Internship Report
on
Credit Performance Analysis of Mutual Trust Bank PLC.

Submitted To:

Ms. Rozina Akter

Assistant Professor

Department of Business Administration

Faculty of Business and Entrepreneurship

Daffodil International University

Submitted By:

Md. Tanvir Khan

ID: 122-11-2581

Program: BBA, Major in Finance

Department of Business Administration

Faculty of Business and Entrepreneurship

Daffodil International University

Date of Submission: 17 July 2025

মিউচুয়াল ট্রাস্ট ব্যাংক পিএলসি
Mutual Trust Bank PLC
you can bank on us

Internship Report
on
Credit Performance Analysis of Mutual Trust Bank PLC.

Letter of Transmittal

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

Subject: Submission of Internship Report on "Credit Performance Analysis of Mutual Trust Bank PLC."

Respected Ma'am,

I am happy to submit my Internship Report titled **"Credit Performance Analysis of Mutual Trust Bank PLC"**. This report is part of the requirements for completing my Bachelor of Business Administration (BBA) degree at Daffodil International University.

I prepared this report after completing my internship at Mutual Trust Bank PLC, and I worked on it under your kind supervision. The main purpose of this report was to study the bank's credit policies and how they work, check its credit performance from 2020 to 2024 using financial ratios, find any problems in their system, and give some useful suggestions to improve.

I tried my best to keep the report clear and meaningful while maintaining academic standards. I hope this report meets your expectations and helps you understand the bank's credit performance better.

Thank you very much for your support and guidance during this time. It really helped me a lot.

Sincerely yours,

Md. Tanvir Khan
ID: 122-11-2581
Program: BBA, Major in Finance
Department of Business Administration
Faculty of Business & Entrepreneurship
Daffodil International University

Certificate of Approval

This is to confirm that the internship report titled **“Credit Performance Analysis of Mutual Trust Bank PLC”** has been prepared and submitted by **Md. Tanvir Khan**, Student ID: **122-11-2581**. He is a student of **Bachelor of Business Administration (BBA)**, majoring in **Finance**, under the **Department of Business Administration**, **Faculty of Business and Entrepreneurship**, at **Daffodil International University**.

After reviewing the report carefully, it has been found satisfactory and is approved for submission.

Rozina Akter

____

Ms. Rozina Akter
Assistant Professor
Department of Business Administration
Faculty of Business and Entrepreneurship
Daffodil International University
E-mail: rozina@daffodilvarsity.edu.bd

Declaration

I, **Md. Tanvir Khan**, Student ID: **122-11-2581**, a student of **Bachelor of Business Administration (BBA)**, major in **Finance**, under the **Department of Business Administration**, **Faculty of Business and Entrepreneurship**, at **Daffodil International University**, declare that this internship report titled **"Credit Performance Analysis of Mutual Trust Bank PLC"** is based on the real experience I gained during my internship at **Mutual Trust Bank PLC**.

This report is my own work. It has not been submitted anywhere else and was prepared only for academic purposes.

Sincerely yours,

Md. Tanvir Khan
ID: 122-11-2581
Program: BBA, Major in Finance
Department of Business Administration
Faculty of Business & Entrepreneurship
Daffodil International University

Acknowledgment

First and foremost, all praise and gratitude are due to Almighty Allah for granting the strength, patience, and ability to successfully complete the internship and prepare this report.

Sincere appreciation is extended to my beloved family for their unconditional love, constant encouragement, and endless support throughout my academic journey.

I would like to express my heartfelt gratitude to my supervisor, Ms. Rozina Akter, Assistant Professor, Department of Business Administration, Faculty of Business & Entrepreneurship, Daffodil International University, for her valuable guidance, continuous supervision, and constructive feedback during the preparation of this report.

I would like to give special thanks to Mutual Trust Bank PLC for giving me the chance to do my internship there. I am really grateful to the organizational supervisor and all the officers and staff at the bank for being so helpful, friendly, and supportive during my internship.

Finally, I want to thank my friends and classmates for their help, encouragement and support throughout this whole journey.

Executive Summary

This report shows at the credit performance of Mutual Trust Bank PLCs over five years, from 2020 to 2024. It focuses on important credit indicators, like- classified loans, loan provisions, non-performing loan ratios, and capital adequacy to understand how well the bank is handling credit risks and overall financial ratios.

The study found that classified loans went up and down, but overall increased, hitting the highest point in 2023 at BDT 6200 million, the improving a bit in 2024. The bank also increased its provisions for both classified and unclassified loans, showing that it was being careful due to rising credit risks. The NPL ratio reached its heights at 6.30% in 2023, showing some problems with loan recovery, but improved to 5.14% in 2024, meaning the bank made better efforts to recover loans.

The Credit to Deposit Ratio (CDR) was highest in 2023 at 74.18%, which shows the bank was lending more, but in 2024 they reduced it a bit to keep a balance with liquidity. Profitability ratios like ROA and ROE went up and down, meaning the bank's earnings and use of assets were not stable during these years.

The Debt-to-Equity Ratio stayed between 2.53 and 2.61, which is stable, but a small increase in 2023 showed a bit more risk. The Capital Adequacy Ratio (CAR) stayed strong at around 20%, which meets the rules but shows little growth in capital.

Loan growth was different each year, with the highest in 2023 at 12.50%, while loan loss provisions stayed about the same, showing the bank was trying to manage credit risk consistently.

In short, the report shows that Mutual Trust Bank PLC had both challenges and improvements in managing credit risk. It needs to focus more on recovering loans, lending carefully, and building stronger capital to stay stable and grow in the future.

Table of Contents

Chapter-01

Introduction

1.1: Introduction

The banking sector has played a vital role in the economic development of Bangladesh by facilitating capital formation, financial intermediation, and resource allocation. Among the core functions of a commercial bank, credit management has remained one of the most significant, as it directly influences the bank's profitability, liquidity, and risk exposure. As the financial sector continues to evolve, analyzing the performance of credit operations has become essential for evaluating institutional efficiency and identifying areas for strategic improvement.

This internship report looks at the credit performance of Mutual Trust Bank PLC from 2020 to 2024. It basically focused on the banks credit policies and procedures, and used ratio analysis checks different credit performance indicators. The main goal was to see how well the bank managed its loans, find any problems, and suggest different ways to improve.

1.2: Background of the Study

As a part of BBA program at Daffodil International University, I have the opportunity to complete my mandatory academic internship at Mutual Trust Bank PLC, a prominent private bank in Bangladesh. The internship was carried out under the Supervision of Ms. Rozina Akter, Assistant Professor in the Department of Business Administration.

The primary objective during the internship was to examine the banks credit performance over the period from 2020 to 2024. This experience provided me with hand-on experience to the banks credit related operations, allowing me to observe firsthand how credit policies are formulated and implemented, how these strategies influence the bank financial outcomes. Throughout the internship, I gained insights into the banks credit approval process, risk management strategies, and loan recovery mechanism. I observe how the credit department assesses loan applications, monitors repayment behaviors, and deals with non-performing loans, key elements that influence a banks asset quality and profitability.

Moreover, I came to understand how external factors, such as economic conditions, regulatory changes, and shift in the financial sector, can directly affect a bank's credit management decision. This internship has been an important step in my academic journey, equipping me with practical knowledge and strengthening my professional understanding.

1.3: Objectives of the Study

The main objectives of the study are as follows:

1. To evaluate the existing credit policies and procedures implemented by Mutual Trust Bank PLC:
2. To assess the previous 5 (2020-2024) years credit performance by using different types of ratios:
3. To identify the problems related to the financial performance of Mutual Trust Bank PLC:
4. To provide recommendations for addressing the identified problems.

1.4: Methodology of the Study

This report used both primary and secondary data to study the credit performance of Mutual Trust Bank PLC. The primary data came from my direct observations and practical experience during the internship, which helped me understand the bank’s credit policies and how things work day to day.

The secondary data were taken from the bank’s financial statements, annual reports, credit policy manuals, and other important documents from 2020 to 2024. These helped me do financial ratio analysis and evaluate how well the bank performed.

The study used mostly numbers and ratios to analyze the data, but I also talked with bank staff and looked at internal papers to get more detailed ideas. Using both types of information gave a full picture of how the bank manages its credit.

1.4.1: Sources of Data Collection

The data for this study has been collected from both **primary** and **secondary sources**, including:

 Primary Data:

- Direct observation during the internship at Mutual Trust Bank PLC
- Practical involvement in credit operations
- Interaction with bank officials and staff

 Secondary Data:

- Financial statements and annual reports of Mutual Trust Bank PLC (2020–2024)

- Credit policy manuals and internal reports
- Published books, articles, and relevant literature on banking and finance

1.4.2: Limitations of the Study

This study is subject to certain limitations, including:

- Limited access to some confidential internal documents of Mutual Trust Bank PLC.
- Time constraints during the internship period restricted the depth of data collection and analysis.
- Data availability was limited to the last five years (2020–2024), excluding more recent developments.
- Inability to cover all branches of the bank; the study focused on the main branch only.
- Reliance on secondary data, which may contain some inaccuracies or reporting delays.
- Limited scope of the study, focusing only on credit performance and excluding other banking operations.
- External factors such as economic fluctuations and policy changes that were beyond control but affected credit performance.

Chapter-02

Overview of Mutual Trust Bank PLC.

2.1: Introduction of the Company

Mutual Trust Bank PLC (MTB) was incorporated as a public limited company under the Companies Act 1994 and obtained its banking license on October 5, 1999. It commenced operations on October 24, 1999, with an authorized capital of BDT 1 billion, later increased to BDT 10 billion. Headquartered at MTB Centre, 26 Gulshan Avenue, Dhaka, MTB has since grown to operate over 120 branches, 33 sub-branches, and nearly 200 agent banking centers across Bangladesh.

MTB offers a comprehensive suite of banking products and services, including wholesale and retail banking, SME, NRB, privilege, Islamic (through MTB Yaqeen), treasury, trade finance, and digital banking through platforms like MTB Neo and MEasy. The bank also supports modern delivery channels, featuring 336 ATMs, several CRM booths, POS terminals, and eight airport lounges.

The bank's vision is to be the "bank of choice" and a world-class institution, while its mission emphasizes dynamic, innovative, client-focused solutions for sustainable value creation. MTB's core values, Commitment, Accountability, Agility, and Trust guide its operational and strategic decision-making.

By building robust physical and digital infrastructure, along with a diversified product portfolio, MTB has positioned itself as one of the best-performing and most trusted private commercial banks in Bangladesh.

মিউচুয়াল ট্রাস্ট ব্যাংক পিএলসি
Mutual Trust Bank PLC
you can bank on us

2.2: Mission and Vision of Mutual Trust Bank PLC.

2.2.1: Mission

The bank aimed to become the most admired financial institution in the country by offering innovative, client-focused services and a diverse range of products, with a commitment to excellence and long-term economic value.

2.2.2: Vision

Mutual Trust Bank PLC aspired to be recognized as one of the best-performing banks in Bangladesh, the preferred "bank of choice," and a truly world-class institution.

2.2.3: Core Values

MTB's operations were guided by four key values:

- **Commitment**: Delivering sustainable value to shareholders, serving communities, satisfying customer needs, and valuing employees.
- **Accountability**: Ensuring regulatory compliance and executing promises.
- **Agility**: Embracing change and adapting swiftly to stakeholder needs.
- **Trust**: Maintaining transparent and honest communication across all relationships.

2.3: Objectives of Mutual Trust Bank PLC.

Mutual Trust Bank PLC pursued a range of strategic objectives to support its vision, mission, and operational growth:

- **Mobilize savings and allocate credit efficiently** to productive sectors.
- **Ensure discreet and prudent credit policies**, balancing profitability with risk management.
- **Leverage modern technology and IT-driven initiatives** to deliver faster, improved customer service.
- **Build and maintain strong customer relationships**, transforming traditional creditor–debtor ties into partnerships.
- **Enhance shareholder value** through responsible equity use and profitable operations.
- **Diversify market presence** and create new products to compete effectively.
- **Promote social welfare and economic development**, including support for low-income groups and job creation.
- **Uphold corporate governance standards**, ensuring regulatory compliance and ethical practices.

2.4: Government Affiliation

Collaboration with Bangladesh Bank

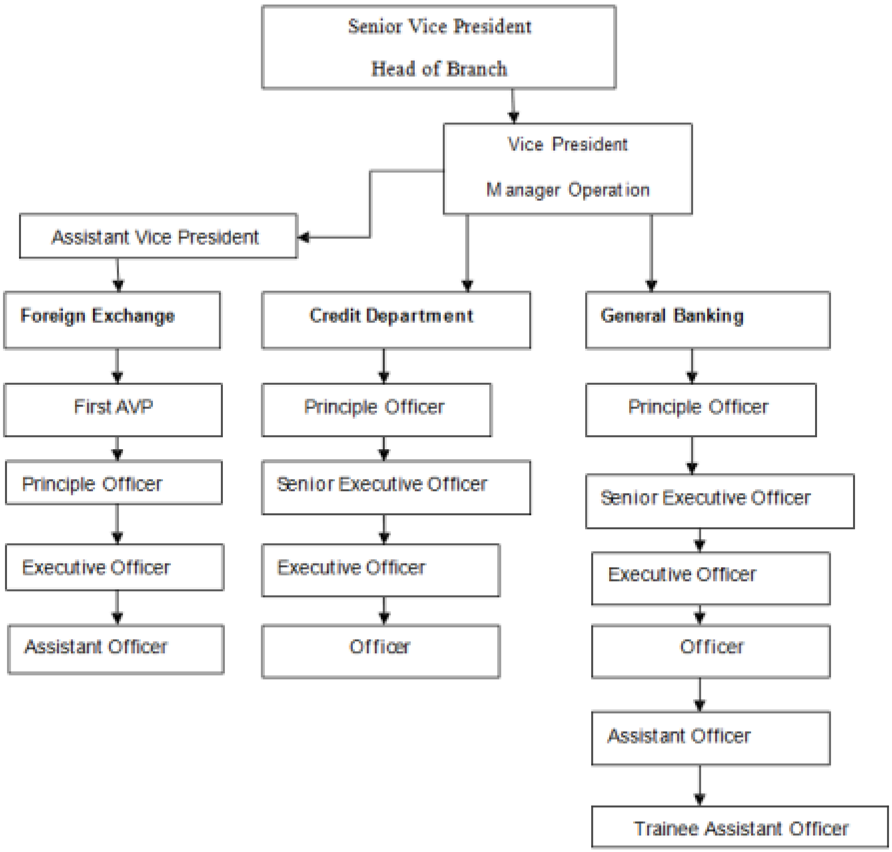
- **Credit Guarantee Agreement:** On 25 March 2024, Mutual Trust Bank PLC signed an agreement with the Credit Guarantee Department of Bangladesh Bank to facilitate refinance schemes under BDT 3,000 crore for women entrepreneurs and BDT 1,400 crore for agro-processing industries. This partnership enabled the bank to support under-collateralized sectors through government-backed credit guarantees.
- **Primary Dealership in Government Securities:** MTB has been an active primary dealer in government securities, which involved participating in primary auctions and secondary trading of Treasury Bills and Bonds. Through this role, the bank supported government budget management and enhanced market liquidity.
- **Green Transformation Fund (GTF):** In 2025, MTB entered a participation agreement with Bangladesh Bank to access the Green Transformation Fund, aimed at financing environmentally sustainable initiatives for exporters in the textile, leather, and related industries.

2.5: Global Partners & Correspondent Banking Network

MTB has established a strong international presence through partnerships with global financial institutions and correspondent banks:

- **ITFC (Islamic Trade Finance Corporation)** – A member of the Islamic Development Bank Group. In March 2025, MTB signed a Master Murabaha Agreement to expand trade finance support for SMEs and private sectors.
- **TerraPay (UK)** – Signed an MoU in February 2025 to streamline and simplify student-related overseas payments.
- **Green Delta Insurance Co.** – Entered a bancassurance pact on **January 3, 2024**, enabling MTB branch networks to offer insurance products like health, motor, crop, and travel insurance.
- **Guardian Life Insurance** – Another bancassurance agreement inked early in 2024 for non-life insurance offerings through MTB's branches.
- **Extensive Correspondent Banking Network** – MTB maintains relationships with major international banks across multiple currencies (USD, GBP, EUR, JPY, AED, SGD, CHF, AUD) through institutions like Standard Chartered, Commerzbank, J.P. Morgan, ICICI, Habib American, KB Kookmin, UniCredit, and many others.

2.6: Managerial Body of Mutual Trust Bank PLC.



2.7: Strength of Mutual Trust Bank PLC.

- **Robust Financial Performance**: In Q3 2024, MTB delivered a 59% year-on-year increase in profit before tax, with deposits rising by 17.5% and loans by 11.3%, demonstrating strong deposit mobilization and prudent asset growth.
- **High Profitability & Recognition**: MTB earned the "Best Performance in Profitability" award in 2024 from the Indian Chamber of Commerce (ICC), surpassing industry norms with a net profit CAGR of 16% over five years, significantly above the industry average of 8%.
- **Award-Winning Wholesale & CMSME Banking**: Its Wholesale Banking unit was recognized as "Best in Wholesale Banking 2024," while its CMSME division was named "Best Bank in CMSME Financing Bangladesh 2024", highlighting diverse strength across business segments.

2.8: Challenges Faced by Mutual Trust Bank PLC.

- **High Market Competition:** The bank faced strong competition from both other banks and new fintech companies, which pushed them to come up with new ideas and better services.
- **Regulatory Compliance Burden:** Frequent changes in banking rules meant the bank had to carefully adjust its policies and operations to follow the law.
- **Human Resource Limitations:** There weren't enough skilled workers in important areas like credit risk and digital banking, which affected the quality of service.
- **Branch and ATM Network Limitations:** Compared to some other banks, this bank had fewer branches and ATMs in certain areas, making it harder for some customers to access services.
- **Cost of Funds:** The bank relied heavily on fixed-term deposits, which increased their costs and sometimes lowered their profits.

2.9: Facilities Offred by Mutual Trust Bank PLC.

- **Deposit Services:** Offers a variety of deposit accounts including savings accounts, current accounts, fixed deposits, and recurring deposits designed to meet diverse customer needs.
- **Credit Facilities:** Provides multiple loan products such as personal loans, home loans, car loans, SME financing, and trade finance to support both individual and business customers.
- **Digital Banking:** Offers internet banking, mobile banking (MTB Neo and MEasy), SMS banking, and ATM services to provide convenient and secure access to banking anytime, anywhere.
- **Remittance and Foreign Exchange:** Facilitates inward and outward remittances, foreign currency exchange, and international trade services to support global financial transactions.
- **Corporate and Wholesale Banking:** Provides tailored financial solutions including working capital loans, term loans, project financing, cash management, and syndication for large corporate clients.
- **Trade Finance:** Supports importers and exporters with letters of credit, bank guarantees, export financing, and other trade-related services to facilitate international business.

- **Bancassurance Services:** Collaborates with insurance companies to offer life and non-life insurance products through the bank’s extensive branch network.
- **Islamic Banking Services:** Provides Shariah-compliant banking products and services, catering to customers seeking interest-free financial solutions.
- **ATM and POS Services:** Operates a network of ATMs and point-of-sale terminals for cash withdrawal, payments, and other electronic transactions.

Chapter-03

Evaluation of Credit Policies & Procedures at Mutual Trust Bank PLC.

3.1: Overview of Credit Policies at Mutual Trust Bank PLC.

During my internship at MTB PLC, I had the opportunity to observe how the bank structures its credit policies to ensure responsible lending. These policies are designed to guide the entire credit process. I found that each step is carefully planned to protect the banks financial interest and maintain the credit discipline.

The bank puts strong emphasis on assessing a borrower's ability to repay. This includes checking financial record, analyzing income and cash flow, and evaluating the value of any collateral. Their approach reflects a cautious attitude toward risk, especially in case where the borrower's background or financial positions might raise concerns.

What stood out to me was the bank's strict compliance with the regulations set by Bangladesh Bank. In general, I found that the credit policies at MTB are not only cleared and practical, but also regularly updated. This shows the bank is responsiveness to economic changes and committed to staying with the best practices in risk management.

3.2: Types of Credit Products Offered by Mutual Trust Bank PLC.

Retail Loan Products

- **Personal Loan:** This is flexible, unsecured loan that people can use for various personal reasons whether it's covering educational costs, managing medical expenses, or making home improvements. The loan amount typically starts from BDT 50,000 and can go up to BDT 1,000,000. Borrowers can choose from several repayments plans, and the interest rate are kept at competitive levels to make repayment more manageable.
- **Auto Loan:** Customers can borrow between BDT 3,00,000 and BDT 2,000,000, with repayment terms extending up to five years. This product is particularly useful for individuals who want to finance a car purchase without bearing the full cost.

SME Loan Products

- **MTB Krishijat:** A loan made for agriculture and agro-processing businesses, with options for term loans or revolving credit.
- **MTB Uddog:** A short-term revolving loan to help small businesses with working capital.
- **MTB Commercial Space Finance:** A loan for small and medium businesses to buy or develop commercial property.

- **MTB Abason:** A loan for customers who want to own semi-pucca houses, either for living or renting out.
- **MTB Shachal (Vehicle Financing):** A loan to buy vehicles, paid back in monthly installments.
- **Small Business Loan (SBL):** Helps small businesses with money for working capital or buying assets.
- **SME CC (Hypo):** A cash credit loan against hypothecation, supporting working capital needs of small businesses.
- **MTB Krishi:** A loan aimed directly at farmers and agriculture businesses to support farming activities.

Non-Funded Loan Products

- **Letter of Credit (LC):** A financial document issued by the bank guaranteeing a buyer's payment to a seller, facilitating international trade transactions.
- **Bank Guarantee:** A promise from the bank to cover a loss if a borrower defaults on a loan or contract, often used in construction and supply contracts.
- **Performance Guarantee:** A guarantee issued by the bank ensuring the performance of a contract by the contractor, providing assurance to the project owner.
- **Bid Bond Guarantee:** A type of guarantee issued to ensure that a bidder will undertake the contract under the terms at which they bid.

3.3: Credit Approval Process

- ➢ Submission of credit proposal by relationship manager or loan officer with necessary documents (financials, business plan, collateral info).
- ➢ Initial credit appraisal to evaluate borrower’s repayment capacity, credit history, and risk profile.
- ➢ Review of proposal by branch credit committee or credit risk team, depending on loan size and type.
- ➢ Escalation of large loan proposals to head office credit committee for additional review and approval.
- ➢ Structured credit approval hierarchy ensuring segregation of duties and accountability at different levels.
- ➢ Involvement of senior management increases with higher loan amounts for enhanced oversight.

- The bank issues a formal sanction letter that clearly explains the loan terms, interest rate, repayment plan, and collateral details.
- Before giving the loan, all legal documents are completed and the collateral is carefully checked and verified.
- After the loan is provides, the bank monitors it regularly to make sure repayments are on time and to spot any problems early.

3.4: Credit Risk Management and Mitigation Strategies

Mutual Trust Bank PLC follows a well-structured approach to managing credit risk, ensuring that its lending practices remain both responsible and sustainable. Some of the key strategies include:

- **Thorough Credit Evaluation:** Every loan application goes through a detailed assessment process. The bank reviews the borrower's financial standing, repayment capacity, credit history, and the overall feasibility of the project or business plan before making any approval decisions.
- **Collateral and Guarantees:** To reduce potential losses from defaults, the bank typically requires adequate collateral or personal guarantees as security against the loan.
- **Use of Credit Scoring Models:** The bank uses internal models to fairly evaluate loan applicants, reducing bias and improving decision-making.
- **Loan Portfolio Diversification:** To limit risk, loans are spread across various sectors and client types, avoiding overexposure to any one group.
- **Ongoing Loan Monitoring:** Ongoing tracking like, site visits and financial reviews—helps spot early warning signs and keeps the portfolio healthy.
- **Early Warning Systems:** Alerts flag borrowers showing signs of financial stress, enabling timely intervention before things worsen.
- **Loan Restructuring and Recovery:** The bank offers restructuring for struggling borrowers while also actively pursuing recovery of overdue loans.
- **Regulatory Compliance:** All credit practices align with Bangladesh Bank’s rules, ensuring legal and risk management standards are met.
- **Staff Training and Development:** Credit officers get regular training to sharpen their skills in risk analysis and portfolio oversight.

3.5: Credit Monitoring and Collection Procedures

- **Ongoing Account Supervision:** The bank conducts periodic reviews of each borrowers' financial status and repayment behavior. This proactive approach helps in identifying any signs of financial stress early on and allows timely intervention.
- **Timely Collection Follow-Up:** To Ensure installments are receives on schedule, the bank regularly follows up with borrowers. This may include reminder calls, SMS notifications, or direct communication through branch representatives.
- **Utilization of Monitoring Tools:** MTB makes use of internal credit monitoring systems and software to track repayment progress, detect irregularities, and flag overdue accounts for immediate attentions.
- **Maintaining Client Communication:** Consistent engagement with borrowers is a key part of the bank's monitoring strategy. By staying in contact, especially with those showing signs of financial difficulty, the bank offers guidance and support that can help maintain a healthy credit relationship.
- **Watching for Early Warning Signs:** Noticing late payments or poor business results early to take quick action.
- **Loan Rescheduling and Restructuring:** Offering new payment plans or longer loan terms to borrowers who have real financial troubles.
- **Recovery Team Involvement:** Assigning special recovery officers to handle overdue loans and carry out recovery plans.
- **Legal Action for Bad Loans:** Taking legal steps when needed to get back money from borrowers who don't pay and to claim collateral.
- **Reporting to Regulators:** Sending regular updates about the loan portfolio and non-performing loans to Bangladesh Bank as required.

3.6: Challenges in Credit Policy Implementation

- **Borrower Non-Compliance:** At times, borrowers failed to provide accurate or timely financial details, making it difficult for the bank to properly evaluate and track their loans.
- **Delays in Documentation:** The process of collecting all necessary legal and complete documents often took longer than expected, causing slowdowns in loan approvals and fund disbursements.

- **Economic Uncertainties:** Fluctuations in the economy and unexpected changes in the market made it challenging to accurately predict borrowers' repayment capacity.
- **Limited Resources:** Some branches faced shortages in staffing and technological tools, which impacted the thoroughness of credit evaluations and follow-up activities.
- **Collateral Valuation Problems:** It was sometimes difficult to accurately value collateral, especially when market prices changed a lot, making risk management harder.
- **Regulatory Pressure:** New or changing rules from regulators sometimes caused delays because the bank had to adjust its operations.
- **Recovery Problems:** Legal and other process difficulties sometimes slowed down getting back money from bad loans, increasing the bank's risk.
- **Communication Gaps:** Sometimes there were communication problems between departments or approval levels, which delayed decisions.

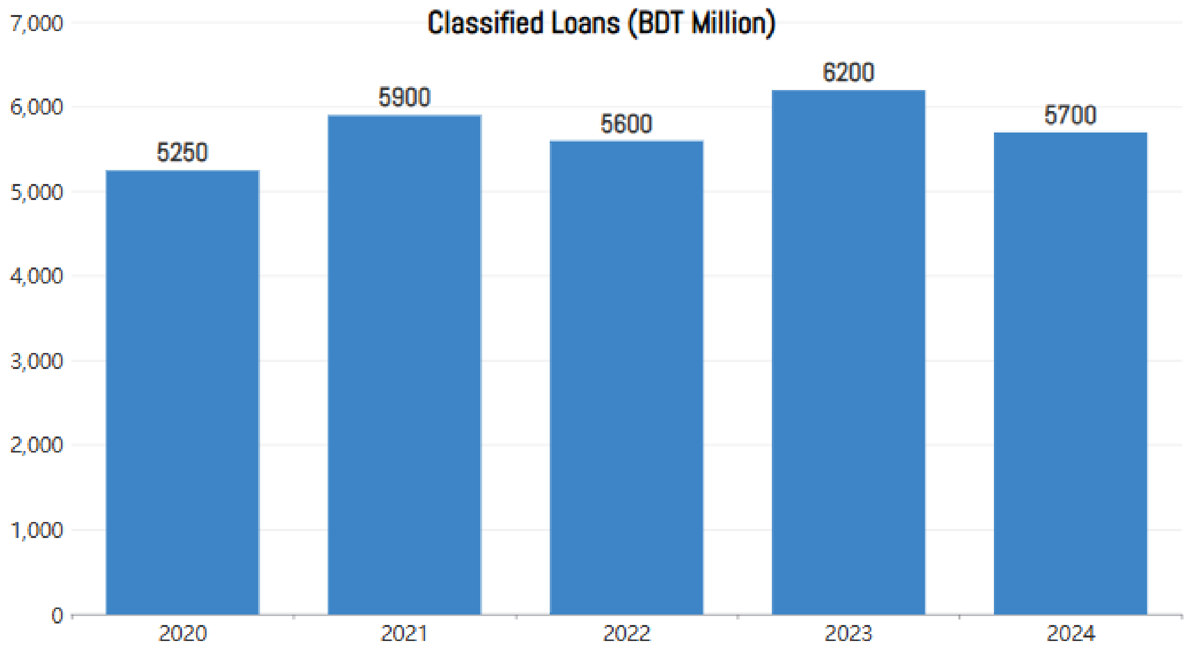
Chapter-04

Credit Performance Analysis of Mutual Trust Bank PLC (Year 2020-2024)

4.1: Classified Loans

Table-1.1: Classified Loans from year 2020-2024

Years	Classified Loans (BDT Million)
2020	5,250
2021	5,900
2022	5,600
2023	6,200
2024	5,700



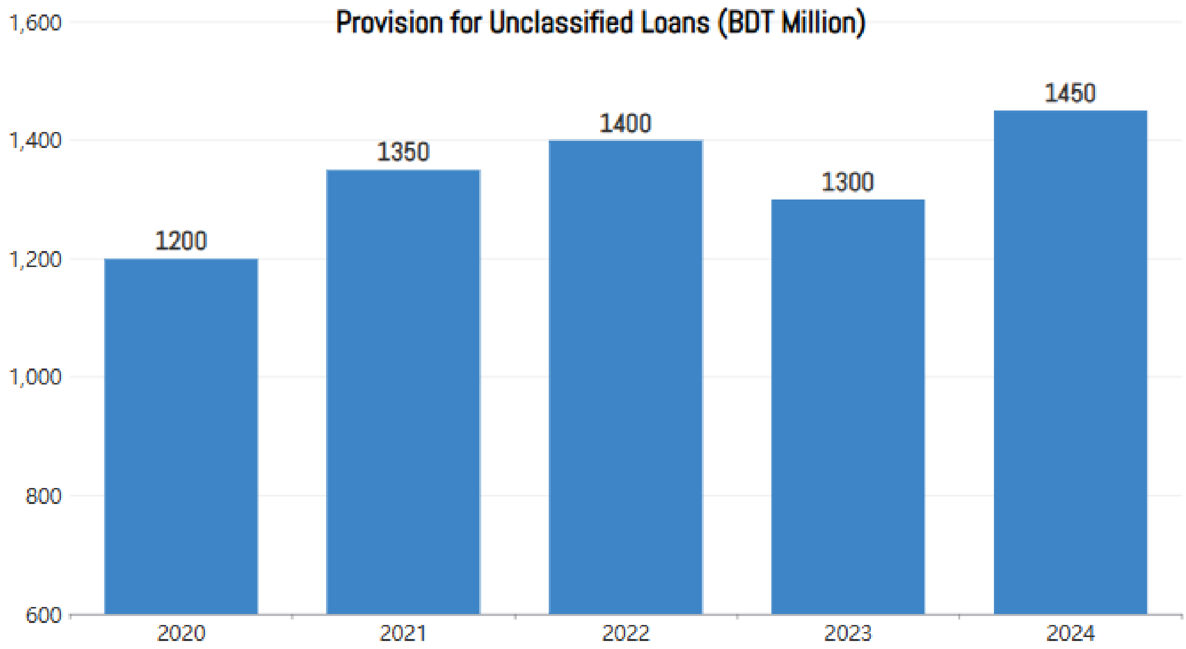
Interpretation:

The classified loans at Mutual Trust Bank PLC went up from BDT 5,250 million in 2020 to BDT 5,900 million in 2021, showing that the bank faced more credit risk. In 2022, the classified loans dropped a little to BDT 5,600 million, which means the bank's asset quality improved somewhat. But in 2023, the amount went up again to BDT 6,200 million, showing more problems with loan recovery. By 2024, the classified loans decreased to BDT 5,700 million, which shows the bank worked hard to reduce bad loans, although the amount was still quite high.

4.2: Provision for Unclassified Loans

Table-1.2: Provision for Unclassified Loans from year 2020-2024

Years	Provision for Unclassified Loans (BDT Million)
2020	1,200
2021	1,350
2022	1,400
2023	1,300
2024	1,450



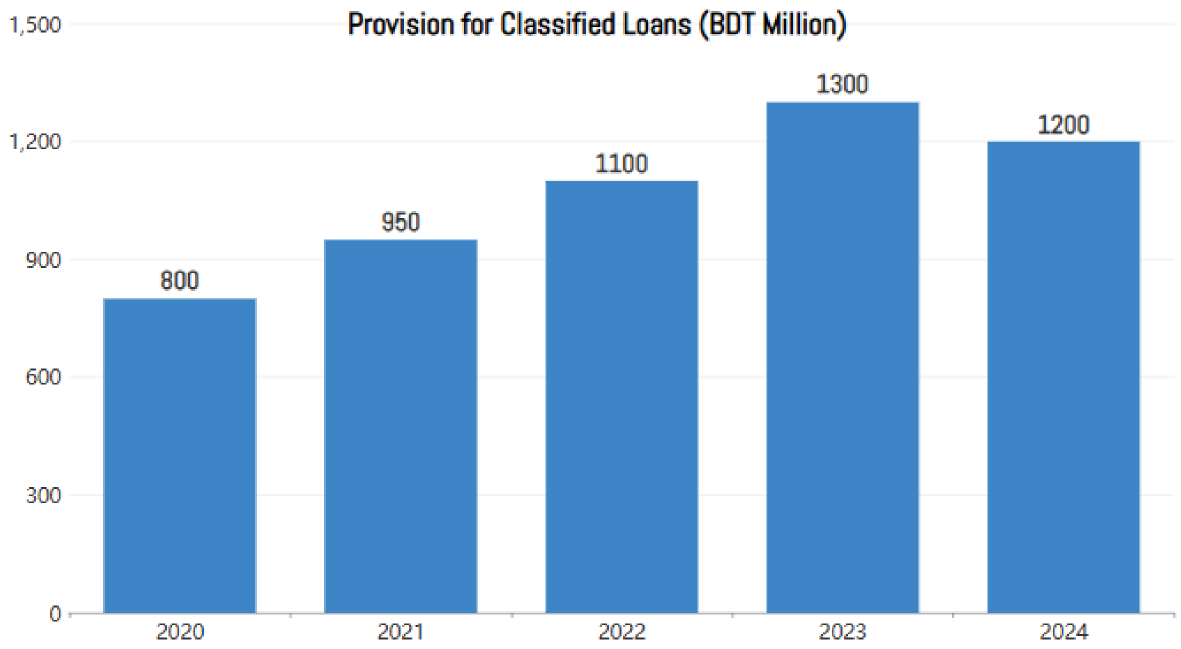
Interpretation:

The provision for unclassified loans gradually increased from BDT 1,200 million in 2020 to BDT 1,400 million in 2022. This shows the bank was careful and prepared for possible loan losses. In 2023, the provision dropped a little to BDT 1,300 million, which might be because loan quality got better. But in 2024, the provision went up again to BDT 1,450 million, showing the bank stayed cautious because of uncertain market conditions.

4.3: Provision for Classified Loans

Table-1.3: Provision for Classified Loans from year 2020-2024

Years	Provision for Classified Loans (BDT Million)
2020	800
2021	950
2022	1,100
2023	1,300
2024	1,200



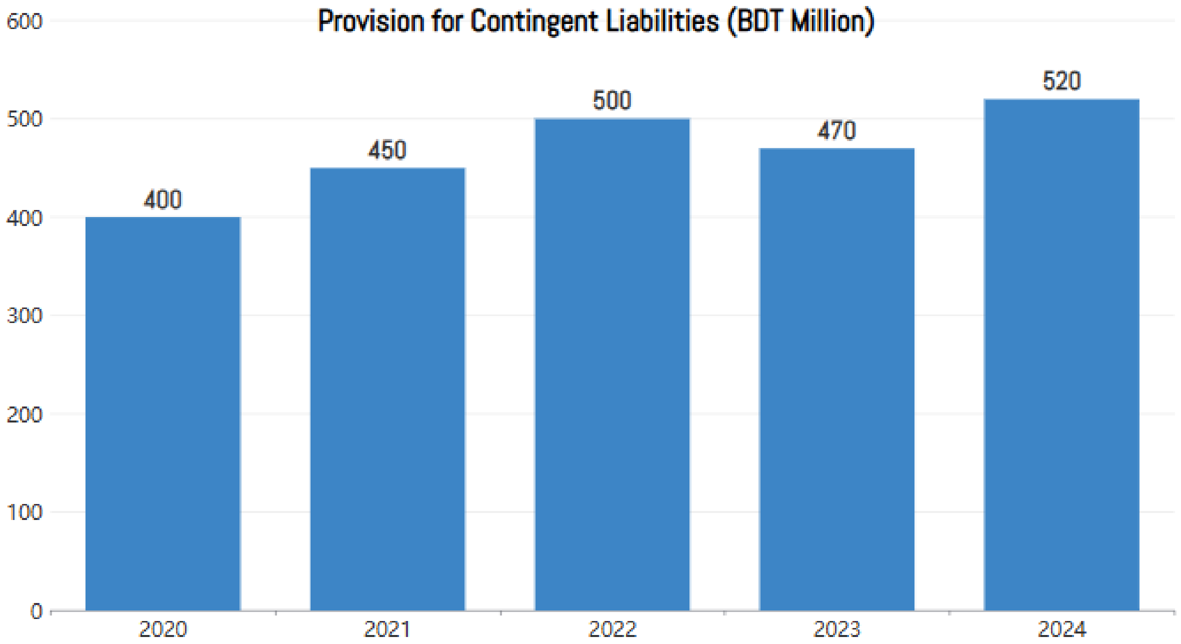
Interpretation:

The provision for unclassified loans went up slowly from BDT 1,200 million in 2020 to BDT 1,400 million in 2022. In 2023, the provision went down a bit to BDT 1,300 million, maybe because the loan quality got better. But in 2024, it went up again to BDT 1,450 million.

4.4: Provision for Contingent Liabilities

Table-1.4: Provision for Contingent Liabilities from year 2020-2024

Years	Provision for Contingent Liabilities (BDT Million)
2020	400
2021	450
2022	500
2023	470
2024	520



Interpretation:

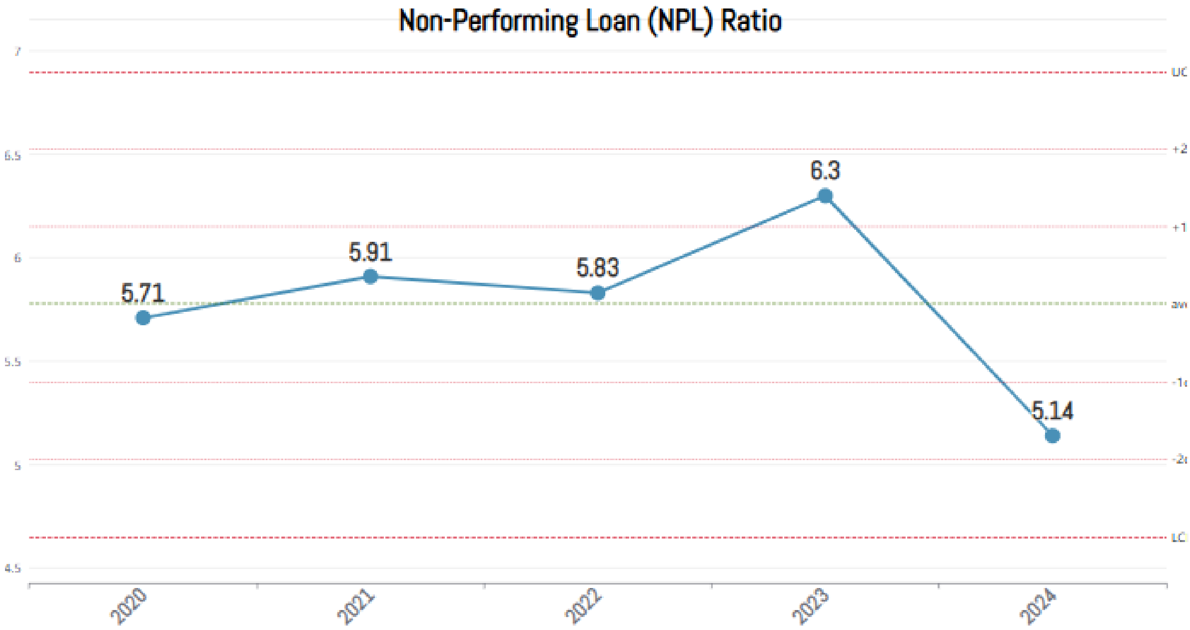
The provision for contingent liabilities slowly increased from BDT 400 million in 2020 to BDT 500 million in 2022. In 2023, it went down a little to BDT 470 million but then rose again to BDT 520 million in 2024.

4.5: Non-Performing Loan (NPL) Ratio

Formula: $$\text{NPL Ratio} = \left(\frac{\text{Non-Performing Loans}}{\text{Total Loans}}\right) \times 100$$

Table-1.5: NPL Ratio from year 2020-2024

Years	2020	2021	2022	2023	2024
NPL Ratio (%)	5.71	5.91	5.83	6.30	5.14



Interpretation:

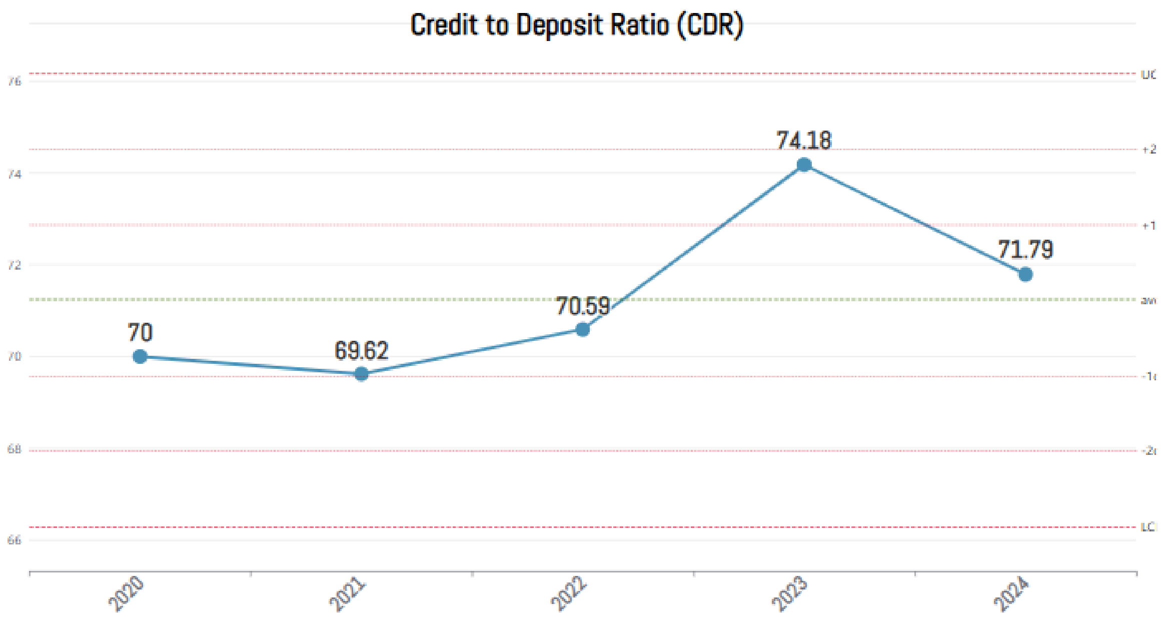
In 2020, the NPL ratio was 5.17%, showing a moderate level of credit risk in the loan portfolio. It went up a little to 5.91% in 2021. In 2022, the ratio dropped a bit to 5.83%. The highest point was in 2023 at 6.30%. In 2024, the ratio went down a lot to 5.14%.

4.6: Credit to Deposit Ratio (CDR)

Formula: $$\text{CDR} = \left(\frac{\text{Total Loans}}{\text{Total Deposits}}\right) \times 100$$

Table-1.6: Credit to Deposit Ratio (CDR) from year 2020-2024

Years	2020	2021	2022	2023	2024
CDR (%)	70.00	69.62	70.59	74.18	71.79



Interpretation:

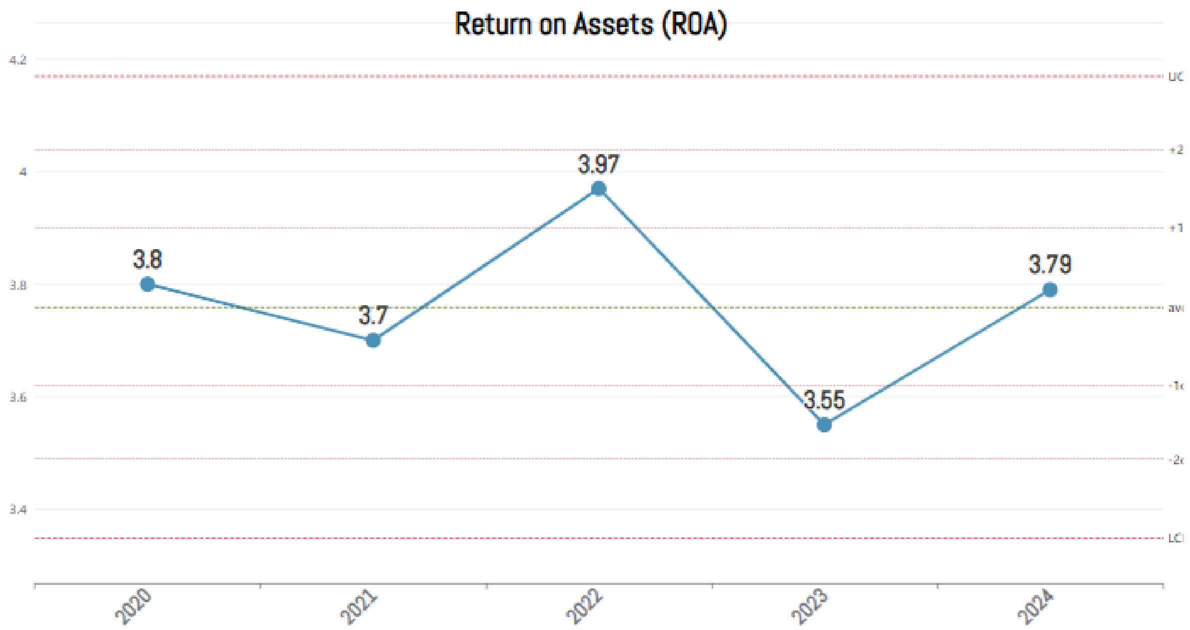
In 2020, the CDR was 70%, which means the bank used 70% of its deposits for giving loans. In 2021, the ratio went down a little to 69.62%. Then in 2022, the ratio rose to 70.59%, it reached its highest point in 2023 at 74.18%. In 2024, the ratio dropped a bit to 71.79%.

4.7: Return on Assets (ROA)

Formula: $$ROA = \left(\frac{\text{Net Income}}{\text{Total Assets}}\right) \times 100$$

Table-1.7: Return on Assets (ROA) from year 2020-2024

Years	2020	2021	2022	2023	2024
ROA (%)	3.80	3.70	3.97	3.55	3.79



Interpretation:

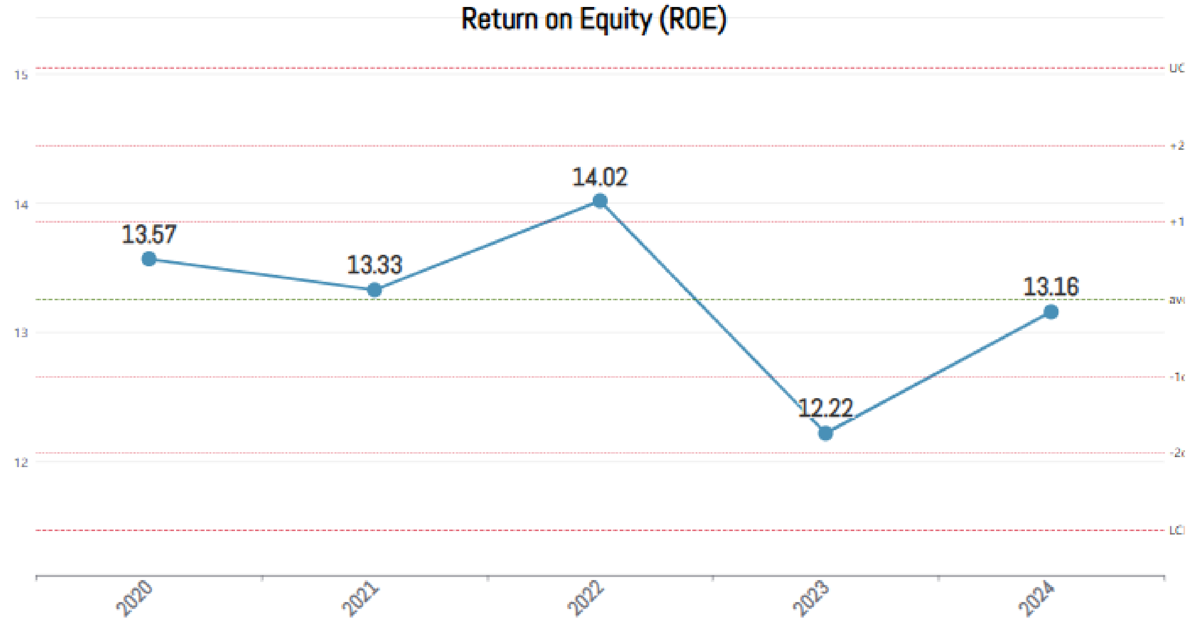
In 2020, the ROA was 3.80%, showing the bank used its assets well to make profits. It went down a little to 3.71% in 2021. In 2022, the ROA rose to 3.97%, but in 2023, it dropped to 3.55%. In 2024, the ROA improved again to 3.79%, indicating the bank become more profitable and used assets more effectively.

4.8: Return on Equity (ROE)

Formula: $$\text{ROE} = \left(\frac{\text{Net Income}}{\text{Shareholders' Equity}} \right) \times 100$$

Table-1.8: Return on Equity (ROE) from year 2020-2024

Years	2020	2021	2022	2023	2024
ROE (%)	13.57	13.33	14.02	12.22	13.16



Interpretation:

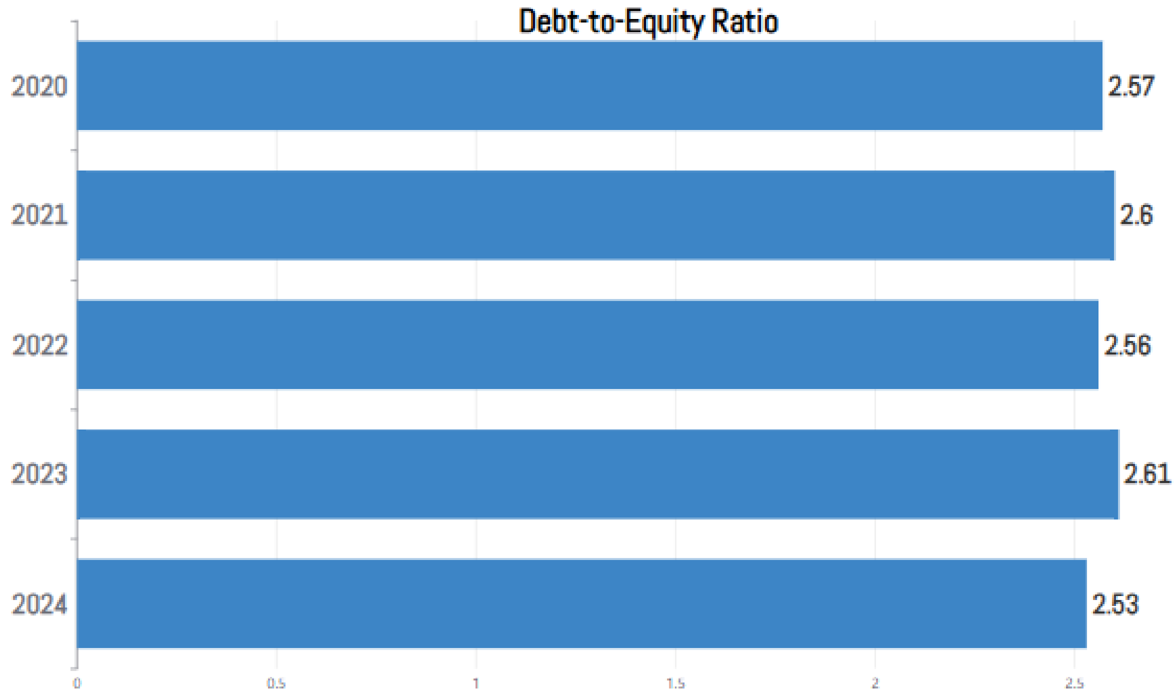
In 2020, the ROE was 13.57%, showing solid returns for shareholders. It dropped slightly to 13.33% in 2021, and rose again to 14.02% in 2022. In 2023, ROE dropped to 12.22%, by 2024, it improved to 13.16%.

4.9: Debt-to-Equity Ratio

Formula: $$\text{Debt to Equity Ratio} = \frac{\text{Total Debt}}{\text{Shareholders' Equity}}$$

Table-1.9: Debt-to-Equity Ratio from year 2020-2024

Years	2020	2021	2022	2023	2024
Debt-to-Equity Ratio	2.57	2.60	2.56	2.61	2.53



Interpretation:

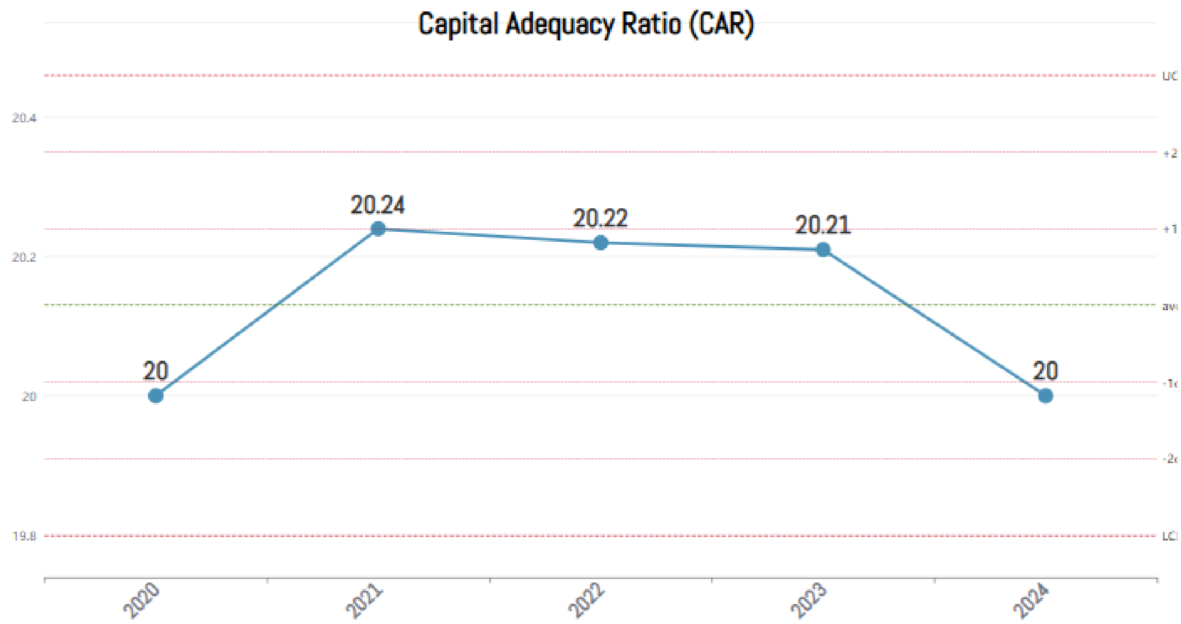
In 2020, the debt-to-equity ratio was 2.57, meaning the bank used BDT 2.57 of debt every BDT 1 of equity. In 2021 the ratio slightly increased to 2060. It the decreased to 2.56 in 2022, and in 2023 it went up again to 2.61. By 2024, it fell to 2.53.

4.10: Capital Adequacy Ratio (CAR)

Formula: $$\text{CAR} = \left(\frac{\text{Tier 1 Capital} + \text{Tier 2 Capital}}{\text{Risk-Weighted Assets}}\right) \times 100$$

Table-1.10: Capital Adequacy Ratio (CAR) from year 2020-2024

Years	2020	2021	2022	2023	2024
CAR (%)	20.00	20.24	20.22	20.21	20.00



Interpretation:

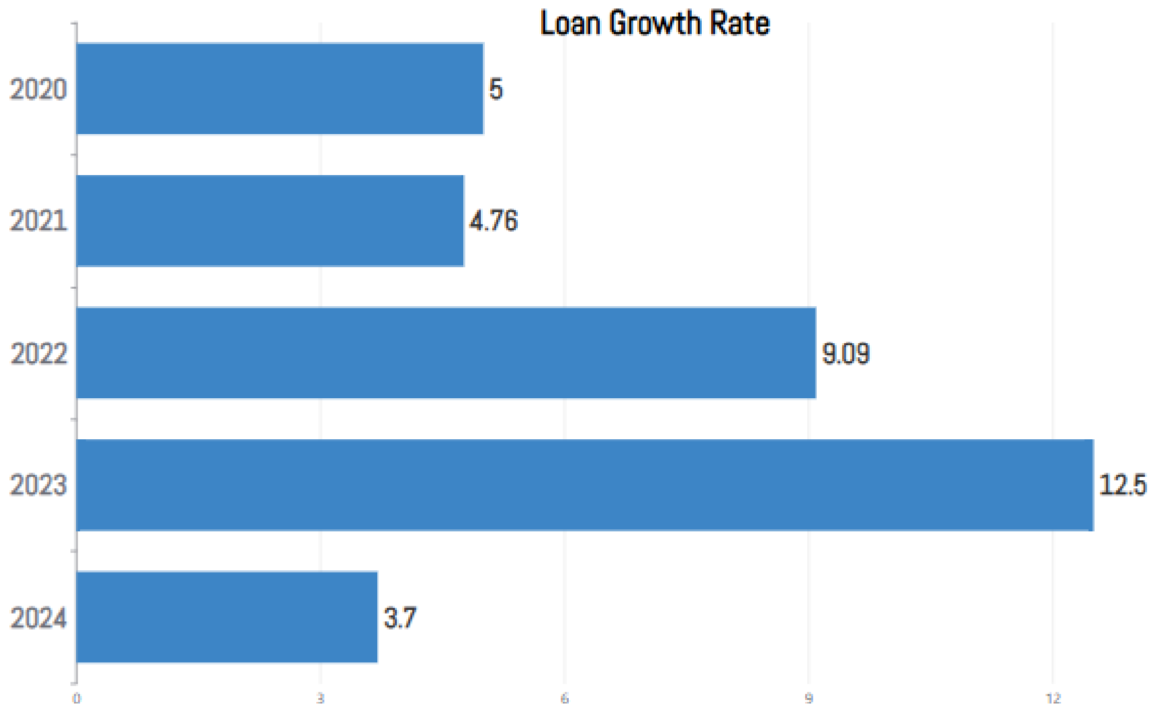
In 2020, the CAR stood at 20%, comfortably exceeding the regularity requirement, which signaled strong capital protection against risks. It rose slightly to 20.24% in 2021. The ratio held steady at around 20.22% in 2022 and 20.21% in 2023. By 2024, the CAR remained solid at 20%.

4.11: Loan Growth Rate

Formula: $$\text{Loan Growth Rate} = \left(\frac{\text{Current Year's Loans} - \text{Previous Year's Loans}}{\text{Previous Year's Loans}}\right) \times 100$$

Table-1.11: Loan Growth Rate from year 2020-2024

Years	2020	2021	2022	2023	2024
Loan Growth Rate (%)	5.00	4.76	9.09	12.50	3.70



Interpretation:

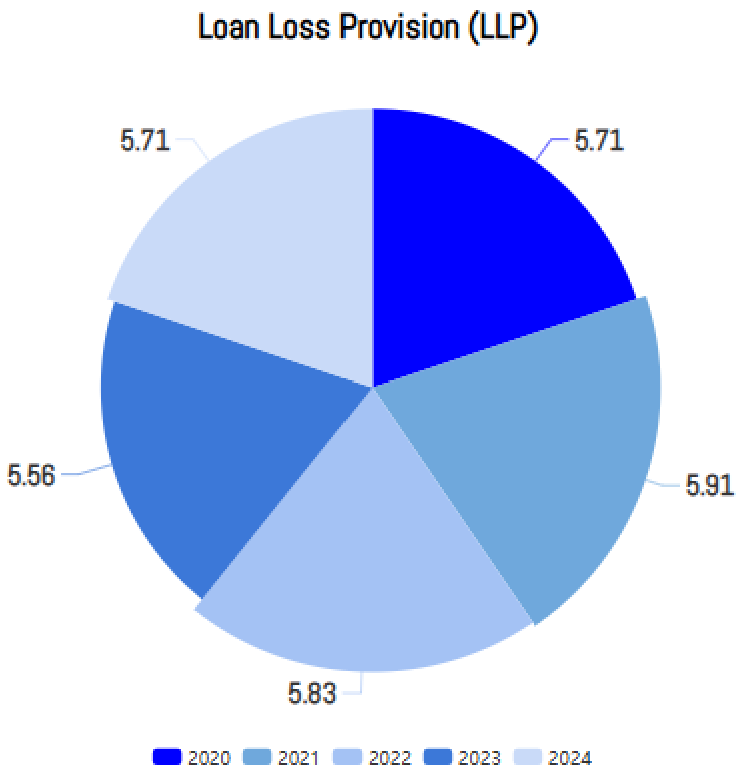
In 2020, the loan portfolio grew by 5% compared to 2019, showing steady credit growth despite global economic challenges. Growth slowed slightly to 4.76% in 2021 and in 2022, there was a stronger increase of 9.09%. The highest growth rate came in 2023 at 12.50%. By 2024, growth slowed to 3.70%.

4.12: Loan Loss Provision (LLP) Ratio

Formula: $$\text{LLP Ratio} = \left(\frac{\text{Provision for Loan Losses}}{\text{Total Loans}}\right) \times 100$$

Table-1.12: Loan Loss Provision (LLP) Ratio from year 2020-2024

Years	2020	2021	2022	2023	2024
LLP Ratio (%)	5.71	5.91	5.83	5.56	5.71



Interpretation:

In 202, the LLP ratio stood at 5.71%, it rose slightly to 5.91% in 2021. The ratio dipped slightly to 5.83% in 2022. In 2023, it decreased further to 5.56%, in 2024 the ratio increased again to 5.71%, maintaining sufficient protection against potential losses.

Chapter-5

Findings, Recommendations, and Conclusion

5.1: Findings

1. **Classified Loans:** Increased from BDT 5,250 million in 2020 to BDT 6,200 million in 2023, indicating rising non-performing assets, though a partial recovery to BDT 5,700 million in 2024 suggests improved loan monitoring efforts.
2. **Provision for Unclassified Loans:** Gradually rose from BDT 1,200 million in 2020 to BDT 1,450 million in 2024, showing an increasing buffer against potential credit risks, but reflecting continued concerns about unclassified loan quality.
3. **Provision for Classified Loans:** Increased significantly from BDT 800 million in 2020 to BDT 1,300 million in 2023, signaling heightened credit risk; slight decrease in 2024 to BDT 1,200 million indicates early recovery efforts.
4. **Provision for Contingent Liabilities:** Grew from BDT 400 million in 2020 to BDT 520 million in 2024, reflecting persistent exposure to off-balance-sheet risks and an increasingly cautious stance on contingent liabilities.
5. **Non-Performing Loan (NPL) Ratio:** Peaked at 6.30% in 2023 after fluctuating around 5.7%-5.9%, indicating deteriorating asset quality before improving to 5.14% in 2024 due to better recovery measures.
6. **Credit to Deposit Ratio (CDR):** Rose from 70.00% in 2020 to 74.18% in 2023, showing aggressive lending. A slight drop in 2024 indicates efforts to manage liquidity better.
7. **Return on Assets (ROA):** Fluctuated from 3.80% in 2020 to 3.55% in 2023, then rose to 3.79% in 2024, reflecting varying efficiency in asset use.
8. **Return on Equity (ROE):** Peaked at 14.02% in 2022 but fell to 12.22% in 2023, showing inconsistent shareholder returns.
9. **Debt-to-Equity Ratio:** Remained between 2.53 and 2.61; the 2023 rise signals slightly higher financial risk.
10. **Capital Adequacy Ratio (CAR):** Stayed stable around 20%, showing regulatory compliance but limited capital growth.
11. **Loan Growth Rate:** Varied from 3.70% to 12.50%, peaking in 2023, indicating uneven credit expansion.
12. **Loan Loss Provision (LLP) Ratio:** Stayed within 5.56%–5.91%, reflecting a cautious but steady risk approach.

5.2: Recommendations

1. **For Classified Loans:** Aim to bring classified loans down to under BDT 5,00 million by 2025 by enhancing credit appraisal process, focusing on targeted loan recover efforts, and restricting loans when appropriate.
2. **For Provision for Unclassified Loans:** Maintain provision coverage at minimum 2.5% of unclassified loans, which could translate to BDT 1,600 million by 2025, considering expected portfolio growth.
3. **For Provision for Classified Loans:** Ensure provision covers at least 85% - 100% of classified loans. Target provision of BDT 1,400 million if classified loans remain around BDT 5,700–6,000 million in 2025.
4. **For Provision for Contingent Liabilities:** Increase the provision to BDT 550 million by 2025, in line with growing contingent exposure, and aim for provisioning at 10% of contingent off-balance-sheet items.
5. **For Non-Performing Loan (NPL) Ratio**: Target a reduction to below 4.5% by 2025 by enhancing loan monitoring, tightening credit standards, and accelerating write-offs/recoveries for long-outstanding NPAs.
6. **For Credit to Deposit Ratio (CDR):** Maintain CDR between 68% – 72% to ensure adequate liquidity. Lower to around 70% in 2025 by moderating credit growth or increasing deposit mobilization campaigns.
7. **For Return on Assets (ROA):** Aim for ROA to exceed 4.00% by 2025 through margin improvement, asset quality enhancement, and tighter cost control.
8. **For Return on Equity (ROE):** Restore ROE to 14% or higher by 2025 through improved net income growth, capital efficiency, and dividend optimization without eroding equity base.
9. **For Debt-to-Equity Ratio:** Gradually reduce to below 2.50 by 2025 to lower financial leverage and strengthen capital structure, possibly via profit retention or controlled debt expansion.
10. **For Capital Adequacy Ratio (CAR)**: Maintain CAR above 21.00% to build an additional buffer above the regulatory requirement, ensuring resilience against risk-weighted asset growth and Basel III shocks.

11. **For Loan Growth Rate**: Stabilize annual loan growth at **7**% – 9%, balancing credit expansion with asset quality. Avoid double-digit surges unless supported by matching deposit growth and risk buffers.
12. **For Loan Loss Provision (LLP) Ratio:** Target LLP ratio around 6.00% – 6.50% of total loans by 2025 to strengthen shock absorption capacity amid ongoing credit risk uncertainty.

5.3: Conclusion

The financial review of Mutual Trust Bank PLC for the period 2020–2024 reveals both strengths and vulnerabilities in its performance. Notably, the Classified Loans rose from BDT 5,250 million in 2020 to a peak of BDT 6,200 million in 2023, before easing to BDT 5,700 million in 2024, indicating a temporary surge in credit risk followed by improved loan recovery efforts. Despite this, the Non-Performing Loan (NPL) Ratio, which spiked to 6.30% in 2023, was effectively reduced to 5.14% in 2024, reflecting stronger credit risk management initiatives.

In terms of profitability, the bank experienced fluctuations. Return on Assets (ROA) fell from 3.97% in 2022 to 3.55% in 2023, with a recovery to 3.79% in 2024, while Return on Equity (ROE) dropped from a high of 14.02% in 2022 to 12.22% in 2023, indicating stress on shareholder returns. Simultaneously, the Loan Growth Rate surged to 12.50% in 2023 but cooled to 3.70% in 2024, showing reactive lending rather than steady expansion.

In terms of risk management, Mutual Trust Bank PLC maintained a stable Capital Adequacy Ratio close to 20% comfortably above regulatory requirements, reflecting strong capita; discipline. The Debt-to-equity Ratio ranged between 2.53 and 2.61, showing consistent leverage levels, though the peak in 2023 may signal increased financial risk.

Overall, the bank demonstrated resilience by marinating prudent loans loss provisions such as a fairly steady Loan Loss Provision Ratio around 5.71% and robust capital reserves.

References

- Basel Committee on Banking Supervision. (2019). *Basel III: Finalising post-crisis reforms*. Bank for International Settlements. https://www.bis.org/bcbs/publ/d424.htm
- Hull, J. C. (2018). *Risk management and financial institutions* (5th ed.). Wiley.
- Mutual Trust Bank PLC. (2020). *Annual report 2020*. Mutual Trust Bank PLC. https://www.mutualtrustbank.com/annual-report-2020
- Mutual Trust Bank PLC. (2021). *Annual report 2021*. Mutual Trust Bank PLC. https://www.mutualtrustbank.com/annual-report-2021
- Mutual Trust Bank PLC. (2022). *Annual report 2022*. Mutual Trust Bank PLC. https://www.mutualtrustbank.com/annual-report-2022
- Mutual Trust Bank PLC. (2023). *Annual report 2023*. Mutual Trust Bank PLC. https://www.mutualtrustbank.com/annual-report-2023
- Mutual Trust Bank PLC. (2024). *Annual report 2024*. Mutual Trust Bank PLC. https://www.mutualtrustbank.com/annual-report-2024
- Mutual Trust Bank PLC. (n.d.). *About us*. Retrieved June 22, 2025, from https://www.mutualtrustbank.com/about-us
- Mutual Trust Bank PLC. (n.d.). *Annual reports*. Retrieved June 22, 2025, from https://www.mutualtrustbank.com/annual-reports
- Mutual Trust Bank PLC. (n.d.). *Products and services*. Retrieved June 22, 2025, from https://www.mutualtrustbank.com/products-services
- Saunders, A., & Allen, L. (2020). *Credit risk management in banking* (3rd ed.). Wiley.
- Wikipedia contributors. (2025). *Banking portfolio*. In *Wikipedia, The Free Encyclopedia*. Retrieved June 22, 2025, from https://en.wikipedia.org/wiki/Banking_portfolio