

**Batch # 3**

**Internship**

**Finance**

**Submitted to:** Digital Empowerment Network

**Submitted By:** Malaika Tariq

**CID: DEN8466**

**Task 4**

Compare Financial Performance of Two Companies

**Key Steps:**

Compare their financial performance using 3-5 financial

Ratios.

Write a brief report highlighting key findings and insights.

**Financial Performance Comparison: UBL vs. ABL**

This report compares the financial performance of **United Bank Limited (UBL)** and **Allied Bank Limited (ABL)** using various key financial ratios. Below is an analysis of the selected ratios:

|  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- |
| |  |  |  | | --- | --- | --- | | **Ratios** | **UBL** | **ABL** | | **Return on Equity (ROE)** | 26.6% | 29.4% | | **Earnings per Share (EPS)** | 43.44 | 35.53 | | **Price-Earnings Ratio (P/E)** | 4.09 | 2.34 | | **Return on Capital Employed (ROCE)** | 25.3% | 3.65% | | **Current Ratio** | 1.071 | 1.09 | | **Market Value per Share** | 177.84 | 82.99 | |

### (Key Findings and Insights)

1. **Return on Equity (ROE):**

**ABL (29.4%)** outperforms **UBL (26.6%)** in terms of ROE, indicating that ABL is more efficient in generating profits from shareholders' equity. A higher ROE generally reflects strong management performance and profitability.

1. **Earnings per Share (EPS):**

**UBL (43.44) has a significantly higher EPS compared to ABL (35.53). This means UBL generates more earnings per share, reflecting better profitability and earnings potential for its investors.**

1. **Price-Earnings (P/E) Ratio:**

UBL's P/E ratio (4.09) **is higher than** ABL's (2.34)**. A lower P/E ratio for ABL indicates that its stock might be undervalued or that the market expects lower future earnings growth compared to UBL. UBL, with a higher P/E, might be viewed as having better growth potential.**

1. **Return on Capital Employed (ROCE):**

**UBL (25.3%)** significantly outperforms **ABL (3.65%)** in terms of ROCE. This suggests that UBL is much more efficient in utilizing its capital to generate profits, making it the stronger performer in terms of capital efficiency.

1. **Current Ratio:**

**Both** UBL (1.071) **and** ABL (1.09) **have similar current ratios, indicating that both banks are nearly equally capable of meeting their short-term liabilities with their current assets. However, neither of the banks has a particularly strong liquidity position, as an ideal current ratio is usually between 1.2 and 2.**

1. **Market Value per Share:**

UBL’s market value per share (177.84) **is more than double that of** ABL (82.99)**. This indicates that UBL’s stock is valued higher by the market, potentially reflecting greater investor confidence in UBL's long-term performance.**

### Conclusion:

Overall, UBL demonstrates stronger performance in key profitability and capital efficiency metrics, such as Earnings per Share and Return on Capital Employed, making it a more attractive investment in terms of profitability. On the other hand, ABL shows a higher Return on Equity, indicating better returns for shareholders. However, ABL’s lower ROCE and market value per share may suggest inefficiencies in utilizing its capital and lower market confidence compared to UBL.

Both banks maintain relatively similar liquidity positions, but UBL stands out with higher market valuation and capital management, making it a potentially stronger long-term performer.