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Internship Report On Mutual Trust Bank



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Submitted on: 31 may, 2016



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31 March, 2016

Riyashad Ahmed

Assistant Professor and Coordinator, EMBA Program

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Sub: Submission of the report on Mutual Trust Bank

Dear Sir,

This is to inform you that I have completed the report on doing my internship in Mutual Trust Bank. The internship report gives a whole picture of the bank's general history, my duties as an intern and the financial analysis.

Therefore, I fully ensured to follow your instructions while completing this report. However, I will be glad to clarify any mistakes that may rise.

Thank you.

Anika Bushra

ID-12104111

Acknowledgment:

First of all I would like to thank the Almighty because without him we couldn't even think to proceed in my work. I, Anika Bushra would sincerely like to thank my supervisor and also my mentor Riyashad Ahmed. His continuous guidance and support helped me a lot to understand my task and he kept helping me throughout the report.

I have tried my level best to understand what areas I need to cover and also do a complete analysis of Mutual Trust Bank while I was an intern there. The data's were collected through both primary and secondary sources; I collected the financial reports of the respective bank from my banks supervisor, Md. Eftakhar Nahin from Mohammadpur branch, Dhaka where I did my internship.

From the collection of data's to finishing the term paper, I constantly tried to do my report sincerely. So, I would again thank all the people who assisted me to complete this report.



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Executive Summary:

In this internship report, I have discussed about Mutual Trust Bank's general information, history, financial statements and their progress than the previous year. I have chosen to analyse the financial statement of 2014 & 2015. I have given full descriptions which I collected from the bank's Mohammadpur branch, Dhaka. Also I have focused on their income statements and balance sheet to provide a full picture.

To explain the financial conditions, I have done the ratio analysis. Both the analyses are very accurate and are comparing the present year with the previous year. First, I did ratios of the individual years to measure how the bank's overall performance was in a complete year. Then in the next step, I have done a comparison between the two years individual ratios and tried to figure out whether the bank have grown from the previous year or have done loss.

Also, I have been doing ratios which give us information about the current ratio, acid test, inventory ratio, profit margin etc. By these, I was able to make comparison between these two years and trying to figure out which year the bank did the best and when the profit was the highest.



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Chapter One: General History of **Mutual Trust Bank**



Objective of the report:

- To understand how banks in Bangladesh operated its business;
- To learn about private banking rules & regulations;
- To learn more about customers services practically;
- To work under pressure;
- To learn about general banking of MTB;
- To work in real corporate environment;
- To learn to work under senior officers and to understand corporate ethics.

History of MTB:

Mutual Trust Bank Ltd. (MTBL, the 3rd generation bank) has started its journey as a private commercial bank on 29 September, 1999, under the Companies Act 1994, with an Authorized Share Capital of BDT 1,000,000,000 divided into 10,000,000 ordinary shares of BDT 100 each. At present, the Authorized Share Capital of the company is BDT 10,000,000,000 divided into 1,000,000,000 ordinary shares of BDT 10 each. Under Bangladesh banking system, there are three development phases- Nationalization, Privatization and Financial Sector Reform. MTB is incorporated in Dhaka and is a sister concern of MTB group. The Bank's head office is located at Gulshan 1, Dhaka and it has 103 branches.

The mission of Mutual Trust Bank was to be a client oriented company equipped with cutting-edge technology and dynamic work force (Bank Info BD, n.d.). Also its vision is to be expressed by the initiators was to build a perfect world-class bank in performance and by choice of the people.

KEY STATISTICS	Column1
Authorized Capital	10,000,000,000
Paid Up Capital	3,078,000,000



Total Market Capitalisation	6,247,595,000
Face Value	10
52 Weeks Range	15.2-21.4
Free Float Shares	29.63%

Figure: 1 (Source: DSE Website)

SLOGAN:

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Types of Banking Business:

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:

- ❖ Wholesale Banking
- ❖ Retail Banking
- ❖ Privilege Banking
- ❖ SME Banking
- ❖ NRB Banking
- ❖ Card Services
- ❖ Treasury Operations

Wholesale Banking Products:

- **Term finance:** provide loans that have specified repayment schedule and a floating interest rate with tenure more than one year but less than ten years
- **Working capital finance:** take special care in financing to meet our customers' running capital requirements by offering cash credit, secured over draft (SOD), short term load etc.



- **Trade finance:** offer export and import finance facilities for our customers depending on their requirements
- **Syndication & structured finance:** having finest expertise and wide market network for enabling its corporate clients to access large loans through cost efficient structures and offer tailor made solutions to fit your business requirements.
- **Off-shore banking:** specially tailored for 100% foreign owned company, joint venture and locally owned company in Export Processing Zones (EPZ).

Retail Banking Products:

- **Load products:** a comprehensive selection of facilities to offer, from a simple personal loan, credit cards, auto loan, home loan and overdraft facilities to home loan.
- **Retail products:** offers MTB senior, MTB junior, MTB graduate, MTB inspire, MTB kottipoti account, MTB millionaire plan, MTB education plan, current account, fixed account, savings account, Brick by Brick etc.

MTB Privilege Banking:

MTB launched Privilege Banking in 2010 in order to cater the lifestyle of privilege customers. The privileges like queue less banking in a comfortable environment where customers are served by respective dedicated relationship managers along with complimentary airport limousine service, airport protocol service, health-checkups supports at leading hospitals, discounts at exclusive privilege partner outlets for dining, shopping, traveling, etc. which enable to live the life in the manner they desire.

SME Banking:

Financing small and medium enterprises is helping to develop the economy of Bangladesh. MTB has started SME banking in 2007. Since then, it has become one of the leading SME Banks in Bangladesh. Within a span of 7 years, MTB has secured two

highly prestigious awards: Women Entrepreneur Friendly Bank of the Year 2014 and SME Bank of the Year 2014 at the SME Financing Fair-2014 organized for the first time by Bangladesh Bank and SME Foundation jointly. MTB won the award for its outstanding contribution to development of SMEs in Bangladesh. This banking offers products like-

- **SME Loan products:** it includes MTB SBL, MTB Digoon, MTB Krishi, MTB microfinance, MTB green energy load, MTB IT genius etc.
- SME Deposit Products: it offers MTB Probaho & MTB Buniad
- **MTB Women Entrepreneur:** MTB-Bhaggobati and MTB-Gunabati, the two innovative financial products for Women Entrepreneurs have strong presence in the country's credit market for their unique features and easy access financing as MTB only bank that offers interest rate of 9% to the Women Entrepreneur.
- **MTB Agro finance:** MTB is a provider to agro-enterprises in the year 2015 with more innovative products and surprising opportunities.

NRB Banking:

MTB offers an array of deposit products in local currency for the NRBs who are residing abroad and want to save their hard-earned money to utilize in future and facilitate their family maintenance.

- NRB FDR
- NRB DPS A/C
- NRB savings A/C

Card Services:

MTB provides Visa card to meet your financial needs and increase your buying power. It offers:

- Debit Card
- Credit Card

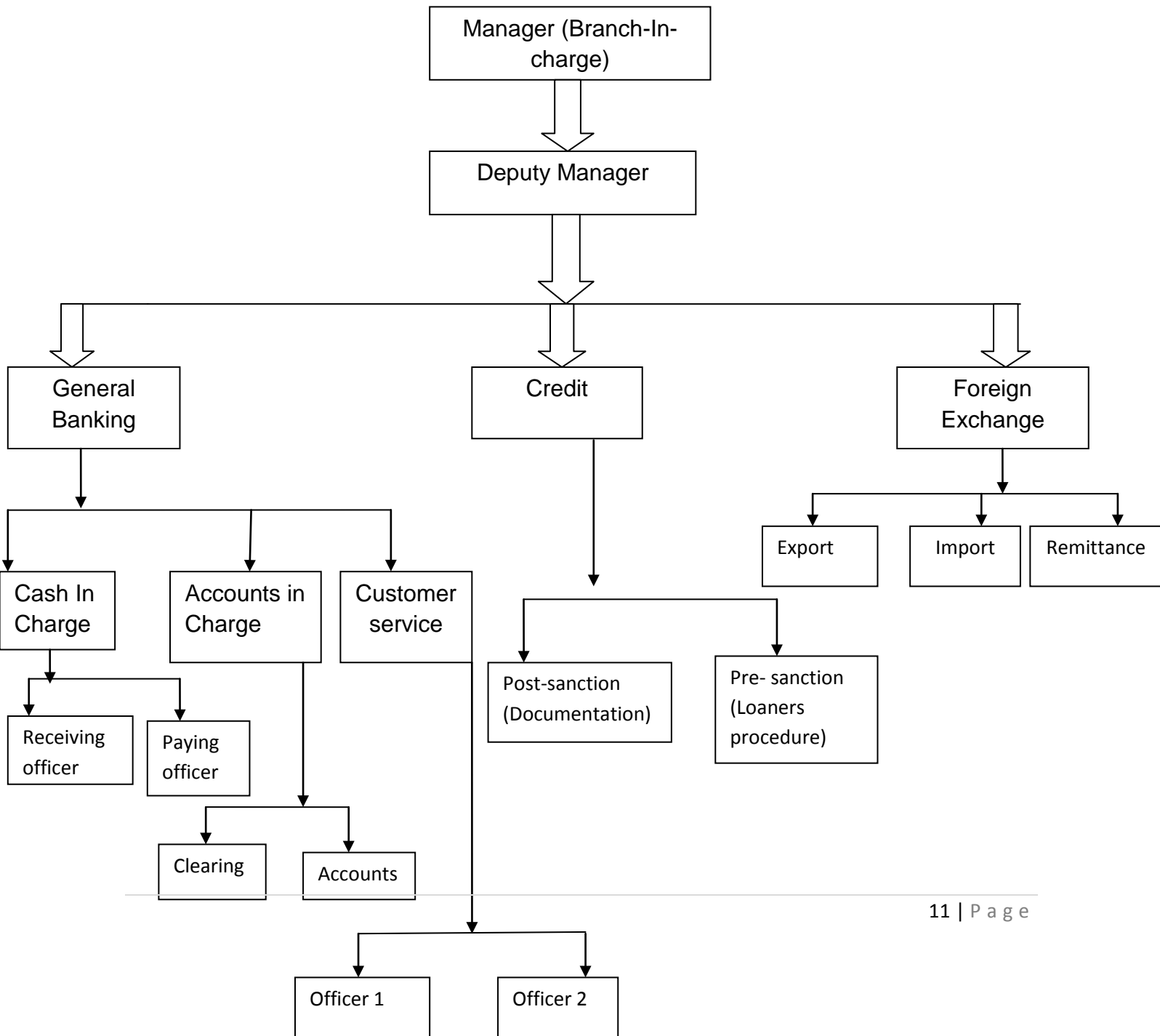


- Discount Partners
- Promotional offers

Treasury operations:

MTB treasury offers sophisticated solutions supported by a large sales force and a state of the art dealing room in Bangladesh. It offers services like- money market, corporate sales, foreign exchange etc.

Hierarchy of Mutual Trust Bank (Mohammadpur Branch):





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Chapter two: My Experience as an Intern in Mutual Trust Bank



My job in General Banking section of MTB:

I got the opportunity to work at the general banking department of MTB's Mohammadpur branch. It is the starting point of all the banking operations. This department provides multiple services like-opening accounts, issue pay orders, bank statements, delivering debit & credit cards etc. Also, customers are given full information on any type of queries regarding banking and also they can check their A/C balance and collect account statements from here as well.

During my internship period, I have not only worked in general banking department but also whenever any other department needed some help with their works, they would call me. I was never officially transferred to any other department but still I got the idea of other departments simultaneously. Also, I was assigned to explain about different accounts & other questions of customers. This way I got to serve the customers directly as well. Also, whenever any customer faced any difficulty like-writing deposit slips, cheques or any other helps, I was always there to serve them. My activities and contribution in the general banking department are given below more specifically:

Specific responsibilities at General Banking department:

- ✓ Customer service;
- ✓ Opening accounts;
- ✓ Filling out incomplete forms;
- ✓ Filling KYC;
- ✓ Writing cheque & pay order;
- ✓ Adding missing papers in previously opened account forms;
- ✓ Calling customers for debit card, credit card and delivering them along with the pin number when customer comes to collect it;
- ✓ Putting seal on cheque book;
- ✓ Recording inward register;
- ✓ Input information about debit card, credit card in register books;
- ✓ Receiving calls and transferring calls to other departments.



Different Aspects Learned From Internship:

As an intern, the first thing I wished to learn is the real corporate culture and practical learning. I was fortunate enough to get the real zest of the banking tasks and got to know how banking system in Bangladesh functions. The top two skills that I adapted were:

- ✓ **Technical skills:** Throughout my internship period, I learnt many uses of Microsoft excel and Microsoft outlook. Though I knew the basic workings of excel, outlook was a new practical experience for me. But the most important software I used during my internship was the **FLORA** software, which MTB Bank uses to track all their activities like checking client's account status, giving data input, verifying transactions, updating TP's (Transaction Profiles) & almost all the operations of this branch. So learning how to use this software was quite challenging and at the same time interesting.
- ✓ **Management skill:** This was the most important and difficult skill that I got to learn on general banking. Customers from different backgrounds with different attitude would come to a bank on a daily basis. Not all were educated or had much idea of how to open account. So I had to develop the skills of appeasing, persuading and building good relationship with them. Also, many customers did not provide all the documents that were required to open an account. Therefore, I had to analyze who would give the documents later & who's going to be late in submission. Another important lesson that I learned was that people are diverse in their behaviours. So I have to deal with them according to their demands & requirements and also have to maintain professionalism.

Critical Observations during Internship at MTB:

During my internship program, I had some observations that include my personal development as well as banking environment. I think this is which will help me to make progress in my career in future. Some of them were-

- ✓ Punctuality is a must while working in a bank because you have to be at office before 10am and have to finish giving customer service within 4pm every day.
- ✓ Listening and following advice of senior officers helped me to understand how banking system works.
- ✓ Becoming more social as I have made a good relationship with other employees and with some clients also.
- ✓ Learned to work in a priorities order so that I can give my 100% in work.
- ✓ Making mistakes allowed me to learn more and also I became more careful not to make the same mistakes again.
- ✓ Patience is a must while dealing with any client because it is my duty to answer every query of clients.
- ✓ Multi tasking is necessary in order to be more proactive.
- ✓ I learned to be a good listener as it helped me to gain trust from clients.
- ✓ Learned to maintain professionalism and respect seniors.
- ✓ Being logical and calm in difficult situations.

Motivation & Practical Learning from Internship at MTB:

I was very much motivated by the work and the people of MTB, Mohammadpur branch. Previously I only had academic learning which only gave me theoretical ideas. But practical learning from working as an intern was so surreal. Because reality is affected by different external factors & also human behaviour is unpredictable. So, the decision making process was more complex & difficult. While I was doing my BBA, I did courses like: Corporate finance, International finance market & securities analysis and portfolio management etc. These helped me to learn about finance more & to analyses different financial reports. Later when I started to work in general banking section, I got to learn

how these learning can be used practically. Also I understood a lot about customers needs & how to fulfill them. I did my second major in marketing which actually helped me to convince customers to open savings account, FDR with us even when the FDR rate was 5.25% for 3 months. So, the academic learning had helped me to overcome many challenges that I faced while doing my internship.

I was fortunate enough to work with so many talented people in MTB. Everyone at the branch helped me through my internship & also looked after me. I worked under Tazlin Akter & Khan Fatema Awatef, who were in charge of the general banking section. They always guided me in the office & gave me enough knowledge about how to work in this section. They keep pushing me to the next level & helped me to understand things from a whole new perspective. Whenever I made any mistake or failed to understand, they used to talk through me nicely & helped me so that I can improve myself. Overall, without the support of my colleges, I could have never completed my internship so successfully.



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Chapter Three: Financial Report Analysis of **MTB**

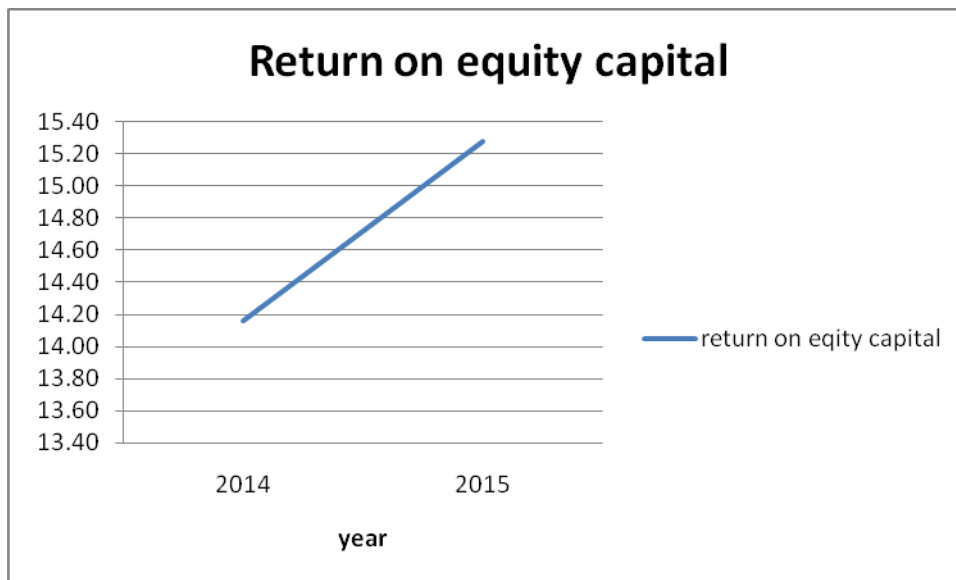
After working in Mutual Trust Bank for 3 months as an intern I collected the financial reports of 2014 & 2015 of MTB to analyze the current financial statuses. Also I have compared between these 2 years to figure out whether the bank has grown the profit or not.

1. Return on equity capital (ROE):

Ratio name	Formula	2014	2015	Comparison
Return on equity capital (ROE)	Net income/total equity capital	14.16%	15.28%	7.91%

Interpretation: In 2015 the common shareholders have earned 15.28% for every 100TK investment in the bank. Compare to 2014, 7.91% more have been earned in 2015. Proportionate change in net profit was higher than proportionate change in total common equity.

Time series analysis: In 2015 the MTB's performance is gradually increasing.



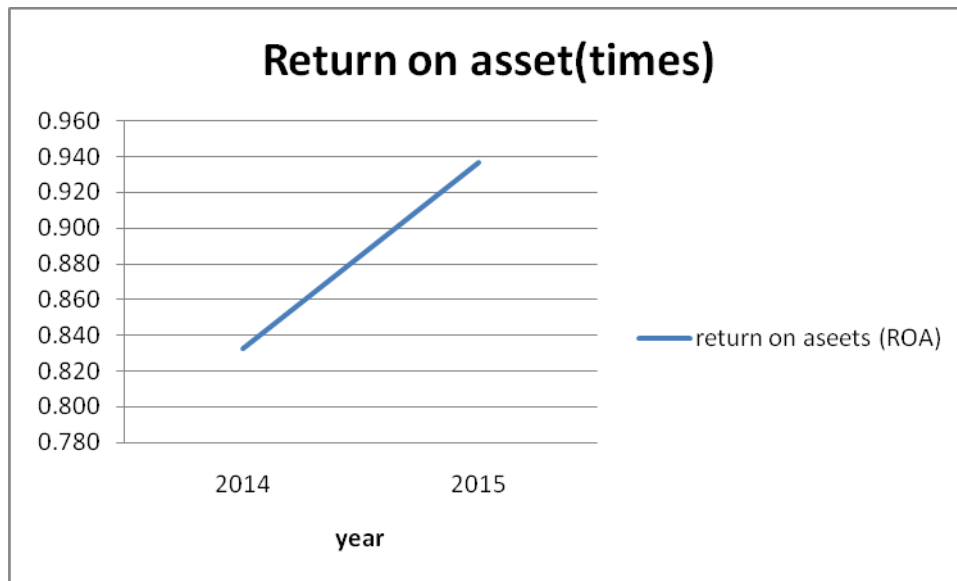


2. Return on assets (ROA):

Ratio name	Formula	2014	2015	Comparison
Return on assets (ROA)	Net income/total assets	0.833%	0.937%	12.56%

Interpretation: In 2015, every 100TK worth of total assets generated 0.937TK net profit. Also, compare to 2014, 12.56% profit was generated more in 2015. Proportionate change in net profit was higher than proportionate change in total asset.

Time series analysis: In 2015 the MTB's performance is gradually increasing.



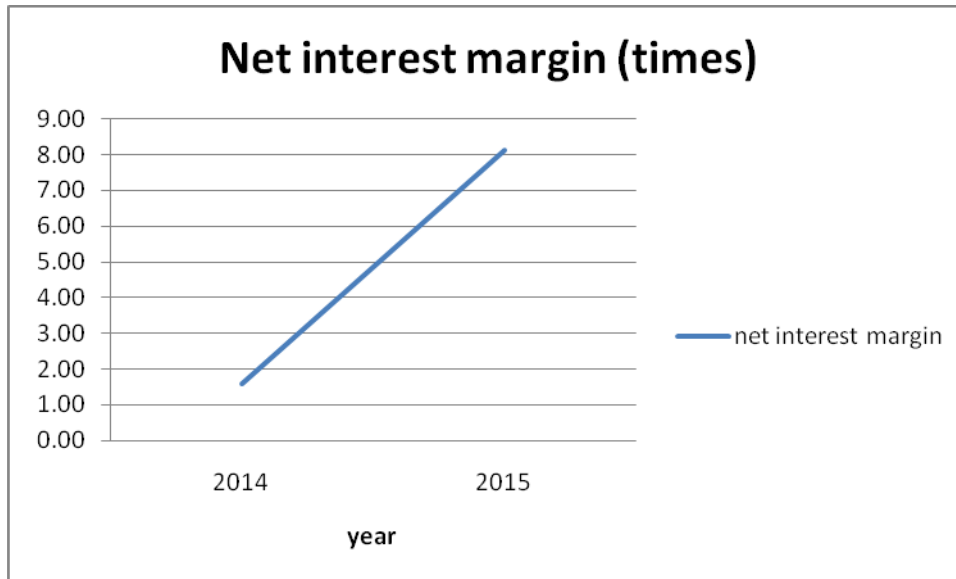
3. Net Interest Margin:

Ratio name	Formula	2014	2015	Comparison
Net Interest margin	(interest income - interest expense)/total earning asset	1.58%	8.12%	414.49%



Interpretation: In 2015, MTB's has earned more money due to interest expenses than was earned from investments. The bank has also grown 414.49times more in 2015 than 2014.

Time series analysis: In 2015 the MTB's performance is gradually increasing.

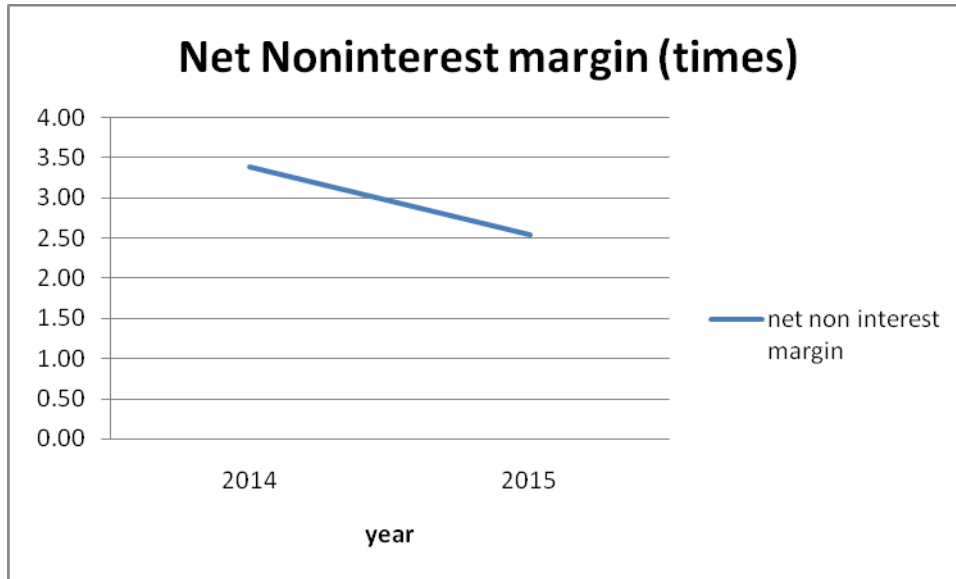


4. Net noninterest margin:

Ratio name	Formula	2014	2015	Comparison
Net noninterest margin	(noninterest revenue-provision for loan and lease losses)/total earning asset	3.39%	2.53%	-0.253%

Interpretation: In 2015, MTB's has earned less money due to interest expenses than was earned from investments. It could have paid off the debt from the interest income rather than investing. That is why it has grown -0.253% less than 2014.

Time series analysis: In 2015 the MTB's performance is gradually decreasing.

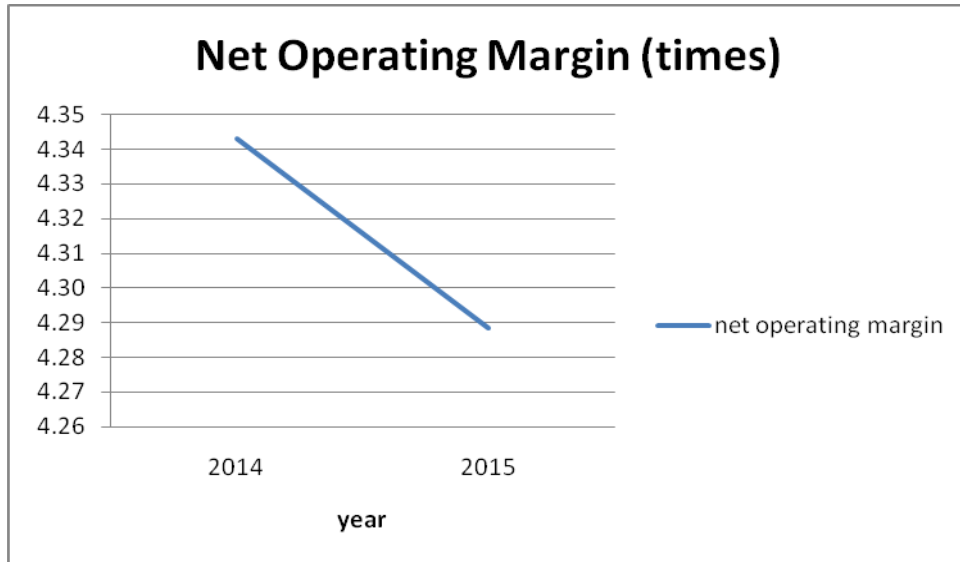


5. Net operating margin:

Ratio name	Formula	2014	2015	Comparison
Net operating margin	Operating income/total assets	4.34%	4.29%%	-0.01%

Interpretation: In 2015, for every 100BDT, Mutual Trust Bank has earned 4.29BDT. But compare to 2014, the profit has slightly gone down to -0.01%.

Time series analysis: In 2015 the MTB's performance is gradually decreasing.

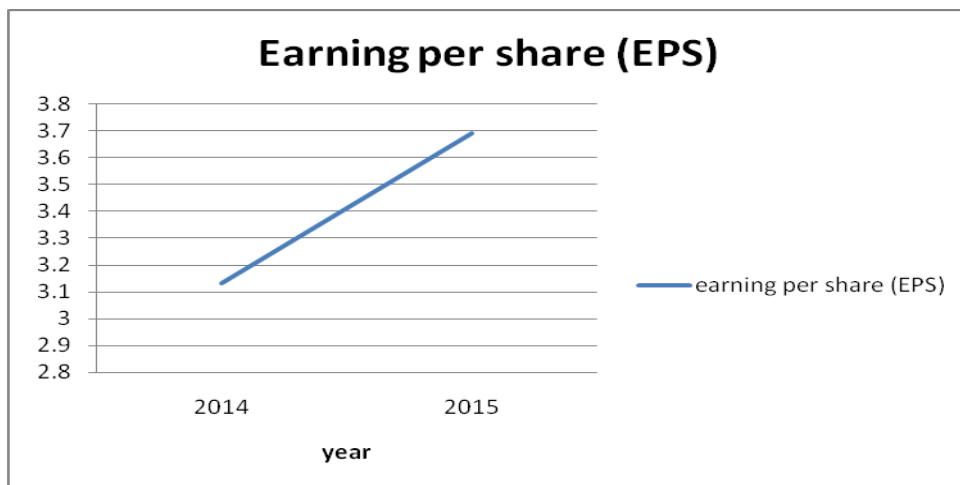


6. Earning per share (EPS):

Ratio name	Formula	2014	2015	Comparison
Net operating margin	$\frac{\text{Operating income}}{\text{total assets}}$	3.13 per share	3.69 per share	0.18 per share

Interpretation: In 2015, the common shareholders have earned 3.69BDT per share. As EPS has gone up, net income has increased. Compare to 2014, MTB has earned 0.18BDT more per share.

Time series analysis: In 2015 the MTB's performance is gradually increasing.





My future career plan based on my internship:

I have done my major in finance & marketing. Therefore, banking sector always looked a lucrative place for me. After working in MTB, I'm planning to pursue my career in banking sector as this sector immense opportunity. Not only I can know more about the financial condition of our country but also it will give me a chance to work directly with customers. There is also a work life balance which will give me enough flexibility to work. The appreciation I got from my supervisor & co-workers encouraged me to work harder. I am now more confident & motivated than I ever was. Thus it will be my pleasure to join MTBL or any other renowned bank in future.

Conclusion:

I was fortunate enough to start my working experience in MTBL which is one of the leading commercial banks in Bangladesh. The practical knowledge that I gathered from here will always help me to move forward in my career. Now I realize that Internship training is necessary to complete my theoretical knowledge & to learn about the real working environment. So, I would once again thank BRAC University & MTBL for giving me this huge opportunity of learning.



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