



মিউচুয়াল ট্রাস্ট ব্যাংক লিমিটেড
Mutual Trust Bank Ltd.

you can bank on us

Internship Report

On

Financial Performance Of Mutual Trust Bank Limited



Submitted To

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BRAC Business School

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Submitted By

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Date of Submission: 19th March, 2014

Letter of Transmittal

MD. Jabir Al Mursalin
Senior Lecturer
BRAC Business School,
BRAC University,

Subject: Submission of the Internship Report

Dear Sir,

It is a great pleasure for me to submit the internship report as a part of my BBA program to you that I am assigned to prepare under your direct supervision of the topic entitled “Financial Performance of Mutual Trust Bank Limited”. I am fortunate enough that I have got an experience and efficient professional team in the Bank. I have got an opportunity to work with them at “General Banking department” to learn the related job responsibilities and procedure effectively.

I tried my best to show my skill, which is achieved by one month, practical experience of this report. Finally I would like to assure that I will remain standby for any clarification and explanation when required.

Thank you in advance for your kind assistance. In enjoyed working on the report and hope you will consider all my mistakes generously.

Sincerely Yours,

.....

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Acknowledgement

At the very beginning, I would like to express my thanks to the Almighty Allah for giving me the strength to complete the report. Then I would like to express my gratitude to my academic supervisor MD. Jabir Al Mursalin, who has provided me suggestions for making this Final Internship Report and also provided me with format for making and preparing the whole report, I like to thank sir for his generous cooperation that made me really confident about the desired outcome of my internship project.

I would like to show my warm hearted gratitude to the whole Department of Mutual Trust Bank which has provided me with great deal of information's, adequate data and finally cooperated me for the accomplishment of the report successfully. I would like to thank each staffs of the different Department specially Mr. Reaz Ahmed, Senior Assistant Vice President & Manager of Tongi Branch. My special gratitude goes to Mr. Zia Uddin Ahmed, Junior Assistant Vice President who helped me the most to prepare my report. I also thankful for Mrs. Swopna Begum (Assistant Officer, front desk), Md. Mayenul Hassan (junior Officer, Cash), Md. Al Mahmud (junior officer, Cash), Md. Sajadul Karim (Assistant Officer, cash), Naheed Hossain Sagar (Senior officer, loan), Morjina Begum (Senior officer, credit) and Abida Sultana (Junior officer, credit) for their great cooperation throughout my whole internship program.

Executive Summary

Mutual Trust Bank LTD is a third generation private bank in Bangladesh which started its journey in 1999. The Bank operates its financial activities through its Head Office situated at Dhaka and other 93 branches. MTB provides various Consumer Banking Products, such as- Brick by Brick Savings Scheme, Monthly Benefit Plan, Save Everyday Plan, Children's Education Plan, Consumer Credit Scheme and Best Invest Plan. Beside these, Banking services of MTBL include Online Banking Service, MTBL Tele Banking Services, SWIFT Services, Pay Order, Demand Draft Issue, MTBL SMS Banking, Locker Service, Credit Card Service, and Visa Electronic Debit Card Service.

MTBL offers different types of account, those are- Current Deposit, Savings Deposit, Short Term Deposit and Fixed Deposit Receipt. There are some other types of accounts which are basically known as Festival Shanchay Prokalpa (FSP) that are offered due to different types of religious festivals. MTBL also provide Gift cheques which creates interests by holding them.

Mutual Trust Bank Ltd has an established and most importantly a reliable General Banking section in all brunches. It fulfills the consumer needs in almost every case with its dignity and honor and always focuses on customer satisfaction at first. By continuing those services Mutual trust want to place their name in the list of top most Banks in Bangladesh.

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Chapter-1

Introduction



1.1 Introduction of the report

Only the academic education is not enough to handle the real corporate environment therefore it is an opportunity for the students to know about the field of business through the internship program. As internship program is a perfect blend of the theoretical and practical knowledge. A three months internship program with a particular organization and a report assigned by the academic supervisor is mandatory for every student of Bachelor of Business Administration of BRAC University. I got the opportunity to do my internship in “Mutual Trust Bank Limited” at Tongi Branch. I started my internship in Mutual Trust Bank Limited, Tongi Branch on 26th January and ended on 26th April 2014. Throughout my internship period Jabir Al Mursalin, Senior Lecturer of BRAC Business School was my academic supervisor. A report on a particular topic is a mandatory part of the internship program. I was authorized to make a report on the “Financial performance analysis of Mutual Trust Bank Limited for the year 2011-2012”. In this whole report I tried to connect my own financial knowledge to the financial data of Mutual Trust Bank Limited. I tried my level best to produce a quality report on “Financial Performance Analysis of Mutual Trust Bank Limited”.

1.2 Objective of the report

Broad Objective:

- To get an overall idea about the financial performance of Mutual Trust Bank Limited.
- To relate the theoretical knowledge to the original financial data of Mutual Trust Bank Limited.

Specific Objective:

- To know the financial performance of Mutual Trust Bank Limited for the year 2011-2012
- To present my observation and suggestion to the bank.



- To identify the strength and weakness of bank based on the financial performance
- Compare the financial performance of 2011 and 2012

1.3 Scope of the report

Mutual Trust Bank Limited is one of the new generation banks in Bangladesh. The scope of the study is limited to the Tongi Branch only. The report covers mainly the financial performance of Mutual Trust Bank Limited. To prepare the report, I have used both primary and secondary data which was available to me.

1.4 Methodology

In order to generate this report both Primary data and secondary data have been used. The sources that have been used to gather and collect data is given below-

Primary Sources:

- Face to face conversation with the officer
- Direct observations
- Practical desk work

Secondary sources:

- Annual report of Mutual Trust Bank Limited (2011-2012).
- Visit web site of MTBL.
- Different written document of Mutual Trust Bank Limited.
- Published or unpublished or personally collected data from officers, Local officers and Head office of the Mutual Trust Bank Limited.
- Different journal regarding Mutual Trust banking.



1.5 Limitation of the report

It was a great opportunity for me to work in Mutual Trust Bank limited as an Intern and make a report on the financial performance of it but there were surely some limitations while making this report. They are-

- The bank employees are so busy all the time that they could not help me much to interpret the information
- In Tongi branch of MTBL, I worked in General banking department but the topic of my report is financial performance analysis; which is totally different than my actual Work.
- As I have done this kind of report for the first time and the subject matter is very complex that's why it was difficult to organize the report in a simple manner.
- "Time constraint" is another problem for which many aspects of Mutual Trust Bank Limited are dropped from this report.
- There are various information the bank officer didn't provide due to security and other corporate obligations.
- As I am a newcomer, there is a lack of previous experience in this concern. And many practical matters have been written from my own observation that may vary from person to person.



Chapter-2

Organization Part



2.1 Introduction

A Bank is a financial institution and a financial intermediary that accepts deposits and channels those deposits into lending activities, either directly or through capital markets. A bank connects customers that have capital deficits to customers with capital surpluses.

There are different types of bank. Like-

- Central Bank
- Commercial Bank
- Industrial Bank
- Co-Operative Bank
- Savings Bank etc.

Generally when we use the term “Bank” that time actually it means the commercial bank. The main job of the commercial bank is to collect the money from customers as deposit and give other customers money as loan. The commercial bank gives interest on deposit money to the customer and receives interest on loan money to the customers. The difference between these two interest rates is the main source of bank’s income.

In Bangladesh the commercial banking sector dominates the financial sector. In Bangladesh there is one central bank which is “Bangladesh Bank”. There are four state owned commercial banks. They are- Agrani Bank, Janata Bank, Rupali Bank, Sonali Bank. Besides this, there is also good number of private commercial bank in Bangladesh. Such as-Prime Bank, One Bank, Mutual Trust bank, Mercantile Bank, Bank Asia, South East Bank, IFIC Bank, Dhaka Bank, United Commercial Bank, Dutch Bangla Bank and so on. There are also some foreign Banks which are operating in our country. They are- Citi Bank, HSBC, Standard Chartered Bank, Commercial Bank of Ceylon, State bank of India, Habib Bank Limited, National Bank of Pakistan, Woori Bank, Bank Alfalah and ICICI bank.



In Bangladesh the banking sector is expanding day by day. A number of new banks are also taking preparation to merge in the market. Banking process is becoming faster and easier because internet banking system has already introduced in many banks. Now-a-days in order to keep pace in the competitive field all the banks are trying to come up with the innovative products and services to satisfy their customers. On the other hand customers also need to have an idea about all the process and products of the different bank in order to make a right choice.

2.2 Background of MTBL

Mutual Trust Bank Limited (MTBL) is a Public Limited Company by shares in the Bangladesh, with commendable operating performance. Directed by the mission to provide with prompt and efficient services to clients, MTBL provides a wide range of commercial banking services also. The bank has achieved success among its peer group within a short span of time with its professional and dedicated team of management having long experience, commendable knowledge and expertise in convention with modern banking. With all the resources, management of the bank firmly believes that the bank would be able to encounter problems that may arise both at micro and macroeconomic levels.

The Company was incorporated on September 29, 1999 under the Companies Act 1994 as a public company limited by shares for carrying out all kinds of banking activities with Authorized Capital of Tk. 38,00,000,000 divided into 38,000,000 ordinary shares of Tk.100 each.

The Company was also issued Certificate for Commencement of Business on the same day and was granted license on October 05, 1999 by Bangladesh Bank under the Banking Companies Act 1991 and started its banking operation on October 24, 1999. The bank conducts all types of commercial banking activities including foreign exchange business and other financial services. During the first two years of operations, the bank's main focus was on the delivery of personalized customer services and expansion of its clientele base.



As envisaged in the Memorandum of Association and as licensed by Bangladesh Bank under the provisions of the Banking Companies Act 1991, the Company started its banking operation and entitled to carry out the following types of banking business:

1. All types of commercial banking activities including Money Market operations.
2. Investment in Merchant Banking activities.
3. Investment in Company activities.
4. Financiers, Promoters, Capitalists etc.
5. Financial Intermediary Services.
6. Any related Financial Services.

The Company (Bank) operates financial activities through its Head Office situated at Dhaka and 73 branches. The Bank carries out international business through a Global Network of Foreign Correspondent Banks.

Memberships of MTBL

| |
|---|
| 1. Metropolitan Chamber of Commerce and Industry, Dhaka (MCCI, D) |
| 2. The Institute of Banker's Bangladesh (IBB) |
| 3. Bangladesh Foreign Exchange Dealers Association (BAFEDA) |
| 4. Bangladesh Institute of Bank Management (BIBM) |
| 5. International Chamber of Commerce Bangladesh Limited (ICCB) |
| 6. Association of Bankers Bangladesh Limited (ABB) |
| 7. Bangladesh Association of Publicly Listed Companies (BAPLC) |
| 8. American Chamber of Commerce in Bangladesh (AMCHAM) |



2.3 Mission & Vision of MTBL

Mission

“We aspire to be one of the most admired banks in the nation and be recognized as an innovative and client-focused company, enabled by cutting-edge technology, a dynamic workforce and a wide array of financial products and services.”--- MTBL Group.

Vision

Mutual Trust Bank's vision is based on a philosophy known as **MTB3V**. The organization envisions MTB to be:

- One of the Best Performing Banks in Bangladesh.
- The Bank of Choice.
- A Truly World-class Bank.

2.4 Bank's Philosophy

With the mission to become a dependable client focused financial institution in the country by proving service with trust and integrity.

2.5 Objectives

The main object of the Mutual Trust Bank Limited (MTBL) had been to offer an interest free banking system in the financial market. Apart from that, the bank started its operation in the country with a view to realizing the following objectives:

- To establish a partnership relationship with customers and to eliminate the idea of the debtor-creditor relationship of traditional banks.
- To establish welfare oriented banking system.
- To mobilize savings towards productive sectors.
- To invest on profit and risk sharing basis.



- To accept deposits on profit and loss sharing basis.
- To create employment opportunities by investing savings towards prospective Economic sectors.
- To extend banking services towards the poor, helpless and low-income group of people in the society in order to uplift of their standard of living.
- To contribute to establishment of a society by equitable distribution of wealth.
- To establish justice in trade and commerce in the country.
- To render services for the economic development of the nation.

2.6 Functions

The functions of Mutual Trust Bank Limited are as follows:

- To maintain all types of deposit accounts with online facilities.
- To conduct foreign exchange business.
- To extend other banking services.
- To conduct social welfare activities.

2.7 Products and services

2.7.1. Consumer Banking Products

MTBL aims to satisfy all clients, regardless of how big or small they may be. Individuals are counseled on the best type of accounts suitable to them such as Current, Savings, Short Term Deposits, Fixed Deposits, Consumer Asset and Liability Products, etc. Apart from the conventional banking operations MTB strives to introduce an array of products and services and already launched a number of consumer banking products with the aim of popularizing consumer banking operations and offer higher return to its clients.

MTB Consumer Banking Products are:

- Brick by Brick Savings Scheme
- Monthly Benefit Plan
- Save Everyday Plan



- Children's Education Plan
- Consumer Credit Scheme
- Best Invest Plan

2.7.1.1 Brick by Brick Savings Scheme

Drops of water make an ocean. People's habit of regular savings will provide their comfort in the future. Brick by Brick is a unique monthly savings plan which builds up over the years and provides a lump sum amount at maturity. The savings periods are 5, 8 and 10 years. Monthly installments are Tk. 500/= 1,000/=, 2,000/=, 5,000/= and thereafter in multiples of Tk.500. People will have to open an account in the bank from which a standing instruction will be given to transfer the monthly deposit in the scheme's account and they must ensure that their account has sufficient balance 23 within the 10th of each month. This plan is so flexible the maturity they can earn a handsome amount depending on the size of installment amount of savings and tenure.

2.7.1.2 Monthly Benefit Plan

This plan offers to generate monthly income out of deposit. It has been designed to help and assist conscious savers from all strata of the society. The minimum deposit is Tk. 50,000/= or in multiples thereof. There is no upper limit and this plan is for a 3 (three) & 5 (five) years term that cannot be changed subsequently. People will require opening a savings/current account. Monthly income will be credited to their account. A few examples of deposit and income are given below:

| Deposit Amount | Income Amount (for 3 year plan) | Income Amount (for 5 year plan) |
|-----------------------|--|--|
| Tk.50,000/= | Tk. 487.50/= | Tk. 500/= |
| Tk.1,00,000/= | Tk. 975/= | Tk. 1000/= |

2.7.1.3 Save Everyday Plan

Mutual Trust Bank offers "Save Everyday" Plan. The primary advantage of this plan is that consumers are absolutely free to choose their own time for depositing money into this account. They can deposit daily, weekly or monthly. The choice is their, but the transactions will have to



be within the Bank's transaction hour. This is a 5 year plan and they will be required to open the account with an initial deposit of Tk.2500/= only. Banks offer their very attractive interest rate which is accrued in this account on a daily basis.

2.7.1.4 Children's Education Plan

Education is the backbone of any nation and one of the primary factors of prosperity. An educated nation stands tall in the committee of nations and saving money for the future is a common practice in any society. Savings help everyone to build a better tomorrow. Regular saving makes a man become disciplined, self confident and successful. A child's education is of prime importance and every parent should ensure and make every effort to get their child educated. To admit a child in a good institution parents require adequate amount of savings for the cost of admission into a school. This plan allows new parents to save for 4/7/9/12 years. The parent can deposit any amount of money at any day of the month. The interest rate is very lucrative and MTBL offers substantially more than the current savings rate.

2.7.1.5 Consumer Credit Scheme

Consumer Credit Scheme includes different types of plan:

✓ MTB Double Saver Plan

MTB Double Saver Plan offers an one time savings scheme, which will provide the people double the amount of their deposit after six and a half (6.5) years. People will receive a handsome amount at maturity. If they are an individual or if their institution is a NGO or an Educational institution or a Trust or Society or any other institution, they may invest their savings in this scheme with a minimum deposit of Tk. 10,000/- for six and a half (6.5) years with no limit for maximum amount. At maturity consumer will get double of their deposited amount along with a gift item. They can even avail loan up to 90% of the deposited amount.

✓ MTB Triple Saver Plan



MTB Triple Saver Plan offers a one time savings scheme, which will provide them three times of their deposit after ten (10) years. People will receive a big amount at maturity. If they are an individual or if their institution is an NGO or an Educational institution or a Trust or Society or any other institution, they may invest their savings in this scheme with a minimum deposit of Tk. 10,000/- for ten (10) years with no limit for maximum amount. At maturity customer will get three times of their deposited amount along with a gift item. They can even avail loan up to 90% of the deposited amount.

✓ **MTB Millionaire Plan**

Millionaire Plan is a monthly savings plan, which is designed to make a millionaire in a few years. If people are an individual or if their institution is an NGO or an Educational institution or a Trust or Society or any other institution, they may invest their savings in this scheme for 6/8/10/12/15/20 years with different installment sizes. At maturity they will get Tk. 10, 00,000/-. They can even avail loan up to 90% of the deposited amount after 1(one year).

✓ **Unique Saving Plan**

Unique Savings Plan is an any day, any amount savings plan. The beauty of this plan is that a customer can deposit any day, any time and any amount. Unique Savings Plan offers people to deposit any amount of their choice but not less than Tk.500/- for 3/4/5 years. This is a high income plan with withdrawal facilities. The withdrawal facility will help them at the time of any emergency. They can withdraw 50% of the deposited balance for once a month. At maturity they will get a handsome amount.

2.7.1.6 Best Invest

Best Invest offers people efficient high return investment plan. This plan helps them to build up a sizeable income in easy and affordable installments. Best Invest offers two separate and convenient term deposit periods for 4 years and 6 years respectively. This plan allows them to own 5 times the initial invested amount. Best Invest is available in units worth Tk.50,000/- each.



They will invest Tk.10,000/- as down payment for purchasing 1 (one) unit and the Bank will provide loan for Tk.40,000/-. The customer also has the option to buy units in multiples of Tk. 50,000/- but maximum up to Tk. 1,00,00,000/-. This is a unique high return plan catering to all income groups.

2.7.2. Banking services

2.7.2.1 Online Banking Service

Mutual Trust Bank is playing a pioneering role among its competitors in providing real time online banking facilities to its customers. Mutual Trust Bank online banking offers a customer to deposit or withdraw any sum of money from any branch anywhere. Any account holder having account with the bank can avail this service.

Facilities available at present

- Access account from anywhere in the world through a telephone.
- Ability to make balance inquiries without visiting the bank.
- Ability to listen to last 5 transaction detail over the phone.
- Provides a language selection being available in English and Bangla.

2.7.2.2 MTBL Tele Banking Services

The centralized Tele Banking service introduced in the Bank brings a world of banking convenience to the customers. Through the Tele Banking System, customers can access their Bank Accounts over the telephone on a 24X7 basis. The facility is secure as the customer is given a unique identification number to access his bank account through the telephone. The voice response system prompts the customer to dial the digits that will help him/ her meet his requirement of placing instructions or retrieving account information.



2.7.2.3 SWIFT Services

The Society for Worldwide Inter-bank Financial Telecommunication or S.W.I.F.T. is a worldwide community. 7,800 financial institutions in 200 countries connected to one another through SWIFT. In their own word SWIFT "consistently delivers quantifiable business value and proven technical excellence to its members through its comprehensive messaging standards, the security, reliability and „five niffeavailability of its messaging platform and its role in advancing STP. The guiding principles of SWIFT are clear: to offer the financial services industry a common platform of advanced technology and access to shared solutions through which each member can build its competitive edge." Mutual Trust Bank has already become the member of SWIFT community and has started its operation from March 2004. With introduction of SWIFT, MTB ensures its customers the quickest and most secured financial transaction around the world.

2.7.2.4 Pay Order

MTBL provide this type of service. When clients want to give money to others for any purpose they can give pay order. It is safe because they should not carry the money and the receivers can encase the money. There is no option for dishonor, the client have to deposit money before do PO. The commission of the PO is given below:

| Amount | Commission |
|-----------------|------------|
| Up to 10,000 | Tk 25 |
| 10,001-100,000 | Tk 50 |
| 100,001-500,000 | Tk 100 |

2.7.2.5 Demand Draft (DD) Issue

Sometimes customers use demand draft for the transfer of money from one place to another. It is must need for sending money outside Dhaka city. MTBL charges .15% commission on the face value of DD as service charge.



2.7.2.6 MTBL SMS Banking

“MTB SMS Banking brings your account to your fingertips”--- MTBL Group. It enables customers to send and receive textual information anywhere 7 days a week and 24 hours a day. It allows them to access information as well as receive transaction alerts on their account by using their mobile phone.

Facilities available at present

- ✓ Access of account from anywhere in the world through a mobile phone.
- ✓ Ability to make balance inquiries without visiting the bank.
- ✓ Ability to receive mini statement of last 5 transactions.
- ✓ Transaction Alert lets customers get informed whenever there is an ATM/POS transaction on their account.

2.7.2.7 Locker Service

MTBL provide locker service to their clients. Clients can rent a locker for one year. Every year they have to pay a fee. They can keep any documents, ornaments and valuable thing in the locker. One key is given to the clients. There are three types of locker at MTBL: small, medium and big. The fee of this locker is Taka 1500, 2000, and 2500.

2.7.2.8 Credit Card Service

Bank Name: Mutual Trust Bank Ltd.

Card Type: Local gold & Local Classic credit card

Description:

- 50% Cash Advance facility.
- Useable at all ATMs bearing Visa logo.
- 5000 outlets for shopping in Bangladesh.
- Buy now pays later.
- Up to 45 Days Interest free period.



2.7.2.9 Visa Electronic Debit Card Service

Bank Name: Mutual Trust Bank Ltd.

Card Type: Debit Card

Description: MTB Visa Electron Card will be offered to each and every Savings, Current & STD Account holders of the Bank. This electron Card can be used at any Dutch-Bangla Bank's ATM all over the country.

- No card fee for first year.
- No transaction fees on POS & DBBL ATMs.
- No time bindings for cash withdrawal.
- No need to come to Branch for cash withdrawals.
- There are 5000 outlets for shopping in Bangladesh.

2.7.3 Consumer Loan Products

2.7.3.1 MTB Life line:

Whether anybody is getting married, going for holidays, renovating his home, or considering any other major purchase, MTB Lifeline is the best option to achieve the goals.

Features and Benefits:

- Any purpose personal loan for salaried executives, business person & self employed individuals
- Loan up to TK 6 lacs
- 12- 60 months installment option
- Competitive interest rates

Forms of Loans of Life line:

✓ **Health Line:**

This product is launched with a view to consider the needs of individuals to be healthy. As the bank thinks about the every financial need of each customer so it introduced this product which is quite rare to other banks. The features of the product are given below.

a) Hospitalization of other medical needs.



b) To purchase body fitness equipments.

✓ **Education Line:**

Education is one of the basic needs of a person. It is now a day related to money and expenses. Parents always cannot afford the higher education expenses of their children. So the bank introduced the special loan to those parents who want to get their children higher education. The features of the product are given below.

a) For higher education purpose.

b) To purchase of computer, tuition fees or other education expenses.

✓ **Professionals line:**

Professional line is completely a different product than the other products. It is neither a working capital product, nor a consumer product loan. The bank provides loan individuals to purchase equipment to run their profession. The features of the product are given below.

a) Purchase of professional equipments.

b) For office renovation/ decoration.

✓ **Marriage line:**

Marriage line is the product for those who does not have the ability to afford the consolidated expense of marriage and do not have much savings to expend. The bank thinks of the individual customer needs. So introduced the product. The features of the product are given below.

a) To meet marriage expenses for himself/ herself

✓ **Travel line:**

This loan is for the people who love to travel. Traveling needs a bundle of money that is not always possible to arrange instantly. MTB provides loan to those travel seekers who



do not have instant ability to go for a travel but have regular income flow to recover it.
The features of the product are given below.

- a) For honeymoon trip.
- b) For family trip, abroad or in the country.

✓ **Festival line:**

The common phenomenon related to festival is shopping and some formalities that are legated to expenses and money. To expend money in special festive the bank provides loan to the people. The features of the product are given below.

- a) To enjoy festive period.
- b) Gift for the family/ in laws/ relatives.

✓ **Dreams Come True line:**

It is a type of consumer loan. This loan is provided to make the individual dreams come true. It is mainly a loan that is provided to purchase the home equipments. The features of the product are given below.

- a) To purchase TV, Fridge, Furniture, Home Theatre, Motor Cycle, AC etc.
- b) To decorate/renovate own Home/Car.

✓ **Care Line**

It is a special loan for higher dreams. This is mainly a loan for luxury expenditures. The features of the loan are given below.

- a) Loans for fulfillment of parents dreams.
- b) To purchase economy car (second hand car) for the family.

2.7.3.2 Auto Loan

With the unparalleled ownership experience coupled with convenient availability, comfortable repayment periods and attractive interest rates MTBL provides easy and simple processing car loan. It has never been easier to own a car.



Features and Benefits:

- a) Loan amount ranging from Tk. 300,000 to Tk. 20,00,000.
- b) Car financing up to 70% of reconditioned or new vehicle price.
- c) Loan tenor 12 to 60 months.
- d) Competitive interest rate.

2.7.3.3 Home Loan

MTBL is giving opportunity to build an apartment or just the right piece of land to build a dream house. MTB brings MTB home loans to the doorstep.

Features and Benefits:

- a) Loan amount ranging from Tk. 300,000 to Tk. 50,00,000.
- b) Loan tenor up to 20 years.
- c) Competitive interest rate.

2.7.3.4 Corporate loans

✓ **Term Finance**

It provides loans that have specified repayment schedule and a floating interest rate with tenure more than one year but less than ten years. The bank also offers term loans for the following broader purposes.

- a) Project Finance.
- b) Finance for Importing Capital Machinery.
- c) Lease Finance.
- d) House Building Finance.

✓ **Working capital Finance**

MTBL has special care in financing to meet the customers' running capital requirements by offering the following products:

- a) Secured Over Draft (SOD)
- b) Cash Credit (Hypo.)



- c) Cash against Document
- d) Short Term Loan
- e) Inland Bill Purchase (IBP)
- f) Foreign Bill Purchase (FBP)

✓ **Trade Finance:**

MTBL offers export and import finance facilities for the customers depending on their requirements. This trade finance service is a unity of funded and non-funded facilities.

The export finance facilities include:

- a) Back to Back L/C opening
- b) Export Bill Discounting (FDBP and IDBP)
- c) Secured Over Draft (SOD-general/export bill)

The import finance facilities include:

- a) Loan against Trust Receipt (LTR)
- b) Term Loan (TR)

Non-funded trade finance facilities:

- a) L/C Opening (Sight & Deferred)
- b) L/C Advising
- c) L/C Transfer
- d) Secured Over Draft (SOD) in the form of SOD (general/export bill) and SOD (Others-work order, FDR, land, etc.)
- e) Bank Guarantee in the form of Performance guarantee, Advance Payment guarantee, and Inland Bill Purchase (IBP) includes mainly government security bills and bonds.
- f) Foreign Bill Purchase (FBP) includes foreign drafts.

✓ **MTB Offshore Banking**

MTB Offshore Banking services specially tailored for 100% foreign owned company, joint venture and locally owned company in Export Processing Zones (EPZ). It offers term finance, working capital finance and trade finance services in different modes. It



also provides term finance facility to locally owned industrial units outside EPZ under some special conditions.

✓ **Structured Finance:**

MTB is active in the Syndication market with professional team having finest expertise and wide market network for enabling its corporate clients to access large loans through cost efficient structures. It offers tailor made solutions to fit a business requirement. It also facilitates its peer group in closing their syndicated deals by co-arranging or by taking large exposures in both Greenfield and Brownfield projects including

- a) Infrastructure Financing e.g. Power, Telecom, Hotel.
- b) Aircraft Financing.
- c) Manufacturing Project Financing e.g. Steel, Cement, Glass, Petrochemical.
- d) Agro-based Project Financing.
- e) Micro Financing.

The product basket of MTBL contains Long Term Financing along with full range of product mix for Short Term Financing of day to day operations and non fund based facilities. It seeks to understand unique needs of any business and incessantly strive to meet and to exceed the expectations of a business person.

✓ **SME Banking:**

MTB Bhagyobati:

MTB Bhagyobati loan is only for the SMEs owned by the women entrepreneurs.

Features and Benefits:

- a) Loan amount range BDT 1.00 lac to BDT 50.00 lac.
- b) Loan tenure up to 3 years.
- c) Rate of interest 10% p.a (only in case of re-finance from BB).
- d) Up to BDT 5.00 lac is collateral free.



- e) Easy repayment schedule.
- f) No service charge or hidden charge.
- g) Easy processing.
- h) At least one year of business experience.

MTB Krishi:

MTB Krishi is designed for direct lending in the agriculture sector. Only eligible farmers and agri SMEs may apply for the loan. Crops cultivation, fisheries, livestock & poultry are the priority sector of lending.

Features and Benefits:

- a) Loan amount up to BDT 3.00 core.
- b) Loan tenure up to 5 years.
- c) Rate of interest 10% p.a (only in case of re-finance from Bangladesh Bank).
- d) Up to BDT 5.00 lac is collateral free.
- e) Easy repayment schedule.
- f) No service charge or hidden charge.
- g) Easy processing.
- h) Timely disbursement.

MTB Mousumi:

SME customers needs additional fund in some occasions, festivals and seasons. MTB Mousumi enables those SMEs which has seasonal type of business.

Feature and Benefits:

- a) Loan amount up to BDT 10.00 lac
- b) Loan period range 01 to 12 months
- c) Attractive Rate of interest
- d) Up to BDT 5.00 lac is collateral free
- e) Easy repayment schedule
- f) 1% service charge and no other hidden charge



- g) Minimum 02 years of business experience
- h) Easy processing

MTB Revolving Loan:

Any SME, manufacturing, service, trading or farming, requires working capital for smooth operation of the business. This loan product enables those SMEs to meet their working capital requirements to support their operations and future growth.

Features and Benefits:

- a) It is CC (H) and revolving type loan.
- b) Loan amount up to BDT 50.00 lac.
- c) Loan period 01 year and annually renewable.
- d) Attractive rate of interest.
- e) Minimum 02 years of business experience.
- f) At least 02 years of bank account transactions.
- g) Account turnover to be 03 times of the loan amount.
- h) Easy processing.
- i) No service charge or hidden charge.
- j) Requires collateral support.

MTB Small Business Loan:

Enables the SMEs to expand their business.

Features and Benefits:

- a) Loan amount up to BDT 50.00 lac.
- b) Loan period up to 5 years.
- c) Attractive rate of interest.
- d) Easy repayment schedule.
- e) Minimum 02 years of business experience.
- f) 1.00% service charge.



- g) Up to BDT 5.00 lac is collateral free.
- h) Easy processing.

MTB Digoon:

Enables the SMEs to get loan double amount of their deposit

Features and Benefits:

- a) Loan amount range BDT 5.00 lac to BDT 20.00 lac.
- b) Loan tenure up to 05 years.
- c) Attractive rate of interest.
- d) Monthly repayment.
- e) Security 50% Fixed Deposit (FDR) of loan amount.
- f) Easy processing

✓ **Credit Principles**

Every bank has follows some credit principles in giving a loan. It provides some specific benchmarks as well as guidelines about where to give loan and where it can be risky. Credit principles include the general guidelines of providing credit by branch manager or credit officer. In Mutual Trust Bank Limited they follow the following guideline while giving loan and advance to the client.

- a) Credit advancement shall focus on the development and enhancement of customer relationship.
- b) All credit extension must comply with the requirements of Bank's Memorandum and Article of Association, Banking Company's Act, Bangladesh Bank's instructions, other rules and regulation as amended from time to time.



- c) Loans and advances shall normally be financed from customer's deposit and not out of temporary funds or borrowing from other banks.
- d) The bank shall provide suitable credit services for the markets in which it operates.
- e) It should be provided to those customers who can make best use of them.
- f) The conduct and administration of the loan portfolio should contribute with in defined risk limitation for achievement of profitable growth and superior return on bank capital.
- g) Interest rate of various lending categories will depend on the level of risk and types of security offered.

2.8 Organizational hierarchy of MTBL

At Mutual Trust Bank there is one Managing Director (MD) who mainly controls and supervises the major divisions of this bank. He directly supervises the overall activities and Divisions. One senior Executive Vice Presidents (SEVP) and Three Executive Vice President (EVP) and two senior Vice President report to the Managing Director. Executive Vice Presidents control the credit, loan administration, international, information technology, the financial control & accounts division, treasury division, credit division, card division. Senior Vice President controls the human resource and marketing divisions. The Vice Presidents work under the Senior Executive Vice President and Executive Vice President Directly report to the senior Executive Vice President (SEVP). The daily activities directly control by senior Executive Vice President (SEVP).

2.9 Management of MTBL

For any financial and non-financial organization, management is the most valuable and important aspect and a well organize management provides the organization to reach its ultimate goal. Management means planning, organizing, staffing, directing and controlling of all financial and non-financial resources of an organization. Different aspects of management practice in Mutual Trust Bank are discussed below.



- ✓ **Planning:** Mutual Trust Bank has done its planning within the preview of the corporate plan. Each branch can make plan according to the goal imposed by the corporate level. Mutual Trust Bank has a planning division. The department is mainly responsible for the overall planning.
- ✓ **Organizing:** Mutual Trust Bank is organized as per the existing business locations. It has branches, each of which is a separate entity. Each unit is responsible for own performance. Within each branch it is organized functionally.
- ✓ **Staffing:** The recruitment in Mutual Trust Bank is done in two ways. One as a “probationary officer” for the management program and it has a probation period of one year. Another one is non-management level as “Assistant officer.” Probationary officer is recruited in officer category and their career path is headed towards different managerial jobs.
- ✓ **Directing and Controlling:** Works of Mutual Trust Bank are designed in such a way that one leave without clearing the tasks as he is assigned for a day. Sitting arrangement in all office is done in a way that the superior can monitor the subordinate all time. Budgeting, rewarding, punishing, etc are also practiced as control mechanism.

2.10 Corporate Culture

Mutual Trust Bank Limited is one of the most disciplined banks with a distinctive corporate culture. Here they believe in shared meaning, shared under sting and shared sense making. Their people can see and understand events, activities, objects and situation in a distinctive way. They should their manners and etiquette, character individually to suit the purpose of the bank and the needs of the customers who are of paramount importance to them. The people in the bank see themselves as a tight knit team/family that believes in working together for growth. The corporate culture they belong has not been imposed. It has rather been achieved through their corporate conduct.



- ✓ **Branch Control & Expansion Department (BCED):** The duties of this division are to preparing test key arrangement among the branches to maintain inter branch accounts and overall control of the branches. Another most duties of this division are to study the feasibility of opening new branches.
- ✓ **Public Relation Department (PRD):** Another important division under administration department is public relation division. The main activities of this division are as follows:
 - Circulation of important notices
 - Issuance of power of attorney to the officers of the bank.
 - Customer service
 - Legal affairs
 - General correspondence within Bangladesh
 - Cash affairs of the bank
- ✓ **Financial Administration Department (FAD):** This division can be called as the central accounts division because all the account related are done here. All the branches send their monthly statements to the Head office and this division prepares a consolidated statement by using those branch statements, which shows monthly position of the bank in cumulative basis.
- ✓ **Audit & Inspection Department (AID):** This division works directly under the control of the managing director. This division is responsible to arrange periodical internal audit in each branch to conduct special audit, and to follow-up and monitor the banks overall activities.
- ✓ **Operational Department (OD):** Under the operational department the following divisions of Mutual Trust Bank limited conduct their respective works.
 - Credit division
 - Investment division
 - International division
 - Card division
 - Treasury operation division



- Computer and Engineering division

✓ **Miscellaneous/Other Department:** There are some other important divisions performing their respective works for the success of Mutual Trust Bank Limited which are as follows:

- **Marketing Division**

Marketing division is directly related to the marketing of the bank products and services to the customers. It takes all the arrangements in deposit mobilization, customer service related activities and all other marketing related activities. The main task of this division is to formulate strategies for achieving bank's corporate goals and objectives.

- **Training Division**

The principal activities of the Staff Development and Training Division (CHRM.3) are to design and implement staff development and training plans to ensure that the Bank staff have at all times the necessary knowledge, skills and competencies and that they are continuously being developed for performance excellence in their current jobs and future responsibilities. The division takes the lead for and coordinates the implementation of the Bank performance management system. The division is also charged with the responsibility for charting out career paths and planning for career succession. The division will ensure that each and every staff is accorded and receive full consideration for developmental opportunities to enhance their competencies, leadership skills and for career advancement.



2.11 Career opportunity at MTBL

Mutual Trust Bank is an equal opportunity employer, offering competitive compensation packages, excellent career development programs and a friendly working environment. This section of the website will be updated as and when any job vacancies arise.

2.12 Customer Services of MTBL

Professional merit and Competency, Flexibility, Determination and Dedication are the core resources that MTBL consider to be of paramount importance for building a client oriented modern banking. Customer satisfaction is MTBL foremost professional undertaking. Therefore, a satisfied client is MTBL precious product and they consider them MTBL ambassador in the market.

2.13 MTBL (Tongi Branch)

Tongi branch started its operation on December 24, 2008. Tongi branch is one of the smallest Branch of MTBL but it is one of the most profitable branch. Only 9 employees are working in this branch. They are Branch Manager, Deputy Manager, two senior officers, three junior officers, two assistant officers. Their main target is to optimize output with a least cost. Their main weapon to attract customers is customer service.



Chapter-3

Internship Experience



I was assigned at the Tongi Branch of Mutual Trust Bank Limited to complete my internship program. During my internship program I had a lot of fun, but most importantly I realized how to work under the pressure of responsibilities.

3.1 Job Responsibilities

There are 3 different departments in Tongi branch and they are:

- I. General Banking (GB)
- II. Credit Department (CD)
- III. Foreign Exchange Department (FED)

There are three different sections in general banking. They are- Front desk, Account's Department and Cash Counter section. I was mainly assigned to work on Front desk. Front Desk of General Banking is the starting point of all the banking operations. General Banking department aids in taking deposits and simultaneously provides some services. It provides those customers who come frequently and those customers who come one time in banking for enjoying those services. In some general banking activities, there is no relation between banker and customers who will take only one service form Bank. On the other hand, there are some customers with who bank are doing its business frequently. It is the department, which provides day-to-day services to the customers. Every day it receives deposits from the customers and meets their demand for cash by honoring cheques. It opens new accounts, demit funds, issue bank drafts and pay orders etc. since bank in confined to provide the service everyday general banking is also known as retail banking. As an intern in the MTBL (Tongi branch) there were a number of activities in which I was involved. The activities are given below:

- Providing customer service with related information and papers.
- Writing saving receipt for customers.
- Receiving cheques and pay order vouchers.
- Providing cheques to assigned customer of the cheque.
- Writing money order drafts.
- Preparing pay orders.
- Account opening and closing.



- Preparing KYC, TP.
- How to utilize money in a proper way within banking system.
- Providing different account numbers to different customers.
- Writing blocks of fixed deposits.
- Collecting necessary papers from customers such as- photocopy of National ID card, Passport, Trade License etc.
- Giving call to the customers if they delay to collect their cheques.
- Inputting data to and retrieving necessary information from Flora Software.
- Keeping the record of total incoming and outgoing cheques.
- Verify the signature of customers while providing the cheques.
- I went for advertising of the bank to different organizations.
- Sometimes I also went for recovery of loans with the recovery team to the customers who didn't repay the loan installments properly.

Beyond these Activities there were other tasks that I was given to accomplish related to general banking activities. I have learned many things. The working pressure was high yet pleasant. All the activities are based on this software “Bank Flora”.

3.2 learning outcomes

Practical orientation is very much necessary for the development and preparation of a person before entering into the corporate world. Internship program gives us the opportunity to prepare own self to cope up with the corporate environment. Likewise I also learnt a lot of things with my internship program for three months and get the confidence to proof myself as a better employer in the corporate world. The things that I have learned at Mutual Trust Bank can be divided into two groups. They are-

3.2.1 Interpersonal learning

- Meaning of responsibility.
- Necessity of commitment.
- Punctuality and regularity.



- Ability to interact with different sorts of people.
- Maintaining the dress code.
- Patience of handling customers.
- Doing different tasks at a time.

3.2.2 Job related learning

My work related learnings are given below-

Prerequisites for Opening an Account of a Person

- Photocopy of passport, national ID of account holder.
- Passport size 2 (two) copies color photograph of account holder attested by the introducer.
- One copy passport size photograph attested by account holder.
- Introducing the account by a person who maintaining an account with this branch.
- Signature of account holder and the nominee in the account opening form
- Signature of account holder in the cheque requisition.
- Ensuring the minimum balance for opening the account.

Prerequisites for Opening an Account of a Private Limited Company

- Board resolution regarding opening of account and mentioning authorized persons for operation of the same.
- Valid and up to date trade license.
- Memorandum and articles of association duly signed by the register of joint stock company with seal.
- Certificate of incorporation.
- TIN and up to date TAX clearance certificate.
- List of directors on the company's letter head pad.
- Passport size 2 (two) copies color photograph of all the directors.



- Introducing the account by person/ company/ firm who maintaining a current account with this branch.

Procedures of Opening an Account

Before opening an account, the following formalities have to be completed by the customer:

- Apply on a prescribed form.
- An acceptable introduction by an introducer which is acceptable by the bank is required prior to opening of any account.
- Two copies of recent photograph of the account holder's duty attested by the introducer must be produced.
- The customer has to give three specimen signatures in the "Specimen signature card."
- The minimum balance has to be maintained in the current is Tk. 15,00 and in Saving Account is Tk. 1100.

Issuing Cheque Book to the Customers

After the completion of above formalities, the bank provides the client a Deposit Book and cheque book. The cheque book can be of 10 to 50 pages. It will depend on the type of the account. The 10 pages cheque book is issued to the Saving A/C holder and 20 pages cheque book is issued to the Current or STD A/C holder for the first time. The client has to fill up the Requisition Slip for cheque book. Then the officer will take a new cheque book with filling up account number of the client and the branch name in each page of the cheque book. The name and the account number of the client are then registered in the "Cheque book issue register." The serial number of the cheque book is also entered in the computer for proper maintenance of records.

Issue of Fresh Cheque Book

Fresh cheque book is issued to the account holder only against requisition on the prescribed requisition slip attached with the cheque book issued earlier, after proper verification of the



signature of the account holder personally or to his duly authorized representative against proper acknowledgment.

Issue of New Cheque Book (for old account)

All the procedure for issuing a new Cheque book for old account is same as the procedure of new account. Only difference is that customer have to submit the requisition slip of the old Cheque book with date, signature and his/her address. Computer posting is then given to the requisition slip to know the position of account and to know how many leaf/leaves still not used. The number of new Cheque book is entered on the back of the old requisition slip and is signed by the officer.

Issue of Duplicate Cheque Book

Duplicate cheque book instead of lost one should be issued only when an A/C holder personally approaches the Bank with an application Letter of Indemnity in the prescribed Performa agreeing to indemnify the Bank for the lost cheque book. Fresh cheque Book in lieu of lost one should be issued after verification of the signature of the Account holder from the Specimen signature card and on realization of required Excise duty only with prior approval of manager of the branch.

Transfer of an Account

The procedures of transferring an account are:

- The customer submits an application mentioning the name of the branch to which he wants the account to be transferred.
- His signature cards, advice of new account and all relevant documents are sent to that branch through registered post.

Closing of an Account

Upon the request of a customer, an account can be closed. After receiving an application from the customer to close an Account, the following procedure is followed by a banker.



- The customer should be asked to draw the final cheque for the amount standing to the credit of his a/c less the amount of closing and other incidental charges and surrender the unused cheque leaves.
- The a/c should be debited for the account closing charges etc. and an authorized officer of the Bank should destroy unused cheque leaves.
- In case of joint a/c, the application for closing the a/c should be signed by all the joint holders.

A banker can also close the account of his customer or stop the operation of the account under following considerable circumstances:

- Death of customer.
- Customer's insanity and insolvency.
- Order of the court (Garnishee order).
- Specific charge for fraud forgery.

Stop Payment of Cheque

A banker can stop payment of cheque of his customer under following considerable circumstances:

- Firstly the account holder will apply to stop the payment of his cheque
- There is a register for this purpose. It is kept by the authorized officer.
- The officer will see the condition of account and verify everything.
- In the ledger book, the officer will marked with red ink and the cheque will not be paid.

Dishonor of Cheque

If the cheque is dishonored, MTBL sends a memorandum (cheque return memo) to the customer stating the reason in the following way:

- Refer to drawer.
- Not arranged for.
- Exceeds arrangements.
- Full cover not received.



- Payment stopped by drawer.
- Payee's endorsement irregular/illegible/required.
- Payee's endorsement irregular, require Bank's confirmation.
- Drawer's signature differs/ required.
- Alterations in date/figures/words require drawer's full signature.
- Cheque is posts dated/out of date/mutilated.
- Amount in words and figures differs.

Cash Counter Section:

Cash is the key instrument of all financial transaction. The cash section plays a significant role. It is a very sensitive part of the bank because it deals with most liquid assets. Mutual Trust Bank Limited, Principal Branch has a well equip cash section. This section receives cash from depositors and pays cash against cheque, Demand draft, Pay order, and Pay-in-Slip over the counter. This section deals with all types of negotiable instrument and it includes Vault, used as the store of cash and instruments. The Vault is insured up to Tk.3 million. Operation of this section begins with the banking hour. The cash officer begins transaction with taking money from the Vault, known as "Operating Cash Balance." Vault is kept in most secured place. The amount of opening cash balance is entered into a register. After whole day's transaction, the money remains in the cash counter is deposited back into the Vault, known as the closing balance. The main functions of this section are cash receipt and cash payment.

Cash Payment

- When a client comes to the bank to cash a cheque, he/she gives it to the cash counter.
- The cash officer receives the cheque and checks it very carefully.
- The cash officer checks the date of the cheque, name, the account number of the cheque, amount in ward in figure and also verifies the signature through computer.
- If the instrument is free of all kinds of errors the respected officer will ask the cheque bearer to sign on the back of it.



- He/ she will then put his/ her initial beside the bearer's signature.
- There must be two signatures in cash payment cheque. If it is a big amount, cheque must be verified in front of the cash officer.

Every employee in the cash counter maintains a sheet. After receiving payment they fill up the following particulars:

- Initial
- After giving the payments they fill up the following particulars:
- Serial Number
- Account Number
- Cheque Number
- Amount

Cash Receipt

- At first depositor fills up the deposit amount in slip.
- After filling the required deposit amount in slip, depositor deposits the money.
- Officer of the cash counter receives the money, counts it, enters the amount of money in the scroll register, makes seal the deposit in slip and sign on with the date.
- Then this slip is passed to another officer for double sign in the deposit slip.
- Then the cash officer keeps the bank's part of the slip. Other part is given to the depositor.
- The cash in charge gives posting through computer from the deposit slip in the client's account and write a transaction number.

3.3 Observations

It was very interesting working at Mutual Trust Bank. The employees working there are really nice and talented. The things that I have noticed and observed are:

- In modern world most of the banking works done by computer but here most of the banking works done by papers.
- There is a lack of related instruments those are needed for opening an account and other works or always not present when I need the instrument like a personal PC, calculator etc.



- There are many customers who request services after the normal banking hour. This happens due to the acceptance of the similar events before.
- MTBL has no promotional tools for their clients.
- Service charge and risk fund is 1% that is too high.
- Sometimes at the time of account opening Customers cannot provide necessary documents which are essential to open an account but we have to open the account for more profit of the bank but it's too embarrassing because when the customers provide the related papers, we have to find out the for and attached the papers on the form. This is very time consuming.
- Filing procedure is not maintained in a definite and clear manner. .
- The work process could be made faster with better operating systems and Intra Networking System.
- A good job performance is always praised which motivates the employees.
- There is always a rush of customers on this branch so the number of transaction is high. Thereby, the employees remain very busy throughout the day.
- There is a lack of employees to give proper care to the customers in this branch.
- The work activities are always set and divided for each of the employees. Each and every employee has a certain set of responsibilities. He/she carries out those responsibilities throughout the day. It is also easy to assign duties that way. Moreover, I often saw everyone help each other out.

3.4 Recommendations

There are certain things which can be improved for the betterment of the bank are given below-

- Assign more computers to improvise and modernize the banking works
- Always make the important instruments available for working faster.
- Do not accept the request for services of customers after the normal banking hour. This hampers the general work schedule of the employees.
- Increase promotional tools for the clients.
- Reduce the Service charge and risk fund.
- Do not allow the customers to open an account without related essential documents.

Financial Performance Of MTBL (2011-2012)



- Filing procedure should be improved.
- The work process could be made faster with better operating systems and Intra Networking System.
- Increase the number of employees for the proper service of customers.



Chapter-4

Project part

Financial performance of Mutual Trust Bank Limited



4.1 Summary of the Project

Though I did my internship program in Mutual Trust Bank Limited, I was assigned to do my report's project on financial performance of Mutual Trust Bank Limited for the year 2011-2012. My actual work of my internship was totally different from my main project part because I work on general banking department. So it became a little bit harder for me to work on financial performance of Mutual Trust Bank but I tried my level best to work successfully on financial performance of MTBL. Here I mainly emphasize on the balance sheet, profit and loss account of the year 2011 and 2012 to find out the financial performance. Here we can see the sectors where the bank makes its profits and losses and I also tried to show the reasons and my own opinion for these performances.

4.2 Project Methodology

In order to prepare this project part both Primary data and secondary data have been used. Here I mainly emphasize on secondary data. The sources that have been used to gather and collect data is given below-

Primary Data

- Face to face conversation with the officer

Secondary Data

- Annual report of Mutual Trust Bank Limited (2011-2012).
- Web site of MTBL.
- Different written document of Mutual Trust Bank Limited.
- Published or unpublished or personally collected data from officers, Local officers and Head office of the Mutual Trust Bank Limited.
- Different reports made on financial performance of banks



4.3 Balance Sheet of MTBL (2011-2012)

BALANCE SHEET

As at December 31, 2012

Property and assets

| | 2012 (BDT) | 2011 (BDT) |
|--|-----------------------|-----------------------|
| Cash | 6,511,075,086 | 4,716,133,240 |
| In hand | 1,083,683,027 | 751,225,588 |
| With Bangladesh bank and its agent bank | 5, 427,392,059 | 3,964,907,652 |
| Balance with other banks and financial institutions | 1,056,254,665 | 668,352,839 |
| In Bangladesh | 324,333,410 | 302,549,985 |
| Outside Bangladesh | 731,921,255 | 365,802,854 |
| Money at call and short notice | - | - |
| Investments | 23,071,341,742 | 19,567,824,800 |
| Governments | 21,239,903,017 | 17,849,427,186 |
| Others | 1,831,438,725 | 1,718,397,614 |
| Loan and advances | 55,082,049,670 | 46,189,739,532 |
| Loan, cash credit, overdrafts, etc | 52,664,296,232 | 44,072,126,592 |
| Bills purchased and discounted | 2,417,753,438 | 2,117,612,940 |
| Fixed assets including premises, furniture, and fixture | 2,258,794,934 | 1,468,706,530 |
| Other assets | 4,823,169,351 | 3,893,060,064 |
| Non banking assets | - | - |
| Total property and assets | 92,802,685,449 | 76,503,817,005 |



Liabilities and capital

| | 2012 (BDT) | 2011 (BDT) |
|---|-----------------------|-----------------------|
| Borrowing from other banks and financial institutions and agents | 5,962,220,000 | 5,780,734,592 |
| Deposit and other accounts | 75,368,729,652 | 59,705,258,361 |
| Current deposit and other accounts | 9,229,959,482 | 9,206,185,578 |
| Bills payable | 1,813,681,363 | 602,193,277 |
| Saving deposit | 9,224,420,233 | 7,839,511,192 |
| Fixed deposit | 45,350,855,194 | 35,423,961,603 |
| Deposit products | 9,749,813,380 | 6,633,406,711 |
| Other liabilities | 4,108,630,927 | 3,683,475,926 |
| Subordinate debt | 2,500,000,000 | 2,500,000,000 |
| Total liabilities | 87,939,580,579 | 71,669,468,879 |

Capital/shareholders' equity

| | 2012 (BDT) | 2011(BDT) |
|---|--------------------|--------------------|
| Paid up capital | 2543498400 | 2543498400 |
| Statutory reserve | 1637341825 | 1473576620 |
| Revaluation reserve on investments and securities | 120718271 | 122327379 |
| Foreign currency translation gain/loss | | 3052314 |
| General reserve | 276777324 | 361777324 |
| Retained earnings | 284769050 | 330116089 |
| Total shareholders' equity | 4863104870 | 4834348126 |
| Total liabilities and shareholders' equity | 92802685449 | 76503817005 |



4.4 Profit and loss account

For the year ended December 31, 2012

Particulars

| | 2012 (BDT) | 2011(BDT) |
|---|----------------------|----------------------|
| Interest income | 7,622,525,755 | 5,919,227,383 |
| Less: interest paid on deposit and borrowing, etc | 7,005,065,351 | 5,279,866,439 |
| Net interest income | 617,460,404 | 639,360,944 |
| Income from investments | 1,770,132,891 | 1,546,687,899 |
| Commission, exchange and brokerage | 561,951,859 | 554,026,617 |
| Other operating income | 282,331,007 | 279,343,376 |
| | 2,614,415,757 | 2,380,057,892 |
| Total operation income | 3,231,876,161 | 3,019,418,836 |

Less: Operating Expenditure

| | 2012 (BDT) | 2011 (BDT) |
|---|------------|------------|
| Salary and allowances | 932630110 | 757752722 |
| Rent, tax, insurance and electricity | 383051174 | 348644064 |
| Legal expense | 1751248 | 1401257 |
| Postage, stamps, and telephone | 67678509 | 61357676 |
| Printing, stationary, and advertisement | 87324718 | 89063079 |
| Managing director's remuneration | 10695067 | 10120000 |
| Directors' fee | 685000 | 630000 |
| Audit fee | 713000 | 582500 |
| Depreciation on and repair to bank's property | 203770504 | 157729594 |
| Other expenditure | 345951487 | 320379746 |



| | | |
|--|-------------------|--------------------|
| Total operating expenses | 2034250817 | 1747660638 |
| Profit before provision | 1197625344 | 1271758198 |
| Less: provision against loans and advances including off balance sheet items | 455657130 | 200049000 |
| Less: provision against investments in quoted shares | 14700000 | 6195143 |
| Less: provision against other assets | - | - |
| Total provision | 470357130 | 206,244,143 |
| Profit before tax | 727268214 | 1065514055 |
| Less: provision for tax | 388630239 | 430123059 |
| Current tax | 391022148 | 448235000 |
| Deferred tax | (2391909) | (18111941) |
| Net profit after tax | 338637975 | 635390996 |
| Add: Retained surplus brought forward | 330116089 | 313781621 |
| | 668754063 | 949172617 |

4.5 Related definitions and Equations

Cash in hand

Funds that are immediately available to a business, and can be spent as needed, as opposed to assets that must be sold to generate cash. The amount of cash in hand determines what projects a company can undertake or what financing hardships a company can be absorbed without going into debt or arranging other financing.



Money at call

A short-term loan, that does not have a set repayment schedule but is payable immediately and in full upon demand. Money-at-call loans give banks a way to earn interest while retaining liquidity. Investors might use money at call to cover a margin account. The interest rate on such loans is called the call-loan rate.

Total loan amount

The basic amount of the loan + Any additional financed closing costs.

Paid up capital

Paid-up capital is the initial capital investment contributed to a new corporation by its founding shareholders. Any excess capital above the par value of the common stock is considered additional paid-up capital. Paid-up capital and additional paid-up capital can be found on the company's balance sheet under "shareholders' equity." To calculate paid-up capital, a company must determine the par value of common stock and the number of shares issued to the founding shareholders. Paid-up capital can be less than a company's total capital because a company may not issue all of the shares that it has been authorized to sell. Paid-up capital can also reflect how a company depends on equity financing.

Total capital

Long-term corporate financing of a firm equals the sum of long-term debt, preferred equity, and equity.

Shareholders' equity

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

Shareholders' equity = total assets – total liabilities

Shareholders' equity = share capital + retained earnings – treasury shares



Deposit

Money placed into a banking institution for safekeeping. Bank deposits are made to deposit accounts at a banking institution, such as savings accounts, checking accounts and money market accounts. The account holder has the right to withdraw any deposited funds, as set forth in the terms and conditions of the account. The deposit itself is a liability owed by the bank to the depositor and refers to this liability rather than to the actual funds that are deposited.

Total assets

In financial accounting, an asset is an economic resource. Anything tangible or intangible that is capable of being owned or controlled to produce value and that is held to have positive economic value is considered an asset.

Advances

Increase in the market price of stocks, bonds, commodities, or other assets.

Total investments

Investment is a monetary asset purchased with the idea that the asset will provide income in the future or appreciate and be sold at a higher price.

Contingent Liability

A potential obligation, that may be incurred depending on the outcome of a future event. A contingent liability is one where the outcome of an existing situation is uncertain, and this uncertainty will be resolved by a future event. A contingent liability is recorded in the books of accounts only if the contingency is probable and the amount of the liability can be estimated.

Operating Income

A company's income from the goods and services it provides, less its operating expenses and depreciation. Operating income does not include losses from interest payments or income tax.



Operating Expense

A category of expenditure, that a business incurs as a result of performing its normal business operations. One of the typical responsibilities that management must content with is determining how operating expenses can be reduced without significantly affecting the firm's ability to compete with its competitors.

Profit before tax

A profitability measure that looks at a company's profits before the company has to pay corporate income tax. This measure deducts all expenses from revenue including interest expenses and operating expenses, but it leaves out the payment of tax.

Net profit

A company's total earnings.

Net profit = total revenue – total expenses

Earning assets

An income-producing investment, that is owned by a business, institution or individual. Earning assets include stocks, bonds, income from rental property, certificates of deposit and other interest or dividend earning accounts or instruments.

Non interest earning assets

Non interest earning assets are those assets that by their characteristics do not generate interest income for the Company.

Provision

A balance sheet item representing funds set aside by a company to pay for losses that are anticipated to occur in the future. The actual losses for the earmarked funds have not yet occurred, but the general provisions account is counted as an asset on the balance sheet. For



banks, a general provision is considered to be supplementary capital under the first Basel Accord.

4.6 Findings from balance sheet

Properties and assets

- First of all it seems that, in 2012 cash increased by BDT 1,794,941,846.
- Balance with other banks and financial institutions increased by BDT 387,901,826.
- In 2012 the investments was BDT 23,071,341,742 when in 2011 the investment was BDT 19,567,824,800. So it's clear that Investment is increased by BDT 3,503,516,940.
- In 2012 the property and assets was BDT 92,802,685,449 and in 2011 the property and assets was BDT 76,503,817,005. So, the overall property and assets increased by BDT 16,298,868,444.

Liabilities and capital

- Borrowing from other banks and financial institutions increased by BDT 181,485,408
- Deposits and other accounts increased by BDT 15,663,471,291
- Other liabilities increased by BDT 425,155,001.
- Total liabilities increased by BDT 16,270,111,700
- Total shareholders' equity increased by BDT 28,756,744
- Total liabilities and Shareholders' equity increased by BDT 16,298,868,444

Profit and loss account

- Net interest income decreased by BDT 21,900,540
- Total operating income increased by BDT 212,457,325
- Total operating expenses increased by BDT 286,590,179
- Total provision increased by BDT 264,112,987
- Net profit after tax decreased by BDT 296,753,021



4.7 Determinants of Financial Performance

4.7.1 Liquidity condition of MTBL (2011-2012)

Liquidity: Liquidity means the ability to quick convert of an asset into cash. While converting, it is also important not to have a big effect on the price.

Liquidity of a bank refers to the bank's ability to meet its financial obligation. One of the main challenges of a bank is to ensuring its own liquidity under all reasonable condition. A Bank needs to maintain the liquidity for both their depositors and borrowers. Depositors always expect that bank will meet their claim whenever they need. If the bank can assure this to the depositors then the depositors will feel secured. Besides this, the depositors will be less interested to deposit the money in the particular bank.

If the bank has not enough liquidity then it can't meet the need of loans and advances to the lenders or borrowers. When a bank is unable to provide loans and advances due to illiquidity then automatically their profit goes down.

For these reasons mentioned above a bank needs to maintain liquidity.

Liquidity ratio:

Liquidity ratio is a type of financial ratio that is mainly used to determine a company's ability to repay the short term debt obligation. There are a number of formulas to calculate the liquidity ratio of a particular organization. They are-

- Current ratio
- Quick ratio
- Operating cash flow ratio.



Financial analysts of different organization consider different liquidity ratio to know the liquidity condition of the organization. For bank there are also some ratios which are used to determine a bank's liquidity. They are-

- Cash Ratio
- Loans to deposit Ratio
- Loans to Asset Ratio

Cash Ratio:

The mostly used ratio in an organization is cash ratio. Cash ratio is the ratio of a company's total cash and cash equivalents to its current liabilities. In case of Bank, Cash Ratio is the sum of cash in hand and at banks including the central bank to total deposit. The formula of cash ratio for a bank is-

$$\text{Cash ratio} = \frac{\text{Cash in hand and at banks}}{\text{Total deposits}} \times 100$$

The cash ratio of MTBL of 2011-2012 is shown below-

| | |
|------|------|
| 2011 | 2012 |
| 6.6% | 7.2% |

Loans to deposit ratio:

The ratio is commonly known as LTD ratio and is expressed as percentage. Basically this kind of ratio is mainly used by the banks to know their liquidity by dividing the total loans by total deposits. The formula of the loans to deposits ratio is-

$$\text{Loans to Deposit ratio} = \frac{\text{Loans}}{\text{Deposits}} \times 100$$

In loans to deposits ratio if the ratio is high that means the bank has low liquidity. That means the bank does not have enough liquidity to meet its payment requirement. On the other hand, if the

Financial Performance Of MTBL (2011-2012)



liquidity ratio is low that means the bank has high liquidity. This situation mainly occurs when the bank has more liquidity in their hand to meet up all payment requirements.

The Loans to Deposits ratio of MTBL is shown in the table below-

| 2011 | 2012 |
|-------|-------|
| 77.4% | 73.1% |

4.7.2 Earning Performance of MTBL (2011-2012)

Earning performance of an organization means how efficient is an organization to generate profit. Like other organizations a “Bank” also need to generate a good amount of profit.

Profitability ratios:

Profitability ratios are used to assess a business's ability to generate earnings as compared to its expenses and other relevant costs incurred during a specific period of time.

Some of the ratios are mentioned below to determine the profitability of MTBL for the year 2011-2012.

Return on assets:

Return on Assets ratio of a bank gives an idea of how efficiently a bank is using its assets to generate profit. Return on Assets (ROA) is calculated by dividing the annual earnings of a bank by the total assets.

$$\text{ROA} = \text{Net Income} / \text{Total Assets} \times 100$$

The return on asset ratios of MTBL for 2011-2012 are given below-



| | |
|-------|-------|
| 2011 | 2012 |
| 0.83% | 0.36% |

Return on Equity:

Return on Equity is a ratio that measures a corporation's profitability by revealing how much profit a company generates with the money shareholders have invested. ROE is expressed as a percentage. There are several ways of calculating the return on equity for an organization. Like-

- Net Income-Preferred Dividends/Common Equity
- Net Income/Average Shareholders' Equity
- Net Income/Shareholders' Equity.

ROE is always expressed in the form of percentage (%). Return on Equity or ROE is also known as “Return on Net Worth”.

For calculating the ROE of MTBL the formula of ROE will be used is-

ROE= Net Income/shareholders' Equity.

The ROE of MTBL for 2011-2012 are shown in the table below-

| | |
|--------|-------|
| 2011 | 2012 |
| 13.14% | 6.96% |

Other operating Income to Total Assets:



This ratio represents the relationship between “Other operating Income” of an organization to total assets. The formula is-

$$\text{Other operating Income to Total Assets} = \frac{\text{Other Operating Income}}{\text{Total Assets}} \times 100$$

In the perspective of MTBL, Other operating Income to Total Asset ratio is given in the table below-

| 2011 | 2012 |
|-------|-------|
| 0.37% | 0.30% |

Return on Loans:

From the perspective of bank loan is the arrangement between the lender (bank) and borrower where the lender (bank) gives money to the borrower and borrower agrees to repay the money along with the interest. Return on loans ratio presents the relationship between the earnings of loans to the total number of loans in a given year. The formula of the Return on Loans is-

$$\text{Return on Loans} = \frac{\text{Interest earned on loans}}{\text{Total Loans}} \times 100$$

Return on Loan ratio of MTBL from the year 2011-2012 is given below-

| 2011 | 2012 |
|--------|--------|
| 12.82% | 13.84% |

Cost Income ratio:

The cost-to-income ratio shows the efficiency of a firm in minimizing costs while increasing profits. The lower the cost-to-income ratio, the more efficient the firm is running. The higher the ratio, the less efficient management is at reducing costs.

Financial Performance Of MTBL (2011-2012)



The formula of Cost Income Ratio is- Operating cost/Operating Income X 100

The cost Income ratio of MTBL for the year 2011-2012 is given below-

| 2011 | 2012 |
|--------|--------|
| 57.88% | 62.94% |

Operating Profit:

Operating profit of Prime Bank Limited in the last five years are given below-

| 2011 | 2012 |
|-------------------|-------------------|
| BDT 3,231,876,161 | BDT 3,019,418,836 |

4.8 Analysis

Cash Ratio analysis:

In the Cash ratio of MTBL it is noticed that the cash ratio of 2011 and 2012 are 6.6% and 7.2% respectively. There is an increase in cash ratio in 2012. The reasons for this change was-

- Vault Limit of several branches was increased.
- Number of ATM booths of Prime Bank Limited was increased.

Loan to deposit ratio analysis:



The Loan to Deposit ratios of MTBL in 2011 and 2012 was 77.4% and 73.1%. As the ratio decrease, which means the liquidity is increased.

Sometimes this ratio increases in a huge scale, then-

- This situation occurs when loan increase in a great scale or the deposit decrease in a great scale.
- Maturity mismatch of loans and deposits.

Return on asset:

In the year 2011 the return on assets of MTBL 0.83% and in 2012 the ratio is 0.36%. The ratio falls to 0.36% because net income of MTBL decreased.

Return on Equity:

ROE of MTBL for the year 2011 and 2012 are 13.14% and 6.96%. The ratio decreased in a huge scale. This situation occurred because in 2012 Net Income decreased to BDT 338,637,975 from BDT 635,390,996.

Other Operating Income to Total Assets:

Other Operating Income to Total Assets ratios of MTBL in 2011-2012 are 0.37% and 0.30%. The ratios are very small because operating income is very small part compare to the Total assets of the bank. In 2012 the ratio decreased than 2011. This occurred because the Total Assets increased in 2012. On the other hand, other operating income had a very small growth because some of the items of other operating income gradually decreasing like-



- Credit card commission income: This income is reducing from year to year because there are so many competitors in this sector. Many banks are providing various types of credit card now-a-days.
- Locker income: Many customers are less interested to keep their valuable belongings in banks for extremely personal reasons. This also decreased the amount of locker income.

Return on Loans:

The Return on Loans ratios of MTBL in 2011 and 2012 are 12.82% and 13.84%. The ratio increased in 2012. This situation occurred for some reasons. They are-

- Amount of given loans was increased. For this reason return on loans were also increased.
- On the other hand there was no repayment of the loan. For this reason, interest earned on loans was also increased.

Cost to Income ratio:

Cost to income ratios of MTBL in 2011 and 2012 are 57.88% and 62.94%. Here it is seen that there is an increasing trend of cost income ratios of MTBL. If we notice the operating cost item then it will be seen that the cost of some items have increased in a great scale. The reasons behind the increasing trend of cost to income ratio are-

- The cost of some items increased to a great scale because of the number of branches and employees increased every year.
- Depreciation costs have also increased because of the increased number of fixed assets.



Operating Income of MTBL:

From the operating profit of MTBL it is seen that operating incomes of 2011 and 2012 were- BDT 3,019,418,836 and BDT 3,231,876,161. From the operating income trend of MTBL it is easily noticed that the trend of the operating income was upward. Every year the operating income is increasing gradually. There are some particular reasons behind this. They are-

- Branches of MTBL increased every year. Each branch added more operating income to total operating income.
- As the branches were increased for this reason number of customers or clients also increased
- Due to the increase in the number of customers, transactions of bank are also increased.
- Different types of services introduced time to time, which also increase the amount of operating income.
- Increase in the amount of interest income of the bank as the amount of loan and advances increased every year in the bank.

4.9 Recommendation

Some recommendations based on the financial performance of MTBL are given below-

- Before giving long-term loan a bank should consider that whether a bank has long term deposit or not. Otherwise the bank will surely face the liquidity problem.
- The bank should more efficient to using its assets
- The bank should increase the non-funded income in order to increase the operating income ratio
- After giving the loan to the customers, a banker should also perform certain duties to the customers to decrease the bad debt problem. Like-monitoring, supervising and follow up the loan that is taken by the customers.



- Bangladesh Bank should impose the rule of uniformity for all types of schemes. By this way customers can decide from where they will receive service based on the service quality and organizational environment.
- Director's interference in case of giving loan should be lessening because in this way risk may increase and bad debt may also increase.
- "Employee Recruitment Process"- should be done in a fare process so that appropriate and talented employees are selected through the recruitment process and increase the productivity and quality of the service.



Chapter-5

Conclusion



Mutual Trust Bank Limited is one of the rising and leading commercial banks in our country. In all economic condition of our country Mutual Trust Bank Limited has been working with great confidence and competing tremendously with Government oriented bank, local commercial banks along with the multinational banks also. Mutual Trust Bank Limited always tried its level best to perform financially well. In spite of trying to do well in some aspects Mutual Trust Bank Limited faced some financial problems from time to time. Some of the problems were-excessive bad loans, shortage of loans and advances, scarcity of cash in hands due to vault limit etc. These problems arouse time to time due to economic slowdown, interest rate fluctuation, emerging capital market, inflation in the money market and so on. Fighting with all these problems and competing with other banks every moment the bank is trying to do better to best. If this thing continues we hope that Mutual Trust Bank Limited will develop even more in the future.



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