitations of the report:

The banking sector is huge and it covers technically every financial sector of a country. But this report only gives an understanding about the financial condition of the Modhumoti Bank and talks about overall banking procedures of Modhumoti Bank Gulshan branch.

Limitations:

- Collecting data from the employees of the organization can give us a biased perspective about the bank.
- Annual report only gives us numerical value but to understand about the financial condition of the properly we need to consider various economic aspects like SWOT Analysis and PESTLE analysis
- Banks may not provide all the necessary information to the public as that information can be sensitive for the bank
- Researcher's knowledge about the market can be a hindrance for the report
- Lack of con-current data about the organization

1.3.4 Recommendations:

- Upgrade the technologies which are necessary; computers used by the officers are far old and not reliable to work with this fast-paced banking procedures. This equipment is bottlenecking the potential of the employees
- For interns, their jobs and responsibility should be closer to the core responsibilities of the bank so that they get a deep knowledge about how the bank actually works

Chapter 2: Modhumoti Bank-at a glance

2.1 Introduction:

Any economy's core is its banking sector, which is essential to the manufacturing of goods as well as the establishment and management of the money market, which promotes capital formation. As organizations, banks are essential in controlling the amount of money in circulation through lending and investing. The bank's profit is made up of the difference between what they charge for advances and loans and the lowest cost at which they can collect deposits. In addition to their financial duties, banks provide services to their clients, which is crucial for the nation's capital formation. The importance of banking cannot be emphasized because it is the center of all economic and financial activity.

The banking industry is always growing, reaching new heights in a variety of financial fields as procedures get simpler and more rapid. In order to remain competitive, banks are launching new ideas and products in response to the growing need for better services. All banking institutions are looking for ways to provide better services to their customers in this ever-changing market. As a result, everyone needs to have a fundamental understanding of banks and their operations in order to manage the constantly changing banking industry.

Overview of Modhumoti Bank:

Bangladesh's economy has been undergoing rapid change since the 1990s. Bangladesh's financial industry has to increase in response to the country's economic expansion. Bangladeshis now have access to a wide range of financial goods from various financial firms. Bangladesh now has sixty-one scheduled banks.

Modhumoti Bank Limited (MMBL) started operating as a commercial bank on September 10, 2013, following the acquisition of a permission from the Bangladesh Bank. The bank had a strong capital base of BDT 20 billion, which was given by reputable individuals representing several well-known enterprises in Bangladesh. The primary goal of Modhumoti Bank is to become a bank for small and medium-sized businesses in rural areas.

By developing high elevated expectations of morals and client administration, MMBL focuses on providing a comprehensive range of customer-driven monetary stuffs and organizations to meet the needs of different customer of various kinds, ranging from corporate houses in city areas to provincial territories.

In the year 2013, Bangladesh Bank had given permission to establish 9 new banks. Modhumoti Bank was one of them. NPL means non-performing loans. Generally, the less NPL a bank has the less financial risk and burden it will face. Out of this 9 banks Modhumoti Bank has the lowest NPL ratio which is about 1.7% which is very close to none. Being one of the youngest banks in Bangladesh and maintaining a really good NPL ratio throughout its life-time, Modhumoti Bank has shown how to conduct business and create value for the common people and economy of our country.

For creating new opportunity and making the overall banking services available rural area Modhumoti Bank introduced Agent Banking. The fundamental reason for this service is to reach the very corners of our country where banking structures cannot be established.

VISION:

Our vision is to lead the new generation of local commercial banks by excelling in customer delivery through insight empowered employees, smart use of technology and a full range of highest quality products and services.

MISSION:

- Fast customer service
- Maintain sustainable growth
- Follow strong business ethics
- Offer quality financial services with latest technology
- Provide smooth return on shareholder's equity
- Attract and retain qualified human resource
- Maintain Corporate Social Responsibility

- Explore un-banked areas

About Bank:

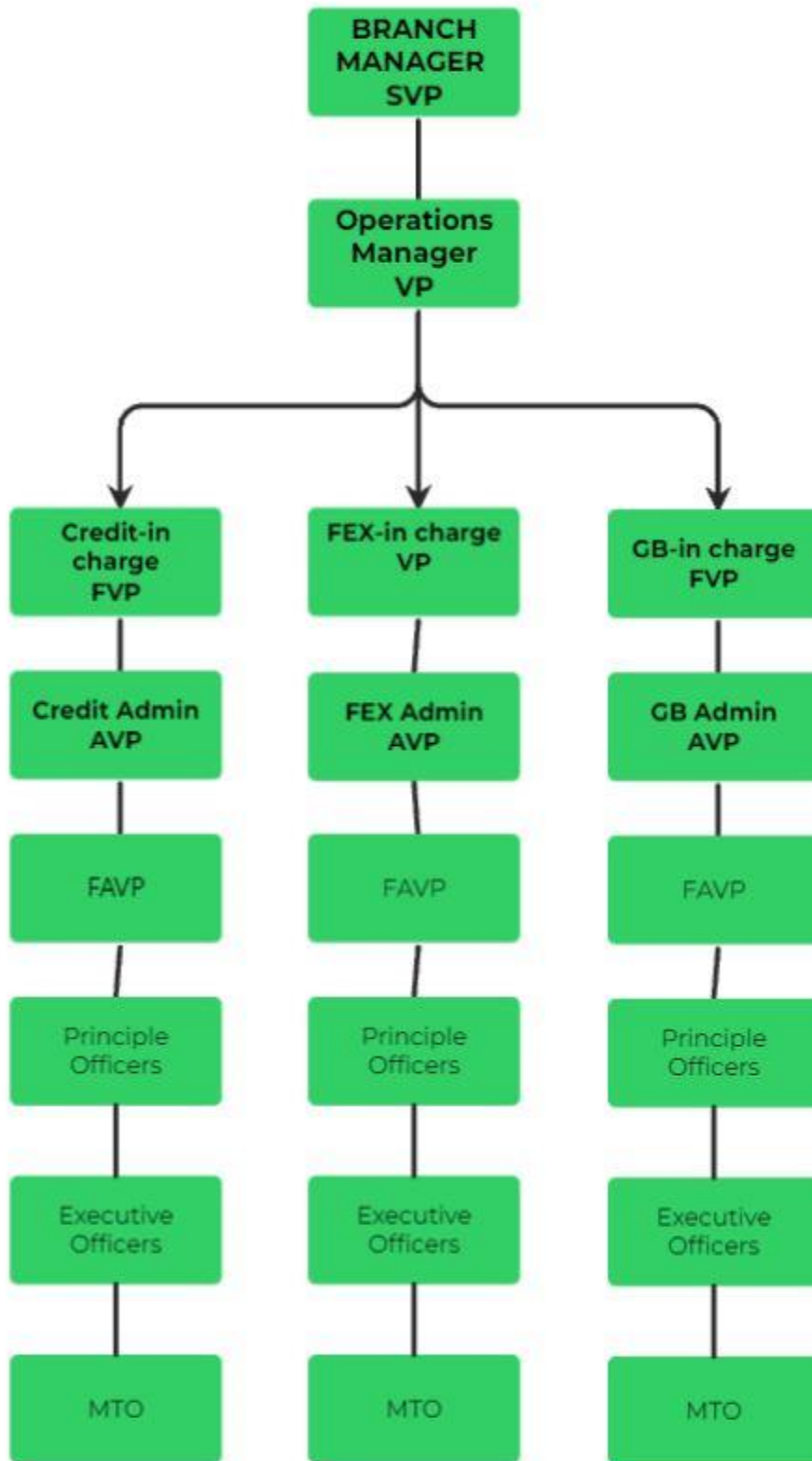
The head office of Modhumoti Bank is situated in Khandker Tower, (Level-7 & 8),

94, Gulshan Avenue, Gulshan-1, Dhaka-1212. Modhumoti Bank currently has 48 branches including all urban and rural area of Bangladesh. We currently own 47 ATM booths throughout the country and a massive number of 592 agents all over the country to provide 24/7 agent banking.

Organization Management structure of overall Modhumoti Bank Limited:

The Board of Directors and the Managing Director make choices about the business's projects. There are now twenty-one directors involved in the bank's management. Each of the directors has a strong academic background and works for significant corporations. The bank's chairman is Mr. Humayun Kabir, and its managing director and CEO is Mr. Md. Shafiul Azam. There are forty-one sponsors in all.

Management structure of Modhumoti Bank Gulshan Branch:



Different Branches of Modhumoti Bank (Gulshan Branch):

- Credit:

Collection of CIB report of the customers, checking the liability position of the customers, Evaluating the financial reports of the customers, maintaining the credit limit of the clients, maintaining the proper loan procedures, approval of loans.

- Foreign exchange and Trade:

Foreign bill purchase, Local bill purchase, Issuing Back-to-back and master LC, foreign currency remitting, Travelers Cheque, LC amendment.

- General Banking:

Issuing debit and credit card, Account opening, pay order, Priority banking, proving bank solvency and statements, opening locker, local and foreign remittance and closing accounts.

- Cash Counter: Holds the key of the vault, issues various sorts of stamps, check for counterfeit money, receive and pay the cash through payment slips and they transfer liquid cash to the nearest ATM.

Corporate banking system of Modhumoti Bank

Short Term Finance:

- Cash Credit (Hypothecation):

Similar to a current account, a cash credit account has a maximum amount that can be withdrawn from the bank. It is revolving in nature. A regular limit is sanctioned to acquire and retain stock for trading, and Cash Credit is often sanctioned for a year.

- Overdraft (General):

This allows for the sanctioning of a regular, rotating limit to cover ongoing business needs. This type of loan is extended to the company in cases where regular stock maintenance is not feasible. The sale revenues or the customer's personal funds are used to adjust the account.

- Secured Overdraft (SOD):

Under the name Secured Overdraft (SOD), it is an overdraft agreement permitted against a lien on FDR or other financial instruments. SOD facility to the borrower may be granted in the following manners generally:

1. Overdraft against DPS
2. Overdraft against FDR in the name of the borrower
3. Overdraft against FDR in the name of Third party
4. Overdraft against wage earners dev. bond

- Short term loans:

Sometimes businesses can face urgency of money and they take short term loans which is generally paid of within 1 year. The payment can be done in installments or in lump sum within the granted period.

Long Term Finance:

- Term Loan:

This facility is used to cover costs associated with local procurement, infrastructure-related projects, and civil construction. Repayment of the loan (Gen) facility is due in equal monthly payments.

- Lease Financing:

Modhumoti Bank provides funding for vehicles, machinery, and equipment under lease financing. It is a term loan that must be paid back in equal monthly or quarterly installments through leasing rental. The Bank is the owner of the leased-out assets, such as the machinery, equipment, and vehicle, as long as the lease agreement covers all risks.

- Hire Purchase:

This is used to purchase machinery, equipment or an automobile. The Banker and the client share ownership of the assets that will be acquired under the Hire-Purchase arrangement that covers all risks. Repayment of the hire-purchase arrangement is made by submitting equal principal and interest payments on a monthly or quarterly basis.

- Term loans for NBFIs:

NBFIs can use term loans to support their financing operations for external parties. It is provided at a reduced interest rate depending on how the NBFIs are graded and in compliance with Bangladesh Bank circular instructions.

Supply order or work order financing:

- SOD:

Here, the bank issues bank guarantees or undertakings in the form of purchase orders (POs) on behalf of its clients, who are primarily contractors, to allow them to participate in tenders invited by various semi-governmental or government organizations, autonomous bodies, or other businesses the bank deems suitable.

- OD (Supply Order/ Work Order):

This financed credit facility has been approved to satisfy the contractor's working capital needs. It will allow the contractor to fulfil supply and work orders that have been granted by various semi-government and government organizations, autonomous bodies, and other organizations that the bank has approved. The loan amount is disbursed up to a predetermined proportion of the order value or job supply.

- Advance Payment Guarantee (APG):

This facility is a type of bank guarantee or undertaking that the bank issues on behalf of its clients, who are primarily contractors, to allow them to get paid ahead of time for work that has been awarded by various government or semi-government organizations, autonomous bodies, or other organizations that the bank has approved. When there are upfront costs associated with the task, such as the leasing of machinery and the cost of purchasing raw materials, this kind of guarantee is required.

- Performance Guarantee (PG):

Following the submission of the tender, the authority accepts the performance guarantee that is issued or that must be provided to a specific customer. It's a guarantee in which the

bank promises the authorities that the client will finish the work in accordance with the terms of the tender or pay damages up to the guarantee amount.

- **Guarantee Of Bid-Bond:**

In accordance with this, the bank guaranteed or undertook an undertaking on behalf of its clients (particularly contractors) to allow them to propose a bid in a tender held by several autonomous bodies, government administrations, and semi-government organizations that the bank deemed appropriate.

- **Money Guarantee Retention:**

Retention Money, a bank guarantee granted by the bank on behalf of the contractors, allows the customer to get money held back from the work rewarding authority that was taken out of the bills during the work execution time by the work rewarding party.

Project Financing:

The long-term funding of industrial and infrastructural projects through project finance is done so on the basis of the project's anticipated cash flows rather than the sponsors' financial sheets. When all necessary requirements and verifications have been met correctly for bank security purposes, financing has been completed.

Here, the project finance team at Modhumoti Bank conducts due diligence on the project's viability in terms of its technical, financial, marketing, and economic aspects. The department is headed by competent and seasoned individuals. The project financing staff is also knowledgeable. a few of which are listed below:

- Power
- Healthcare
- Spinning
- Food Processing
- Float Glass
- Basic Chemical
- Salt
- Jute
- Cement
- Ceramic
- Poultry
- Garments Accessories
- Refinery
- Telecommunication
- Auto Brick
- Pulp and Paper
- Aviation
- Pharmaceutical
- Dyeing, Printing, Finishing
- Ship Breaking

Syndication and Structured Finance:

A bank acting as both an arranger and an agent bank arranges, structures, and administers syndicated finance, which is provided by a number of lenders. Modhumoti Bank Limited's Syndication Finance Unit offers corporate clients tailored financial solutions, such as term loans and working capital, that foster value creation and advance the nation's economic expansion. Our team specializing in Structured Finance is led by highly qualified human resources. We have already begun our journey in the structured finance and syndication markets as a fourth generation

scheduled bank. We are involved in several environmentally friendly Public-Private Partnership (PPP) projects, including the First Dhaka Elevated Expressway.

The products & services offered by the Syndication Finance are generally as follows:

- Term Loan, Bond, Preference Share, Short Term Loan & Working Capital financing
- Finance Corporate expansion BMRE (Balancing, Modernization, Rehabilitation and Expansion)
- Refinance to existing clients for their financial requirements
- PPP Finance
- Bridge Finance
- Investment in Commercial Paper
- Agency Services
- Advisory Services

Why do we need syndication:

- It ought to abide by the Central Bank's directives regarding the provision of substantial financing to corporate entities through syndication arrangements financing to spread out the risks
- A significant amount of funding for a project could be secured by syndication; by guaranteeing top-notch services, it offers its corporate client's creative end-to-end solutions.
- Freedom in terms of both cost and structure. Borrowers can customize their syndicated loan using a range of alternatives, such as multicurrency options, risk management strategies, and penalty-free prepayment rights
- To exchange information and experience among the lending parties involved
- Regular monitoring and follow-up guarantee the project's successful operations, which leads to a seamless repayment
- Single-point of contact for customers.

Trade Services:

Import and export financing facilitates international trade, which is one of the Bank's primary functions. The banking business is increasingly very competitive, and banks are subject to a wide range of hazards, both financial and non-financial. Risks now arise in many forms, particularly in the foreign exchange industry. The central bank of Bangladesh, Bangladesh Bank, has been publishing guidance on how to handle the many kinds of risks associated with dealing in foreign exchange. Modhumoti Bank is extremely concerned about the rapidly evolving environment, which is growing more dangerous and unknown as a result of the integration of global markets. The Bank is conducting every effort to carefully address the problems, creating instruments and methods for efficient Trade Service operations management.

Regular Trade Services Products:

- Letter of Credit (Documentary Credit)
- Back-to-back letter of credit
- Shipping guarantee
- Packing Cash Credit
- Export LC (Advising & Transfer)
- Letter of Guarantee
- Import Bill Handling
- Export Bill Negotiation/Collection
- Import Loan
- Letter of Trust Receipt (LTR)
- Time Loan

Specialized Trade Services Products

- EDF Loan
- Cash Incentive Financing
- Demand Loan

Other Trade Services Products

- IMP Reporting
- EXP Reporting
- Web Based Reporting to Bangladesh Bank
- Return & Statements
- Matching Bill of Entry with IMP, TM, From-C reporting
- SWIFT Operation

SWOT ANALYSIS

Strengths:

1. Teamwork:

Effective teamwork is a fundamental strength that fosters collaboration and synergy among employees. MMBL's emphasis on teamwork can enhance productivity, innovation, and overall organizational efficiency. A cohesive team often results in better problem-solving and decision-making.

2. Customer-Centric Approach:

Being customer-centric is a significant strength, indicating a focus on meeting customer needs and providing excellent service. MMBL's commitment to understanding and satisfying customer requirements can lead to higher customer satisfaction and loyalty.

3. Good Relations with Customers:

Establishing and maintaining strong relationships with customers is crucial for long-term success. MMBL's positive relations can contribute to customer retention, positive word-of-mouth, and potentially attracting new customers through referrals.

4. Agent Banking:

The inclusion of agent banking can extend MMBL's reach to areas with limited physical branches. This approach can enhance accessibility for customers in remote locations, potentially broadening the customer base.

Weaknesses:

1. Limited Number of ATM Booths:

The scarcity of ATM booths may inconvenience customers and hinder the ease of transactions. MMBL should consider expanding its ATM network to improve accessibility for customers.

2. Lower Customer Base Compared to Competitors:

A smaller customer base may indicate challenges in attracting and retaining customers. MMBL should focus on marketing strategies and customer acquisition initiatives to compete effectively in the market.

3. Lengthy Cheque Book Issuance Process:

Requiring 10 days for cheque book issuance can be a drawback, affecting customer convenience. Streamlining this process is essential to enhance customer satisfaction and operational efficiency.

4. Few Branches Outside Dhaka City:

Limited presence outside Dhaka city may constrain MMBL's market reach. Expanding the branch network to other regions can open up new opportunities and tap into a broader customer demographic.

Opportunities:

1. Diverse Client Base:

The wide range of potential clients presents an opportunity for MMBL to diversify its customer portfolio. Tailoring services to different customer segments can lead to increased market share.

2. Investment in Priority Banking:

Allocating resources to priority banking services can attract high-value clients, potentially increasing revenue streams. This opportunity aligns with the broader trend of personalized financial services.

3. Employee Training Programs:

Investing in training programs for employees enhances their skills and knowledge, contributing to improved customer service and organizational efficiency. Well-trained staff can adapt to industry changes and technological advancements.

4. Introducing Attractive Savings Schemes:

Launching innovative savings schemes can attract customers and differentiate MMBL from competitors. Strategic marketing of these schemes can contribute to customer acquisition and retention.

Threats:

1. New Banks Entering the Market:

The potential entry of four new banks poses a competitive threat. MMBL should assess their strategies and be proactive in adapting to market dynamics to maintain its market position.

2. Risk of Losing Loyal Customers:

Any factors leading to customer dissatisfaction or better offers from competitors can pose a threat. MMBL should focus on customer engagement and loyalty programs to mitigate this risk.

3. Unstable Political Situation:

Political instability can impact the overall business environment, affecting MMBL's operations and customer confidence. Implementing risk management strategies and staying informed about political developments is crucial.

4. High Bangladesh Bond Rates:

Elevated bond rates can affect MMBL's borrowing costs and interest rate dynamics. The organization should carefully manage its financial strategies and adapt to interest rate fluctuations to minimize negative impacts.

In conclusion, a comprehensive understanding of MMBL's strengths, weaknesses, opportunities, and threats provides a roadmap for strategic planning. Addressing weaknesses, capitalizing on opportunities, and mitigating threats are vital for MMBL's sustainable growth and success in a dynamic financial landscape.

Chapter 3. Financial Performance and Comparative Analysis of Modhumoti Bank:

3.1 Background of the report:

This report concerns and analyze the financial ratio analysis of Modhumoti Bank Limited. From the very early days of Modhumoti bank they have been following and regulating their operations under the guidance of central bank of Bangladesh. By this report we will get a firm understanding about the overall financial condition and future aspects of the bank.

3.2 Objective of the report:

This report examines all the major financial aspects of the bank which gives a really good idea about the current financial condition of the bank, talks about from the perspective of both shareholder and client

I have focused on following aspects:

- Calculated all kinds of necessary financial ratio which will help in terms of future investment and operational endeavors of Modhumoti Bank
- Tried to understand the current solvency situation of Modhumoti Bank
- Tried to come up with ideas about how the management can run operations more smoothly and cut their costs to increase their operational profit.
- Tried to focus and understand overall banking procedures of Modhumoti Bank Gulshan branch
- Implement the real-life knowledge I have gained from my internship tenure into this report.
- To understand how I can apply my theoretical knowledge in practical scenario.

Furthermore, a comparative analysis was done between Modhumoti Bank and City Bank PLC to compare between different financial ratio of these two organizations and evaluate their performance.

3.3 Methodology:

To complete the report, I have followed a different approach from the conventional procedures. I tried to implement the more practical knowledge I have gained from the internship tenure rather than focusing more on the theoretical knowledge. I gained financial data from the annual reports and various booklets of Modhumoti Bank available in both physical copy and online. This report researches about the financial condition of the Modhumoti Bank

3.4 Sources of data collection:

To complete the report, I have collected information from both primary source and secondary source. Primary source indicates the information that are being collected from first hand and secondary source indicates this data is already being collected and granted permission to common people to use it.

3.4.1 Primary source of data:

- Face to face discussion with my workplace supervisor Mr. MD. Ataul Gani
- Face to face discussion with every employee of Modhumoti Bank Gulshan branch Credit department
- Face to face discussion with the clients and customers of Modhumoti Bank
- Practical work experience I have gained by observing others and asking various sort of questions to my co-workers
- Observing the overall banking activities of the organizations which includes all the departments of the branch

3.4.2 Secondary source of data:

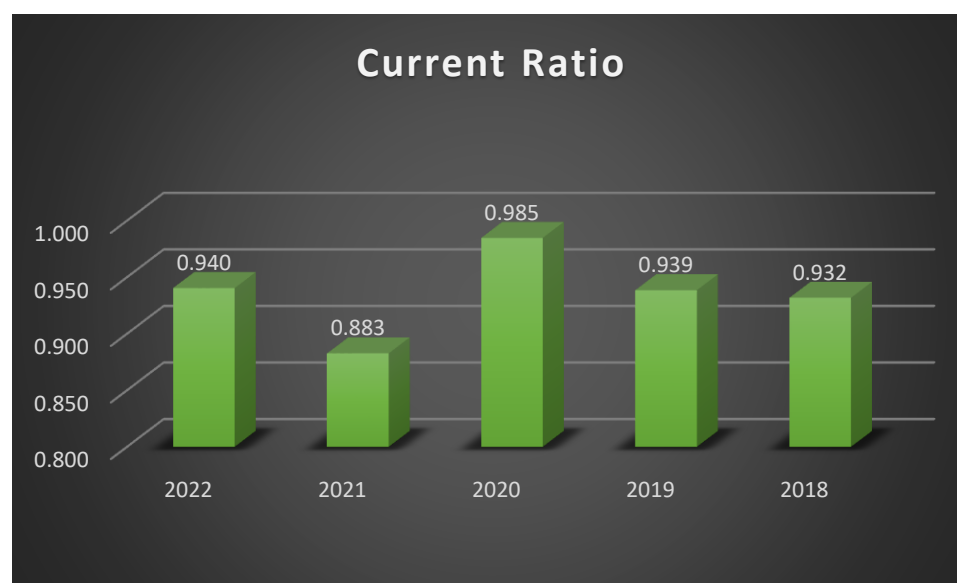
- Annual reports of Modhumoti Bank Limited
- Various financial websites
- Wikipedia
- Internal publications of Modhumoti Bank Limited
- Different circulars and leaflets of Modhumoti Bank Limited
- Articles published on different magazines and newspapers

3.5 Analysis:

3.5.1 Financial Performance analysis of Modhumoti Bank:

Current Ratio= (Current Liabilities/ Current Assets)

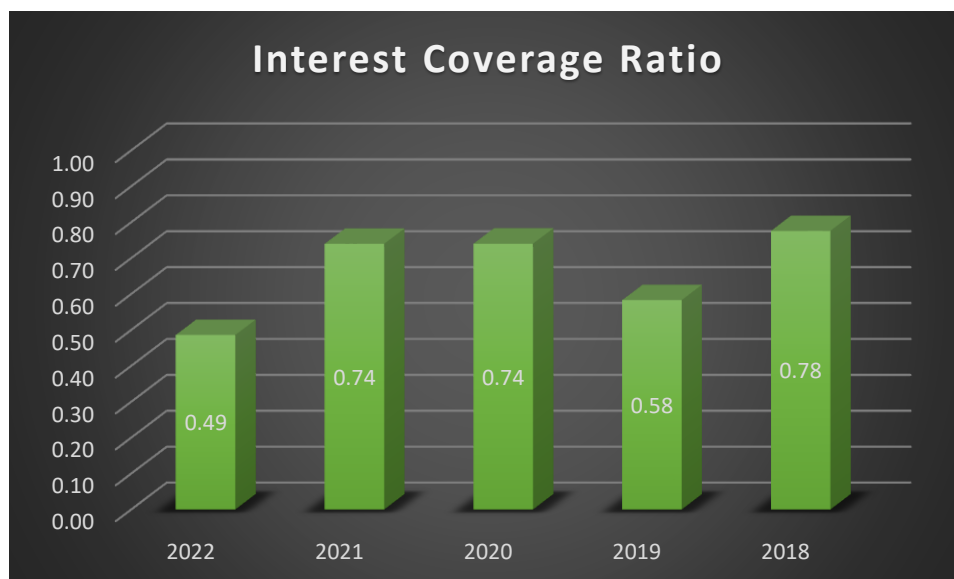
| | 2022 | 2021 | 2020 | 2019 | 2018 |
|---------------------|-------|-------|-------|-------|-------|
| Current Assets | 44922 | 34752 | 35713 | 41496 | 28399 |
| Current Liabilities | 47765 | 39368 | 36262 | 44210 | 30474 |
| | | | | | |
| Current Ratio | 0.940 | 0.883 | 0.985 | 0.939 | 0.932 |



Interpretation: Current ratio helps to understand the company's ability to meet up its short-term obligations with short term assets. Standard for this ratio is 1:2 as in current asset should be 2 times of the current liabilities. Though Modhumoti bank's current ratio 1:0.94 which is comparatively bad but it's improving every year and we can see a trend of improvement.

Interest Coverage Ratio= EBIT (Earnings Before Interest and Taxes)/ Interest Expense

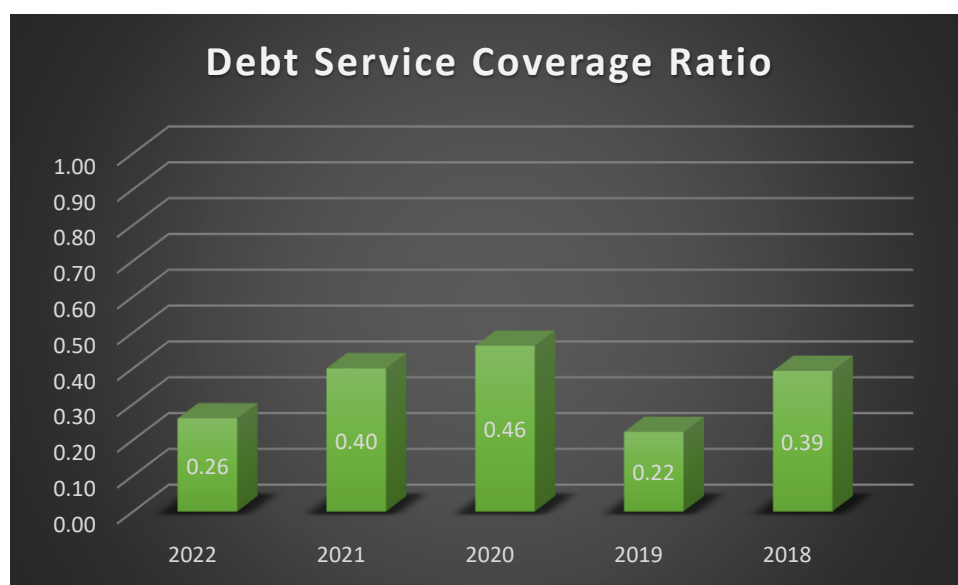
| | 2022 | 2021 | 2020 | 2019 | 2018 |
|-------------------------|----------|----------|----------|----------|----------|
| EBIT | 1770.38 | 2085.31 | 2631 | 2077.6 | 1942 |
| Interest Expenses | 3641.13 | 2818.31 | 3553 | 3560.47 | 2502 |
| Interest Coverage Ratio | 0.486217 | 0.739915 | 0.740501 | 0.583518 | 0.776179 |



Interpretation: The interest coverage ratio indicates company's ability to pay back interest expense on its outstanding debts. A higher value indicates the company is more capable of paying off the interests. In 2022, Interest coverage ratio fell down to 0.49 or 49% from 74% of last year and report suggests it occurred because of ongoing conflict between Russia-Ukraine and ongoing fallout of Covid-19 pandemic.

Debt Service Coverage Ratio= Net Operating Income/Total Debt Service

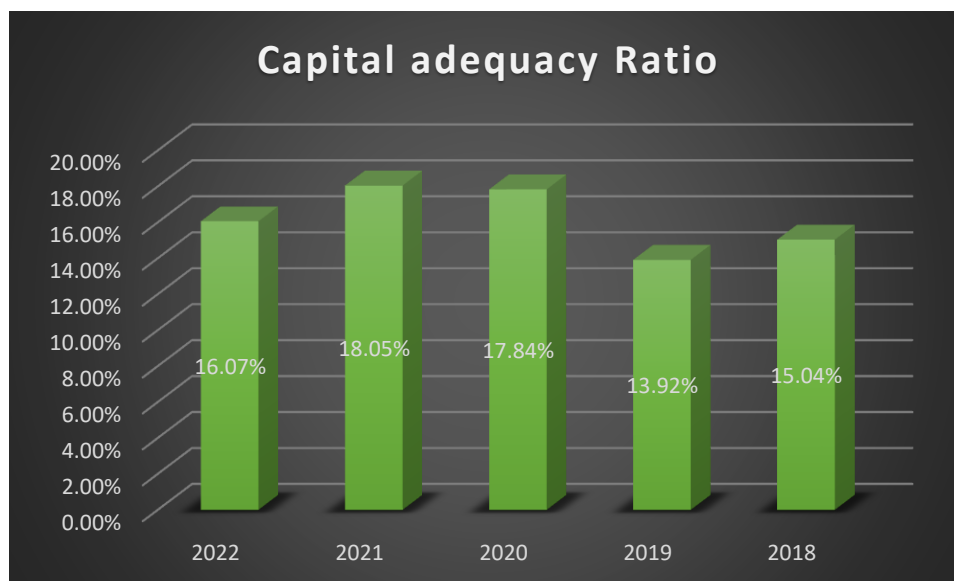
| | 2022 | 2021 | 2020 | 2019 | 2018 |
|-----------------------------|---------|---------|------|------|------|
| Net profit after Tax | 1004.79 | 1127.1 | 1645 | 791 | 982 |
| Interest Expenses | 3861.33 | 2818.31 | 3553 | 3560 | 2502 |
| | | | | | |
| Debt Service Coverage Ratio | 0.26 | 0.40 | 0.46 | 0.22 | 0.39 |



Interpretation: DSCR less than 1 means negative cash flow, it indicates bank doesn't have adequate operating profit to payback the borrowings. In 2022 it fell down to 0.26 due to global economic condition but financial analysts indicate this year it will come back to positive trend.

Capital adequacy ratio: $(\text{Bank's Capital}/\text{Risk-Weighted Assets}) \times 100\%$

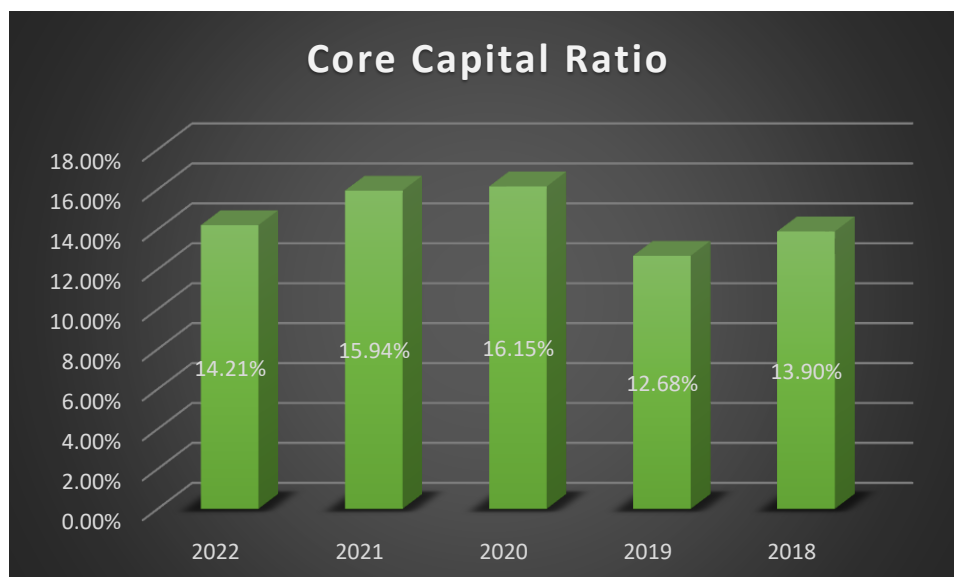
| | 2022 | 2021 | 2020 | 2019 | 2018 |
|--------------------------------------|--------|--------|--------|--------|--------|
| Total risk weighted assets | 59309 | 51743 | 49702 | 52012 | 45008 |
| Tier 1 Capital | 8430 | 8250 | 8027 | 6596 | 6256 |
| Tier 2 Capital | 1098 | 1089 | 839 | 642 | 514 |
| Total Capital | 9528 | 9339 | 8866 | 7238 | 6770 |
| Capital to risk weighted asset ratio | 16.07% | 18.05% | 17.84% | 13.92% | 15.04% |



Interpretation: It shows credit exposure of the bank against its available capital. The standard is to keep at least 10% and Modhumoti bank is maintaining it for a long time. This shows the stability of the bank for a long time.

Core capital ratio: (Bank's Tier 1 Capital/Risk-Weighted Assets) ×100%

| | 2022 | 2021 | 2020 | 2019 | 2018 |
|----------------------------|--------|--------|--------|--------|--------|
| Total risk weighted assets | 59309 | 51743 | 49702 | 52012 | 45008 |
| Tier 1 Capital | 8430 | 8250 | 8027 | 6596 | 6256 |
| | | | | | |
| Core Capital Ratio | 14.21% | 15.94% | 16.15% | 12.68% | 13.90% |



Interpretation: The minimum standard of requirement on core capital is 5% which is a bank need to ensure its clients for safety. Modhumoti Bank is keeping their ratios approximately triple the amount of the minimum which can ensure their clients maximum safety.

Debt to equity ratio: Total debts/Total shareholders' equity

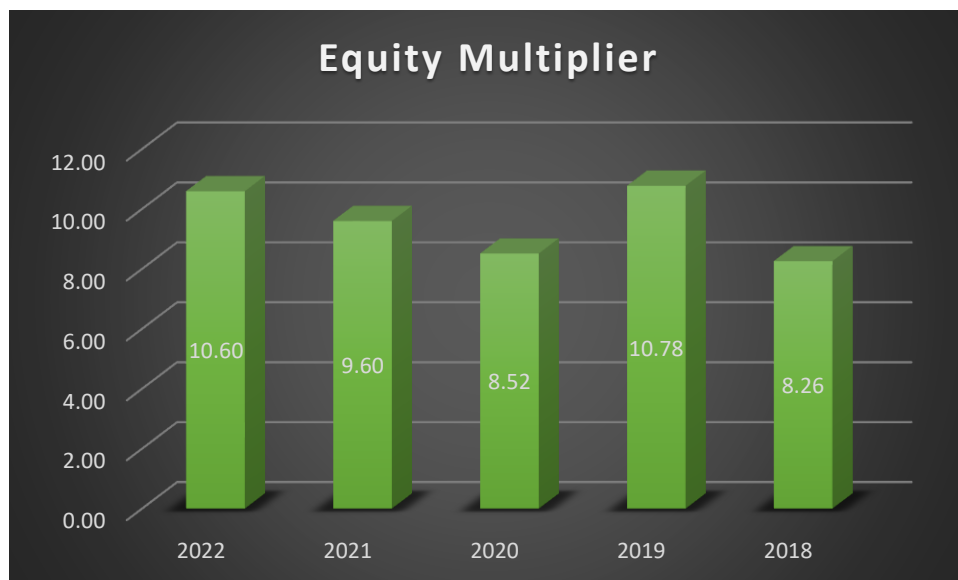
| | 2022 | 2021 | 2020 | 2019 | 2018 |
|----------------------|----------|----------|----------|----------|----------|
| Total debt | 82072.37 | 71272.69 | 64355.14 | 64527.28 | 45435.45 |
| Total Equity | 8552.51 | 8284.27 | 8559.93 | 6599.55 | 6256.1 |
| | | | | | |
| Debt to equity Ratio | 9.60 | 8.60 | 7.52 | 9.78 | 7.26 |



Interpretation: If the debt-to-equity ratio is higher it indicates that banks won't have much cash flow to pay off its debt. If the debt to equity is higher investors will suffer the most during the time of bankruptcy. As the debt-to-equity ratio increased this year Modhumoti bank should be concerned.

Equity Multiplier: Total Assets/ Total Equity

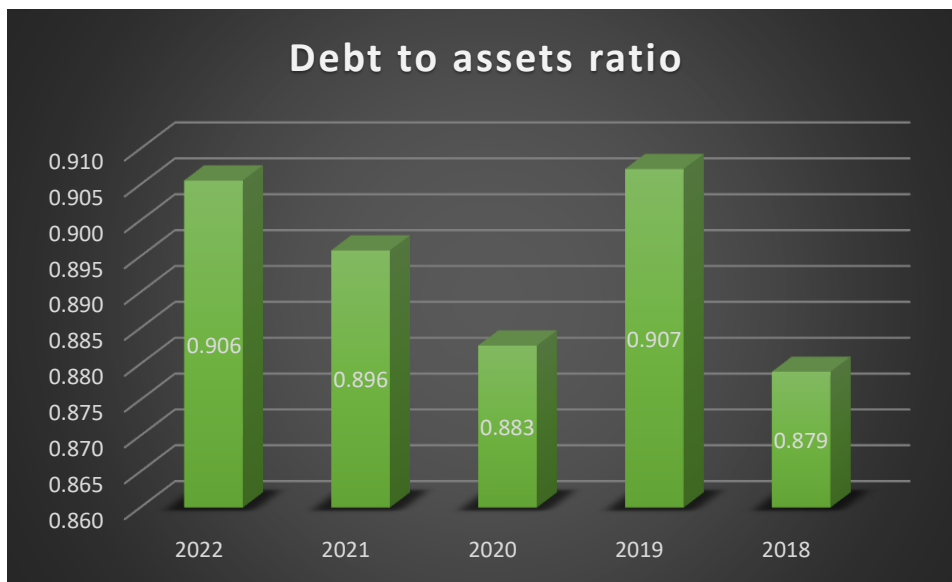
| | 2022 | 2021 | 2020 | 2019 | 2018 |
|-------------------|----------|----------|----------|----------|----------|
| Total Assets | 90624.88 | 79556.96 | 72914.67 | 71126.94 | 51692.74 |
| Total Equity | 8552.51 | 8284.27 | 8559.93 | 6599.55 | 6256.1 |
| | | | | | |
| Equity Multiplier | 10.60 | 9.60 | 8.52 | 10.78 | 8.26 |



Interpretation: This ratio shows how much asset is funded by shareholder's equity. Modhumoti Bank has a low equity multiplier which indicates the bank is highly leveraged and risky for shareholders.

Debt to Total Asset Ratio= Total Debt /Total Assets

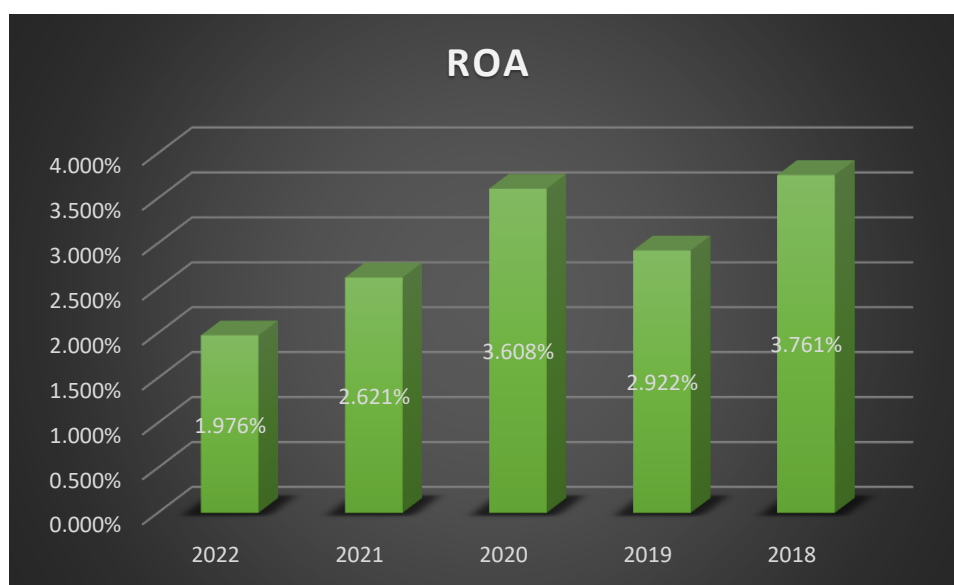
| | 2022 | 2021 | 2020 | 2019 | 2018 |
|----------------------|----------|----------|----------|----------|----------|
| Total debt | 82072.37 | 71272.69 | 64355.14 | 64527.28 | 45435.45 |
| Total Assets | 90624.88 | 79556.96 | 72914.67 | 71126.94 | 51692.74 |
| | | | | | |
| Debt to assets ratio | 0.906 | 0.896 | 0.883 | 0.907 | 0.879 |



Interpretation: Simply shows the total amount of debt compared to total amount of assets. If this number is higher, the amount of debt is also higher, and it should not be more than 0.5. as we can for last few years Modhumoti Bank has a very high debt to assets ratio which the bank will be in a very risky situation during the time of recession.

ROA: Total operating profit/Total Assets

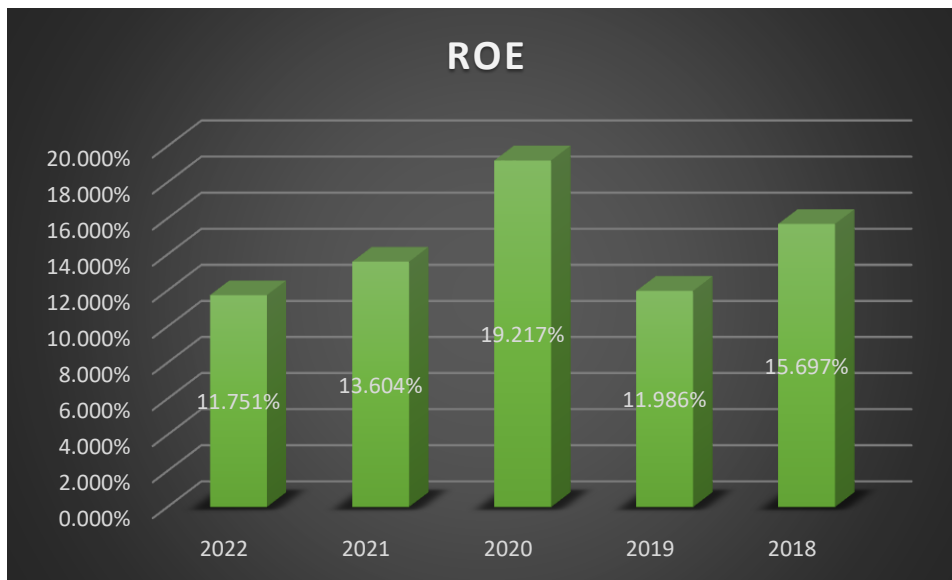
| | 2022 | 2021 | 2020 | 2019 | 2018 |
|------------------|--------|--------|--------|--------|--------|
| Operating Profit | 1791 | 2085 | 2631 | 2078 | 1942 |
| Total Assets | 90625 | 79557 | 72915 | 71127 | 51639 |
| | | | | | |
| ROA | 1.976% | 2.621% | 3.608% | 2.922% | 3.761% |



Interpretation: This ratio shows how much profit bank is generating by its own assets. The higher the value of ROA, the better position bank is at. We can see the ROA of Modhumoti Bank fell down from 3.6% to 1.97% in 2 years which is not good but this occurred due to decrease of the investment income which was triggered by Russia-Ukraine conflict and Covid-19 pandemic.

ROE:

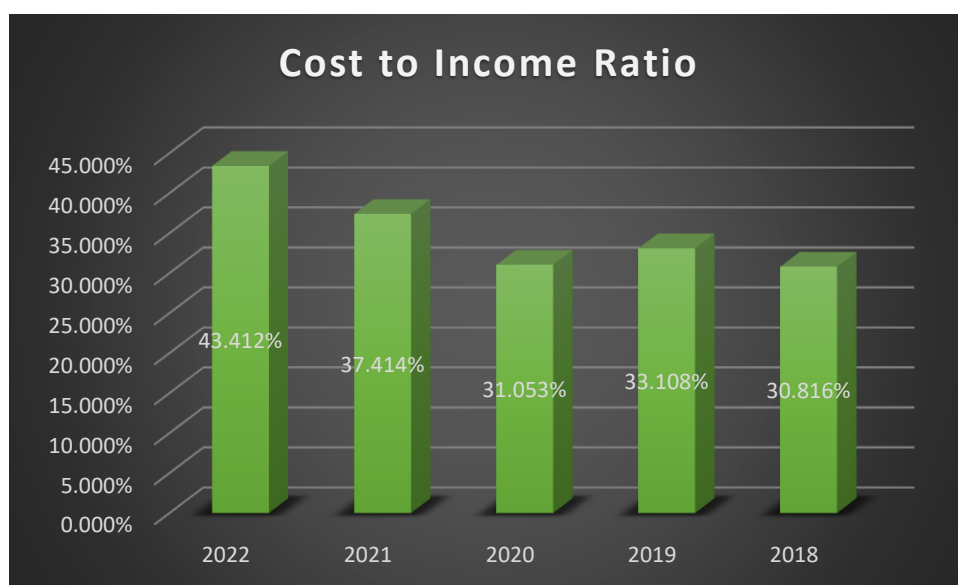
| | 2022 | 2021 | 2020 | 2019 | 2018 |
|--------------|---------|---------|---------|---------|---------|
| Net Profit | 1005 | 1127 | 1645 | 791 | 982 |
| Total Equity | 8552.51 | 8284.27 | 8559.93 | 6599.55 | 6256.1 |
| ROE | 11.751% | 13.604% | 19.217% | 11.986% | 15.697% |



Interpretation: ROE indicates how much equity fund of its equity fund bank is using to generate the profit. In 2020 it went up to 19.217% but fell down to 11.751% in the year 2022 due to economic condition. Our analysts suggests that it will go up in the year 2023 as better ROE will influence towards the bank.

Cost to income: $(\text{Operating Costs}/\text{Operating Income}) \times 100$

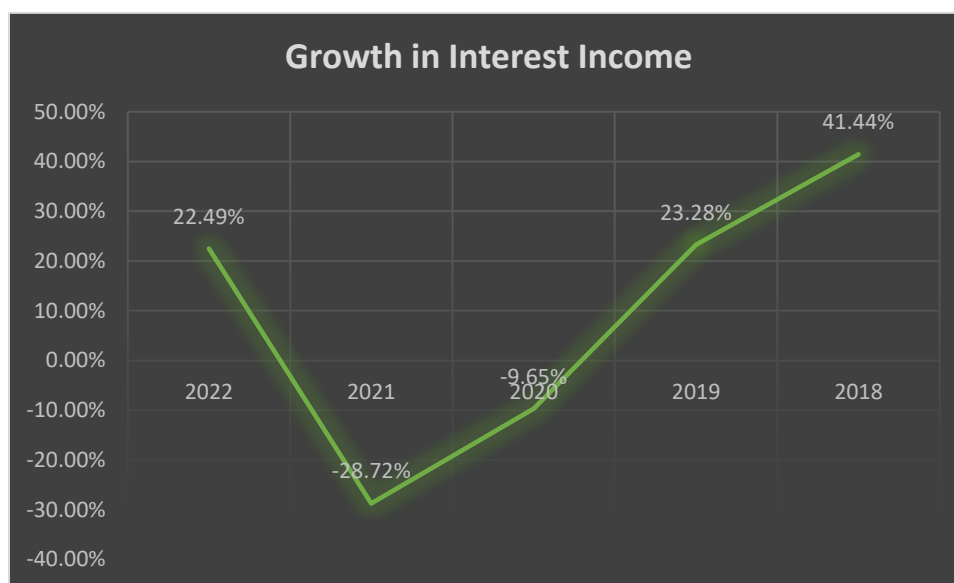
| | 2022 | 2021 | 2020 | 2019 | 2018 |
|----------------------|---------|---------|---------|---------|---------|
| Operating Income | 3165 | 3333 | 3816 | 3105 | 2807 |
| Operating Expenses | 1374 | 1247 | 1185 | 1028 | 865 |
| | | | | | |
| Cost to income Ratio | 43.412% | 37.414% | 31.053% | 33.108% | 30.816% |



Interpretation: This ratio indicates how efficiently bank is using their own fund or resources to generate income for them. The higher value indicates more efficient so we can see in 2022 it had a record high ratio. This tells us Modhumoti Bank's management has a really well control over their expenses.

Growth In Interest Income: $(\text{Interest income this year} / \text{Interest income last year}) * 100$

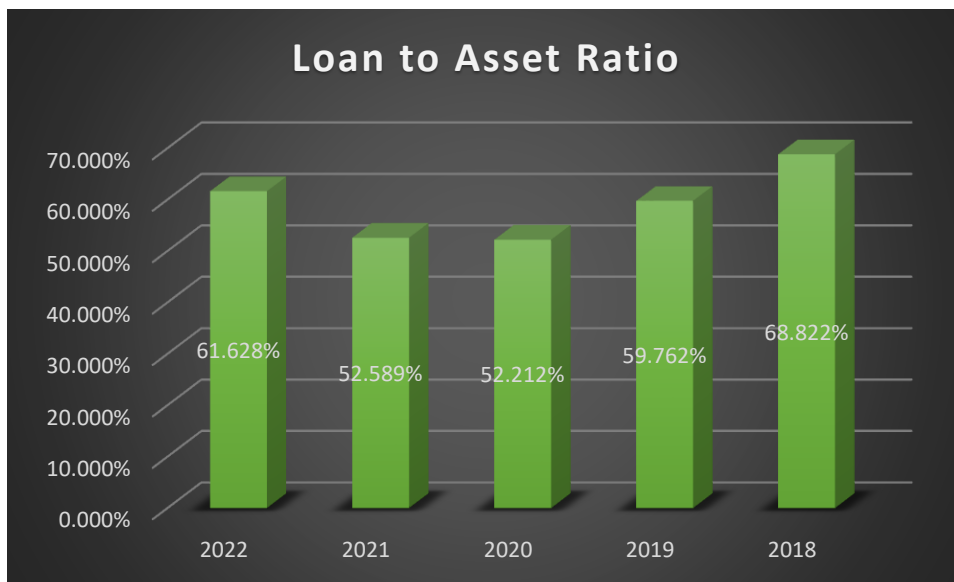
| | 2022 | 2021 | 2020 | 2019 | 2018 |
|---------------------------------|--------|---------|--------|--------|--------|
| Interest income (This Year) | 4265 | 3482 | 4885 | 5407 | 4386 |
| Interest income (Previous Year) | 3482 | 4885 | 5407 | 4386 | 3101 |
| | | | | | |
| Growth in Interest Income | 22.49% | -28.72% | -9.65% | 23.28% | 41.44% |



Interpretation: This growth rate is calculated by subtracting this year's value with the value of last year's we can see in the year 2021 the interest income went down about 29% from the year 2020 which is bad for any financial institution but in the year 2022 Modhumoti Bank bounced back and increased their interest income by about 22.5% which have put them in the right track.

Loan to Asset Ratio: $(\text{Total Loans}/\text{Total Assets}) * 100$

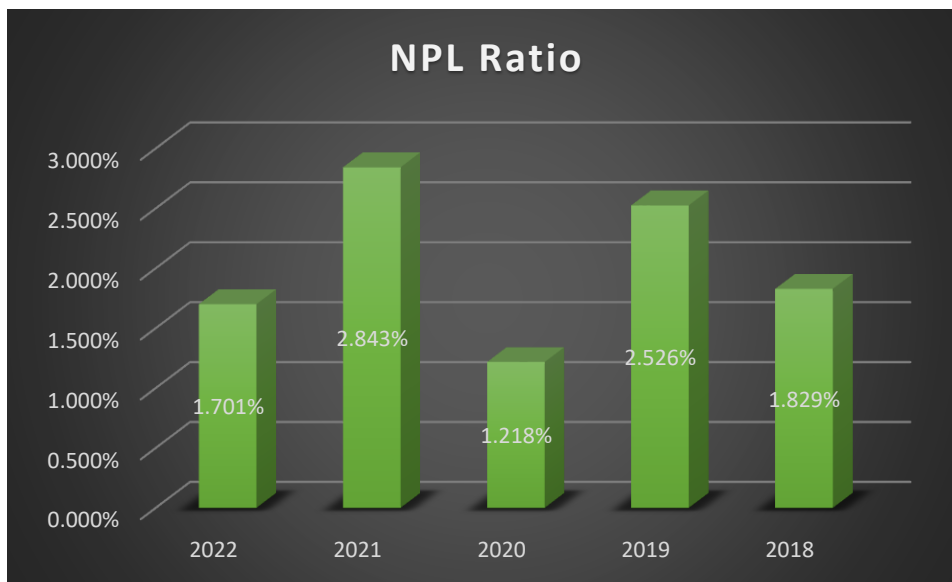
| | 2022 | 2021 | 2020 | 2019 | 2018 |
|----------------------|----------|----------|----------|----------|----------|
| Total loans | 55850 | 41838 | 38070 | 42507 | 35576 |
| Total Assets | 90624.88 | 79556.96 | 72914.67 | 71126.94 | 51692.74 |
| | | | | | |
| Loans to Asset ratio | 61.628% | 52.589% | 52.212% | 59.762% | 68.822% |



Interpretation: Loans to assets ratio shows what portion of banks asset is invested in loans. If this ratio is higher that means they are exposing themselves to more risk. Modhumoti Bank has more than 50% Loan to asset ratio in last 5 years

NPL to Loans ratio: $(\text{NPL}/\text{Total Loans}) * 100$

| | 2022 | 2021 | 2020 | 2019 | 2018 |
|----------------------|--------|---------|--------|---------|--------|
| Non-Performing Loans | 950.08 | 1189.48 | 463.84 | 1073.55 | 650.66 |
| Total loans | 55850 | 41838 | 38070 | 42507 | 35576 |
| | | | | | |
| NPL ratio | 1.701% | 2.843% | 1.218% | 2.526% | 1.829% |



Interpretation: We can see here Modhumoti Bank has very low NPL ratio nearly close to zero. In the year 2022, the NPL went down to 1.701% from 2.834% which is really attractive for the investors and this will solidify the pillars of all fundamental businesses of Modhumoti Bank in near future.

3.5.2 Comparative Analysis of Modhumoti Bank:

Comparative Analysis:

Comparative analysis means to side by side compare between two or more things to determine their similarities and differences. For this comparative analysis for Modhumoti Bank, I have selected City Bank PLC. Different financial ratios have been compared to determine the position between these two banks which will provide us ideas about the sustainability, cost efficiency, profitability and various other aspects of these banks.

Comparisons:

Current Ratio:

| Current Ratio | 2022 | 2021 | 2020 | 2019 | 2018 |
|----------------|------|-------|-------|-------|-------|
| Modhumoti Bank | 0.94 | 0.883 | 0.985 | 0.939 | 0.932 |
| Bank Asia | 1.07 | 1.07 | 1.07 | 1.05 | 1.07 |
| Dhaka Bank | 0.83 | 0.81 | 0.76 | 0.76 | 0.75 |
| City Bank | 0.9 | 0.9 | 0.9 | 0.8 | 0.9 |

Interpretation: As current ratio helps to understand banks capability to cover its short-term finances and a 1:2 ratio is considered standard, all four banks failed to maintain the standard but still better than many other banks in Bangladesh. Though Bank Asia comes at top in this criterion but Modhumoti Bank has seen the biggest improvement in this particular case of scenario.

Interest Coverage ratio:

| Interest Coverage ratio | 2022 | 2021 | 2020 | 2019 | 2018 |
|-------------------------|-------|-------|-------|-------|-------|
| Modhumoti Bank | 0.486 | 0.74 | 0.741 | 0.584 | 0.776 |
| Bank Asia | 0.717 | 0.724 | 0.407 | 0.645 | 0.62 |
| Dhaka Bank | 0.49 | 0.36 | 0.37 | 0.64 | 0.54 |
| City Bank | 0.93 | 1.06 | 0.73 | 0.83 | 0.72 |

Interpretation: Interest coverage ratio talks about banks capability to pay back their outstanding debts with EBIT. From table we can see City bank had some rough years but bounced back in recent years, but though Modhumoti had maximum good years in last 5 years in 2022 they faced some major obstacles so we can say currently City Bank is in a better position and this case both of the other 2 banks they are in a rough condition

Debt Service Coverage Ratio:

| Debt Service Coverage Ratio | 2022 | 2021 | 2020 | 2019 | 2018 |
|-----------------------------|-------|-------|-------|-------|-------|
| Modhumoti Bank | 0.26 | 0.4 | 0.46 | 0.22 | 0.39 |
| Bank Asia | 0.302 | 0.373 | 0.269 | 0.171 | 0.155 |
| Dhaka Bank | 0.10 | 0.09 | 0.15 | 0.20 | 0.13 |
| City Bank | 0.35 | 0.46 | 0.41 | 0.25 | 0.22 |

Interpretation: DSCR less than 1 shows negative cash flows. Here we can see for last 5 years both banks kind of had a similar DSCR. But both of their DSCRs are very less than 1 which indicates both banks are in a critical condition but Dhaka Bank is really on the edge as their DSCR fell down to 0.1 due to which they might face some really rough years in near future.

Total Capital Adequacy Ratio:

| Total Capital Adequacy Ratio | 2022 | 2021 | 2020 | 2019 | 2018 |
|------------------------------|--------|--------|--------|--------|--------|
| Modhumoti Bank | 16.07% | 18.05% | 17.84% | 13.92% | 15.04% |
| Bank Asia | 17.70% | 15.72% | 17.16% | 17.93% | 15.05% |
| Dhaka Bank | 13.84% | 16.12% | 14.52% | 14.65% | 14.12% |
| City Bank | 14.50% | 14.20% | 15.50% | 15.20% | 13.40% |

Interpretation: We can see here between these 5 years Modhumoti Bank have shown more volatility in their ratios but at the end of the day Bank Asia surpassed all 4 banks which indicates they are more stable and maintaining more than the minimum amount which is 10%

Core Capital Ratio:

| Core Capital Ratio | 2022 | 2021 | 2020 | 2019 | 2018 |
|--------------------|--------|--------|--------|--------|--------|
| Modhumoti Bank | 14.21% | 15.94% | 16.15% | 12.68% | 13.90% |
| Bank Asia | 11.45% | 9.56% | 9.24% | 9.49% | 9.08% |
| Dhaka Bank | 7.33% | 8.53% | 8.86% | 9.08% | 9.51% |
| City Bank | 9.60% | 10.60% | 10.80% | 9.70% | 8.30% |

Interpretation: The minimum amount required to ensure clients safety is 5%. In this case both banks are maintaining it properly but Modhumoti Bank is leading here as they have nearly 1.5 times more core capital than other 3 banks. Though Modhumoti Bank is having the biggest core capita ratio, other 3 banks have maintained the minimum 5% that they need to ensure clients safety.

Debt to Equity Ratio:

| Debt to equity ratio | 2022 | 2021 | 2020 | 2019 | 2018 |
|----------------------|-------|-------|-------|-------|-------|
| Modhumoti Bank | 9.6 | 8.6 | 7.52 | 9.78 | 7.26 |
| Bank Asia | 9.702 | 9.587 | 8.935 | 9.186 | 9.195 |
| Dhaka Bank | 15.49 | 15.56 | 14.72 | 15.57 | 14.62 |
| City Bank | 14.4 | 12.4 | 12.3 | 13 | 12.3 |

Interpretation: This certain ratio affects the equity holders the most. If an organization has more debt than equity, at the time of bankruptcy the shareholders will suffer the most. All 4 of them are hurting in this parameter but in case of Dhaka Bank their shareholders should be really concerned as they got the largest amount of debt against their overall equity.

Equity Multiplier:

| Equity Multiplier | 2022 | 2021 | 2020 | 2019 | 2018 |
|-------------------|-------|-------|-------|-------|-------|
| | | | | | |
| Modhumoti Bank | 10.6 | 9.6 | 8.52 | 10.78 | 8.26 |
| Bank Asia | 16.35 | 16.02 | 14.94 | 14.30 | 13.17 |
| Dhaka Bank | 16.11 | 15.99 | 15.20 | 15.93 | 15.88 |
| City Bank | 15.43 | 13.35 | 13.29 | 13.96 | 13.29 |

Interpretation: If this ratio is low that means the organization is funding most of its assets through debt and which makes it more leveraged. Dhaka Bank has and maintained a higher ratio in last 5 years which tells us their shareholders are safer than the other 3 banks but Modhumoti Bank is hurting in this regard.

Debt to Total Asset Ratio:

| Debt to Total Asset Ratio | 2022 | 2021 | 2020 | 2019 | 2018 |
|---------------------------|-------|-------|-------|-------|-------|
| | | | | | |
| Modhumoti Bank | 0.910 | 0.900 | 0.880 | 0.910 | 0.880 |
| Bank Asia | 0.940 | 0.930 | 0.920 | 0.930 | 0.920 |
| Dhaka Bank | 0.940 | 0.940 | 0.936 | 0.940 | 0.939 |
| City Bank | 0.935 | 0.925 | 0.925 | 0.928 | 0.925 |

Interpretation: If this number is higher than the amount of debt an organization has is also higher. On average of last 5 years all four banks maintained quite similar amount of debt to total asset ratio but all banks are in shambles as the standard for this ratio is 0.5 and they all got about double the amount of ratio they needed to maintain but in recent year Modhumoti bank is comparatively in a better position than the other three

Return on Assets (ROA):

| ROA | 2022 | 2021 | 2020 | 2019 | 2018 |
|----------------|-------|-------|-------|-------|-------|
| | | | | | |
| Modhumoti Bank | 1.98% | 2.62% | 3.61% | 2.92% | 3.76% |
| Bank Asia | 0.67% | 0.64% | 0.53% | 0.59% | 0.76% |
| Dhaka Bank | 0.49% | 0.65% | 0.70% | 0.56% | 0.54% |
| City Bank | 1.00% | 1.20% | 1.10% | 0.70% | 0.70% |

Interpretation: Comparing with 2018, City Bank and Bank Asia have a better ROA currently but Modhumoti Banks ROA is declining every year though they maintained a better position than all other three banks, global pandemics and war sanctions made this ratio worse for every player in the industry.

Return on Equity (ROE):

| ROE | 2022 | 2021 | 2020 | 2019 | 2018 |
|----------------|--------|--------|--------|--------|--------|
| Modhumoti Bank | 11.75% | 13.60% | 19.22% | 11.99% | 15.70% |
| Bank Asia | 10.88% | 9.89% | 7.81% | 8.16% | 10.21% |
| Dhaka Bank | 8.09% | 10.53% | 11.28% | 9.28% | 8.18% |
| City Bank | 14.10% | 15.80% | 14.80% | 9.90% | 8.20% |

Interpretation: If a company has more ROE than it is converting more of its equity to generate profit and a shareholder will obviously want to have a better ROE because it will result a better return for him. Bank Asia and Dhaka Bank are returning the least number of average ROE for last 5 years where City Banks ROE is about 1.5 times more than Modhumoti Bank but Modhumoti Bank maintained more than 10% ROE which is acceptable but Dhaka Bank should be concerned as this declining ROE will have a negative impact on the shareholders.

Cost to Income:

| Cost to income | 2022 | 2021 | 2020 | 2019 | 2018 |
|----------------|--------|--------|--------|--------|--------|
| Modhumoti Bank | 43.41% | 37.41% | 31.05% | 33.11% | 30.82% |
| Bank Asia | 47.14% | 44.93% | 54.00% | 42.00% | 42.93% |
| Dhaka Bank | 49% | 43% | 49% | 44% | 40% |
| City Bank | 51.90% | 48.61% | 57.94% | 54.68% | 58.00% |

Interpretation: If this ratio is higher for an organization that means it is using its funds more efficiently. In the recent year of 2022, Modhumoti Bank had their record-breaking year but still they fell short of City Bank as they maintained an impressive more than 50% ratio. Surprisingly all 4 banks are having improvement in this particular segment.

Loan to Asset Ratio:

| Loan to Asset Ratio | 2022 | 2021 | 2020 | 2019 | 2018 |
|---------------------|--------|--------|--------|--------|--------|
| Modhumoti Bank | 61.63% | 52.59% | 52.21% | 59.76% | 68.82% |
| Bank Asia | 59.32% | 59.84% | 59.82% | 64.24% | 69.84% |
| Dhaka Bank | 69.16% | 64.25% | 67.27% | 68.64% | 65.93% |
| City Bank | 70.00% | 68.69% | 70.04% | 69.62% | 71.25% |

Interpretation: The higher this ratio, the higher the risk a bank is exposing themselves as most of their asset is invested in loans. Modhumoti Bank has a huge 8.37% less ratio than City Bank in this aspect. It does not sound that much but in a broader sense where millions of BDT and Stockholders priority is the first choice Modhumoti Bank is doing a really good job but Bank Asia had a far better year than Modhumoti Bank where Dhaka Bank performed quite similar to the City Bank.

NPL Ratio:

| NPL Ratio | 2022 | 2021 | 2020 | 2019 | 2018 |
|----------------|-------|-------|-------|-------|-------|
| Modhumoti Bank | 1.70% | 2.84% | 1.22% | 2.53% | 1.83% |
| Bank Asia | 4.87% | 5.14% | 3.24% | 4.61% | 4.10% |
| Dhaka Bank | 5.08% | 3.32% | 3.13% | 4.74% | 4.99% |
| City Bank | 3.90% | 4.90% | 4.00% | 5.80% | 5.30% |

Interpretation: NPL means non-performing loans. Now when you are in banking sectors where the biggest earning source for any organization is loans, non-performing loans can be the biggest nightmare. Modhumoti Bank got near to zero about 1.7% NPL where City Bank got about 4%. In recent years we have seen few of the banks in our country got astronomical 40-45% NPL ratio which led them to go bankrupt but for the case of all 4 of these banks they are doing a really good job but Modhumoti Bank is in a better position here.

3.6 Findings:

After completing my three months internship program in Modhumoti Bank and researching about the financial values of the organization I came across some issues and problems faced by the stakeholders and clients

The findings are discussed below:

- Debt to equity ratio is high as it will lead to a condition where stakeholders will suffer the most during the time of bankruptcy.
- As the loan to asset ratio is high, the bank is exposing itself to more risk.
- Equity multiplier is high which puts the stakeholder in a risky situation.
- Modhumoti bank should upgrade their overall hardware completely. Computers from 2013 do not work in the current fast paced banking procedures of 2023.
- A shortage of employee makes the whole banking procedures very difficult.
- From Comparative analysis I have found that both of the banks are in a shaky position but compared between each other, Modhumoti Bank came at the top of City Bank. This is really concerning for overall banking sector of Bangladesh as the top performing banks are in a condition like this the whole financial market of our country could be entering an unending void of uncertainty.

3.7 Recommendations:

- Modhumoti Bank should improve their Interest coverage ratio to pay off their outstanding debt.
- Improve their equity multiplier which will attract more stakeholders and current stakeholders and
- Improve the technological stuff needed for running the bank smoothly like upgrading their computers and servers.
- Hire more employees to conduct the operations related to Credit, foreign trade, cash and general banking more smoothly.
- Encourage employees to maintain a better work-life balance.

- Loyal customers should be treated in a better way.

3.8 Conclusion:

The market success and profitability of any bank hinge significantly on the structured functioning of its major departments. Modhumoti Bank Limited, a top-tier institution in Bangladesh, places a paramount emphasis on effective internal operations to uphold its financial standing. Recognized for its excellence, particularly in commercial criteria according to the CAMEL rating, the bank's General Banking and Credit department play pivotal roles in contributing to its overall revenue. These core units collaboratively engage in attracting new customers and delivering superior service to existing ones.

To strengthen its position further, Modhumoti Bank Limited should concentrate on enhancing its General Banking department to attract a broader customer base. The Credit and Foreign Exchange departments need to foster a more collaborative working environment, encouraging sincere efforts from relationship managers. Internal coordination among these departments is crucial, given that the overall performance relies on their collective functionality. Furthermore, all three departments should adopt a more customer-centric approach.

Despite these efforts, Modhumoti Bank is not allocating a substantial portion of its earnings for financial requirements, potentially leading to lower dividend payouts in the future. The bank is advised to maintain dividend levels even amid profit variations. Additionally, a more conservative approach to debt financing is recommended to mitigate risk. Loans should be strategically distributed to play a significant role in the country's economic development. In the Foreign Exchange department, the implementation of training programs is necessary to keep users informed about system changes and gather feedback for online upgrades.

In the competitive landscape, Modhumoti Bank Limited not only contends with other commercial sectors but also competes with public sectors, making positive contributions to Bangladesh's economic development. The bank excels in handling large-scale export-import operations, maintaining strong client relationships, and meeting tight schedules for reporting trade finance

data to Bangladesh Bank. To sustain and further improve its financial performance, Modhumoti Bank must possess a comprehensive understanding of its strengths and changing payment patterns. This holistic approach ensures the bank's continued positive impact on the economic development of Bangladesh.

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