Report on
Financial Performance Analysis of
"Mutual Trust Bank Limited."

DAFFODIL INTERNATIONAL UNIVERSITY

Internship Report on

Financial Performance Analysis of "Mutual Trust Bank Limited"

<u>**PREPARED FOR**</u>

Dr. Nurul Mohammad Zayed

Assistant professor

Department of Business Administration

Faculty of Business & Entrepreneurship

Daffodil International University

<u>**PREPARED BY**</u>

Abu Musa Khan Rally

ID:183-11-6035

Program: Bachelor of Business Administration

Major: Finance

Department of Business Administration

Faculty of Business & Entrepreneurship

Daffodil International university

Date: 05-06-2024

Letter of Transmittal

Date:

To

Dr. Nurul Mohammad Zayed

Assistant professor

Department of Business Administration

Daffodil International University

Subject: **Submission of Internship Report on Financial Performance Analysis of Mutual Trust Bank Limited.**

Dear Sir,

I am delighted to present an internship report I submitted as part of my BBA program, which is under your supervision. The report pertains to the **Financial Performance Analysis of Mutual Trust Bank Limited.**

I worked hard to ensure that it was accurate and educational as possible. I am grateful to Mutual Trust Bank Limited for allowing me to study business procedures in this Bank. The information in this report has been gathered using data from the organization, primarily from the customers and from the Internet.

I genuinely hope you will accept my report and comply as a result. Please contact me if you have any queries or need clarification. I'm hoping you'll notice my effort and excuse the minor errors.

Sincerely Yours,

Abu Musa Khan Rally

ID:183-11-6035

Department of Business Administration

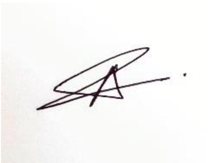
Major: Finance

Faculty of Business & Entrepreneurship

Daffodil International University

STUDENT DECLARATION

I am Abu Musa Khan Rally, a student pursuing a Bachelor of Business Administration (BBA) degree with the identification number 183-11-6035. As a Finance major from Daffodil International University, Bangladesh, I now declare that I have attentively written an internship report on the "Financial Performance Analysis of Mutual Trust Bank Limited."



Abu Musa Khan Rally

ID:183-11-6035

Department of Business Administration

Major: Finance

Faculty of Business & Entrepreneurship

Daffodil International University

LETTER OF APPROVAL

Date: 10.02.24

This is to notify you that **Abu Musa Khan Rally, ID NO: 183-11-6035,** has prepared this internship report entitled " Financial Performance Analysis of Mutual Trust Bank Limited " under my guidance. This is to partially fulfill a Bachelor of Business Administration (BBA) degree in major Finance under the Department of Business Administration, Faculty of Business & Entrepreneurship, Daffodil International University. The data included in this report will exclusively serve its intended purpose and will not be utilized for any alternative objectives. As far as I know, he has prepared this internship report by himself and has not copied or borrowed from anywhere without proper referencing and acknowledgment. I hereby approve this internship report.

I wish him every success in life.

____

Dr. Nurul Mohammad Zayed

Assistant professor

Department of Business Administration

Faculty of Business & Entrepreneurship

Daffodil International University

ACKNOWLEDGMENT

I want to begin by thanking Allah, for granting me the ability to conclude this report. To complete my internship report, I required the assistance and guidance of a few notable individuals. The space complexity precludes us from naming every person. Everyone deserves gratitude for their contributions to this study's completion. It provided me so much information.

I would like to express my gratitude to **Dr. Nurul Mohammad Zayed**, an Assistant Professor in the Department of Business Administration at the Faculty of Business & Entrepreneurship at Daffodil International University, for his consistent patience and for equipping me with a comprehensive and suitable structure for the extensive enlightenments presented in this report.

Additionally, I would like to express my gratitude to **Mohammed Zahidul Islam**, who is the Branch Operations Manager of Mutual Trust Bank Limited's Surriya Branch and Assistant Vice President, for his outstanding cooperation and advice. I can improve the report according to his suggestions.

Lastly, All the Colleagues insightful comments on this plan have inspired me to enhance my report. I appreciate everyone who assisted me directly or indirectly for preparing my internship report.

Executive Summary

The report is a prerequisite for the BBA program's internship period. My internship topic was " Financial Performance Analysis of Mutual Trust Bank Limited." This paper centers on three months of professional experience at Mutual Trust Bank Ltd.

I had an extraordinary experience during my three-month tenure at Mutual Trust Bank. The introduction is the first section of my report and covers a variety of topics, including the source of the information, constraints, and methodology. The subsequent section will cover the organization's banking operations, core values, organizational structure, and objective and vision. I provide a more detailed account of the responsibilities and responsibilities that I fulfilled during my apprenticeship in the subsequent chapter. I have conducted a financial ratio analysis and provided an interpretation of the results in the fourth section. I present a definitive statement, suggestions, and some discoveries in the final section of the paper.

Table of Contents

Chapter 1
Introduction

1.1 Introduction

"Bank" is the lexical origin of the Italian word "banco." The bank is the lifeblood of the contemporary economy. Similar to how an individual, a society, or a nation cannot operate without financial resources, money and its promotion cannot even be contemplated in the absence of a financial institution. Every country has a central bank responsible for currency production and communications. A bank does not emerge overnight; rather, it is not established overnight. After money was introduced, one group of individuals initially sought to ascertain its security, whereas another group of individuals focused on tracing its origins. This type of job taught an individual the true meaning of a bank when they were required to complete numerous duties simultaneously. Despite pursuing business as our academic major, we lack practical knowledge regarding the operations of institutions or their inner workings. Through my immersion in an authentic banking environment, the apprenticeship program affords me the chance to develop practical and theoretical knowledge. Interning at Mutual Trust Bank (Mutual Trust Bank) Limited provides me with an exceptional opportunity to acquire practical experience. An analysis of the ratio performance of Mutual Trust Bank (Mutual Trust Bank Limited) is the subject of my paper. I have attempted to demonstrate financial performance analysis utilizing a variety of ratio analyses over the past five years. During the course of my twelve-week apprenticeship, I have acquired knowledge regarding the restricted internal banking practices of Mutual Trust Bank (Mutual Trust Bank) with the guidance and support of my banker's supervisor. I am now informed regarding various types of account openings.

1.2 Origin of the Report

I was permitted to complete my internship requirement by writing a report on the practices of Mutual Trust Bank Limited. I was an intern at Mutual Trust Bank Ltd 's Sarulia Branch for three months. This internship provides students with an opportunity to demonstrate their academic expertise in the real world. This report was written based on my everyday practical experience.

Under the guidance of Dr. Nurul Mohammad Zayed, Assistant Professor of Business Administration at the Department of Business Administration, Faculty of Business & Entrepreneurship, Daffodil International University, I was obligated to write a report during this internship. In contrast, Mohammed Zahidul Islam, Assistant Vice President, Branch Operations Manager of Mutual Trust Bank Limited (Sarulia Branch), was my supervisor at Mutual Trust Bank. He assisted me in the preparation of my internship report.

1.3 Objectives of the study

The objectives of the study are as follows: -

Primary Objective: -

- The report's primary objective is to evaluate the financial performance of Mutual Trust Bank Ltd.

Specific objectives: -

- To determine Liquidity, Efficiency or Activity, Leverage or Solvency, Profitability and Market Ratios.
- To submit proposals for enhancing Mutual Trust Bank Ltd.'s financial status in accordance with the results.

1.4 Scope of the study

The primary objective of this study is to assess the financial performance of Mutual Trust Bank (Mutual Trust Bank) Limited. Over the past three months, the analysis has been conducted. I focused on conducting a ratio analysis of the financial statements to assess the performance of Mutual Trust Bank (Mutual Trust Bank) Limited over the years. This investigation has yielded pertinent recommendations. The financial status of Mutual Trust Bank (Mutual Trust Bank.) Limited is briefly examined to assess its overall performance.

1.5 Methodology

The systematic approach to data collection is known as methodology. I built my internship report on secondary sources of information.

Secondary source:

I collected the secondary data through different Articles, other reports on internship projects mainly the banks official website and annual reports (2018-2022).

1.6 Limitations

Following limitations that I suffered during the report

- **Insufficient data**: Insufficiency of banking institution information for the preparation of this study.
- **Shortage of time:** As I told you, this is a massive company, so it is challenging to cover everything within a short time.
- **Data Complexity:** Another issue is that interviewing multiple people produces a great deal of complexity with relation to the verification of data.

Chapter 2

Profile of Mutual Trust Bank Ltd

2.1 Overview of Mutual Trust Bank

Mutual Trust Bank Ltd. (Mutual Trust Bank), a third-generation private commercial bank located in Dhaka, Bangladesh, was recognized as the Best Financial Institution of 2014 at the DHL-Daily Star Business Awards 2015. Mutual Trust Bank LTD. was established in 1999 as a public limited company by shares, with an authorized capital of TK 38,000,000.00 and 38,000 ordinary shares of TK 100 each, in accordance with the Companies Act of 1994. Every type of banking activity is conducted by the organization. On the same day, the Company received its Certificate for the Commencement of Business Operations. It began conducting banking operations on October 24, 1999, following the issuance of a licenced by Bangladesh Bank in accordance with the Banking Companies Act of 1991 on October 5, 1999. In compliance with the Act of 1991, the company initiated its banking operations with the Bangladesh Bank-issued licence and its memorandum of association. This enabled it to participate in the subsequent financial operations. Mutual Trust Bank had previously been awarded the inaugural "SME Bank of the Year" and "Women Entrepreneurs' Friendly Bank of the Year" distinctions by the SME Foundation and Bangladesh Bank, respectively. The Institute of Chartered Accountants of Bangladesh has recognized Mutual Trust Bank for its third-best-presented annual report among private institutions. Mutual Trust Bank endeavours to become a client-centric, revolutionary enterprise and one of the most prestigious financial institutions in the country. Mutual Trust Bank maintains 119 primary branches, 33 sub-branches, and 200 Agent Banking Centres.

2.2 Vision of Mutual Trust Bank

The Mutual Trust Bank framework provides the cornerstone of the mission of Mutual Trust Bank. The view of Mutual Trust Bank is:

- One of the best performing banks in Bangladesh
- The bank of choice
- A truly world-class bank

2.3 Mission of Mutual Trust Bank

The organization's goal is to attain the highest regard as the preeminent financial establishment in the country, renowned for its innovative, customer-centric approach, and provision of a diverse array of products and services that strive for excellence while generating substantial economic value.

2.4 Mutual Trust Bank Core Value

Commitment:

- **Shareholders:** Develop enduring financial gains for its shareholders through the implementation of a morally sound and efficient business strategy.
- **Community:** Demonstrating a commitment to societal betterment by creating employment opportunities, endorsing community-based initiatives, and conducting business ethically.
- **Clients:** Deliver exceptional customer service by offering an extensive selection of products and striving to completely fulfill their financial requirements.
- **Employees**: They value their affiliation with this esteemed financial institution in high regard and depend on the intrinsic qualities possessed by our staff. They work together to identify and reframe the diverse perspectives, abilities, and skills of every employee, irrespective of position. In addition to generating value for stakeholders, make a positive contribution to the socioeconomic development of the nation.

Accountability:

The bank acknowledges and expects that our evaluation will be solely based on the extent to which we successfully discharge our obligations. Their primary obligation is to provide exceptional service while simultaneously upholding stringent regulatory requirements and ethical business practices.

Agility:

They are capable of considering matters from multiple perspectives; we are flexible and not limited by our past methodologies. In order to meet the expectations of stakeholders and achieve our goals, it may be necessary for us to modify our operational approach prompt.

Trust:

Give a high level of importance to the concept of mutual trust, which includes communication that is both open and honest between all parties involved.

2.5 Mutual Trust Bank's Objectives

The primary objective of The Mutual Trust Bank Limited (Mutual Trust Bank) is to establish a financial sector banking service system that complies with international standards. Additionally, the bank initiated operations in the country with the following objectives in mind:

• To eliminate the debtor-creditor framework that is frequently observed in traditional banking institutions and establish a collaborative relationship with customers,

• To establish a financial system that prioritises social welfare. to allocate capital towards industries that generate profits.

• To allocate capital according to a profit-and-risk distribution.

• Receive compensation in the form of a profit-and-loss split.

• Distribute savings to prospective economic regions in order to create employment opportunities.

• To enhance the quality of life for the indigent, defenceless, and low-income members of society by offering them banking services.

• To assist in the establishment of an economic system that is both equitable and just.

• Encourage economic equity in the nation's trade and commerce.

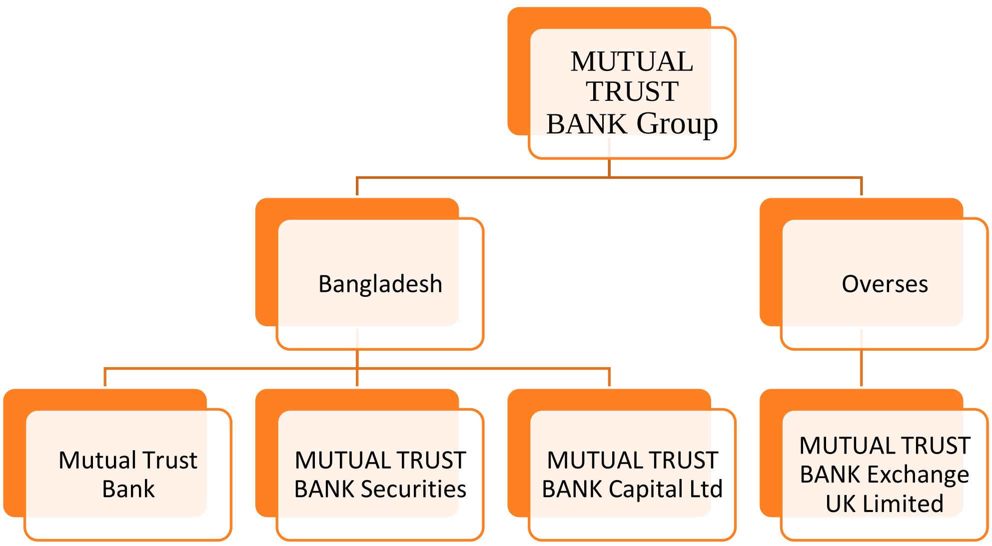
• To provide services that facilitate the nation's economic growth.

2.6 Functions of Mutual Trust Bank

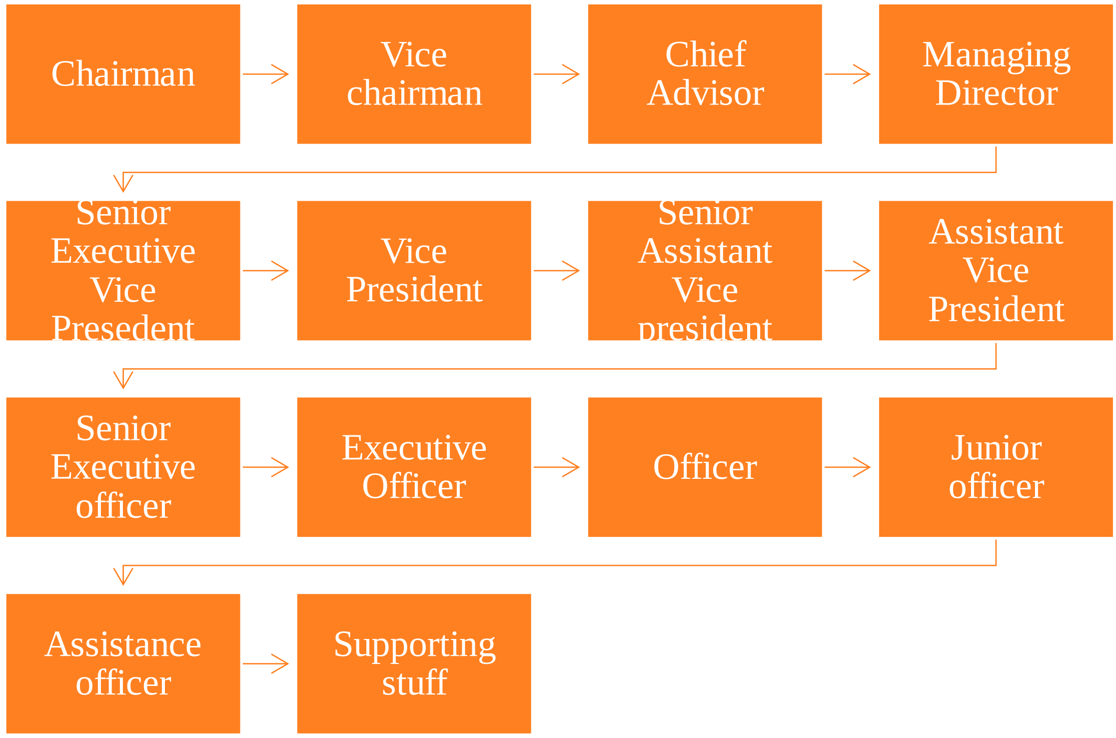
Mutual Trust Bank Limited fulfills the following functions: To supervise a range of deposit accounts that offer online functionalities.

- In order to carry out our currency exchange operations.
- Broaden the range of additional financial services.
- To participate in philanthropic endeavors.

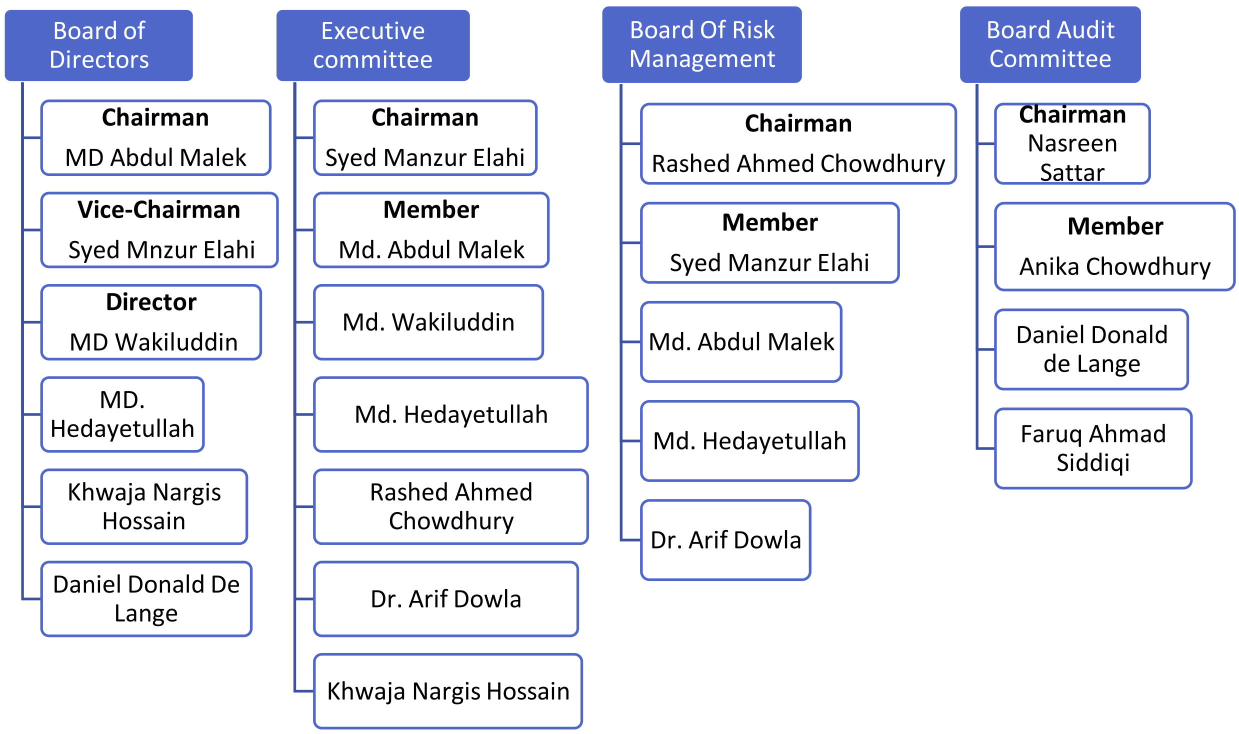
2.7 MTB corporation structure



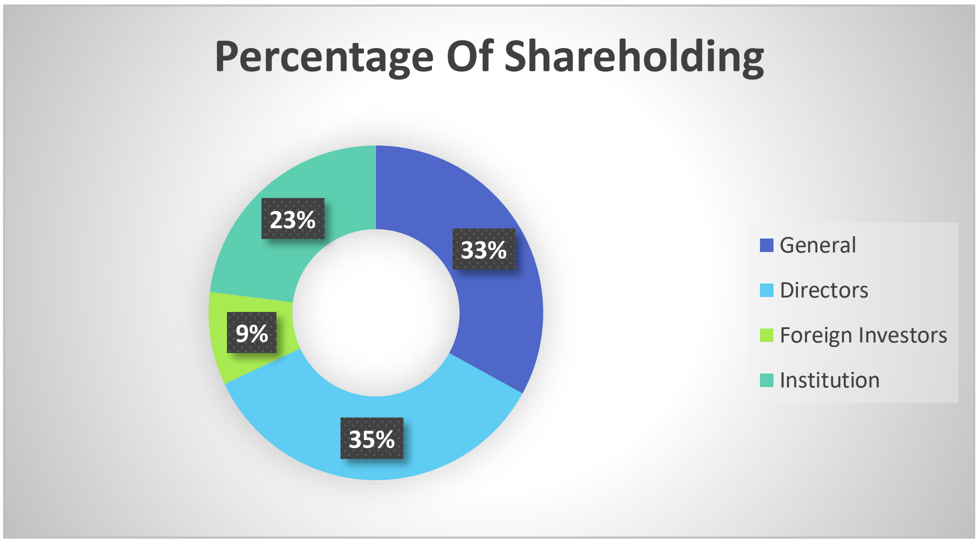
2.8 Structure of the management hierarchy at Mutual Trust Bank Limited



2.9 The council and its directors



2.10 Shareholder Structure Of Mutual Trust Bank



Chapter 3

Financial Ratio Analysis of Mutual Trust Bank

3.1 Financial ratio analysis

Financial ratio analysis is utilized to evaluate the financial health and performance of a business. Its purpose is to provide internal and external users with decision-making information regarding the company entity. For example, creditors take ratio analysis into account when determining loan options, and potential shareholders may utilize this information to ascertain investment opportunities. The managers of the organization are also provided with the necessary information to make a variety of operational and financial decisions through the use of financial ratio analysis.

3.2 Analysis of Financial Performance Utilizing Ratios

Five main types of ratios:

Liquidity analysis: Analysis of liquidity It shows how much money a company has to cover its costs.

Efficiency or Activity: Employ efficiency or activity analysis to evaluate the firm's assets in terms of their contribution to production and revenue.

Leverage or Solvency: Assesses the company's ability to fulfill its long-term debt and investment commitments and examines the variety of debt financing sources employed by the company in its overall capital framework.

Profitability: The firm's income is computed through the profitability analysis by deducting capital expenditures and sales.

Market Ratio: The market value of a company, ascertained through the valuation of its current market share, is associated with specific accounting values.

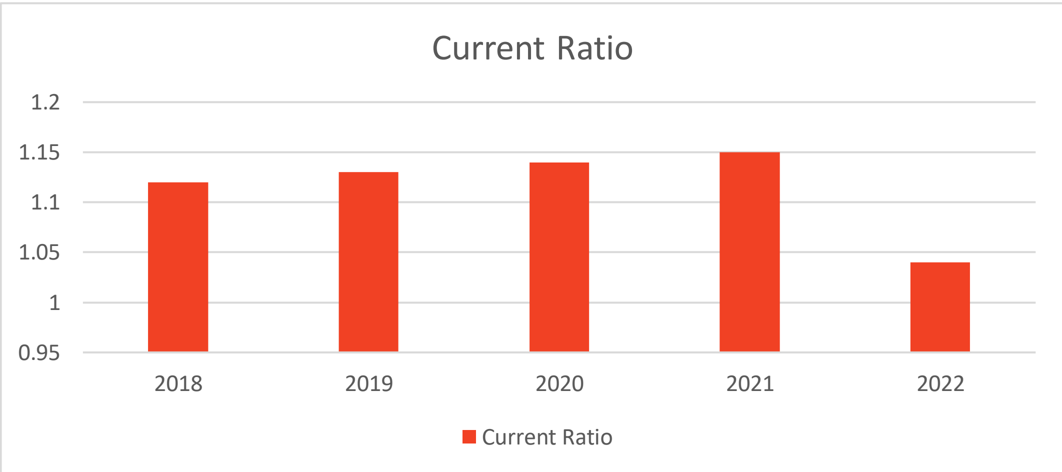
3.3 Mutual Trust Bank Limited's liquidity analysis:

Current ratio:

Typically, current sources encompass appealing securities, cash, inventories, and accounts receivable for statistical purposes. Current liabilities encompass short-term notes payable, current portions of long-term obligations, amounts owed to creditors, amounts collected, and different accrued expenses.

Current Ratio = Current Assets / Current Liabilities

Year	Current Assets	Current Liabilities	Result
2018	218,886,908,399	198,796,433,627	1.12
2019	242,077,604,961	212,648,901,836	1.13
2020	253,762,313,900	220,068,084,812	1.14
2021	287,414,639,224	248,162,723,498	1.16
2022	333,147,572,682	317,812,411,825	1.04



The ability of an organization to meet its current obligations using its current assets. An increased ratio confers benefits to the bank by aiding in the safeguard against default.

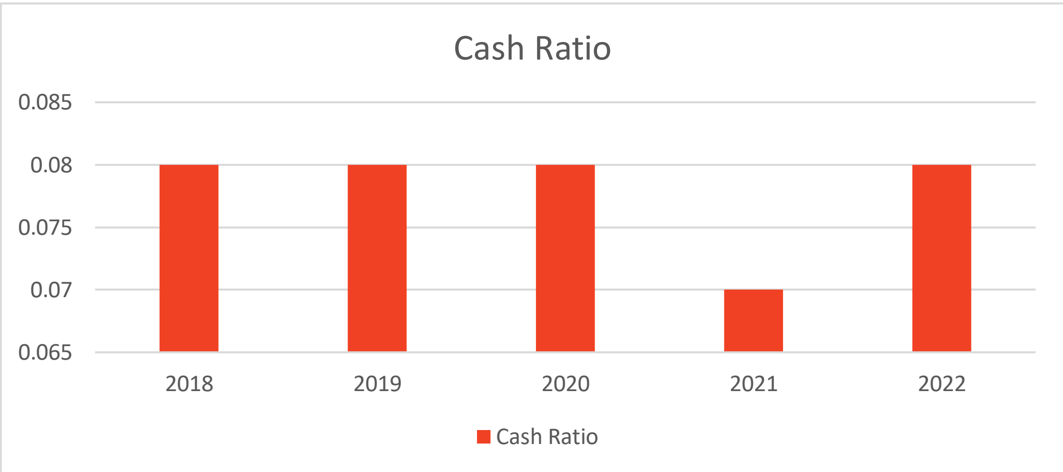
Considering the year 2018, it is evident that the current ratio is 1.12 times the amount required to settle an obligation in one taka. In sum, current assets at Bank Asia amounted to 1.12 taka. It increased gradually through the years 2019, 2020, and 2021, reaching 1.15. This signifies that the Mutual Trust Bank's current assets are in a satisfactory condition.1.04 percent is the worst in 2022. Mutual Trust Bank is in a position to pay its current liabilities with its current assets. More current assets, however, are detrimental to a business. The assets of Mutual Trust Bank may be invested.

Cash ratio:

Cash Ratio= Cash and cash equivalents /Current Liabilities

Cash equivalents consist of marketable securities, money on call and brief notice, and a band balance from another bank.

Year	Cash and cash equivalents	Current Liabilities	Result
2018	17,057,651,343	198,796,433,627	0.08
2019	17,972,240,898	212,648,901,836	0.08
2020	17,532,257,617	220,068,084,812	0.08
2021	18,714,016,620	248,162,723,498	0.07
2022	26,761,641,686	317,812,411,825	0.08



The cash ratio serves as an indicator of liquidity, quantifying the extent to which a company can satisfy its immediate obligations using cash and cash equivalents. Multiplying the aggregate current liabilities of a corporation by the combined value of its cash and near cash securities reserves yields the cash ratio.

Cash ratio at Mutual Trust Bank remained unchanged in 2018, 2019, and 2022. The cash ratio experienced a decline to 0.07 in 2021. The cash ratio provides a more accurate assessment of the bank's available cash to satisfy its current obligations. It is possible that the management failed to utilize the currency effectively, which would constitute a substantial loss for the bank.

Net operating Capital:

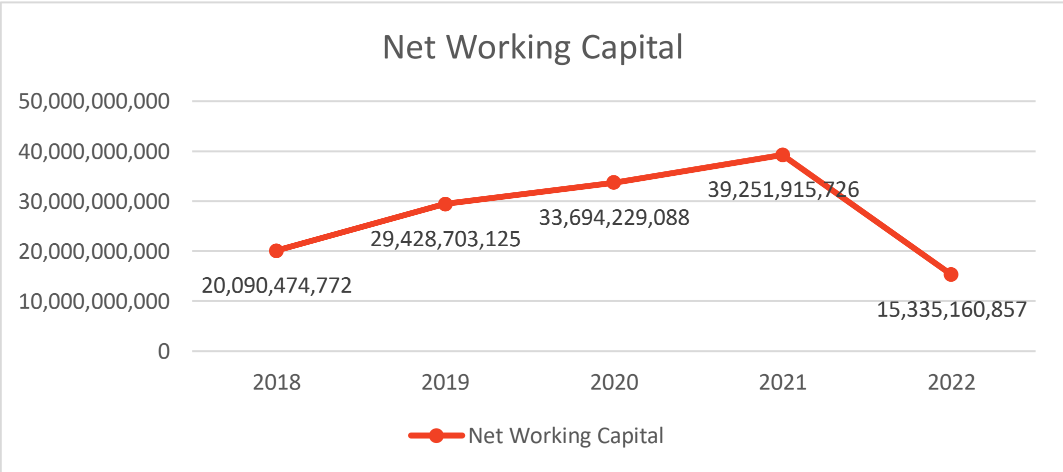
Working capital, or net operating capital, refers to the difference between a company's curren t assets and current liabilities.

Current assets include cash, finished goods, and raw material stocks, whereas current liabiliti es refer to obligations that need to be paid.

Bills receivable are included as part of the current assets.

Net Working Capital = Current Assets – Current Liabilities

Year	Current Assets	Current Liabilities	Result
2018	218,886,908,399	198,796,433,627	20,090,474,772
2019	242,077,604,961	212,648,901,836	29,428,703,125
2020	253,762,313,900	220,068,084,812	33,694,229,088
2021	287,414,639,224	248,162,723,498	39,251,915,726
2022	333,147,572,682	317,812,411,825	15,335,160,857



Due to the substantial increase in current liabilities relative to current, there was a declining trend in 2018. With the exception of 2021, net working capital will increase in 2019. It was 39,251,915,726 in 2021, but it plummets to its lowest point in 2022, which is also less than in 2018.Although it may be abundantly apparent that Mutual Trust Bank's capital working funds are increasing, this trend did not occur last year.

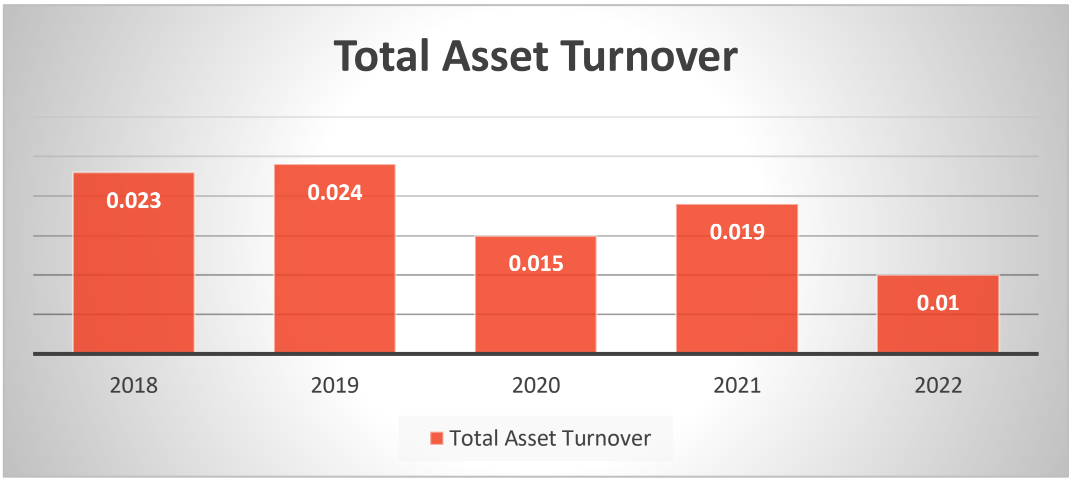
3.4 Efficiency or Activity Ratio:

Using activity or efficiency analysis, evaluate the output and revenue generated by the organization's assets.

Total Asset Turnover:

Net sales of Mutual Trust Bank / Total assets of Mutual Trust Bank

Year	Net Sales	Total Assets	Result
2018	5,251,214,186	222,444,897,850	0.023
2019	5,629,712,864	239,643,765,984	0.024
2020	3,945,252,413	269,269,259,576	0.015
2021	5,747,085,772	306,500,925,149	0.019
2022	3,867,131,580	353,643,677,662	0.010



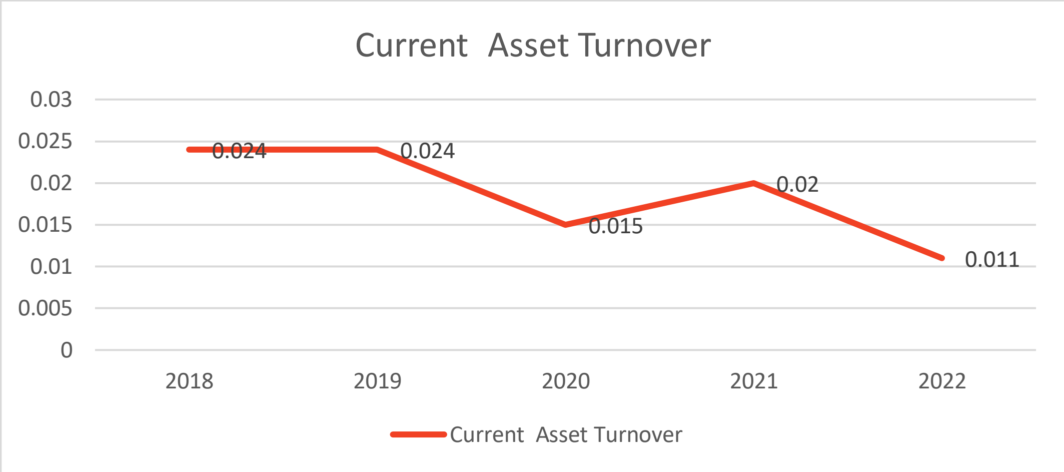
The efficiency with which a business converts all of its resources into revenue and sales.

The Mutual Trust Bank generated 0.023 taka in sales for every taka in total assets in 2018, as reported by its TAT. It exhibits a marginal increase in 2019. In 2020, 2021, and 2022, however, the TAT ratio declined. This suggests that 2019 was operating at its peak performance. In contrast to prior years, the total asset turnover ratio of Mutual Trust Bank is decreasing in 2022, which is disastrous news for the organization.

Current Asset Turnover:

Current asset ratio = Net Income / Total Current asset

Year	Net Sales	Current Assets	Result
2018	5,251,214,186	218,886,908,399	0.024
2019	5,629,712,864	242,077,604,961	0.024
2020	3,945,252,413	253,762,313,900	0.015
2021	5,747,085,772	287,414,639,224	0.020
2022	3,867,131,580	333,147,572,682	0.011



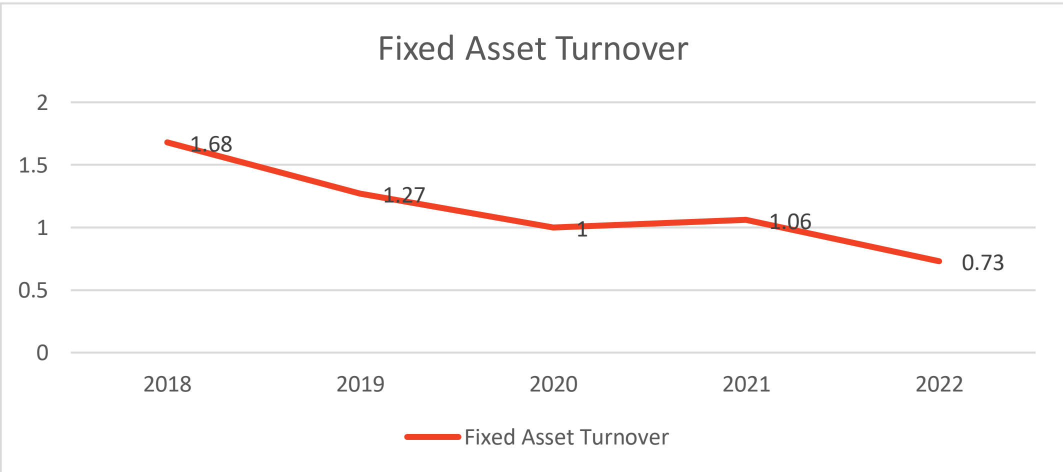
The measure of a company's ability to convert its current assets into sales is referred to as current asset turnover.

The mutual trust bank achieved a current asset ratio of 0.024 in 2018. This indicates that for every Taka in current assets, the bank can generate 0.024 Taka in sales. Moreover, it remains unchanged in 2018. In 2019, the decline was even greater. However, the current asset ratio increased from the previous year to 0.020 in 2021 before decreasing once more in 2022. 2018-2019 was, therefore, the most exceptional year ever.

Fixed Asset Turnover:

FAT = Net Interest Income of Mutual Trust Bank / Total fixed Asset of Mutual Trust Bank.

Year	Net Sales	Fixed Assets	Result
2018	5,251,214,186	3,128,176, 263	1.68
2019	5,629,712,864	4,276,584,398	1.27
2020	3,945,252,413	4,896,306,425	1.00
2021	5,747,085,772	5,394,493,735	1.06
2022	3,867,131,580	5,265,362,889	0.73



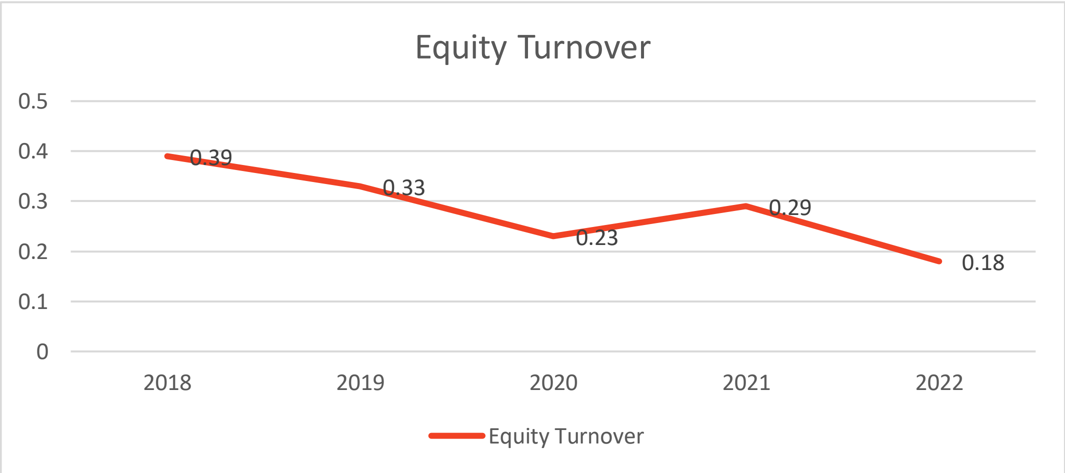
The effectiveness of a company's sales generation through the utilization of its fixed assets.

The Mutual Trust Bank generated 1.68 taka in sales from 1 taka in fixed assets in 2018. However, in 2019 and 2020, it decreased marginally. However, in 2021 it surpassed the previous year's value of 1.06, and it declined to 0.73 the following year. Thus, 2018 was the finest year ever.

Equity Turnover:

Equity turnover ratio: Net sales of Mutual Trust Bank / total equity of Mutual Trust Bank

Year	Net Sales	Total Equity	Result
2018	5,251,214,186	13,278,877,972	0.39
2019	5,629,712,864	16,269,867,060	0.33
2020	3,945,252,413	17,011,160,732	0.23
2021	5,747,085,772	19,654,773,315	0.29
2022	3,867,131,580	21,331,133,467	0.18



The quantity of revenue generated by the company using funds from equity holders.

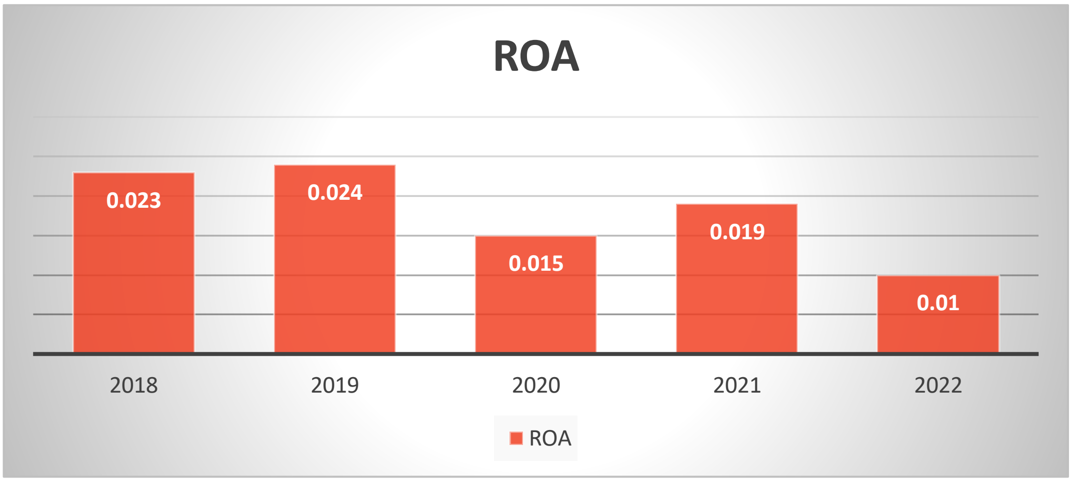
Mutual Trust Bank's ET ratio fell in 2019 and 2020 from 0.39 in 2018. The following year, it went up by 0.29, and in 2022, it went down to 0.18 again. Thus, 2018 was the best year for Mutual Trust Banks, whilst 2022 was the worst.

3.5 Profitability Ratio of Mutual Trust Bank:

Return on Assets

ROA= Net Income of Mutual Trust Bank / Total Assets of Mutual Trust Bank

Year	Net Income	Total Assets	Result
2018	5,251,214,186	222,444,897,850	0.023
2019	5,629,712,864	239,643,765,984	0.024
2020	3,945,252,413	269,269,259,576	0.015
2021	5,747,085,772	306,500,925,149	0.019
2022	3,867,131,580	353,643,677,662	0.010



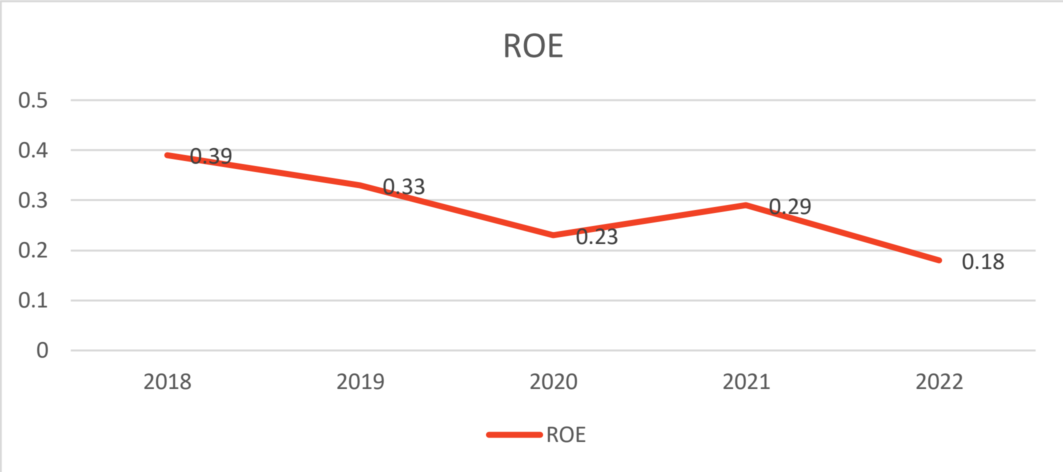
Earnings per available asset (ROA) is a measure of a company's financial health. A greater ratio is better in this case.

Comparative analysis across years The return on assets for Mutual Trust Bank in 2018 was 0.023. This past year, Mutual Trust Bank saw an increase of 0.024 in ROA. Having said that, ROA was 0.015 in 2020, which is a slight decrease from 2019.The return on assets (ROA) ratio was 0.019 in 2020, however it rose to 0.019 in 2021.Once again, the ROA drops below 0.010 percent in 2020.In 2019, Mutual Trust Bank achieved its best return on assets (ROA) with a profit margin of 0.024. The return on assets for Mutual Trust Bank has been declining for the past two years, which means that their profit on assets has also been declining.

Return on Equity:

ROE= Net Income / Total Equity

Year	Net Income	Total Equity	Result
2018	5,251,214,186	13,278,877,972	0.39
2019	5,629,712,864	16,269,867,060	0.33
2020	3,945,252,413	17,011,160,732	0.23
2021	5,747,085,772	19,654,773,315	0.29
2022	3,867,131,580	21,331,133,467	0.18



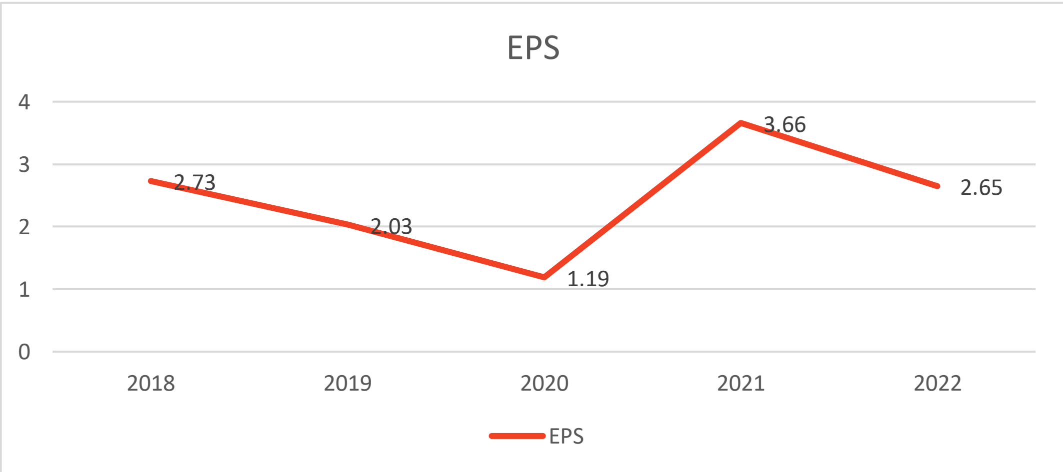
ROE stands for Return on Equity, which is a measure of a firm's profitability by assessing the amount of earnings it generates relative to its Owners' Equity.

In 2018, ROE was 0.39 percent, compared to 0.39% in 2014.However, beginning in 2019, it is evident that ROE is declining. It decreased by 0.23% in 2020, from 0.33% in 2019. In contrast, it increased marginally from the previous year to 0.29% in 2021 before falling to 0.18% in 2022.The most unfavorable year thus far is 2020, whereas the most favorable year is 2018.

Earnings per Share:

Net Income of Mutual Trust Bank /Number of shares outstanding Mutual Trust Bank

Years	**2018**	**2019**	**2020**	**2021**	**2022**
EPS	2.73	2.03	1.19	3.66	2.65



Earnings per share (EPS) represents the portion of a company's net profits that is allocated to each of its stockholders.

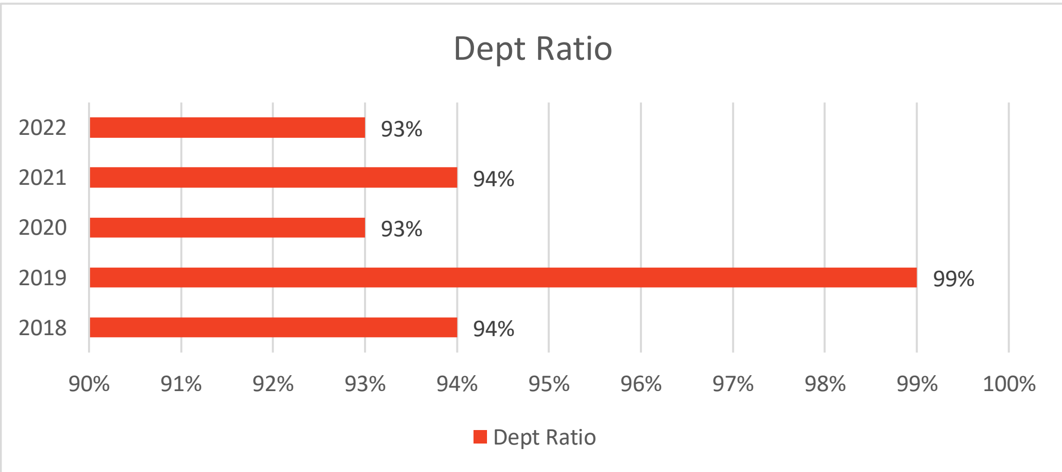
In 2018, Mutual Trust Bank generated earnings of 2.7 taka per share. which corresponds to a dividend per share of 2.7 taka from Mutual Trust Bank. However, it declined marginally in 2019 and 2020, reaching 2.3 and 1.1 taka, respectively. However, EPS for 2021 was greater than that of the prior year, which was 3.66. Additionally, the EPS rate experienced a marginal decline to 2.65 taka in 2022. This signifies the recovery of Mutual Trust Bank, which is presently operating at a profit.

3.6 Solvency Ratio of Mutual Trust Bank

Debt ratio:

D/A = Total Liabilities of Mutual Trust Bank / Total Assets of Mutual Trust Bank

Year	Total Liabilities	Total Assets	Result
2018	209,165,979,928	222,444,897,850	0.94
2019	238,623,169,339	239,643,765,984	0.99
2020	252,257,967,102	269,269,259,576	0.93
2021	286,846,018,576	306,500,925,149	0.94
2022	332,312,411,825	353,643,677,662	0.93



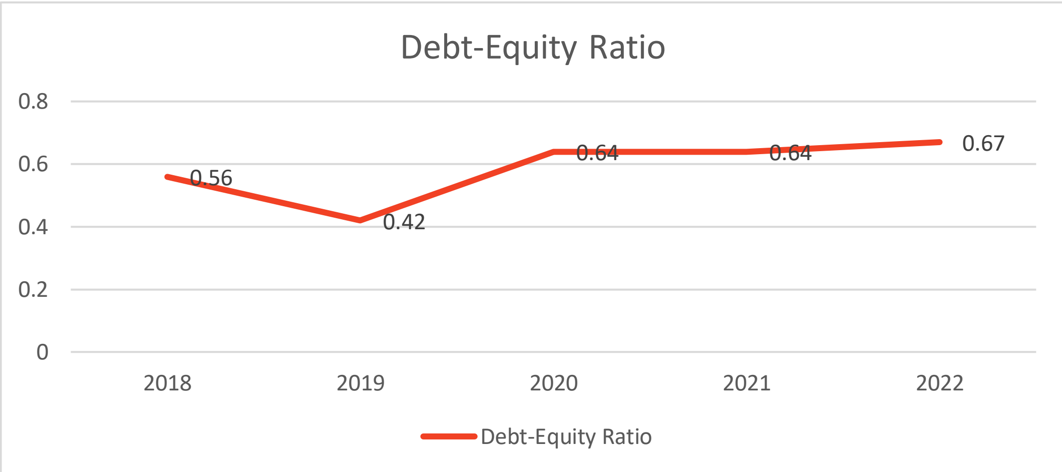
The debt ratio is calculated by dividing the total debt by the total assets, expressed as either a percentage or a decimal. It represents the ratio of a company's total assets that are funded by debt.

In 2018, the debt-to-total-assets ratio of Mutual Trust Bank was 94%. It then increases to 99 percent in 2019. It fell to 93% in 2020 and continued to decline in 2022 in comparison to 2021.

Debt-equity ratio:

D/E = Total Long -term Debt of Mutual Trust Bank / Total Equity of Mutual Trust Bank

Year	Total Long Term Dept	Total Equity	Result
2018	7,400,000,000	13,278,877,972	0.56
2019	6,800,000,000	16,269,867,060	0.42
2020	10,850,000,000	17,011,160,732	0.64
2021	12,600,000,000	19,654,773,315	0.64
2022	14,500,000,000	21,331,133,467	0.67



The debt-to equity ratio (D/E ratio) compares the amount of equity to the amount of debt held by a company. It is calculated by dividing the total debt of the company by the total shareholder equity. A greater D/E ratio could potentially impede the company's ability to meet its financial obligations.

In 2018, Bank Asia had a D/E ratio of 0.56, which fell to 0.42, then rose to 0.64 in 2020 and 2021.The ratio was 0.67 in 2022.This indicates that the years 2020, 2021, and 2022 were prosperous, as Mutual Trust Bank increased its borrowings.

3.7 Market Ratio of Mutual Trust Bank:

Price to Earnings Ratio:

P/E = Current Share Price of Mutual Trust Bank/ Earnings per Share of Mutual Trust Bank

Year	Current Share Price	Earnings Per Share	Result
2018	14.8	2.73	5.45
2019	14.8	2.03	7.29
2020	14.8	1.19	12.43
2021	14.8	3.66	4.04
2022	14.8	2.65	5.58

The P/E ratio is a metric that investors may utilize to assess the market valuation of a company in relation to its earnings. The P/E ratio represents the valuation that investors are ready to assign to each unit of reported earnings.

Mutual Trust Bank experienced a decline in its P/E ratio from 5.45 in 2018. However, it subsequently witnessed growth in both 2019 and 2020. Moreover, it underwent a marginal decrease of 4.04-fold in 2021, followed by a subsequent 5.58-fold growth in 2022.A price-to-earnings ratio is considered unfavorable when it is at its lowest value.

Chapter 4

Findings, Recommendations & Conclusion

4.1 Findings

The findings of this report can be succinctly outlined as follows.

- The total debt ratio of Mutual Trust Bank experienced an increase from 0.99 in 2019. However, in 2022, it exhibited a decline in comparison to the preceding year, albeit not of substantial magnitude.
- The cash ratio of the Mutual Trust Bank declined from 2018 to 2022. The cash ratio offers a more precise evaluation of the bank's liquid assets that can be used to meet its immediate financial obligations. It might be inferred that the management misused the cash, resulting in a significant financial loss for the bank.
- The Net Working Capital for the year 2022 declined in comparison to the preceding four years, where it was valued at $15,335,160,857. However, there was an increase in the upward direction between 2018 and 2021.
- The return on equity (ROE) of Mutual Trust Institutions has shown a similar decline in both 2020 and 2022. However, it had an increase in 2021, but not to the same degree as in previous years. Consistently, the bank's return on equity (ROE) is below the industry average.
- The return on assets is equal to the return on equity. Consequently, the return on assets (ROA) of Mutual Trust Banks likewise experiences an upward trend.
- Mutual Trust Bank Limited's ratio of price to earnings in 2021 is lower than the average ratio in the industry. This indicates that investors have a lower level of trust in the company's performance compared to most banks in the banking sector.
- Earnings per share (EPS) is the financial metric that measures the amount of money a company makes for each outstanding share of its stock. An increase in value indicates that shareholders are willing to pay a higher price for the bank's stock. However, starting from 2018, the earnings per share have experienced a downward trend. Nevertheless, the EPS ratio for 2021 remains elevated, indicating that investors are inclined to pay a premium for the company. In contrast, the rate exhibited a little decrease in 2022.

4.2 Recommendations

The following notion and recommendations will significantly enhance Mutual Trust Bank's performance: -

- The overall debt ratio of Mutual Trust Bank increased from 0.93 in 2022, but it reduced compared to the previous year. This suggests that the bank's debt in relation to its assets has declined. The bank should prioritise strategies to boost revenues, such as refinancing its debt at more favourable interest rates and enhancing cash flows to increase the debt ratio.
- The primary focus of the Mutual Trust Bank should be on maintaining a high cash ratio. Following its high in 2019 and 2020, the cash ratio has experienced a decrease in 2021. The cash ratio is a metric used to assess a company's liquidity by measuring its ability to fulfil its short-term obligations solely with cash and cash equivalents. In order to enhance the amount of cash available for debt reduction, The bank ought to reduce its cost of capital, operational expenditures, and service infrastructure.
- In 2022, the Net Working Capital dropped compared to the previous four years, reaching a total of $15,335,160,857. The bank should augment its existing assets in order to enhance its Net Working Capital.
- Given that a higher return on assets (ROA) signifies improved asset efficiency, Mutual Trust Institutions should prioritise this statistic. The Return on Assets (ROA) for Mutual Trust Bank experienced a decline in both 2019 and 2022, but it exhibited a larger increase in 2021 compared to the previous year. This indicates that the bank is optimizing the use of its resources to increase its profits. The highest level of return on assets (ROA) is achieved when comparing banks that are similar or when evaluating a bank's performance in relation to its past performance.
- MTB must closely monitor the return on equity (ROE) as it is an important indicator of profitability in relation to stockholders' equity. The return on investment (ROI) is affected by three primary factors: the equity ratio, net profit margin, and total asset ratio. This is widely known and accepted. Sensitivity analysis might have identified the variable that is most vulnerable to changes in return on equity (ROE). The sensitivity of a factor is directly proportional to its positive value. Between the years 2018 and 2022, there was a noticeable decrease seen. This is an unfavourable indication for the bank. In order to regulate it with efficiency,It is crucial to determine the exact position

of the vulnerable element. MTBL must maintain a debt-to-equity ratio that is within an acceptable and sustainable level.

4.3 Conclusion

Financial analysis is the most critical aspect of Supplying decision makers with factual information and statistical analysis. Ratios, as employed in economic analysis, function as an evaluation tool. Today, when decision-makers are considering options and stopping actions, they give significant importance to the analysis. They need to analyze the evidence in order to ascertain if it meets their requirements. I have thoroughly evaluated the records and analyzed the financial consequences and roles of the conditions based on the information in my records. Despite some constraints, I make a conscientious effort to carry out meticulous investigation and analysis of facts and figures. Finally This document has improved my comprehension of the practical aspects that are prevalent in the corporate world. Mutual Trust Bank Ltd. provides a reliable retail banking system. in contrast to other institutions in Bangladesh. Mutual Trust Bank is experiencing an increase in client acquisition as a result of the implementation of a third-generation banking architecture.

My three-month journey is recounted in this essay. Mutual Trust Bank operates a traditional retail banking system that serves as a benchmark for other banks in Bangladesh., as determined by a thorough examination. The organization has consistently demonstrated robust financial performance over the course of time, as indicated by research. However, it would be prudent for organizations to prioritize resource optimization and liability reduction. The corporation should prioritize the improvement of its liquidity position, returns on assets, and returns on equity. Mutual Trust Bank is confident that its specialized retail banking system and robust financial performance will enable it to become a paradigm in the Bangladeshi banking industry by generating these two project statements.

References

- ✓ Annual Report's of Mutual Trust Bank Ltd. (2018-2022)
- ✓ Different PDFs.
- ✓ MTV various documents.