

Internship Report On

“Financial Performance Analysis of Pubali Bank Limited”

Submitted To

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Letter of Transmittal

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Mr. Md. Anhar Sharif Mollah

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Subject: Presenting of Internship Report Titled **Financial Performance Analysis of Pubali Bank Limited**

Dear Sir;

It's my pleasure to submit an Internship Report after a successful three-month Internship attachment at Pubali Bank limited. The Internship Report concentrates on **Financial Performance Analysis of Pubali Bank Limited**. I tried to explain all my learning's what I have gathered from this internship period briefly in this report.

I have focused my best effort to achieve the objectives of the report and hope that my endeavor will serve the purpose. The practical knowledge and experience gathered during the report preparation will immeasurably help in my future professional life. I will be obliged if you kindly approve this endeavor.

Sincerely yours,

Nishat Tasmin

Nishat Tasmin

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Bachelor of Business Administration

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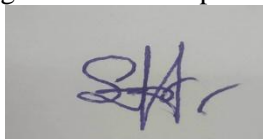
Approval Certificate

This is to certify that Nishat Tasmin, ID:181-11-5874 has prepared this internship report on “**Financial Performance Analysis of Pubali Bank Limited**” under my supervision and guidance. This is for the partial fulfillment of four years graduation degree of BBA in Major Finance of Daffodil International University.

I have gone through the master paper. He has executed the report by himself under my supervision.

I wish his every success In life.

Signature of the Supervisor



Mr. Md. Anhar Sharif Mollah

Assistant Professor

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Declaration

I am Nishat Tasmin, ID:181-11-5874 student of BBA program Daffodil International University declaring that the report on **Financial Performance Analysis of Pubali Bank Limited.**” I have completed this report by my own effort and do not copy by any other report or any other link.

Nishat Tasmin

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Acknowledgement

At first I would like to thanks to my Almighty for his greatness to complete my graduation and also for sound health for preparing this report properly. Secondly I would like to thank my parents and my beloved teachers who gave me support to finish my graduation.

It is a great pleasure to prepare the internship report titled “**Financial Performance Analysis of Pubali Bank Limited** I acknowledge my immeasurable gratitude to **Mr. Md. Anhar Sharif Mollah**, Assistant Professor Faculty of Business Economics, Daffodil International University, for his helpful supervision, suggestion, guidance and encouragement. In fact, he guided me as my teacher and motivator to make me understand and conduct a complete report like this one. I note his contribution with high dignity. I would express my sincere thanks to the Branch Manager and other officers of Pubali Bank Limited at Airport Branch. Thanks are also due to staffs and officers who spent much of their valuable time in discussing with me. I sincerely express my deepest gratitude to Department of Business Administration and all the officials of department for their relentless help and caring attitude and so many others whose names I failed to mention here, I thank you all.

Executive Summary

Pubali Bank Limited is one of the leading and largest local conglomerates in Bangladesh. Pubali Bank Limited consists of different business groups namely: Pharmaceuticals, Consumer brands, Agro-Business. Pubali Bank Limited's mission is to achieve business excellence through quality by understanding, accepting, meeting and exceeding customer expectations.

In this competitive market of Bangladesh to sustain and being profitable is necessary. Pubali Bank Limited Ltd. has enough Accounting strength to expand its business in future. They have earned the faith of the investors with its transparent Accounting system and ensuring the safe return of their precious investment. In this report the Financial Performance Analysis of Pubali Bank Limited are analyzed.

This report has organized in five chapters. In this report introduction part has been discussed in chapter one. Introduction of the study, background, origin, objective, methodology and limitations of the study are discussed in chapter one. In the second chapter over view of Pubali Bank Limited has been discussed. This chapter contains Bank's background, mission, vision, values, products services and business. Third chapter is very significant part of the report, which comprises Evaluation of Financial Performance analysis. It includes the performance of trend analysis (revenue, operating profit, profit after tax, total assets, and liabilities), common size income statement and ratio analysis (Liquidity, Activity, Debt, Profitability). From the analysis the result is quite satisfactory. And made some findings based on analysis. Finally in the last or fourth chapters some suggestions provide for improvement in Evaluation of Financial Performance. And over all conclusions is given in this chapter.

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Chapter1

Introduction

1.1 Introduction of the Study

The financial services industry plays an essential part in the financial condition of a country. A banking institution is crucial to modern day society. It is crucial for a nation's economic growth and functions as the basis of the currency marketplace within a developed nation. The banking sector plays an integral part in the economics of a country. The banking system is crucial to modern day civilization. Financial institutions play an essential function in a nation's overall growth. Particularly in the areas of encouraging venture capital, supporting entrepreneurial activity, creating job possibilities, etc., institutions play an essential part. The terms "market sector" or "free society" are frequently used to describe a Bangladeshi current economic circumstance. Despite the eventual sale of a significant number of businesses in the final stages of the 1970s, the nation embraced the idea. As the world's financial system changed in the 1980s, open-market business models emerged. Throughout the 1990s onward, many kinds of efforts were implemented to boost the level of rivalry and productivity in the finance industry, to relax undesirable rules and regulations, to improve the loan-related law and other conditions, and to strengthen the financial foundation of the nation's banks. From the 1990s onward, a number of efforts were implemented that increased the level of competition as well as effectiveness in the money market, to relax undesirable regulations and legislation, make changes to loan-related regulation and other conditions, and to strengthen the financial foundation of the national financial institutions. The company which provides banking products and services is called Pubali Company Limited, and it is situated in Bangladesh. Loans, debit and credit card internet banking for both residential and commercial the financial sector, and services for sending money are among the services that can be obtained. The bank's primary market is Bangladesh, and Dhaka serves as its administrative hub. Through its unwavering dedication to the nation's economic growth, the Bank has already left its imprint on the international landscape of commercial banks via cultivated service, cutting-edge methods, a flexible strategy, and effective management. In order to lead the nation's financial operations, the Bank is actively working to grow exports, imports, and manufacturing through an innovative loan strategy.

1.2 Objectives of the Report:

The objectives of this report are:-

1. To study several Ratios (Liquidity Ratios, Activity Ratios, Efficiency Ratio, Solvency Ratios and Profitability Ratios) to evaluate the 5 year performance of Pubali Bank Limited.
2. To analyze DuPont Analysis
3. To examine Common Size Analysis to identify the variation of financial statements of last 5 years.
4. To use Trend Analysis to identify any trends or consistency of financial information of the previous 5 years.
5. To sort out major findings and give appropriate recommendations for future proceedings, as well as improving underlying deficiencies.

1.3 Scope of the Study

The study mainly focused on the overall function of Pubali Bank Limited of prepared a report on Financial Performance Analysis of Pubali Bank Limited.

1.4 Methodology of the Study

Secondary as well as primary sources for information have been employed to compile the data of this research. Direct interviews and observations with staff members at banks served as the main sources of information, and Pubali Bank Company provided the additional sources that for the data.

Data were gathered for the study from the two sources listed below.

1.4.1: Source of Data:

a) Primary Sources

- (i) Practical desk work: To manage the client an official does many desk works. During my internship period I also did some works that helps me to write the report.
- (ii) Face to Face conversation with the officer: I also meet with different officers during my internship period and get some valuable data to write the paper.

(iv) Direct observation: Direct observation is another important way to get input to the report.

b) Secondary Sources

(i) Annual report of NBL.

(ii) Files and folder

(iii) Website, Internet.

(iv) Audit report.

(v) Relevant. Books, Research papers and journals.

(vi) Banks and financial institution one up daring website which are great source of knowledge

(vii) Different files and documents of the bank.

1.5 Limitations of the Study

The study's foundation is made up of data that is both primary and secondary, thus it's possible to receive incorrect data. The results of the study might be wrong if the respondents gave us any misleading details about how they felt towards their employer. Over all, there are a few weak areas in the current research. The following are the prominent ones:

- i. Since the survey was done in a relatively brief period of time, further data could not be obtained.
- ii. Because of the crisis scenario in the nation of Bangladesh, it was challenging to get additional samples for this study.
- iii. Even the significant and reputable Pubali Bank Limited is used as an example here.
- iv. This survey includes several inquiries that, if correctly answered, may harm the Bank's reputation. The replies may give appropriately appropriate response in this sort of inquiry. This risk could not be avoided.
- v. The fact that some data and information that would have been extremely helpful were kept private due to apparent considerations is an additional disadvantage of the research we conducted.

Chapter 2

Overview of

Pubali bank limited

2.1 History of Pubali Bank Limited

On the shoulders of a few Bengali businessmen, the bank first appeared on the banking landscape of the former East Pakistan in 1959 outside the Bank Companies Act 1913 as Eastern Mercantile Bank Limited. Following Bangladesh's 1972 declaration of the declaration of independence, this financial institution underwent nationalization in accordance with government directives and given the new name Pubali Bank. Due to eventually altered circumstances, this bank was denationalized as a private institution in 1983 and given the new name Pubali Bank Limited. All of the assets and liabilities of the former Pubali Bank were transferred to the Pubali Bank Limited by the governing body of the People's Democratic Republic of Bangladesh. Since then Pubali Bank Limited has been rendering all sorts of Commercial Banking services as the largest bank in private sector through its branch network all over the country.

2.2 Vision of the Pubali Bank Limited

To become a leading banking institution and to play a significant role in the development of the country.

2.3 Mission of the Pubali Bank Limited

The Bank has dedicated itself to meeting all of the requirements of its consumers through a variety of offerings at a fair price, while utilizing the appropriate technology and offering prompt service, in order to guarantee growth that is sustainable, a reasonable rate of return, and a contribution toward the growth of the nation with an enthusiastic and qualified employees.

2.4 Capital and Reserves

The Bank's authorized capital amount for the fiscal year under review remained constant at Tk 6,000 million, which is while its paid-up capital was Tk 4008 million. The bank's reserve money climbed by 11.93% to Tk 9155 million from Tk 8179 million the year before.

2.5 Values of the Bank

- i. Our priority is our customers.
- ii. Our focus is on business ethics.
- iii. Our goal is to uphold excellence at all levels.
- iv. As a company, we adhere to the notion of corporate citizenship.
- v. Our words express what we understand.

2.6 Management of Pubali Bank Limited

The Bank is effectively operated by Mr. Mohammad Rabiul Hossain, an accomplished banker, who serves as the organization's president and chief executive officer. The Bank's management team is made up of a variety of highly qualified and eminent bankers from the nation with a variety of expertise and years of experience.

2.7 Financial Statement of Last Four Years at a Glance

Last Four Year's Return on Asset

Figurer in Million BDT.

S/I no	Particulars	2019	2020	2021	2022
1	Authorized Capital	5000	5000	6000	6000
2	paid up Capital	3306.4	3637.1	4000.8	4000.8
3	Reserve fund	6490.5	7042.3	817.1	9155.4
4	Deposit	93658.6	111300.1	113978.5	122407.6
5	Advance	61398.6	64829.8	74198.9	75806.9
6	Investments	4998.2	45749.5	42787.9	41336.6
7	income	13674.3	15245.1	15181.1	15771.9
8	Gross expenditure	10412.9	12109.7	11368.3	11790.2
9	Net profit(pretax)	2536.4	2680.4	2902.8	2520.6
10	Import business	35418.6	40336.8	45870.9	38738
11	Export business	14192.9	14306	13447.3	12224.4
12	Foreign correspondents	43585.6	44301.3	52030.2	53318.8
13	Number of employees	3560	3759	3730	3743
14	Number of Branches	215	220	223	227
15	Number of shareholder	74336	82081	76389	63083

Source Annual Report of Pubali Bank Limited, 2022

Chapter 3

Analysis

Financial Analysis of Pubali BankLtd

3.1 Theory of Ratio:

Ratio analysis is one of the most popular methods for assessing a company's liquidity, solvency, profitability, operating activity, and efficiency. First, they can assess the organization's current situation. That is, based on their liquidity situation, they can make a decision about whether or not to pursue new opportunities. Activity and efficiency ratios can also reveal how well previous investments, fixed assets, and current assets are performing in terms of expenses. To maintain peak performance, a balance of short and long-term investments is required. That is why understanding ratios is essential so that organizations can make profitable decisions based on asset and expense adjustments. There are many software-based analyses available to obtain a fundamental to competitive valuation based on the Balance Sheet and Income Statements. Here I am going to discuss about five component of Ratio Analysis and they are:

1. Liquidity Ratio.
2. Activity Ratio.
3. Efficiency Ratio.
4. Solvency Ratio.
5. Profitability Ratio.

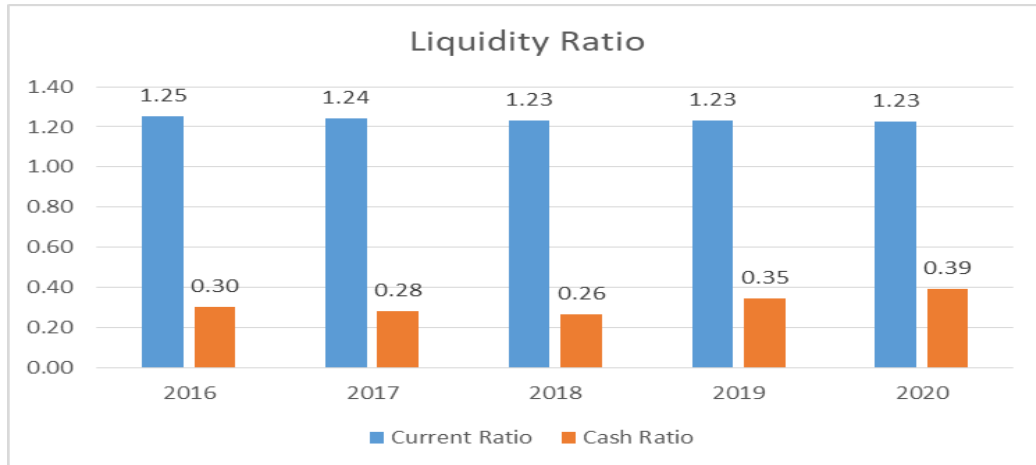
3.2 Liquidity Ratio

The liquidity ratio is a financial ratio that is used to analyze a company's ability to pay short debt obligations. For bank and other financial Institution deposits are liabilities. Because they do business with other's money. However, the majority of the obligations are long-term, there are reserve requirements that must be kept in Mother Bank. Furthermore, cash on hand is an important factor because repayment of money on short notice may be a concern in some cases (like for current accounts). Sufficient Cash in Hand is good but too much is not good because a company can make profit from surplus cash in hand by investing them into profitable projects or by portfolio management. Liquidity ratio analysis includes the following ratios:

1. Cash Ratio
2. Current Ratio

3.2.1. Liquidity Ratios of Pubali Bank Limited

Liquidity Ratio					
Particulars	2016	2017	2018	2019	2020
Current Ratio	1.25	1.24	1.23	1.23	1.23
Cash Ratio	0.30	0.28	0.26	0.35	0.39



Interpretation: Current Ratio means the company's ability to pay current liabilities from its current assets. Here we can see in 2016 it was 1.25, in 2017 it decreased to 1.24 and from 2018-2020 it remains stable at 1.23. Which means company has sufficient current assets to pay current liabilities. Because the standard current ratio is 1. So company has 0.23 extra current assets to pay its current Liability. For that we can say Pubali Bank Limited will not fall into Liquidity crisis for its current ratio. In the perspective of current ratio I can say Pubali Bank Limited is in **good position**.

Cash Ratio means company's ability to pay current liabilities from its cash in hand. This is very obvious to keep much cash in Bank. Tough there is no standard Cash ratio so that I can compare with. But a ration not lower than 0.50 is good. But here we can see the cash ratio of Pubali bank is 0.30 in 2016 which decreased from 2017-2018 at 0.28-0.26 and in 2019 it raises to 0.35, in 2020 it was 0.39. The cash ratio is raising day by day which is a good sign. But after that Pubali Bank Limited have to keep an eye on the cash ratio. The company should **maintain raising the cash ratio** from 0.50- less than 1.

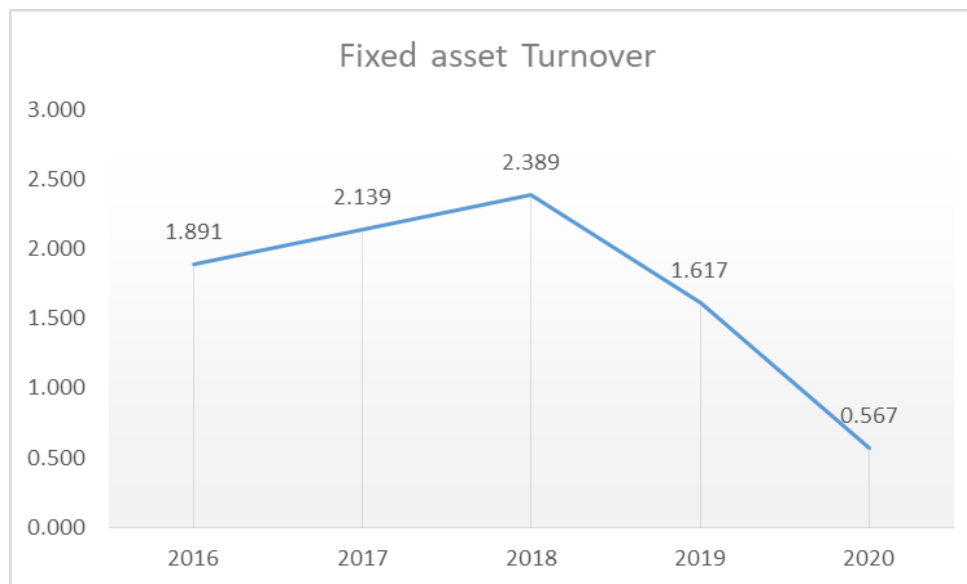
3.3 Activity Ratio

The activity ratio is concerned with how well an organization spends its assets and how many times it is able to use it efficiently. These ratios can be used by banks to determine the timing of cash or credit transactions. Activiti Ratios are:

1. Fixed Asset Turnover.
2. Total Asset Turnover.

3.3.1 Activity Ratios of Pubali Bank Limited.

Activity Ratio					
Particulars	2016	2017	2018	2019	2020
Total Asset Turnover	0.022	0.021	0.022	0.018	0.005
Fixed asset Turnover	1.891	2.139	2.389	1.617	0.567



Interpretation: From Total Asset Turnover a company can analyze how effectively the company is using its assets to generate sales. In the year 2016 it was .02 then from 2017-2018 it remained most of same but in the year 2019-2020 it started decreasing from 0.018-0.005. From the above data I can say Pubali Bank Limited **is not doing well** in this section. So they need to increase the Total Asset Turnover Ratio from upcoming years. Otherwise they will fail to generate much sales/ interest income by using Total assets. They need to take it seriously.

From Fixed Asset Turnover a company can analyze how effectively the company is using its fixed assets to generate sales. In the year 2016 it was 1.891 from that to the year 2018 it goes up to 2.389 but from 2019-2020 it goes down to 1.617-0.567 which is not good. Though this is known to everyone that 2020 was not a good year for the whole world. So after the post pandemic situation Pubali Bank Limited need to utilize its fixed assets effectively so that they can make good interest rate from upcoming years.

3.4 Efficiency Ratio

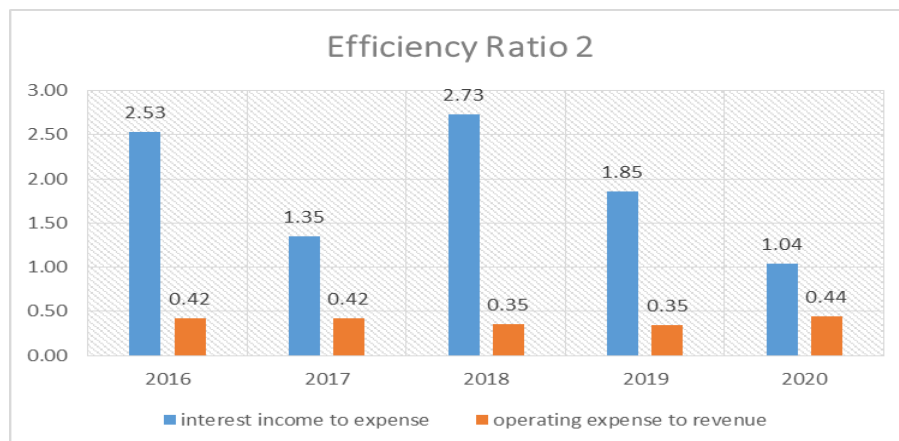
An efficiency ratio assesses a company's ability to generate income from its assets. The earnings or return on assets are calculated here based on total assets. The higher the percentage, the greater the return based on the resources used. In terms of banking, they make the majority of their money by charging interest on various loan instruments. As a result, the interest and operating incomes are of great concern. Interest expenses must be kept to a minimum, which means that borrowing from others must be kept to a minimum as well in order to make subsequent profits. Efficiency Ratios are:

1. Interest Income to Expense ratio.
2. Operating Expense to asset ratio.
3. Operating Income to Asset Ratio.
4. Operating Expense to Revenue Ratio.

3.4.1 Efficiency Ratios of Pubali Bank Limited

Efficiency Ratio					
Particulars	2016	2017	2018	2019	2020
interest income to expense	2.53	1.35	2.73	1.85	1.04
operating income to asset	0.04	0.05	0.04	0.04	0.03
operating expense to asset	0.02	0.02	0.02	0.02	0.02
operating expense to revenue	0.42	0.42	0.35	0.35	0.44





Interpretation: Here we can see in **Efficiency Ratio 1** comparison of operating income to asset and operating expense to asset. The operating income to asset ratio decreased from 2016-2020 at 0.04-0.03. But never the less the operating income to asset ratio remained most of the sustained. Pubali bank should increase Operating income to asset comparing operating expense to asset. Either they should decrease operating expenses to assets ratio for upcoming years. So that they can make a good profit.

In the **Efficiency Ratio 2** we compared the interest income to asset ratio and operating expense to revenue ratio. Here the interest income to expense is decreasing day by day. Like from 2018-2020 it decreased to 2.73-1.04. Which is not a good sign. Pubali Bank should look after this issue. Comparing that operating expense to revenue remained most of the stable like from 2016-2020 0.42-0.44. Either Pubali Bank Limited have to decrease the expense or increase interest expense in the upcoming years.

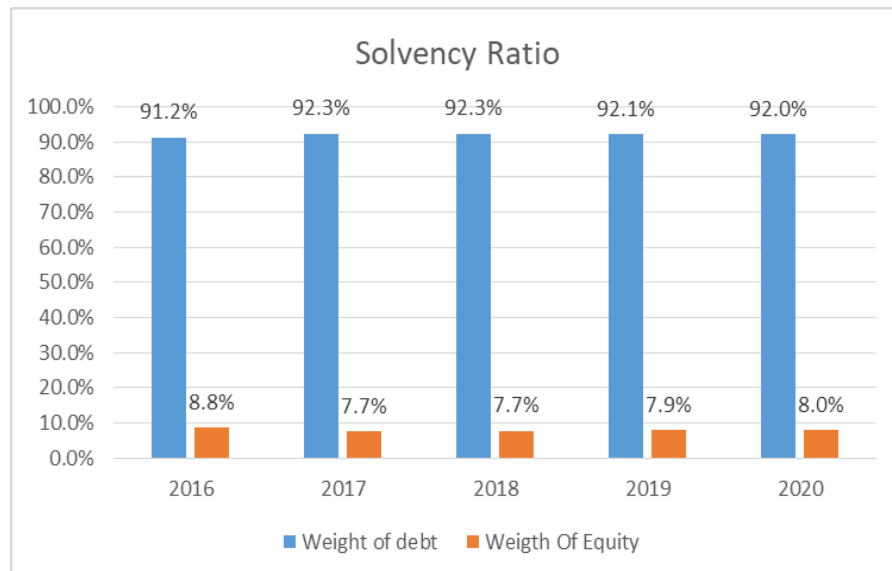
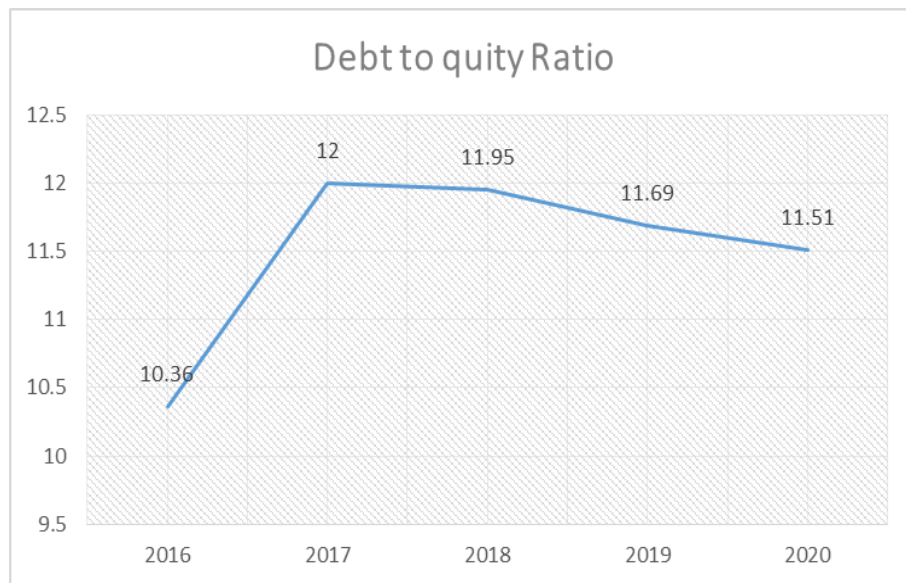
3.5 Solvency Ratio

The solvency ratio is a key metric used by prospective business lenders to assess an enterprise's ability to meet its long-term debt obligations. A solvency ratio determines whether a company's cash flow is sufficient to meet its long-term liabilities and thus serves as a measure of its financial health. Solvency ratios refer to the minimum amount of equity that a bank must maintain on its balance sheet to cover long-term liabilities. A bank should strive to be long-lasting, and concrete analysis of such ratios provides a clear indication of the bank's current performance in relation to its long-term objectives. The Ratios are:

1. Debt Ratio
2. Weight of Debt
3. Weight of Equity

3.5.1 Solvency Ratios of Pubali Bank limited

Solvency Ratio					
Particulars	2016	2017	2018	2019	2020
Debt to quity Ratio	10.36359	12.00144	11.95124	11.687	11.51292
Weight of debt	91.2%	92.3%	92.3%	92.1%	92.0%
Weigth Of Equity	8.8%	7.7%	7.7%	7.9%	8.0%



Interpretation: In **Debt to Equity Ratio** we can compare the debt/ liabilities with shareholders Equity. The standard of debt to equity ratio is above 2. In term of this condition I can say Pubali Bank Limited is in good position. Because from the above data this is clear that all of the debt to equity ratios

from 2016-2020 are more than 2.

In the solvency ratio we compared the weight of debt with weight of equity where we can see the difference between them. From the five years data we can see huge difference between weight of debt and weight of equity. By comparing them I can say Pubali Bank Limited is in good position at their dividend policy. Like most of the funding comes from debt. This is very obvious to get high debt in bank because the banking is to do business with others money. And the cost of debt is less than cost of equity. So from this perspective Pubali Bank Limited is in good position.

3.6 Profitability Ratio

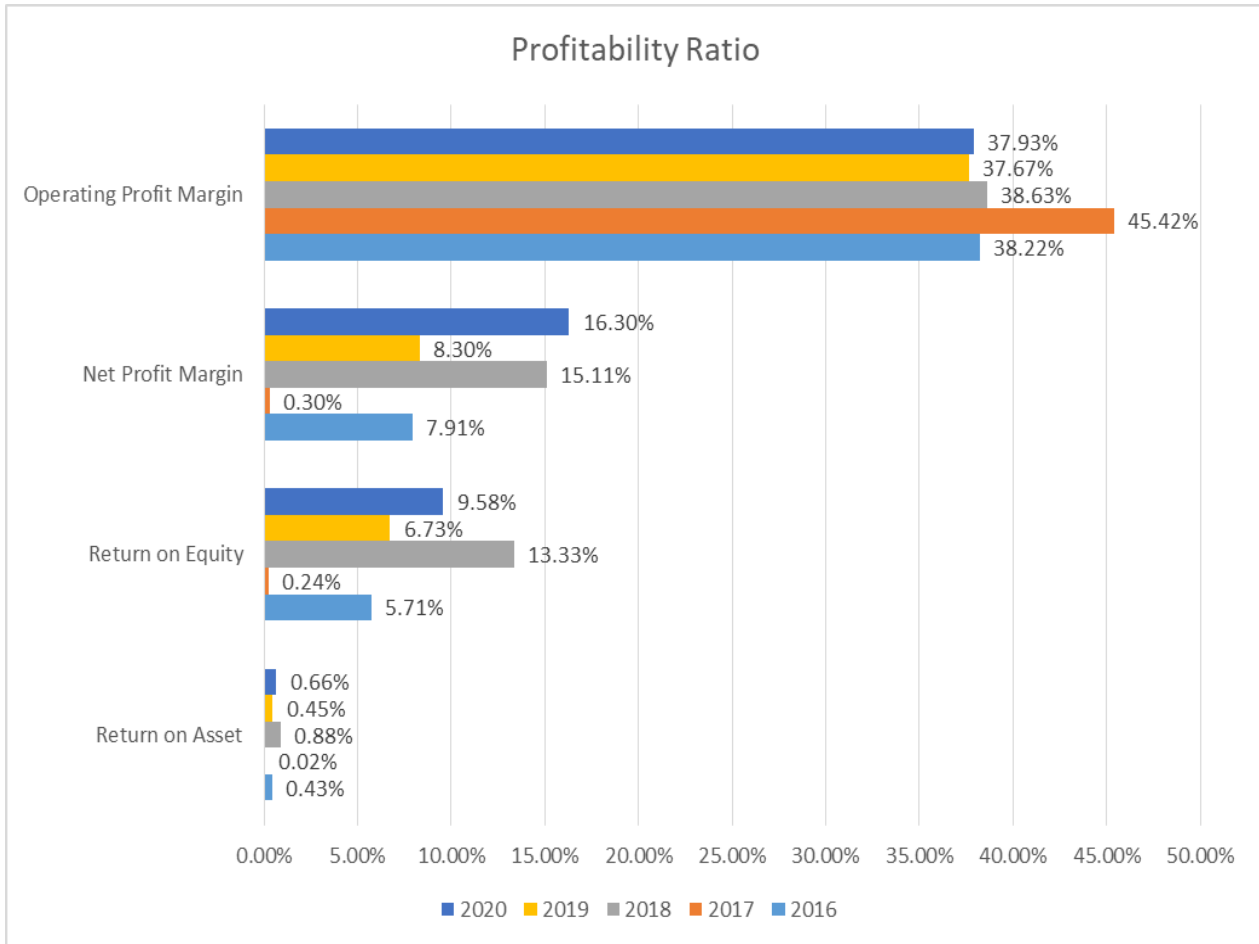
The net earnings after taxes or return on operations, as well as their relationship to assets, expenses, and equity, are measured here. There are numerous activities that occur, ranging from revenue to financial expenses, operating earnings to operating expenses, provision to depreciation, tax payment, and final net profit. So, by observing a few ratios from each component, we can determine which segments are increasing and decreasing the final profit. This is a huge help in determining where we can cut back on spending and where we can make better decisions. Such ratios can also be used to examine how investment decisions affect final returns.

Profitability Ratio includes:

1. Return on Asset
2. Return on Equity
3. Net Profit Margin
4. Operating Profit Margin

3.6.1. Profitability Ratios of Pubali Bank Limited

Profitability Ratio					
particulars	2016	2017	2018	2019	2020
Return on Asset	0.43%	0.02%	0.88%	0.45%	0.66%
Return on Equity	5.71%	0.24%	13.33%	6.73%	9.58%
Net Profit Margin	7.91%	0.30%	15.11%	8.30%	16.30%
Operating Profit Margin	38.22%	45.42%	38.63%	37.67%	37.93%
EPS	1.47	0.06	3.53	2.1	3.6



Interpretation: by using **Operating Profit Margin** we can measure the profit from sales after deducting the variable cost of production. The formula is operating income/ revenue. In 2017 it was 45.42% by comparing that in 2020 it was 37.93% which is much lower than 2017's data. Pubali bank need to watch over this issue and make it better at upcoming years.

3.7 DuPont Analysis

A DuPont analysis is used to assess the various components of a company's return on equity (ROE). This enables an investor to determine which financial activities are most responsible for changes in ROE. Managers can use DuPont analysis to identify areas of strength and weakness that need to be addressed. A company can make their decision upon DuPont Analysis.

3.7.1 DuPont Analysis of Pubali Bank Limited

Particulars	Net Profit Margin	Total Asset Turnover	Equity Multiplier	Return on Equity
2016	7.91%	0.054975065	13.1221696	5.71%
2017	0.30%	0.051671281	15.31096358	0.24%
2018	15.11%	0.058515594	15.078018988	13.33%
2019	8.30%	0.054462265	14.90505481	6.73%
2020	16.30%	0.040199697	14.61898305	9.58%

Sensitivity of Net profit Margin with Return on Equity					
Particulars	Net Profit Margin	Total Asset Turnover	Equity Multiplier	Return on Equity	changes
2016	7.91%	0.054975065	13.1221696	5.71%	
2017	0.30%	0.054975065	13.1221696	0.22%	-96.20%
2018	15.11%	0.054975065	13.1221696	10.90%	4930.22%
2019	8.30%	0.054975065	13.1221696	5.98%	-45.10%
2020	16.30%	0.054975065	13.1221696	11.76%	96.51%
				Average	1221.36%

Sensitivity of Total Asset Turnover with Return on Equity					
Particulars	Net Profit Margin	Total Asset Turnover	Equity Multiplier	Return on Equity	changes
2016	7.91%	0.054975065	13.1221696	5.71%	
2017	7.91%	0.051671281	13.1221696	5.36%	-6.01%
2018	7.91%	0.058515594	13.1221696	6.07%	13.25%
2019	7.91%	0.054462265	13.1221696	5.65%	-6.93%
2020	7.91%	0.040199697	13.1221696	4.17%	-26.19%
				Average	-6.47%

Sensitivity of Equity Multiplier with Return on Equity					
Particulars	Net Profit Margin	Total Asset Turnover	Equity Multiplier	Return on Equity	changes
2016	7.91%	0.054975065	13.1221696	5.71%	
2017	7.91%	0.054975065	15.31096358	6.66%	16.68%
2018	7.91%	0.054975065	15.07801899	6.56%	-1.52%
2019	7.91%	0.054975065	14.90505481	6.48%	-1.15%
2020	7.91%	0.054975065	14.61898305	6.36%	-1.92%
				Average	3.02%

Interpretation: by analyzing **DuPont Analysis** we can find out the strength and weakness of a Company. Here I have done 3 factor sensitivity to Return on Equity, which shows the most sensitive and less sensitive to Return on Equity. By considering average data given above the **Net Profit Margin is the most sensitive** to Return on Equity and Return on Assets is less than any other factors. Pubali Bank Limited need to fix out this issue and focus on increasing Return on Assets from the upcoming years.

3.8 Common Size Analysis

Common size analysis is also known as vertical analysis. And it gets its name from the fact that it takes a single segment of a large area of data and counts it as a base, after which it differentiates overall data in percentage using that base as a framework. However, the time period must be the same. In terms of a bank's balance sheet, the total asset can be used as the base, and the other assets can be evaluated using ratios based on the total asset. In addition, the total shareholder equity and liabilities will be used to evaluate the obligations segment. The total income will be the basis for the income statement. A common-size analysis is a tool used by financial managers to gain a better understanding of a company over time. The advantages of using common size analysis are that it provides us with the relationship between assets and total assets, obligations and total liabilities, and earnings and expenses based on revenue. So, based on the most common factors, a bank can determine where the funds are actually going. As a result, they will be able to make effective decisions when raw data alone is insufficient.

3.8.1 Common size Analysis of Pubali Bank Limited

Pubali Bank Limited					
Balance Sheet					
Common Size analysis					
Particulars	2016	2017	2018	2019	2020
Cash	6.59%	6.20%	5.62%	5.41%	4.27%
In hand (Including foreign currencies)	1.13%	0.99%	0.92%	0.88%	0.73%
Balances with Bangladesh bank and sonali bank (Including foreign currencies)	5.46%	5.21%	4.70%	4.53%	3.54%
Balance with other banks and financial institution	2.82%	3.50%	3.80%	2.73%	3.28%
In Bangladesh	2.43%	3.25%	3.57%	2.42%	3.01%
Outside Bangladesh	0.38%	0.26%	0.22%	0.32%	0.28%
Money at call and short notice	0.17%	0.00%	0.00%	0.03%	0.21%
Investment in shares & securities	17.16%	16.19%	15.63%	22.37%	27.32%
Government	11.40%	9.57%	9.21%	16.60%	22.35%
Others	5.75%	6.62%	6.43%	5.77%	4.97%
Loans, cash credits, overdrafts/General Investments	60.93%	61.98%	62.57%	57.13%	53.06%
Bills discounted and purchased	2.58%	3.24%	3.61%	2.94%	2.84%
Total	63.51%	65.23%	66.18%	60.07%	55.90%
Land, building, furniture and fixtures (Including leased assets)	1.18%	1.00%	0.92%	1.08%	0.90%
Non-Banking Assets	0.00%	0.00%	0.00%	0.00%	0.00%
Other assets	8.58%	7.87%	7.84%	8.30%	8.12%
Total assets	100.00%	100.00%	100.00%	100.00%	100.00%
Borrowings from other banks, financial institutions and agents	2.13%	5.26%	4.48%	3.80%	3.32%
Current /Al-Wadeeah current and other deposit accounts	9.73%	9.91%	9.86%	9.13%	9.33%
Bills payable	4.13%	2.84%	3.04%	3.27%	2.78%
Savings deposits/Mudaraba Savings Deposits	21.00%	20.36%	19.55%	18.51%	19.03%
Mudarabba/ Term and Fixed deposits	46.71%	43.98%	46.26%	47.63%	48.30%
Other Deposits/ Mudarabba Deposits	1.79%	1.53%	1.70%	1.72%	1.78%
Total Deposits	83.36%	78.60%	80.41%	80.25%	81.22%
Other liabilities	14.51%	14.69%	13.80%	13.94%	13.28%
Subordinated Debt/Mudaraba bond	0.00%	1.45%	1.31%	2.02%	2.18%
Total liabilities	100.00%	100.00%	100.00%	100.00%	100.00%
Capital /Shareholders' Equity:	100.00%	100.00%	100.00%	100.00%	100.00%
Paid up capital	36.03%	39.54%	36.69%	32.01%	26.57%
Statutory reserve	38.06%	39.55%	36.69%	32.01%	26.57%
Retained earnings	13.84%	8.67%	15.76%	26.69%	29.10%
Other Reserve	12.06%	12.24%	10.85%	9.28%	17.75%
Minority Interest	0.000003%	0.000003%	0.000003%	0.000003%	0.000002%
Total Equity	100.00%	100.00%	100.00%	100.00%	100.00%

Source: The raw data collected from Lankabanla Finance Limited's official website.

Pubali Bank Limited					
Income Statement					
Common Size Analysis					
Particulars	2016	2017	2018	2019	2020
Interest income	100%	100%	100%	100%	100%
Interest paid on deposits and borrowings	59.34%	58.53%	62.35%	67.85%	87.30%
Net interest income	40.66%	41.47%	37.65%	32.15%	12.70%
Income from investments	25.57%	30.51%	23.16%	28.56%	56.69%
Commission, exchange and brokerage Income	8.21%	9.12%	7.89%	6.79%	7.14%
Other operating income	5.98%	6.55%	5.11%	4.68%	5.31%
Total operating income	80.42%	87.65%	73.81%	72.18%	81.84%
Rent, Taxes, Insurance, Electricity etc.	3.71%	4.04%	3.60%	1.75%	2.26%
Charges On Loan Losses	0.00%	0.29%	0.00%	0.00%	0.00%
Salaries and allowances	24.11%	24.55%	21.79%	20.97%	27.74%
Legal Expenses	0.10%	0.10%	0.09%	0.12%	0.08%
Postage, Stamps, Telecommunication etc.	0.43%	0.45%	0.37%	0.33%	0.26%
Stationery, Printing, Advertisement etc.	0.68%	0.77%	0.58%	0.53%	0.52%
Directors' Fees and Expenses	0.05%	0.04%	0.03%	0.03%	0.03%
Salary and allowances paid to Managing director/Chief Executive	0.06%	0.06%	0.06%	0.06%	0.06%
Auditors' Fee	0.01%	0.01%	0.01%	0.01%	0.01%
Depreciation and Repairs to Bank's Assets	3.19%	2.87%	2.04%	3.43%	4.26%
Other Expenses	9.87%	9.05%	6.59%	7.27%	8.69%
Total operating expenses	42.21%	42.23%	35.18%	34.51%	43.91%
Operating Profit	38.22%	45.42%	38.63%	37.67%	37.93%
Profit before provision	38.22%	45.42%	38.63%	37.67%	37.93%
Specific provision (Loan and Advances)	9.82%	29.51%	5.42%	9.68%	2.03%
Provision for unclassified loans and advances	4.77%	0.00%	7.04%	4.85%	9.12%
Off balance sheet items	1.04%	0.95%	0.22%	0.22%	0.00%
Provision for Impairment of Client margin loan	0.10%	0.21%	0.16%	0.25%	0.00%
Provision for bad debt offsetting	0.00%	0.02%	0.00%	0.01%	0.00%
Diminution in value of investment	0.34%	0.00%	0.72%	2.36%	0.67%
Others Provision	0.00%	0.00%	0.22%	0.00%	0.00%
Provisions for startup	0.00%	0.00%	0.00%	0.00%	0.37%
Total provision	16.08%	30.70%	13.79%	17.36%	12.18%
Profit for the year before taxation	22.14%	14.72%	24.84%	20.31%	25.75%
Current Tax	16.80%	14.66%	9.78%	11.92%	8.78%
Deferred tax	-2.57%	-0.24%	-0.05%	0.10%	0.67%
Provision for tax	14.23%	14.42%	9.73%	12.02%	9.45%
Net profit after tax for the year	7.91%	0.30%	15.11%	8.30%	16.30%

Source: The raw data collected from Lankabanla Finance Limited's official website.

Interpretation: Common size Analysis is known as vertical analysis. I used this tool to analyze/compare the transactions percentages with the base of Total asset, Total Liabilities, Total Shareholders' equity and Interest Income. In the Balance Sheet we can see cash in hand is decreasing from 2016-2020 at 6.59%- 4.27% based on Total assets, which is a serious issue and Pubali Bank need to look after that. This is also visible that Pubali Bank Limited decrease Loan amount from 2016-2020 at 60.93%- 53.06% but they invest in other securities from 2016-2020 at 17%- 27.3% based on total assets. This is a good sign though investment in other securities is bit more risky but this is profitable. Pubali Bank Limited should maintain this figures. Comparing the Total Liability with the total deposit in 2016 it was 83.36%, in 2017 it was 78.60%, in 2018 it was 80.41%, in 2019 it was 80.25% and at last in 2020 it stands to 81.22%. In terms of equity the statutory reserve in 2020 26.57% and paid up capital in 2020 was 26.57% also.

In the Income Statement portion I compared interest income with other transactions. In 2016 total operating income was 80.42%, in 2017 it was 87.65% in 2018 it was 73.81%, in 2019 it was 72.18% and in 2020 it was 81.84% considering interest income as 100%. The net profit after tax was 7.91% in 2016 and 16.30% in 2020 this thing like increasing of Net Profit After Tax should be maintained by Pubali Bank Limited from upcoming years.

3.9. Trend Analysis

Trend analysis is an analysis of the company's trend by comparing its financial statements to analyze the market trend or analysis of the future based on past performance results, and it is an attempt to make the best decisions based on the results of the analysis done. This is also known as horizontal analysis. It takes all of the data from a specific year/time period (also known as the base year) and compares the differences (usually expressed in percentages) between the following years of each segment. This method can evaluate how well previous activities and investment decisions have impacted the current situation, as well as how future activities will be impacted if operations continue as is. We used 2016 as the baseline year for our analysis.

3.9.1 Trend Analysis of Pubali Bank Limited

Pubali Bank Limited					
Balance Sheet					
Trend Analysis					
Particulars	2016	2017	2018	2019	2020
Cash	100.00%	108.07%	109.20%	122.68%	114.36%
In hand (Including foreign currencies)	100.00%	100.84%	104.88%	116.49%	114.52%
Balances with Bangladeshi bank and sonali bank (Including foreign currencies)	100.00%	109.56%	110.09%	123.96%	114.33%
Balance with other banks and financial institution	100.00%	142.84%	172.47%	144.87%	205.69%
In Bangladesh	100.00%	153.18%	187.89%	148.27%	218.15%
Outside Bangladesh	100.00%	77.27%	74.64%	123.30%	126.71%
Money at call and short notice	100.00%	2.05%	2.05%	23.00%	217.82%
Investment in shares & securities	100.00%	108.39%	116.59%	194.72%	280.96%
Government	100.00%	96.39%	103.28%	217.35%	345.77%
Others	100.00%	132.19%	142.98%	149.85%	152.44%
Loans, cash credits, overdrafts/General Investments	100.00%	116.83%	131.41%	140.02%	153.65%
Bills discounted and purchased	100.00%	144.32%	178.99%	170.38%	194.22%
Total	100.00%	117.95%	133.34%	141.26%	155.30%
Land, building, furniture and fixtures (Including leased assets)	100.00%	97.31%	99.82%	136.80%	134.34%
Non-Banking Assets	100.00%	100.00%	100.00%	100.00%	100.00%
Other assets	100.00%	105.40%	116.95%	144.49%	166.94%
Total assets	100.00%	114.84%	127.95%	149.33%	176.44%
Borrowings from other banks, financial institutions and agents	100.00%	287.02%	272.00%	269.11%	277.30%
Current /Al-Wadeeah current and other deposit accounts	100.00%	118.30%	131.01%	141.50%	170.55%
Bills payable	100.00%	79.72%	95.27%	119.30%	119.74%
Savings deposits/Mudaraba Savings Deposits	100.00%	112.63%	120.40%	132.91%	161.20%
Mudarabba/ Term and Fixed deposits	100.00%	109.39%	128.08%	153.75%	183.98%
Other Deposits/ Mudarabba Deposits	100.00%	99.15%	122.80%	144.52%	177.30%
Total Deposits	100.00%	109.56%	124.75%	145.17%	173.35%
Other liabilities	100.00%	117.62%	123.03%	144.87%	162.90%
Subordinated Debt/Mudaraba bond	0.00%	0.00%	0.00%	0.00%	0.00%
Total liabilities	100.00%	116.19%	129.32%	150.80%	177.93%
Capital /Shareholders' Equity:	100.00%	98.42%	111.35%	131.47%	158.37%
Paid up capital	100.00%	108.00%	113.40%	116.80%	116.80%
Statutory reserve	100.00%	102.26%	107.35%	110.57%	110.57%
Retained earnings	100.00%	61.65%	126.78%	253.46%	332.84%
Other Reserve	100.00%	99.91%	100.18%	101.20%	233.18%
Minority Interest	100.00%	117.97%	128.72%	129.75%	131.66%
Total Equity	100.00%	98.42%	111.35%	131.47%	158.37%

Source: The raw data collected from Lankabanla Finance Limited's official website.

Pubali Bank Limited					
Income Statement					
Trend Analysis					
Particulars	2016	2017	2018	2019	2020
Interest income	100.00%	107.94%	136.19%	147.94%	129.02%
Interest paid on deposits and borrowings	100.00%	106.47%	143.10%	169.16%	189.81%
Net interest income	100.00%	110.07%	126.11%	116.97%	40.30%
Income from investments	100.00%	128.81%	123.35%	165.25%	286.05%
Commission, exchange and brokerage Income	100.00%	119.89%	130.90%	122.39%	112.10%
Other operating income	100.00%	118.14%	116.29%	115.70%	114.65%
Total operating income	100.00%	117.63%	124.99%	132.78%	131.29%
Rent, Taxes, Insurance, Electricity etc.	100.00%	117.39%	131.87%	69.90%	78.48%
Charges On Loan Losses	0.00%	0.00%	0.00%	0.00%	0.00%
Salaries and allowances	100.00%	109.93%	123.10%	128.67%	148.42%
Legal Expenses	100.00%	116.56%	133.19%	186.45%	113.07%
Postage, Stamps, Telecommunication etc.	100.00%	110.67%	116.78%	113.84%	75.75%
Stationery, Printing, Advertisement etc.	100.00%	121.91%	117.31%	116.56%	99.26%
Directors' Fees and Expenses	100.00%	93.87%	89.69%	89.89%	84.54%
Salary and allowances paid to Managing director/Chief Executive	100.00%	100.00%	144.59%	138.48%	140.38%
Auditors' Fee	100.00%	150.50%	114.52%	106.75%	115.58%
Depreciation and Repairs to Bank's Assets	100.00%	97.31%	87.28%	159.39%	172.30%
Other Expenses	100.00%	98.95%	90.95%	108.91%	113.59%
Total operating expenses	100.00%	108.00%	113.51%	120.95%	134.21%
Operating Profit	100.00%	128.27%	137.67%	145.83%	128.06%
Profit before provision	100.00%	128.27%	137.67%	145.83%	128.06%
Specific provision (Loan and Advances)	100.00%	324.27%	75.17%	145.83%	26.63%
Provision for unclassified loans and advances	100.00%	0.00%	201.08%	150.51%	246.71%
Off balance sheet items	100.00%	98.10%	29.18%	30.65%	0.00%
Provision for Impairment of Client margin loan	100.00%	217.43%	204.07%	347.38%	0.00%
Provision for bad debt offsetting	100.00%	667.34%	182.84%	202.36%	0.00%
Diminution in value of investment	100.00%	0.00%	290.82%	1035.75%	257.53%
Others Provision	0.00%	0.00%	0.00%	0.00%	0.00%
Provisions for startup	0.00%	0.00%	0.00%	0.00%	0.00%
Total provision	100.00%	206.05%	116.77%	159.70%	97.76%
Profit for the year before taxation	100.00%	71.77%	152.85%	135.76%	150.08%
Current Tax	100.00%	94.18%	79.31%	104.97%	67.43%
Deferred tax	100.00%	9.96%	2.44%	-5.81%	-33.69%
Provision for tax	100.00%	109.39%	93.19%	124.97%	85.69%
Net profit after tax for the year	100.00%	4.10%	260.18%	155.16%	265.91%

Source: The raw data collected from Lankabanla Finance Limited's official website.

Interpretation: The other name of Trend Analysis is horizontal analysis. Here I considered 2016 as Pubali Bank Limited's base year. So that I can do some year to year comparison. From the balance sheet we can see massive increment of investment in securities and as well as the loan investment from 2016-2020. Which is good. This will help to get more interest income. These transactions helped total assets to increase from 2016-2020. Total deposit also increased from 2016-2020 at 100%-131%. Which is good for company. This mean general public are interested in Pubali Bank Limited. This is also visible in Income statement operating income and Net Profit After tax also increased. Net profit in 2020 stands at 265.91% which means Pubali Bank Limited is making good profits and this will continue from upcoming years. By Analyzing that I can say Pubali Bank Limited is in good Position to make good profit.

Chapter 4:

Findings & Recommendations

4.1 Findings

The following findings were discovered as a result of a study of Pubali Bank Limited's financial performance and internship program.

1. Pubali Bank Limited is not maintaining standard cash ratio, so that they can fall into cash crisis.
2. Analyzing the five years data I have found that the total asset turnover and the fixed assets turnover ratios are downward, which means the ratios are decreasing day by day. Pubali Bank Limited is not using its assets effectively to generate interest income.
3. The operating income to expense is downward trendy. This is not good for Pubali Bank Limited. For this reason they can face problems in upcoming years.
4. The operating income to asset is also downward trendy considering 5 year analysis compare to the operating expense to assets which is stable. This is not good sign for the future of Pubali Bank Limited as they might face efficiency problem.
5. There is high risk for having much debts as following the standard value of D/E ratio more than 2%.
6. Comparing the 5 year ratio of net profit margin, 2017 was not a good year for Pubali Bank Limited. Whereas from 2018 they were able to increase the net profit margin.
7. The return on asset ratio is not at a good position at all since 2016. Pubali Bank Limited failed to follow the Standard ROA of 5%.

4.2 Recommendations

1. As the cash ratios are below 0.50 so they have to maintain 0.50 cash ratio by keeping cash, eventually they will be able to pay current liabilities immediately.
2. They need to use the assets effectively to generate interest income. Because the TAT and FAT are downward trendy. Otherwise they may face problem in upcoming years. So this is very important to use assets effectively to generate income.
3. They need to either increase operating income or decrease operating expenses. Because the operating income to assets are decreasing day by day and operating expense to assets remained sustain from 2016-2020.
4. Pubali Bank Limited should look after their risk management by portfolio investments. As their debt to equity ratios are high.
5. They need to make sure to increase return on assets by effectively utilizing and using total assets.
6. Pubali Bank Limited need to make sure that their debt to equity ratio is attractive, so that investors are interested to buy stocks of PBL. Because high debt is much risky and low debt compare to equity is much costly.

4.3 Conclusion

Pubali Bank limited is the largest private commercial banks in Bangladesh. As it was stablished in 1959 so it is taking first mover advantage. The reputation of Pubali Bank Limited is good, so people are interested in this bank. Pubali Bank Limited's strategy of working is good because they follow what their customers want. They do their activities totally flexibly.

Therefore, the managers will not fall in trouble to get more customers/clients for bank as the vision of Pubali Bank Limited is to 'providing customer centric lifelong banking service'.

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