



**Internship Report on
Financial Performance Analysis of Pubali Bank Limited**

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LETTER OF TRANSMITTAL

6 March 2022

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Subject: Internship Report On Financial Performance Analysis Of Pubali Bank Limited.

Honorable sir,

It is a matter of great pleasure for me to submit my internship report on “Financial Performance Analysis of Pubali Bank Limited.” Given the opportunity, it has been a humbling experience to write this report. It gave me the opportunity to work in one of our country's most prominent commercial banks and gain firsthand experience with the day-to-day operations of a bank. The composition of my theoretical & practical knowledge has allowed me to construct a brief analysis of banking affairs, goals, services, financial statement analysis & evaluation. The report is prepared based on the learnings from the three-month internship program in Pubali Bank Limited (Rangamati Branch).

I have made sincere efforts to complete the report successfully. It has to be mentioned that without your advice and cooperation I would not have been able to complete this report.

I therefore, pray and hope your kind consideration in this regard & will be very grateful if you accept my report and oblige thereby.

Sincerely,

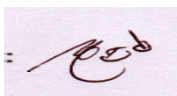
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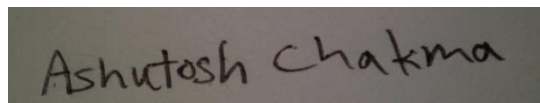
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LETTER OF APPROVAL

This is to certify that, Ashutosh Chakma, ID: 181-11-5803, Program: Bachelor of Business Administration (Major in Finance), is a regular student of Department of Business Administration, Faculty of Business and Entrepreneurship, Daffodil International University. He has successfully completed his internship program at Pubali Bank Limited and has prepared this internship under my direct supervision. His assigned internship topic is “Financial Performance Analysis of Pubali Bank Limited.”. I think that the report is admissible of fulfilling the partial requirements of BBA program.



.....
Mr. Nurul Mohammad Zayed
Assistant Professor
Department of Business Administration,
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পূবালী ব্যাংক লিমিটেড
PUBALI BANK LIMITED

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REF: PBL/RANGAMATI/Internship/ 63 /22

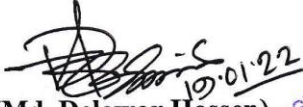
DATED: 19.01.2022

To Whom It May Concern

It is our immense pleasure to certify that **Mr. Ashutosh Chakma**, S/O-Mr. Sulav Kumar Chakma an BBA student of Daffodil International University, Dhaka attended a 03(Three) months Internship Programme on “**Financial Performance Analysis of Pubali Bank Limited**” at Pubali Bank Limited, Rangamati Branch, Rangamati w.e.f. 18.10.2021 to 18.01.2022. **Mr. Ashutosh Chakma** maintained a successful job rotation at different departments of our Branch with full satisfaction to the management. While accomplishing internship, he showed his strong knack for banking activities.

We wish him every success and service progression in his life.

For Pubali Bank Limited


(Md. Delowar Hossen)
Head of Branch
MD. DELOWAR HOSSEN
Manager
Pubali Bank Limited
Rangamati Br. Rangamati
Sig. No. B-582

ACKNOWLEDGEMENT

First, I would like to thank Almighty Allah for providing me the strength, knowledge, and ability to work on this report and diligently complete all of its requirements.

This report on “Financial Performance Analysis of Pubali Bank Limited” has been a challenging and interesting project to work on. It has given me an in-depth perspective of the daily affairs of a commercial bank and of how different financial ratios and evaluation methods work in a Practical field.

I would like to express my heartfelt appreciation and gratitude to Mr. Nurul Mohammad Zayed, Assistant Professor, Department of Business Administration, Daffodil International University, for his constant encouragement, instruction, and advice. I consider myself extremely fortunate to have the opportunity to prepare this report under his supervision and guidance.

It would be a disservice if I do not mention the honorable faculty members who have patiently guided me and nurtured me throughout my academic life. I will be eternally grateful for their kind and warm-hearted attitude toward me while I was studying at university.

Last, but not least, I would like to thank **Md. Delowar Hossen**, Senior Principle Officer & Manager Rangamati Branch, Pubali Bank Limited, for his heartfelt support and supervision throughout my internship period. I would also like to show my sincere gratitude towards all of the personnel working at Pubali Bank Limited, Rangamati Branch. They welcomed me warmly and created a favorable working environment for any of my inquiries. Their patience and guidance have truly benefitted me in finding different perspectives in the corporate lifestyle. The respect and adoration given to me by them have inspired me to dedicate my future professional career in the banking sector. Without their help and co-operation, this report would not possibly be as informative and substantial. I hope that with all the efforts behind the final report, it will be admissible for who it may concern.

Executive Summary

Pubali bank Limited is the largest private commercial bank in Bangladesh with a total of 490 branches and 40 Sub branches.

As a Public Limited Company, it performs a variety of duties for the benefit of individuals, businesses, corporations, and multinational organizations. In this report, I tried to uncover the facilities that the bank provides for their customers in terms of basic cash management functionalities.

In the performance analysis segment, I present a ratio analysis of Pubali Bank Limited. I have used financial performance indicators like (Liquidity ratio, Efficiency ratio, Asset activity ratio, and Credit risk ratio, Profitability ratio) to analyze the financial position of the bank. I have used the 4-5 years Annual Financial Statements (Income statement as well as the balance sheet) to come up with the results. Ratio analysis offers useful insight into how a company is performing over time, while comparing a company to another within the same industry or sector. Therefore, my goal was to provide a year-to-year comparison on certain efficiency and sustainability matrixes along with comprehensive analysis with its sector competitors.

In order to compare the bank's performance over several periods, I have used common size analysis, trend analysis of balance sheet and income statement of Pubali Bank limited. From common size analysis, I get the value of all elements in each year based on the single common factor, which is the percentage of revenue in the income statement. For the balance sheet calculations, I have taken percentage of all element with respect to total asset also total liability and shareholder equity.

We can get a direction or an idea for the company's future movement from the trend analysis section. The calculations in this section are on the base year of 2016. We can visualize and comprehend the outcome of all banking activities by using graphical representation and explanation. In the report's final chapter, findings and personal recommendations provided to justify the findings and properly evaluate the bank's financial performance.

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1 Chapter 01: Introduction

1.1 Introduction

A Bank is an institution that takes money from public as deposit and do business with this money like giving loan. Banking has a long history. It invented for the people's need. Over time, it has played an important role in meeting the urgent needs of businesspersons and others. As the size and complexity of businesses grow, the banking sector responds by offering a variety of innovative services with basic functions that allow them to grow in size while reducing complexities.

Modern banking era has begun with changes of economic activities and lifestyles. Bangladesh's banking sector has seen a revolutionary change in terms of its services. The introduction of "Mobile Financial Services" (MFS), in which individuals use a mobile phone to access financial services and execute financial transactions, has undoubtedly shaken the traditional banking model. Pubali Bank Limited is no novice in this field, offering Pi banking App, a proper website. By visiting Pubali Bank Limited's website, public would be able to find their proper plan where they can invest. Also by using the Pi Banking app of Pubali Bank Limited people can operate their accounts easily.

The year 2020-2021 will not be remember able for its adaptation to the new era, but rather for its severe financial challenges and stimulus programs. As we all know, the world is facing financial collapse and economic instability, which is a result of a global pandemic known as COVID-19. The banking sector is concerned about the situation because the world's future economic sustainability is dependent on how the world reacts to several new financial activities. Not only in our country, but also around the world, the unemployment rate has reached new highs. Several stimulus programs have implemented to alleviate the public outcry, but the main question is how long they will last. Flexible loan repayment systems, managing non-performing loans and appropriate monetary systems are the primary issues that must addressed during this trying period. Therefore, the critical factors of analysis will be how the banking sector handles its clients to minimize risk and loss, how it will attract newer customers to avail their services, and how the overall adaptation affects the bank's performance.

1.2 Background of the Study

The internship program is an integral part to complete Bachelor of Business Administration (BBA) program from Daffodil International University. During this internship program, students are required to prepare a formal and unbiased report on the organization in which they have received formal training. Interns are required to document their project accomplishments and findings by writing an internship report covering the relevant topics. In This scenario, I was lucky enough to join the Pubali Bank Limited Rangamati Branch, for a duration of three months, to fulfill my academic demands. During my training, I was required to select a course of study in which I could make detailed observations and present my comprehension in a report. I have organized my report to the best of my ability in accordance with my work ethics and knowledge.

1.3 Scope of the Study

I got a chance to get enroll myself in an internship program at Pubali Bank Limited Rangamati branch. Since I have the opportunity to get, enroll myself as an intern in a branch only so this is impossible to compare the overall banking performances based upon a singular observation. In my report, I wanted to show how general banking activities take place on a daily basis and how they contribute to the logistics of such a massive organization. I have on-hand experience with the

account opening and various schemes/instruments opening, So I will cover these topics in-depth along with other relevant items.

My goal in the financial analysis segment is to deploy key financial tools in individual graphs and charts, followed by brief descriptions based on our findings. Based on 5 years of financial data, three reliable and well-accepted financial analyses will be covered (Mostly Balance Sheet and Income Statement data from annual reports). They are as follows:

1. Ratio Analysis
2. Trend Analysis
3. Common size Analysis

Based on the findings, we can determine the organization's current financial position and where it may head in the future.

1.4 Objectives of the Study

The objective of this report is to analyze the financial performance of Pubali bank Limited.

The Specific objectives of the report are as followed:

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

1.5 Methodology of the study

1.5.1 Sources of data:

We can collect Secondary data from literature review and historical data. My responsibility after collecting various data is to properly classify and analyze the data so that it can be used for evaluation purposes.

1.5.1.1 Secondary Sources:

1. Annual reports from 2016-2020 of Pubali Bank Limited.
2. Notices published in the official website.
3. Different articles from the internet.

1.6 Limitations of the Study

1. Throughout my internship program, the COVID-19 situation was a huge hindrance. The national health crisis, combined with arbitrary disclosure of banking activities, resulted in a significant anomaly in banking performance in the latter year.
2. The time limit/ deadline for internship program about three months is not sufficient for an observation of an institution
3. Not all information are for public viewing. That confidential information linked with the bank's future planning and a number of issues. As a result, my work is based on publicly available information.
4. Pubali Bank Limited is the largest and oldest private commercial bank in Bangladesh. So there is a huge crowd during banking transaction hours. Therefore, I got a little time to discuss with the manager and other officers. Tough they are very helpful but the time limitation was a great barrier.
5. I do not have any access to their organization's software.

2 Chapter 02: Profile of Pubali Bank Limited



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PUBALI BANK LIMITED

2.1 History of Pubali Bank LTD

The bank first appeared in the banking scene of then-East Pakistan as Eastern Mercantile Bank Limited in 1959 under the Bank Companies Act 1913, at the initiative of some Bangalee entrepreneurs, to provide credit to Bangalee entrepreneurs who had limited access to credit from other financial institutions at the time. Following Bangladesh's independence in 1972, this bank nationalized in accordance with government policy and renamed Pubali Bank. Due to changing circumstances, this bank denationalized as a private bank in the year 1983 and renamed as Pubali Bank Limited. Since its inception, this bank has played an important role in the socioeconomic, industrial, and agricultural development of the country, as well as the overall economic development of the country through savings mobilization and fund investment.

2.2 Corporate Profile of Pubali Bank Limited:

Table 1:

Particulars	Information
Name of the Company	Pubali Bank limited
Chairman	Monzurur Rahman
Managind Director & CEO	Safiul Alam Khan Chowdhury
Legal Status	Public Limited Company
Establishment	1959
Head Office	26 Dilkusha Commercial Area, Dhaka 1000, Bangladesh.
Authorized Capital	BDT 20,000 million
Paid Up Capital	BDT 10,282.94 million
Number of Employees	8,408
Number of Branches	490
Number of Sub-Branches	40
Phone Number	+8801917704799
Email	mailbox@pubalibankbd.com
Website	https://www.pubalibangla.com/about.asp

PABX Number	+88 02223381614
Fax	+88 029564009

2.3 Vision of Pubali Bank Limited

- Providing customer centric lifelong banking service.

2.4 Mission of Pubali Bank Limited

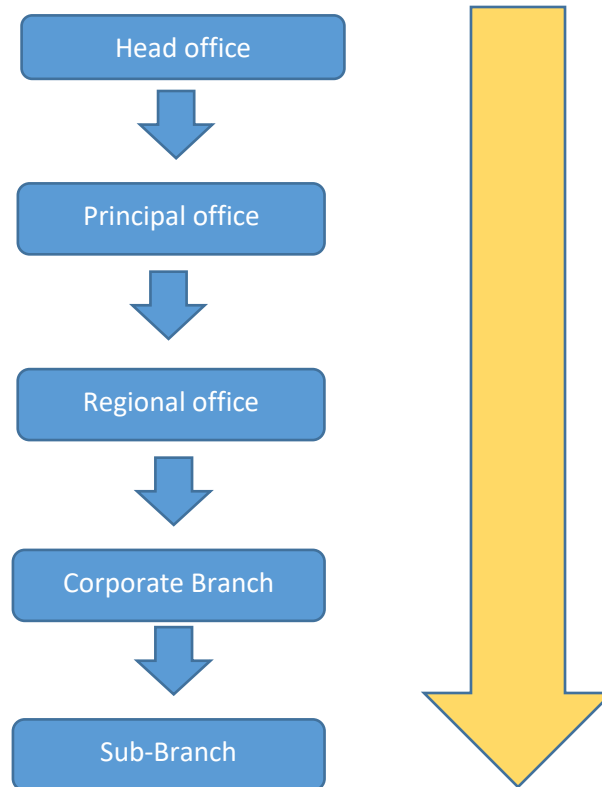
1. To be the most respected and preferred brand among all financial service providers in Bangladesh.
2. Providing a superior value proposition to the customer by fulfilling their financial needs in the fastest and most appropriate way.
3. To provide world class finance, capital and risk management products bundled with diversity and differentiation, delivered economically through the client's choice of distribution channel recognizing the unique lifetime financial needs of clients.
4. To build an empowering organization with the structure, career, development, training and rewards to ensure the Vision is achieved.
5. Using flexible technology, scale and risk management to ensure our service and superior value.

2.5 Goals/ Objectives of Pubali Bank Limited

1. Providing appropriate long term returns to our shareholders and to become the number one bank of all private commercial banks.
2. Serve institutions, corporate, Businesses and individuals through customer relationship management.
3. Develop innovative and new products recognizing the unique lifetime financial needs of customers.
4. Delivery of services through all delivery channels like internet banking, IVR and telephone banking, ATM and POS, mobile banking etc.
5. Enhancing Corporate Governance for effective interaction between various participants i.e. Shareholders, board of directors, bank's management and taking effective decision to ensure corporate success and economic growth.
6. Streamlining risks and compliance for shareholder confidence, better operating performance, and optimal risk- rewards outcomes.
7. Continuous enrichment of its human assets so that they deliver value to the business.
8. Strengthening brand image for changing higher customer satisfaction and loyalty.
9. Adapting latest technologies and responding quickly in fast changing market scenario for providing uninterrupted services and business continuity, minimizing risks and moving towards MIS and DSS.
10. Enhancing financial inclusion efforts for sustained high economic growth and development.
11. Institutionalize CSR.

2.6 Corporate Hierarches

Figure 1:



2.7 Management Oriogram of Puybali Bank Limited

Figure 2:

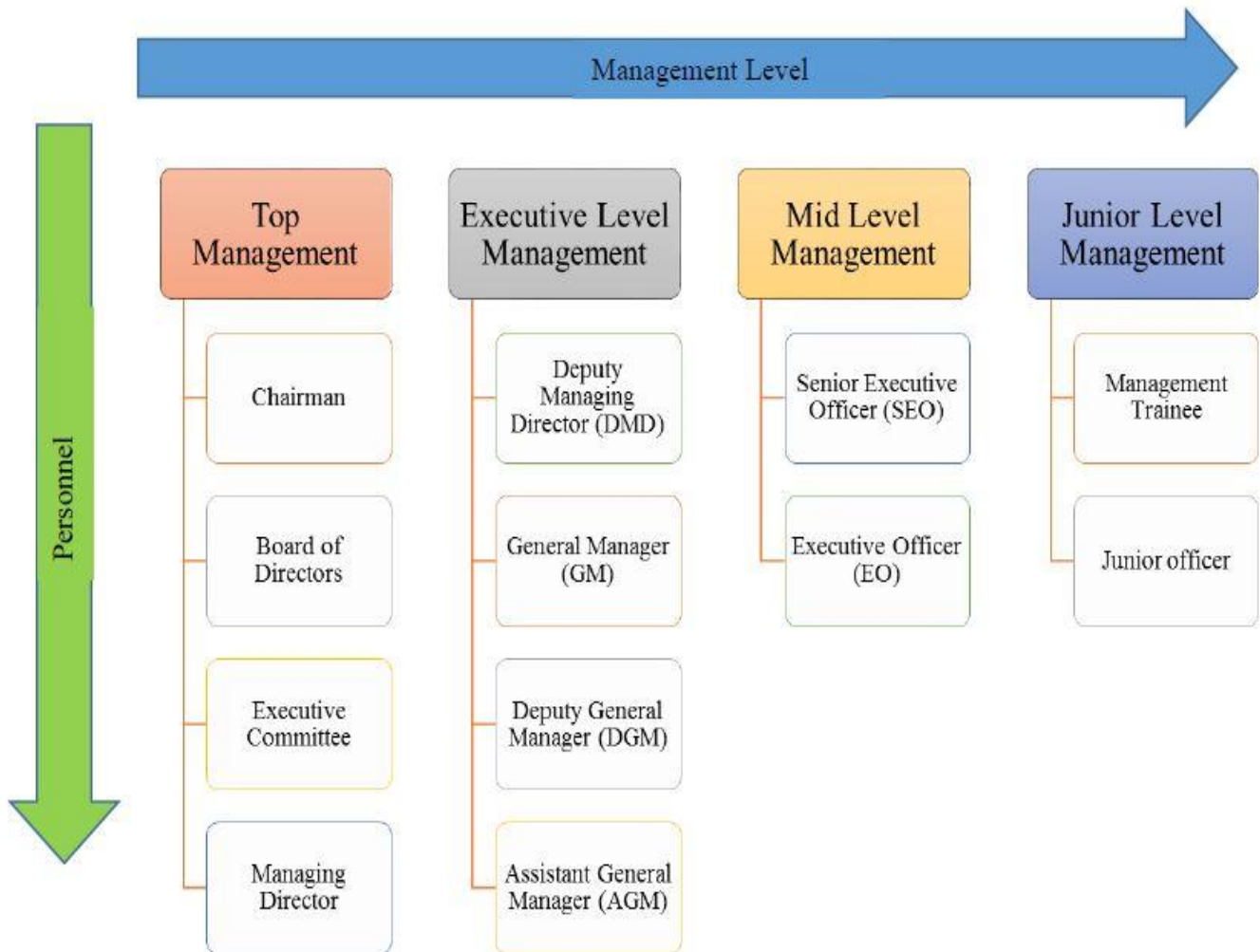


Figure 2: Management Levels and Personnel at Pubali Bank Limited

From left to right it indicates the top to bottom level of management criteria. In addition, from up to down within the segments shows the different personnel levels from top to bottom within that management level.

2.8 Business model of Pubali Bank limited

2.8.1 Key activities

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

2.8.2 Key Partners

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

2.8.3 Customer Segmentation

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

2.8.4 Key Resources

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

2.8.5 Channels

- Branch banking
- Online banking

- Internet banking
- ATM
- Call center

2.8.6 Cost Structure

- Internet Expense
- Capital Expense
- Operating Expense

2.8.7 Revenue Streams

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

3 Chapter 03: Theoretical Background

3.1 Theory of Ratio

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

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

3.2 Liquidity Ratio

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

1. Cash Ratio
2. Current Ratio

3.3 Activity Ratio

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

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

3.4 Efficiency Ratio

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

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

3.5 Profitability Ratio

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

Profitability Ratio includes:

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

3.6 Solvency Ratio

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

analysis of such ratios provides a clear indication of the bank's current performance in relation to its long-term objectives. The Ratios are:

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

3.7 DuPont Analysis

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

3.8 Common Size Analysis

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

3.9 Trend Analysis

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

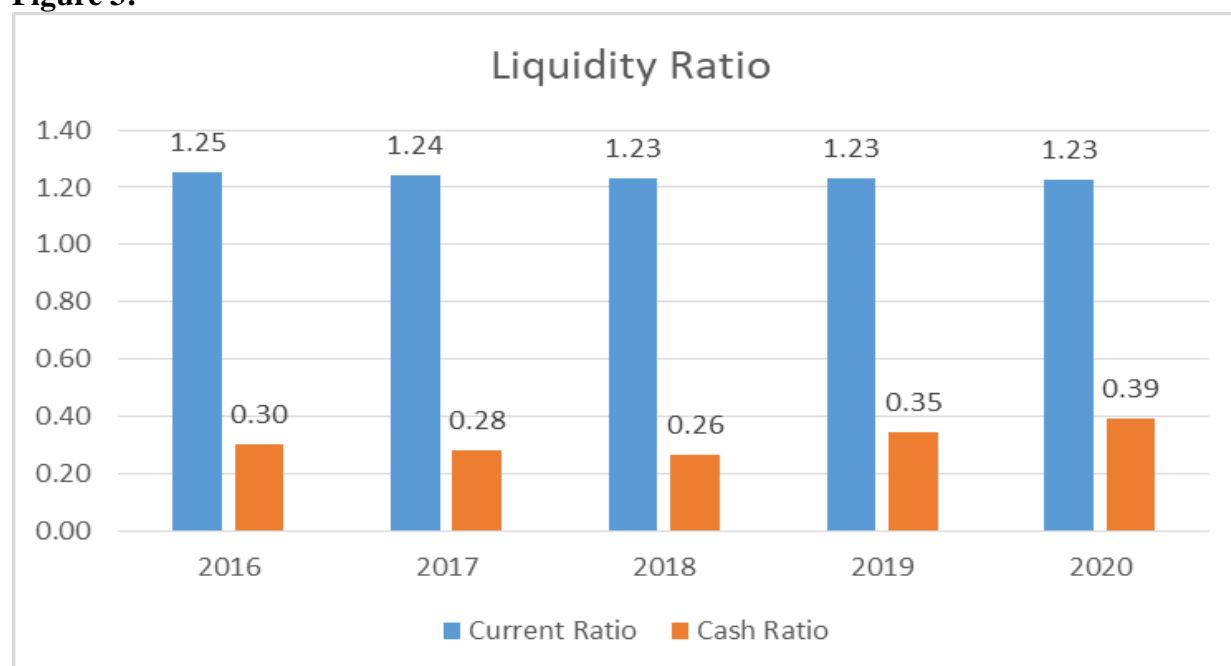
4 Chapter 04: Geographical Representation and Financial Ratio Interpretation

4.1 Liquidity Ratios of Pubali Bank Limited

Table 2:

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

Figure 3:



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

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

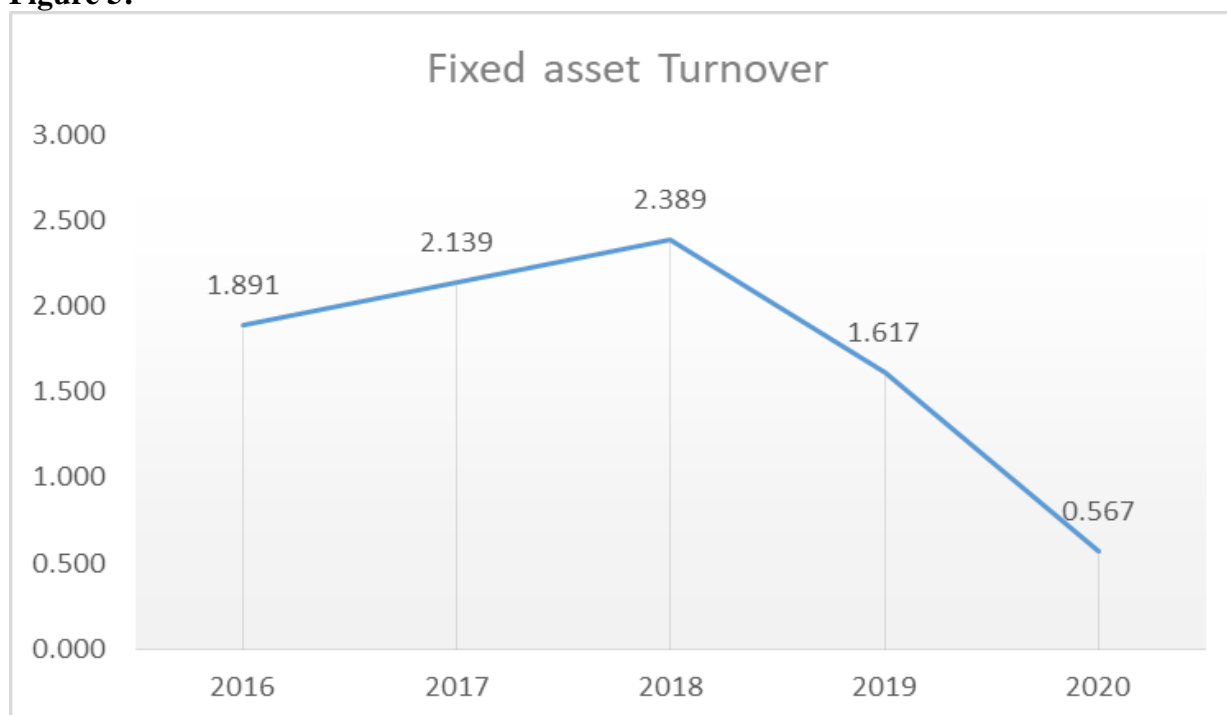
4.2 Activity Ratios of Pubali Bank Limited.

Table 3:

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

Figure 4:



Figure 5:

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

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

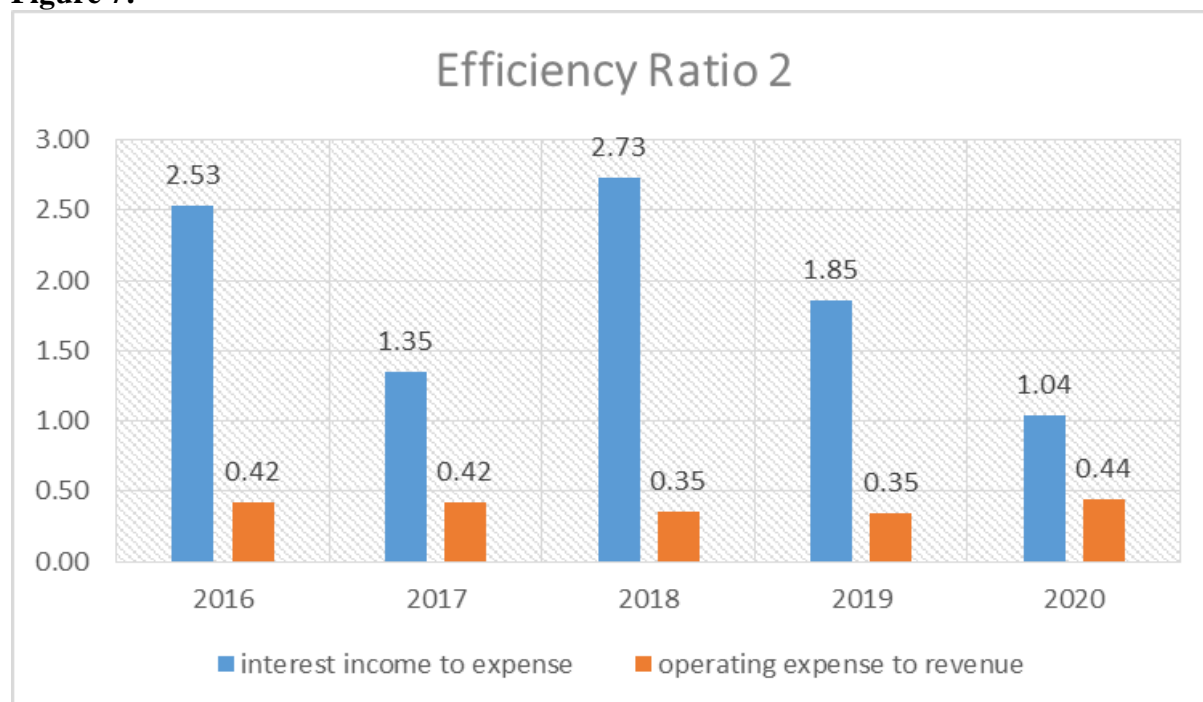
4.3 Efficiency Ratios of Pubali Bank Limited

Table 4:

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

Figure 6:



Figure 7:

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

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

4.4 Solvency Ratios of Pubali Bank limited

Table 5:

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

Figure8:

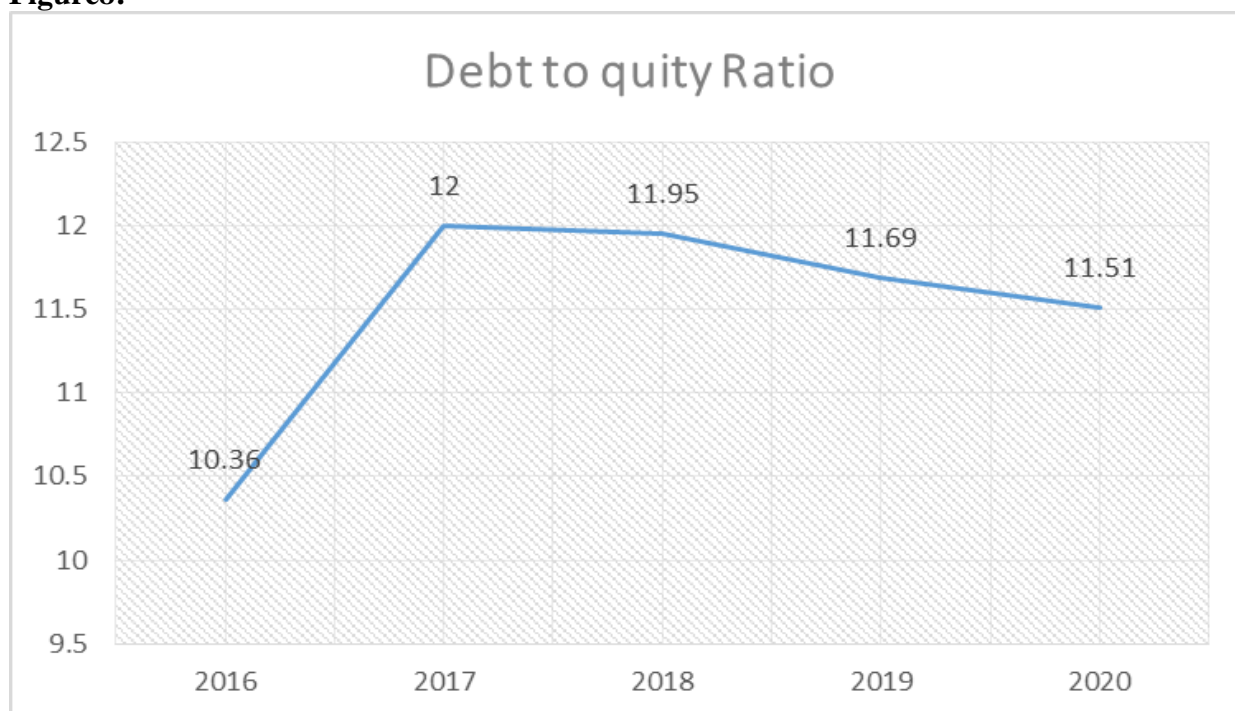
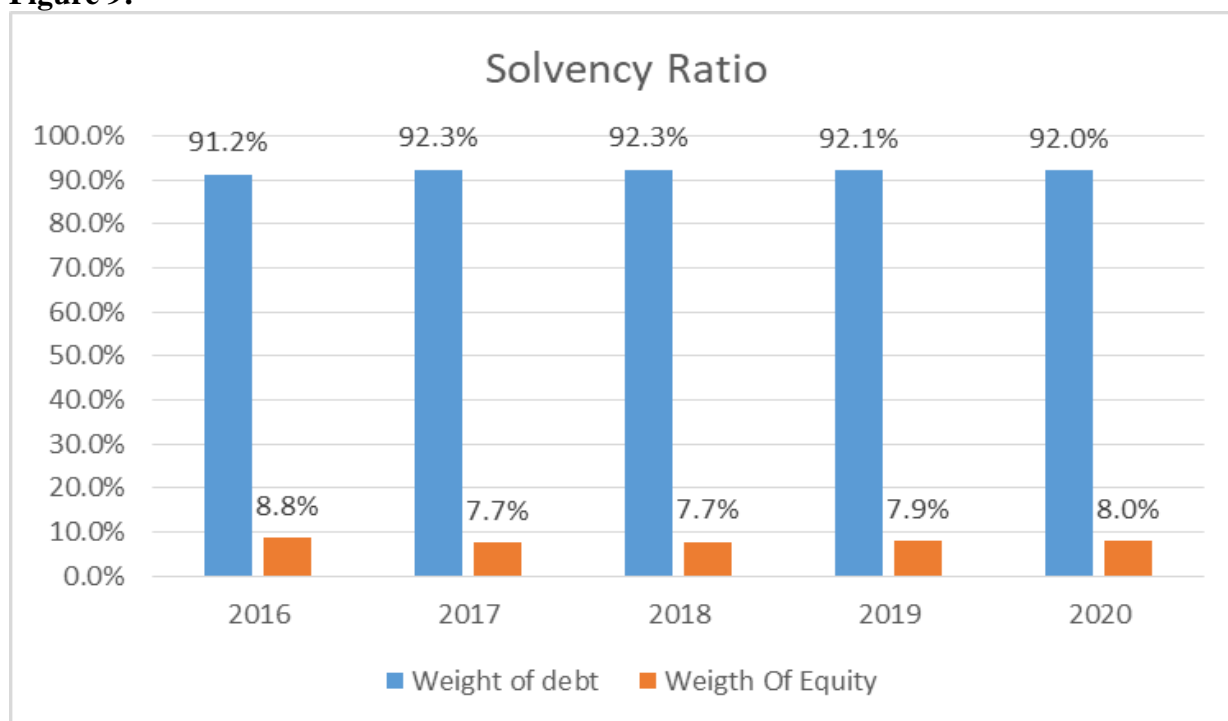


Figure 9:



Interpretation: in **Debt to Equity Ratio** we can compare the debt/ liabilities with shareholders Equity. The standard of debt to equity ratio is above 2. In term of this condition I can say Pubali Bank Limited is in good position. Because from the above data this is clear that all of the debt to equity ratios from 2016-2020 are more than 2.

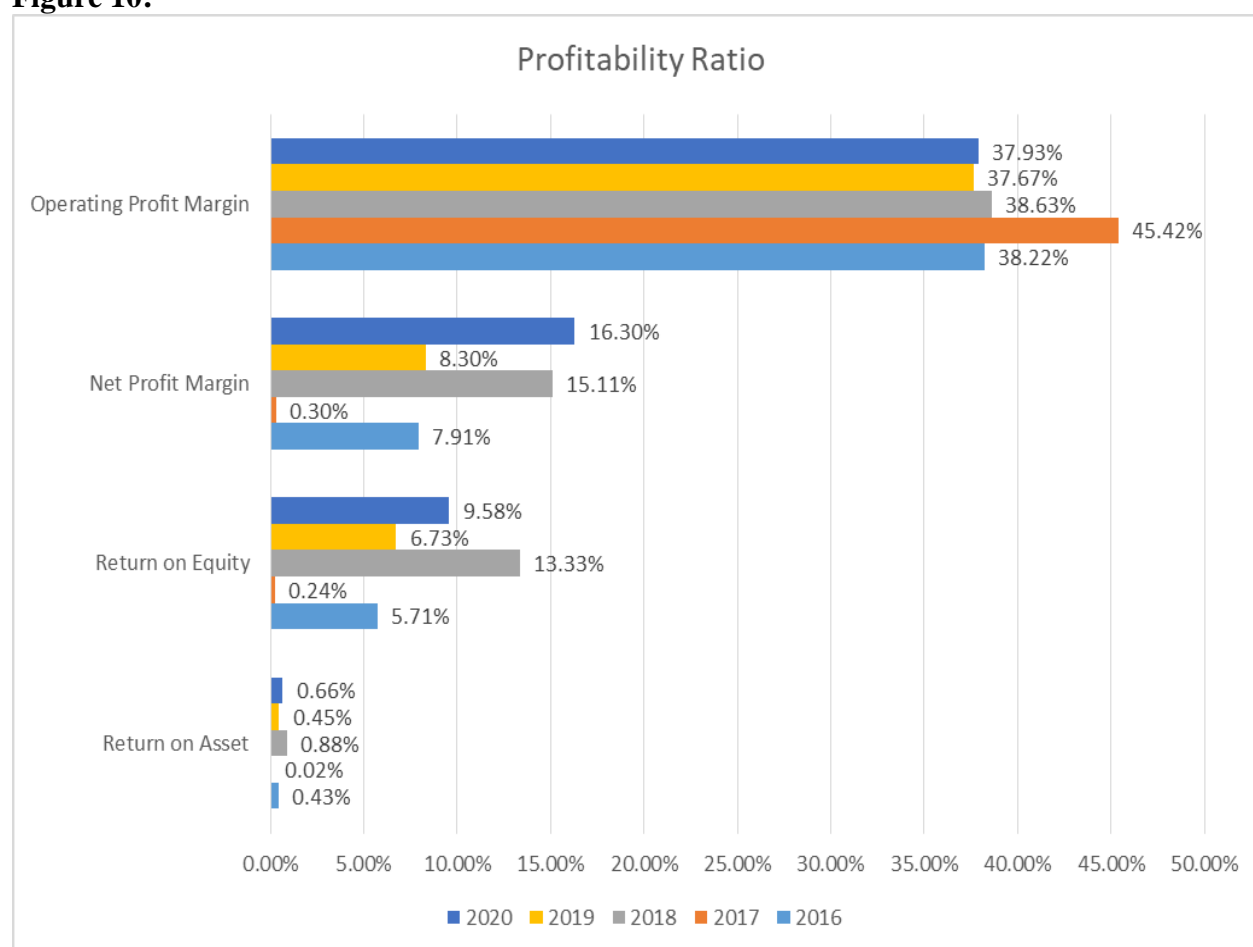
In the solvency ratio we compared the weight of debt with weight of equity where we can see the difference between them. From the five years data we can see huge difference between weight of debt and weight of equity. By comparing them I can say Pubali Bank Limited is in good position at their dividend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

4.5 Profitability Ratios of Pubali Bank Limited

Table 6:

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

Figure 10:



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

The **Net Profit Margin** determines the amount of net income or profit generated as a percentage of revenue. From the given data we can see the massive decreases in the years 2017 and 2019. This is known to everyone that 2020 was not a good year, because the whole world was facing a global pandemic, which hampered not only the lives of human but also the economy. But somehow Pubali Bank Limited make up this issue and got a result of huge increment. I hope this will continue at upcoming years.

I used **Return on Equity** to measure financial performance of Pubali Bank Limited using the formula of net income/ shareholders equity. Here we can see some ups and downs. And as we follow the Net profit margin, so this is easy to predict upcoming years ROE will be better than 2020's.

Return on Assets measures a company's profitability in relation to its total assets. Following the formula of net income/ total assets. 5% ROA is good and 20% ROA is better. But from the above data we can see each and every ROA from 2016-2020 is less than 1%. As a Company this is not a good sign but as a bank we have to consider they work with others money and run their business. So most of the funds comes from clients deposits. And interest income is the revenue of Bank. So the debt portion is higher than equity portion. So most of the income spend in interest expenses and provisions. Pubali Bank Limited need to look after this issue so that they can use their assets effectively and make good ROA from Upcoming years.

4.6 DuPont Analysis of Pubali Bank Limited

Table 7:

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

Table 8:

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

Table 9:

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

Table 10:

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

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

4.7 Common size Analysis of Pubali Bank Limited

Table 11:

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

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

Table 12:

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

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

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

In the Income Statement portion I compared interest income with other transactions. In 2016 total operating income was 80.42%, in 2017 it was 87.65% in 2018 it was 73.81%, in 2019 it was

72.18% and in 2020 it was 81.84% considering interest income as 100%. The net profit after tax was 7.91% in 2016 and 16.30% in 2020 this thing like increasing of Net Profit After Tax should be maintained by Pubali Bank Limited from upcoming years.

4.8 Trend Analysis of Pubali Bank Limited

Table 13:

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

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

Table 14:

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

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

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

5 Chapter 05: Findings & Recommendations

5.1 Findings

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

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

5.2 Recommendations

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

5.3 Conclusion

Pubali Bank limited is the largest private commercial banks in Bangladesh. As it was stablished in 1959 so it is taking first mover advantage.

The reputation of Pubali Bank Limited is good, so people are interested in this bank.

Pubali Bank Limited's strategy of working is good because they follow what their customers want. They do their activities totally flexibly.

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

6 References

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