

Report On

**Financial Performance Analysis of Mutual Trust Bank PLC: A
Study on Performance Analysis of Mutual Trust Bank PLC**

By
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An internship report submitted to the BRAC Business School in partial fulfillment
of the requirements for the degree of Masters of Business Administration

BRAC Business School
BRAC University
5th February 2024

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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.

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Letter of Transmittal

Dr. Suman Paul Chowdhury
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Subject: Internship Report on Mutual Trust Bank PLC.

Dear Sir,

I am delighted to present my internship report on the Financial Performance Analysis of Mutual Trust Bank PLC. This report was required as part of my MBA program. During my internship, I gained valuable information about my department and various theories that were relevant to my professional obligations. This resulted in an engaging learning experience, and I believe that the report is informative, useful, and engaging.

I put in my best efforts to create an effective and credible report that offers a comprehensive overview of the company's performance. Your feedback on the report is highly appreciated as it will help me expand my expertise and learn new things.

Therefore, I would like to submit the report for your review and constructive suggestions. I am extremely grateful to you for your precious time and assistance in selecting the internship report topic.

Sincerely yours,

Fatematuz Zohra
Student ID-21364050
BRAC Business School
BRAC University
5th January, 2024

Non-Disclosure Agreement

I am delighted to present my internship report on the Financial Performance Analysis of Mutual Trust Bank PLC. I assure you that this report does not contain any confidential information that could harm the bank's reputation or relationship with BRAC University. To ensure that the information in this report remains confidential, I, **Fatematuz Zohra**, have signed a Non-Disclosure Agreement with Mutual Trust Bank PLC. I have also stored this report on the BRAC University Library Server. I guarantee that this report will not have any negative impact on Mutual Trust Bank PLC's competitive advantage or brand equity.

This agreement is made and entered into by and between and the undersigned student at BRAC University and **Fatematuz Zohra**.....

Acknowledgement

I had a positive experience working at Mutual Trust Bank PLC, overcoming challenges with the help of others. I would like to express my gratitude to God and Dr. Suman Paul Chowdhury, Associate Professor at BRAC Business School, BRAC University, for his excellent support throughout the internship report process. I am grateful that I learn a lot from him and are grateful for the assistance they received.

My internship with Mutual Trust Bank PLC, a well-known bank in Bangladesh, was an amazing experience. I consider myself lucky to have been a part of it. I would like to thank Muhammad Amzad Hossain, my Manager at Mutual Trust Bank PLC, for guiding and assisting me in completing my tasks. He helped me in discussing important decision-making scenarios and provided valuable insights for my report.

Executive Summary

Mutual Trust Bank PLC is a renowned banking institution that offers a diverse range of business transactions to cater to its customers' needs. In this report, I will discuss performance analysis of Mutual Trust Bank PLC. MTB's generate revenue primarily from interest income, which is offset by associated expenses, as they offer loan products or deposit instruments instead of tangible goods, which sets them apart from manufacturing firms.

At first, I will cover my experience as a Mutual Trust Bank intern in Chapter 1. Then, I will describe the organization's mission, vision, business types, management and marketing strategies, SWOT analysis, and other relevant factors in chapter 2. The last chapter will include a literature review and a detailed survey to support the report's issue using specific methodologies. Also, this part concludes and makes suggestions based on examination of two components.

Keywords: Performance Analysis, SWOT analysis, Forecasting profit.

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List of Acronyms

MBA- Masters of Business Administration

MTBL- Mutual Trust Bank Ltd.

ROA- Return on Asset

ROI- Return on Investment

DBBL- Datch Bangla Bank Ltd.

Chapter 1: About the Internship at Mutual Trust

Bank PLC

1.1 Information About Internee

Name: Fatematz Zohra

ID: 21364050

Department: Masters of Business Administration (MBA)

Major: Finance

1.2 Information About the Internship

1.2.1 Details About Organization

Name of the Bank: Mutual Trust Bank PLC.

Branch Name: Alimuddin Sarak Sub Branch

Address: Alimuddin Sarak, Beside Registree Office, Feni Sadar, Feni, Bangladesh.

Internship Period: 3 Months

1.2.2 Details About the Supervisor

Bank's Supervisor Name: Muhammad Amzad Hossain

Designation: Manager

Division: Finance

1.2.3 Job Responsibilities

I worked as a front-line employee in a general banking function under my manager's supervision. In this capacity, I learnt about the front desk's tasks and witnessed my teammates in action. My key responsibilities include responding to client inquiries, aiding them with account opening, and supporting my supervisor in writing and printing Pay Orders. In addition, I collect and distribute checkbooks and help customers fill out FDR and credit card

paperwork. I am in charge of keeping files and records in order, as well as updating numerous registered books. I also follow process when drafting loan agreements and having them evaluated by the legal department. My job entails collecting documentation from clients for bank loans and data on profitability.

1.3 Outcome of Internship

1.3.1 Student's Contribution to The Company

I started working as an intern at Mutual Trust Bank PLC on November 7, 2023. My departmental leader gave me a brief orientation, and during the first month of my internship, I learned more about my work responsibilities and the organization. The management was quite helpful in introducing me to corporate representative. The department manager provided detailed information about the department, and with the help of coworkers, I completed assignments and handled client queries with patience.

1.3.2 Benefits to the Student

Mutual Trust Bank (MTB) offers an internship program for students to gain experience in a reputable bank. The program provides a spacious workspace, green space, and specific areas for activities. The intern gained real-life work experience, insights from the managing director, and learned Excel skills through profitability analysis. Promptness and prioritizing timely completion are important values at MTB, which helped improve personal life and personal growth.

1.3.3 Limitations of the Internship

During my internship at Mutual Trust Bank, I faced challenges such as adjusting to the business environment, integrating with colleagues, and balancing job responsibilities due to the brief orientation provided. Due to privacy concerns, I had limited access to the bank's software used for major activities, which was a significant hurdle for me. Additionally, there were no other interns, so everyone had high expectations for me. I was under continual pressure to complete tasks on time and with precision.

1.4 Conclusion

In a Nutshell, during my internship at Mutual Trust Bank, I gained valuable experience and knowledge. I had the opportunity to work with supportive supervisors, line managers, and top leaders. Applying theoretical strategies to various types of workers was one of the key takeaways from my internship.

1.5 Recommendation

I had a fantastic internship experience with Mutual Trust Bank PLC. Although internships offer many benefits, there is still room for improvement. Below are some recommendations:

- 1) They do not provide any compensation for interns, so it would be beneficial to offer some remuneration to motivate future interns.
- 2) Hiring interns from different departments can diversify the workplace.
- 3) Organizing field visits for interns can provide them with valuable experience for future learning.

Chapter 2: Organization Part

2.1 Introduction

Internship program from MTBP. provides me with both theoretical and practical knowledge in a real-world banking environment. Also, Interning at Mutual Trust Bank (MTB) PLC has allowed me to gain valuable real-world experience. My research paper focuses on the financial performance of MTBP. I analyzed its financial performance over a three-year period using various ratios. I learned about several types of account openings during this time. Throughout my internship at the Alimuddin branch of Mutual Trust Bank Limited, I worked in three different divisions. For the first two months, I worked in the General Banking Department, followed by the Loan Department and Student Banking for the last month. For the first two months, I collaborated with people from all areas of the General Department. As a result, I've worked across the department. Every employee of Mutual Trust Bank PLC is treated with dignity and I was never treated as a visitor during my internship.

2.2 Overview of the Mutual Trust Bank PLC

2.2.1 About Mutual Trust Bank PLC

Mutual Trust Bank PLC is a leading private commercial bank in Bangladesh, known for its exceptional service, profitability, and strength. Established in 1999, it has set new standards for financing in the Industrial, Trade, and Foreign Exchange Business sectors. With a diverse range of deposit and credit products, it attracts both corporate and individual clients. MTBP operates according to global standards and is a modern bank recognized for its contributions to the growth of the public sector. Founded under the Company Act of 1994, the bank has a current authorized share capital of BDT. 10,000,000,000, divided into 1,000,000,000 ordinary shares of BDT. 10 each. The bank recommends a 10% stock dividend to its shareholders.

2.2.2 Vision of the Mutual Trust Bank PLC

The idea behind Mutual Trust Bank's vision is called MTBP:

- 1) To rank among Bangladesh's best-performing banks.
- 2) To be the preferred bank among customers.
- 3) To become a premier bank globally.

2.2.3 Mission of the Mutual Trust Bank PLC

“Our goal is to become the most admired financial institution in the country, known for our innovative, creative, and client-centric approach to offering a diverse range of products and services.” (MTB, 2020).

2.2.4 Core Values of Mutual Trust Bank PLC

“Our Commitments:

- Our goal is to create long-term economic benefits for our shareholders by utilizing an honest and efficient business model.
- We are committed to contributing to society by creating job opportunities, supporting community initiatives and activities, and acting responsibly as a corporate citizen.
- We provide cutting-edge services to our clients by delivering a diverse range of products and striving to meet their banking needs to the best of our ability.
- We rely on the intrinsic qualities of each employee and value our relationship as members of this distinguished financial organization. We collaborate to recognize and reward everyone's unique backgrounds, perspectives, abilities, and talents at work, regardless of job title.

- We prioritize the importance of mutual trust, which is fostered through transparent and honest communication between all parties involved (MTB, 2020).”

2.2.5 Number of Branches and ATMs of Mutual Trust Bank PLC

A well-known public commercial bank in Bangladesh, Mutual Trust Bank PLC operates a vast network that includes 115 branches and SME centers, 8 sub-branch locations, 262 ATM booths, and more than 500 point-of-sale (POS) terminals. The bank plans to serve key commercial districts in Dhaka, Chittagong, Sylhet, and other parts of the nation by further expanding its branch network.

2.2.6 Strategic Approach of Mutual Trust Bank PLC

Our company provides support for Core Banking Software (CBS), focuses on smart banking through enhanced digital customer care, offers new and improved products and services, and collaborates with Fintech providers.

2.2.7 Products and Services of Mutual Trust Bank PLC

Mutual Trust Bank PLC aims to expand its services and cater to all segments of society. The bank offers a range of services to businesses of all sizes, including small, medium, and large corporations. Individuals with limited funds can also benefit from various deposit and savings plans. There are different types of products and services, these are:

1) Fixed Deposits: Mutual Trust Bank PLC offers competitive fixed deposit rates for three, six, and twelve-month periods.

2) Deposit Schemes: There are several deposit scheme options available that are beneficial for lower-middle and medium-class consumers. These schemes involve a monthly deposit

arrangement, where anyone can make a monthly deposit. At the end of the deposit period, the depositor will receive a sum of money with a higher interest rate.

3) Islamic Banking: Mutual Trust Bank PLC has an Islamic banking arm that operates in compliance with Shariah principles, in addition to its conventional banking services. The bank established its first Islamic banking unit at the Nayabazar branch in Dhaka in 2003. Since then, the bank has been fully committed to adhering to all Shariah standards when providing services to its customers. The Shariah committee, consisting of experienced Islamic bankers and prominent Islamic scholars, ensures that the bank is in compliance with all Shariah regulations. The Islamic banking branches of Mutual Trust Bank Ltd. accept deposits based on two principles: the Al-Wadeeah and Mudaraba principles.

4) SME Banking: Mutual Trust Bank PLC offers various SME banking solutions to meet the requirements of those at the bottom of the pyramid. This has led to increased savings in other schemes.

2.2.8 Milestones of Mutual Trust Bank PLC

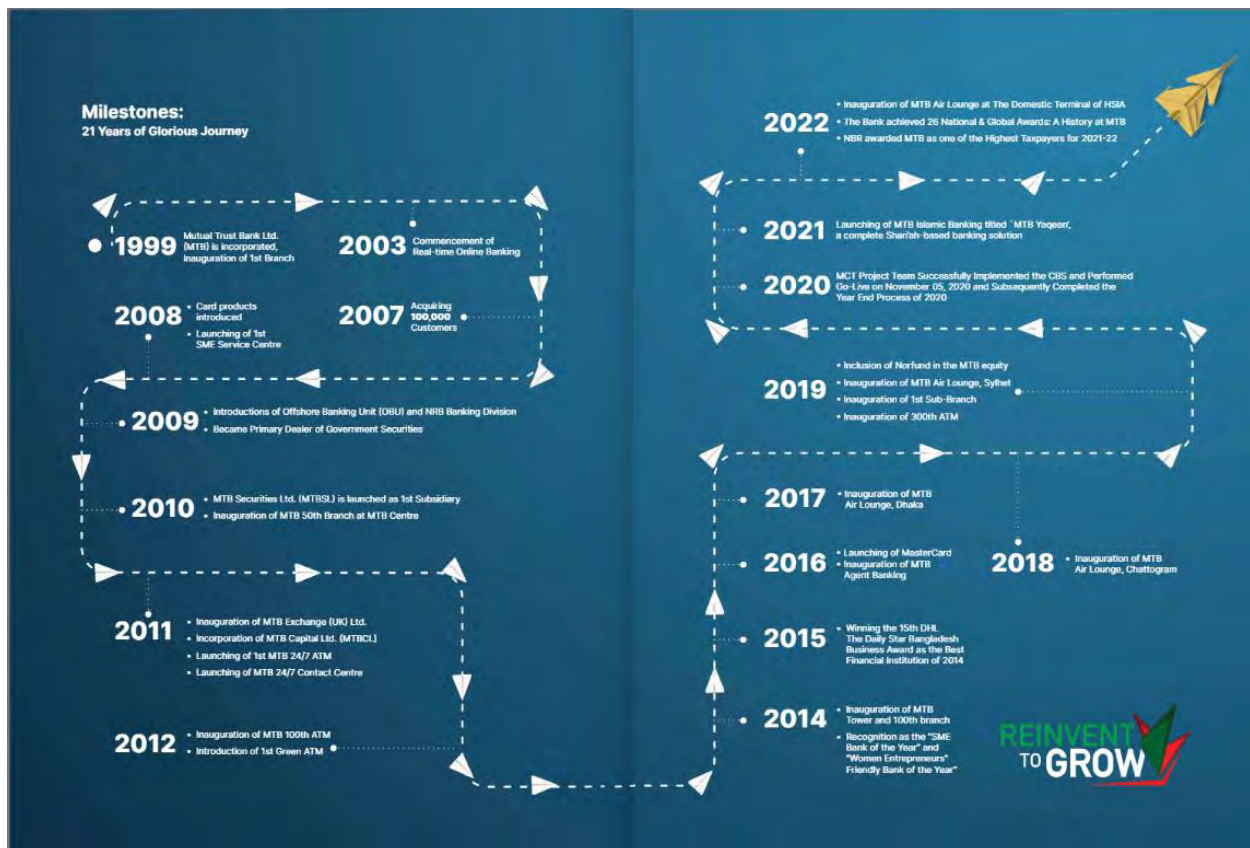


Figure 1: Milestones of the Mutual Trust Bank

2.3 Management Practices of the Mutual Trust Bank PLC

2.3.1 Management Committee at MTB

With representation from the three main companies, the board of 13 people oversees the management of the bank. As its top executive, the managing director is in charge. Foreign exchange transactions and financial services are only two of the many commercial banking operations in which the bank is engaged (“Annual Report, 2020”).

2.3.2 Corporate Governance

MTB is dedicated to upholding strict corporate governance guidelines above and above what is required by law and regulation. They strive to build and keep the trust of our shareholders by adhering to best practices in corporate governance.

Every year, MTB obtain a certificate from a practicing Professional Accountant or Secretary (such as a Chartered Accountant, Cost and Management Accountant, or Chartered Secretary), who is not affiliated with our statutory auditors or audit firm, to ensure that we comply with the Commission's Corporate Governance Code. This certificate is then included in our Annual Report. The shareholders are responsible for selecting the expert who will certify our conformity with the Corporate Governance Code during the Annual General Meeting ("Certificate on Corporate Governance," 2022).

2.3.3 Organogram of the Mutual Trust Bank

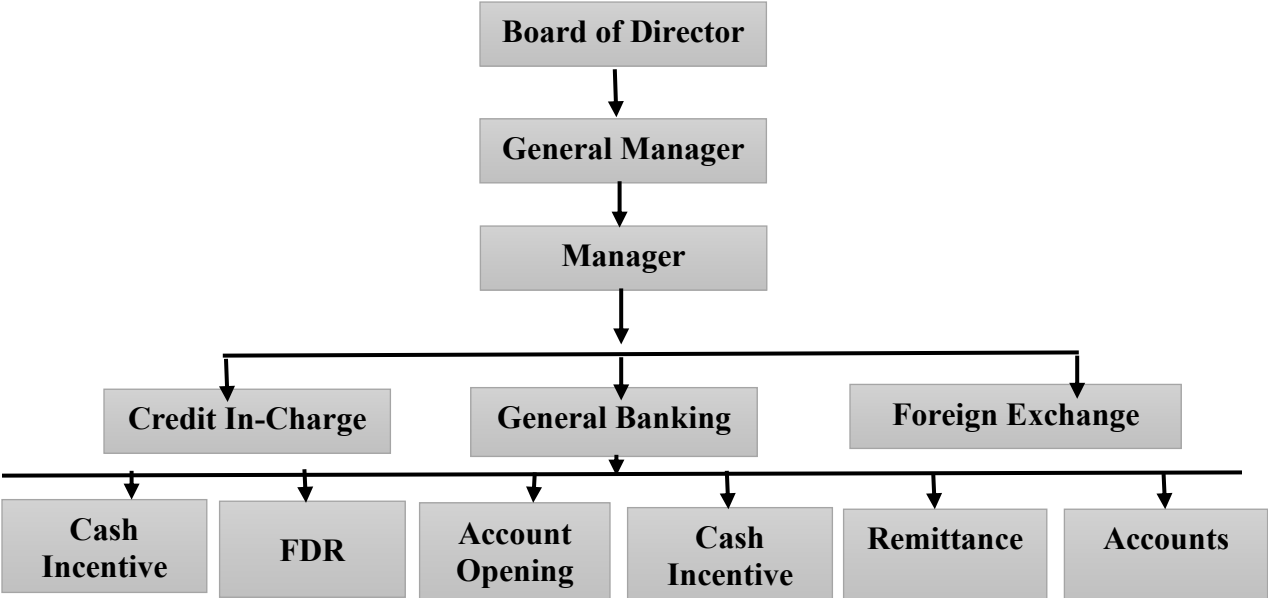


Figure 2: Organogram of the Mutual Trust Bank PLC

2.4 Marketing Practices of Mutual Trust Bank PLC

The marketing department of MTB is often referred to as the company's mother department. MTB uses a variety of marketing techniques to introduce new product categories and styles, and promote its products in unique ways. Building a strong brand image and digital marketing platform that engages customers is crucial in the MTB marketing strategy. This affects how customers perceive the brand and may influence their purchasing decisions. MTB advertises a wide selection of related items, offers new products with extensive promotions, and manages social media marketing. Additionally, they have sales agents and officers who work to maintain customer relationships.

There are some marketing strategies followed by MTB:

- Free gifts are available for opening a checking account.
- Cash incentives are offered to those who open a new account.
- Tiered rates are offered based on larger deposit amounts.
- Referral bonuses are available for enrolling friends.
- New consumers can receive entirely free checks, with an up-selling plan in place.
- High-interest checking products are provided.
- Checking accounts with higher interest rates are available based on how long the account has been open.
- Personal financial management solutions may be offered to deposit clients to increase customer loyalty, boost share of wallet, and gain important customer insights.
- Bank mergers and acquisitions may focus on deposits (Reilly, 2023).

2.5 Financial and Accounting Practices of Mutual Trust Bank PLC

2.5.1 Accounting Policy and Implementation of IAS/IFRS

The board of directors oversees the preparation and presentation of a bank's annual financial statements, ensuring good governance standards. These statements include the balance sheet, profit and loss account, cash flow statement, statement of equity changes, and IFRS notes. The cash flow statement uses the indirect method, in accordance with Bangladesh Accounting Standard No. 7, and the falling balance technique charges fixed asset depreciation, as outlined in BAS-16 "Property, Plant, and Equipment."

2.5.2 Dividend Distribution Policy at MTB

Mutual Trust Bank PLC has a Dividend Distribution Policy that takes into account the long, medium, and short-term impacts on shareholder value, stock price, and local regulations. The bank prioritizes the following key areas:

- i) Capital Adequacy: Stock dividends increase the bank's capital base and enhance its capabilities. MTB focuses on improving its capital base.
- ii) Retained Earnings (RE): The reserve is used to improve the bank's capital adequacy ratio and balance sheet expansion, as well as for other reasons decided by the Board of Directors to benefit the bank and its stakeholders.
- iii) Liquidity: Stock dividends are a dependable source of funds and a possible source of liquidity.
- iv) Growth of EPS: To maintain consistent EPS growth, the bank will balance stock issue and cash distributions. Dividends increase share count, which reduces EPS growth potential. These factors will be taken into account when deciding dividend declarations.
- v) Expectations of Shareholders: Cash payouts are generally preferred over equity dividends. Cash

dividends are more profitable than stock dividends when the market value and face value of the shares are comparable or nearby. The bank will declare dividends based on its capital needs and regulatory restrictions.

2.5.3 MTB Green Financial Services

MTB, a Bangladeshi business organization, is dedicated to promoting sustainable energy finance through its MTB Green Energy Loan product. This environmentally friendly Green Credit enables consumers to establish renewable energy projects, thereby reducing the country's carbon footprint.

2.6 Operations Management at Mutual Trust Bank PLC

The method a bank uses to identify, assess, and mitigate the risk of an unfavorable result from its operational or investment decisions is known as banking risk management. This is particularly relevant to banking as banks produce and oversee other people's money.



Figure 3: Risk Management Process of Mutual Trust Bank PLC

Operational risk management is the danger that arises from the way a bank operates on a daily basis. For instance, if employees are not adequately trained, they may make more mistakes that can cost the IFIC bank time and money to fix. Similarly, if the bank's IT infrastructure is insufficient, systems may fail, causing disruptions to client services.

Cybersecurity risk is one of the components of operational risk, which refers to the likelihood that hackers will successfully attack a bank's digital systems. The loss or destruction of digital assets or sensitive information can severely impact a bank's ability to operate efficiently. It may also pose a risk to customers and stakeholders.

Customers desire faster and more accessible methods to bank, thus the future of risk management in IFIC banking will most certainly migrate to digital areas ("RISK AND COMPLIANCE OPERATIONS," 2023).

2.7 Industry and Competitive Analysis of Mutual Trust Bank PLC

2.7.1 SWOT Analysis

SWOT analysis is a highly effective method for assessing the strengths, weaknesses, opportunities, and threats of a company. Conducting a negative SWOT analysis can help identify various problems that a firm might be experiencing. When performing a SWOT analysis for a bank, both internal and external factors are taken into consideration. While external factors might be beyond the bank's control, the management team of the bank can identify and manage internal factors. In the highly competitive banking sector, it is essential to evaluate the bank's performance and keep an eye on the macro environment. SWOT analysis of Mutual Trust Bank PLC. is given in below:

Strength

- Our senior management officials are some of the most educated and experienced bank employees in the nation.
- We provide quick and efficient services while offering proper recommendations to our clients whenever they require assistance.
- Certain amenities are exclusively available to army personnel.

- Our well-decorated branches are designed to capture the attention of potential clients, which is one of our positioning techniques.

Weakness

- Sometimes, they provide only a few traditional services.
- The younger staff members are not IT industry experts, which can sometimes cause delays for customers.
- Another issue with MTBP is its advertising. People are not familiar with the bank because it has a very limited media presence.

Opportunity

- The company can create a product line that is environmentally friendly and produces less waste, which will enhance its reputation among customers.
- Simplifying the account opening process can make it easier for customers to sign up.
- The company can improve its marketing strategy to reach customers who are illiterate.

Threats

- Junior officers are not adequately taught, which will disappoint consumers.
- Illiterate clients are irritated by their difficult customer service compared to others.

2.8 Conclusion

It is my pleasure to have gained practical experience as an intern at Mutual Trust Bank PLC. The internship program is a crucial component of MBA students. The main goal of my report was to provide an overview of MTBP's lending services and credit management to its valued clients. Although I didn't have enough time to master the entire technique, I gained valuable knowledge in

banking management. Skilled people are essential for an organization's long-term performance, and this internship experience has significantly broadened my knowledge and abilities, making me more persevering and devoted in my attempts. Prior to starting a career after graduation, internship experience is essential since it offers real-world exposure that strengthens and develops our inner skills in a more optimal way. The experience I had at MTB will undoubtedly be very helpful for my future professional endeavors. In the job, I have also gained practical skills and successfully applied my theoretical knowledge to the business.

2.9 Recommendations

- 1) Customers are not fully aware of the many items that MTBP should be concerned about.
- 2) The complaint handling mechanism is not particularly good. Customers can place their complaint letters in a box set up by the bank. Finally, they need to open the box, screen the letter, and attempt to resolve the issue or submit it to the appropriate management or departments.
- 3) The bank shows little regard for publicity and advertising. As a result, the majority of clients are uninformed of the bank's various lending programs.

Chapter 3: Financial Performance Analysis of Mutual Trust Bank PLC

3.1 Introduction

The verb "performed," which meaning "to do," "to carry out," or "to render," is the root of the word "performance." Establishments and organizations are viewed by many economists as key players in the advancement of the economy, society, and politics. Although its usefulness as an indicator is debatable, bank financial performance is one of the most crucial parts of management research. After money was introduced, some people were more concerned about the safety of their money, while others were interested in its origins. The importance of a bank can truly be understood when one has to juggle multiple tasks, as is the case with this job. Despite studying business at an academic institution, we lack real-world experience with banks and their internal workings. The internship program offers me the opportunity to gain both theoretical and practical knowledge by participating in a genuine banking environment. The financial performance of influential sub-branch enterprises is also critical.

3.2 Literature Review

Financial performance analysis involves the multidimensional evaluation of a company's financial performance. This involves the assessment of financial records, statements, tools, and processes (Pandey, 2024). Performance management is a systematic process that aims to improve organizational performance by focusing on the development of individual and team performance. It involves analyzing and controlling performance within an agreed-upon framework of planned objectives, standards, and competency criteria to enhance results from organizations, teams, and individuals. This definition was given by Armstrong and Baron in 1998 (Armstrong and Baron, 1998). Financial performance refers to a company's collection and deployment of financing during a certain time, including capital adequacy, liquidity, solvency, efficiency, leverage, and profitability. Financial performance refers to the company's capacity to manage and govern its

resources. Corporate managers can use cash flow, balance sheet, profit-loss, and capital change data to make informed decisions. Understanding basic and technical analysis, as well as finance, is crucial for understanding a company's financial behavior. This includes economics, financial management, and accounting (Van Horne, 2011).

3.3. Objectives of the Report

Financial performance analysis is a process that involves examining financial data, policies, and corporate operations. It is an essential practice in the corporate world. Financial performance analysis aims to achieve several objectives such as evaluating the company's working capital, which is the difference between its current assets and liabilities. Additionally, the analysis looks at the company's financial structure, which comprises equity and other assets. Other important aspects covered in financial performance analysis include costing, pricing, accounting, and other business responsibilities. Through this internship report, I will analyze the financial performance of Mutual Trust Bank and interpret its performance. The main objectives of this reports are:

- The primary objective of financial performance analysis is to bring about long-term structural changes that will benefit the organization over time.
- A comprehensive analysis of financial performance can act as a catalyst for change within an organization, motivating the stakeholders to improve their performance.
- This analysis can provide firms with a competitive edge by identifying areas of improvement and exposing bottlenecks and hurdles that may be hindering growth.
- Established firms often conduct financial performance evaluations to ensure they are meeting their objectives and to make necessary adjustments.

3.4 Methodology of the Report

Analyzing a company's financial performance is essential to determine its well-being. This assessment is done by studying financial statements and performance, which requires a thorough understanding of financial principles. The study heavily relies on data analysis and collection to provide a comprehensive overview using both qualitative and quantitative methods. This improves the clarity and comprehension of the report. To gather data, this study relied on two sources, primary and secondary sources:

Primary Sources: This report's major source of information is my observation. Direct inquiry and conversation with my supervisors, as well as real-world experience obtained at the Mutual Trust Bank branch.

Secondary Sources: For this report, internet Articles and Journals were used to gather data, along with online resources for literature review. Financial and topical information was obtained from Mutual Trust Bank's annual reports and Websites of Mutual Trust Bank.

3.5 Findings and Analysis

3.5.1 Current Ratio of MTBP

This ratio shows how many times current assets exceed current liabilities. The highest current ratio is ideal. The table below shows the current ratios of various banks over different years.

Current Ratio of MTBP = Current Assets of MTBP / Current Liabilities of MTBP.

Years	Current Assets (In Billion)	Current Liabilities (In Billion)	Ratio
2022	353.64	330.05	1.07

2021	306.50	285.58	1.07
2020	267.91	252.26	1.06

Table 1: Current Ratio of MTBP

Interpretations: MBT's total liabilities increased by 14.40% from BDT. 267.91 billion in 2020 to BDT. 306.50 billion in 2021 and 15.38% in 2022, primarily due to increased deposits, obligations, and borrowings. The bank successfully marketed loans and advances by introducing new products. In 2022, the bank's consolidated assets were BDT. 267.91 billion, compared to BDT. 306.50 billion in 2021, and total assets increased to BDT. 350.96 billion, a 15.16% increase. Despite having higher current assets, it does not necessarily benefit a corporation as they can invest their assets to generate better returns.

3.5.2 Loans to Deposit Ratio of MTBP

The loan-to-deposit ratio is an important metric for determining a bank's liquidity. A low ratio may indicate that the bank has excess liquidity, but it may also mean lower earnings compared to other banks. On the other hand, a high ratio may require the bank to sell certain loans at a loss in order to cover depositor claims.

$$\text{Loan to Deposit Ratio} = \text{Total Amount of Loans} / \text{Total amount of Deposits}$$

Years	Total Amount of Loans (in Billion)	Total amount of Deposits (in Billion)	Ratio
2022	332.31	232.66	1.42
2021	286.85	211.78	1.35
2020	252.26	190.12	1.33

Table 2: Loan to Deposit Ratio of MTBP

Interpretations: The loan-to-deposit ratio (LDR) measures a bank's liquidity by comparing total loans to total deposits over a certain period. The LDR is stated in percentages. A high ratio indicates a bank's insufficient liquidity to meet unexpected funding needs.

3.5.4 Return on Asset (ROA) of MTBP

Return on Assets (ROA) = Net Income of MTB / Total Assets of MTB

Years	Net Income of MTB	Total Assets of MTB	Ratio
2022	7.80	353.64	0.022
2021	5.74	306.50	0.019
2020	3.94	269.26	0.015

Table 3: Return of Assets (ROA) for the year of 2020,2021 and 2022

In 2020, the Return on Asset (ROA) was 0.015, suggesting that the bank's assets produced sufficient earnings that year. The bank's ROA increased to 0.019 in 2021, indicating higher asset contribution to earnings due to higher revenue or better spending control. In 2022, the ROA reached 0.022, indicating the bank is actively improving asset usage efficiency and potentially devising strategies to maximize profits on its assets.

3.5.5 Return on Equity (ROE) of MTBP

Return on Assets (ROE) = Net Income of MTBP / Total Equity of MTBP

Years	Net Income of MTB	Total Equity of MTB	Ratio
2022	7.80	249.49	0.03
2021	5.74	196.54	0.29
2020	3.94	170.11	0.23

Table 4: Return on Equity of the Year 2020, 2021,2022

The bank's return on investment (ROI) in 2020 was 0.23, indicating a good return on investment. In 2021, it increased to 0.33, possibly due to better cost management or increased asset income. However, in 2022, the ROI fell by 0.03, indicating a decline in efficiency in generating profits and boosting shareholder value. Understanding the factors contributing to this decline is crucial.

3.5.6 DuPont Analysis of MTBP

DuPont analysis is a method used to assess return on equity (ROE) sources, aiding investors in identifying financial strengths and weaknesses. It measures operating efficiency, asset utilization efficiency, and financial leverage, with operating efficiency measured by net profit margin and asset turnover ratio.



Figure 4: Five Factors Analysis

Details	2022	2021	2020
Return on Equity (ROE)	11.56%	16.22%	5.83%
Net Profit Margin	8.37%	13.75%	4.49%
Contribution on Net Profit Margin:			
a) Operating Profit Margin	14.71%	23.22%	9.72%
b) Non-operating Items	16.16%	9.82%	7.82%

c) Tax Effect	3.04%	2.62%	3.97%
Asset Turnover (times)	0.056	0.049	0.054
Financial Leverage (times)	16.11	15.70	15.80

Table 5: DuPont Analysis Table of MTBP

DuPont's net profit margin decreased to 8.37% in 2022 from 13.75% in 2021, with a negative increase in net interest income. Operating profit margin decreased to 14.71% due to a 32.71% decrease in net interest income. Non-operating components experienced a rise in loan loss and provisions from 9.82% to 16.16% due to a 115.57% provision increase. Tax Effect increased to 3.04% from 2.62% in 2021. Asset utilization efficiency was higher than the previous year due to repricing loans and advances. Financial leverage increased to 16.11 from 15.70, despite lower average asset growth.

3.5.7 Earning Per Share (EPS) of MTBP

Year	2023	2022
EPS	2.65	3.66

Table 6: Earning Per Share (EPS)

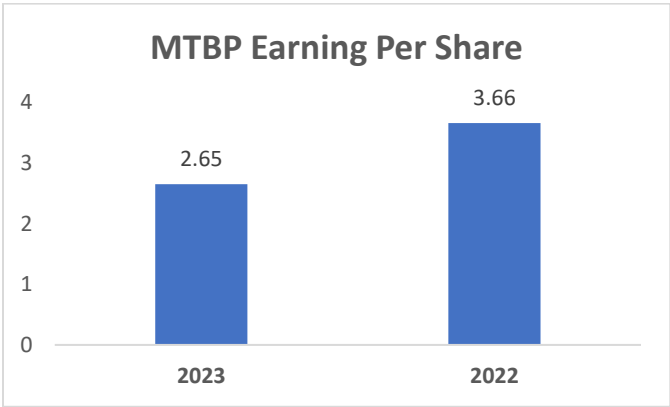


Figure 5: Earnings per Share

Earnings per share (EPS) is a market potential ratio that determines the net income earned for each outstanding share of stock. It is calculated by subtracting preferred dividends from net income and dividing by the weighted average number of outstanding common shares. Higher EPSs are preferred as they demonstrate a bank's profitability and ability to produce profits to shareholders. Mutual Trust Bank's positive EPS in 2022 and 2023 were Tk. 1.31 and Tk. 2.65, respectively. MTB's EPS for 2022 and 2023 were Tk. 1.31 and Tk. 2.65, respectively. MTB's status suggests promising future growth, with an increase in EPS in 2022 due to an increase in net profit after tax.

3.5.8 Sustainable Growth Rate (SGR) of MTBP

The Sustainable Growth Rate (SGR) is the maximum rate of development that a business may achieve without using more stock or debt. The SGR aims to extend transactions and generate money without increasing financial debt. Accomplishing the SGR can help a firm avoid overleverage and financial trouble.

$$\text{SGR} = (\text{Return on Equity} \times \text{Retention Rate}) / (1 - (\text{Return on Equity} \times \text{Retention Rate}))$$

$$\text{Retention Rate (RR)} = (\text{NPAT} - \text{Dividends paid}) / \text{NPAT}$$

$$\text{Return on Equity} = \text{NPAT} / \text{Shareholder's Equity}$$

Particulars	2022	2021	2020
Total Operating Income	16,102.18	12,804.11	9,987.00
Net Profit After Tax	2,369.16	2,973.20	970.39
Dividend paid	812.50	738.63	703.46
Statutory Reserve, Fund & other dividend	1,219.95	912.07	354.56
Adding to retained earnings	336.72	1,322.50	(87.63)
Total Assets	353,643.68	306,500.93	269,269.26
Total Liabilities	332,312.41	286,846.02	252,257.97
Paid-up Capital	8,937.45	8,124.96	7,386.32
Other Reserves	8,568.22	8,041.07	7,458.59
Retained Earnings	3,825.59	3,488.88	2,166.38
Total Financing	353,643.68	306,500.93	269,269.26
Funds needed	-	-	-
Shareholder's Equity	11.56%	16.22%	5.83%
Sustainable Growth Rate	8.22%	13.88%	1.63%

Figure 6: Calculation of SGR for Mutual Trust Bank Ltd

From the above calculation, there are some results of Sustainable Growth Rate (SGR) for the year of 2020, 2021 and 2022.

Year	2022	2021	2020
SGR	8.22%	13.88%	1.63%

Table 7: Sustainable Growth Rate

3.6 Comparison of the Financial Performance of MTB with Competitive Banks

3.6.1 Current Ratio Compare with Competitive Banks

Name of the Bank	2022	2021	2020
MTBL	1.07	1.07	1.06
DBBL	1.08	1.07	1.05
BRAC Bank	1.11	1.13	1.13

Dhaka Bank	0.75	0.76	0.76
Prime Bank	0.96	1.11	1.20

Table 8: Current Ratio Compare with Competitive Banks

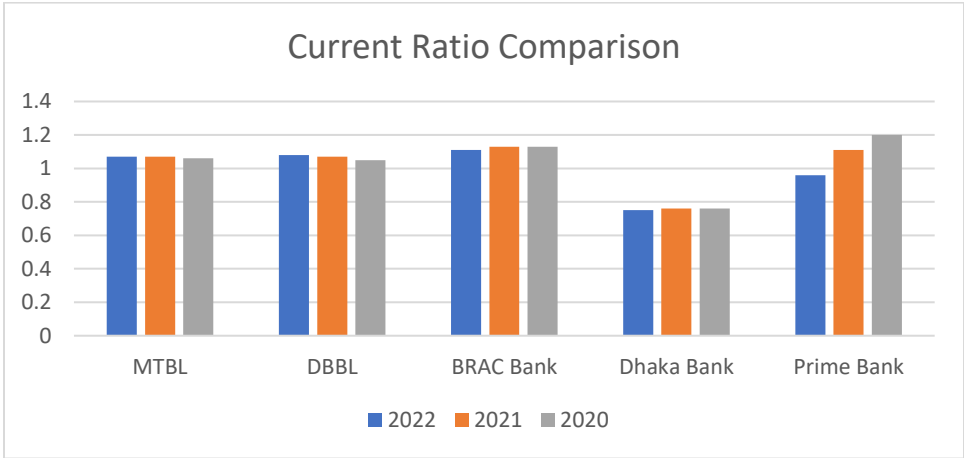


Figure 7: Current Ratio Compare with Competitive Banks

Interpretation: The above table shows noteworthy statistics about their short-term liquidity holdings from 2020 to 2022. MTBL, DBBL, and BRAC bank have demonstrated an overall increased capacity to pay short-term liabilities with current assets, as seen by a constant increasing trend in the current ratio through 2021. However, BRAC Bank, Dhaka Bank, and Prime Bank will all drop by .01%, .01%, and .15% in 2022, respectively. It suggests that the bank is having problems meeting short-term obligations. However, a minor fall in 2022 suggests a reduction in liquidity.

3.6.2 Return on Assets (ROA) Compare with Competitive Banks (Consolidated Ratio)

Name of the Bank	2022	2021	2020
MTBL	0.72	1.03	0.72

DBBL	1.01	1.01	1.03
BRAC Bank	1.14	1.31	1.14
Dhaka Bank	0.70	0.65	0.70
Prime Bank	0.98	0.84	0.54

Table 9: Return on Assets (ROA) Compare with Competitive Banks

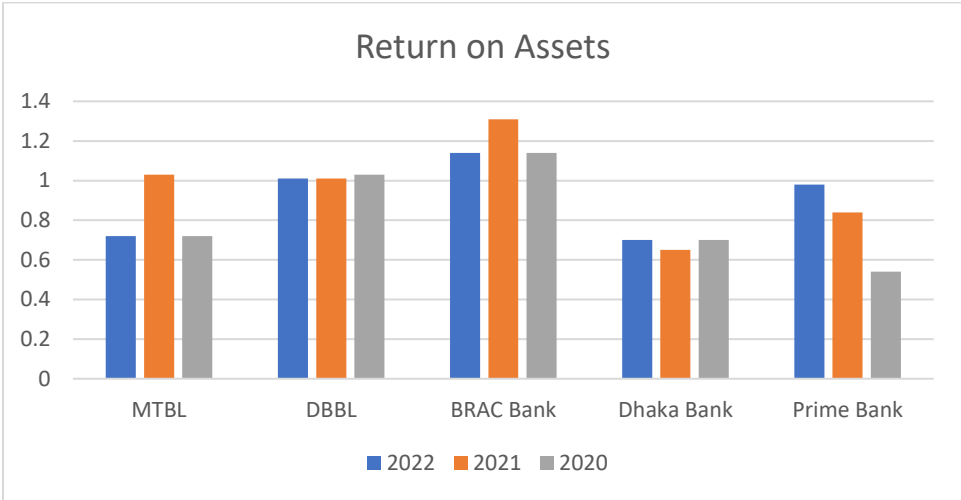


Figure 8: Return on Assets (ROA) Compare with Competitive Banks

Interpretation: The return on assets (ROA) data of MTBL banks and other banks from 2020 to 2022 provides insight into the efficiency with which they generate returns on total assets. All banks indicate that ROA varies over time, indicating higher asset use efficiency. MTBL banks have continuously maintained a positive ROA, which will reach 0.72% in 2022. Overall, MTBL Bank has larger earnings than total assets, indicating effective management and operations. MTBL, while better, had a bigger change in ROA. To fully evaluate their financial performance, a complete investigation of the factor’s influencing ROA is required.

3.6.3 Return on Equity (ROE) Compare with Competitive Banks (Consolidated Ratio)

Name of the Bank	2022	2021	2020
MTBL	11.56	16.22	5.83
DBBL	14.4	16.1	18.4
BRAC Bank	10.22	11.00	10.69
Dhaka Bank	8.18	9.28	11.28
Prime Bank	12.93	10.61	6.31

Table 10: Return on Equity (ROE) Compare with Competitive Banks

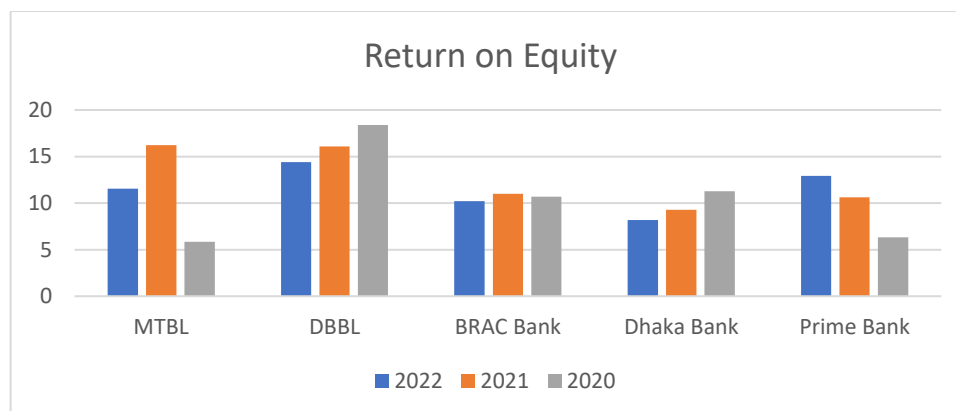


Figure 9: Return on Equity (ROE) Compare with Competitive Banks

Interpretation: Return on equity (ROE) figures for MTBL from 2020 to 2022 demonstrate varying success in optimizing equity for profitability. The MTBL bank has a variable ROE of 11.56% in 2022, indicating overall progress. BRAC Bank, on the other hand, has a reasonably consistent ROE, peaking at 10.22% in 2022 and maintaining between 10% and 11% thereafter. While MTBL banks are on the rise, Dhaka Bank and Prime Bank are experiencing volatility. A thorough examination of the elements influencing ROE, such as net income and equity structure, is required to better understand each individual's financial performance and utilization of

shareholder money. Return on equity (ROE) figures for MTBL and other banks from 2020 to 2022 demonstrate varying success in maximizing equity for profitability.

3.6.4 Net Income Growth of MTBL and Competitive Banks

As per Bank Annual Audit Report, I found some data regarding net income growth of MTBL and Other Bank:

Annual Growth Rate = Net income for current period / Net income for previous period) -1

Name of the Bank	2022	2021	2020
MTBL	-20.32%	26.39%	-27.46%
DBBL	7.98%	8.90%	21.00%
BRAC Bank	10.05%	23.68%	-10.76%
Dhaka Bank	6.24%	36.44%	1.59%
Prime Bank	22.93%	77.78%	37.69%

Table 11: Net Income Growth for the Year 2020 to 2023

Interpretation: The table shows that net income growth is a key indicator of a bank's ability to improve its bottom line. It is influenced by a company's goals and challenges and should be evaluated alongside other metrics like revenue growth, margins, and industry life stage. MTBL's net income fluctuates from 2020 to 2022, with MTB's negative net income growth affecting revenue growth objectives, expenses, and market fit. DBBL, BRAC Bank, DHAKA Bank, and Prime Bank show significant net income growth when combined with absolute revenue growth, resource allocation, and industry life cycle.

3.6.5 Loan-To-Deposit ratio of MTBL with Competitive Banks

The ratio measures a bank's liquidity level. Total deposits comprise savings accounts, demand deposits, term deposits, and deposits with other banks. An optimal loan-to-deposit ratio ranges between 80% and 90%.

Loan to Deposit Ratio = Total Loans / Total Deposits

Name of the Bank	2020	2021	2022
MTBL	1.33	1.35	1.42
BRAC Bank	0.94	1.02	0.92
Dhaka Bank	0.96	0.99	0.98
Prime Bank	0.97	1.09	0.95
DBBL	67.5	71.8	76.5

Table 12: Loan to Deposit Ratio Compare with Competitive Banks

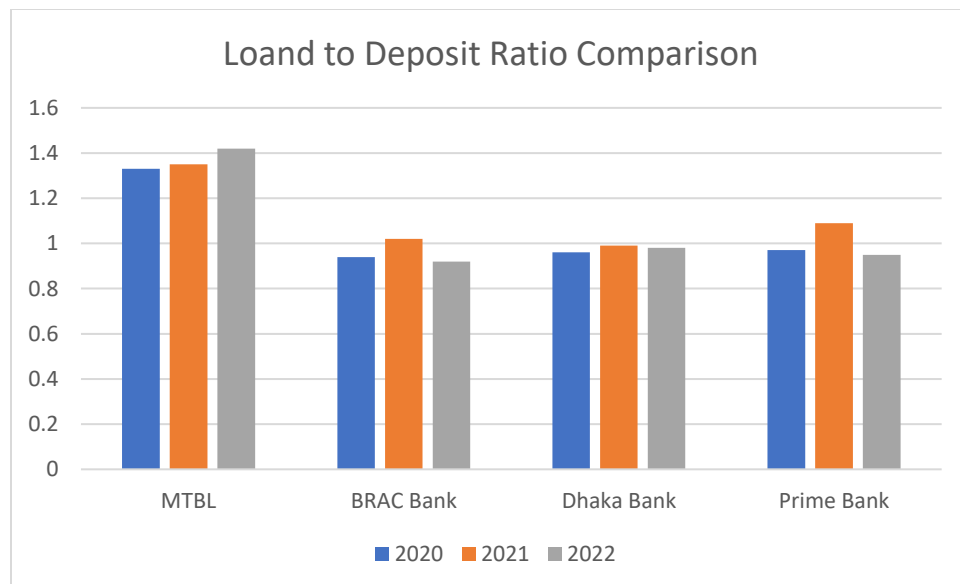


Figure 10: Loan to Deposit Ratio Compare with Competitive Banks

A low loan-to-deposit ratio can also raise a bank's interest costs. When a bank has extra deposits, it may have to pay higher interest rates to entice depositors. This may increase the bank's interest expenditure and lower its profitability. A high loan-to-deposit ratio can diminish the net interest margin, a vital source of profit for banks. When banks borrow more, they have to pay more interest to borrow funds from the market, reducing their net interest margin. This shrinks their profitability. For example, if a bank's Loan to Deposit Ratio is 90%, it indicates that for every 100 Taka deposited by its clients, it lends out 90 Taka. If the bank receives a large number of withdrawals from its clients, it may need to borrow cash from the market to maintain liquidity. This might raise its funding costs and lower its net interest margin, reducing its profitability. Maintaining a low loan-to-deposit ratio is critical for banks to be profitable. High loan-to-deposit ratios can diminish net interest margins, increase non-performing loans, and raise capital needs, all of which can have an impact on bank earnings. To ensure that banks preserve their liquidity while lending, they must strike a balance.

3.6.6 Net Profit Margin of MTBL & Compare with Competitive Banks

Net Profit Margin = Net Profit/Total Revenue x 100

Name of the Bank	2022	2021	2020
MTBL	8.37%	13.75%	4.49%
BRAC Bank	19%	18%	13%
Dhaka Bank	6.31%	9.36%	7.29%
Prime Bank	24% ²	20.67%	14.20%
DBBL	14.26%	15.93%	15.85%

Table 13: Net Profit Margin Compare with Competitive Banks

This value indicates a company's cost-control effectiveness. Higher net profit margins indicate a company's ability to transform sales into profit. Comparing firms in the same sector may be done using their net profit margin. For example, a 10% profit margin means for each 1 Taka of revenue the bank earns 0.10 Taka in net profit.

3.7 Conclusions

To evaluate a company's financial success, it's crucial to understand its management. The liquidity, solvency, profitability, efficiency, and leverage ratios can be used to evaluate financial performance. Performance analysis reflects a company's culture by measuring productivity, engagement, satisfaction, and drive for future training and growth. Companies may use these tools to identify top-performing employees and pay them properly for their contributions to the company's success.

3.8 Recommendations

- 1) Mutual Trust Bank can increase asset value through investments based on current ratio.
- 2) The entire investment of the bank is increasing year after year. And based on existing trends, this growth rate is anticipated to continue in the future.
- 3) Their banking software is outdated. They should boost their software.
- 4) The Bank can maintain an average annual growth rate of 7.92%. Excessive growth may necessitate additional funding.

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