Internship Report

On

"Financial Performance Analysis of Mutual Trust Bank Limited"

Prepared By

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Date of Submission: December 5, 2024

Internship Report

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Letter of Transmittal

Date: September 10, 2024

Ms. Rozina Akter
Assistant professor
Department of Business Administration
Daffodil International University

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

Dear Madam,

I am pleased to submit my internship report on the topic of "Financial Performance Analysis of Mutual Trust Bank Limited" as a requirement for the completion of the BBA program, under your esteemed guidance. I have diligently tried to prepare this report in accordance with the highest standards under your valuable supervision.

The objective of this report is to provide an in-depth analysis of the financial performance of Mutual Trust Bank Limited. I trust that the content of this report aligns with the standards expected under your guidance. I appreciate your supervision and constructive feedback throughout this process, which has undoubtedly contributed to the quality of the final submission.

Sincerely yours,

Akhe

Farjana Akter Akhe
ID: 191-11-781
Major in Finance
Department of Business Administration
Daffodil International University

Student Declaration

I hereby confirm that the Internship Report presented here, titled "Financial Performance Analysis of Mutual Trust Bank Limited," has been conducted by me and has not been previously submitted to any other academic institution or organization for the purpose of obtaining a certificate or degree.

I, Farjana Akter Akhe, ID: 191-11-781, declare that this internship report, submitted as a mandatory requirement for the Bachelor of Business Administration degree at Daffodil International University, has been independently prepared by me. I declare that the content of this report does not violate any existing copyright and no section of this document has been directly copied from any previous academic work or any other source.

Additionally, I ensure to take responsibility for any damages that may arise from not meeting the obligations mentioned above.

Akhe

Farjana Akter Akhe
ID: 191-11-781
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Supervisor's Certificate

This certifies that the document titled "Financial Performance Analysis of Mutual Trust Bank Limited" is an authentic and original work completed by Farjana Akter Akhe (ID: 191-11-781), major in Finance, from the Department of Business Administration at Daffodil International University. This internship report was carried out under my supervision and is submitted for the partial fulfillment of the requirements for the award of Bachelor of Business Administration (BBA) degree from Daffodil International University.

Farjana Akter Akhe is recognized for her good moral character and possesses a pleasing personality. I extend my best wishes for her success in all future endeavors.

Rozina Akter

Ms. Rozina Akter
Assistant Professor
Department of Business Administration
Daffodil International University

Acknowledgment

I want to begin by expressing my sincere gratitude to Allah, the Almighty, for guiding me through the successful completion of this internship report.

The journey from foundation to completion of this report has been both challenging and rewarding. I extend my heartfelt thanks to my respected supervisor, Ms. Rozina Akter, Assistant Professor of Finance, Department of Business Administration, Faculty of Business & Entrepreneurship, Daffodil International University. I am grateful for her assignment of this report and for her unwavering support and valuable guidance, which significantly contributed to the organized presentation of this document.

I am indebted to Mutual Trust Bank Limited for providing me opportunity to do research on this topic for their organization. My gratitude extends to all officials of Mutual Trust Bank Limited, particularly the branch management, for their cooperation and for providing me with the necessary documents essential for the preparation of this internship report.

I would like to acknowledge and appreciate the individuals who generously shared their insights and information, contributing significantly to the completion of this report.

Executive Summery

This report is submitted as a mandatory component of the BBA program at Daffodil International University, focusing on a three-month internship at Mutual Trust Bank Limited (MTBL). As a significant player in the banking industry, MTBL is recognized for its distinctive qualities. This internship report highlights the study on financial performance analysis during the specified internship period by outlining the chapters of the study.

Examining Mutual Trust Bank Limited's standards, such as the accounting and finance divisions, the bank's ability to manage volume within a given time frame, and the management's involvement in financial analysis, was one of the study's many objectives. The financial performance analysis and the bank's yearly reports were the main subjects of this report.

The study uses a range of financial instruments to assess and analyze the bank's financial situation. Ratio analysis is an essential component of this study, providing a quantitative insight into MTB's financial performance. Key ratios such as liquidity ratios (current ratio, quick ratio), profitability ratios (net profit margin, return on assets) and solvency ratios (debt-to-equity ratio) have been meticulously examined. Then, by studying trends in key financial indicators such as net income, total assets and shareholder equity the patterns and changes are showed. Trend analysis simplifies the identification of areas of consistent growth or decline, aiding in strategic decision-making. Beside these, common-Size Analysis technique provides a clearer understanding of the structure and relative importance of different components in the financial statements.

In order to address a new financial performance analysis scenario for the bank, various analytical techniques are employed. In order to illustrate the bank's adaptability in managing the areas of financial performance as well as its general situation, specific methods are utilized in the statistical analysis for the annual performance evaluation. These processes result in a graphic and tabular breakdown of the primary categories of financial performances. Lastly, some important findings and recommendations are provided for the better future performance of the Mutual Trust Bank Limited.

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Chapter One

Introduction

1.1 Introduction

The banking industry stands as a reputable institution with deep-rooted historical significance, applying a profound impact on the economic development of nations. Its crucial role in shaping the financial landscape is obvious throughout economic history, where the inception of development can be traced back to the establishment of robust banking systems. In the contemporary era, banks are unequivocally regarded as crucial service providers, wielding significant influence on the economic dynamics of modern societies. The financial development of a country is intricately tied to the contributions of its banking sector, particularly in the initial stages of growth. Modern banks, acting as financial catalysts, play a pivotal role in propelling economic development. One of their primary functions is the provision of essential funds to execute diverse programs aimed at fostering economic progress. Banks efficiently gather savings from the widespread population, which, in the absence of such institutions, would likely remain dormant and unproductive. The aggregation of these scattered funds enables banks to pool resources and make them available to commerce and industry, thereby fulfilling crucial financial requirements.

Moreover, banks serve as vital instruments in the economic machinery by facilitating means of payment and mobilizing resources. The economic development of a nation is intricately linked to the progress of its banking sector. In the contemporary landscape, banks extend beyond traditional roles and have evolved into multifaceted financial institutions. The modern banking sector not only caters to conventional banking services but also diversifies into an array of financial offerings. In the global context, the realm of people's lives is profoundly entwined with banking services, whether adhering to conventional practices or engaging with the growing trend of Islamic banking. Although Mutual Trust Bank Limited has been operational in Bangladesh since October 24, 1999, awareness about its operations remains limited among the populace. Nevertheless, there is a discernible shift in this paradigm, with its modern banking gaining traction and popularity in the country. Recognizing the transformative potential of the banking sector, it becomes imperative for students to acquire practical insights in addition to academic education. The internship program emerges as a valuable bridge between theoretical knowledge and real-world corporate environments. This program offers a unique amalgamation of theoretical concepts and hands-on experience, providing students with a comprehensive understanding of the business field.

This study researches into the financial performance analysis of Mutual Trust Bank Limited, spanning the years 2018 to 2022. Through the parts of this report, academic and practical financial knowledge come together to analyze the intricacies of Mutual Trust Bank Limited's financial data. This comprehensive exploration aims to shed light on the multidimensional role of banks in driving economic development, emphasizing the evolving landscape of modern banking and highlighting the emerging significance of Mutual Trust Bank Limited in the context of Bangladesh's financial system.

1.2 Background of the Study

Completing an internship at an organization and writing an internship report are requirements for earning a Bachelor of Business Administration (BBA) degree at Daffodil International University (DIU). This paper seeks to examine Mutual Trust Bank Limited's financial performance in relation to Bangladesh's banking industry.

Lending money to borrowers and taking deposits from clients are essential tasks in the banking industry. Banks play a crucial role in a country's success even beyond the generation of job possibilities. As a key player in the monetary system, Mutual Trust Bank Limited actively supports financial responsibility and economic growth by supplying capital. Examining Mutual Trust Bank Limited's accounting and financial practices is the main goal of this investigation. The main goal is to learn more about the bank's operational effectiveness and how it fits into the ever-changing banking industry. In addition to providing light on the bank's overall success in promoting Bangladesh's economic development, the study intends to provide a thorough analysis of Mutual Trust Bank Limited's financial performance.

This research is carried out with the highest dedication to assuring originality in accordance with the requirements of academic standards. The following sections will explore the financial activities of Mutual Trust Bank Limited in detail, providing a comprehensive and objective analysis of its performance relative to the larger banking sector in Bangladesh.

1.3 Objectives of the Study

Examining the bank's financial performance analysis is the study's main goal.

More specifically, the study objectives are:

1. To analyze the financial activities of Mutual Trust Bank Limited.
2. To evaluate the financial performance of the bank for 2018 to 2022.
3. To identify problems related to the financial performance of the bank.
4. To provide recommendations about the problems of the bank regarding financial performance.

1.4 Methodology of the Study

Bangladesh Bank establishes guidelines for financial performance management while concurrently fostering a motivational environment for their employees aligned with these requirements. This study centers on the financial performance management of Bangladeshi banks, particularly in managing financial data related to ratio analysis, trend analysis and common size analysis. The research investigation mainly draws from secondary sources, although the acquisition of data posed challenges. Consequently, the research heavily relies on secondary data due to the scarcity of primary data.

Secondary Data Sources:

a) Mutual Trust Bank Limited's official website.

b) Various procedure manuals published by Mutual Trust Bank Limited.

c) Five years annual report of MTBL.

d) Various publications, circulars and journals pertaining to banking activities and policies.

Using secondary data source for this study ensures a comprehensive exploration of the financial performance management practices of Mutual Trust Bank Limited, specifically focusing on the financial data of the bank.

1.5 Limitations of the Study

The study has a few significant shortcomings, which are outlined below:

1. For confidentiality reasons, Mutual Trust Bank Limited maintains various policies governing the disclosure of specific data and information.

2. The study relies on secondary data, overshadowing the utilization of primary data.

3. Due to time constraints, this report falls short of addressing all relevant issues.

4. Information regarding actual working conditions within the bank was gathered from a limited number of interviews with individuals employed at the bank's branch.

Chapter Two

Organizational Overview

2.1 History of MTBL

In the private sector, Mutual Trust Bank Limited is a scheduled bank that was founded in accordance with the Companies Act of 1994. It all began on September 29, 1999, when it was founded as a public limited company, granting it the power to carry out a variety of banking operations. The bank's original authorized capital was Tk. 3,800,000,000, which was split into 38,000,000 common shares at a face value of Tk. 100 each. The bank's status as a publicly traded corporation is reinforced by the fact that its shares are listed on the Dhaka and Chittagong Stock Exchanges.

Mutual Trust Bank Limited, which currently has an authorized capital of BDT 10 billion, is committed to providing its customers with timely and effective services. The bank has been quite successful in a short period of time and provides a wide range of commercial banking services. The management team's professionalism and dedication, together with their vast experience, excellent knowledge, and familiarity with contemporary banking procedures, are credited with this achievement.

The bank formally started operations on October 24, 1999, after receiving a Certificate for Commencement of Business and a license under the Banking Companies Act 1991 from Bangladesh Bank on October 5, 1999. The bank has the authority to conduct a variety of banking operations as allowed under Bangladesh Bank's license and the terms of the Memorandum of Association. The bank is permitted to conduct the following kinds of banking operations:

1. Wholesale Banking
2. Retail Banking
3. International Trade Financing
4. Small and Medium Enterprises (SME) Banking
5. NRB Banking
6. Privilege Banking
7. Card Services
8. Treasury Operations
9. Foreign trade services

Mutual Trust Bank Limited has 111 branches and 25 SME Service Centers across its vast network, in addition to its head office in Dhaka. The bank uses a worldwide network of Foreign Correspondent Banks to conduct international business. The bank also provides financial intermediary services in addition to any associated financial services, and it invests in merchant banking and company activities. This diverse portfolio demonstrates the bank's dedication to flexibility and adaptation in the constantly changing financial environment.

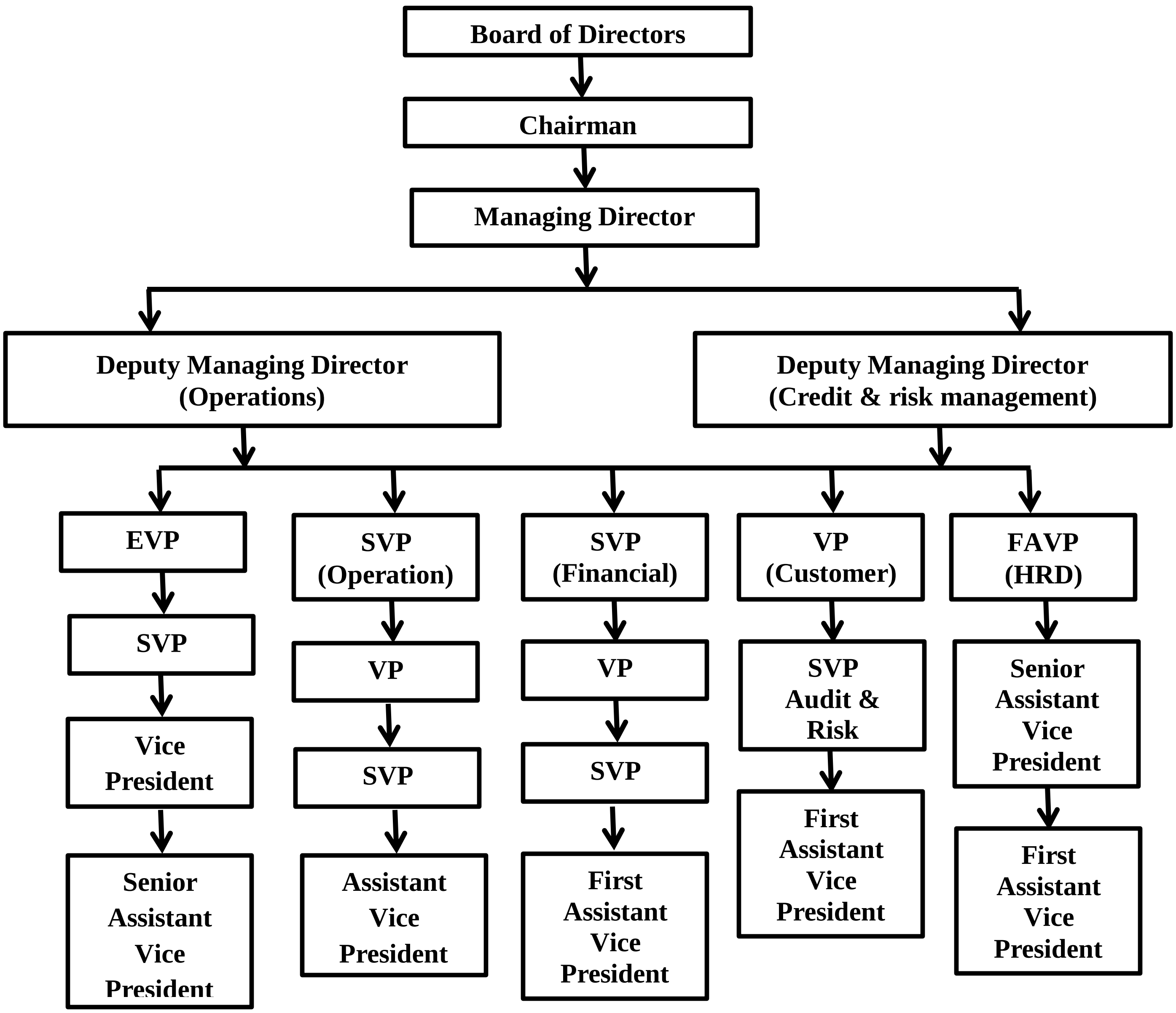
2.2 Mission & Vision of MTBL

Mission: Their mission is to become one of the most admired banks in the country and gain recognition as a creative, customer-focused organization, made possible by state-of-the-art technology, a vibrant workforce, and a comprehensive range of financial products and services-Group MTBL.

Vision: The MTB3V philosophy serves as the foundation for Mutual Trust Bank's vision. MTB aspires to be The Bank of Choice and A Truly World-class Bank, according to the organization.

2.3 Management of the MTBL

The Board of Directors holds ultimate managerial control over the bank. The Managing Director oversees all business, financial, and administrative operations on behalf of the Board, which is responsible for the overall management of the organization. The Managing Director is the principal representative of the Board and is responsible for leading the bank's operations. Two Deputy Managing Directors based at the head office assist the Managing Director in this crucial capacity. At the executive level, this collaborative leadership structure guarantees efficient operations and well-informed decision-making. Under the head office's supervision, several departments work to ensure the bank's smooth daily operations. The Human Resources Division (HRD), Credit Division (CRD), International Division (ID), General Banking Division (GBD), Board & MD Secretariat, Central Accounts & MIS Division (CAD), Establishment & Development Division (ESD), and other departments are among them; each has a specific specialty. Each of these divisions helps the bank run as a whole, making sure that all of its varied operations are carried out precisely and in accordance with accepted practices. The bank's organizational structure, as shown in the Organization Chart, is a dynamic framework where many divisions work together harmoniously to accomplish the broad aims and objectives that the Board of Directors has set forth. The bank is able to maintain its dedication to providing exceptional customer service while navigating the challenges of the financial landscape because to this strategic alignment.



2.4 Profile of Mutual Trust Bank Limited

Name of the Company	**Mutual Trust Bank Limited**
Year of establishment	1999
Principal Branch	Tower (1^{st}-3^{rd} Floor) 68,Motijheel C/A, Dhaka.
Corporate Head Office	MTB center 26 Gulshan Avenue Dhaka-1212
No of branch	86
Managing Directors	Syed Mahbubur Rahman
Chairman:	Abdul Malek
Vice Chairman	Syed Manzur Elahi
Web site	www.mutualtrustbank.com

2.5 Corporate Culture

With its distinct corporate culture, Mutual Trust Bank Limited is a highly disciplined financial company. The shared understanding, shared sense-making, and shared meaning are the cornerstones of this culture. Within this framework, workers have a unique point of view that allows them to see and understand things in a way that makes them stand out, including events, actions, objects, and circumstances. The bank lays a great focus on how each person's actions, demeanor, and manners fit into the institution's overall objectives and the unique demands of its clients, who are valued above all else. The bank's staff sees themselves as a cohesive unit dedicated to working together for both personal and professional development. Crucially, Mutual Trust Bank Limited's corporate culture has developed naturally as a result of the principles and conduct that its members have accepted as a group rather than being forced.

2.6 Internship Experience

The internship program is an essential component of the BBA program, offering invaluable real-life experience. I successfully completed my internship at Mutual Trust Bank Limited, an opportunity that I consider highly fortunate, especially given my placement at the bank's head office. My role involved assisting employees in the execution of daily operations. The internship at Mutual Trust Bank Limited proved to be a challenging yet rewarding experience, serving as an excellent learning platform for newcomers. Throughout the program, I gained extensive insights and actively contributed by assisting in various support activities.

Chapter Three

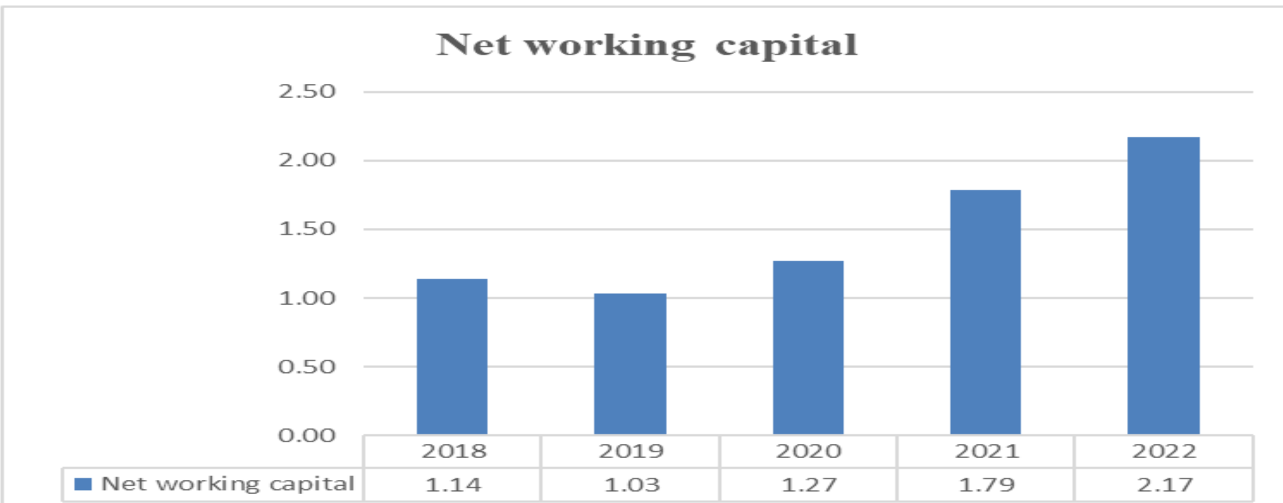
Financial Performance Analysis of Mutual Trust Bank Limited.

3.1 Ratio Analysis

3.1.1 Net Working Capital

Year	2018	2019	2020	2021	2022
Current asset (TK in Millions)	45,243	42125	62240	85803	103891
Current liabilities (TK in Millions)	39748	40869	48940	47989	47811
Net working capital	1.14	1.03	1.27	1.79	2.17

Graphical Presentation:



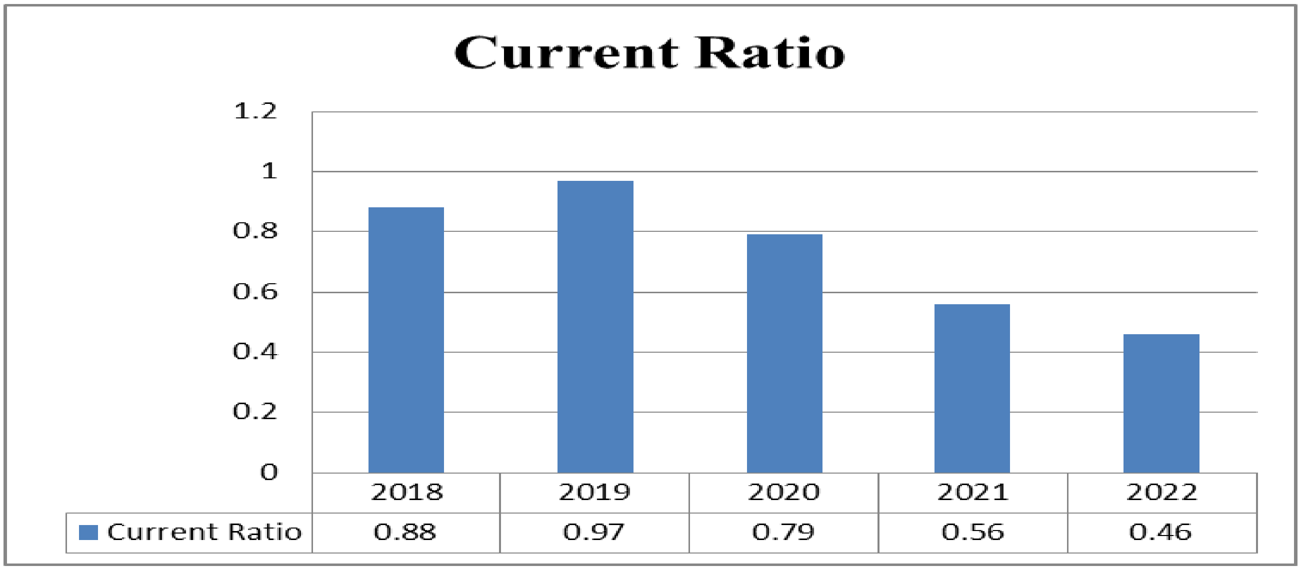
Net working capital

Interpretation: The Company's working capital data from 2018 to 2022 calculated as current assets divided by current liabilities, indicates a company's short-term financial health and ability to cover its liabilities. From 2018 to 2022, there is a notable increase in the NWC ratio from 1.14 to 2.17. This rise suggests improved liquidity over the years, as the company's current assets have grown more rapidly than its current liabilities. In particular, significant increases in current assets in 2020, 2021, and 2022 contributed to the stronger financial position, enhancing the company's capability to meet its short-term obligations.

3.1.2 Current Ratio

Year	2018	2019	2020	2021	2022
Current asset (TK in Millions)	39748	40869	48940	47989	47811
Current liabilities (TK in Millions)	45,243	42125	62240	85803	103891
Current Ratio	0.88	0.97	0.79	0.56	0.46

Graphical Presentation:



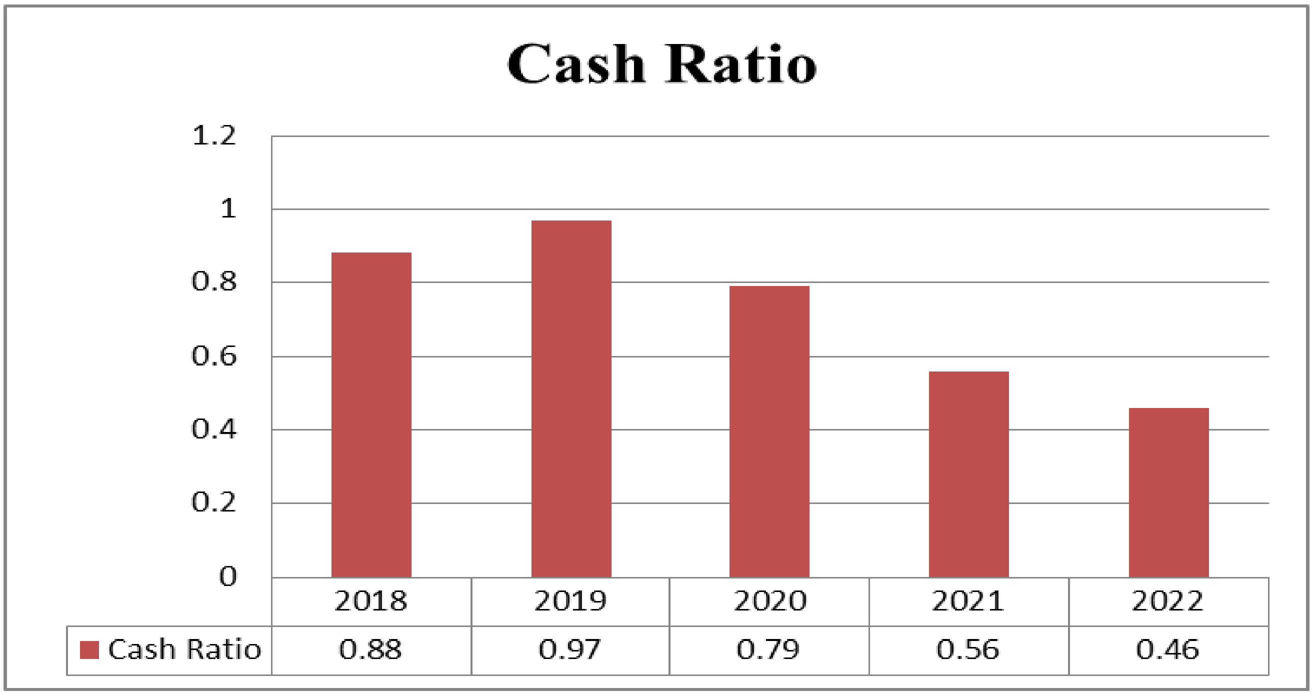
Current ratio

Interpretation: The current ratio has a declining trend from 2018 to 2022, falling from 0.88 to 0.46. The ratio increased to 0.97 in 2019 from 0.88 in 2018, then dropping 0.79 in 2020, 0.56 in 2021 and 0.46 in 2022. This indicates that the company's current liabilities surpassed its current assets. This could pose a risk to the company's financial health, as it may struggle to meet short-term obligations. This may involve improving cash flow management, negotiating favorable terms with suppliers, and exploring financing options.

3.1.3 Cash Ratio

Year	2018	2019	2020	2021	2022
Cash Ratio	0.88	0.97	0.79	0.56	0.46

Graphical Presentation:



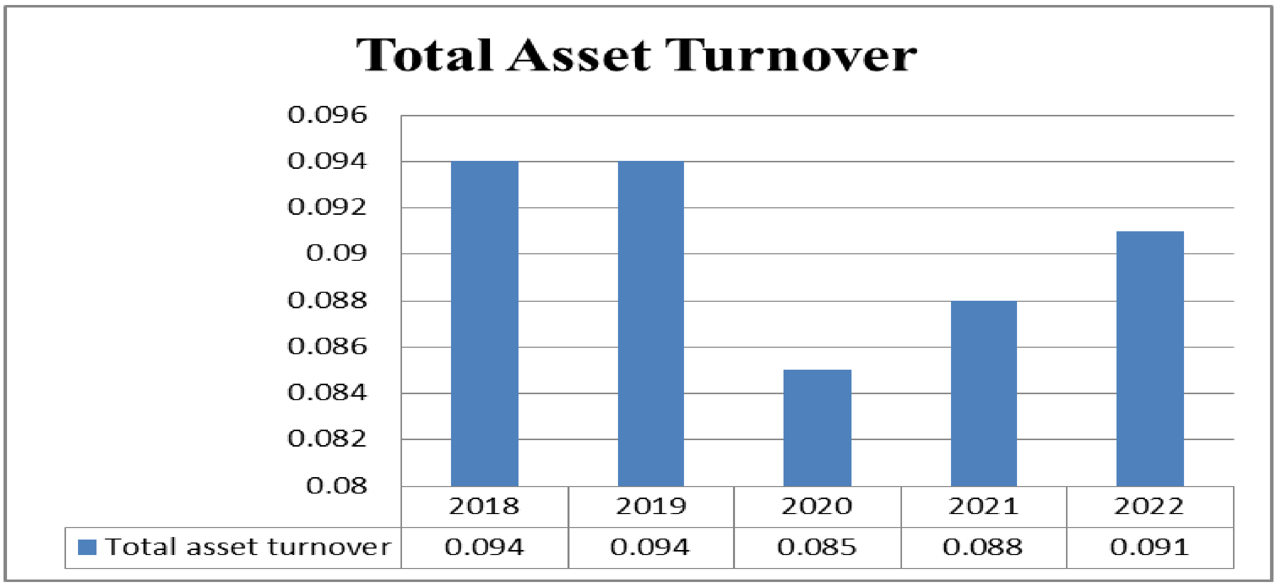
Cash Ratio

Interpretation: The cash ratio from 2018 to 2022, dropping from 0.88 to 0.46, indicates a diminishing capacity to meet immediate financial demands solely with cash on hand. This may suggest potential liquidity challenges and an increased reliance on non-cash assets to fulfill short-term liabilities. This ratio is same as the current ratio because there is no inventory data for the bank.

3.1.4 Total Asset Turnover

Year	2018	2019	2020	2021	2022
Total income (TK in Millions)	18928	21214	21090	24819	28522
Avg. Total asset (TK in Millions)	201480.5	224756.5	249289	282657	314038
Total asset turnover	0.094	0.094	0.085	0.088	0.091

Graphical Presentation:



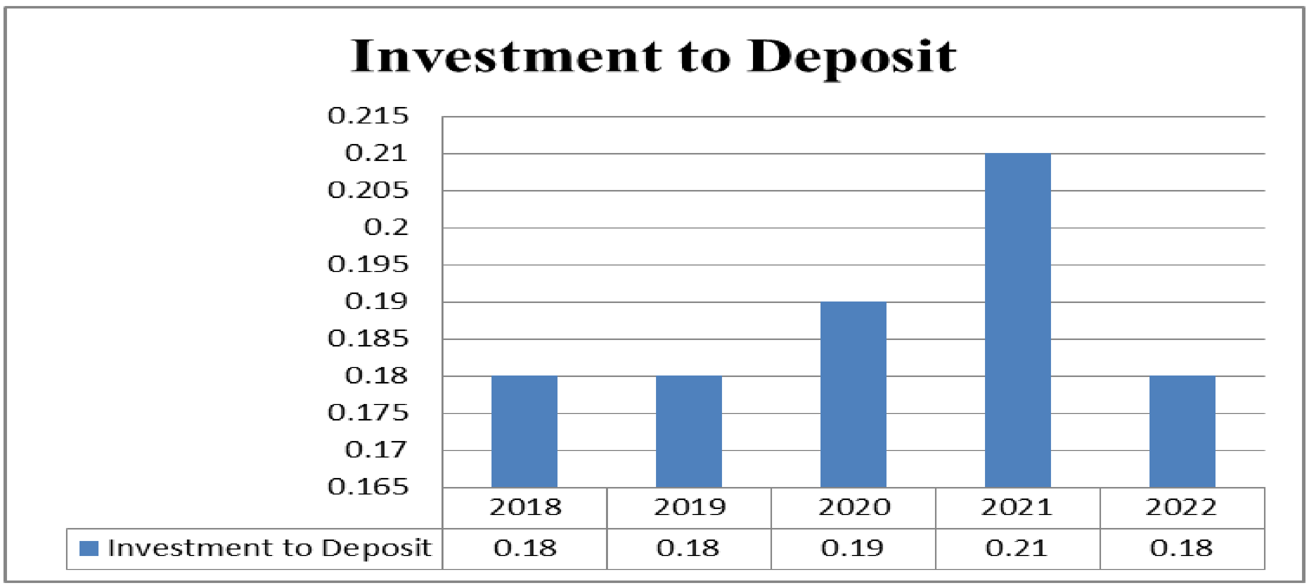
Total Asset Turnover

Interpretation: The stable but relatively low total asset turnover from 2018 to 2022, ranging from 0.085 to 0.094. The company may not be effectively leveraging its assets to generate income. The Total Asset Turnover was high result output 0.094 in years 2018 and 2019. While total income has shown a steady increase, the incremental growth in revenue does not proportionately reflect the growth in asset base. Then the Total asset Turnover decreased to 0.085 in 2020 and then rose to 0.088 in 2021 and 0.091 in 2022.

3.1.5 Investment to Deposit Ratio

Year	2018	2019	2020	2021	2022
Investments	52157	59191	66988	81387	76434
Deposits	297016	330416	352313	389900	426028
Investment to Deposit	0.18	0.18	0.19	0.21	0.18

Graphical Presentation:



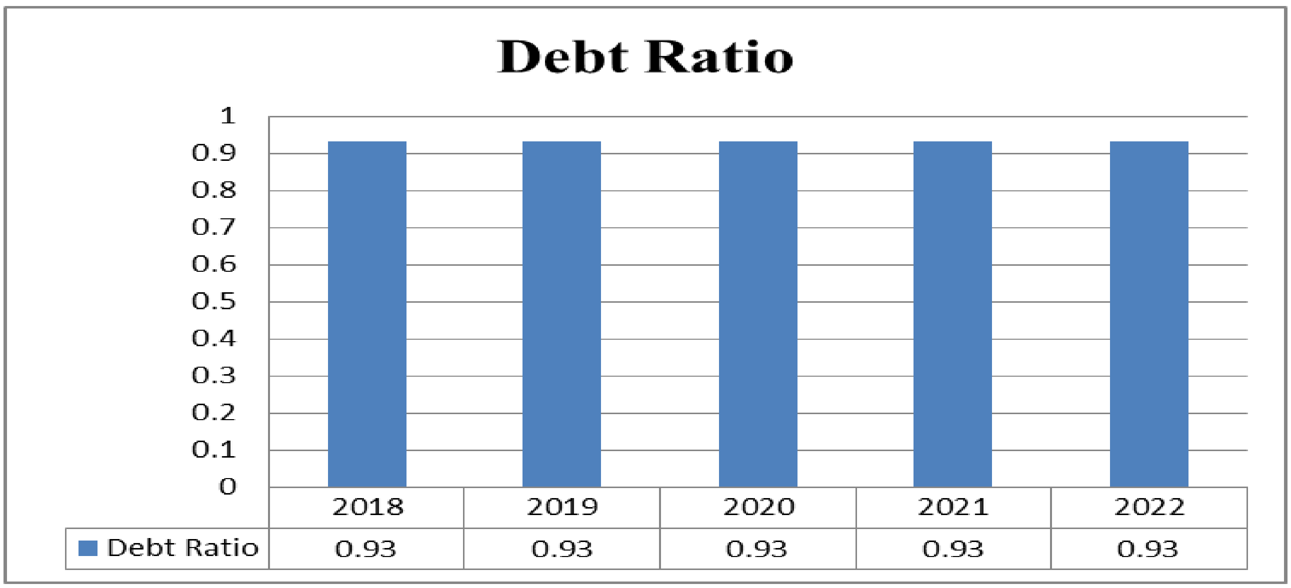
Investment to deposit ratio

Interpretation: The investment-to-deposit ratio for the years 2018 to 2022 shows some fluctuations, starting at 0.18 in 2018 and 2019, increasing to 0.19 in 2020, peaking at 0.21 in 2021, and then decreasing to 0.18 in 2022. The upward trend until 2021 may suggest a strategic move towards higher-yield investments. However, the subsequent dip in 2022 indicates the company's risk tolerance and asset allocation strategy. Their investment strategies balances potential returns with risk management and follow changing market dynamics.

3.1.6 Debt Ratio

Year	2018	2019	2020	2021	2022
Total Liabilities (TK in Millions)	374466	416150	462840	527872	587120
Total asset (TK in Millions)	402961	449513	498578	565314	628076
Debt Ratio	0.93	0.93	0.93	0.93	0.93

Graphical Presentation:



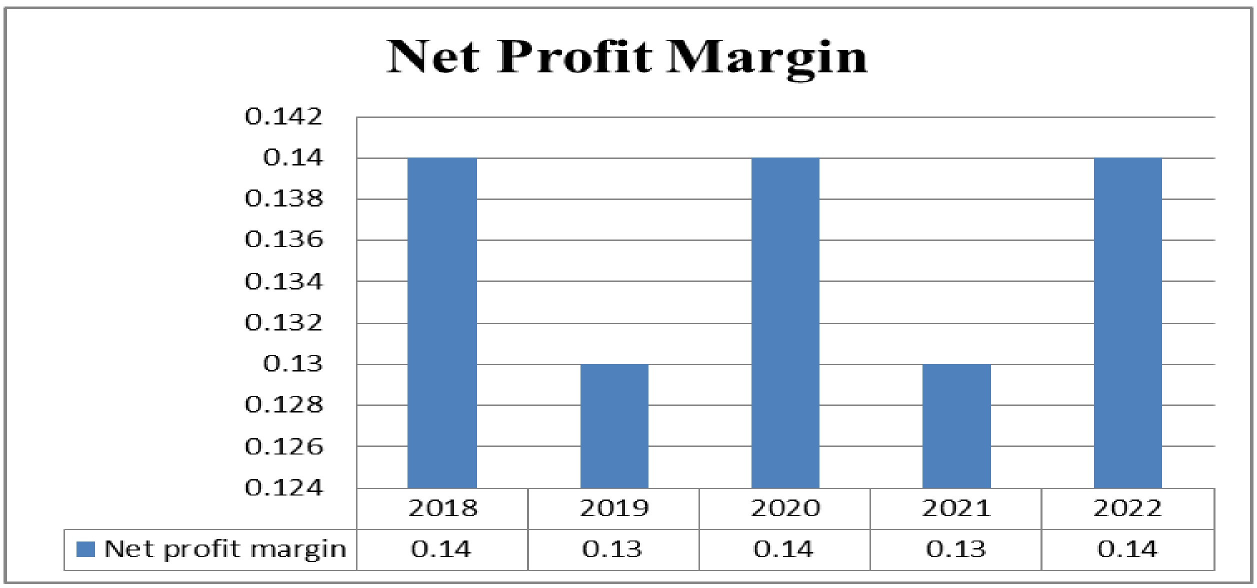
Debt Ratio

Interpretation: The debt ratio, consistently at 0.93 from 2018 to 2022, indicates that the company's liabilities constitute 93% of its total assets each year. This unchanging ratio suggests a persistent high level of leverage, raising concerns about the company's long-term solvency and financial risk. The stability in the debt ratio may be attributed to a consistent reliance on debt financing or an inability to reduce existing debt levels. A high and unvarying debt ratio can limit financial flexibility, making the company vulnerable to economic downturns or interest rate fluctuations.

3.1.7 Net Profit Margin

Year	2018	2019	2020	2021	2022
Net profit after tax (Tk. in Millions)	2659	2857	2948	3177	4024
Operating income (Tk. in Millions)	18928	21214	21090	24819	28522
Net profit margin	0.14	0.13	0.14	0.13	0.14

Graphical Presentation:



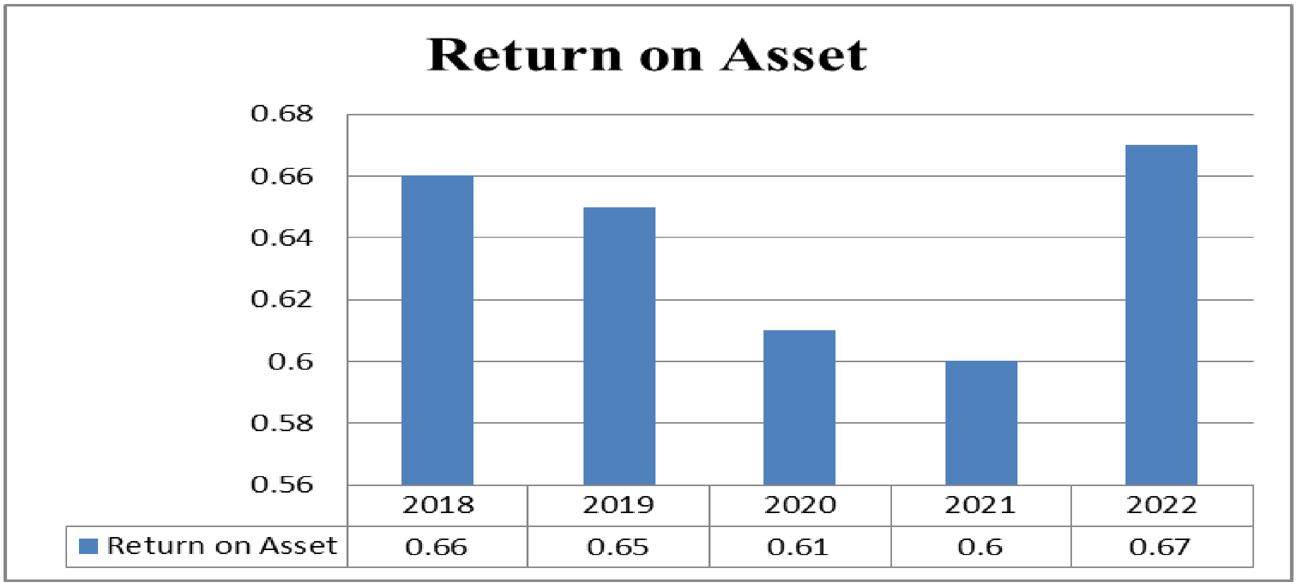
Net Profit Margin

Interpretation: The net profit margin was 0.14 in 2018, 0.13 in 2019, 0.14 in 2020, 0.13 in 2021 and 0.14 in 2022. The net profit margin for the years 2018 to 2022 has remained relatively stable, hovering around 0.14. The consistency in the net profit margin indicates that the company has maintained an average profitability of 14% on its operating income each year. The stability in the net profit margin suggests that the company has been effective in managing its expenses in proportion to its operating income.

3.1.8 Return on Assets (ROA)

Year	2018	2019	2020	2021	2022
Return on Asset	0.66	0.65	0.61	0.60	0.67

Graphical Presentation:



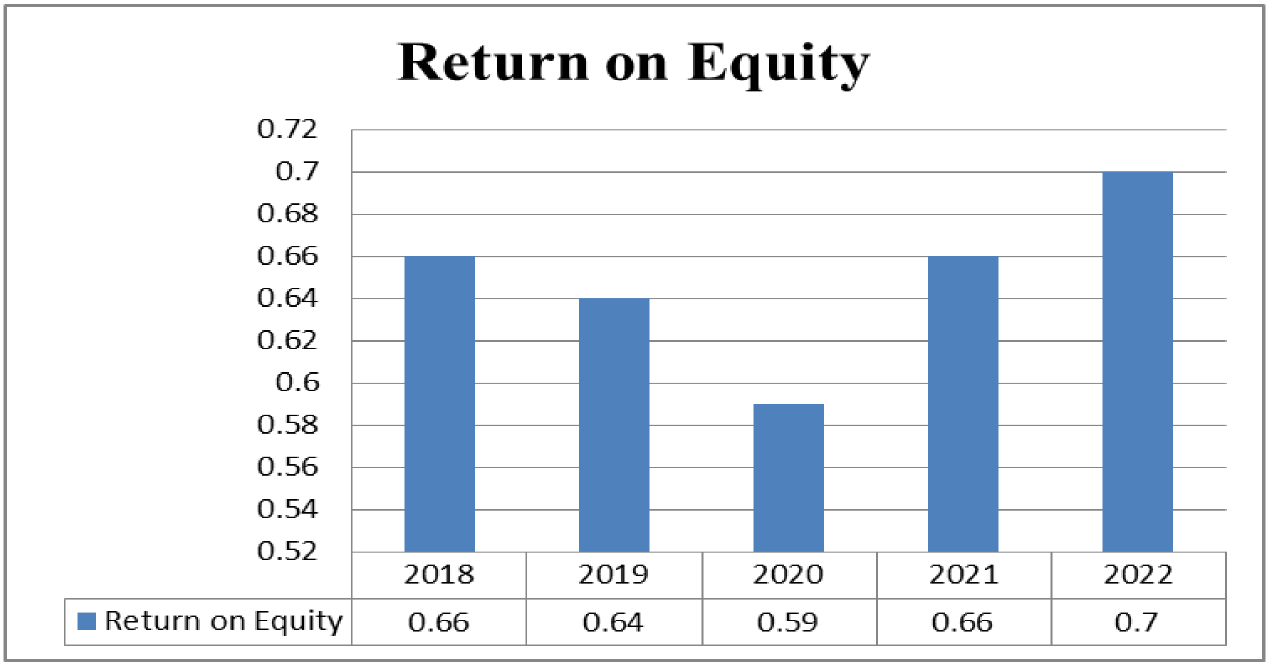
Return on Asset

Interpretation: The return on assets (ROA) starting at 0.66 in 2018, 0.65 in 2019, 0.60 in 2020, decreasing to 0.60 in 2021 and then increasing to 0.67 in 2022. The initial decline in ROA indicate challenges in generating profits relative to the total assets, possibly influenced by factors such as increased operating expenses or lower revenue. The subsequent increase in 2022 suggests a potential improvement in the company's efficiency in utilizing its assets to generate returns. This rebound could be attributed to successful cost-cutting measures, increased revenue streams and enhanced operational efficiency.

3.1.9 Return on Equity (ROE)

Year	2018	2019	2020	2021	2022
Return on Equity	0.66	0.64	0.59	0.66	0.70

Graphical Presentation:



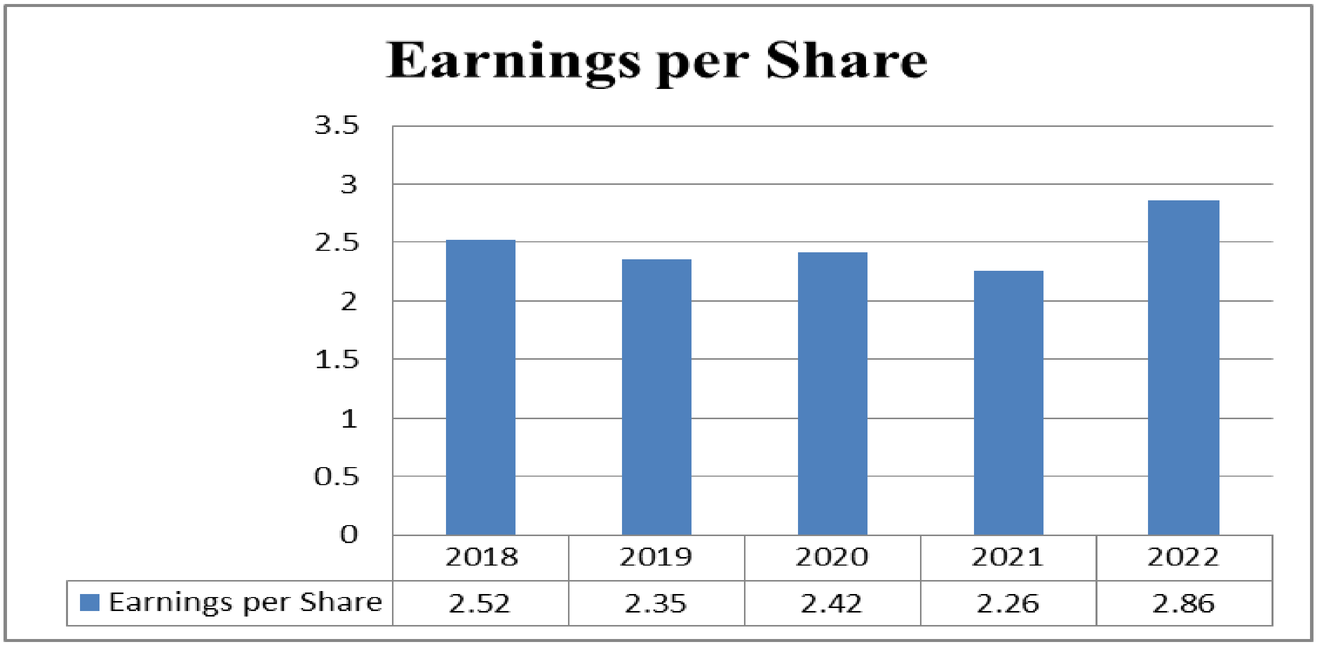
Return on equity

Interpretation: The return on equity (ROE) reflects a varying trend which was 0.66 in 2018, 0.64in 2029, 0.59 in 2020, 0.66 in 2021 and 0.70 in 2022. The ratio starting at 0.66 in 2018, declining to 0.59 in 2020, and subsequently rebounding to 0.70 in 2022. The initial decrease in ROE suggests a potential dip in the company's ability to generate profits relative to shareholder equity, possibly influenced by factors such as increased expenses or lower net income. The subsequent improvement in 2022 signals a positive shift, indicating a more effective utilization of equity to generate returns.

3.1.10 Earning per Share (EPS)

Year	2018	2019	2020	2021	2022
Earnings per Share	2.52	2.35	2.42	2.26	2.86

Graphical Presentation:



Earnings per share

Interpretation: The earnings per share (EPS) was 2.52 in 2018, 2.35 in 2019, 2.42 in 2020, 2.26 in 2021 and 2.86 in 2022. The fluctuating pattern starting at 2.52 in 2018, decreasing to 2.26 in 2021 and then increasing to 2.86 in 2022. The initial decline in EPS may indicate challenges in maintaining or growing profits on a per-share basis potentially influenced by factors such as increased outstanding shares, lower net income or diluted earnings.

3.2 Common Size Analysis

Mutual Trust Bank Limited Profit & Loss Statement (Amount in Million TK)										
Particulars	**2018**		**2019**		**2020**		**2021**		**2022**	
Income & Expenses:		(%)		(%)		(%)		(%)		(%)
Net Interest Income	9,476	50	11,067	52	9,798	46	13,396	54	14,674	51
Net Investment Income	9,452	50	10,147	48	11,292	54	11,423	46	13,848	49
Total Operating Income (A)	18,928	**100**	21,214	**100**	21,090	**100**	24,819	**100**	28,522	**100**
Total Operating Expenses (B)	11,012	58	12,617	59	13,900	66	14,636	59	17,053	60
Profit/Loss Before Provision (A-B) = C	7,915	42	8,597	41	7,189	34	10,183	41	11,468	40
Total Provision (D)	2,774	15	3,430	16	1,946	9	4,573	18	5,552	19
Total Profit/Loss before TAX (C-D)	5,141	27	5,166	24	5,243	25	5,609	23	5,916	21
(Provision for TAX)	2,481	13	2,309	11	2,294	11	2,432	10	1,892	7
Net Profit/Loss After TAX	**2,659**	14	**2,857**	13	**2,948**	14	**3,177**	13	**4,024**	14

Interpretation: The common size analysis of Profit & Loss Statement for Mutual Trust Bank Limited from 2018 to 2022 reveals notable trends. Over this period, the bank experienced consistent growth in Total Operating Income, reaching 28,522 million TK in 2022, primarily driven by increases in both Net Interest Income and Net Investment Income. Despite escalating Total Operating Expenses, the bank maintained a positive trajectory in Profit/Loss before Provision, demonstrating effective cost management. Total Provisions witnessed a significant rise in 2022, constituting 19% of the Total Operating Income, possibly reflecting a proactive approach to risk management or responding to changing economic conditions. Consequently, the Net Profit after Tax saw a substantial increase in 2022, reaching 4,024 million TK, indicating the bank's resilience and adaptability in navigating challenges while sustaining profitability. Moving forward, the bank should continue its prudent financial management, closely monitor provisions and explore strategies to enhance efficiency, ensuring sustained growth in the coming years.

Mutual Trust Bank Limited Balance Sheet (Amount in Million TK)										
Particulars	**2018**		**2019**		**2020**		**2021**		**2022**	
Properties and Assets:		(%)		(%)		(%)		(%)		(%)
Cash	22,790	6	26,403	6	24,947	5	25,380	4	30,939	5
Balance with Other Banks &FI	16,808	4	12,766	3	23,063	5	19,409	3	16,872	3
Money at Call on Short Notice	150	0.04	1,700	0.38	930	0.19	3,200	0.57	0	0
Investments	52,157	13	59,191	13	66,988	13	81,387	14	76,434	12
Loans and Advances	296,577	74	325,483	72	356,065	71	402,481	71	468,605	75
Fixed Assets (Premises, Furniture)	9,084	2	14,540	3	14,624	3	14,721	3	14,579	2
Other Assets	5,392	1	9,427	2	11,959	2	18,734	3	20,646	3
Non-Banking Assets	0	0	0	0	0	0	0	0	0	0
Total Assets	**402,961**	**100**	**449,513**	**100**	**498,578**	**100**	**565,314**	**100**	**628,076**	**100**
Liabilities & Capital:										
Borrowings from Other Banks & FI	45,243	11	42,125	9	62,240	12	85,803	15	103,891	17
Deposits and Other Accounts	297,016	74	330,416	74	352,313	71	389,900	69	426,028	68
Other Liabilities	32,206	8	43,608	10	48,285	10	52,167	9	57,199	9

Total Liabilities	374,466	93	416,150	93	462,840	93	527,872	93	587,120	93
Total Shareholders' Equity	28,494	7	33,363	7	35,738	7	37,442	7	40,956	7
Total Liabilities and Shareholders' Equity	**402,961**	**100**	**449,513**	**100**	**498578**	**100**	**565,314**	**100**	**628,076**	**100**

Interpretation: The common size analysis of Mutual Trust Bank Limited's Balance Sheet from 2018 to 2022 highlights the composition of the bank's assets, liabilities and equity as a percentage of total assets. In terms of assets, the bank has consistently allocated the majority to Loans and Advances, representing 74% in 2018 and increasing to 75% in 2022, indicating a focus on lending activities. Cash and Balance with Other Banks & FI constitute a relatively stable portion, with a slight increase in Cash in 2022. Investments and Fixed Assets remain within the range of 12-14% and 2-3%, respectively. On the liabilities side, Borrowings from Other Banks & FI and Deposits and Other Accounts constitute the major portion, with a notable increase in Borrowings in 2022, potentially for capital expansion or liquidity management. Other Liabilities remain relatively stable. Shareholders' Equity maintains a consistent 7% of total assets, indicating a stable capital structure. The common size analysis provides valuable insights into the bank's asset composition, funding sources and capitalization, aiding in a comprehensive understanding of its financial structure.

3.3 Trend Analysis

Mutual Trust Bank Limited Profit & Loss Statement (Amount in Million TK)										
Particulars	**2018**		**2019**		**2020**		**2021**		**2022**	
Income & Expenses:		(%)		(%)		(%)		(%)		(%)
Net Interest Income	9,476	**100**	11,067	**117**	9,798	**103**	13,396	**141**	14,674	**155**
Net Investment Income	9,452	**100**	10,147	**107**	11,292	**119**	11,423	**121**	13,848	**147**
Total Operating Income (A)	18,928	**100**	21,214	**112**	21,090	**111**	24,819	**131**	28,522	**151**
Total Operating Expenses (B)	11,012	**100**	12,617	**115**	13,900	**126**	14,636	**133**	17,053	**155**
Profit/Loss Before Provision (A-B) = C	7,915	**100**	8,597	**109**	7,189	**91**	10,183	**129**	11,468	**145**
Total Provision (D)	2,774	**100**	3,430	**124**	1,946	**70**	4,573	**165**	5,552	**200**
Total Profit/Loss before TAX (C-D)	5,141	**100**	5,166	**100**	5,243	**102**	5,609	**109**	5,916	**115**
(Provison for TAX)	2,481	**100**	2,309	**93**	2,294	**92**	2,432	**98**	1,892	**76**
Net Profit/Loss After TAX	**2,659**	**100**	**2,857**	**107**	**2,948**	**111**	**3,177**	**119**	**4,024**	**151**

Interpretation: The trend analysis of Mutual Trust Bank Limited's Profit & Loss Statement from 2018 to 2022 reveals several key patterns. The Net Interest Income and Net Investment Income both demonstrated an increasing trend, reaching 14,674 million TK and 13,848 million TK, respectively, in 2022. This growth contributed to a consistent rise in Total Operating Income, reaching 28,522 million TK in 2022. Despite fluctuations in Total Operating Expenses, the bank effectively managed costs, resulting in a gradual increase in Profit/Loss before Provision, which reached 11,468 million TK in 2022. Total Provisions saw a substantial spike, particularly in 2022, representing a proactive stance towards risk management. Despite increased provisions, the bank's Net Profit after Tax exhibited a positive trend, reaching 4,024 million TK in 2022. This suggests the bank's ability to navigate challenges while maintaining a growth trajectory. The overall trend analysis underscores the bank's resilience, strategic cost management and focus on sustainable profitability over the analyzed period.

Mutual Trust Bank Limited

Balance Sheet

(Amount in Million TK)

Particulars	**2018**		**2019**		**2020**		**2021**		**2022**	
Properties and Assets:		(%)		(%)		(%)		(%)		(%)
Cash	22,790	**100**	26,403	116	24,947	109	25,380	111	30,939	136
Balance with Other Banks &FI	16,808	**100**	12,766	76	23,063	137	19,409	115	16,872	100
Money at Call on Short Notice	150	**100**	1,700	1,133	930	620	3,200	2,133	0	0
Investments	52,157	**100**	59,191	113	66,988	128	81,387	156	76,434	147
Loans and Advances	296,577	**100**	325,483	110	356,065	120	402,481	136	468,605	158
Fixed Assets (Premises, Furniture)	9,084	**100**	14,540	160	14,624	161	14,721	162	14,579	160
Other Assets	5,392	**100**	9,427	175	11,959	222	18,734	347	20,646	383
Non-Banking Assets	0	0	0	0	0	0	0	0	0	0
Total Assets	**402,961**	**100**	**449,513**	112	**498,578**	124	**565,314**	140	**628,076**	156
Liabilities & Capital:										
Borrowings from Other Banks & FI	45,243	**100**	42,125	93	62,240	138	85,803	190	103,891	230
Deposits and	297,016	**100**	330,416	111	352,313	119	389,900	131	426,028	143

Other Accounts										
Other Liabilities	32,206	**100**	43,608	135	48,285	150	52,167	162	57,199	178
Total Liabilities	374,466	**100**	416,150	111	462,840	124	527,872	141	587,120	157
Total Shareholders' Equity	28,494	**100**	33,363	117	35,738	125	37,442	131	40,956	144
Total Liabilities and Shareholders' Equity	**402,961**	**100**	**449,513**	112	**498578**	124	**565,314**	140	**628,076**	156

Interpretation: The trend analysis of Mutual Trust Bank Limited's Balance Sheet from 2018 to 2022 reveals several noteworthy patterns. In terms of assets, there is a consistent upward trend in Cash, Balance with Other Banks & FI, Investments, Loans and Advances and Other Assets. Notably, Loans and Advances constitute the largest portion of assets, showing substantial growth and reaching 158% of the total assets in 2022. Fixed Assets and Other Assets also experienced considerable increases, reflecting potential investments in infrastructure and diversification. On the liabilities side, Borrowings from Other Banks & FI, Deposits and Other Liabilities all exhibited an increasing trend, with Borrowings showing a particularly steep rise, reaching 230% of total liabilities in 2022. Shareholders' Equity also demonstrated a positive trend, indicating sustained capitalization. The Total Liabilities and Shareholders' Equity increased steadily, reflecting the bank's growth and financial stability over the analyzed period. The trend analysis underscores the bank's strategic expansion, prudent liability management and efforts to strengthen its financial position.

Chapter Four

Findings, Recommendations and Conclusion

4.1 Findings

Three main analysis tools (ratio analysis, trend analysis and common size analysis) are employed to analyze this data. The following summarizes the report's main findings:

1. Continuous decreasing Net Working Capital leading to significant liquidity issues and shows potential difficulties in meeting short-term obligations.

2. The sudden upward trend of Investment to Deposit Ratio in the year 2021 indicates a strategic move towards higher-yield investments of the bank.

3. The unchanged 0.93 debt ratio indicates consistent reliance on debt financing or an inability to reduce existing debt levels of the bank.

4. Average 14% Net Profit Margin indicates that the bank has done a good job of controlling costs relative to operating income.

5. EPS indicate challenges in maintaining profits on a per-share basis potentially influenced by factors such as increased outstanding shares but increased from 2.52 in 2018 to 2.86 in 2022.

6. Common size analysis of the Profit & Loss Statement from 2018 to 2022 highlights consistent growth in Total Operating Income, effective cost management and a proactive approach to risk with increased provisions.

7. Common size analysis of the Balance Sheet from 2018 to 2022 reveals a consistent focus on lending activities, stable asset allocation and a notable increase in borrowings in 2022, suggesting potential capital expansion or liquidity management.

8. Trend analysis from 2018 to 2022 highlights consistent growth in Net Interest Income and Net Investment Income, contributing to a rising Total Operating Income.

9. Balance Sheet trend analysis from 2018 to 2022 reveals consistent asset growth, particularly in Loans and Advances, reflecting strategic expansion and investments. Liabilities, notably Borrowings, have surged, reaching 230% in 2022, indicating strategic financial management and sustained capitalization.

4.2 Recommendations

1. The Bank should urgently focus on enhancing working capital management, considering measures such as optimizing inventory, negotiating favorable payment terms and exploring financing options.

2. A thorough assessment of operational efficiency and cost-cutting measures is necessary to enhance overall financial stability in current ratio.

3. Mutual Commercial Bank should conduct a thorough risk assessment and ensure a well-diversified investment portfolio to mitigate potential risks associated with higher-yield assets.

4. The bank should continue to focus on cost-effective operations, explore opportunities for process optimization and monitor cost structures regularly to maintain stable Net Profit Margin.

5. Mutual Commercial Bank should explore ways to increase shareholder value and communicate effectively with investors about the strategies in place to address any challenges.

6. The bank should continue this strategy, regularly reassess risk exposure and adjust provisions accordingly to maintain a resilient financial position.

7. The bank should carefully balance its borrowing strategy, ensuring it aligns with strategic objectives and does not compromise overall financial stability.

8. Mutual Trust Bank should continue to explore opportunities for revenue generation, consider diversification in income streams and adapt strategies based on market conditions.

9. The bank should maintain a vigilant approach to risk management, regularly review its lending practices and ensure that the increased liabilities are effectively utilized for strategic initiatives that contribute to long-term profitability and stability.

4.3 Conclusion

A nation's financial system in good standing can aid in the economic growth of the nation. Banks dominate the financial system in our nation. Once more, private commercial banks—which are superior to state-owned banks play a vital and important part in the advancement of our nation. Without a doubt, MTBL is allocating all of its resources in the same direction to make the greatest potential contribution to the country. MTB has made good operational success and generated an impressive operating income over the previous years, despite fierce competition from global and local banks operating in Bangladesh. The bank wants to reach its profitability goal and make good progress in every aspect of its business. I would want to propose that a bank needs certain unique character attributes that not all banks have. Honesty, dependability, thoroughness, and a readiness to continually be open to new concepts and methods of satisfying client need rank among the most crucial of these. Both today and tomorrow will be distinct from one another. Globalization, liberalization, consolidation, and disintermediation are all driving forces in the rapidly evolving global economy, so it is critical that Mutual Trust Bank Limited has strong credit risk management policies and processes that are adaptable to these developments.

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