



BRAC University

Internship Report on
“Financial Performance Analysis of Prime Bank Limited”
(2008-2012)

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Letter of Transmittal

May 30, 2013

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Subject: Submission of internship report on “Financial statement analysis of “Prime Bank Limited” from year 2007-2011.

Dear Madam .

I am highly delighted to submit the internship report of my three months long internship program in Prime Bank Limited at Banani Branch. The title of the report is “**Financial Performance Analysis of Prime Bank Limited (2008-2012)**”. This report has been prepared to fulfill the requirement of the internship program in Prime Bank Limited.

It has been an interesting and very enlightening experience for me to work in Prime Bank Limited- Banani Branch. I have tried my level best to reflect my three months long work experience in this report and also tried to make this report a successful one.

I would like to express my sincere gratitude to you for your kind guidance & suggestions in preparing the report. It would be my great pleasure for me if you find my report informative and useful to have an idea of recent state of Prime Bank Limited.

Sincerely yours

.....

Srabanti Singha
ID: 09304035
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Acknowledgement

At the very beginning, I would like to express my gratitude to God for giving me the strength to complete the report. Then I would like to express my gratitude to **Md. Imtiaz Ahmed Bhuiyan**, Senior Vice President for giving me an opportunity to do internship in Prime Bank Limited Banani branch. I am grateful to **Humayun Kabir** General Banking Incharge of Prime Bank Limited Banani Branch. I also like to express my deep gratitude to Mahjabin Sharif Executive Officer who was my field supervisor in Prime Bank Banani Branch.

Last but not the least I am grateful to my honorable faculty and academic supervisor **Tasneema Afrin**, Lecturer of BRAC Business School to support me to create that type of excellence report from where we can learn many things about the Bank.

Finally, my heartiest thank to all my colleagues and seniors of Prime Bank Limited Banani Branch for helping me throughout the report. And I also thank them for their cordial co-operation and guidance in all the way to do my internship and to prepare this report.

Executive Summary

As a fully licensed commercial bank, prime bank ltd is being managed by a highly professional and dedicated team with long experience in banking. This report is done based on the three months long internship program that I have successfully completed in Prime Bank Limited, Banani Branch from January 29-April 29 (2013) as an requirement of BBA program in BRAC Business School. Topic of my internship report is-“Financial Performance Analysis of Prime Bank Limited from 2008 to 2012”.

This report contains two major parts. In first part I have described my responsibilities during the internship period in Prime Bank Banani Branch. In second part I calculated all basic financial determinants to measure a bank's financial performance in the last five years. They are- Return on Assets(With Breakdown), Return on Equity(With Breakdown), Net Interest Margin, Earning per Share, Earnings Spread, Interest Sensitive Gap, Relative IS Gap, Interest Sensitivity Ratio, Liquidity Indicators, GAAP, Rap Capital, Market Value Capital, Leverage Ratio, Core Capital, Supplementary Capital, Internal Capital Growth Rate. After completing the calculation, the analysis is done that means according to the change of the ratios at different times I tried to interpret the reasons of the change of the ratios. By analyzing the ratios I figured out some problems. Based on those particular problems I recommend some points which I think will be helpful for Prime Bank Limited to overcome the financial shortcoming. Lastly the conclusion of the report has been done.

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Chapter 1

Introduction

1.1 Origin of the report

A three months internship program with a particular organization and a report assigned by the academic supervisor is mandatory for every student of Bachelor of Business Administration of BRAC University. I got the opportunity to do my internship in “The Prime Bank Limited”- Banani Branch. I started my internship in Prime Bank Limited-Banani Branch on 29th January and ended on 29th April 2012. Throughout my internship period Tasnima Afrin, Lecturer of BRAC Business School was my academic supervisor and Mahjabin Shariff, Executive Officer was my field supervisor. A report on a particular topic is a mandatory part of the internship program. I was authorized to make a report on the “Financial analysis of Prime Bank Limited 2008-2012”. In this whole report I tried to connect my own financial knowledge to the financial data of Prime Bank Limited. I tried my level best to produce a quality report on “Financial Analysis of Prime Bank Limited 2008-2012”.

1.2 Objective of the report

Broad Objective:

- To get an overall idea about the financial performance of Prime Bank Limited.
- To relate the theoretical knowledge to the original financial data of Prime Bank Limited.

Specific Objective:

- To know the financial performance of Prime Bank Limited in the last five years.
- To present my observation and suggestion to the bank.

1.3 Methodology

This report contains both primary and secondary data. The sources that have been used to gather and collect data is given below-

1.3.1 Primary Source

- Personal interview

- Observation

1.3.2 Secondary Sources

- Annual Report of Prime Bank Limited from 2008-2012
- Brochures of Prime Bank Limited
- Newspaper
- Web site

1.4 Limitation of the report

It was a great opportunity for me to work in Prime Bank limited as an Intern and a make a report on the financial performance of it but there were surely some limitations while making this report. They are-

- Getting the information and interpreting it, on the basis of my understanding and then implementing it.
- The bank employees are so busy all the time that they could not help me much to interpret the information.
- As I have done this kind of report for the first time and the subject matter is very complex that's why it was difficult to organize the report in a simple manner.
- Besides all these "Time constraint" is another problem for which many aspects of Prime Bank Limited are dropped in this report.

Chapter 2

Organization Overview

2.1 Overview of Prime Bank

Prime Bank was created and commencement of business started on 17th April 1995. The sponsors are reputed personalities in the field of trade and commerce and their stake ranges from shipping to textile and finance to energy etc. Prime Bank has already made significant progress within a very short period of its existence. The bank has been graded as a top class bank in the country through internationally accepted CAMELS rating. The bank has already occupied an enviable position among its competitors after achieving success in all areas of business operation.

As a fully licensed commercial bank, Prime Bank is being managed by a highly professional and dedicated team with long experience in banking. They constantly focus on understanding and anticipating customer needs. As the banking scenario undergoes changes so is the bank and it repositions itself in the changed market condition.

Prime Bank offers all kinds of Commercial Corporate and Personal Banking services covering all segments of society within the framework of Banking Company Act and rules and regulations laid down by our central bank. Diversification of products and services include Corporate Banking, Retail Banking and Consumer Banking right from industry to agriculture, and real state to software.

Prime Bank, since its beginning has attached more importance in technology integration. In order to retain competitive edge, investment in technology is always a top agenda and under constant focus. Keeping the network within a reasonable limit, our strategy is to serve the customers through capacity building across multi-delivery channels. Our past performance gives an indication of our strength. We are better placed and poised to take our customers through fast changing times and enable them compete more effectively in the market they operate

2.2 Vision

To be the best Private Commercial Bank in Bangladesh in terms of-

- Efficiency
- Capital adequacy
- Asset quality
- Sound management and
- Profitability having strong liquidity.

2.3 Mission

To build Prime Bank Limited into an

- Efficient
- Market driven
- Customer focused institution with good corporate governance structure.

Continuous improvement in :

- Business Policies
- Procedure
- Efficient through integration of technology at all levels.

2.4 Corporate philosophy

For customers-

- To provide the most courteous and efficient service in every aspect of its business. To be innovative in the development of new banking products and services.

For employees-

- By promoting good staff morale through proper staff training and development, and provision of opportunities for career development.

For shareholders-

- By forging ahead and consolidating its position as a stable and progressive financial institution.
- By generating profits and fair return on their investment.

For community-

- By assuming our role as a socially responsible corporate citizen in a tangible manner By adhering closely to national policies and objectives thereby contributing towards the progress of the nation.
- By upholding ethical values and best practices.
- Constantly seeking to improve performance by aligning our goals with stakeholder's expectations because we value them.

2.6 Strategic Priority

The strategic priorities of Prime Bank Limited are-

- Maintain satisfactory capital to support and remain compliant.
- Continue to strive for sound growth by doing the business that we do well, expanding into areas undeserved, entering new sectors and exploring innovative ideas
- Have a strong customer focus and build relationship based on integrity, superior service and mutual benefit
- Continue to provide new services to customers with support of superior information technology platform
- Establishment of good corporate governance by remaining efficient, transparent, professional and accountable to the organization, society and environment.
- Ensure effective risk management for sustainable growth in shareholders' value.

- Diversification of loan portfolio through structured finance and expansion of Retail and SMR financing
- Value and respect people and make decisions based on merit
- Expansion of Brand Image by in-house capacity development through continuous training
- Be responsible, trustworthy and law abiding in all that we do
- Be leader in serving the interest of our community and country.

2.6 Ethics, Integrity and Trust

Banking deals with public money where Ethics, Integrity and Trust is utmost important. Prime Bank upholds these principles in every section by its management and customer service. The following are the key principles of Employee codes of Ethics and Business conduct.

- Provide service to customers with uncompromising integrity, utmost respect, unwavering responsibility and dedicated citizenship.
- Protect privacy and confidentiality of customer information
- Prevent money laundering and fraud
- Demonstrate workplace respect.

2.7 Green Banking

The environmental degradation needs to be tackled in a concerted manner by all. Society demands that business also take responsibility in safeguarding the planet. Prime Bank reinforced its Green banking initiative being a responsible Corporate Citizen.

2.8 Credit rating

CRISL reaffirmed long term rating of PBL to “AA+” and short term rating to “ST-1” based on financials up to May 30, 2012.

2.9 Efficient capital and strong asset quality

PBL has a strong capital base and capital adequacy stands at 12.49 percent of risk weighted assets against the regulatory requirement of 10 percent. The bank is also well positioned to maintain capital under Basel-II.

2.10 Focused Corporate Strategy

The bank is focused on few strategic issues encompassing change management in the short to long period through the implementation of various policies, process and activities to ensure continuous, sustainable and qualitative growth, with the sole objective of “Institution Building.” An effective cluster management (Mentorship) program was implemented. Branch management is now being continually exposed to mature thoughts and ideas through Mentors resulting in qualitative improvement of their business and operational activities.

Organizational and structural changes were made in managing the bank’s operations more effectively. Business units like-Corporate/Commercial, Retail, SME, and Cards were restructured and established to provide sharper business focus to each of these revenue earning sources. Credit approval, quality and recovery departments were strengthened and separated from simultaneously. Support services to ensure greater customer satisfaction with a wide range of products and services were implemented. New departments like Alternate Delivery Channels, Cards back office, Call centers, operational support were established.

2.11 The PBL brand

PBL’s superior service quality, strong corporate governance has given it an Excellent “Brand Image”. To continue to reinforce the PBL brand, Prime Bank is continuously improving its customer service, corporate governance and CSR activities by remaining innovative and caring.

2.12 Commitments

PBL is committed to deliver value to its shareholders. PBL will continue to provide effective and competitive financial solutions and services to its customers. It will continue to enhance the shareholders’ value through consistent financial performance and efficient capital management.

PBL will foster a strong performance and learning culture that allows the development and talents of its employees so that they can effectively play the role of PBL Brand Ambassador.

2.13 Award and Achievements

Till 2012 Prime Bank Limited is awarded and achieved a good number of awards. They are-

- ICAB National Award 2010 for best published Accounts and Reports.
- SAFA Award 2010 for best published accounts and corporate disclosure in banking sector.
- ICMAB Best Corporate Award.
- Prime Bank wins 1st prize in 11th ICAB Award.
- International Star for Leadership in Quality (ISLQ) award 2010 for business initiative direction (B.I.D) France, Paris.
- SAFA best presented accounts award 2009
- SAFA best presented Accounts and Corporate Governance Disclosure Award 2009 winner.(Banking Sector)
- 10th ICAB National Award for best published Accounts and Reports 2009 first.
- SAFA best presented account award 2008 (Joint winner)
- SAFA best presented account award 2007- Bronze award (banking Sector)
- SAFA best presented account award 3rd position
- 10th ICAB National Award 2010 for best published Accounts and Reports 2009 winner.
- ICMAB Best Corporate performance award 2008 (First position)
- 9th ICAB National Award 2010 for best published Accounts and Reports 2008 (First Prize)
- FNS Award 2005- Best Performing Local bank
- ICAB National Award-2004 for best published Accounts and Reports (First Prize)
- ICAB National Award-2003 for best published Accounts and Reports, Financial Sector (First Prize)

2.14 Corporate social Responsibility (CSR)

Corporate Social Responsibility (CSR) means a lot for Prime Bank Limited. For this reason Prime Bank Limited has established “Prime Bank Foundation” to execute its corporate social responsibility activities in a greater scale. Prime Bank Limited and Prime Bank Foundation are proud to continue CSR activities for the greater interest of country’s socio economic development.

Prime Bank Limited has a good number of CSR activities for the welfare of their customers, employees, shareholders, communities and environment. They are-

Investment in Education: To invest in the education is the first priority in the CSR of Prime Bank Limited. In case of education they have two types of program. They are-

a) Education support program: It is a long term, renewable scholarship program for underprivileged but meritorious students from across the country. In 2009 reporting year, 198 underprivileged but meritorious students got financial support from this program. Till now the total number of these poor but meritorious students who are the recipients of Prime Bank Foundation stipends stood at 490.

b) Prime Campus: It is an English medium school in Uttara which was established in 2008 at an affordable charge for all range of people.

Work with handicap population: Investment in eradicating and preventing different disabilities such as drug addicts, blindness etc; setting up vocational training centers; undertake mass awareness raising campaigns etc.

Dristy Daan Project: Setting a target of sight restoration of 1200 poor/ultra poor citizens of the country, the Prime Bank Foundation started off the Dristy Daan project in 2007. A total of 1357 poor/ultra poor cataract patients were operated till date.

Health Care: In the sector of health care Prima Bank has taken a number of initiatives to support people. They are- Vellore CMC Health Care, Universal Health Care Centers; Eye

Hospitals; Health Support to garment workers; more preventive activities; infant, child feeding and breastfeeding; support to facilities providing treatment and care of non-communicable diseases such as heart, and diabetes; activities related to prevention of maternal mortality and morbidities; setting up trauma centers etc.

Health Management: Prime Bank Limited has extended finance for establishing countrywide health centers and a teachers' training college under the supervision and implementation of Diabetes Association of Bangladesh.

Environment: Activities related to the prevention of environment degradation and promotion of environment; support people living in the coastal and 'char' areas; carbon trading etc. For example-In 2010 Prime Bank gave a donation of Tk. 25, 00,000/- to the Prime Minister Relief Fund for the Nimtoli and Begunbari tragedy Victims

Support to martyrs family: The loss of lives in the BDR carnage shocked the entire nation. Prime Bank came forward to support the Martyr families and donated Tk. 2.5 million to Prime Minister's Relief Fund. PBL also took responsibility to support two such families @ Tk. 0.48 million per year for ten years starting from 2009.

Games and Sports: The Prime Bank Limited plays a great role in the sports sector also. It participated in the form of sponsorship programs in the area of sports viz. Golf, Tennis to popularize the same among the public. For example- In 2010 it sponsored Tk. 50,00,000 in the "SA Games 2010" and donated Tk. 1,00,000/- to organize football tournament in Moulvibazar District Sports Association

Other CSR activities of Prime Bank: Besides the CSR activities noted above Prime Bank Limited has also some other sources of CSR activities. They are-

i) Donations of Passenger cum bed lift to Sylhet Diabetic Association Hospital.

- ii) Sponsoring 20 KVA Diesel Generator for Department of Development Studies, Dhaka University
- iii) Construction of Shahbag Foot Over Bridge
- iv) Awareness Campaign at the three international airports of the country against swine flu.
- v) Improvement of Porter and Luggage Handling Services at the Kamalapur Railway Station, Dhaka.
- vi) Blankets and winter-clothes distribution among the winter distressed people of the society.

2.15 Subsidiaries of Prime Bank Limited

Prime Exchange Co. Pte Ltd: Prime Bank Limited established its fully-owned subsidiary "Prime Exchange Co. Pte Ltd." to offer remittance services to Bangladeshi nationals in Singapore, which started its operation from 8th July, 2006, under remittance license received from Monetary Authority of Singapore (MAS) and approval of Bangladesh Bank. Mr. Azam J Chowdhury, Chairman of the Board of Directors of Prime Bank Ltd., is the Chairman of Prime Exchange Co. Pte Ltd. while Mr. M Ehsanul Haque, Managing Director of the Bank, is the Director of the Prime Exchange Co. Pte Ltd. Opening of the fully owned subsidiary in Singapore to offer remittance services to Bangladeshi nationals will add new dimension to the Bank's remittance operation

PBL Exchange (UK) Limited: PBL Exchange (UK) Limited is committed to deliver remittances from Bangladeshi expatriates in UK to each and every corner of Bangladesh swiftly and safely with best competitive exchange rate. To fulfill the cherished desires of banking and assessing the continuous need of the banking services, this holistic endeavor of Prime Bank Limited has taken banking to the next level for the mass customers segment of the country. This footstep of PBL would act as nation building initiative to accelerate the socio-economic development of Bangladesh.

Prime Bank Investment Limited: Prime Bank has been operating in the Capital Market since 1996 as a division of Prime Bank Ltd. We acquired full-fledged Merchant Banking License from the Securities and Exchange Commission (SEC) in 2001. We acquired Depository Participant (DP) License in 2004 from Central Depository Bangladesh Ltd. (CDBL). We started full-fledged operation from 2006. We launched professional Portfolio Management Service in 2007. We started branch operations to provide Portfolio Management Services in major locations of Dhaka City and Sylhet in 2008. We became a subsidiary of Prime Bank Ltd. in 2010 with a paid-up capital of Tk. 300 crore. We are the Sponsor and Director of Prime Bank Securities Ltd., a subsidiary of Prime Bank Ltd. having both DSE & CSE membership license.

Prime Bank Foundation: Prime Bank Foundation has continued to engage in a range of activities that are benefiting priority target groups throughout the country with increased access to higher education, affordable values-oriented quality primary level English medium education in Dhaka, and increased access to secondary level education in the country's hard-to-reach district like Shariatpur. This report highlights the impacts of the programs that demonstrate how the foundation is fully leveraging its unique capabilities to deliver value to those target people and places most in needs.

Prime Bank Securities: Prime Bank Securities Limited (DSE Member # 219) has got Stock Dealer Registration Certificate No. REG.-3.1/DSE-219/2010/430 dated September 16, 2010.

Prime Bank Finance (Hong Kong) Limited: In 2010, PBL has received permission from Bangladesh Bank for opening a fully owned subsidiary in Hong Kong under the proposed name of PBL Finance (Hong Kong) Limited.

2.16 Products and service

In the field of retail banking Prime Bank Limited presents a wide variety of services. They always try to ensure the best quality retail banking services for their customers. In their retail banking service the number of services they have are given below-

Retail Loan: Under retail loan services there are a number of products and services. They are-

- Car Loan
- CNG Conversion Loan
- Doctor's Loan
- Marriage Loan
- Travel Loan
- Loan Against Salary
- Household Durables Loan
- Hospitalization loan
- Home Loan
- Education loan
- Any purpose Loan

Deposit Products: Under this section there are also many products and services of Prime Bank Limited. They are-

- Prime Millionaire Scheme
- Double Benefit Scheme
- Lakhpoti Deposit Scheme
- Monthly Profit Based Scheme
- Contributory Saving Scheme
- Education Savings Scheme

2.17 Corporate Banking

Corporate banking is the center of all corporate lending operation of PBL. Major part of the bank's asset portfolio falls under this segment of credit. Several strategic business units (SBUs) are working under the umbrella of corporate Banking division. They are-

- General Credit Unit
- Export Finance Unit
- Lease Finance Unit
- Structured Finance Department

During the year 2012, the bank continued playing a major role in supplying business capital, arranging and raising finance while maintaining a high standard of diligence prosper and build social and physical infrastructure of the country. As at the end of 2012, total corporate lending of bank stood at Tk 134.70 billion registering 15 percent growth over that year of 2011 and accounting for about 84 percent of bank's total loan portfolio.

In 2012, another new business unit was formed namely Corporate Liability Marketing and Cash Management to offer different kind of liability products and innovative solution for cash management to fulfill the need of ever changing requirement of the large corporate.

2.18 Retail Banking

Retail Banking Division of PBL has passed another successful year both in terms of assets and liability business procurement. This has been possible because PBL is different from the competitors and customers can easily differentiate bank's products from others. The agility in terms of expanding the delivery channels, augmenting value added products, creating new avenues of services, inventing new alternative delivery channels for expanding bank's customer base in distant urban and rural areas were the contributing factors for satisfactory performances.

In 2012, new products like My First Account (MFA), Account 150% and Laksma Puron (LP) were launched whereas products like DBDS, MBDS,PMS were redesigned.

2.19 SME Financing

PBL has been increasingly focusing on SME financing. Despite growing focus about small and medium enterprise in Bangladesh and consequent policy efforts in these directions, limited access to financing still forms the crux of the problem of this sector. The overriding vision of PBL is to offer congenial lending products and services so that SMEs can aspire to opportunities of growth and wealth creation. Keeping this in view, formulated a comprehensive policy on SME financing and made significant progress in financing this sector. During 2012, PBL's strategy was focused on marketing the product to wide range of customers and providing working capital and term loan to different manufacturers, traders and service providers including backward and forward linkage industry that fall into SME universe. Outstanding SME loan of SME branches was Tk. 988.86 million and the recovery rate was 95% which is also a satisfactory results of management of overall portfolio.

2.19 Islamic Banking

Islamic banking operation of PBL started in the very year of its establishment in December 1995 through the opening of Islamic banking branch at Dilkusha, Dhaka. PBL is the pioneer in such a kind of blending of conventional and Islamic banking in the country which is followed by many other banks. With the passage of time, the bank now carries on its Islamic banking operations through five Islamic Branches.

Operations of Islamic banking branches are coordinated by Islamic Banking division at Head Office and supervised by Prime bank Shari'ah Supervisory Committee. Launching of Islamic Banking operation by PBL by introducing different innovative products and services based on Islamic Shari'ah got tremendous response from a considerable portion of its clientele who are eager to accept Shari'ah compliant modern and innovative banking products and services. PBL is also offering Islamic Banking products and services through Islamic banking service desks set up at its conventional banking branches.

2.20 Customer care

In today's intensely competitive market place, most of the banks and financial institutions are striving hard to lay down their best possible efforts to be more competitive. Customers are more fragmented now and organizations are trying to get the customers' share of mind. As a consequence, marketing efforts by organizations are more focused and market driven now. Optimum brand visibility is needed to be on the top of mind of potential customers. Various customers care activities through marketing and other divisions were undertaken during the year. Prime Bank is a "Bank with a difference" not only in its belief, but also in its deeds. To PBL each and every customer is important, no matter how smaller he or she is.

2.21 Internet Banking

IT development team successfully replaced the Temenos internet banking module with its self-developed Internet Banking software "Altitude", which has enabled the bank to serve its customers with various real-time online banking services without requiring them to come to the

bank. Now the customers can access the internet banking application using any browser from their Desktop PC, Laptop and any handheld devices like-Mobile Phone, PDA, Tablet etc. Using Altitude, customers will get the following services-

- Balance enquiry
- View FDR and deposit scheme information
- View loan information
- Transaction search
- Statement download
- Real-Time fund transfer
- Real-Time utility bill payments
- Credit card bill payments
- Fund transfer to any bank, any branch (through BEFTN)

2.22 Alternate Delivery Channels of Prime Bank Limited

The bank introduced ATM services as well for the convenience of the customers and a separate unit under the name of Alternate Delivery Channels (ADC) was opened at Head office to effectively monitor smooth functioning of these ATMs. As a newly formed division, ADC is now trying to increase alternate delivery channels as well as to offer broader services to the customers of the bank. ADC offers variety of facilities such as- ATM Booth, Master Debit Card, SMS banking, Phone Banking etc.

2.23 Risk management

PBL has always being in the forefront of implementing different risk management tools and techniques. The risk of any banking institution may be defined as the possibility of incurring losses, financial or otherwise. Banking business is in fact a business of risk taking. So it is vital to manage all these risks efficiently to emerge as the winner out of these risk ventures. In today's challenging financial and economic environment effective risk management is must for

sustainable growth in shareholders' value. The major areas of risk to which the activities of the banking operation are exposed to are Credit risk, Liquidity risk, Market risk, Interest rate risk and Equity risk. Market risk includes Foreign exchange risk, Interest rate risk and Equity risk.

2.24 Capital Management

Capital Management of the bank is based on the objective to maintain an adequate capital base to support the projected business and regulatory requirement. This is done by drawing an annual planned business growth vis-à-vis capital requirement. PBL recognizes the impact of shareholders' return on the level of equity and seeks to maintain a prudent balance between Tier-I and Tier-II capital. As per directives of Bangladesh Bank, the banks are required to maintain capital at 10 percent of risk weighted assets under Basel-II. Tier I should be 5 percent of total capital.

The bank's capital fund is divided into two parts- Tier I and Tier-II capital. Tier-I includes equity and Tier-II include general provision on unclassified loans and advances, revaluation reserves, unsecured subordinate debt and exchange equalization account. Total capital fund increased by Tk. 1687 million in 2012. Tier-I capital grew by Tk. 1920 million and stood at Tk. 20664 million during the year under review. Total consolidated capital fund is equivalent to 12.64 percent of total risk weighted assets.

2.25 Future Outlook

The financial sector of the country is also expected to continue showing good result during 2013. The banking sector is still the most promising and structured sector of the economy. It is also the most preferred sector for the investors of the courses as increased remittance flow, good export performance and steady industrial growth, accelerated performance in SME and customer loan, implementation of risk management and corporate governance are likely to have positive impact in the performance of the banking sector. PBL is well positioned to meet the challenges of 2013 and will continue to strive to innovate and capture opportunity for growth and value creation. The Bank will continue to harness the potentials of retail, credit card, and SME, agriculture and remittance market. The bank will focus on its IT developments and large customer base to generate more business from existing and potential customers. However continued pressure on Interest margins, fees, exchange earnings and increased Provision requirement for retail, credit card, SME and off-balance sheet exposure will pose a challenge to the financial sector. By adhering to good corporate governance and practices, sound risk management policies ad strict credit evolution procedures, PBL in its pursuit for growth, will have the readiness to meet the challenges of capital adequacy under Basel- III which is going to be implemented in Bangladesh in the near future.

Chapter 3

Job Responsibilities as an Intern in Prime Bank Limited

3.1 Introduction

I started my internship in this branch I was overwhelmed by knowing that I am a part of this renowned branch for three months. The duration of my internship was from 29th January to 29th April. I enjoyed myself working over there a lot because the environment was immensely friendly and all of the employees are very much co-operative with each other. As an intern every day I had to report to the Executive Officer of the branch Mahjabin sharif and she also supervised me all through my whole internship period.

During the three months of my internship I have done several types of work in the General Banking department. In Prime Bank Limited I have performed a number of tasks. I tried my level best to perform all the jobs very well.

3.2 Outward Cheque Receive

“Outward clearing Cheque” means collection of Prime Bank’s own customers’ cheques from other bank’s customers’ account. When I started my internship in Prime Bank Limited (Banani Branch) then Radia Lodi (Officer) explain me the whole outward clearing process very cordially but I was not much clear until I did this by myself.

The whole clearing process is done through Prime Bank’s own clearing software named “Automated Cheque Clearing Solution”-software. Before doing the clearing tasks through the software there are also some manual tasks to do. First of all I usually received cheque for respective client after making sure that the cheque has all documents such as- depositors sign, Account Number, Account Name, Account holder’s contact number etc. Then I used to give crossing over the cheque and a sign to the depositors copy. It is also necessary to identify the nature of the cheque. For example whether it is high value cheque or not. Normally Tk5,00,000 cheque is considered as high value cheque. High value cheque which received before 11 am on a particular day is considered as same day cheque. All other cheques are not same day cheque. All other clearing procedures are done by clearing in charge. Bangladesh Bank’s cheques are manually sent to the Bangladesh Bank Motijhil branch by branch messenger.

I also had to keep the register updated. This register contains all the data of a particular day cheque receipts. I had to write the name of the bank, cheque number and amount of the cheque.

3.3 Give “Return” cheques to the clients

The clients of Prime Bank Limited Banani branch place their cheques in the clearing department. It is the responsibility of Prime Bank to collect the money for their clients. Sometimes it is not possible because of some problems. Like-Payers may have insufficient fund in the account, in the cheque the amount is mismatched with the amount, if the signature of the drawer of the cheque is mismatched and so on.

If any of these situations mentioned above is then the cheque is rejected by the clearing house. In that case like others Prime Bank Limited (Banani Branch) returns those “Rejected” or “Return” cheque to the payees.

During my internship period I was responsible to return cheque to the respective clients. To give a return cheque I had to keep some records. In a registered book I had to write the reason of dishonor, time and receipts sign.

3.4 Record the number of pay-order issued every day

Every day in Prime Bank Limited a good number of pay orders are issued. Pay- order is a kind of transaction tool of a bank that is safer than a cheque. A check can be bounce if there is no money in the payer’s account but when a payer issue a pay -order to the payee than he must credit his account with the amount of money that is mentioned in the pay-order. Then Prime Bank Limited debited the payer’s account and credited the payee’s account.

These transactions need to be recorded in a particular register copy. Usually the transactions are recorded in the register book after 4 P.M. when all the transactions of bank are finished.

In Prime Bank Limited (Banani Branch) it was my duty to record everyday’s number of pay-orders issued. In the register copy, I used to write the payer’s name, payee’s name, amount of the pay-order serially by seeing the pay-order block of the bank.

3.5 Cheque Book in charge

Throughout the internship period I used to deliver cheque book to the respective clients, receive requisition from the clients, update MICR register etc.

I used to go to office at 9.30 am. My first responsibility was to receive cheque book packet from branch correspondent. Then I update MICR register by including new cheque book series. I had to cover the cheque series, account holders name, account number. I also attached requisition slip to the respective cheque book.

Every day I used to receive a good number of cheque requisition from respective clients. I had to send those requisition through a online software before 5 pm.

I also used to deliver the cheque book to the respective clients. First of all a client had to tell his/her account number to receive his/her cheque book. Then I search this account number by a online software which show me the requisition date. Then I search that particular date cheque book packet to find a particular cheque book. After that I used to write the cheque series of the cheque book in the requisition slip. Then I delivered the check book to the client after having a sign in the MICR register. I usually delivered the cheque book to the account holder. Sometimes account holders are unable to present physically, in that case account holder has to send an authorized person along with a authorization letter consist of the sign of both account holder and authorized person. Without the authorization letter I was not permitted to deliver cheque book to anyone.

3.7 Receive Documents from different organization

I was responsible to receive documents from different organization such as- Bank, Insurance Company, leasing company, bills etc. After receiving document I had to update the incoming register. I had to write the name of the organization, L/C number, L/C amount.

3.8 Updating Voucher Register

I was also responsible to update daily voucher. I had to count debit and credit voucher of different account such as- Current Account, Savings Account, FDR/STD Account, SOD Account, Income and Expenditure Account, Bills payable, Sundry deposit, Foreign Exchange Account and others. I had count the debited and credited voucher of these following accounts.

3.8 Learn to open an account

Besides all the jobs mentioned above I have also learnt how to open an account. In Prime Bank Limited the responsibility of opening an account is on Najia Alam, Junior Officer of Prime Bank Limited. She gave me whole idea about the procedure of opening an account, how to deal with customers or how to help them for account opening.

From her I got to know that there are two types of account for customers. They are- personal account and non-personal account. For opening personal savings account needed- two copies of passport size photograph of the account holders duly attested by the introducer, one copy passport size photograph of nominee duly attested by A/C holder, photocopy of birth certificate/ passport/ voter id card no of both A/C holder and nominee, income source copy of A/C holder, A/C introduced by a account holder.

On the other hand, for opening non personal/corporate account for different types of firm like proprietorship firm, partnership firm, limited company club/ society/ school/ college, trust etc papers/documents are required are: two copies of passport size photograph of the account holder(s) who will operate the A/C duly attested by the introducer, A/C introduces by current account holder, certified copy of valid trade license, trade seal, TIN certificate, Trade seal, one copy passport size photograph of nominee duly attested by A/C holder etc.

Chapter 4

Financial Analysis of Prime Bank Limited from 2008-2012

4.1 Return on Assets (With Breakdowns)

Return on Assets ratio (ROA) of a bank gives an idea of how efficiently a bank is using its assets to generate profit. We can also divide the bank's ROA into its components part. Components of a bank's ROA are net interest margin, net non interest margin and special transaction. The sum value of this components result ROA of a bank. Such a breakdown of the components of a bank's earning can be very helpful in explaining some of the recent changes that bank have experienced in a particular financial position.

ROA of Prime bank with its breakdown is given below:

	Net profit margin	Net Non-interest Margin	Special Transaction	ROA
2008	1.78%	-0.18%	-1.6%	1.30%
2009	1.95%	0.20%	0.22%	2.37%
2010	2.80%	0.28%	0.30%	2.22%
2011	2.03%	0.02%	0.02%	2.07%
2012	2.29%	-0.78%	-0.27%	1.24%

In 2012 Prime Bank observe a lower ROA than 2011. But the main contribution of ROA comes from Net interest margin which is a positive aspect because the main business of a bank should be interest income. As ROA is decreasing so bank should also consider the other aspects of ROA in order to restore its increasing trend of ROA. ROA of 2012 is lower than 2011 due to huge change in non interest income and special transaction. Prime Bank should consider these sector in order to restore its ROA.

ROA from 2008-2012 of Prime Bank shown in the graph below:

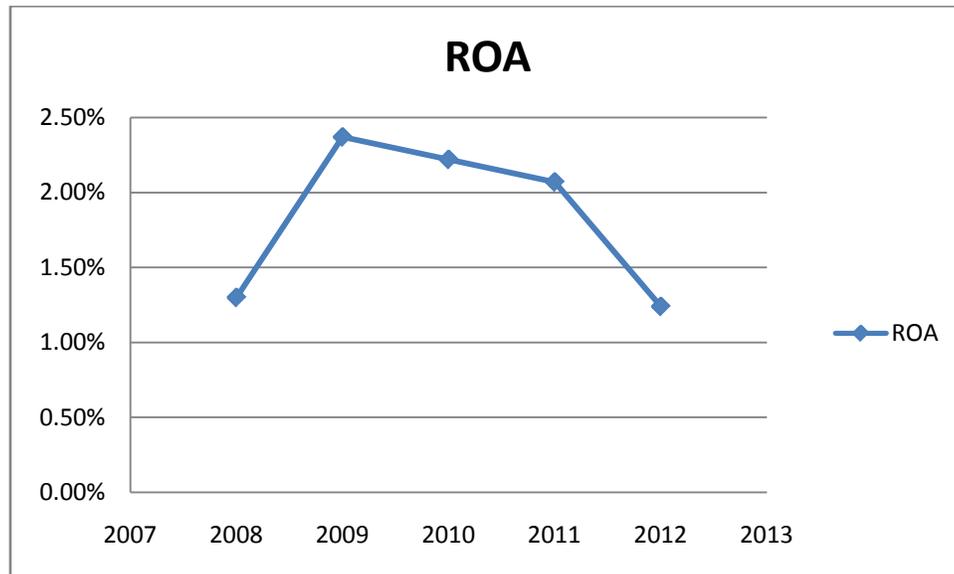


Figure 4.1: ROA from 2008-2012

4.2 ROE (With Breakdowns)

Return on Equity is a ratio that measures a corporation's profitability by revealing how much profit a company generates with the money shareholders have invested. ROE is expressed as a percentage. It also has several components which are net profit margin, asset utilization and equity multiplier. Each component of this simple equation is a telltale indicator of a different aspect of the bank's operation.

Year	Tax efficiency	NPM	Asset management efficiency	Fund management efficiency	ROE
2008	0.32	0.66	0.052	18.5	20.31%
2009	0.52	0.65	0.066	13.5	30.12%
2010	0.502	0.63	0.063	10.9	21.70%
2011	0.48	0.64	0.057	11.5	20.14%
2012	0.315	0.63	0.057	12.01	13.58%

ROE is also experiencing a decreasing trend. As ROE has four components, clearly when any of these four ratios begins to drop, the overall ratio drops. So management needs to reevaluate the banking organization efficiency in that area. The average equity of PBL in 2008 increased because a good amount of retained earnings add as dividend to the total equity of 2008. That made an increase in the equity level of Prime Bank Limited. Due to these two situations Return on Equity decreased in 2008.

Again in 2009, the ROE increased to 30.12%. This situation occurred because there is a huge increase both in the Net Income and Average Equity in 2009. Both of the items increased in an increasing order. Net income increased from 1232 million to 2784 million and Average Shareholders' Equity increased from 5985 million to 9221 million. Here in 2009 the Average Shareholders' Equity also changed because a large number of dividends are declared to the shareholder of Prime Bank Limited. The trend of declaring a large amount of dividends also continued in 2010. On the other hand in 2010 numbers of outstanding shares are also increased.

In 2010 Net income also increased but in a decreasing order. In 2009 it was 2784 million and in 2010 it was 3101 million. For these two reasons ROE in the 2010 was 21.14%. In 2011 the ROE of PBL was also decreased and the reason was fully similar to 2010.

ROE from 2008-2012 of Prime Bank is shown in the graph below:

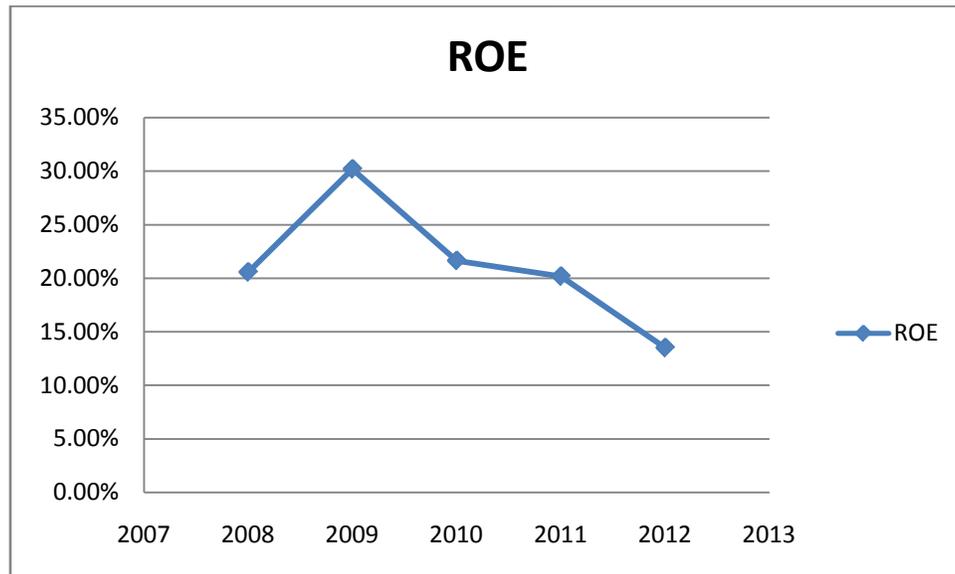


Figure 4.2: ROE from 2008-2012 of Prime Bank

4.3 Net Interest Margin

A ratio that examines how efficiently an organization can manage its investment decision to its debt situation. $\text{Net Interest Margin} = \frac{\text{Interest Income} - \text{Interest Expense}}{\text{Average Total Assets}} \times 100$

The Net Interest Margin of Prime Bank Limited of last five years is given below-

2008	2009	2010	2011	2012
1.78%	1.95%	2.8%	2.03%	2.29%

Interest income of 2012 increased by 36.58% from 2011. On the other hand interest expenses increased by 37.65%. As a result net interest margin of 2012 is lower than 2011 as interest expenses increased more over the year.

Net Interest Margin of Prime Bank is shown in the graph below:

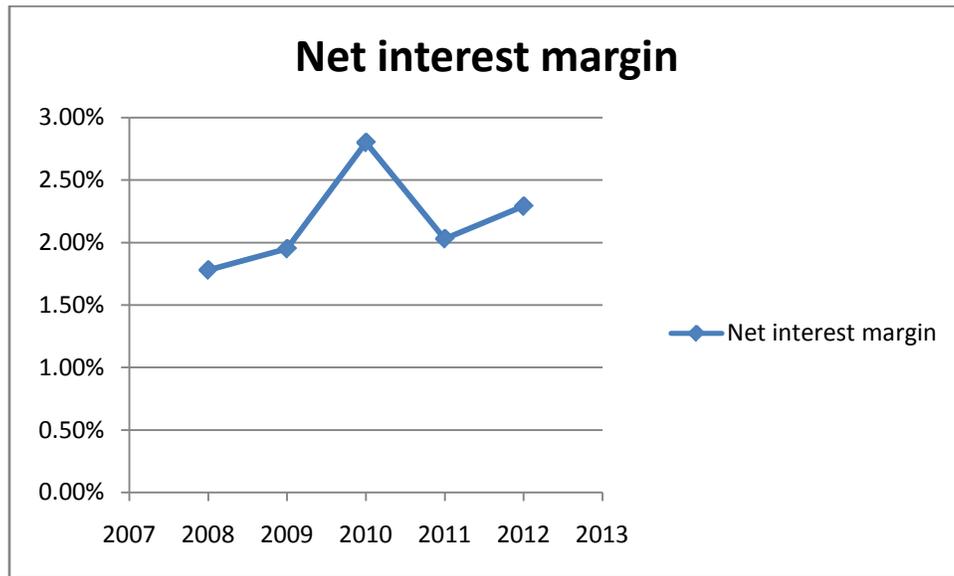


Figure 4.3 Net Interest Margin

4.4 Net Interest Margin as % of Total Revenue generating assets

Net Interest Margin as % of Total Revenue generating assets of Prime Bank Limited from 2008-2012 is given below:

2008	2009	2010	2011	2012
2.28	2.31	3.49	2.56	2.76

Net Interest Margin as % of Total Revenue generating assets of Prime Bank Limited from 2008-2012 is shown in the graph below:

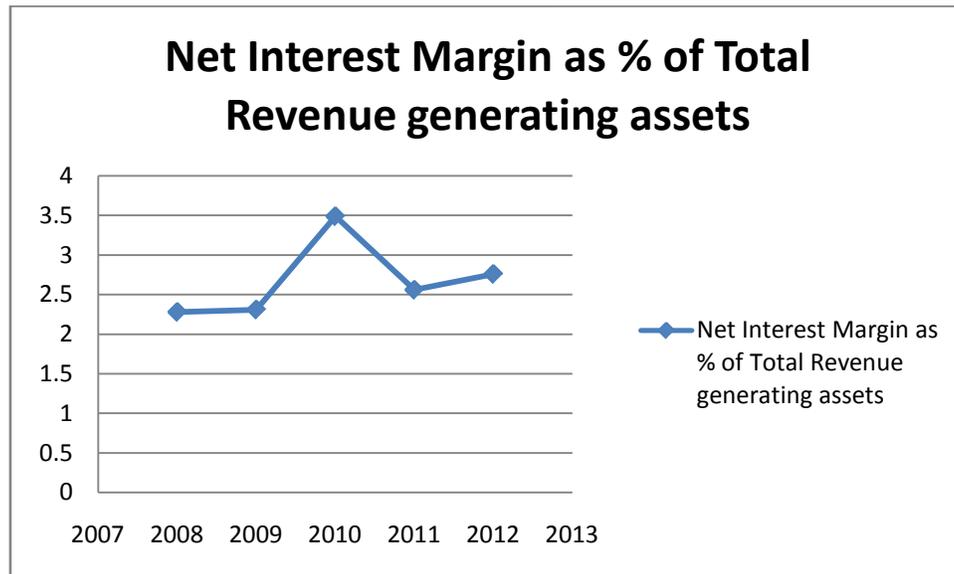


Figure 4.4: Net Interest Margin as % of Total Revenue generating assets of Prime Bank Limited from 2008- 2012

4.5 Net Non Interest Margin as % of Total Revenue generating assets

Net Non Interest Margin as % of Total Revenue generating assets of prime Bank limited from 2008-2012 is given below:

2008	2009	2010	2011	2012
2.17	2.72	1.50	2.12	1.16

Net Non Interest Margin as % of Total Revenue generating assets of prime Bank limited from 2008-2012 is shown in the graph below:

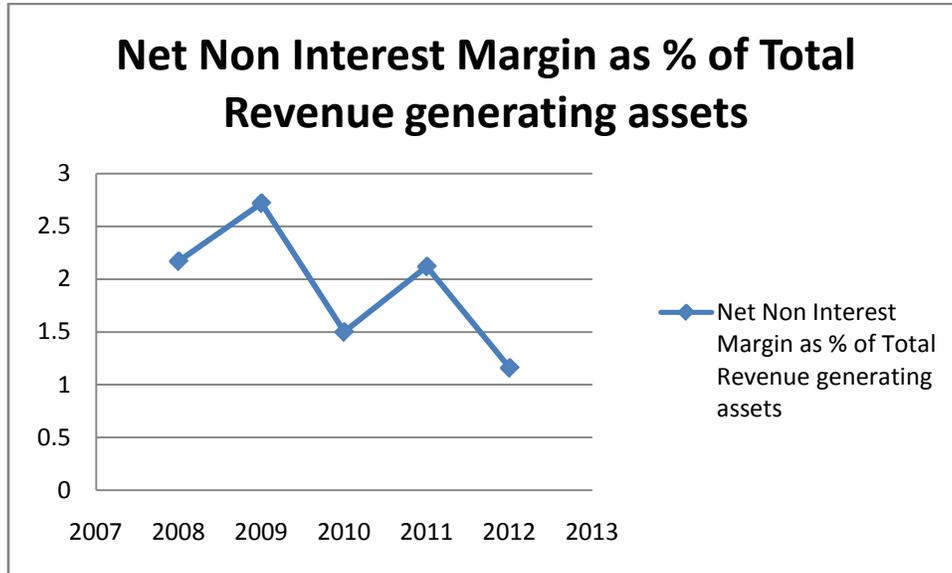


Figure 4.5: Net Non Interest Margin as % of Total Revenue generating assets of prime Bank limited from 2008-2012

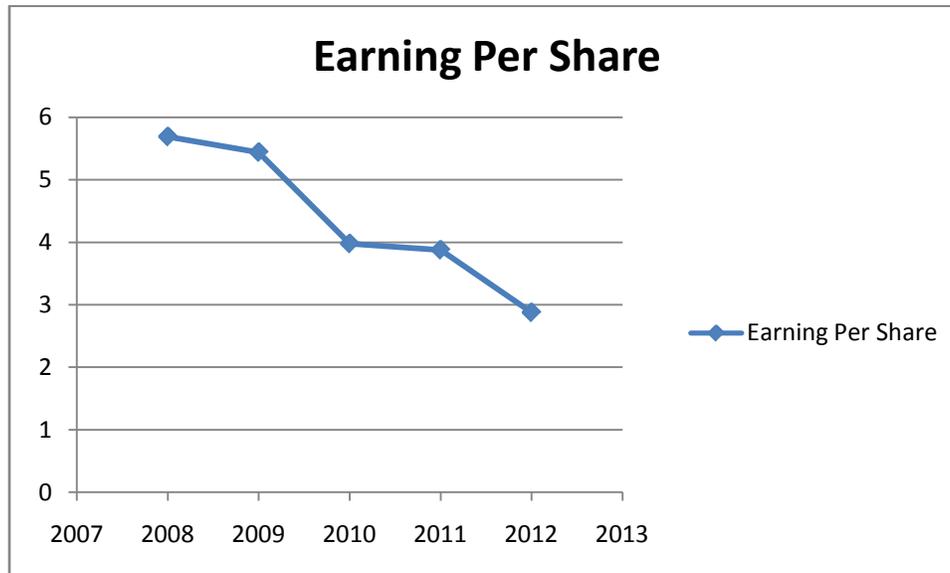
4.6 Earnings per Share

Earnings per Share of Prime Bank from 2008-2012 is given below:

2008	2009	2010	2011	2012
5.69	5.44	3.98	3.88	2.88

Over the five year earnings per share of Prime Bank follows a decreasing trend. In 2012 Prime Bank experiences a negative growth in Net Income. It is decreased by 25.73%. On the other hand, Number of share outstanding is also increased. As a result in 2012 EPS is lower form 2011.

Earnings per Share of Prime Bank from 2008-2012 is shown in graph below:



4.6 Earnings per Share from 2008-2012

4.7 Earning Spread

Another traditional measure of the earning efficiency with which a bank is managed is called the earning spread. It is calculated from:

Earnings Spread= (Total Interest income/Total Earning assets) – (Total Interest expense/ Total interest bearing bank liabilities)

2008	2009	2010	2011	2012
0.50%	0.58%	1.65%	1.94%	2.17%

Earning Spread of Prime Bank increases over time. It indicates a positive financial position in the market.

Graphical representation of earning spread is shown below:



Figure 4.7 Earning Spread

4.8 Interest Sensitive Gap

A gap exists between interest sensitive assets and interest sensitive liabilities are called Interest Sensitive Gap. If interest sensitive assets in each planning period exceed the volume of interest sensitive liabilities subject to reprising, the bank is said to have a positive gap and to be assets sensitive. In the opposite situation, when interest sensitive liabilities are larger than interest sensitive assets, the bank then has a negative gap as well as said to be liability sensitive.

(Amount in Taka in Millions)

2008	2009	2010	2011	2012
13,192	19,192	28,321	8,5100	946900

Prime bank's is a asset sensitive bank as it always maintain a greater interest sensitive assets than

interest sensitive liabilities.

Graphical representation of interest sensitive gap is given below:

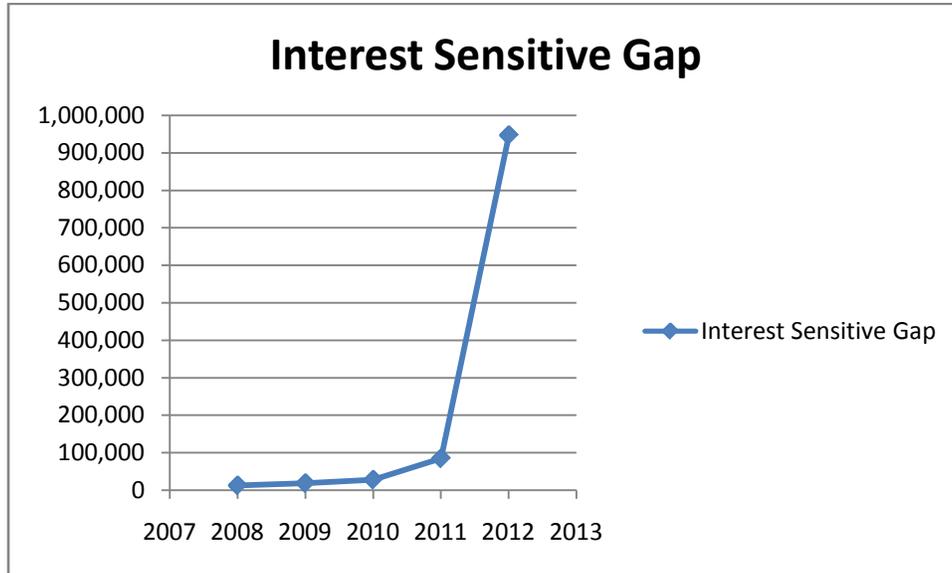


Figure 4.8 Interest Sensitive Gap

4.9 Relative IS Gap

Relative IS Gap is the ratio of IS Gap and bank size. A Relative IS Gap greater than zero means the bank is asset sensitive, while a negative relative IS Gap describes a liability sensitive bank.

2008	2009	2010	2011	2012
10.08%	15.37%	1.85%	4.25%	3.99%

In every case, relative interest sensitive gap is greater than zero, which again implies that, Prime Bank is a asset sensitive bank.

Graphical representation of Relative IS Gap is given below:

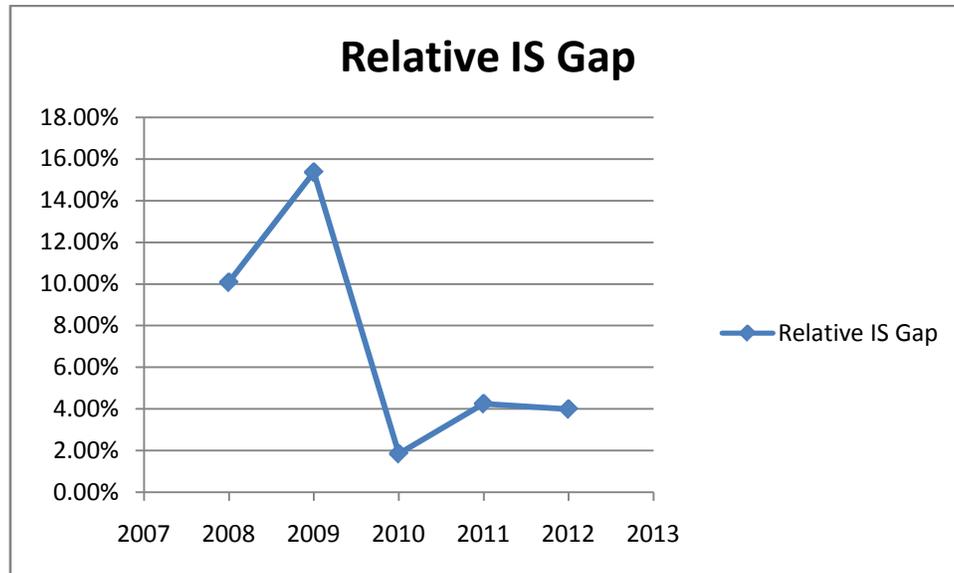


Figure 4.9: Relative IS Gap

4.10 Interest Sensitivity Ratio

The comparison between ISA and ISL, sometimes called the Interest Sensitivity Ratio. In this instance an ISR of less than 1 tells us we are looking at a liability sensitive bank while an ISR greater than unity points to an asset sensitive bank.

2008	2009	2010	2011	2012
0.15	0.12	1.27	1.05	1.05

In 2008 and 2009 Prime Bank has less than 1 ISR. In that time Prime Bank was liability sensitive bank. From 2010 to 2012 it experienced a more than 1 ISR which implies a asset sensitive bank.

Graphical representation of ISR is given below:

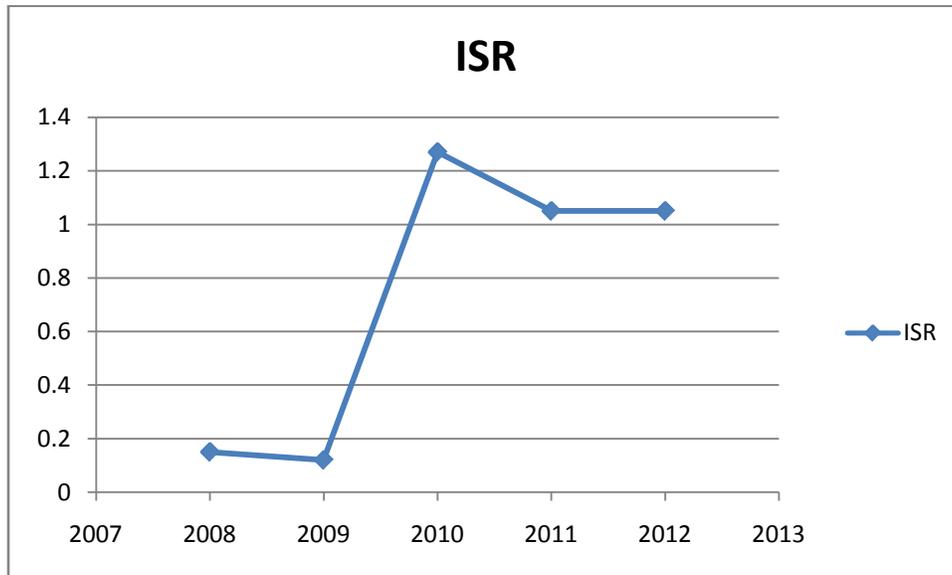


Figure 4.10 Interest Sensitivity Ratio

4.11 Cash Position Indicator

Cash and deposits due from depository institutions divided by total assets, where a greater proportion of cash implies the bank is in a stronger position to handle immediate cash needs.

2008	2009	2010	2011	2012
90%	95%	93%	94%	93%

Cash position indicator implies the how the bank efficiently handle immediate cash needs. Over the 5 years Prime Bank shows a strongly efficient cash position. In 2012 it was 93% which was very strong though it is lower than 2011.

Cash position indicator of Prime Bank from 2008-2012 is shown in the graph below:

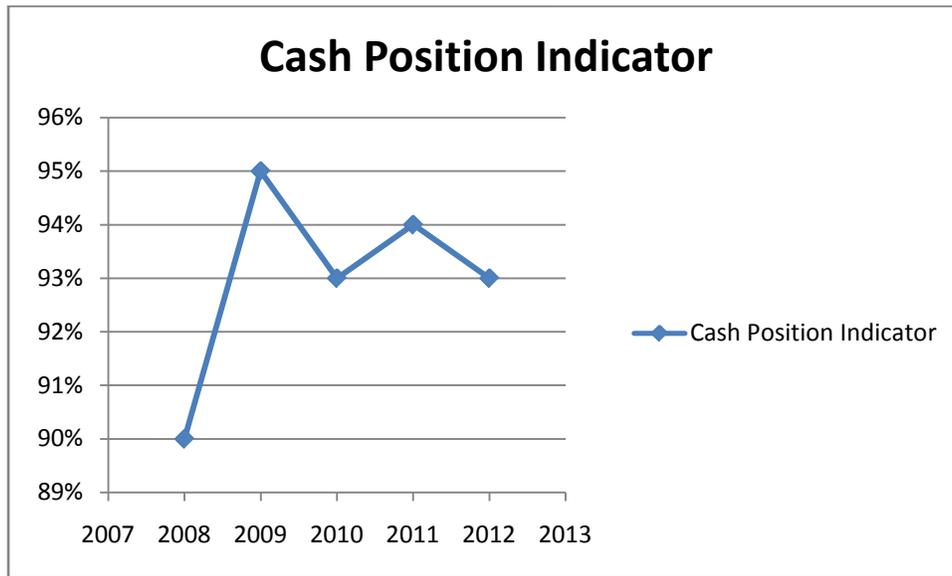


Figure 4.11 Cash Position Indicator

4.12 Liquid Securities Indicator

Government securities divided by total assets implies liquid securities indicator. It compares the most marketable securities a bank can hold with the overall size of its assets portfolio. The greater the proportion of government securities the more liquid the bank's position tends to be.

2008	2009	2010	2011	2012
7%	1%	2%	3%	6%

There is a fluctuation in liquid securities indicator. This shows a low percentage in liquid securities. In order to cope up with volatile market condition the bank should increase this percentage by investing in most marketable securities.

Liquid Securities Indicator of Prime Bank from 2008-2012 is shown in the graph below:

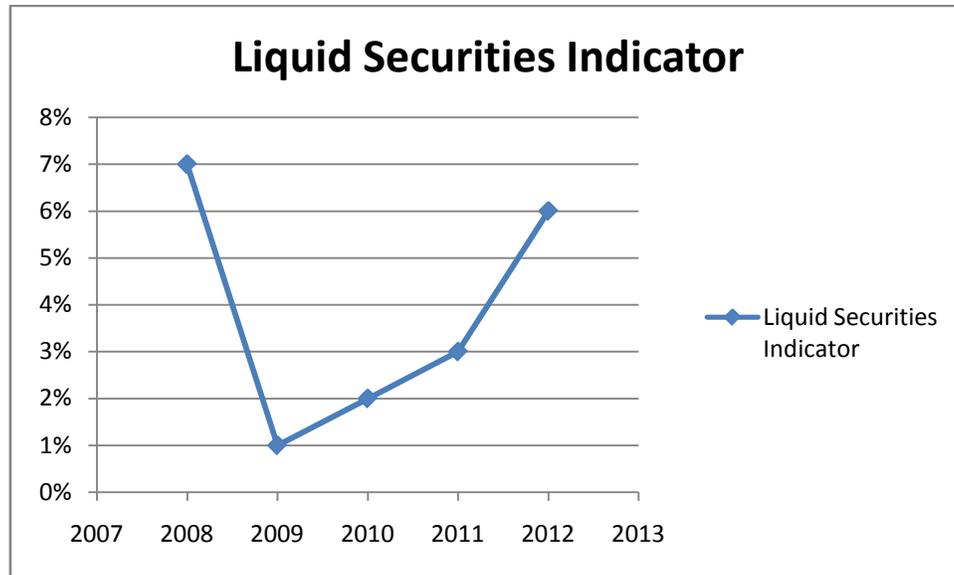


Figure 4.12 Liquid Securities Indicator

4.13 Capacity Ratio

It implies the ratio between net loan and total assets. It is a negative liquid indicator because loan and lease are considered as most illiquid assets a bank can hold.

2008	2009	2010	2011	2012
85.38%	85.45%	93.16%	87.23%	86.14%

Prime bank bears a high percentage in capacity ratio. As it is a negative indicator, it is not efficient for a bank to hold such a higher percentage in this sector. Loan and lease are the most illiquid assets so bank should reduce this negative liquidity indicator.

Capacity Ratio of Prime Bank from 2008-2012 is shown in the graph below:

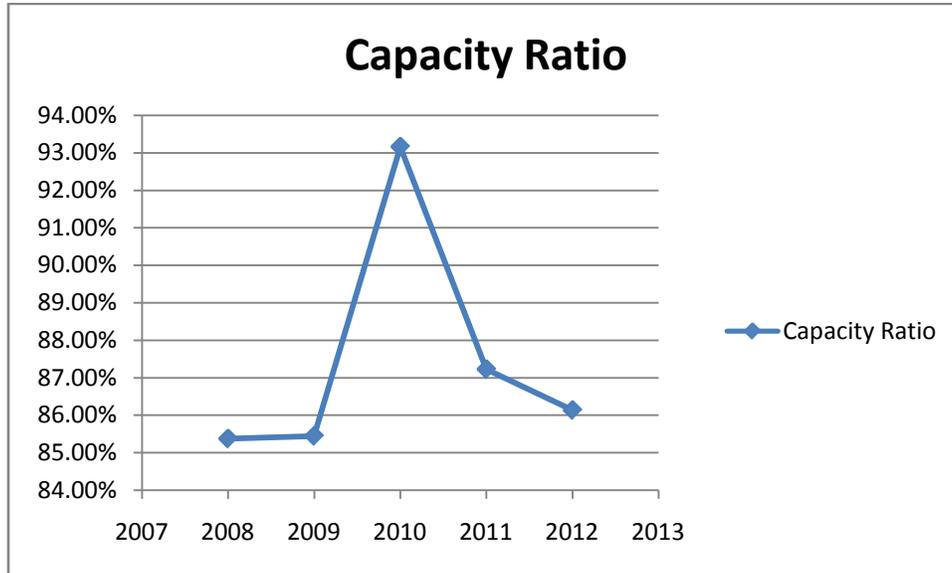


Figure 4.13 Capacity Ratio

4.14 Hot money Ratio

Hot money ratio is the ratio between money market assets and money market liabilities. It reflects whether the bank has balanced its borrowings in the money market with increases in its money market assets that could be sold quickly to cover those money market liabilities.

2008	2009	2010	2011	2012
1.10%	1.08%	1.08%	1.11%	1.12%

This ratio indicates that over the five year Prime Bank try to maintain a balance in money market assets and money market liabilities.

Hot Money ratio of Prime Bank is shown in the graph below:

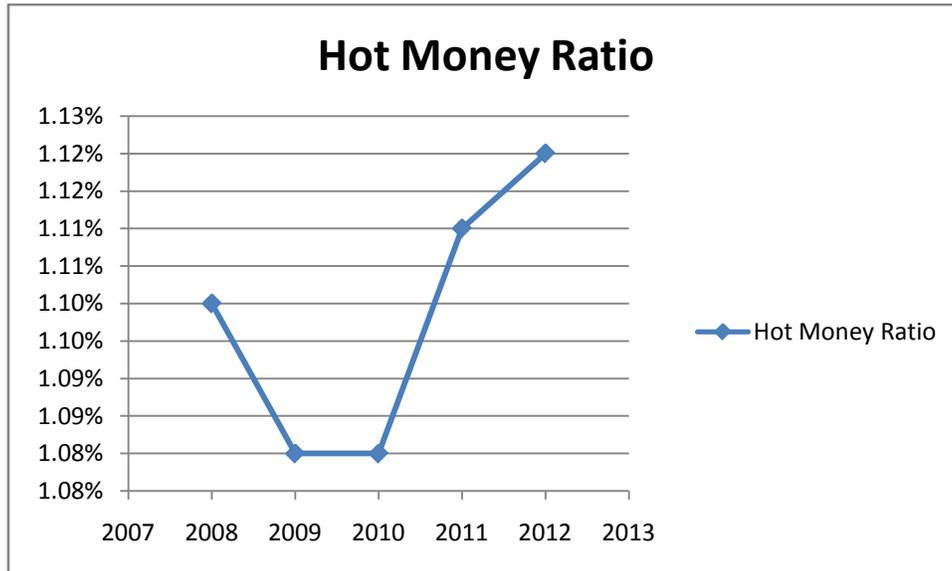


Figure 4.14 Hot Money ratio

4.15 Core deposits Ratio

Core deposit ratio implies the ratio between core deposits and total assets. Core deposits are often defined as total deposits less all deposits over Tk 100,000. Core deposits are primarily small denomination accounts from local customers that are considered unlikely to be withdrawn on short notice and carry lower liquidity requirements.

2008	2009	2010	2011	2012
33%	34%	33%	35%	36%

Over the five years Prime Bank experience an increasing trend in deposits. As a result there is also an increasing trend in core deposits ratio.

Core Deposit Ratio of Prime Bank is shown in the graph below:

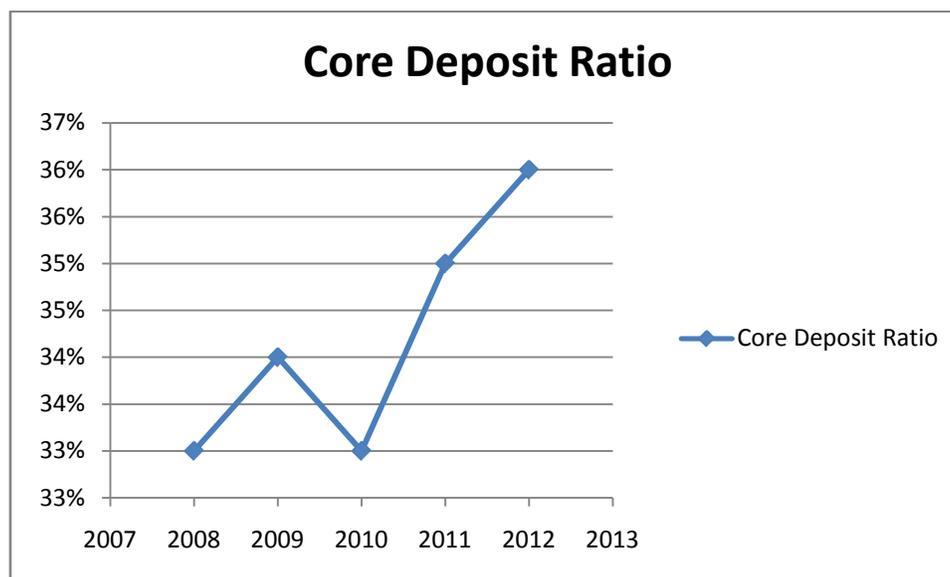


Figure 4.15 Core Deposit Ratio

4.16 Deposit Composition Ratio

It is the ratio between demand deposits and time deposits. Demand deposits are subject to immediate withdrawal via check writing, while time deposits have fixed maturities with penalties for early withdrawal. This ratio measures how stable a funding base each bank possesses. A decline in the ratio suggests greater deposit stability.

2008	2009	2010	2011	2012
15%	13%	15%	16%	15%

This shows a stable situation in this ratio. Over the five years deposits of prime bank is increasing.

Deposit Composition Ratio of Prime Bank is shown in the graph below:

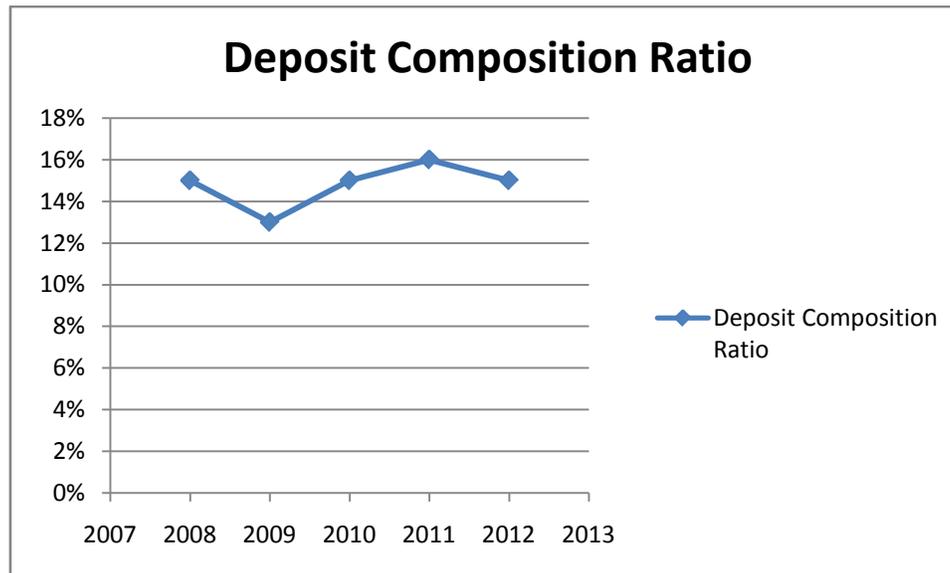


Figure 4.16 Deposit Composition Ratio

4.17 Book Value of bank Capital (GAAP)

Its assets and liabilities are recorded at the value they contained on the day they were acquired or issued and posted on the banks books. (Amounts are Taka in millions)

2008	2009	2010	2011	2012
6696	11745	16769	19139	20787

Over the five year book value of Prime bank capital is increasing. Though the par value of the capital is decreasing but book value of Prime bank capital is increasing because there is a increasing trend in retained surplus, undivided profit. Also reserves for losses on loan and leases are increasing.

Book value of the capital of Prime Bank is shown in the graph below:

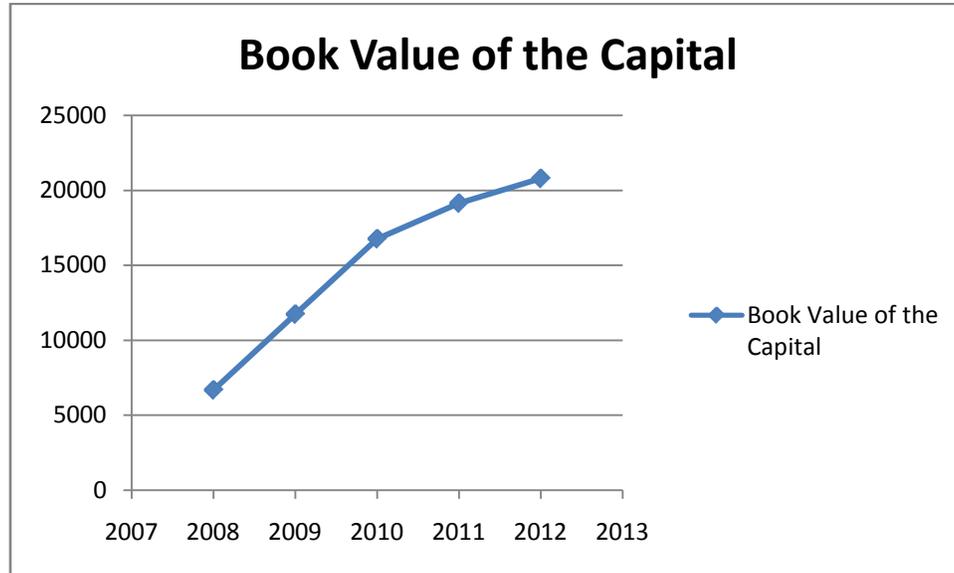


Figure 4.19 Book Value of the Capital

4.18 Market value Capital

Market value capital can obtain quickly by multiplying current market price per share of stock outstanding with number of equity shares issued and outstanding. (Amount are in Taka in Millions)

2008	2009	2010	2011	2012
15349	23212	54572	34702	34624

Over the five years the market price per share of stock outstanding is decreasing but market value capital observes an increasing trend due to increase in the number of equity shares.

Market Value of the Capital of Prime Bank is shown in the graph below:

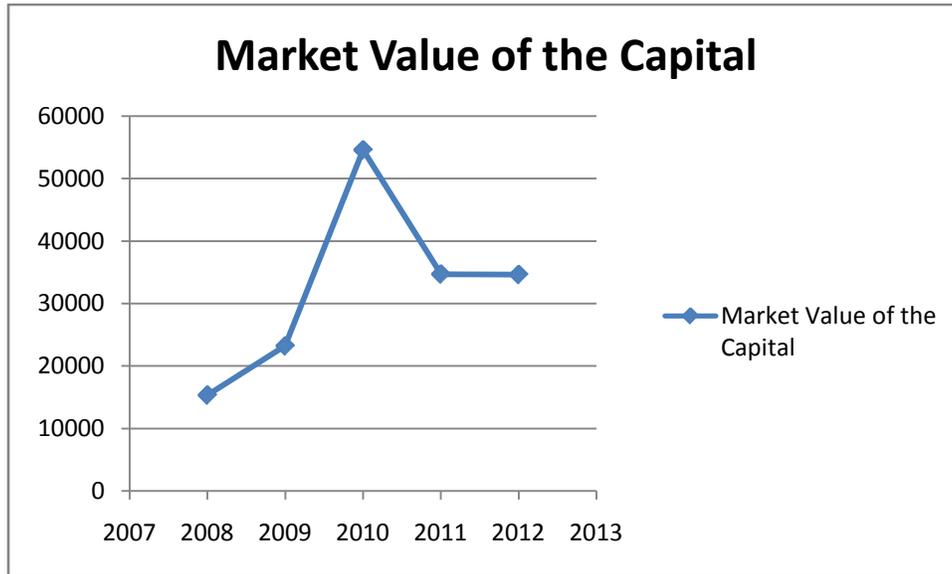


Figure 4.18 Market Value of the Capital

4.19 Leverage Ratio

Leverage Ratio is measured by dividing core capital and total assets. This ratio is measured to identify whether the bank is well capitalized or not. A leverage ratio greater than 5% would be considered as well capitalized. A leverage ratio of 4% or more would be considered adequate capitalization. Below 4% is considered as undercapitalized. If the leverage ratio falls below 3%, it is called significantly undercapitalized and when it falls below 2%, considered as critically undercapitalized.

2008	2009	2010	2011	2012
5.67%	7.25%	9.87%	9.29%	8.86%

By observing the leverage ratio of past five years, it can be sad that prime bank is a well capitalized bank because the leverage ratio is above 5%.

Leverage Ratio of Prime Bank is shown in the graph below:

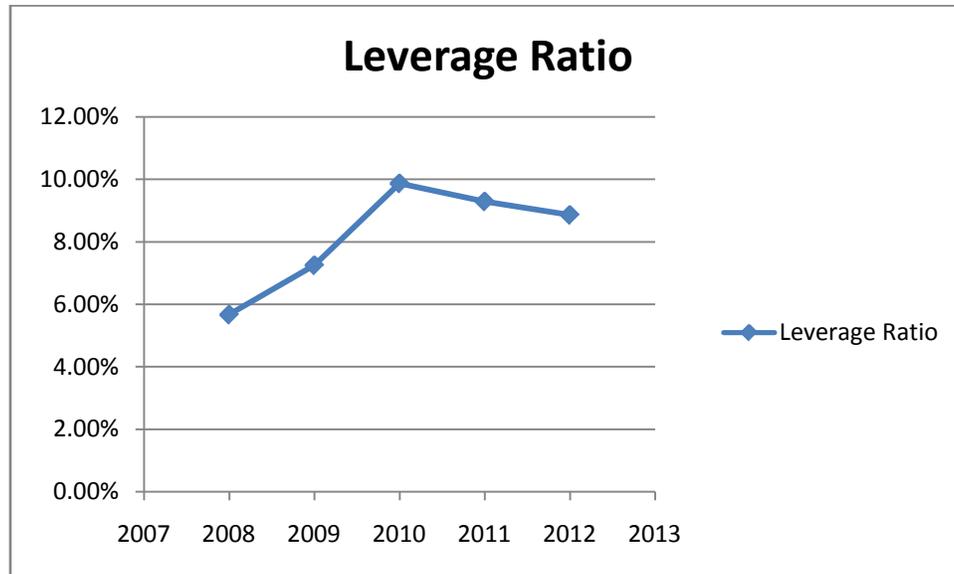


Figure 4.19 Leverage Ratio

4.20 Tier 1 or Core Capital

Tier 1 or Core capital includes common stock and surplus, retained earnings, qualifying noncumulative perpetual stock, minority interest and intangible assets.

2008	2009	2010	2011	2012
6,264,885,623	9,056,580,226	15,238,963,730	18,591,517,188	20,510,699,935

Over the five years, the bank experiences an increasing trend in tier 1 or core capital. Due to increase in paid up capital, statutory reserve, share premium and retained earnings, it follows an increasing trend

Tier 1 or Core Capital of Prime Bank is shown in the graph below:

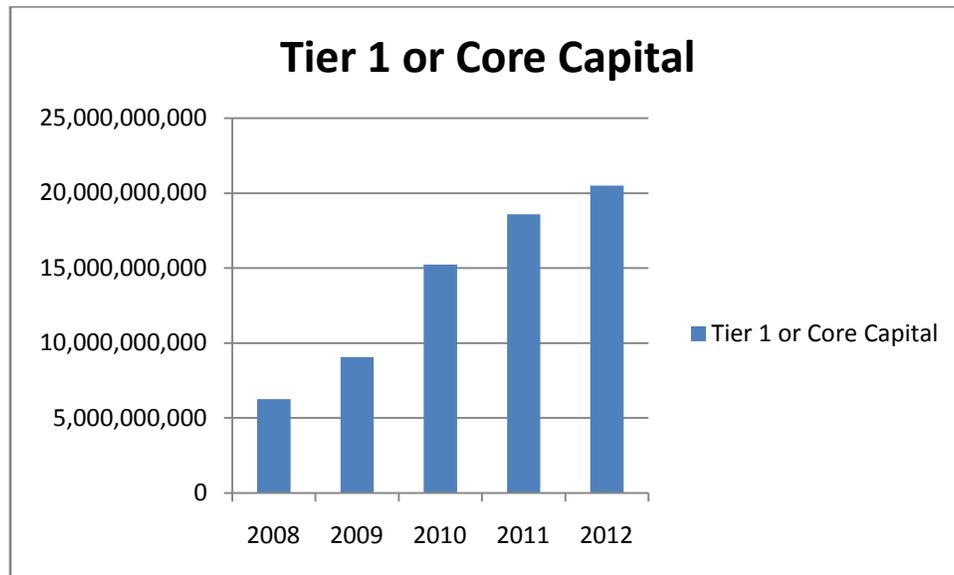


Figure 4.20 Tier 1 or Core Capital

4.21 Tier 2 or Supplementary Capital

Tier 2 or supplementary capital includes the allowances for loan and lease losses, subordinated debt capital instruments, mandatory convertible debt, intermediate term preferred stock, cumulative perpetual preferred stock with unpaid dividends, equity notes and other long term capital instruments that combine both debt and equity features.

2008	2009	2010	2011	2012
1,593,766,000	3,111,903,000	20,910,609,969	24,068,594,155	25,751,533,554

Tier 2 or supplementary capital is also increased over the five years. Due to increase in the components of tier 2 or supplementary capital, it has observed an increasing trend.

Tier 2 or Supplementary Capital of Prime Bank is shown in the graph below:

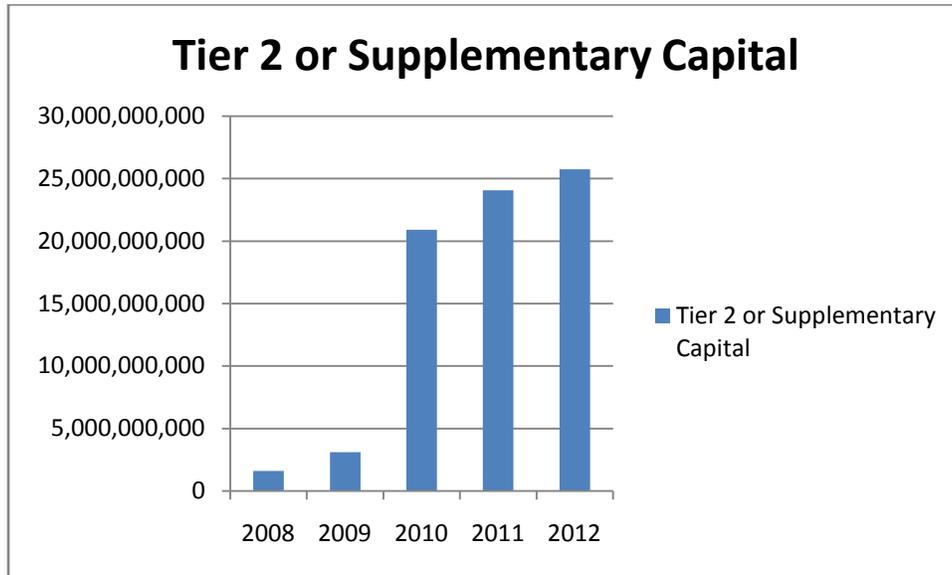


Figure 4.21 Tier 2 or Supplementary Capital

4.22 Ratio of Tier 1 capital to Total Risk Assets

Ratio of Tier 1 capital to total risk weighted assets must be at least 4%.

2008	2009	2010	2011	2012
8.67%	10.95%	8.33%	9.62%	10.14%

Ratio of Tier 1 capital to total risk weighted assets also maintains required rate of level. Over the five year it experiences a certain growth level.

Ratio of Tier 1 capital to Total Risk Assets of Prime Bank is shown in the graph below:

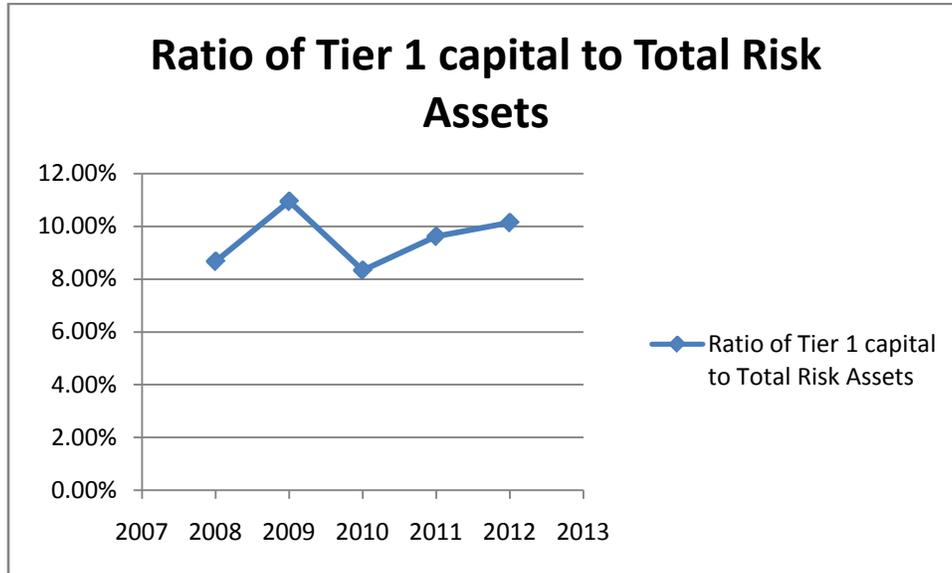


Figure 4.22 Ratio of Tier 1 capital to total risk assets

4.23 Ratio of Tier 1+ Tier 2 Capital to total Risk Assets

Ratio of tier 1+ tier 2 capitals to total Risk Assets must be at least 8%.

2008	2009	2010	2011	2012
10.88%	14.71%	11.43%	12.48%	12.73%

With an overall increasing trend in this sector, Prime Bank also succeeds to maintain the required rate of level.

Ratio of Tier 1+ Tier 2 Capital to total Risk Assets of Prime Bank is shown in the graph below:

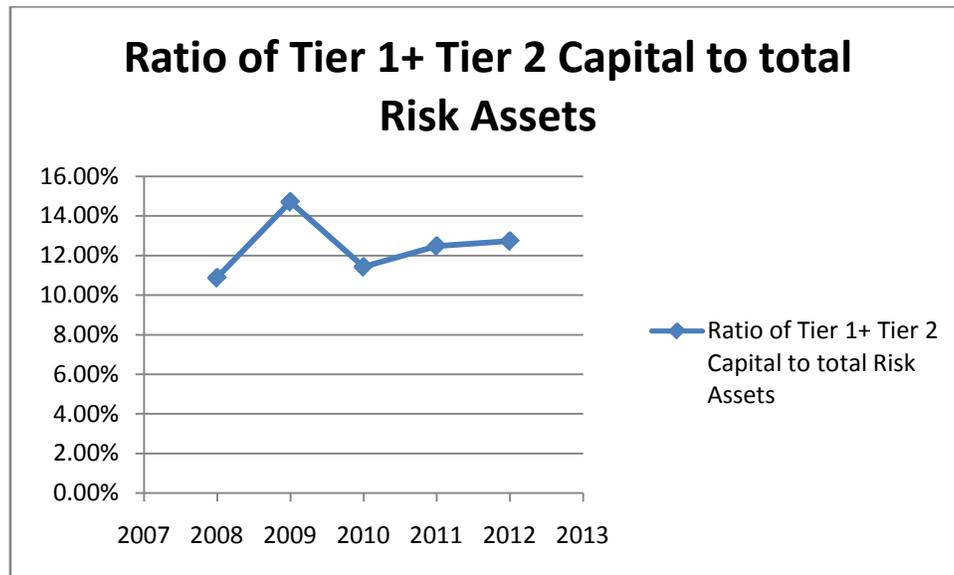


Figure 4.23 Ratio of Tier1+Tier 2 Capital to total risk assets

4.24 Internal Capital Growth Rate (ICGR)

Internal Capital Growth rate measures of how fast a bank can allow its assets to grow so that its capital to assets ratio does not decline. It is measured by multiplying ROE and retention ratio. Retention ratio is measured by dividing retained earnings and net income after taxes.

2008	2009	2010	2011	2012
17.62%	24%	19.56%	15.44%	10.38%

In 2012 Internal Capital Growth rate of Prime Bank decreased from 2011 due to decreasing trend in ROE as well as retained earnings and net income after tax was lower than 2011. As a result it experiences a decreasing trend in ICGR.

Graphical representation of Internal Capital Growth Rate (ICGR) is shown below:

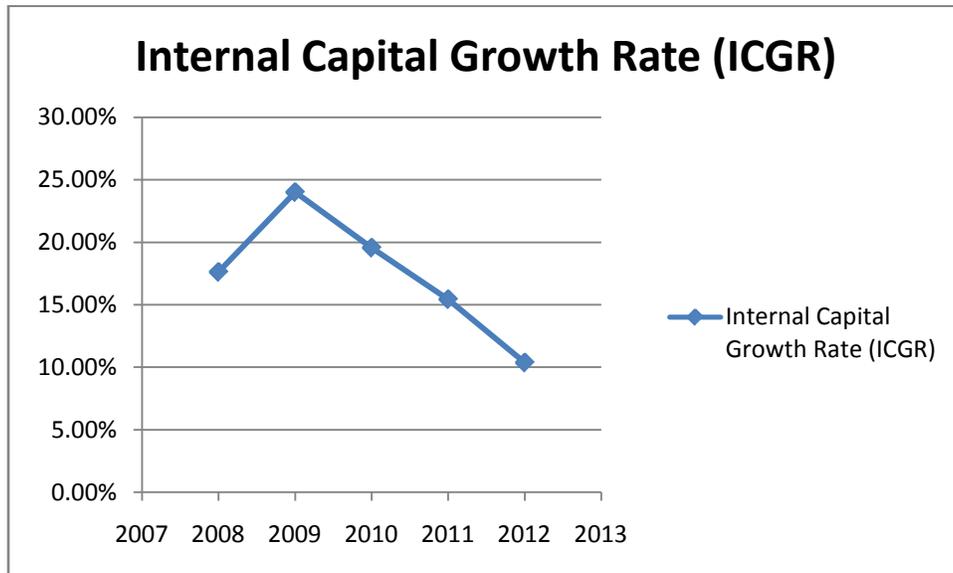


Figure 4.24 Internal Capital Growth Rate

Chapter 5

Findings and Analysis

After Analyzing the financial performance of Prime Bank Limited from 2008-2012 I would like to express some important findings which are given below;

- From 2008-2012, Prime Bank experiences a steady growth in total assets sector. The growth in assets was mainly driven by growth of customer deposits. The growth of deposits was used for funding growth in credit and holding of securities for SLR purpose .
- Shareholders equity is increased by 8.82 % during the year. The strong growth in shareholders equity will help the bank to expand its business.
- Interest Income increased by 36.58% which indicate a sound financial performance. As a bank the main concentration should be on interest income.
- Besides interest income noninterest income is also increased by 3.18% which also indicates a sound financial position.
- Prime Bank successfully maintains its capital adequacy ratio. Regulatory capital requirements are therefore necessary to prevent banks from expanding beyond their ability to manage, to improve the quality of bank's assets, to control the ability of the banks to leverage their growth and to lead to higher earning assets, leading to peace of mind of all stakeholders. Prime Bank keeps a careful check on its capital adequacy ratio.

Chapter 6

Recommendations

After three months internship and analyzing the financial performance, I would like to mention some recommendations. The recommendations are given below-

- After giving the loan to the customers, a banker should also perform certain duties to the customers to decrease the bad debt problem. Like-monitoring, supervising and follow up the loan that is taken by the customers.
- Director's interference in case of giving loan should be lessening because in this way risk may increase and bad debt may also increase.
- "Employee Recruitment Process"- should be done in a fare process so that appropriate and talented employees are selected through the recruitment process and increase the productivity and quality of the service.
- It needs to bring some improvisation into the ATM card service to gain the customers satisfaction.
- Better Customer Service should be provided in order to attract more clients. Increasing number of dissatisfied customer will incur loss to the organization.

Chapter 7

Conclusion

Prime Bank is one of the most promising private commercial banks in Bangladesh. Every day Prime Bank makes an effort to increase their product and services although they provide a wide range of product and services. It is committed to provide high quality financial service to contribute to the growth of GDP of the country and the growth of industrialization, boosting up export, creating employment opportunity for the educated youth, raising standard of living of limited income group and overall sustainable socioeconomic development of the country. Prime Bank Limited always tried its level best to perform financially well. In spite of trying to do well in some aspects Prime Bank Limited faced some financial problems from time to time. Some of the problems were-excessive bad loans, shortage of loans and advances, scarcity of cash in hands due to vault limit etc. These problems arose time to time due to economic slowdown, interest rate fluctuation, emerging capital market, inflation in the money market and so on. Fighting with all these problems and competing with other banks every moment the bank is trying to do better to best. If this thing continues we hope that Prime Bank Limited will develop even more in the future.

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