



AN INTERNSHIP REPORT ON

“Financial Performance Analysis of Trust Bank Limited- A Study at Uttara Corporate Branch”

An Internship Report Submitted to the Department of Business Administration, Daffodil International University as Partial Fulfillment of the requirements for the Degree of Bachelor of Business Administration

Prepared By

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Id No: 153-11-960

Program: BBA (Finance)

Department of Business Administration

Faculty of Business and Entrepreneurship

Daffodil International University





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Supervised By

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Date of Submission: 2nd December 2019



Letter of Transmittal

2nd December 2019

Ms. Tanzina Hossain

Associate Professor

Department of Business Administration

Faculty of Business & Entrepreneurship

Daffodil International University

Subject: Submission of Internship Report on **“Financial Performance Analysis of Trust Bank Limited”**

Dear Madam,

I would like to inform you that I have completed my internship report on “Financial Performance Analysis of Trust Bank Limited”. I accept that this internship program has given me a great chance to enhance of my both intelligence and experience. While preparing report, I have tried to follow your instruction based on systematic manner.

I genuinely trust that my work will come up to the degree of your desire and expects that I will get your kind consideration regarding acceptance of this report.

Sincerely yours,

Tashnim Tamanna Aney

Id: 153-11-960

Program: BBA

Department of Business Administration

Faculty of Business and Entrepreneurship

Daffodil International University



Declaration

This is Tashnim Tamanna Aney, hereby declares that I prepare the internship report on “Financial Performance Analysis of Trust Bank Limited” after finishing of three months internship of Trust Bank Limited. I additionally affirm that this report is prepared for my academic necessity. The work I have displayed does not infringement any current copyright and no part of this report replicated from any work done before.

This report is my original work. I believe that it will help you to have a positive viewpoint upon me.

Sincerely yours,

A handwritten signature in black ink, appearing to read 'Aney', is written over a light blue grid background. To the right of the signature, the date '02-12-19' is written. Below the signature and date, a horizontal dotted line is drawn.

Tashnim Tamanna Aney

Id: 153-11-960

Program: BBA

Department of Business Administration

Faculty of Business and Entrepreneurship

Daffodil International University

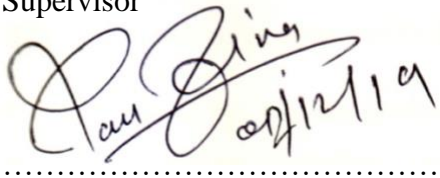


Letter of Endorsement

This is to certify that Ms. Tashnim Tamanna Aney , a student of BBA Program, major in Finance, Daffodil International University bearing Id No: 153-11-960 has successfully completed the internship report titled on “Financial Performance Analysis of Trust Bank Limited” under my supervision and guidance.

I carefully check the final copy of this report, which submitted to Daffodil International University for its material and language.

Supervisor



.....

Ms. Tanzina Hossain

Associate Professor

Department of Business Administration

Faculty of Business & Entrepreneurship

Daffodil International University



Acknowledgement

The effective achievement of this report is the result of the commitment and contribution of various individuals, particularly the individuals who set aside the effort to share their attentive direction and suggestions to improve the report. Some special people cannot go without mention.

Firstly, I would like to express my thankfulness to Almighty Allah who has empowered me to seek after my study.

Secondly, I convey my gratitude to my honorable academic supervisor Ms. Tanzina Hossain, Associate Professor, Department of Business Administration, Faculty of Business & Entrepreneurship, Daffodil International University. I am grateful to her ceaseless help, supervision and suggestions, which helped me incredibly to finish the report effectively.

Then I express my sincere gratitude to Mr. Mohammad Ali Sarker, Senior Assistant Vice President, Manager Operation, Trust Bank Limited, Uttara Corporate Branch and all other employees of TBL, without their help I could not be able to make this report so informative. They have clarified all that I requested in subtleties; throughout time, they were never impatience. I am thankful to the majority of their strong and agreeable conduct.

Finally, I am thankful to my family, friends, classmates who support me mentally and physically to prepare this report.



Executive Summary

The internship program is an essential part to acquire a degree of bachelor of business administration from daffodil international university. Every student must meet the credit hours, and afterward they put for observing a particular circumstance in a genuine working environment. An honorable supervisor consistently directs the students to prepare their report well. I feel myself fortunate to get a chance to work in trust bank limited as an intern.

Trust bank limited is a scheduled commercial bank established under the bank company act, 1991 and incorporated as a public limited company under the companies act, 1994 in Bangladesh on 17 June 1999 with the primary objective to carry on all kinds of banking business in and outside Bangladesh.

The principal activities of the bank to provide full range of banking services that include deposit banking, loans and advances, export, import and financing national and international remittance facilities etc.

In the first part of the report, I discussed about the background of the report, as it is the introductory part. In this part, I discussed about the objective of the report, its importance and method used to prepare it.

In the second part of the report, I gave a brief introduction of TBL. I discussed about the organization overview, mission, vision, values, products, and services of the bank.

In the third part, I tried to provide the depth analysis of the bank's financial performance analysis utilizing information from the 2014 to 2018 annual report. In this part the horizontal, vertical and ratio analysis analyzed to depict the financial performance of trust bank limited during the five years.

Last but not the least, a few issues are shared that are found while analyzing the financial performance. There are given some suggestions according to the problems found so that manager of trust bank limited can make preparatory strides on the off chance that they feel the proposals are alright, I also draw a conclusion on the overall report in this part.



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Chapter -01

Introduction



Introduction

The financial sector of Bangladesh dominated by the banking sector. The dominion of the banking sector not only makes the financial sector vulnerable but also highlights the crucial importance of the sector in resource utilization and economic growth. As the business produces products and items, so does the bank creates and controls money market and advances formation of capital. From this point of view, banking-a technical profession- can be termed as industry. Services to its clients are the products of banking industry other than being a pivotal factor in advancing capital development in the country. As all monetary and fiscal activities spin round this significant 'Industry', the role of banking scarcely over underscored.

Throughout the report, financial performance of trust Bank limited analyzed based on horizontal and vertical analysis as well as some key financial ratios such as debt to equity ratio, return on asset, return on equity, net profit margin, total asset turnover ratio, fixed asset turnover ratio and so on. Based on the performance on each of the ratios mentioned, banks scored.

Therefore, financial performance analysis will help the banks to identify in which position they are standing in the industry.

Origin of the Report

The internship report is prepared to fulfill the partial requirement of internship program for BBA program of Daffodil International University. Every student must meet the credit hours, and afterward they put for observing a particular circumstance in a genuine working environment. An honorable supervisor consistently directs the students to prepare their report well. I have selected “Financial Performance Analysis of Trust Bank Limited” as the topic of my internship report under the supervision of Ms. Tanzina Hossain, Associate Professor of Daffodil International University.

The aim of the report is to apply theoretical knowledge in the practical field.



Objectives of the Report

- To get an overall view of Trust Bank Limited
- To evaluate the financial performance through analyzing financial statement of TBL
- To find out the problems of trust bank limited
- To provide some suggestions to overcome the problems that are found

Rationale of the Report

The rationale of the report is to measure the financial performance of Trust Bank comparing the years of 2014-2018. The analysis of financial performance is a subjective measure of a company's capacity to use the assets of its essential method of business and to generate profit. The term likewise used as a general measure of the overall financial health of a business over a given period and used to compare similar businesses in the same sector or to compare industries or sectors. The measurement of the performances will be comprises of two different ways, the initial segment is trend analysis that incorporates horizontal and vertical analysis, and the subsequent part is the ratio analysis which is to analyze any financial institutions.

Methodology of the Report

Sampling and Sample Size: The report comprises of five years of financial information of trust bank limited taken from the five years annual report from the years of 2014 to 2018. All the analysis of this report will pursue these year substantial data.

Data Collection: The data are gathered from a few significant wellsprings of the study and can be divided into two sources

Primary Sources: The primary data are gathered from

- ✚ Formal and informal communication of the trust bank's employees
- ✚ The practical experiences by working inside of the bank
- ✚ Oral conversation with the new and prospective clients



Secondary Sources: The secondary data are gathered from

- ✚ Five years annual report of TBL
- ✚ Various publications and articles on financial performance analysis
- ✚ TBL websites
- ✚ Some of my course components as identified with this report

Data Analysis: The study pursues exploratory research techniques that use both qualitative and quantitative data. The quantitative data straightforwardly gathered from the Trust Bank's annual report of the year 2014-2018. I used Microsoft word and excel to analyze the performance with the assistance of various outlines.

Limitations of the Report

However, the experience of working as an intern was great but there are a few impediments discovered that make troubles to prepare the report. The limitations given underneath:

- Insufficient data are the main constraint in the development of the report
- The report did not include all the financial ratios to find out the actual financial position of the bank
- There were some restrictions to have access to the information confidential by the authority



Chapter -2

Organizational Overview



Background of Trust Bank Limited

Trust bank limited is a scheduled commercial bank established under the bank company act, 1991 and incorporated as a public limited company under the companies act, 1994 in Bangladesh on 17 June 1999 with the primary objective to carry on all kinds of banking business in and outside Bangladesh. The bank listed with Dhaka stock exchange limited and Chittagong stock exchange limited as a publicly traded company for its general class of shares.

Branch and SME centers	111
ATM Booths	224
Pay points	20000
POS	132

The bank, sponsored by the Army Welfare Trust (AWT), is first of its kind in the country. The principal activities of the bank to provide full range of banking services that include deposit banking, loans and advances, export, import and financing national and international remittance facilities etc.

In 2001, the bank introduced automated branch banking system to increase efficiency and improve customer service. In the year 2005, the bank moved one-step further and introduced ATM services for its customers.

In January 2007, Trust Bank successfully launched Online Banking Services, which facilitate Any Branch Banking, ATM Banking, Phone Banking, SMS Banking, & Internet Banking to all customers. Customers can now deposit or withdraw money from any Branch of Trust Bank nationwide without needing to open multiple accounts in multiple Branches.



Mission and Vision of Trust Bank Limited

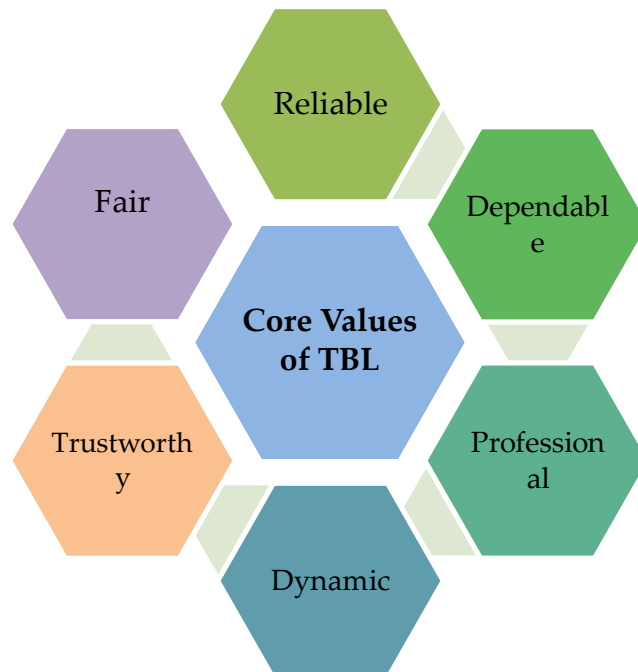
Vision

Build a long-term sustainable financial institution through financial inclusion and deliver optimum value to all stakeholders with the highest level of compliance

Mission

- Long Term Sustainable Growth- diversified business with robust risk management
- Financial Inclusion- bring unbanked population into banking network through low cost and technology based service delivery
- Accountable to all stakeholders- customers, shareholders, employees & regulators
- Highest level of compliance and transparency at all levels of operation

Values of TBL:





Board of Directors

Chairman

General Aziz Ahmed, BSP, BGBM, PBGM, BGBMS, psc, G

Vice Chairman

Major General Mohammad Humayun Kabir, SUP, rcds, psc

Director

Major General Md Wahid-Uz-Zaman, ndc, aowc, psc, Te

Brigadier General Md. Sayeed Siddiki, BSP, awc, psc

Brigadier General Sajjad Hossain, ndc, psc

Brigadier General Abu Naser Md Elias, SGP, ndc, afwc, psc

Brigadier General Rakib Uddin Ahmed, SUP, psc, G

Brigadier General Md Abu Naser, ndc, psc

Independent Director

Mr. Ashrafuzzaman Khan

Mr. Shahedul Islam

Mr. Mohamed Naser Alam

Managing Director & CEO

Mr. Faruq Mainuddin Ahmed



Corporate Information of Trust Bank

Features	Values
Registered Name	Trust Bank Limited
Genesis	Trust bank limited is one of the leading private commercial banks in Bangladesh. The company was incorporated on 17 June 1999 under the companies act 1994 as a public limited company for carrying out all kinds of banking activities
Sponsor shareholder	Army Welfare Trust
Chairman	General Aziz Ahmed (Since 26 th June, 2018)
CEO & MD	Mr. Faruq Mainuddin Ahmed
Company secretary	Mr. Md. Mizanur Rahman, FCS
Registered Office & Head Office	Shadhinata Tower, Bir Srestha Shaheed Jahangir Gate, Dhaka Cantonment, Dhaka-1206
Authorized capital	10,000.00 (BDT in Million)
Paid up capital	5569.66 (BDT in Million)
Face value per share	BDT 100 per share
Number of Shares	61,26,62,837
Number of branches& SME centers	111
Corporate website	www.tblbd.com
Email	info@tblbd.com
SWIFT	TTBLBDDH
Phone	9850635, 02-44870030
Call center	16201



Performance at a glance of Trust Bank Limited

Particular	2018	2017	2016	2015	2014
Total Assets	259638	239771	210242	180230	145346
Total Liabilities	246751	227658	199066	170718	137217
Total Shareholders' Equity	12888	12112	11175	9512	8129
Total Capital	24051	20435	19458	13590	12321
Total Operating Income	10086	9536	8237	7529	5978
Total Operating Expenses	3784	3724	3785	3628	2721
Export	36552	42819	48350	48929	39622
Import	119622	85197	72572	74256	77421
Foreign Remittance	50113	29494	23172	24215	16174
Investments	32305	28545	30739	24262	19352
Deposits	212681	200453	173060	150854	125059
Loans & Advances	197128	184911	141987	130615	106886



Products & Services of Trust Bank Limited

Trust Bank Limited gives its clients with all banking facilities and services. Its tremendous branch network and with a quick and productive staff gives the customized services given below:

Retail Banking

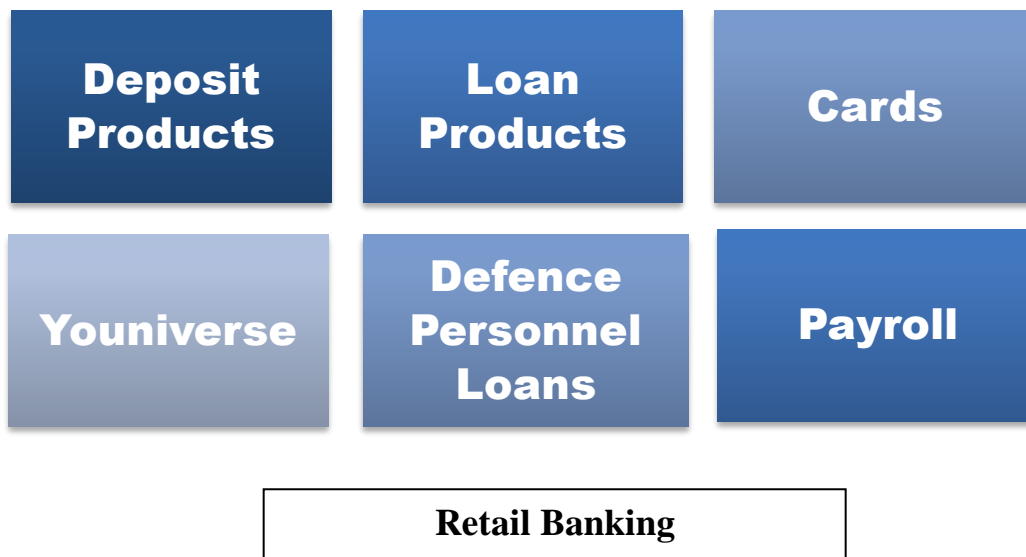
Banks usually retail banking for the most part for three reasons that are firstly, it ensures consistent regular flow of deposits. Secondly, banks have to maintain a standard of asset advance and deposit ratio as per central banks direction. Lastly, retail banking gives financial support to the Individuals.

Total banking sector of Bangladesh has suffered huge liability crisis on the first half of the year 2018. In this context, after several years of concentration on asset products, retail banking division has shifted its business concentration to liability sector. Around the year RBD has grown to its capacity and potential in terms of technology, human resources, product quality and business process to both asset business as well as liability business.

- **Liability:** To ensure balance asset growth a positive volume of deposit is required. Considering the market scenario, in 2018 RBD had modified the product program guideline of several liability products and revised the rate of interest. Despite the financial market competency on liability booking, banks total conventional retail liability growth was about 4.32%.
- **Asset:** Over the globe, retail lending has been a viewable advancement in the commercial banking sector in recent years. Now a day's people are worried about upgrade of their way of life with their restricted income. By considering this standard of conduct of individuals, banking sector is extending their asset business through retail banking. Following the trend of industry TBL also extended their asset with fierce marketing and disbursed BDT 726 million of conventional retail loans and the loan outstanding became 32,813 million. The significant growth in the portfolio was largely due to the success of loan against pension benefit for defense personnel, a retail asset product of TBL launched in 2016.
- **Payroll Banking:** To ensure better consumer base for asset business, payroll banking is a key point to success. In this consequence, TBL RBD team had procured three number of new payroll organizations. 21.48percent of growth recorded than the previous year.



- **Trust Youniverse and Loyalty:** Customer loyalty program is a reward program offered to customers to make frequent purchase or usage of facility. TBL RBD continued its effort to strengthen the loyalty program to provide ultimate luxury experience for the TBL cardholders. In the year 2018 TBL loyalty team have succeeded in signing MoU with six numbers of organization including hospital, life styles and hotels. Besides these TBL has also arranged 0% “easy pay” EMI facility for its credit card holders with six organizations to purchase different types of electronic gadgets and appliances. Some notable names in this segment are biman Bangladesh airlines, grameen phone, Bangladesh ENT hospital, robi, singer etc.



SME Financing:

- ❖ In 2009, Trust Bank started its SME financing by opening a separate department.



- ❖ To satisfy the need of different customer segments in different areas trust bank launched 14 new products
- ❖ TBL was once ranked by SME foundation as one of the ‘Top Ten’ SME favored banks in Bangladesh based on the performance.



- Women Entrepreneur
- Entrepreneur Loans
- Manufacturing Loans
- Engineering Loans
- Contractors / Suppliers Loans
- Agriculture Loans

Islamic Banking: Islamic banking governed by a set of strict rules derived from the Holy Qur’an and Sunnah of Prophet (PBUH). TBL is carrying out its Islamic banking operations through five Islamic banking windows as per Bangladesh bank’s endorsement. Other than the five windows, all TBL branches would now be able to give Islamic banking services through on- line banking framework.

- Completely separate fund management – no mingling of fund with the conventional banking deposits of the bank. Investments made from the Islamic banking deposits only.
- Separate book- keeping, profit and loss account by Islamic banking module of bank’s CBS
- Distinguished Sariah supervisory committee for guidance on Sariah related issues
- Profit distributions are executed as per approved weightage table

Corporate Banking



Trade Finance: Trade finance offers a wide range of services that tailored to meet the different needs of buyers and sellers (importers and Exporters). The bank has exhibited quality financing while facilitating total export and import business transacted during the year 2017 for BDT 42,820 million and BDT 85,197 million respectively.

International Banking



IT services provided by TBL

Trust bank's continuous focus on branch transformation initiatives ensures improved turnaround time for better front-End service delivery.

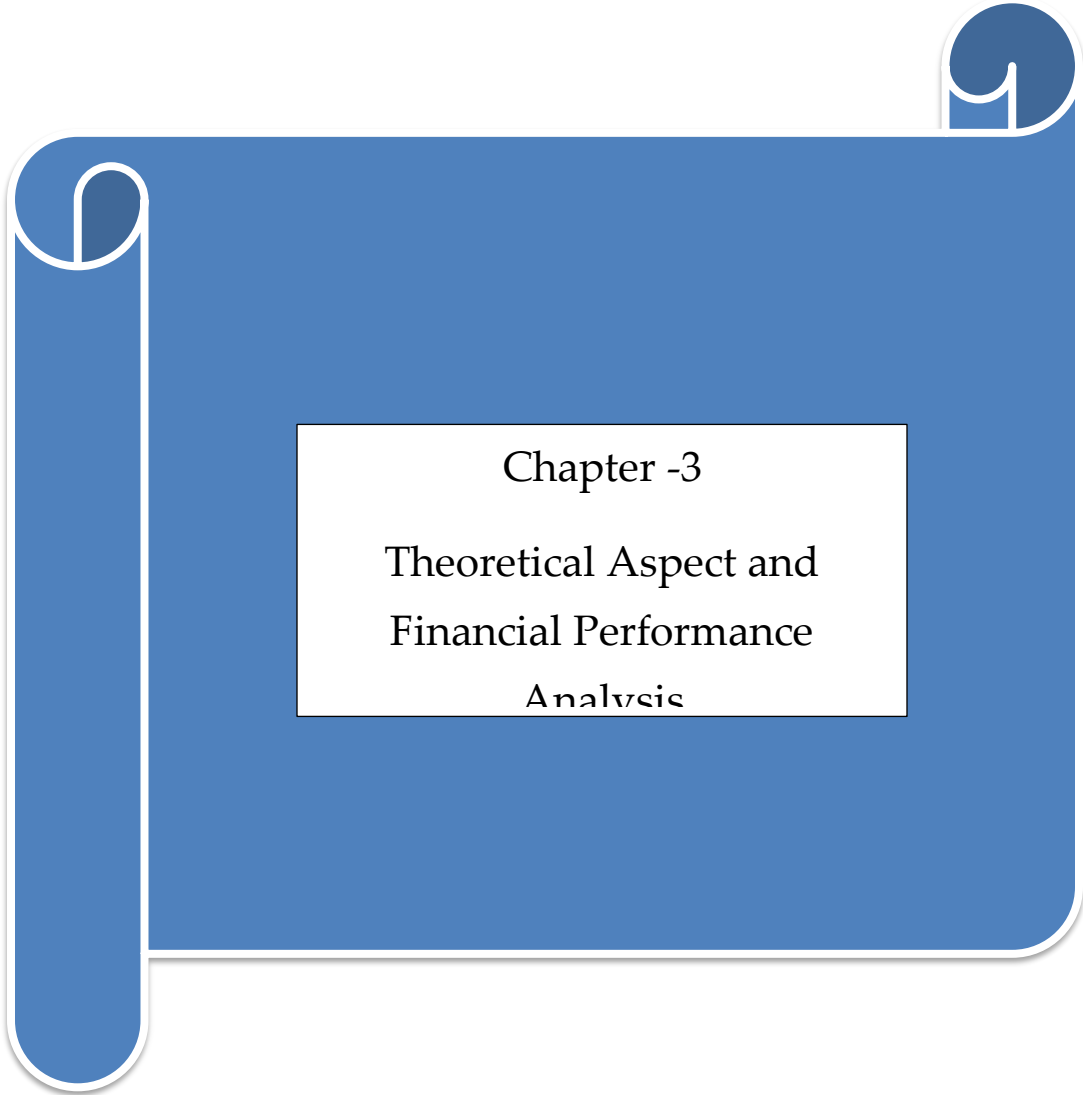
ATM: ATMs allow customers to access their account, check account balance and withdraw cash 24*7 hours. At present total number of ATMs are 211.

POS: Trust Bank has launched bank POS and merchant POS in 2010 and 2013 respectively. At present total number of POS machines are 287, where bank POS are 130 and merchant POS are 157.

i-Banking services: Trust Bank enlarged its e- services for fund transfer, utility bill payment, and made internet-banking experience simple and secure for customers.

e-Statement: Trust Bank has implemented technology to facilitate to customer by delivering monthly transaction statement based on customer request.

Mobile Banking: With an aim to bring banking services at the doorstep of the mass people launched trust bank mobile money as t-cash effective from april-1, 2018. T-cash enables its customers to avail financial services via their mobile phones through SMS, USSD, and internet with speed, convenience and security. T-cash is interest bearing mobile account.

A large blue graphic resembling a scroll or a piece of paper with rounded corners and a white border. It has a vertical strip on the left side that looks like a scroll's edge. The text is centered within a white rectangular box in the middle of the scroll.

Chapter -3
Theoretical Aspect and
Financial Performance
Analysis



Financial Performance Analysis

Financial analysis is the process of identifying the financial strengths and weaknesses of the firm by properly establishing relationships between the items of the balance sheet and the profit and loss account.

Financial analysis means “analysis, comparisons and interpretation of financial data to achieve the desired result”.

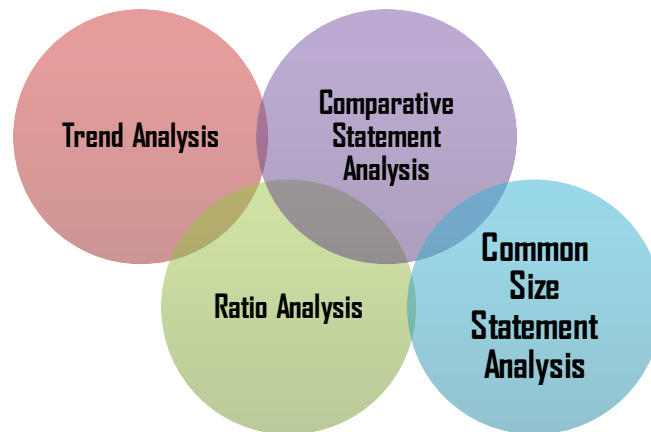
Financial Statement: A financial statement is a quantitative way of showing how a company is doing. Financial statements provide the fundamental information that we use to analyze and answer valuation questions.

Financial statement generally refers to two basic statements

- **The Balance Sheet Statement:** Balance Sheet statement indicates the summary of the financial position of a company at a particular date. There are three elements of balance sheet asset, liability and owner’s equity, which represents the equation of $\text{Asset} = \text{Liabilities} + \text{Owner's Equity}$.
- **The Income Statement:** The income statement provides a financial summary of the firm's operating results during a specified period. It represents the net profit or net loss of the company during a period.

Techniques of Financial Analysis

There are several techniques used to analyze financial statement. Techniques of financial statement analysis given below:



These are the key measure of financial statement analysis of a company. It depends on a user what technique he will be used to measure his firm. Trust bank limited financial performance from 2014 to 2018 analyzed through ratio analysis and trend analysis. Both of the analysis are very popular and widely accepted these days. These discussed below:

Ratio Analysis: Ratio analysis involves methods of calculating and interpreting financial ratios to analyze and monitor the firm's performance.

A ratio is an arithmetic relationship between two figures. Financial ratio analysis is a study of ratios between various items of group of items in financial statements. The ratio analysis is a very powerful analysis tool and very helpful for measuring the performance of a firm. The valuation of the ratio will provide a true picture of company's performance. Evaluating ratio is relatively simple in nature but only a qualified analyst can perform and interpret ratios properly. There are various types of ratio analysis including liquidity ratio, activity ratio, profitability ratio, solvency ratio and financial ratio.

Trend Analysis: Trend analysis determine the direction upwards or downwards. Under this analysis the values of an item in different years is expressed in relation to the value in one year called the base year. Taking the value of the item in the base year to be equal to 100. The values of the item in different years are expressed as percentage of this value. There are two important types of trend analysis is given below:

- **Comparative or Horizontal Statement Analysis:** Horizontal statement analysis deals with the comparison of different items of income statement and balance sheet for two or more periods.



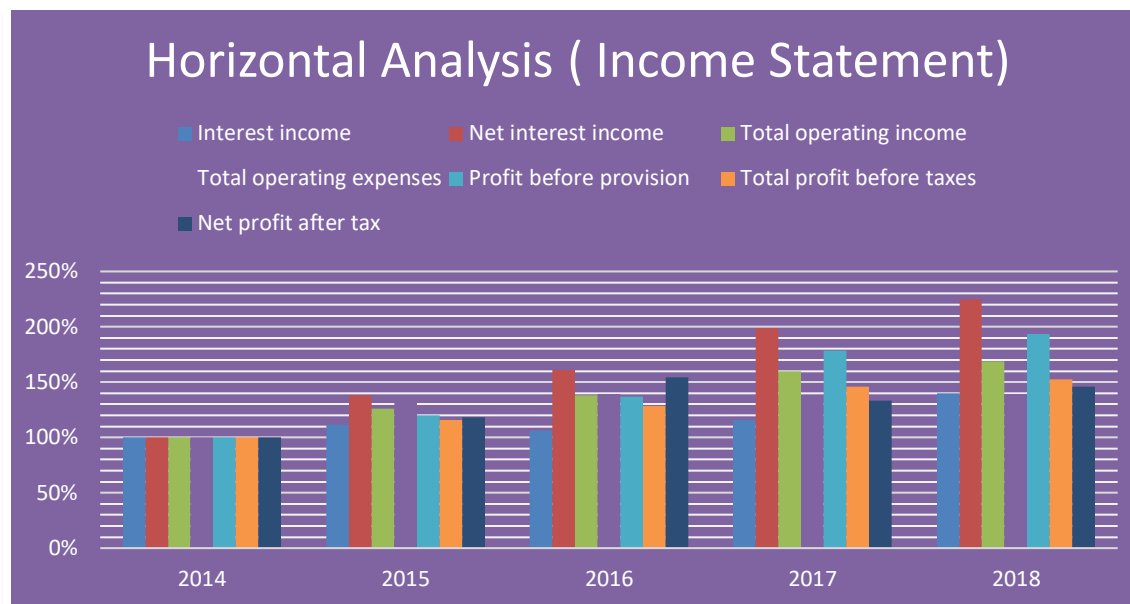
- **Common Size Statement Analysis or Vertical Analysis:** In vertical analysis, total assets, total liabilities, or total sales are taken as 100 and the balance sheet items and income statement items are expressed to the total assets or total liabilities or sales respectively in terms of percentage.

Horizontal and Vertical Analysis of Trust Bank Limited

Here, the year 2014 take as a base year and the value of each component of this year is 100%. The values of the item in different years are expressed as percentage of this value. The value above 100% represents positive growth and the value under 100% represents negative growth.

Horizontal Analysis (Income Statement)

Particulars	2014	2015	2016	2017	2018
Interest Income	12435.70 =100%	13996.77 =111.73%	13228.57 =106.03%	14413.60 =115.50%	17418.46 =140.07%
Interest Expense	9673.23 =100%	10075.23 =104.16%	8733.55 =90.29%	8865.34 =91.65%	11209.60 =115.88%
Net Interest Income	2762.47 =100%	3920.10 =138.27%	4493.91 =161.18%	5546.92 =199.04%	6208.86 =224.76%
Total Operating Income	5978.24 =100%	7865.02 =125.95%	8476.95 =137.79%	9861.63 =159.51%	10085.71 =168.71%
Total Operating Expenses	2720.56 =100%	3591.87 =133.37%	3738.00 =139.12%	3675.92 =136.87%	3784 =139.09%
Profit Before Provision	3257.68 =100%	4273.16 =119.75%	4738.95 =136.67%	6185.70 =178.41%	6301.71 =193.44%
Total Profit Before Taxes	2699.12 =100%	3183.32 =115.71%	3612.60 =128.51%	4004.67 =145.99%	4115.25 =152.47%
Net Profit After Tax	1299.20 =100%	1540.52 =118.48%	2015.82 =154.62%	1750.86 =133.13%	1892.58 =145.67%



This graph shows us the percentage of increase and decrease of 5 years performance. The items of the graph take from income statement. The year 2014 is considered as a base year.

This graph shows us that interest income was an increasing trend. It decreased at 106.03% in 2016. In 2018, it increased at 140.07%.

Total operating income and net interest income shows an increasing trend over the five years. Net interest income and total operating income was 224.76% and 168.71% respectively in 2018. Net interest income shows higher growth in 2018 for the growth of loans and advances.

Total operating expense shows that it decreased at 136.87% in 2017. It rose by 139.09% in 2018, which is not good for the company.

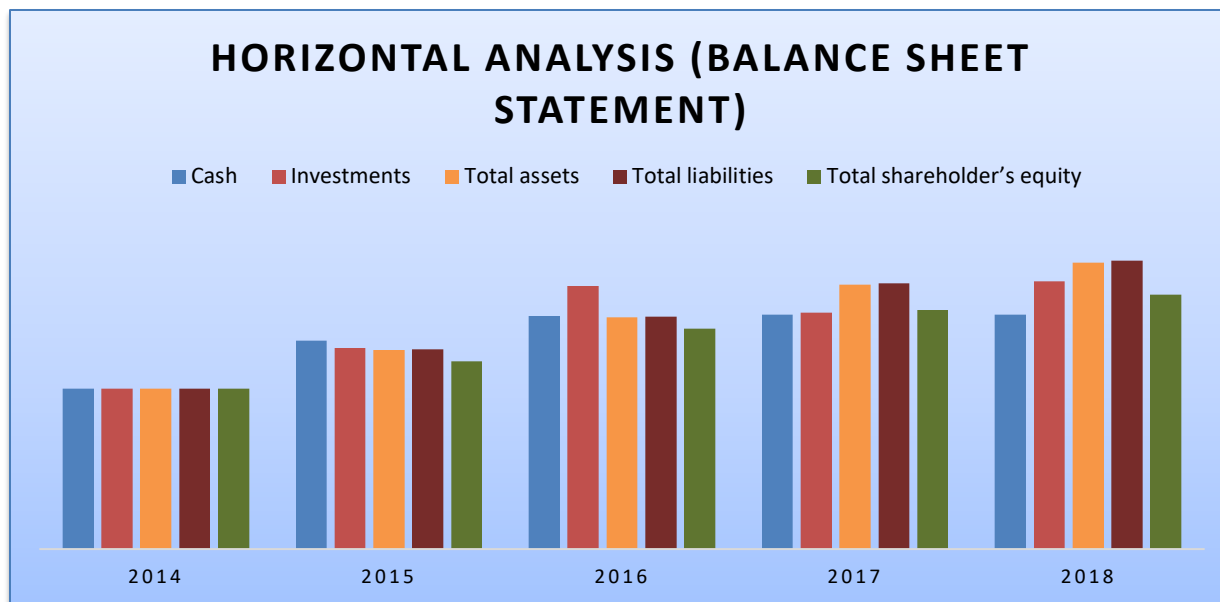
Total profit before taxes shows an increasing trend over the years. It shows higher growth 152.47% in 2018.

Net profit/loss after tax shows higher growth in 2016. It was 133.13% in 2017, which is lower than the previous year. In 2018, it increased at 145.67%.



Horizontal Analysis (Balance Sheet Statement)

Particulars	2014	2015	2016	2017	2018
Total Assets	145346.12 =100%	180229.57 =124%	210241.52 =144.65%	239770.63 =164.97%	259638.37 =178.63%
Cash	10753.96 =100%	14002.61 =130.21%	15645.63 =145.49%	15734.75 =146.32%	15738.01 =146.35%
Investments	19352.22 =100%	24262.21 =125.37%	30739.00 =164.21%	28545.46 =147.50%	32305.01 =166.93%
Loan and advances	106886 =100%	130615 =122.20%	141987 =132.84%	184911 =173%	197128 =184.43%
Fixed assets	603.64 =100%	827.55 =137.09%	802.07 =132.87%	704.06 =116.64%	578.01 =95.75%
Other Assets	5426.48 =100%	5496.16 =101.28%	5362.87 =98.83%	5908.93 =108.89%	6154.57 =113.42%
Deposits	125059 =100%	150854 =120.63%	173060 =138.38%	200453 =160.29%	212681 =170.06%
Total Liabilities	137217.43 =100%	170717.52 =124.41%	199066.35 =145.07%	227658.45 =165.91%	246750.76 =179.82%
Total Equity	8128.69 =100%	9512.04 =117.02%	11175.16 =137.48%	12112.18 =149.01%	12887.61 =158.54%



This graph shows us the percentage of increase and decrease of five years performance. The items of the graph take from balance sheet. Therefore, the graph is the horizontal analysis of balance sheet.

Total asset shows an increasing trend over the year. It shows higher growth 178.63% in 2018.

Cash shows an increasing trend over the five years. However, it was slightly increased at 146.35% in 2018, which was 146.32% in 2017.

Investment increased every year. However, it decreased at 147.50% in 2017, which was 164.21% in 2016. In 2108, it was again increased at 166.93%. Investment shows higher growth in 2018.

Total liabilities and total equity shows an increasing trend over the period. Total liabilities and total equity was 179.82% and 154.58% respectively in 2018.

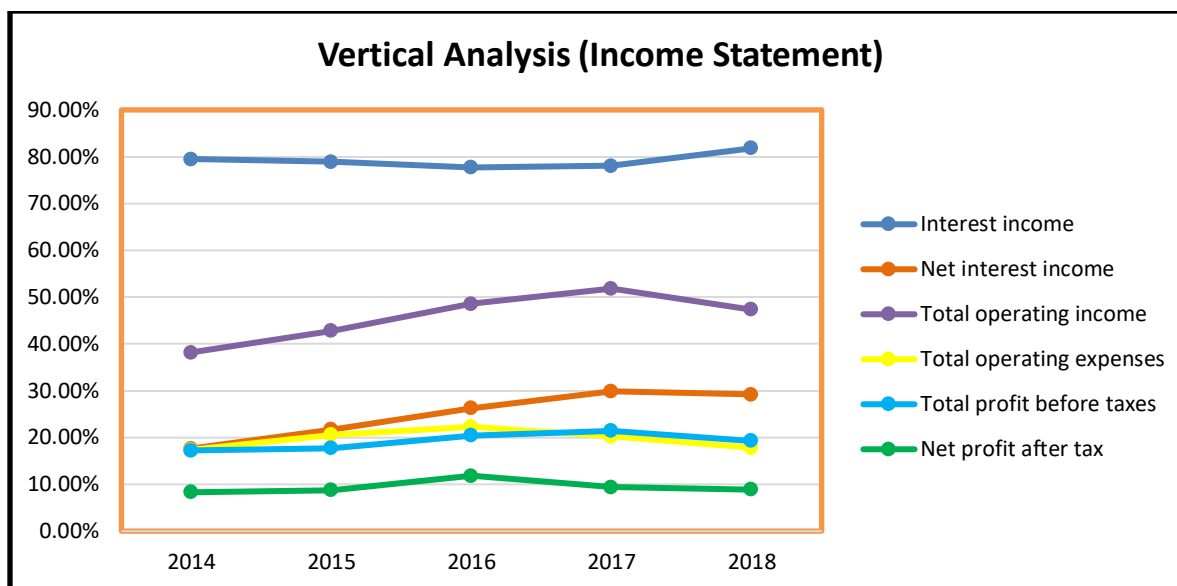


Vertical Analysis or Common Size Analysis: Vertical analysis of income statement refers to the component of income statement items as a percentage of total income over the periods, which would be termed as common sizing of income statement.

In case of balance sheet, the total assets are considered as equal to 100 and all other assets are expressed in relative percentages. The same is the case with liabilities with the total liabilities being 100.

Vertical Analysis (Income Statement)

Particulars	2014	2015	2016	2017	2018
Interest Income	12435.70 =79.45%	13996.77 =78.93%	13228.57 =77.70%	14413.60 =78.06%	17418.46 =81.79%
Interest Expense	9673.23 =61.80%	10075.23 =57.23%	8733.55 =51.46%	8865.34 =48.18%	11209.60 =52.64%
Net Interest Income	2762.47 =17.65%	3920.10 =21.70%	4493.91 =26.24%	5546.92 =29.88%	6208.86 =29.16%
Total Operating Income	5978.24 =38.20%	7865.02 =42.77%	8476.95 =48.54%	9861.63 =51.82%	10085.71 =47.36%
Total Operating Expenses	2720.56 =17.38%	3591.87 =20.61%	3738.00 =22.30%	3675.92 =20.24%	3784 =17.77%
Profit Before Provision	3257.68 =20.81%	4273.16 =22.16%	4738.95 =26.24%	6185.70 =31.59%	6301.71 =29.59%
Total Profit Before Taxes	2699.12 =17.25%	3183.32 =17.74%	3612.60 =20.44%	4004.67 =21.41%	4115.25 =19.32%
Net Profit After Tax	1299.20 =8.30%	1540.52 =8.74%	2015.82 =11.84%	1750.86 =9.40%	1892.58 =8.89%



This graph the result of vertical analysis. Items selected from the income statement. In vertical analysis all the items divided by total income. Here total income is 100%.

Interest income increased at 81.79% in 2018, which represents the highest interest income among the years. It was 78.06% in 2017.

Net interest income shows in the graph that it was increasing from 2014-2017 but it was slightly decreased at 29.16% in 2018.

Total operating income shows an increasing trend over the years. However, it fell at 47.36% in 2018. It shows higher growth 51.82% in 2017.

Total operating expense shows in the graph that it was increasing simultaneously from 2014 to 2016. It declined at 20.24% and 17.77% in 2017 and 2018 respectively. It has a lowest value in 2018.

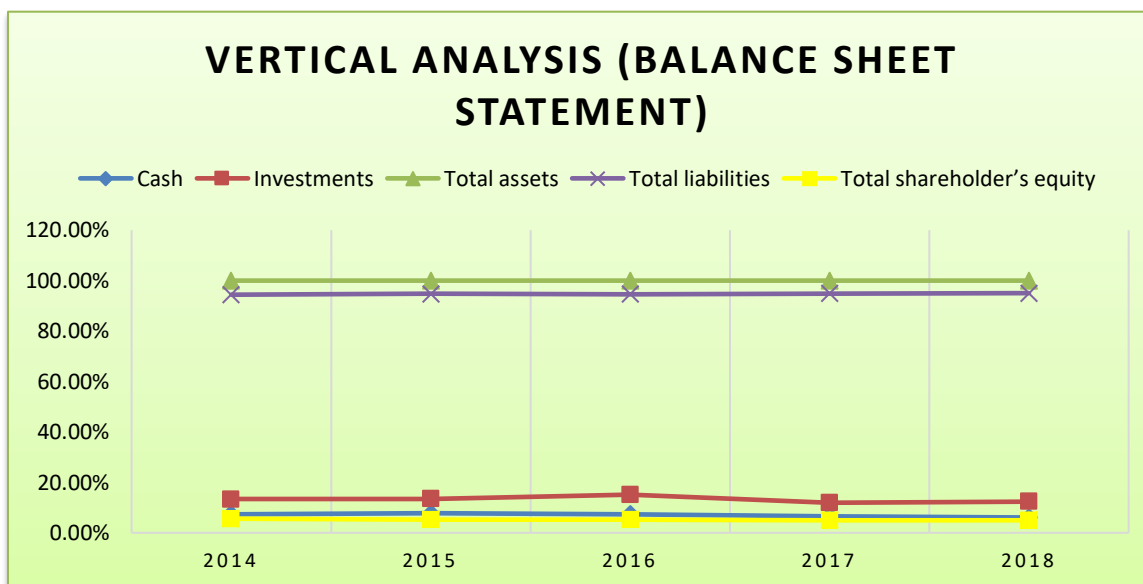
Total profit before tax shows in the graph that it increased at 17.25%, 17.74%, 20.44%, and 21.41% respectively from 2014 to 2017. However, it decreased at 19.32% in 2018.

Net profit after tax slightly fell at 8.89% in 2018. It was 9.40% in 2017. In 2016, it shows higher profit, which was 11.84%.



Vertical Analysis (Balance Sheet Statement)

Particulars	2014	2015	2016	2017	2018
Total Assets	145346.12 =100%	180229.57 =100%	210241.52 =100%	239770.63 =100%	259638.37 =100%
Cash	10753.96 =7.40%	14002.61 =7.77%	15645.63 =7.44%	15734.75 6.56%	15738.01 =6.06%
Investments	19352.22 =13.31%	24262.21 =13.46%	30739.00 =15.12%	28545.46 =11.91%	32305.01 =12.44%
Loan and advances	106886 =73.54%	130615 =72.47%	141987 =67.54%	184911 =77.12%	197128 =75.92%
Fixed assets	603.64 =0.42%	827.55 =0.46%	802.07 =0.38%	704.06 =0.29%	578.01 =0.22%
Other Assets	5426.48 =3.73%	5496.16 =3.05%	5362.87 =2.55%	5908.93 =2.46%	6154.57 =2.37%
Deposits	125059 =86.04%	150854 =83.70%	173060 =82.31%	200453 =83.60%	212681 =81.91%
Total Liabilities	137217.43 =94.41%	170717.52 =94.72%	199066.35 =94.68%	227658.45 =94.95%	246750.76 =95.04%
Total Equity	8128.69 =5.59%	9512.04 =5.28%	11175.16 =5.32%	12112.18 =5.05%	12887.61 =4.96%





This graph shows the result of vertical analysis. Items selected from the balance sheet. In vertical analysis (balance sheet) all the items divided by total assets. Here total asset is 100%.

Cash shows a decreasing trend over the five years. It was sharply decreased at 6.06% in 2018, which was 6.56% in 2017.

Investments shows in the graph that it declined by 11.91% in 2017. It slightly increased by 12.44% in 2018.

Total liabilities shows in the graph that it was increasing every year except 2016. In 2018, total liabilities was 95.04%. It shows higher liabilities in 2018, which is not good for the company.

Total equity shows in the graph that it has a highest equity 5.59% in 2014. It fluctuated over the years. However, in 2017 and 2018, it declined by 5.05% and 4.96% respectively. In 2018, it has a lowest equity, which is not good for the company.

Ratio analysis of TBL

The ratio analysis could be a quantitative technique that helps to understand data of a bank's liquidity, in operation potency and profitability by relating the information taken from its financial statements.

External analyst use numerous forms of ratios to evaluate a bank, whereas internal analyst of that bank can use them less to access more detailed operational data on a bank. There are several types of ratio to analyze a bank's financial performance. Few appropriates analyzed below:



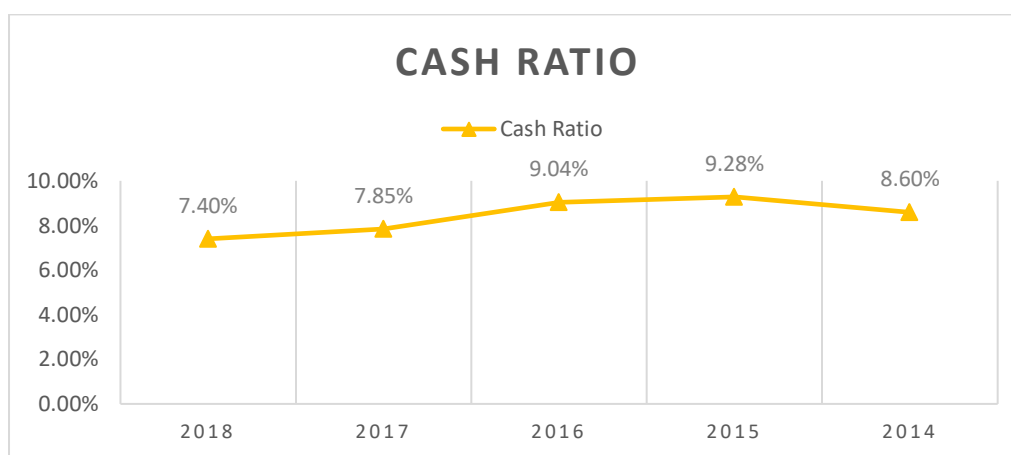
Liquidity Ratio:

The liquidity of a firm is measured by its ability to satisfy its short-term obligations, as they are available due. Liquidity refers to the financial condition of the firms overall, financial position or the convenience with that it will pay its bills. Clearly, it is fascinating that a firm is ready to pay its bills, therefore having enough liquidity for day to day operations is very important.

Cash Ratio: The ratio of a company's total cash and cash equivalents to its current liabilities the cash most commonly used as a measure of company liquidity. It can therefore determine if, and how quickly, the company can repay its short-term debt. A strong cash ratio is useful to creditors when deciding how much debt, if any, they would be willing to extend to the asking party.

Formula: $\text{Cash Ratio} = \text{Cash in Hands at Banks} / \text{Total Deposit} * 100$

Item Name	2018	2017	2016	2015	2014
Cash in Hands at Banks	15738.01	15734.75	15645.63	14002.61	10753.96
Total Deposit	212680.61	200453.45	173059.88	150854.20	125059.13
Cash Ratio	7.40%	7.85%	9.04%	9.28%	8.60%



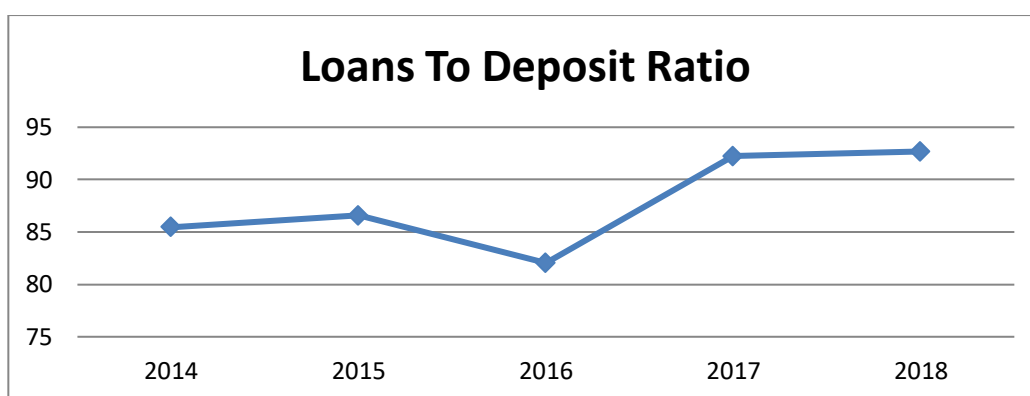
Interpretation: There is no ideal figure, but a ratio of at least 0.5 to 1 is usually preferred. The cash ratio may not provide a good analysis of a company, as it is unrealistic for companies to hold large amounts of cash. TBL hold a highest cash ratio 9.28% in 2015 but it was decline at 7.40% in 2018.



Loan to Deposit Ratio: The ratio measures a bank's liquidity condition. Total deposits include savings deposit, demand deposits, term deposits and deposits of other banks. An ideal loan to deposit ratio is between 80%-90%.

Formula: $\text{Loan to Deposit Ratio} = \text{Total Loans} / \text{Total Deposits}$

Item	2014	2015	2016	2017	2018
Total loan	106886.08	130614.65	141987.43	184910.70	197128.06
Total deposit	125059.13	150854.20	173059.88	200453.45	212680.61
Loan to deposit ratio	85.47%	86.58%	82.05%	92.25%	92.69%



Interpretation: TBL loan to deposit ratio is good because it has maintained its range from 2014 to 2016. However, in 2017 and 2018 it was 92.25% and 92.69% respectively, which is over from its range.

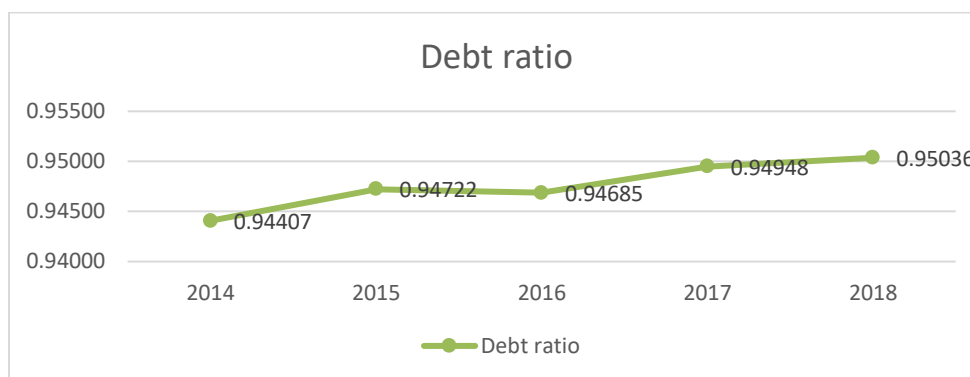
Solvency Ratio:

Debt Ratio: Debt ratio is a solvency ratio that measures the proportion of total assets financed by the firm's creditors. In a sense, the debt ratio shows a company's ability to pay off its debt with its assets. The higher the debt ratio, the greater the amount of creditor's money being used to generate profits. The formula of debt ratio is given below:

Formula: $\text{Debt Ratio} = \text{Total Debt} / \text{Total Asset}$



Item name	2014	2015	2016	2017	2018
Total debt	137217.43	170717.52	199066.35	227658.45	246750.76
Total asset	145346.12	180229.57	210241.52	239770.63	259638.37
Debt ratio	0.94	0.95	0.95	0.95	0.95

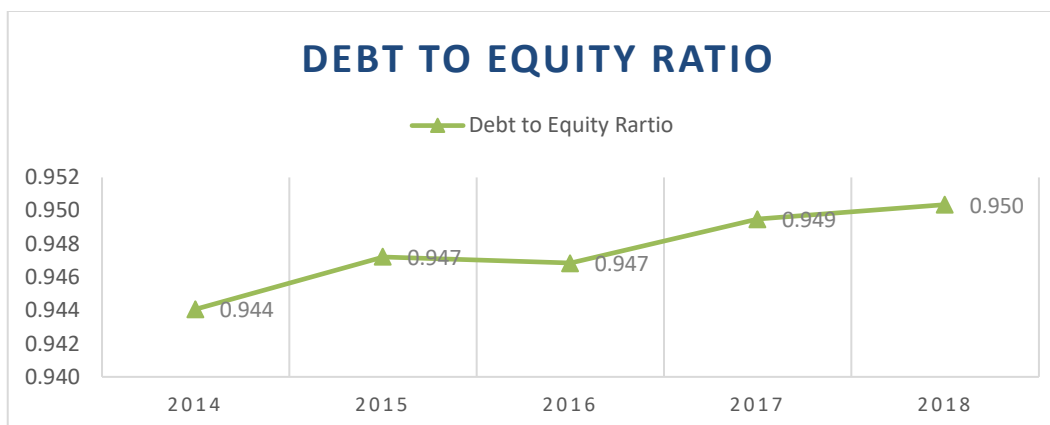


Interpretation: The value indicates the company has financed closer of its assets. Higher debt ratio indicates that the company used its financial leverage more. It also indicates that it has greater indebtedness.

Debt to Equity Ratio: The debt to equity ratio is a financial advantage ratio that measures the relative proportion of total liabilities to common stock equity used to finance the firm's assets. The debt to equity ratio shows the proportion of company funding that comes from creditors and investors. A higher debt to equity ratio indicates that more creditor financing (bank loans) used than investor financing (shareholders) did.

Formula: Debt to Equity Ratio = Total Debt/ Total Equity

Particular	2014	2015	2016	2017	2018
Total debt	137217.43	170717.52	199066.35	227658.45	246750.76
Total equity	145346.12	180229.57	210241.52	239770.63	259638.37
Debt to equity ratio	0.944	0.947	0.947	0.949	0.950

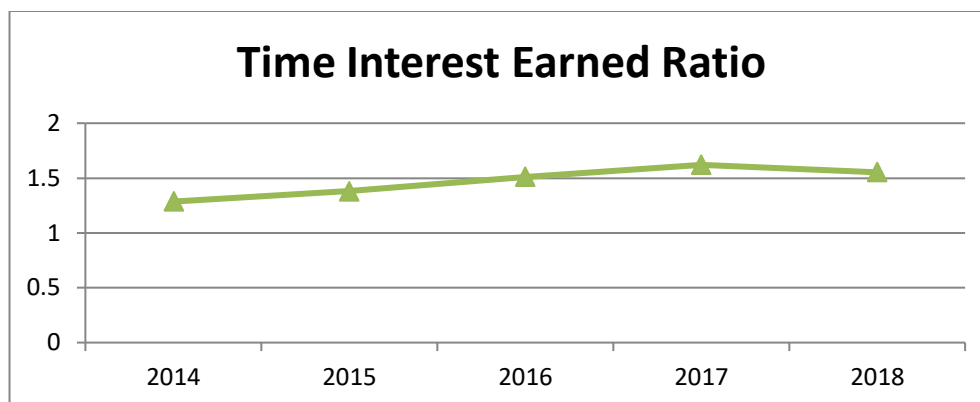


Interpretation: This result tells us that for every tk1 common stockholders have invested in trust bank limited, the company owes about 95 paise to creditors in 2018. It has 94% debt to equity ratio in 2017.

Time Interest Earned Ratio: The time interest earned ratio, sometimes called the interest coverage ratio, measures the firm's ability to make contractual interest payments. The higher its value, the better able the firm is to fulfil its interest obligations. The time interest earned ratio can be calculated as:

$$\text{Time Interest Earned Ratio} = \text{EBIT} / \text{Interest Expense}$$

Item name	2014	2015	2016	2017	2018
EBIT	12435.70	13894.90	13186.16	14363.84	17418.46
Interest expense	9673.23	10075.23	8733.55	8865.34	11209.60
Time interest earned ratio	1.29	1.38	1.51	1.62	1.55



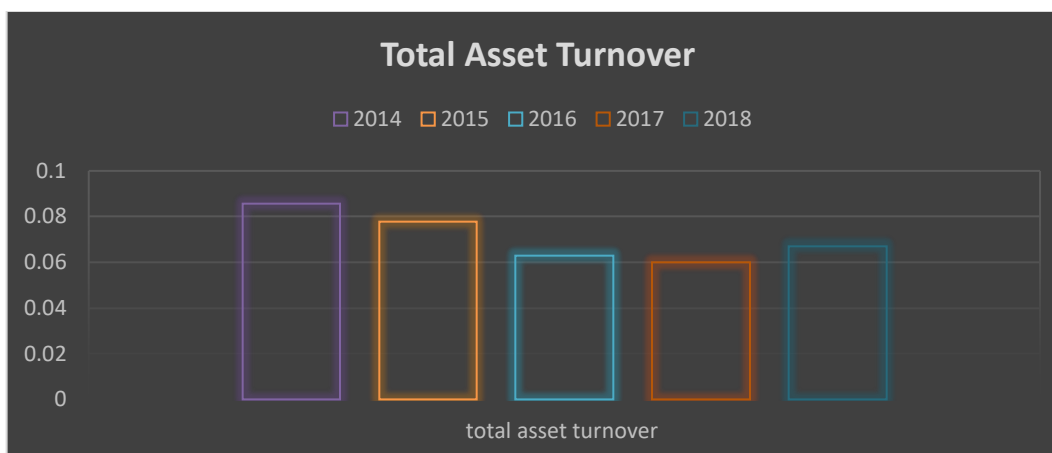
Interpretation: A value of at least 3.0 and preferably, closer to 5.0 is often suggested. Time interest earned ratio of trust bank limited is not good but it was increased gradually from 2014-2017. In 2018, it was 1.55, which was 1.62 in 2017.

Activity Ratio:

Total Asset Turnover: The total asset turnover indicated the potency with that the firm uses its assets to generate sales. Generally, the higher a firm total asset turnover, the more efficiently its assets have been used. This measure is probably of greatest interest to management because of it indicates whether the firms operations have been financially efficient. Total asset turnover can be calculated as:

$$\text{Total Asset Turnover} = \text{Total Revenue} / \text{Total Assets}$$

Particular	2014	2015	2016	2017	2018
Total revenue	12435.70	13996.77	13228.57	14413.60	17418.46
Total assets	145346.12	180229.57	210241.52	239770.63	259638.37
Total asset turnover	0.09	0.08	0.06	0.06	0.07

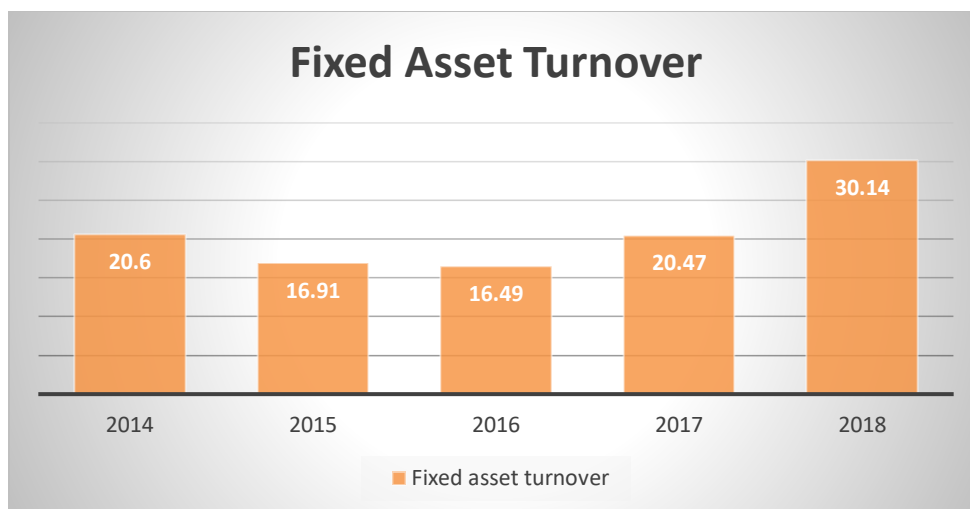


Interpretation: The graph shows that trust bank limited turns over its assets 0.07 times in the year of 2018, which was 0.06 times in 2017. This present trust bank limited used its resources efficiently to generate sales.

Fixed Asset Turnover: The fixed asset turnover ratio is an efficiency ratio that measures a company’s return on their investment in property, plant, and equipment by comparing net sales with fixed assets. In other words, it calculates how efficiently a company is a producing sale with its machines and equipment.

Formula: Fixed Asset Turnover = Total Revenue/ Total Fixed Assets

Particular	2014	2015	2016	2017	2018
Total revenue	12435.70	13996.77	13228.57	14413.60	17418.46
Total fixed assets	603.64	827.55	802.07	704.06	578.01
Fixed asset turnover	20.60	16.91	16.49	20.47	30.14



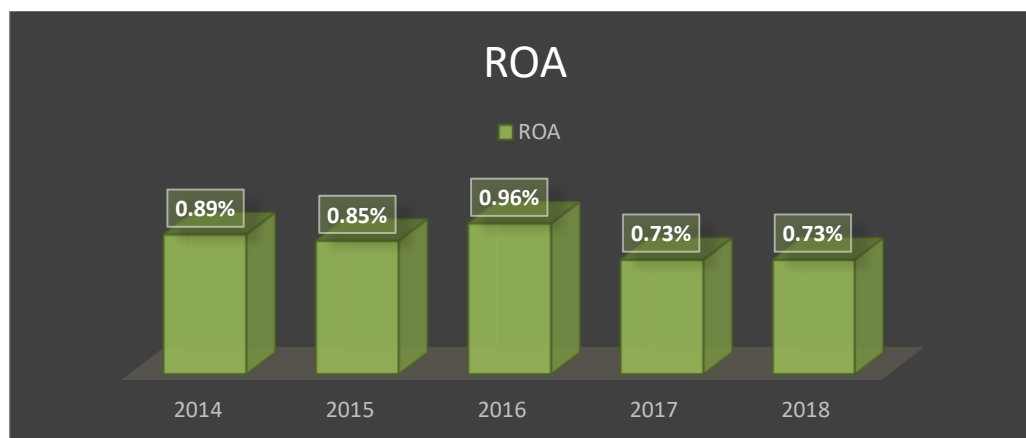
Interpretation: Trust bank limited fixed asset turnover was fluctuating over the periods. It was surprisingly increased at 30.14% in 2018. It represents that the company effectively used its fixed assets to generate sales. It was 20.47% in 2017.

Profitability Ratio:

Return on Assets: The return on total assets measures the overall effectiveness of management in generating profits with its available assets. The higher the return on assets the better the firms profitability condition. The return on assets is calculated as:

$$\text{ROA} = \text{EAT} / \text{Total Assets} * 100$$

Particular	2014	2015	2016	2017	2018
EAT	1299.20	1540.52	2015.82	1750.86	1892.58
Total assets	145346.12	180229.57	210241.52	239770.63	259638.37
ROA	0.89%	0.85%	0.96%	0.73%	0.73%

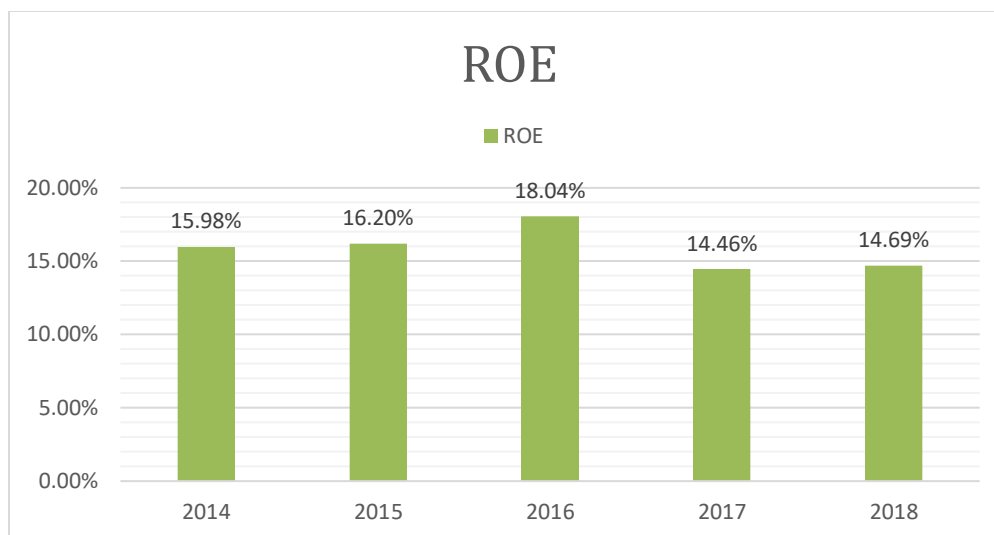


Interpretation: The result indicates that the company did not take any step to increase its use of assets to generate revenue efficiently in 2018. Therefore, the result is very dissatisfied for the investors who want to invest in trust bank limited.

Return on Equity: The return on equity measures the return earned on the common stockholders' investment in the firm. Generally, the owners are better off the higher is this return. It is very important ratio analysis because it shows how effectively a firm invest its shareholders money to generate profits. The return on equity is calculated as:

$$ROE = \text{EAT} / \text{Total Equity Capital} * 100$$

Particular	2014	2015	2016	2017	2018
EAT	1299.20	1540.52	2015.82	1750.86	1892.58
Total equity capital	8128.69	9512.04	11175.16	12112.18	12887.61
ROE	15.98%	16.20%	18.04%	14.46%	14.69%

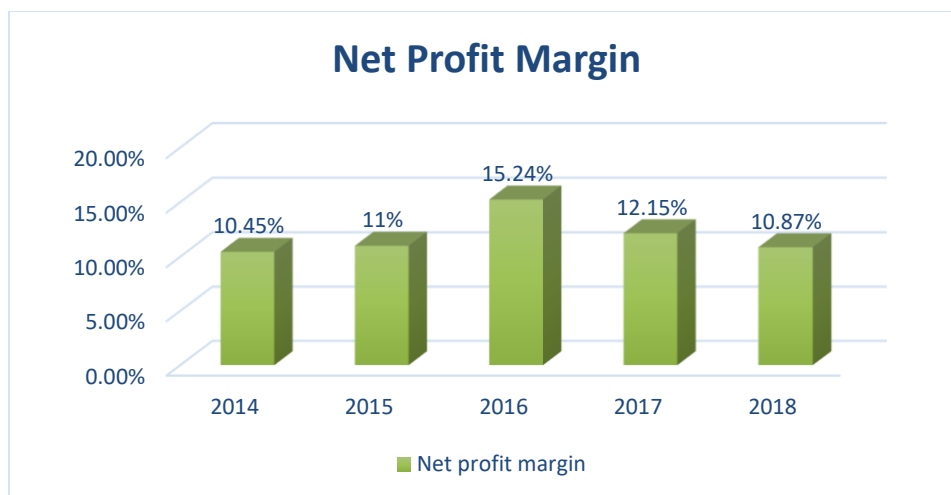


Interpretation: The calculated ROE of 14.69% indicates that during 2018 trust bank limited earned 14.69 on each tk1 of common stock equity. Return on equity slightly increased in 2018 as compare to 2017. It has the highest return on equity 18.04% in 2016.

Net Profit Margin: The net profit margin is a profitability ratio, which measures the percentage of each sales dollar remaining after all costs and expenses, including interest, taxes, and preferred stock dividends have been deducted. The higher the firm's net profit margin the better for the firm. The net profit margin is calculated as

$$\text{Net profit margin} = \text{EAT} / \text{Total Revenue} * 100$$

Particular	2014	2015	2016	2017	2018
EAT	1299.20	1540.52	2015.82	1750.86	1892.58
Total revenue	12435.7	13996.8	13228.6	14413.6	17418.5
Net profit margin	10.45%	11%	15.24%	12.15%	10.87%

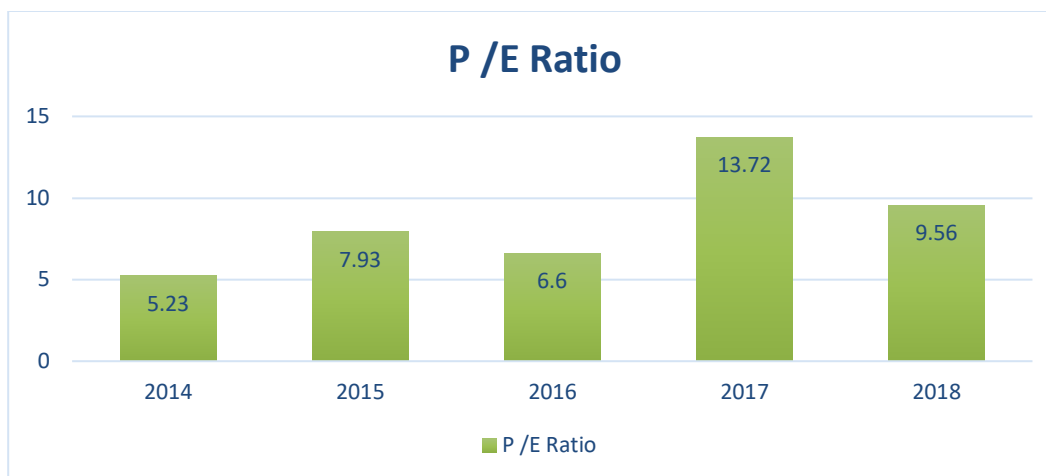


Interpretation: TBL net profit margin decreased by 10.87% in 2018, which was 12.15% in 2017. We know that higher the net profit margin better for the firm. However, the result of the year 2018 is not satisfactory for the company.

Price/ Earning Ratio: The Price/ Earning ratio is commonly used to assess the owner's appraisal of share value. The price/ earnings ratio measures the amount that investors are willing to pay for each dollar of a firm's earnings. The level of this ratio indicates the degree of confidence that investors have in the firm's future performance. High ratio indicates that the share is overvalued, which may create risk for the investors. The P/E ratio is calculated as

P/E ratio: Market Price per Share/ Earnings per Share

Item name	2014	2015	2016	2017	2018
MPS	14.50	24.10	23.80	42.60	32.50
EPS	2.77	3.04	3.61	3.11	3.40
P /E Ratio	5.23	7.93	6.60	13.72	9.56

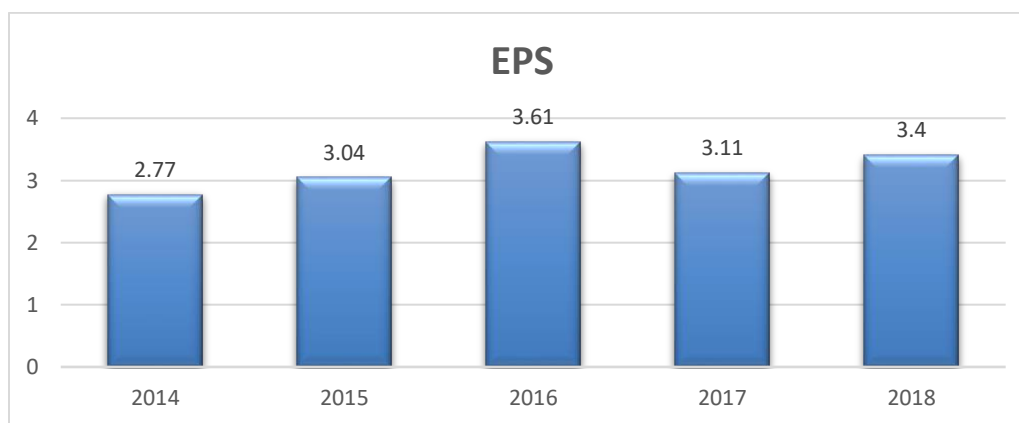


Interpretation: The figure indicates that investors were paying TK9.56 for each TK1 of earnings. In 2017, the P/E ratio was 13.72 and it was the highest value among the years. Therefore, the result of 2018 is good for the investors.

Earning per Share: EPS represents the number of taka earned during the period on behalf of each outstanding share of common stock. Earnings per share is calculated as

$$\text{EPS} = \text{Net Profit after Tax} / \text{Number of Shares of Common Stock Outstanding}$$

Particulars	2014	2015	2016	2017	2018
EPS	2.77	3.04	3.61	3.11	3.40



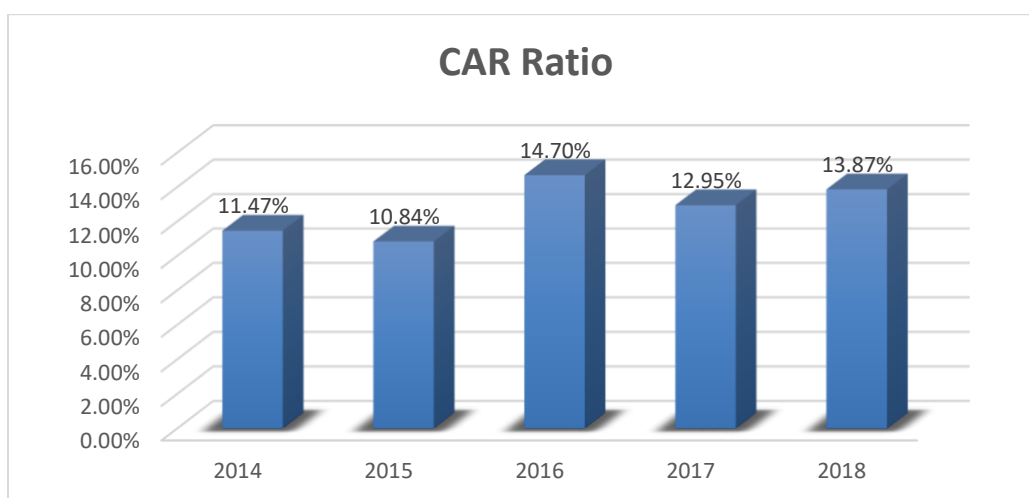
Interpretation: Trust Bank Limited earning per share has an increasing trend from 2014 to 2016. Earnings per share rose by 3.40 in 2018. It was 3.11 in 2017. Earnings per share has a higher value 3.61 in 2016.



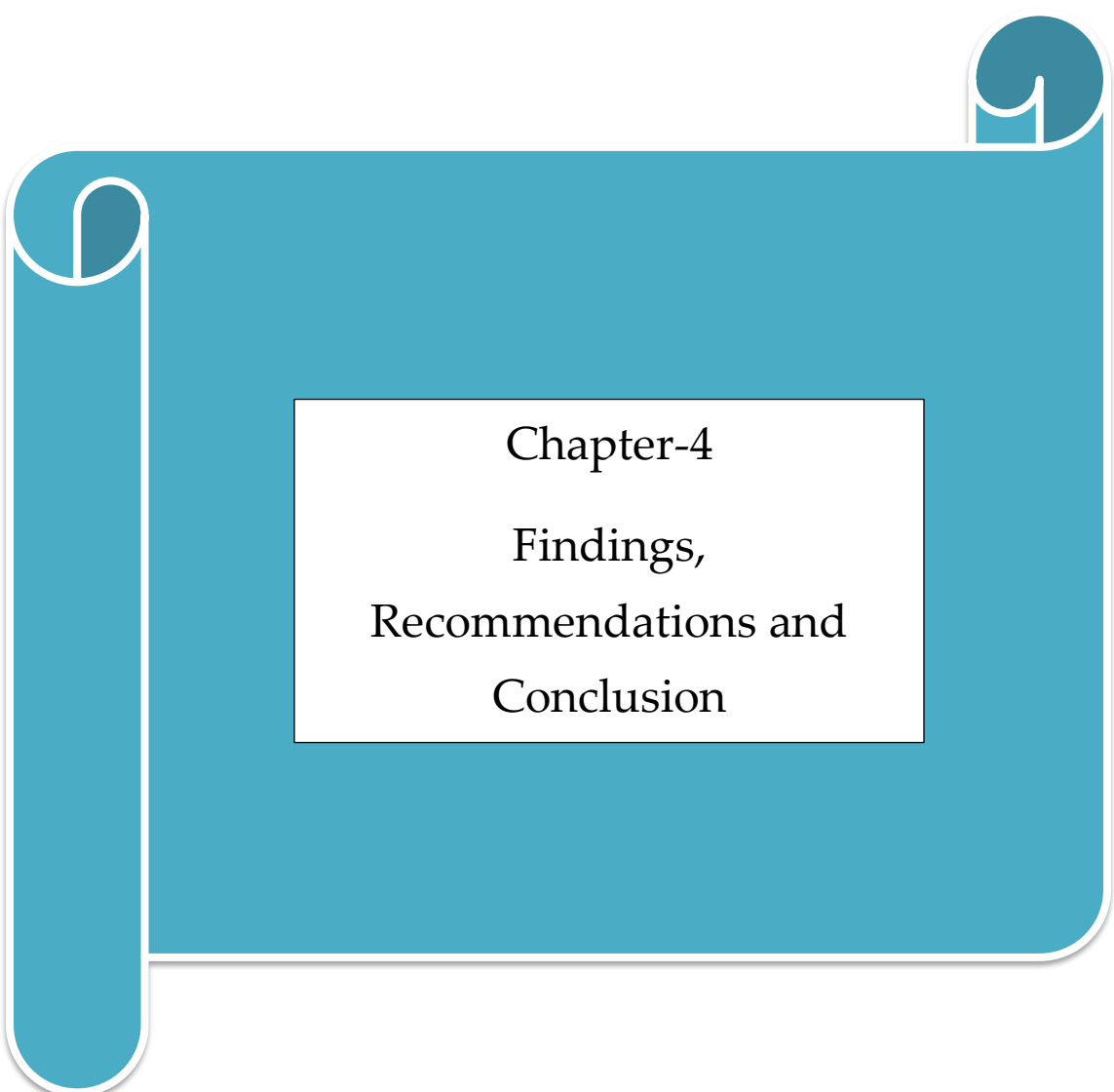
Capital Adequacy Ratio: The capital adequacy ratio is a measurement of bank's available capital expressed as a percentage of a bank's risk weighted credit exposures. It is used to protect depositors and promote the stability and efficiency of financial systems around the world.

Formula: $CAR = \frac{\text{Tier 1 Capital} + \text{Tier 2 Capital}}{\text{Risk Weighted Assets}}$

Particulars	2014	2015	2016	2017	2018
CAR Ratio	11.47%	10.84%	14.70%	12.95%	13.87%



Interpretation: The minimum CRR ratio is 8% under Basel 2 and 10.5% under Basel 3. The higher capital adequacy ratio indicates that the bank is safe. Trust bank limited is less likely to become insolvent as unexpected losses occur. Because it has maintained a CRR ratio 12.95% and 13.87% in 2017 and 2018 respectively.

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Chapter-4
Findings,
Recommendations and
Conclusion



Findings

There are some findings, which I get after analyzing the performance of trust bank limited noted down:

1. The net profit margin was 12.15% in 2017 but it decreased to 10.87% in 2018.
2. Time interest earned ratio slightly decreased at 1.55 in 2018, which was 1.62 in the year of 2017.
3. Loan to deposit ratio was 92.69% in 2018. Higher loan to deposit ratio may create liquidity crisis and may also increase bad debt
4. Debt to equity ratio was 95% in 2018. The higher the debt to equity ratio, the greater the amount of creditor's money being used to generate profits. It may increase interest expense.
5. Return on asset was 73% in 2018 which is as same as 2017. This indicates that trust bank limited did not take any steps to increase its use of assets to generate revenue efficiently in 2018.
6. Operating expenses increased at 3784 million in 2018, which was 3724 million in 2017.



Recommendations

Here I want to put some suggestions according to the findings, which I hope that help the trust bank limited to improve their performance.

1. Net profit margin ratio decreased in 2018. I think they should reduce their expenses as much as they can. They have to invest in more profitable sector, which will be helped them to increase net profit margin.
2. Time interest earned ratio should be increased by increasing EBIT and decreasing interest expenses
3. The bank should be aware of giving loans to avoid liquidity crisis as well as they have to assess credit worthiness of borrowers to reduce bad debt expense.
4. They have to increase their equity capital and decrease their debt capital. It helps them to reduce interest expense and make more profit.
5. The bank should efficiently use its assets to generate more profits.
6. The bank should reduce their operating expenses and should focus on promoting operating income. It helps them to make more operating profit.



Conclusion

Without prevalence of a sound banking system, a nation cannot materialize its economic as well as social dreams. With rapid modernization and advancement in technology, this sector in Bangladesh has grown quiet steadily over the last few years characterized by an array of challenges as and opportunities. The banking industry as a whole will face high challenges, as it will have to go for full implementation of Basel 3 in 2018. Despite the banking sector of the country went through challenges, trust bank limited delivered better financial performance and growth at the higher end. The bank was able to stabilize its earning through its growth. It is among the country's third generation banks and offers the entire spectrum of financial services to customer segments, spanning large and mid-corporate, SME and retail businesses. To keep sustainability in the competitive world the bank has taken significant steps to simplify banking for its customers by the smart use of technology. TBL has always focused on meeting the financial needs of its customers by providing high-quality products and services through regular customer engagements. Trust bank limited always tried it level best to perform financially well. In spite of trying to do well in some aspects, it has faced some problems. Fighting with all the problems the bank is trying to do better to best. If this thing continues, we hope that trust bank limited will develop even more in the future.



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- Annual report of trust bank limited from 2013-2017
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Appendix

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