Internship Report

on

Financial Performance Analysis of Pubali Bank Limited

(A Study on Dhamrai Branch)

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on

Financial Performance Analysis of Pubali Bank Limited: A Study on Dhamrai Branch

Prepared by

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Major in Finance

Program: MBA

Department of Business Administration

Daffodil International University

Supervised by

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Department of Business Administration

Faculty of Business & Entrepreneurship

Submitted to

Department of Business Administration

Daffodil International University

January 13, 2024

Letter of Transmittal

January 13, 2024

To

Professor Dr. Mostafa Kamal
Department of Business Administration
Faculty of Business & Entrepreneurship
Daffodil International University.

Subject: Submission of internship report on "Financial Performance Analysis of Pubali Bank Limited".

Respected Sir,

It is with value that I present this internship report on the topic "Financial Performance Analysis of Pubali Bank Limited." The banking environment has been a wonderful working experience, which affords the opportunity to develop my theoretical knowledge from practical contact with diverse financial operations.

Please accept my written report with the understanding that it has its own constraints, and that there could well be mistakes made in the course of the research. As I mentioned before I do hope that you have found the analysis both entertaining and enlightening.

Sincerely yours

Mst. Afshana Afrin

ID No. 0242310004083048

Program: MBA

Major: Finance

Department of Business Administration

Faculty of Business & Entrepreneurship

পূবালী ব্যাংক পিএলসি.
PUBALI BANK PLC.

DHAMRAI SUB BRANCH
Ranjit Super Market, Dhamrai Bazar, Dhamrai,
Thana:Dhamrai, Dist. Dhaka
Mob: 01324414540 IP No7784,7785, 7786
dhamrai@pubalibankbd.com

REF: PBPLC/DHAMRAI SUB/INTERNSHIP/142/2025

DATE: 02.02.2025

TO WHOM IT MAY CONCERN

This is to certify that as per our Head Office letter no. PBPLC/HO/HRD/INTERSHIP/23950 Dated: 04.11.2024, Mst. Afshana Afrin, D/O Md. Mohammad Ali & Mst. Monoara Khatun, MBA Student, Major in Finance of Daffodil International University, has been allowed 12 (Twelve) Weeks internship program with our Branch. He continued the Program. During this Period, he has worked in General Banking Department, Credit Department & Cash Department of our branch with entire satisfaction.

We wish him every success in life.

(Md. Ashraful Hauque)
Principal Officer & Head of Branch
Md. Ashraful Hauque
Principal Officer & Manager
Pubali Bank Ltd
Dhamrai Sub Branch, Dhaka.

(Pragna Labony Binty Alam Setu)
Senior Officer
(Pragna Labony Binty Alam Setu)
SeniorOfficer
Pubali Bank Ltd
Dhamrai Sub Branch, Dhaka

GREEN BANKING FOR A LIVEABLE BANGLADESH

Declaration

I, Mst. Afshana Afrin, the following internship report, “Financial Performance Analysis of Pubali Bank Limited” has been written by me without any help from any other source and with the successful completion of my three months internship program at Pubali Bank Limited. In partial fulfillment of the requirements for the Bachelor of Business Administration (MBA) program, this report is submitted.

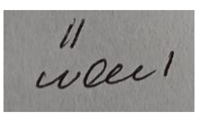
I also declare that this report has not been entered into any other university or organization for any academic benefit.

Mst. Afshana Afrin
ID No. 0242310004083048
Program: MBA
Major: Finance
Department of Business Administration
Faculty of Business & Entrepreneurship

Certificate of Supervisor

This is to certify that Mst. Afshana Afrin, MBA Program, ID No. 0242310004083048 is a regular student of Daffodil International University under Department of Business Administration. She has successfully completed her internship report on “Financial Performance Analysis of Pubali Bank Limited” for the award of the degree of Bachelor of Business Administration under my supervision.

To the best of my knowledge and as per her declaration, the report is an authentic work on the issue and has not been submitted to anywhere for awarding any degree. She is permitted to submit the internship report and I wish her best success & prosperity.



Professor Dr. Mostafa Kamal
Department of Business Administration
Faculty of Business & Entrepreneurship
Daffodil International University (DIU)

Acknowledgment

Frist of all I remember Almighty Allah for making me successful to prepare this report. I am grateful to the Pubali Bank Limited authority that has helped me by updating desired information at their website. At the outset, I would like to thank and convey my gratitude to honorable Supervisor Professor Dr. Mostafa Kamal, Professor of the Department of Business Administration, Daffodil International University, for letting me to prepare this report and I would also like to express my sincere appreciation to him for his kind support and guidance.

I also express my cordially thanks to all the colleagues of Pubali Bank Limited, who has provided me necessary information & excellent guideline to know about Pubali Bank Limited and prepare this report. I also express my heartiest thanks to all the Bankers and Customers of Pubali Bank Limited, Dhamrai Branch, who has kindly provided me the information and other handout tools. I am very grateful to Md. Ashraful Hauque, Principal Officer & Head of Branch, Dhamrai Branch, for his necessary cooperation to carry out my assignment in a proper way. I thank the bank manager who helps me to do internship in her branch and provide me a fair idea about practical knowledge of banking activities.

I will show appreciation to everyone who helps me to perform all the official activity of. I thank the bank manager who helps me to do internship in her branch and provide me a fair idea about practical knowledge of banking activities. I will show appreciation to everyone who helps me to perform all the official activity of the management of this Branch had been extremely helpful in providing necessary documents, annual report, statements, voucher etc. This helped me to prepare this Internship report. I express a deep debt of appreciation & gratefulness to the employees of PBL, Dhamrai Branch.

Executive Summary

This report mainly focuses on the Financial Performance Analysis of Pubali Bank Limited (PBL), in order to present exhaustively, about the different facets of the performance of the bank. This paper is an outcome of the three-month internship carried out at the PBL to acquire practical experience that complements the theoretical know-how.

The main value of the internship program is to provide students an opportunity to gain realistic, workplace exposure as well as to implement theories into practice. Students place their internships at different organizations, enterprises, research institutions or at development projects for a period of three months. To complete this program, students are expected to turn in a report of what they went through and what they observed.

My choice for internship was Pubali Bank Limited's Islamic Banking Window and I interned there for three months to get the practical experience of general banking operation. In this period, I learned the general operations of the bank and got to understand some of the things it does.

The first section of the report is the background information that consists of the history, purpose, nature, assumptions, constraints, and research approach. This is followed by information on Pubali Bank Limited, offering a history, vision, mission and objectives of the company, its business line of products and services. After this, I describe my internship experience at, the Islamic Banking Window where I was performing general banking activities and got a brief idea about the working environment of the Dhamrai Branch.

The following sections are sub-divided in to various areas of the internship. In the project portion of the report, the author discusses the structures and efficiency of the credit policy of the bank. Secondly, the analysis of the financial performance section looks into the state of the bank and some major aspects of performance.

Lastly, the report gives an overview of my three months' internship experience and focuses on what was learnt, the difficulties faced and the issues observed while on internship. Based on these observations, the following recommendations are suggested with a view of reducing these problems as well as enhancing efficiency in operations. The research concludes with a summary of the results and all the lessons I have learned while working in PBL's Islamic Banking Window.

Table of Content

Chapter One

Introduction

1.1 Introduction

Since, being an MBA student one has to go beyond the mere academic understanding of the issue, and as the best practice – to know how to address certain issues in practice. Students may need to perform some task in the company, and the internship program offers a great chance of getting a close look at how the business actually works. It acts as a working link between advancing education and putting into practice what one has learnt in class.

This report is prepared in partial fulfillment of the practical work of the MBA program as well as the internship program. During this process, I was placed in Pubali Bank Limited (PBL), Dhamrai Branch for my three-month internship right after finishing all MBA classes. The internship report is based on the Financial Performance Analysis of Pubali Bank Limited and as per the honorable management instruction, practical learning experience has been written in the following phases.

Inspired by the cordiality of the management I have written this report which is mainly focused on the Financial Performance Analysis of PBL based on my observation during internship program in Dhamrai Branch.

1.2 Objectives of the Report

The main goal of this report is the basic understanding of how the banking system works and how it functions. The greatest advantage of the proposed learning activity is the possibility of applying the acquired knowledge in the practical context. The specific objectives of this practical orientation in the banking sector are as follows:

- ✓ To present an overview of Pubali Bank Limited
- ✓ To explore the Financial Performance Analysis of Pubali Bank Limited
- ✓ To compare the real scenario with the lessons learned at my university.
- ✓ To recommend some suggestions based on findings.

1.3 Significance of the Study

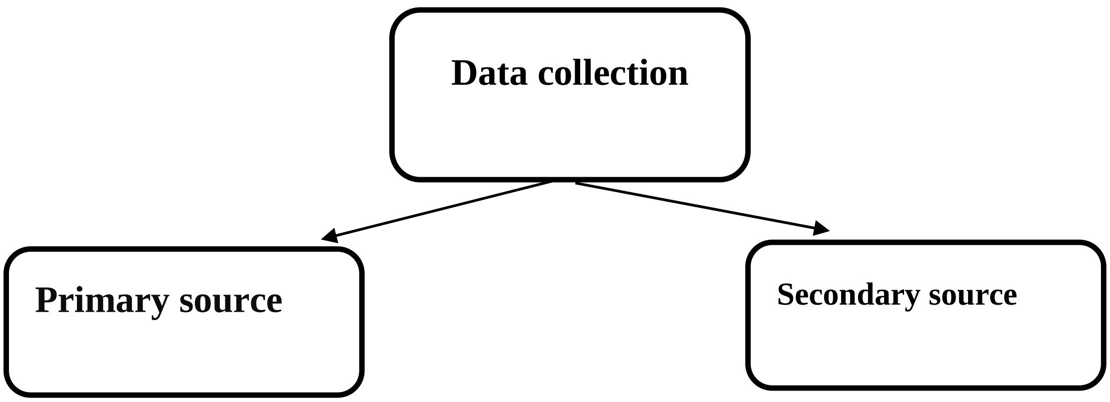
Pubali Bank Ltd is one of the large private commercial banks in Bangladesh and there are few other private bank that operates with similar size and influence. The mandate of the bank is to play a major role in the furtherance of the socio – economic, industrial and agricultural development of the nation. In terms of money, PBL is highly effective in the process of pooling savings and efficiently investing the funds, its main contribution is to become an effective participant in the development of the economic potential of Bangladesh.

1.4 Methodology of the Study

The report will be prepared using experience and findings that are obtained during the period of internship through practical exercise. To reduce the level of bias in the study, primary and secondary data will be gathered for the analysis. The gathered data will be then processed and the graphical aids will be employed to provide the truthful and comprehensible picture of the situation.

1.4.1 Data collection

There are two sources of data collection, such as:



Since this study mainly uses secondary data, the bank's annual reports and official website are the sources of data. While primary data is not much utilized, some information was obtained from face-to-face interviews with a few officers of the bank under consideration.

Primary sources of data

- ✓ Face to face conversation with the bank officers and staffs.
- ✓ Conversation with the clients.

Secondary sources of data

- ✓ Different manuals of Dhamrai Branch of Pubali Bank Limited (PBL).
- ✓ Different circulars of this branch.
- ✓ Website, annual report, Bank records and information etc.
- ✓ Files and documents of the branch.
- ✓ Annual report
- ✓ Unpublished data.

1.5 Literature Review

The group has put much emphasis in uplifting Pubali Bank Limited to be among the most successful domestic commercial banks in Bangladesh. Bhuiyan It offers a full range of banking products and services to its clients and it operates a large number of branches all over Pakistan including 21 Islamic Banking Windows located in both the urban and rural areas – 488 branches in all.

Typically, this literature review aims at comparing the credit management practices of Pubali Bank Limited with its financial performance. This review therefore zeroes in on the credit risk evaluation, loan granting practices and their implications on the banks profitability, asset health and capital strength. This study therefore seeks to fill this gap by undertaking a comprehensive review of research literature and reports with the view to making an informed understanding of the factors affecting the financial health and performance of Pubali Bank Limited.

Credit risk management is the fundamental of credit management that requires efficient assessment to deliver results. The credit rating techniques and credit risk assessment instruments that are used by Pubali Bank Limited include the following. According to Bhuiyan (2020), strong credit risk analysis models are significantly important to minimize the loan losses and consequently have a sustainable loan portfolio. The mentioned tools help the bank to control the credit risks and protect its financial position.

Disbursement of loan also has an important part to play in the satisfaction level of the customer and in the overall financial scorecard. According to Rahman and Mazumder (2019), timely and effective disbursement of loans creates customer loyalty and returns business by guaranteeing the clients the required funds without any hold up. Actually, at Pubali Bank Limited there is also some predetermined policy regarding loan approvals and disbursement to make these processes more efficient and accelerate operations.

The findings also show that credit management has a profound impact on the financial performance of the bank as defined by Return on Assets (ROA), Return on Equity (ROE), and Net Interest Margin (NIM). Kamal and Rahman (2021) find out that enhanced credit management lowers the default rates to increase profitability. On the other hand, high levels of NPLs can be a source of loss of profits and have adverse effects in the financial condition of the firm.

1.6 Limitation of the Study

As it is clear that each study has certain limitations. The study will be conducted is of great importance and required huge work. There are some constraints that may slow down the smooth working in this bank and ultimately affecting the report preparation are as follows:

- ✓ Strict confidentiality of the organization.
- ✓ The annual report and websites are the main secondary information sources that are not enough to complete the report.
- ✓ While collecting data, employees may not disclose more information due to the confidentially of the organization.
- ✓ There is a chance of having some mistakes in the report though best effort will be applied to avoid this problem.
- ✓ Since the bank personals are very busy, they may not provide huge time.
- ✓ Only 12 weeks are not sufficient to collect and understand all the activities related to investment.
- ✓ In the research areas, the authorities cannot express to us accurate data easily for the reason of their confidentiality.

Chapter Two

The Overview of PBL

2.1 History of Pubali Bank Ltd.

Pubali Bank Limited was established in 1959; it was formed as Eastern Mercantile Bank Limited under Bank Companies Act of 1913. It was established by a group of Bangalee entrepreneurs in Bangladesh to provide credit facilities to the Bangalee businesses because those were restricted with other organised financial institutions. The bank was nationalized in 1972 after the Bangladesh got liberation and in order to adopt the government policy of that time the bank was renamed as Pubali Bank. But in 1983 it was privatized and renamed as Pubali Bank Limited because of the alterations in the economical environment. Since its establishment, the bank has contributed significantly to the socioeconomic, industrial as well as agricultural growth of the nation. By promoting the saving and intelligent investment of funds, it has a great role in the development of the economy of Bangladesh.

2.2 Corporate Profile of Pubali Bank Limited:

Particulars	Information
Name of the Company	Pubali Bank limited
Chairman	Mr. Monzurur Rahman
Managing Director & CEO	Mr. Mohammad Ali
Legal Status	Public Limited Company
Establishment	1959
Head Office	26 Dilkusha Commercial Area, Dhaka 1000, Bangladesh.
Authorized Capital	BDT 20,000 million
Paid Up Capital	BDT 10,282.94 million
Number of Employees	8,408
Number of Branches	498
Number of AD Branches	40
Phone Number	+8801917704799
Email	mailbox@pubalibankbd.com
Website	https://www.pubalibangla.com/about.asp
PABX Number	+88 02223381614
Fax	+88 029564009

2.3 Vision of Pubali Bank Limited

- To providing customer centric lifelong banking service.

2.4 Mission of Pubali Bank Limited

- To make it the prestigious and choice financial service brand in Bangladesh.
- It is to provide value to the customers as their financial needs are fulfilled in the most efficient and relevant manner.
- To deliver a full suite of international financial and capital and risk management services that address clients' lifetime financial needs and are available through every desired distribution point.
- In order to fulfill the vision of the organization, to create an empowering structure for the organization that provides career advancement, training, and recognition.
- To utilize new tools, the capacity for expansion, and the management of risks to deliver high-quality service and more value.

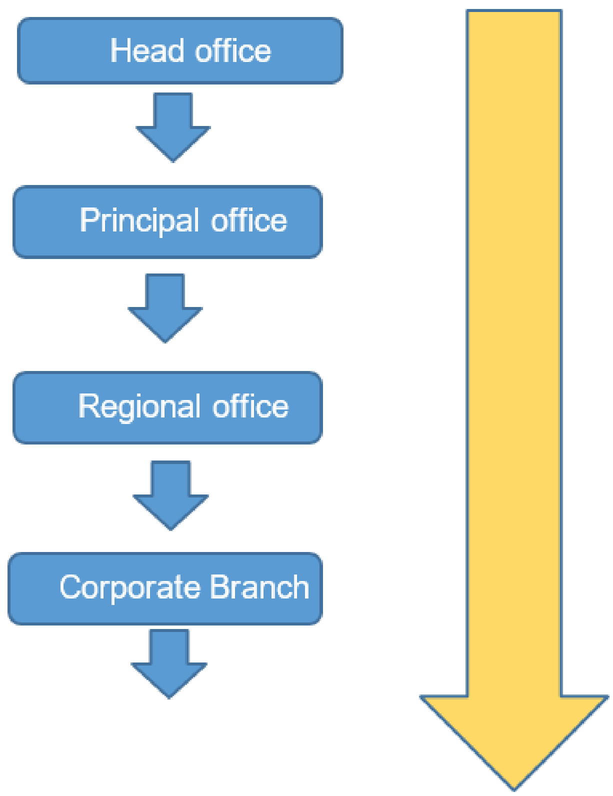
2.5 Goals/ Objectives of Pubali Bank Limited

- Realizing the right long-term shareholder value while aimed at becoming the number one private sector player as a Commercial Bank.
- Providing goods and services to institutions, corporations, businesses, and individuals by managing customer relationship.
- Creating new and distinctive financial services solutions to meet the needs of the customer over their lifetime financial cycle.
- Internet banking, IVR banking, telephone banking, ATM banking, POS systems, mobile banking services.
- Promoting good corporate governance to enhance shareholders' management, board of directors and corporate management, to make right decisions for corporations' success and economic development.
- Efficient management of risks and observance of compliance in order to improve shareholder trust, operational efficiency and optimum risk/return ratios.
- On-going improvement of the human resources so as to ensure that they will be of great value to the business.

- Enhancing the extent to which the bank aims at improving its brand image in order to satisfy and retain customers.
- The adaptation of the latest technologies and quick reaction to the fluctuation in the business environment that would lead to the intermitted services, manage risks, and develop MIS & DSS.
- Fostering of financial sector for development of sustainable economic growth and development.

2.6 Corporate Hierarches

Figure 1:



2.7 Management Organogram of Pubali Bank Limited

Figure 2:

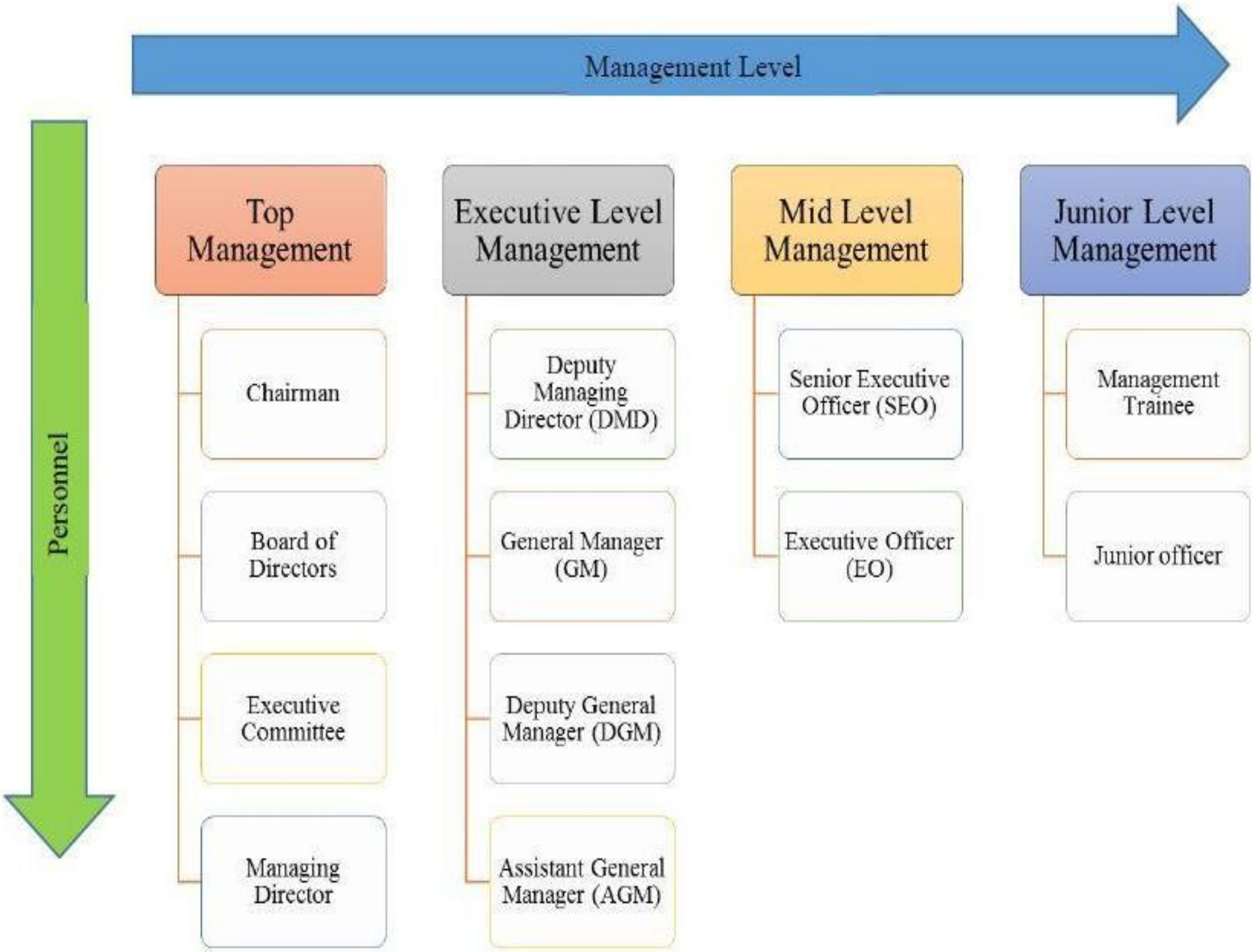


Figure 2: Management Levels and Personnel at Pubali Bank Limited

The structure from left to right shows management hierarchy from top to bottom. Moreover, within each segment, the vertical arrangement demonstrates various employees' ranks within a particular management category.

2.8 Business Model of Pubali Bank limited

Key Activities

- Deposit product
- Advance
- Trade finance
- Pubali Card.
- Lease Financing
- Online Banking
- Internet Banking
- Islamic Banking

Customer Segmentation

- Corporations
- Small and medium Enterprises
- Banks
- Non-banking financial institutions
- Government and non-government organizations

Channels

- Branch banking
- Online banking
- Internet banking
- ATM
- Call center

Revenue Streams

- Interest income
- Investment
- Fees and Commission
- Other operating income

Key Partners

- Customers
- Shareholders
- Employees
- Regulators
- Government
- Strategic partner
- Stock exchange
- Technology

Key Resources

- Skilled & experienced workforce
- Core banking software
- Knowledgeable director & management
- Worldwide correspondent network
- Strong capital base
- Shareholder's equity
- Loan assets

Cost Structure

- Internet Expense
- Capital Expense
- Operating Expense

Chapter Three

Internship Responsibilities

&

Learning

3.0 Job duties or Responsibilities

3.1 Internship at PBL

Internship is of 12 weeks, I have joined Pubali Bank Limited from 03rd of November, 2024 and in its course I have performed several tasks and responsibilities. I worked under the supervision of Md. Ashraful Hauque, Principal Officer & Head of Branch at Dhamrai Branch of Pubali Bank Limited. That was my role and, since I was in the Investment Banking Section, I found it very fitting to be learning about investment banking as a Finance student.

Since my job as an intern was pretty much confined to the essentials, I did the next best thing that one can do – I tried to familiarize myself with investment banking as much as possible. I found that this exposure had the advantage of providing me with exposure to the actual everyday workings of the particular area. In detail, below are the particular activities I carried out during my internship.

- Formal/Informal Approach by Client
- Investment Application
- Investigation
- Document Submission
- Analysis of the Borrower
- Make Proposal
- Sanction
- Mortgage
- Disbursement

3.2 Description of my Job at PBL

3.2.1 Formal/Informal Approach by Client

The customer presents his or her requirements of the product he or she wants to access from the particular bank in a proposal form. It also provides data's and information about the delivery date, time, place, cost and the method of payment. In return the bank offer a counter offer to the customer's stated price or offer a different price.

3.2.2 Investment Application

The customer agrees to buy the investment application from the bank, at a given price stipulated in the investment application. The bank approves the request and sets the terms and condition of the agreement.

3.2.3 Investigation

The bank investigation the customer application profile of its loans of obtaining the purpose. The vendor communicates its endorsement to the deal and sends the customer.

3.2.4 Document Submission

- Age proof
- ID proof
- Application form
- Photograph
- Residence proof
- Income proof
- Current repayment track
- Work in hand/Contract copies
- Signature verification proof
- Existing vehicle ownership proof
- Pro forma invoice

3.2.5 Analysis of the Borrower

Loan analysis is a technique that is applied in order to determine whether loans are extended under sound terms and whether the expected borrowers have the capacity and desire to repay the loan. It evaluates the credit worthiness of the borrower according to the standard criterion developed by the bank.

3.2.6 Make Proposal

A bank loan proposal is basically a loan application document which the applicants use when seeking for a bank loan; it contains amount you wish to borrow, purpose of borrowing, repayment plan and any other relevant information.

3.2.7 Sanction

Loan sanction means that the loan has been given its approval. That means the sanction letter is given only after having cross-checked certain factors like credit history of the applicant, stability of income, the ability to pay back the amount applied as well as the documents provided by the applicant. This document is called letter of credit and it is countersigned by an authorized person in favor of the loan applicant.

3.2.8 Mortgage

I verified that the client applies for a mortgage using their favorite lender and verify several factors, for instance, credit scores and down payment among others.

3.2.9 Disbursement

I verified the client and their mortgage application through their chosen lender; the client must meet certain standards, such us the minimum credit score and down payment. I looked above these types of requirement and told my supervisor, and he confirmed and approved this client loan when the agreed amount is deposited in the borrower's account and ready for utilization. The cash has been deducted from the lender and passed to the borrower's side of the account.

3.3 Different aspects of job performance

a. Banking positions are challenging and time consuming because to satisfy the client and generate revenue for the bank, bankers have to handle all the responsibilities themselves.

b. The branch manager or head alone makes decisions on operations, while officers perform activities with the primary goal of attaining effective results as directed by the branch manager.

c. General banking engages in preparation of reports, statements, salary sheets, as well as in making suggestions during the meeting. They also perform delicate tasks like processing cheques, computerized account information and giving interest to deposits.

d. International banking encompasses Letters of Credit, bank guarantees and dealing with foreign banks and other related institutions to meet the clients' need from an international outlook it is managed by the foreign exchange department.

3.4 Critical observations and recommendations

a. The number of cash receipt and collection booths is inadequate for the overall volume of clients. Again, during festivities, clients will be forced to spend a lot of time waiting in line and this may prove very frustrating.

b. The officers in charge are most often preoccupied with their work, which gives them very little time for clients or interns, even if they want to devote their time to them.

c. The internet connection is unreasonably slow most of the time and since the bank uses a local broadband service to accomplish tasks, it often gets jammed.

3.5 Learning

On joining the branch, I had to undertake ten days training and had to undergo an examination. It is at this branch that the following duties were assigned to me with the supervision of the manager and the senior principal officer. My tasks were to read through client files and talk to my senior about different aspects of investing, the issuing and receiving of investments, the definition of the target customer, determination of profit-shares and installment amounts, as well as the paperwork required to complete the investing process. I also typed and entered data and other functions relating to the use of computers and also typing of requisition for ATM cards and check books. I would have liked to work in the Cash section but I had the occasion to observe the work that was done there.

Furthermore, our theoretical test and the overall branches' performance were analyzed, and we had to provide a report on the learning process. We also presented the analysis of the report in form of a presentation. The interns were given different awards depending on the results of the evaluation; our group was awarded "Best Report".

- **Telegraphic Transfer (TT), Pay Order (PO) & Demand Draft (DD) Section**

After working in this section I got to know how debit vouchers are prepared. Whenever a TT order was received, I prepared a debtor's debit voucher through capturing the correct entry including the name, account number, TT number and date on the TT voucher. I made sure that the voucher was countersigned by two officer before forwarding it to the computer section. Thirdly, I dealt with PO and DD leaves, information including the organization's name, drawer branch, date as well as amount and signed by two officers.

- **Foreign Remittance Section**

I spent 30 days working in this section and I discovered the different transfer systems, country codes and PINs. I learnt how clients can withdraw cash from the bank, including instances where the customer does not have an account in the particular bank or depositing the monies received domestically from abroad. While retrieving money that is transferred from the outside world, the clients are required to produce their original NID and a photo copy of the same. Cash withdrawal is simple and is still one of the key services provided by the bank for clients.

- **Investment Section**

In total, I carried out my duties in this section for 50 days. PBL has been one of the most profitable banks in Bangladesh in recent years and it owes much to its distinctive investment procedures. While I was here, I got to learn on the works of Islamic investment. I was able to learn different forms of investment, why customers choose this bank for their investment, how this bank chooses customers for investment and documents required and procedures required in the investment process. This section of my project gives the audience what I have learned throughout this period.

Chapter Four

Credit Management Policy

4.1 Credit Management

Credit management is among the most vital responsibilities of the banking institutions since the most of the profits from the clients are generated from the interest. Hence, the most important goal of credit management is to have a diversified portfolio. The Pubali Bank Limited has been able to establish a good credit management policy that covers activities from the pre sanction to the post sanction. This integrated approach simplifies the process of evaluating the different risks that are connected with lending or investing money at the bank.

4.2 Types of Loan Products

The loan products offered by Pubali Bank Limited are of various types for clients. They provide the total loanable fund in different section so that they can invest high yield areas and also have to keep Statutory Liquidity Requirement (SLR) as specified by Bangladesh Bank. Following segments:

- Corporate Finance
- Personal loan
- Lease Financing
- SME Financing
- Trade Finance

4.2.1 Corporate Finance

The concept of corporate strategy in Pubali Bank Limited is being applied systematically with a view to catering the wide ranged benefits to the large and medium sizes of corporate houses. Its business substantially consists in the provision of financial services for corporate clients, including credit products built on a thorough understanding of the client’s industry. Demand Loans or Corporate Finance is given to corporations, companies, businesses, government offices, partnership, proprietorships and even individuals and their employees.

4.2.2 Personal Loan

It is also known as consumer credit loan. A personal loan is an amount of money which you can borrow for the purpose of using the money in the loan in a number of ways. For instance, you may decide to take an instant personal loan to pay off other debts, fix up a house, or to fund a wedding. Personal loans can be availed from banks, credit unions, or from online service providing companies.

4.2.3 Lease Financing

Lease financing is offered by Pubali Bank Limited to individuals as well as companies operating in Bangladesh. They comprise any Bangladeshi entity or person who is capable of repaying a bank loan. Target segments include paid employees from large and small companies both international and domestic, civil servants, employees from non-governmental organizations, tax-paying traders, businessmen and women, the employed and the self-employed with regular and more than one means of income.

4.2.4 SME Financing

The PBL Subarna of Pubali Bank Limited focuses on SME financing particularly on working capital requirement. Being a financial service provider it serves a primary role in the development of the economy of a nation by providing financial products and services to industries such as SMEs, RMG, agriculture and other organizations and entrepreneurs. The total credit facilities provided to the bank's clients stood at BDT 461,884.13 million in 2022 for 106,830 clients from BDT 376,656.43 million of 107,110 clients of the last year as per the balance sheet of December 31, 2022.

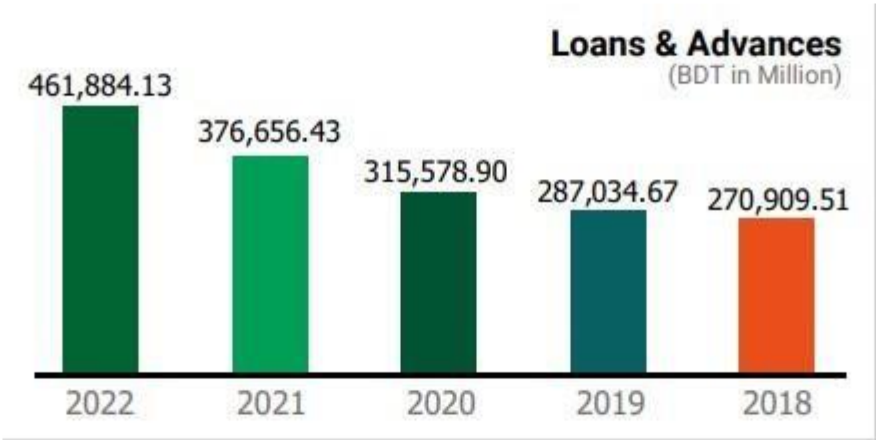


Fig 3: SME Financing (annual report 2022)

4.2.5 Trade Finance

Pubali Bank Limited is one of the commercially established financial institutions in Bangladesh. Some of the main services that fall under the business of the commercial banking are; deposit products, loan products, trade finance, Pubali card services, treasury operations, offshore banking units, Islamic banking, and PBL securities products and services.

4.3 Loan Pricing Policies

This is because the bank appraises the credits to generate the cost of funds and the expenditures made in the process. It attempts to provide for credit risks and make as much profit as is required by the board of directors. The basic formula that Pubali Bank uses in order to determine the loan price is as follows:

Loan Yield = (A) The Cost of loanable funds + (B) Administration Cost + (C) Loan Loss Reserve + (D) Profit.

The factors are influencing loan price in the following manner.

A. The Cost of loanable funds

Fixed deposit occupies a large share of the total loanable fund. Thus, the cost of funds in terms of 120–180 day large Fixed Deposits are taken as the principal cost of borrowed funds.

B. Loan administration Cost

It is the cost that a bank pays in order to manage the loan formalities. It consists of Salary expense – directors, taxes on fees, fees for legal services, and salaries for legal advisers.

C. Loan Loss Reserve

Not all loans can be recovered or yield cash, such loans are termed as bad loans and lead to a loss making bank. In order to offset these losses, the bank keeps a safe reserve. It makes provision of 1% of the performing loans for the loan loss reserve account, and reserves and provisions for classified loans are made as per the directions of the Bangladesh Bank.

D. Profit

The benefit objective of valuing is one that will ensure an arrival 20% on stockholders' equity for Standard Bank with capital to assets ratio of 8% or as may be prescribed by the Bangladesh bank from time to time.

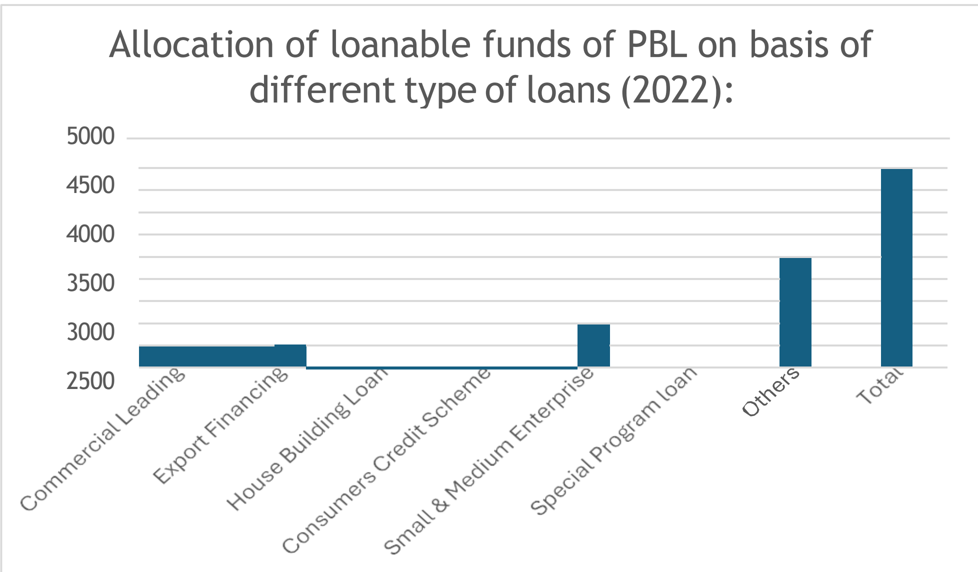


Figure 4: Allocation of Loanable fund of PBL

4.4 Credit Disbursement Process

4.4.1 Getting Credit Information

Pubali Bank Limited gathers credit information of the applicant to assess the creditworthiness of the credit applicant. These sources from where the bank gathers the information about the borrower are as follows.

- CIB Report from Bangladesh Bank.
- Confidential report from other bank Head Office/ chamber of the commerce.
- Personal investigation.

4.4.2 Information Collection

Every time one applies for a loan, he/she is obliged to give all sorts of details about his/her organization or personal background. The necessary details include:

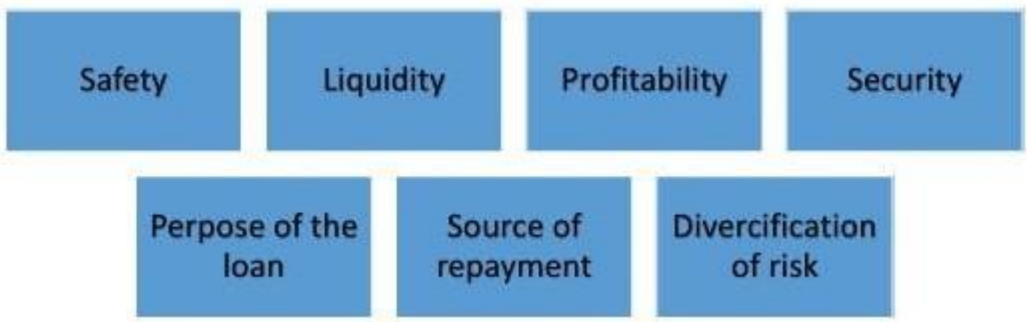
I. Current and permanent addresses of the borrower as well as his or her name.
II. Business formal structure or legal formation.
III. When it was founded and where it was incorporated.
IV. Information comprising of properties, partners as well as directors.
V. This is a factor of the borrower's background and his previous experience in handling business.
VI. List of personal assets, names of the subsidiary companies, percentage of holding and the nature of business.
VII. Any information regarding liabilities in the name of the borrower, or in any director's name.
VIII. Three years of financial statements.
IX. Business details and characteristics of offerings.
X. Particulars of securities furnished as security to the loan.
XI. Suggested debt to equity ratio.
XII. Any other information that the bank may need to have in regard to this application.

4.4.3 Analyzing this Information.

Pubali Bank then assesses to which extent a particular loan application conforms to it lending criteria. If they are in sync, the bank begins to evaluate the documents provided by the applicant as well as the applicant's creditworthiness. Also, one of the critical activities is the evaluation of the applicant's financial status. For any loans over BDT 50,00,000 the bank performs Lending Risk Analysis (LRA) and Spreadsheet Analysis (SA) both of which were newly implemented by the Bangladesh Bank. As per the regulation of the Bangladesh Bank, the LRA and SA are required to be done in all loan transactions over BDT 1 crore. If the above said analysis turn out beneficial and the submitted documents are acceptable, then the bank takes further course of action.

4.4.4 Proposal Analysis

The Project Proposal is reviewed, decision regarding the task is made. The credits and propel division are involved in conducting the research. The final approval is sought from the administrator after initial assessment of the advance task that precedes a specific assignment. Mentioned above is that if the advance sum exceeds a certain sum (no discovered), managers transmit the advance venture to the head office for the final approval. The specialists in the principal office found the various expected ratios and constructed and awareness regarding the possibility of the venture. The credit proposition is evaluated by a bank based on few predetermined factors only. These are:



According to this table, safety of proposal is the most crucial of all measures used in evaluating a credit proposition. Safety is defined by the security provided by the borrower and the reimbursing limit of the borrower. The state of mind of the borrower is likewise yet another more significant consideration. Liquidity means the flow of trade into the undertaking throughout the course of its operations. The profit is the life of any business organization. Before endorsing any credit venture the bank specialist should make sure that proposed credit venture will be profitable investment.

4.4.5 Collateral Evaluation

Valuation of the collateral is one of the major concerns that are very carefully addressed by Pubali Bank Limited. At the same time, the bank authorities evaluate the level of security of the meeting provided by the private firm. The valuation of the collateral enhances the precision of its esteem evaluated. The bank mostly assesses three forms of value of collateral. They are:

Figure 5: Three types of value of collateral

4.4.6 Final Decision About the Project

However, if the amount to be borrowed exceed fifty million, then the decision is made at the board of directors' meeting. If the amount of the loan is below fifty million, then it returns to branch level decision makers.

4.5 Loans & Advances Analysis

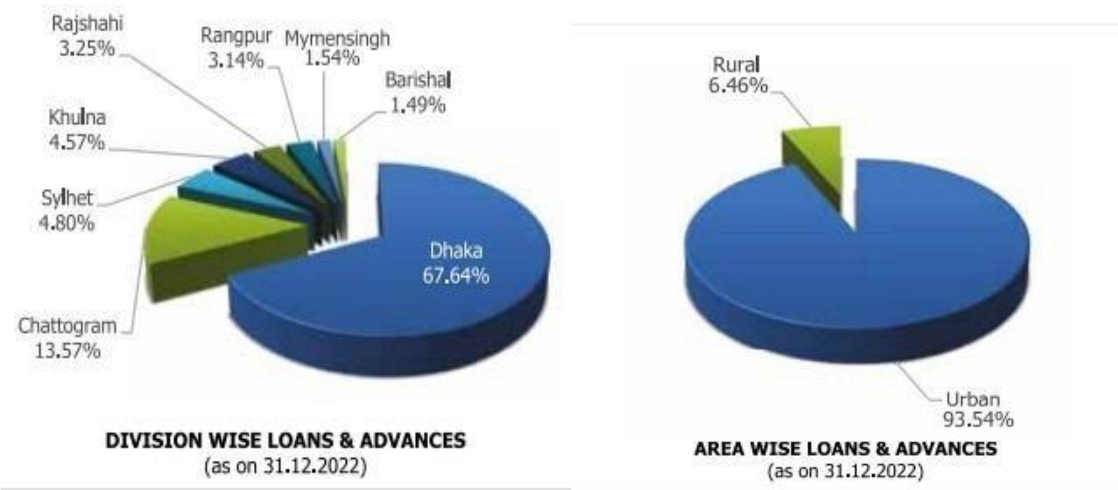


Figure 6: Division and Area Wise Loans C Advancement (2022 annual report)

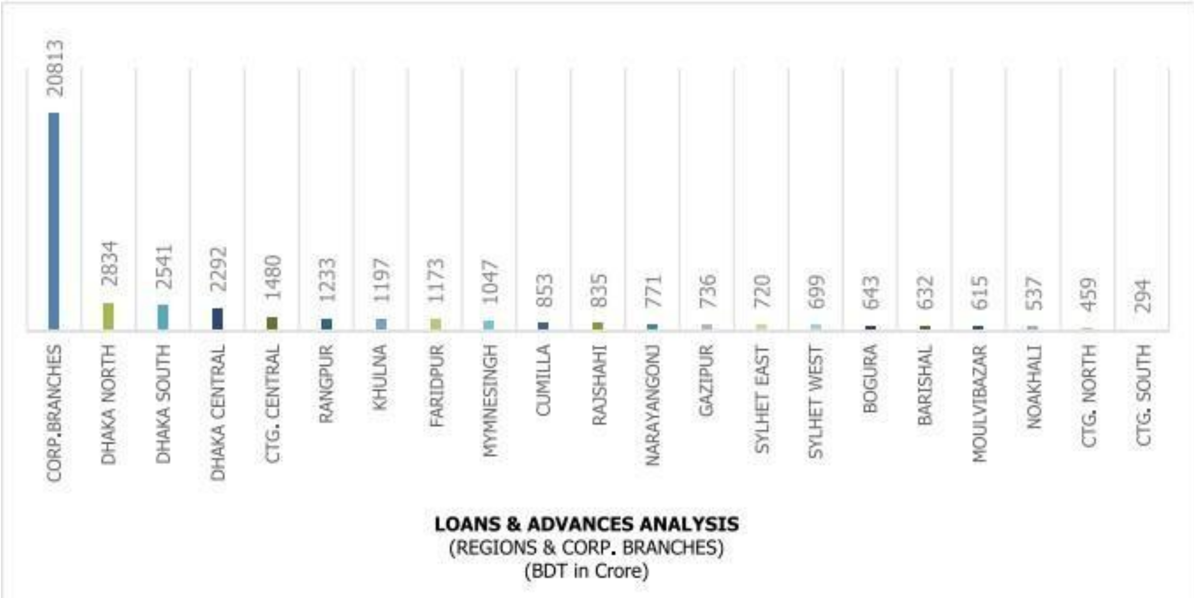


Figure 7: Loans & Advancement Analysis (2022 annual report)

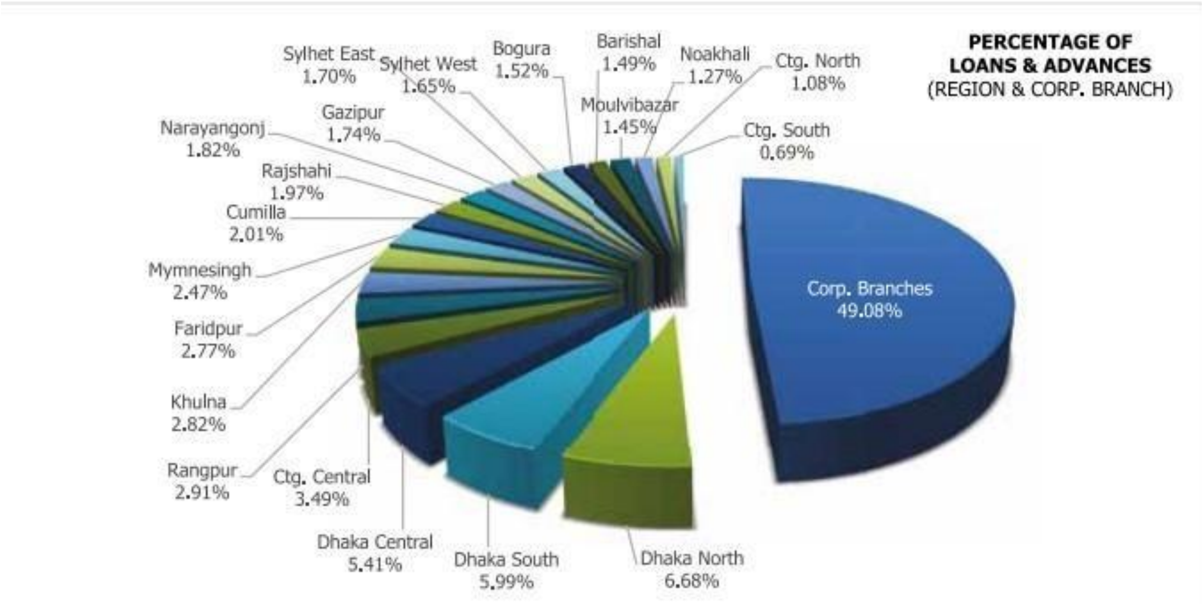


Figure 8: Percentage of Loans & Advances (2022 annual report)

Chapter Five

Financial Performance Analysis

5.0 Ratio Analysis

Ratio analysis is one of the most adopted methods of assessing the financial position of a firm in the area of liquidity, solvency, profitability, activity and productivity. It plays a significant role in determining the state of affairs financially of any organization to decide whether to go for the new opportunities in terms of their liquidity status. Further, activity and efficiency ratios are used to understand the capacity of earlier investments, fixed assets and present current assets in relation to expenses. It is therefore important that businesses balance between the short term and the long term fix investments in order to achieve the best results. It is important to know these ratios because they allow controlling assets and expenses in order to make profitable decisions. In addition, several Balance Sheets and Income Statements analysis tools that are based on software are also available. In this paper, I shall explain the following five elements of Ratio Analysis:

- ❖ Liquidity Ratio
- ❖ Activity Ratio
- ❖ Efficiency Ratio
- ❖ Solvency Ratio
- ❖ Profitability Ratio
- ❖ ROE & ROI

5.1 Liquidity Ratio

Liquidity Ratio							
Year	**2016**	**2017**	**2018**	**2019**	**2020**	**2021**	**2022**
Current Ratio	1.25	1.24	1.23	1.23	1.23	1.25	1.26
Cash Ratio	0.3	0.28	0.26	0.35	0.39	0.41	0.44

Figure 9: Liquidity Ratio

Interpretation of Ratio Analysis

Current Ratio shows the ratio of current assets to the current liabilities of that particular firm. In 2016, the current ratio was 1.25, which got slightly down to 1.24 in 2017 and became 1.23 in 2018, 2019 and 2020. But there was a steady rise in 2021 and 2022; this showed that the current assets of the company were sufficient to absorb the current liabilities. The current ratio standard is usually 1 and the figure from the 2022 ratio indicates that the bank had 0.26 more current asset than liability for each unit of the latter. This means that Pubali Bank Limited is in a better position to meet its obligations as they arrive without necessarily experiencing a liquidity problem this is a good sign concerning the current ratio.

The Cash Ratio calculates the ability of the corporation in paying for its current liabilities solely by the use of cash on hand. However, there is no benchmark to measure the Cash ratio and anything above 0.50 is considered ideal. While calculating cash ratio for Pubali Bank Limited it was 0.30 in 2016 and it has decreased to 0.28 in 2017 and further reduced to 0.26 in 2018. It then rose to 0.35 in 2019 and further to 0.39 in 2020, 0.41 in 2021 and 0.44 in 2022. This upward trend in the cash ratio is a positive one and indicates the banks increased ability to meet its cash obligations. However, the bank should go further and assess the cash ratio with the view of keeping it within the range of 0.50 and 1 for its stability.

5.2 Activity Ratio

Activity Ratio							
Year	**2016**	**2017**	**2018**	**2019**	**2020**	**2021**	**2022**
Total Asset Turnover	0.022	0.021	0.022	0.018	0.005	0.006	0.005
Fixed Asset Turnover	1.891	2.139	2.389	1.617	0.567	0.751	0.412

Figure 10: Total Asset Turnover

Figure 11: Fixed Asset Turnover

Interpretation of Activity Ratio

Total Asset Turnover is a valuable ratio that allows a company to assess the efficiency of assets usage to generate sales. For Pubali Bank Limited, the ratio was 0.02 in 2016 and was almost constant in 2017 and 2018. But, it reduced slightly to 0.018 in 2019 and further to 0.005 in 2020 and remains at par to each other in 2021 and 2022. This mentality supposes that the bank is weak in this aspect, though it has been improving recently. To this regard, Pubali Bank Limited needs to pay attention to its Total Asset Turnover ratio in the future to increase its capacity to generate sales and interest income from its total assets. This problem requires an urgent solution.

The Fixed Asset Turnover ratio relates sales to fixed assets, and gives an idea of how effectively the company uses the fixed assets. Specifically, Pubali Bank Limited in 2016 had the fixed asset turnover ratio of 1.891 respectively the ratio of 2.389 in the year 2018. However, it declined in 2019 and 2020 to 1.617 and 0.567 respectively." It was relatively low in 2021 and 2022 even though 2020 was difficult across the world because of the outbreak of the COVID-19 virus. In the next years, Pubali Bank Limited has to put emphasis on the management of its fixed assets to generate higher returns and to enhance the interest income post-pandemic.

5.3 Efficiency Ratio

Efficiency Ration							
Year	**2016**	**2017**	**2018**	**2019**	**2020**	**2021**	**2022**
Interest Income to Expense	2.53	1.35	2.73	1.85	1.04	2.12	2.49
Operating Income to Asset	0.04	0.05	0.04	0.04	0.03	0.02	0.02
Operating Expense to Asset	0.02	0.02	0.02	0.02	0.02	0.02	0.01
Operating Expense to Revenue	0.42	0.42	0.35	0.35	0.44	2.47	2.22

Fig 12: Efficiency Ratio

<u>Interpretation of Efficiency Ratio</u>

The Efficiency Ratio 1 compares the operating income with assets and operating expenses with assets. The operating income to asset ratio for Pubali Bank Limited was 0.04 in 2016 and it reduced to 0.03 in 2020. But it is having been rather stable in the course of 2021 and up to 2022 with nearly no fluctuation. Hence the bank should aim at enhancing its operating income to asset ratio and at the same time, seeking to lower the operating expense to asset ratio in the following years. Reducing operating expenses as a ratio to total assets is always paramount in enhancing the financial performance.

Efficiency Ratio 2 is arrived at by comparing the interest income to total assets with the operating expenses to total revenues. The result as shown below has depicted that the interest income to asset ratio has been on the decline; 2.73 in the year 2018 and 1.04 in the year 2020. Although, interest income has recorded some enhancement in 2021 and 2022 in the post-pandemic period and the operating expenses have also enhanced, which is not very healthy condition. Pubali Bank Limited should be conscious of this and try its best in the management of its expenses in order to record steady profits.

5.4 Debt to equity

Solvency Ratio							
Year	**2016**	**2017**	**2018**	**2019**	**2020**	**2021**	**2022**
Debt to Equity	10.36	12	11.95	11.69	11.51	14.87	16.26

Fig 13: Dept to Equity Ratio

<u>Interpretation of Debt-to-Equity Ratio;</u>

Debt to Equity Ratio is a method that compares the total debt or liabilities of a company against the total shareholders' equity. Any standard debt to equity greater than two is considered to be favorable. From the above data, it can be seen that current position of the Pubali Bank Limited is favorable as the company has debt to equity ratio of more than 2 in 2016 to 2022. This also means that the dividend policy of the bank is well and its fund is well managed through debt. It is not strange to find banks having high debts because they mainly work with other people's monies. From this perspective, therefore, Pubali Bank Limited is in a sound financial position.

5.5 Profitability Ratio

Profitability Ratio							
Year	**2016**	**2017**	**2018**	**2019**	**2020**	**2021**	**2022**
Return On Asset	0.43%	0.02%	0.88%	0.45%	0.66%	0.69%	0.79%
Return On Equity	5.71%	0.24%	13.33%	6.73%	9.58%	9.98%	6.11%
Net Profit Margin	7.91%	0.30%	15.11%	8.30%	16.30%	21.01%	20.42%
Operating Profit Margin	38.22%	45.42%	38.63%	37.67%	37.93%	22.47%	20.42%
Profitability Ratio							
Year	**2016**	**2017**	**2018**	**2019**	**2020**	**2021**	**2022**
EPS	1.47	0.06	3.53	2.1	3.6	3.8	4.82

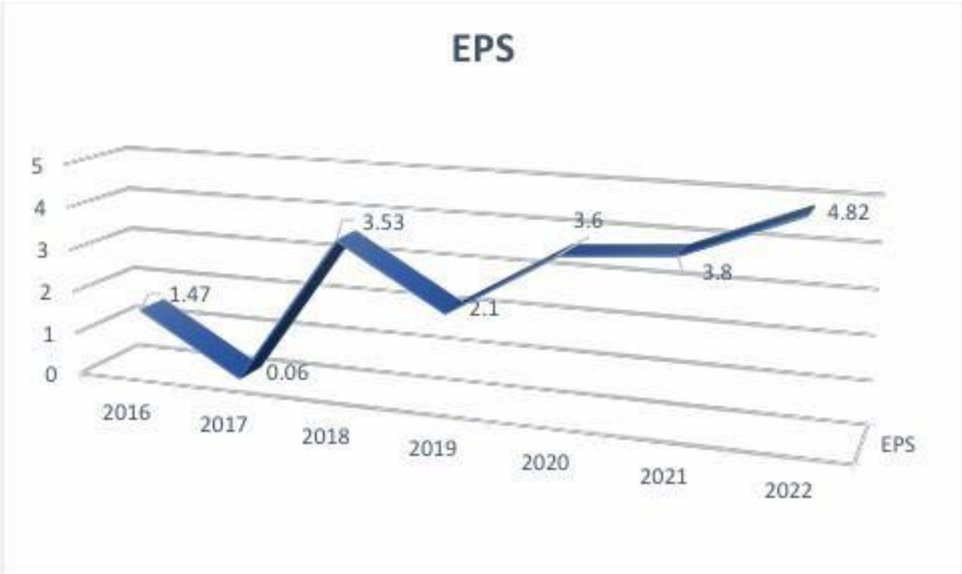


Fig 14: Profitability Ratio & EPS

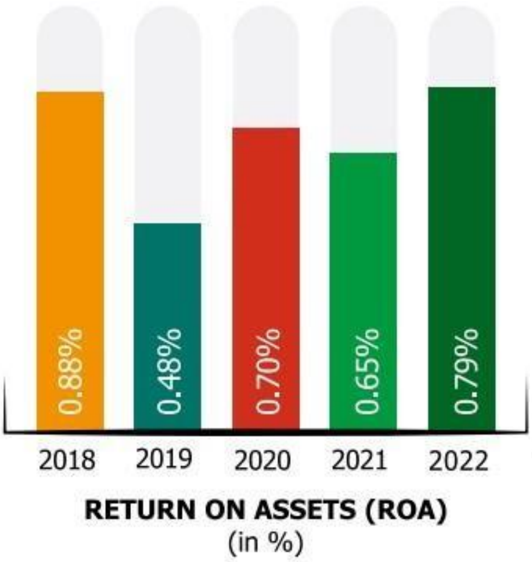
Interpretation of Profitability Ratio

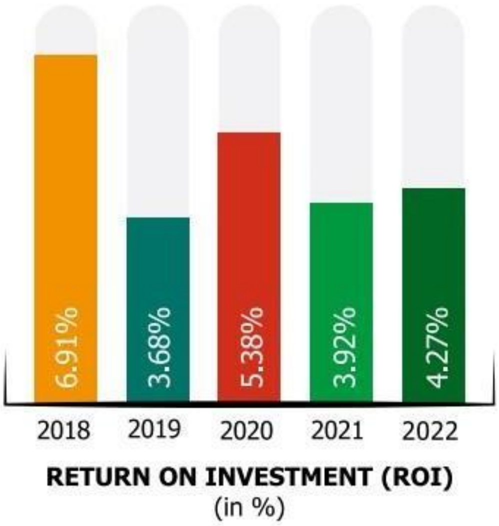
Return on Assets (ROA) is a principle utilized to compare a firm's profitability level and its total assets and is computed thus; Net income divided by total assets. The general rate of return is about 5%; if it is 20%, it is great. In fact, the data followed from 2016 to 2022 revealed that the ROA of Pubali Bank Limited remained below 1% which is not suitable for a firm. Still, for a bank, this is rather typical since such an institution mainly deals with funds attracted by clients' deposits and most of its income stems from interest revenues. Consequently, the bank's debt component is usually greater than equity component in the balance sheet. A substantial part of this income is used for payment of interest expenses and provisions. Significant emphasis should be on the efficient use of assets in operation in the subsequent years to enhance the ROA of the Pubali Bank Limited.

Return on Equity (ROE) is an important indicator of a business organization’s financial performance, which is calculated by the formula net income / shareholders’ equity. By using the data table below, it is clear that there is some instability in ROE throughout the years. However, if trends of net profit margin are taken into consideration, it can be postulated that the firm’s ROE will rise in the future and will exceed the level observed in 2022.

The Net Profit Margin used in calculating the level of value created out of operations where the percentage is the proportion of gross sales that turns into net income. The data shows major drops in 2017 and 2019 mainly because of the worldwide effects of the covid19 pandemic in 2020. However, Pubali Bank PLC was able to turn around in 2021 and 2022 with a rapid increase in its business. It is only hoped that this positive trend will be taken to the next level in the ensuing years.

The Operating Profit Margin measures the profits from sales that are after the variable production costs, from operating income/revenue. It was 45.42% in the year 2017 and 37.93% in the year 2020 which is even lower than the numbers of the year 2017. The above fact also shows that the margin reduced further in 2021 and 2022. The operating profit margin of Pubali Bank Limited should focus on this problem in order to enhance their position in the future years.





5.6 DuPont Analysis

Year	Net Profit Margin	Total Asset Turnover	Equity Multiplier	Return on Equity
2016	7.91%	0.05	13.12	5.71%
2017	0.30%	0.05	15.31	0.24%
2018	15.11%	0.06	15.08	13.33%
2019	8.30%	0.06	14.91	6.73%
2020	16.30%	0.04	14.62	9.58%
2021	21.00%	0.01	15.95	3.4%
2022	20.42%	0.01	17.26	3.52%

Table 9: Du pont Analysis

<u>Interpretation of DuPont Analysis</u>

From DuPont Analysis we can also determine the strength and weak point of a company. Here I have done Return on Equity which differentiate between most sensitive and less sensitive to Return on Equity. As seen from the analysis of the average data provided above, the ROE are reducing in year-to-year comparison. Pubali Bank Limited has to address this problem and shift towards enhancing Return on Assets from the following years.

Chapter Six

Findings, Recommendations & Conclusion

6.1 Findings

As mentioned earlier, the entry of commercial banks in Bangladesh local and international financial markets have been welcomed but there are lots of hurdles in front of them before they can effectively transform themselves into institutions that can support global financial markets. The following are the results that were characteristic for the comparison of conventional banking with Islamic banking that I have come across during the work on the research-

- ✓ If we analyze the 5-year net profit margin ratio, 2019 is not very good for Pubali Bank Limited, but they have enhanced the net profit starting from 2020.
- ✓ This branch is not strategic for all categories of customers because its location is in a very localized area and the local people are usually attacking the bank.
- ✓ Sometimes the internal server is a problem and takes a long time to repair and that prolongs the customer's waiting time.
- ✓ The method of computing interest on FDRs and DPS accounts is not comprehensible to the customers and therefore they may not be in a position to make quick decisions.
- ✓ Some of the customers we interviewed complained that the need to produce an introducer when opening an account is an issue.
- ✓ New inhabitants of the city find it hard to get an introducer for the Savings or Current Deposit account.
- ✓ The operating technology of the Pubali Bank Limited in its banking systems is outdated. There are other players in the local and international banks in Bangladesh which have all better and advanced services in comparison to this.
- ✓ They are not good in advertising and promotions where Pubali Bank Limited has no strategies for marketing.
- ✓ The operating income is on a decline to expenses hence the ratio makes it difficult for Pubali Bank Limited in the future.
- ✓ This shows that operating income to asset ratio is declining in the same manner as we analyze the ratio for last five years while operating expenses to asset ratio is almost remaining constant. This can imply future efficiency problems for Pubali Bank Limited so the. Target can be set portraying an efficient organization.
- ✓ The ROA has remained relatively low since the year 2016 as presented in the tables above. Unfortunately, Pubali Bank Limited has not been able to hit the benchmark percentage of 5% for ROA.

6.2 Recommendations

For the continuation and expansion of the commercial banking system and for maintaining the ethical and latent values of conventional banks and their branches these problems described in the findings have to be solved by the conventional banks and their branches. The following recommendations can help overcome these challenges-

- ✓ Pubali Bank Limited could set up several deposit programs more closely aligned to college and university student needs.
- ✓ The bank should try to raise the level of awareness of people, as well as increase the level of promotion of the bank’s activities and its contribution to socio-economic and socio-cultural development of Bangladesh.
- ✓ The management of the bank should change the old method of advertising and marketing their products.
- ✓ New credit cards and ATMs should be introduced by Pubali Bank Limited for the better satisfaction of its customers.
- ✓ Since the cash ratio is presently less than 0.50, the bank should try to attain the ratio of 0.50 for cash by increasing its cash balance so that it can pay current obligations on time.
- ✓ There is no official marketing department in the bank and this affects its advertising venturing. To fill this gap, the bank should ensure that it has an appropriate marketing department.
- ✓ There are also the issues of no or a very weak regulatory and supervisory framework, and scarcity of supporting institutions, which Pubali Bank Limited has to overcome while continuing to expand for meeting the increasing demand for Islamic banking.

6.3 Conclusion

Being a leading first, fully-fledged, and publicly held commercial bank, Pubali Bank Limited is situated throughout the country, which provides banking products to its different target markets. Even today in the competitively challenging world of banking you can get a branch of Pubali Bank Limited almost in every area. Banks are the prime entity in the country’s economic progression; Pubali Bank Limited is no exception and has improved greatly over the years. Frankly speaking, I was fortunate to be given a chance to proceed my internship here and build up the career in this organization. While working there, I aimed at exposing myself to operations, as well as the financial banking side of things, which is summarized in this report. This report shall be useful to the bank’s management if they take the time to review all the problems highlighted herein and consider the solutions proposed then act on them accordingly.

The Operation Banking department is a very important part of any bank. Before they can be served by this industry, customers have to fulfill conditions that are set by this department. The duties provided by the general or the operational banking staff determine the banker and the customer relationship. Though the Operation and Financial Banking department are efficient departments they have some constraints. Therefore, if the management of the bank is in a position to meet these challenges they will be in a position to meet their set goals. I am sure that the practice obtained in Pubali Bank Limited will be useful for further work in the field of banking activity.

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