



BRAC University

Internship Report on

“Financial Performance Analysis of Prime Bank Limited” (2007-2011)

An internship Report presented to the BRAC Business School in Partial Fulfillment of
the Requirement for the Degree of Bachelor of Business Administration

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Letter of Transmittal

May 24, 2012

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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 Mohakhali Branch. The title of the report is “**Financial Performance Analysis of Prime Bank Limited**”. 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-Mohakhali 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

Salsabin Chowdhury
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Acknowledgement

At the very beginning, I would like to express my thanks to the Almighty Allah for giving me the strength to complete the report.

I would like to express my gratitude to **A.S.M Fasiul Islam** Executive Vice President for giving me an opportunity to do internship in Prime Bank Limited Mohakhali branch. I am grateful to all **Md. Abdul Bari Mollah** Senior Assistant Vice President & Manager Operation for supervising me during my whole internship period in Prime Bank Limited Mohakhali Branch.

I am grateful to **Monirul Haque Bhuiyan** General Banking Incharge of Prime Bank Limited Mohakhali Branch, Clearing Incharge **Mr. Asaduzzaman Khan**, Cash in charge **Pranesh Kanti Biswas**, **Fuad Hassan Prodhan** Management Trainee of Prime Bank Limited Mohakhali Branch, **Mr. Nazmul Huda** Junior Officer of Prime Bank Limited Mohakhali branch.

Last but not the least I am grateful to my honorable faculty and academic supervisor **Samina Haque**, Senior 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 Mohakhali 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

This report is done based on the three months long internship program that I have successfully completed in Prime Bank Limited, Mohakhali Branch from February 12-May 10 (2012) as an requirement of BBA program in BRAC Business School. Topic of my internship report is- “Financial Performance Analysis of Prime Bank Limited from 2007 to 2011”.

I calculated all basic financial determinants to measure a bank’s financial performance in the last five years. They are- Liquidity condition, Capital adequacy, Earning performances and also other determinants. 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.

Acronyms

ATM=Automated Teller Machine

CRISL= Credit Rating and Information Services Limited.

CSR=Corporate Social Responsibility

CRAR= Capital to Risk Weighted Assets Ratio

DSE=Dhaka Stock Exchange

EPS=Earning Per Share

HOB=Head of Branch

ICAB=Institute of Chartered Accountants of Bangladesh

IT=Information Technology

LC=Letter of Credit

PBL= Prime Bank Limited

PECL=Prime Exchange Co. Pte. Limited

PBIL=Prime Bank Investment Limited

PBSL=Prime Bank Securities Limited

POS=Point of Sale

ROA= Return on Assets

ROE= Return on Equity

SAFA= South Asian Federation of Accountants

SME= Small and Medium Enterprise

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Chapter-1

Introduction of the report

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”- Mohakhali Branch. I started my internship in Prime Bank Limited-Mohakhali Branch on 12th February and ended on 10th May 2012. Throughout my internship period Samina Haque, Senior Lecturer of BRAC Business School was my academic supervisor and Md. Abdul Bari Mollah, Senior Assistant Vice President & Manager Operation 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 2007-2011”. 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 2007-2011”.

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.(2007-2011)
- To present my observation and suggestion to the bank.
- To identify the strength and weakness of bank based on the financial performance in the last five years (2007-2011).

1.3 Methodology

In order to generate this report both Primary data and secondary data have been used. 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 2007-2011
- Brochures of Prime Bank Limited
- Different written document 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 Part

2.1 Introduction

A Bank is a financial institution and a financial intermediary that accepts deposits and channels those deposits into lending activities, either directly or through capital markets. A bank connects customers that have capital deficits to customers with capital surpluses.

There are different types of bank. Like-

- Central Bank
- Commercial Bank
- Industrial Bank
- Co-Operative Bank
- Savings Bank etc.

Generally when we use the term “Bank” that time actually it means the commercial bank. The main job of the commercial bank is to collect the money from customers as deposit and give other customers money as loan. The commercial bank gives interest on deposit money to the customer and receives interest on loan money to the customers. The difference between these two interest rates is the main source of bank’s income.

In Bangladesh the commercial banking sector dominates the financial sector. In Bangladesh there is one central bank which is “Bangladesh Bank”. There are four state owned commercial banks. They are- Agrani Bank, Janata Bank, Rupali Bank, Sonali Bank. Besides this, there is also good number of private commercial bank in Bangladesh. Such as-Prime Bank, One Bank, Mercantile Bank, Bank Asia, South East Bank, IFIC Bank, Dhaka Bank, United Commercial Bank, Dutch Bangla Bank and so on. There are also some foreign Banks which are operating in our country. They are- Citi Bank, HSBC, Standard Chartered Bank, Commercial Bank of Ceylon, State bank of India, Habib Bank Limited, National Bank of Pakistan, Woori Bank, Bank Alfalah and ICICI bank.

In Bangladesh the banking sector is expanding day by day. A number of new banks are also taking preparation to merge in the market. Banking process is becoming faster and easier because internet banking system has already introduced in many banks. Now-a-days in order to keep pace in the competitive field all the banks are trying to come up with the innovative products and services to satisfy their customers. On the other hand customers also need to have an idea about all the process and products of the different bank in order to make a right choice.

2.2 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's current capital adequacy ratio of 9.96% is in the market. In spite of complex business environment and default culture, quantum of classified loan in the bank is very insignificant and stood at less than 0.96%.

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.

(Milestones of Prime Bank Limited is given in the Appendix-01)

2.3 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.

2.4 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.

2.5 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 their well-being through attractive remuneration and fringe benefits.
- 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 underserved, 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.

2.7 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.

2.8 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.

2.9 Corporate ranking

Prime Bank Limited ranked 10th in Dhaka Stock Exchange (DSE) by market capitalization and stood at Tk. 34702 million as at the end of 2011. It has been ranked as 3rd company by DSE-20 Index. Balance Sheet size is of around Tk. 400 billion equivalent to USD 4.9 billion. With wide customer base Prime Bank established itself as the Market Leader among the conventional private commercial banks for deposits and advances.

2.10 Credit rating

CRISL reaffirmed long term rating of PBL to “AA+” and short term rating to “ST-1” based on financials up to December 31, 2010.

2.11 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.

2.12 Focused Business 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.

2.13 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.

2.14 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.

2.15 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)

2.16 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.

2.17 Corporate Governance

The board of directors, Executive committee and Audit committee of Prime Bank Limited are given below-

Board of Directors-

Mr. Shirajul Islam Mollah.....	Chairman
Mr. M.A. Khaleque.....	Vice Chairman
Mrs. Razia Rahman.....	Vice Chairperson
Mr. Azam J Chowdhury.....	Director
Mr. Mohammad Aminul Haque	Director
Mr. Mafiz Ahmed Bhuiyan.....	Director
Quazi Sirazul Islam.....	Director
Mrs. Shahnaz Quashem.....	Director
Mrs. Hasina Khan.....	Director
Capt. Imam Anwar Hossain.....	Director
Quazi Saleemul haque.....	Director

Mr. K. M. Khaled.....Director
Mr. Muhammad Abdul Wahab.....Director
Mr. Nafis Shikder.....Director
Ms. Firoja Amin.....Director
Md. Saheda Pervin Trisha.....Director
Mr. Manzur Morshed.....Director
Prof. Ainun Nishat.....Director
Prof. Mohammad Aslam Bhuiyan.....Director
Mr. Md. Ehsaan Khasru.....Managing Director

Executive committee

Mr. Mafiz Ahmed Bhuiyan.....Chairman
Mr. Tanjil Chowdhury.....Vice-Chairman
Mrs. Shahnaz Quashem.....Member
Quazi Sirazul Islam.....Member
Quazi Saleemul Haque.....Member
Mr. Muhammad Abdul Wahab.....Member
Mr. Nafis Shikder.....Member

Audit Committee

Prof. Ainun Nishat.....Chairman
Mr. M.A. Khaleque.....Member
Mr. Muhammad Abdul Wahab.....Member
Mr. Mohammad Aminul haque.....Member
Mr. Mohammad Aslam Bhuiyan.....Member

2.18 Distribution of Shareholders from 2008-2011

Particulars	% of shareholders			
	2008	2009	2010	2011
Sponsors	43.13%	43.13%	43.25%	40.75%
Financial Institution	13.94%	14.95%	20.62%	20.95%
Foreign Investors	12.01%	6.62%	0.99%	1.83%
Non-Resident Bangladeshi	0.05%	0.05%	0.04%	0.77%
General Public	30.87%	35.26%	35.10%	35.70%
Total	100%	100%	100%	100%

Table 1.1: Distribution of Shareholders from 2008-2011

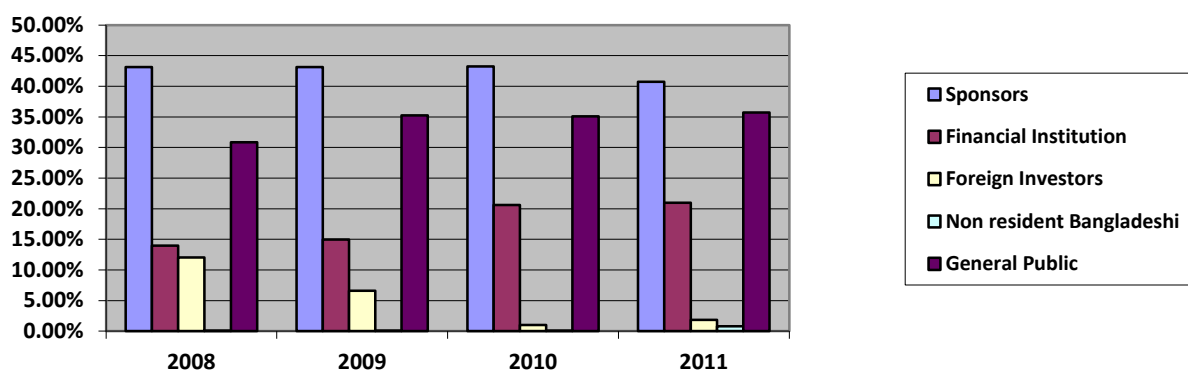


Figure 1.1: Distribution of Shareholder from 2008-2011

2.19 Operation Network Organ gram of Prime Bank

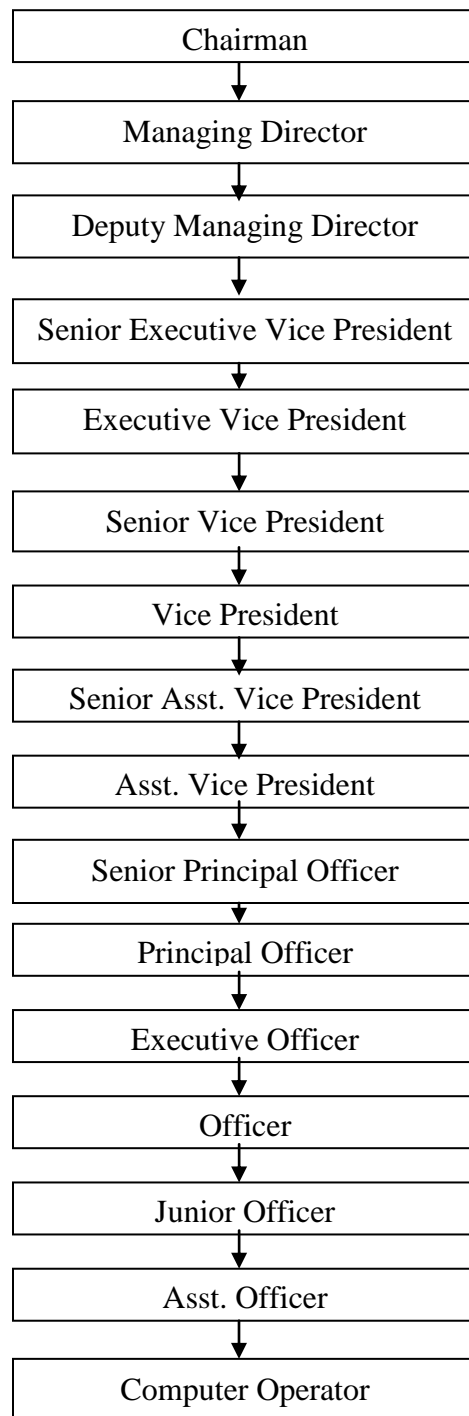


Figure 1.2: Hierarchy of the Management of PBL

2.20 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 across 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.

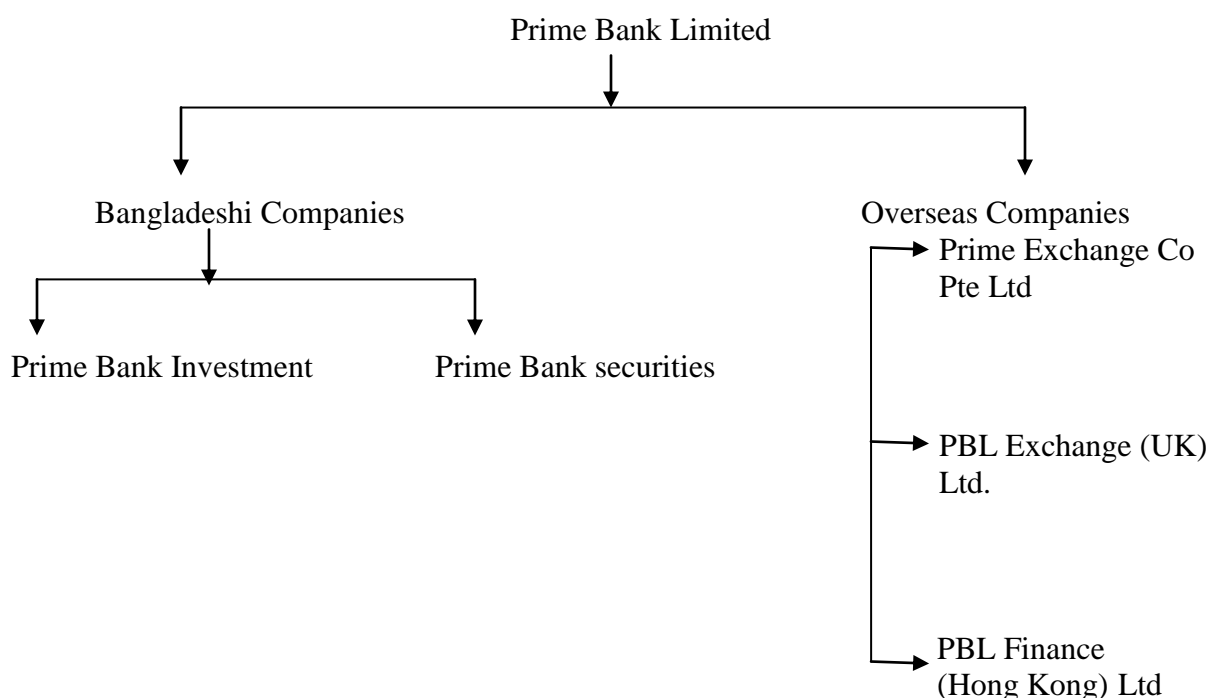


Figure 1.3: Group Corporate Structure of PBL

2.21 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:

- For reconditioned and new car the loan limit is highest 20,00,000/- Tk.
- Service holder with monthly income of at least 20,000/- Tk. And businessman with monthly income of atleast 40,000/- is eligible for applying for the loan.
- Down payment should be 10%
- Borrower's age should be in between 25-60 years.
- Validity of the loan is 6 years.

CNG Conversion Loan:

- Loan limit is highest 100000/- Tk.
- Borrower's age should be in between 21-65 years.
- Validity of the loan is 1.5 years
- Down payment is 10%.

Doctor's Loan

- Loan Limit for-General Practitioner is 5,00,000/- Tk.
- Loan Limit for- Graduate Specialist is 10,00,000/- Tk.
- Self Employed doctor 25,000/- Tk.
- Down Payment 10%.
- Borrower's age should be in between 25-65 years.
- Loan Validity 5 years.

Marriage Loan

- Service Holder and Businessman of any Organization can apply for the loan.
- Loan limit is highest 3,00,000/- Tk.
- Age should be in between 25-65 Years.
- Validity is 3 Years.

Travel Loan

- Businessman or Service Holder of any organization may get the loan.
- Loan limit is highest 2,00,000/- Tk.
- Age limit is 25-65 years.
- Validity is 3 years.

Loan against salary

- Loan limit is highest 3,00,000/- Tk.
- 8 times of Gross salary (If it is Prime Bank's account) and if it other bank's account than 6 times of Gross salary.
- Length of the job should be at least 1 year.
- Validity of the loan is 3 years.
- Borrowers' age should be in between 21-65 years.

Household Durables Loan

- Loan limit is highest 5,00,000/- Tk.
- Length of the job period should be 1 year.
- Down payment 10%
- Applicants of this loan should be in between the age limit of 21-60 years.
- Loan validity is 3 years.

Hospitalization Loan

- Loan Limit is highest 5,00,000/- Tk.
- Job holder should have the monthly income of atleast 12,000/- Tk. And businessman should have the monthly income of atleast 25,000/- Tk.
- Government Service holder should have the monthlt income of atleast 10,000/- Tk.
- Applicants should be in between the age limit of 25-65 years.
- Loan validity is 2 years.

Home Loan

- 60% of total expenditure of building.
- In case of buying an apartment 70% of total cost.
- In case of buying second hand apartment 50% of total cost.
- Borrowers age limit should be 25-60 years.
- Validity of the loan is 20 years.

Education Loan

- Loan limit is highest 5,00,000/- Tk.
- Service holder guardians should have monthly income of atleast 12,000/- Tk. And businessman guardian should have monthly income of atleast 25,000/- Tk.
- Borrowers age limit should be 25-65 years.
- Loan validity is 4 years.

Any purpose loan

- Loan limit should be highest 5,00,000/- Tk.
- Borrowers should have the monthly income of at least 10,000/- to 12,000/- Tk.
- Age limit should be in between 25-65 years.
- Validity of the loan is 3 years.

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

Prime Millionaire Scheme

- In Prime Millionaire Scheme if any person deposit 4570 Tk, 7890 Tk and 12465 Tk. Then after 10, 7 and 5 years he will get 10,00,000/- Tk.

Double benefit Scheme

- After a certain time who wants to get double amount of money of what he deposits then this is the appropriate scheme for them.
- To open this scheme one should deposit atleast 25,000/- Tk and highest 25,00,000/- Tk.
- Applicants should be in between the age limit of 18-60 years.

Lakhopoti deposit Scheme

- Under this scheme one can save for 15, 10, 5 or 3 years by giving monthly deposit of 250/-, 500/-, 1285/- and 2400/- Tk.

House building deposit Scheme

- Prime Bank introduced this type of loan for the first time. Under this scheme one can buy or build a building by depositing 4570/-, 7890/- and 12465/- for 10, 7 and 5 years.
- In this scheme customers don't need to pay credit card charge for 1(one) year.
- Based on the deposit one will get three times more loan benefits from the bank.

Monthly Profit based deposit scheme

- The validity of the deposit is 5 years and after completng 5 years the depositors will get basic deposit money.
- The depositors will get loan benefits based on the amount of deposit.

Contributory Saving Scheme

- Contributory saving scheme can be opened by monthly deposit. After five years the depositors withdraw the basic money along with the profit or they can also withdraw the money in the form of monthly pension.
- The amount of monthly installement of deposit will be 500/- to 25,000/- TK.
- The installement should be fulfilled within 5 years.
- Interest will be given on the amount of deposit.
- This scheme can also be opened for under aged people.

Education savings scheme

- After five years customers can withdraw the money along with the profit money.
- Besides this one can also get the money in the form of monthly installments.
- This scheme has the validity of five years.
- One can take part in this scheme with 50,000/- to 5,00,000/- Tk.

(A short overview of the Prime Bank's product portfolio is given in the **Appendix-2 b**)

2.22 Branches of Prime Bank and Branch Network

Prime Bank Limited has 102 branches and 17 SME branches all over the country. The number of branches of Prime Bank Limited in the last five years is given below-

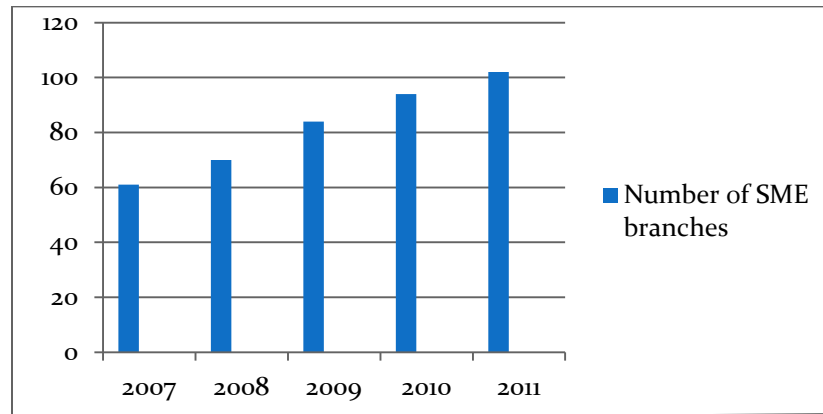


Figure 1.5: Number of SME branches of Prime Bank Limited from 2007-2011

(The location of the branches of Prime Bank Limited is given in the Appendix-2)

Branch Network: Prime Bank Limited has 102 branches all over the Bangladesh to provide quality services to customers.

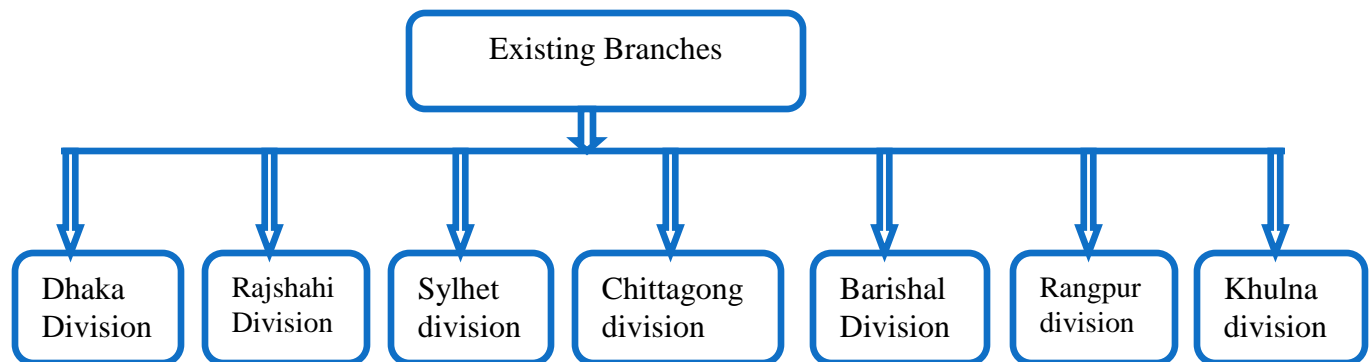


Figure 1.6: Branch Network of Prime Bank Limited

2.23 Branch cluster management

Branch cluster management (Branch mentorship) has been strengthened whereby the senior management is becoming directly involved with head of branches in their marketing drives for their assets, liabilities and other issues. Now the HOBs (Head of Branches) are exposed to more mature thoughts and ideas through mentors resulting in qualitative improvement of their business and operational activities.

2.24 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 2011, 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.

A closer look at sectoral allocation of corporate portfolio reveals that it is well diversified in various sectors of our economy which ensures diversification of risk associated with loans/investment. Business strategy for the year 2012 is to give preferences to the customer giving higher yield earning from multiple sources. CBD planned to increase portfolio in the ship building, jute, power & renewable energy and environment friendly projects. Regular review of the loan pricing considering market situation and recovery of NPL is one of the major tasks for CBD to maintain and improve the asset quality.

2.25 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. Prime Bank Limited is one of the largest providers of retail credit in Bangladesh and growth of retail asset was 17.74 percent during 2011. In terms of mix, Home loan was 45.97 percent, Car loan 19.57 percent, any purpose loan and others were 34.46 percent. Emphasis was given on mobilization of current and savings accounts and more than 100 thousand Current and Savings Accounts were opened through direct relationship executive only.

2.26 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.

To inspire SME entrepreneurship for financial literacy PBL distributed tally book on the eve of Pahela Boishakh. With the use of this tally book, business owners would be able to keep their business record in a more organized way. In order to focus on push marketing the bank has implemented Direct Sales Team. This has helped PBL to penetrate the market further and make available finance to the doors steps of small and medium enterprises.

2.27 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.

2.28 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.

2.29 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

Financial Performance of Prime Bank Limited from 2007 to 2011

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)

2.30 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. Some of the major achievements of ADC Division in 2011 are-

- **ATM Booth:** As at December 2010, PBL had only 37 ATMs. But in 2011, the bank installed 50 new ATMs country wide. Now the bank has 87 ATMs in operation and these are located in the busy and preferred locations across the country. As per bank's approved expansion plan, PBL shall install another 100 ATMs in 2012.
- **ATM card:** The number of ATM card was only 154,021 at year end 2010. But by year-end 2011, PBL has managed to increase this number to almost 200,000.

➤ **Master Debit Card:** The bank has launched Master Debit Card in January 2011 and almost 20,000 cards have been issued in 2011. With this card the following facilities can be achieved-

- Customers can access any Master ATM terminal
- Customers can access any Master POS terminal

➤ **SMS Banking:** Now-a-days Mobile phones are the easiest channels by which customers can reach the bank to access their account 24X7. So PBL introduced SMS service in July 2010. With this service, a customer can enjoy the following-

- Verify payment, receive status anywhere
- Get alert automatically on an automatic basis when loan installments fall due and become overdue.
- Save time and cost as they will minimize their visit to their respective branches for simple queries.

➤ **Phone Banking:** With IT support, ADC successfully implemented Phone Banking service in May 2011 and by year end 2011 the bank has provided this service to over 1500 number of account holder. Some facilities under this service are-

- Account related enquiry
- Debit card related enquiry
- Credit card related enquiry

➤ **Information KIOSK/Bills pay:** The bank has successfully launched 4 (four) information KIOSK.

PBL ATM Card and Master Debit Card holders can enjoy the following facilities through Information KIOSK:-

- Account Balance Enquiry
- Account statement

In addition, “Utility Bill” payment of a number of companies is also possible by information KIOSK and ATMs

- A few more services will be added soon for the customers of the bank like-
 - Biometric Smart Card
 - Mobile Banking
 - Cash Deposit Machine (CDM)/Deposit KIOSK
 - Mini Fast Track

2.31 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.

2.32 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 from July 01 2011 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. 2790 million in 2011. Tier-II capital grew by Tk. 2996 million and stood at Tk. 18787 million during the year under review. Total capital fund is equivalent to 12.49 percent of total risk weighted assets.

2.33 Human Resources

PBL's brand pledges, a bank with a difference, sets out its deep and lasting commitment to people, and to building a sustainable and responsible business in the long run in a unique way. And it is this commitment that not only sets Prime Bank Limited as a bank but also as an employer.

By developing strengths of the human capital, valuing their unique perspectives and enabling them to make a difference to our success, PBL will help them to fulfill their latent talent. Getting the best from this opportunity will rely on them sharing their commitment to delivering performance for its shareholders; building lasting relationships while demonstrating a passion for helping it do better for customers and society.

With 2,292 people, operating through 119 branches the bank prides itself on being a truly peerless organization, combining the expertise and endeavor of experienced and fresh talents.

2.34 Future Outlook

The financial sector of the country is also expected to continue showing good result during 2012. 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 2012 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 and compliance with Basel-II will pose a challenge to the financial sector.

Chapter-3

Job Responsibilities as an Intern in Prime Bank Limited

3.1 Introduction

I felt myself very much privileged to get an opportunity to work as an intern in Prime Bank Limited (Mohakhali Branch). Prime Bank Limited, Mohakhali branch is the best branch among 102 branches according to the performance of year 2011. When 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 12th February to 10th May. 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 Operation Manager of the branch Mr. Abdul Bari Mollah and he also supervised me all through my whole internship period in the Prime Bank Limited (Mohakhali Branch).

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.

(A short overview of Prime Bank Limited Mohakhali Branch is given in **Appendix-3 A**)

3.2 Outward Cheque clearing

“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 (Mohakhali Branch) then there the clearing in-charge Mr. Asaduzzaman Khan 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. Like- Give clearing seal on the back side of the seal, give authorization seal on the back, manually authorize the cheque by giving signature on the back side of the cheque, make a lot of the cheques, make sum of the total amount of the cheques in a lot. In my first week of internship I learned to do these manual tasks. After finishing the manual job clearing process, the next step is to scan all the cheques through a scanner that is connected to a particular computer which is mainly used for outward clearing process. In my first
Financial Performance of Prime Bank Limited from 2007 to 2011

week of internship I also learned how to scan the cheques through the scanner. After the scanning is finished the images of all the cheques will be saved in the ACCS software through which the outward clearing process is done. After saving the images in the ACCS software it is the duty of the clearing officer to input each and every data of each and every cheque. One by one all the batches of cheques are completed. This task is called “making the cheque through software”. I learn to make the cheques through software in the second week. When I learned to make the cheques through the software from that time I used to make the cheques manually first in every morning by giving seal, signature and doing other tasks. Then I started to do scanning the cheques by my own. I also learned quite well to make the cheques through the ACCS software. During the three months, in every working day I used to make 150-300 cheques manually and then make it through the Automated Cheque Clearing Solution-software. The rest of the tasks of the outward cheque clearing process are-check the cheques, send to the Motijheel branch through software, generate report of the total amount of cheque make, checking the number of cheque return etc. Sometimes I also perform these jobs also but not at a regular basis.

(Some of the pictures of the clearing seal, authorization seal is given in the **Appendix-3 B**)

3.3 Give “Return” cheques to the clients

The clients of Prime Bank Limited Mohakhali 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(Mohakhali Branch) returns those “Rejected” or “Return” cheque to the payees.

In my branch many clients used to come to collect their “Return” cheques. I was responsible to give return those cheques to them. For this I had to keep record of the return cheque in the register book first. Then I had to make an extra receipt for the client by filling all the information needed in the receipt. After that my job was to attach the cheque with the receipt and give it to the clients and also receive their signature in the register book where the record of the “Return” cheque is written.

(A sample of the return cheque’s slip is given in the **Appendix-03 C**)

3.4 Preparing East Wet University’s and BRAC University’s cash collection statement

The students of East West University used to pay their tuition and admission fees both in the Prime Bank Limited (Mohakhali Branch) until they move their university campus to Aftab Nagar. From the very first day of my internship to the last day of my internship I made the statement of East West University’s students’ cash collection.

For this reason every morning I had to collect all the office copy of the deposit slips of the students from the account incharge Mr. Pranesh Kanti Biswas. Then I used to give serial number in all the deposit slips one by one. After that in Microsoft Excel Sheet I use to arrange all the deposit slips data serially. Every day I had to make cash collection statement of 50-150 students. After making sum of all amount in the Excel Sheet I had to mail it to East West University’s accountant’s mail address and also print out two copies of the statement. One is for bank and another one is for East West University’s Accounts Department.

The staff of East West University’s Accounts Department used to come in every afternoon to collect all the office copy of the deposit slips and also the cash statement. I was responsible to give the deposit slips and the cash statement to the staff.

BRAC University’s students also pay their tuition and admission fees in Prime Bank Limited but very few in number. Like East West University’s cash collection statement I was also responsible to make the cash collection statement of BRAC University. For BRAC University’s statement it was not mandatory to mail the statement to accounts office but everyday one

Financial Performance of Prime Bank Limited from 2007 to 2011

messenger of BRAC University used to come and collect the statement. I used to take the signature of him in a particular register book and give the cash statement to him along with the accounts copy of the deposit slip.

(A format of East West University's and BRAC University's cash collection statements are given in **Appendix-3D and 3E**)

3.5 Record the number of pay-order issued every day

Every day in Prime Bank Limited a good number of pay orders are issued everyday. 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 (Mohakhali Branch) it was my duty to record everyday's number of pay-orders issued. In the register copy, everyday after 4 P.M 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.

3.6 Arranging the cheque books

Throughout the whole week the clients of Prime Bank Limited Mohakhali branch give requisition of cheque books for their own use. The bank receives the requisition for cheque books through the requisition paper. All the cheque books are prepared 10-15 days after the clients given the requisition for cheque books. Then all the cheque books are needed to be arranged properly in order to give the cheque books to the clients quickly when they come to receive their cheque books.

On the first day of every week I used to arrange the cheque books through out my internship period in Prime Bank Limited (Mohakhali Branch). Every Sunday generally I used to arrange 150-200 cheque books. At first I used to attach every requisition paper with the last page of the Financial Performance of Prime Bank Limited from 2007 to 2011

every cheque books. Then I used to arrange the cheque books alphabetically first and then put in the vault of bank where a separate section of several drawers is available to keep the cheques alphabetically. For example-If the name of the client of the cheque book is Abdul then I supposed to keep the cheque book in the drawer of A. In this way I did my task of arranging the cheque books every week.

3.7 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 Rina Akhter, Management Trainee 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-04

Financial Performance of Prime Bank Limited from 2007-2011

4.1 Liquidity condition of Prime Bank Limited (2007-2011)

4.1.1 Liquidity: Liquidity means the ability to quick convert of an asset into cash. While converting, it is also important not to have a big effect on the price.

4.1.2 Liquidity of a bank refers to the bank's ability to meet its financial obligation. One of the main challenges of a bank is to ensuring its own liquidity under all reasonable condition. A Bank needs to maintain the liquidity for both their depositors and borrowers. Depositors always expect that bank will meet their claim whenever they need. If the bank can assure this to the depositors then the depositors will feel secured. Besides this, the depositors will be less interested to deposit the money in the particular bank.

If the bank has not enough liquidity then it can't meet the need of loans and advances to the lenders or borrowers. When a bank is unable to provide loans and advances due to illiquidity then automatically their profit goes down.

For these two reasons mentioned above a bank needs to maintain liquidity.

4.1.3. Liquidity ratio: Liquidity ratio is a type of financial ratio that is mainly used to determine a company's ability to repay the short term debt obligation. There are a number of formulas to calculate the liquidity ratio of a particular organization. They are-

- i) Current ratio
- ii) Quick ratio
- iii) Operating cash flow ratio.

Financial analysts of different organization consider different liquidity ration to know the liquidity condition of the organization. For bank there are also some ratios which are used to determine a bank's liquidity. They are-

- i) Cash Ratio
- ii) Loans to deposit Ratio
- iii) Loans to Asset Ratio

To know the liquidity condition of Prime Bank Limited it is a useful way to know its Cash Ratio and Loans to Deposit Ratio. All these three ratios are calculated and interpreted below-

4.1.4 Cash Ratio: The mostly used ratio in an organization is cash ratio. Cash ratio is the ratio of a company's total cash and cash equivalents to its current liabilities. In case of Bank, Cash Ratio is the sum of cash in hand and at banks including the central bank to total deposit. The formula of cash ratio for a bank is-

$$\text{Cash ratio} = \frac{\text{Cash in hand and at banks}}{\text{Total deposits}} \times 100$$

The cash ratio of Prime Bank Limited from 2007-2011 is shown below-

2007	2008	2009	2010	2011
7.68%	8.18%	9.58%	7.69%	8.45%

Table 4.1: Cash ratio of Prime Bank Limited 2007-2011

The change of the cash ratio of Prime Bank Limited is shown in the graph below-

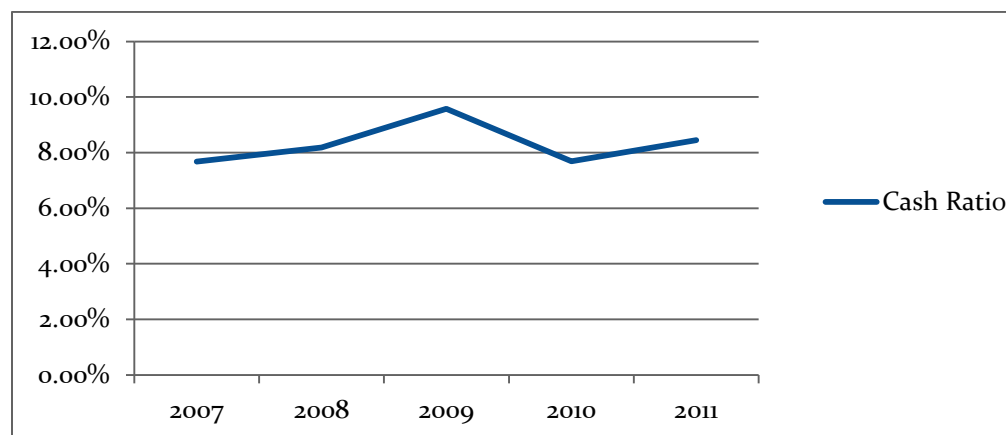


Figure 4.1: Cash ratio of Prime Bank Limited 2007-2011

4.1.5 Loans to deposit ratio: The ratio is commonly known as LTD ratio and is expressed as percentage. Basically this kind of ratio is mainly used by the banks to know their liquidity by dividing the total loans by total deposits. The formula of the loans to deposits ratio is-

$$\text{Loans to Deposit ratio} = \text{Loans/Deposits} \times 100$$

In loans to deposits ratio if the ratio is high that means the bank has low liquidity. That means the bank does not have enough liquidity to meet its payment requirement. On the other hand, if the liquidity ratio is low that means the bank has high liquidity. This situation mainly occurs when the bank has more liquidity in their hand to meet up all payment requirements.

The Loans to Deposits ratio of Prime Bank Limited is shown in the table below-

2007	2008	2009	2010	2011
81.8%	85.38%	83.45%	93.16%	87.23%

Table 4.2: Loans to Deposits ratio of Prime Bank Limited from 2007-2011

The Loans to Deposits ratio from 2007-2011 of Prime Bank is shown in the graph below-

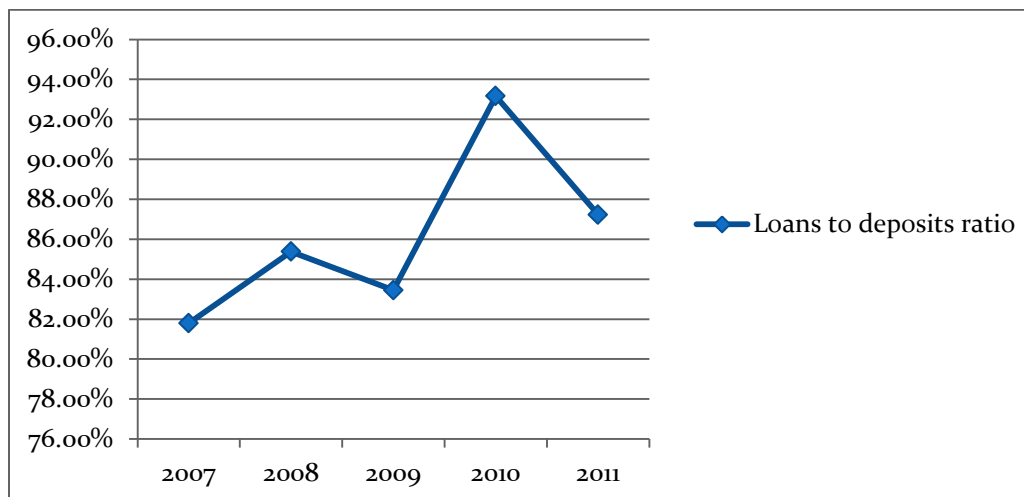


Figure 4.2: Loans to Deposits ratio of Prime Bank Limited from 2007-2012

4.2 Earning Performance of Prime Bank Limited (2007-2011)

4.2.1 Earning performance of an organization means how efficient is an organization to generate profit. Like other organizations a “Bank” also need to generate a good amount of profit.

4.2.2 **Profitability ratios:** Profitability ratios are used to assess a business's ability to generate earnings as compared to its expenses and other relevant costs incurred during a specific period of time.

Some of the ratios are mentioned below to determine the profitability of Prime Bank Limited from the year 2007-2011.

4.2.3 **Return on assets:** Return on Assets ratio of a bank gives an idea of how efficiently a bank is using its assets to generate profit. Return on Assets (ROA) is calculated by dividing the annual earnings of a bank by the total assets. So it can be said that the formula of ROA is-

$$ROA = \frac{\text{Net Income}}{\text{Total Assets}} \times 100$$

The return on asset ratios of Prime Bank Limited from 2007-2011 are given below-

2007	2008	2009	2010	2011
1.99%	1.30%	2.37%	2.22%	2.07%

Table 4.3: Return on Assets of Prime Bank from 2007-2011

The Return on Asset of Prime Bank Limited from 2007-2011 is shown in the graph below-

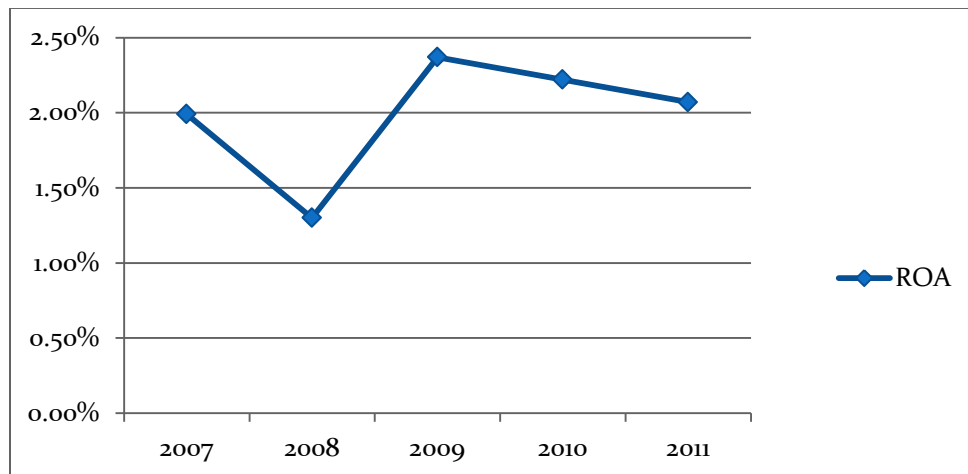


Figure 4.3: ROA of Prime Bank Limited from 2007-2011

4.2.4 Return on Equity: 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. There are several ways of calculating the return on equity for an organization. Like-

- Net Income-Preferred Dividends/Common Equity
- Net Income/Average Shareholders' Equity
- Net Income/Shareholders' Equity.

ROE is always expressed in the form of percentage (%). Return on Equity or ROE is also known as “Return on Net Worth”.

For calculating the ROE of Prime Bank Limited the formula of ROE will be used is-

$ROE = \text{Net Income} / \text{Average shareholders' Equity}$.

The ROE of Prime Bank Limited from 2007-2011 is shown in the table below-

2007	2008	2009	2010	2011
30.68%	20.58%	30.19%	21.65%	20.32%

Table 4.4: ROE of Prime Bank Limited from 2007-2011

The change of the ROE in the last five years (2007-2011) is shown in the graph below-

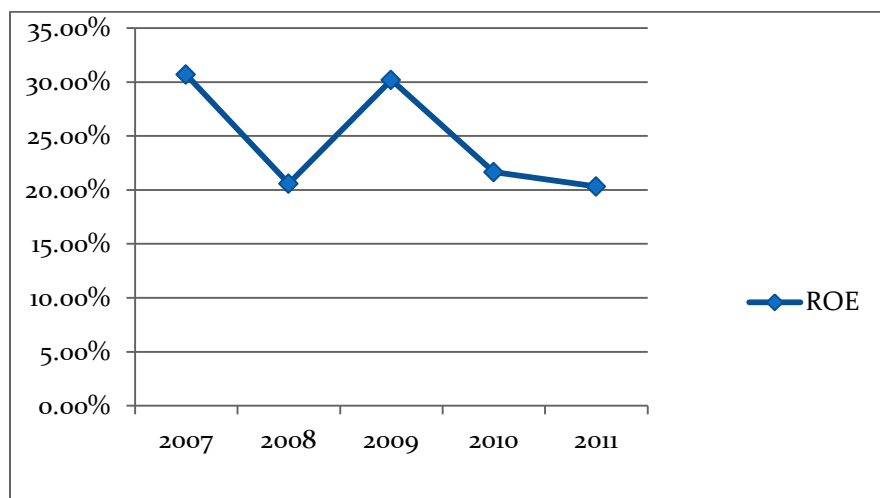


Figure 4.4: ROE of Prime Bank Limited from 2007-2011

4.2.5 Net Interest Margin: A ratio that examines how efficiently an organization can manage its investment decision to its debt situation. The formula of Net Interest Margin is-

$$\text{Net Interest Margin} = \frac{\text{Interest Income} - \text{Interest Expense}}{\text{Average Total Assets}} \times 100$$

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

2007	2008	2009	2010	2011
2.71%	2.07%	2.07%	3.10%	2.31%

Table 4.5: Net interest margin of Prime Bank Limited from 2007-2011

The change of the Net Interest Margin in the last five years is shown in the graph below-

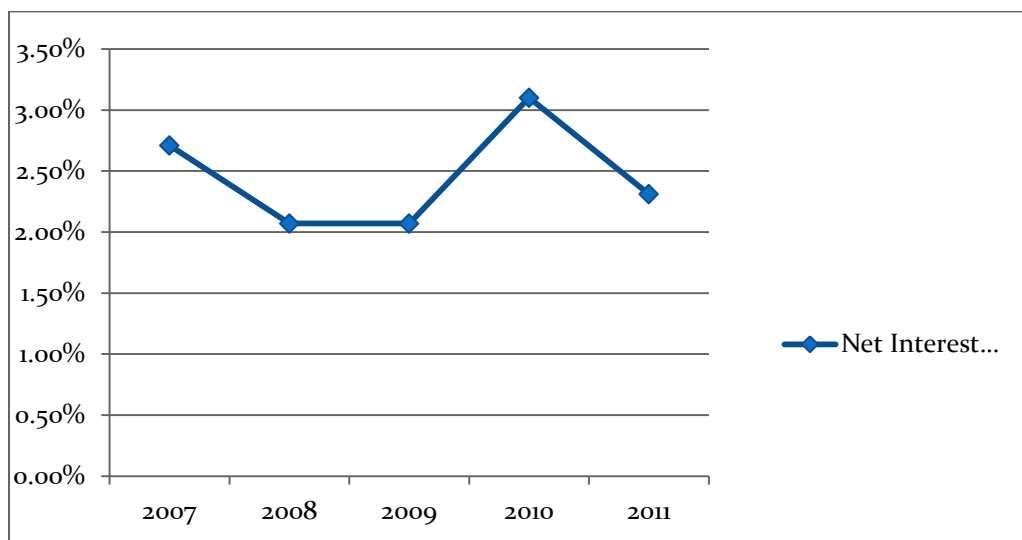


Figure 4.5: Net interest margin of Prime Bank Limited from 2007-2011

4.2.6: Other operating Income to Total Assets: This ratio represents the relationship between “Other operating Income” of an organization to total assets. The formula is-

$$\text{Other operating Income to Total Assets} = \frac{\text{Other Operating Income}}{\text{Total Assets}} \times 100$$

In the perspective of Prime Bank Limited, Other operating Income to Total Asset ratio is given in the table below-

2007	2008	2009	2010	2011
0.60%	0.66%	0.54%	0.41%	0.37%

Table 4.6: Other operating Income to Total Assets of Prime Bank from 2007-2011.

The change of the Other Operating Income to Total Assets ratio from 2007-2011 is shown in the graph below-

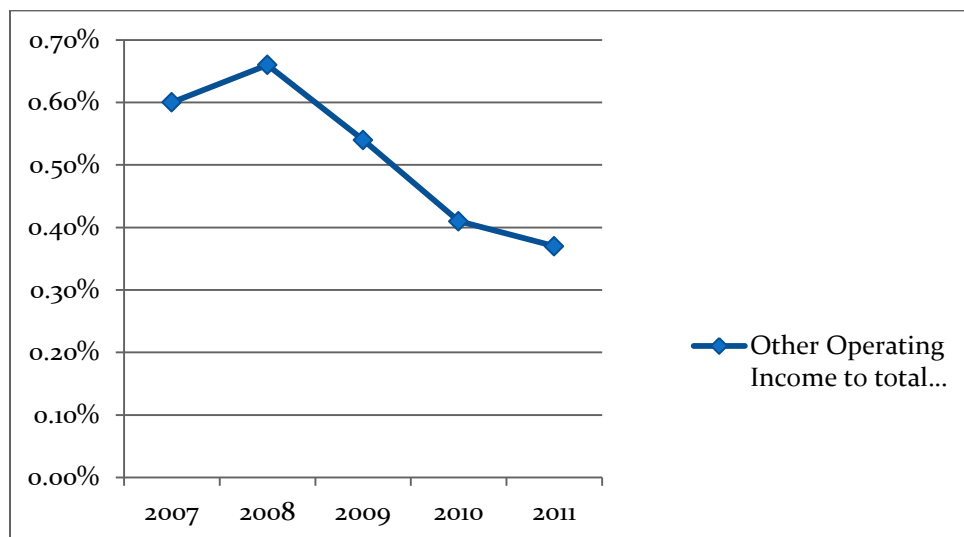


Figure 4.6: Other Operating Income to Total Assets of Prime Bank Limited from 2007-2011

4.2.7 Return on Loans: From the perspective of bank loan is the arrangement between the lender (bank) and borrower where the lender (bank) gives money to the borrower and borrower agrees to repay the money along with the interest. Return on loans ratio presents the relationship between the earnings of loans to the total number of loans in a given year. The formula of the Return on Loans is-

$$\text{Return on Loans} = \frac{\text{Interest earned on loans}}{\text{Total Loans}} \times 100$$

Return on Loan ratio of Prime Bank Limited from the year 2007-2011 is given below-

2007	2008	2009	2010	2011
11.88%	11.95%	12.13%	10.40%	11.97%

Table 4.7: Return on Loans of Prime Bank Limited from 2007-2011

Return of Loans ratio of Prime Bank Limited in last five years (2007-2011) is shown in the graph below-

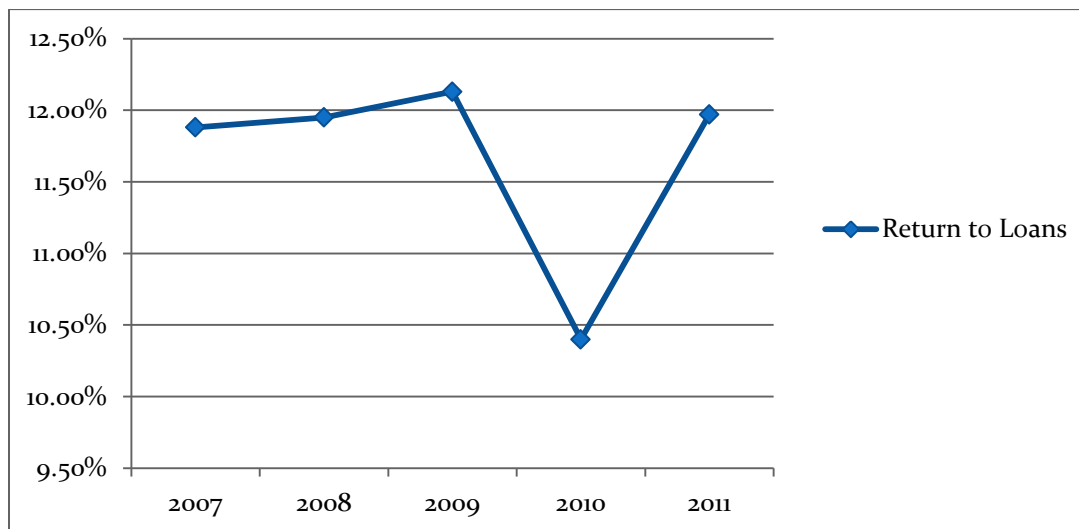


Figure 4.7: Return on Loans of Prime Bank Limited from 2007-2011

4.2.8 Net Income per staff: This ratio is calculated to determine the productivity of the each employee of an organization. This ratio relates Net income to the total number of staff of an organization. The formula of Net Income per staff is-

$$\text{Net Income per staff} = \frac{\text{Net Income after tax}}{\text{Total Number of staff}}$$

The net income per staff of Prime Bank Limited in the last five years is given below-

2007	2008	2009	2010	2011
Tk. 10,00,714	Tk. 7,94,326	Tk.15,09,761	Tk. 14,49,743	Tk.15,97,731

Table 4.8: Net Income per Staff of Prime Bank Limited from 2007-2011

Net Income per staff of Prime Bank Limited is shown in the graph below-

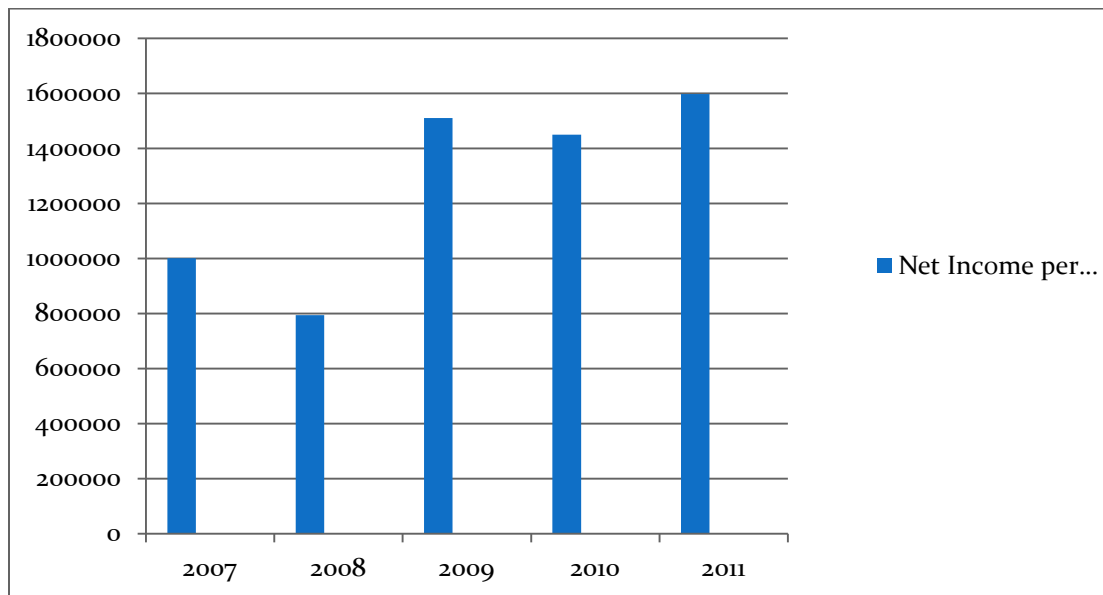


Figure 4.8: Net Income per staff of Prime Bank Limited from 2007-2011.

4.3 Capital Adequacy of Prime Bank Limited (2007-2011)

4.3.1 Capital adequacy ratio: Capital adequacy ratio is a ratio that is used to measure a bank's capital. It represents the relationship between a bank's capitals to risk weighted assets. Capital adequacy ratio is also known as "Capital to Risk Weighted Assets Ratio (CRAR)." Capital adequacy ratio is used to protect the depositors and efficiency of financial system around the world.

The formula of capital adequacy ratio is: $\text{Capital adequacy} = \frac{\text{Equity Capital}}{\text{Risk Weighted Assets}} \times 100$

For Prime Bank Limited the ratio from 2007-2011 is given below-

2007	2008	2009	2010	2011
9.50%	9.26%	14.20%	9.12%	9.85%

Table 4.9: Capital Adequacy ratio of Prime Bank Limited from 2007-2011

The change in the ratio in the last five years is shown in the graph below-

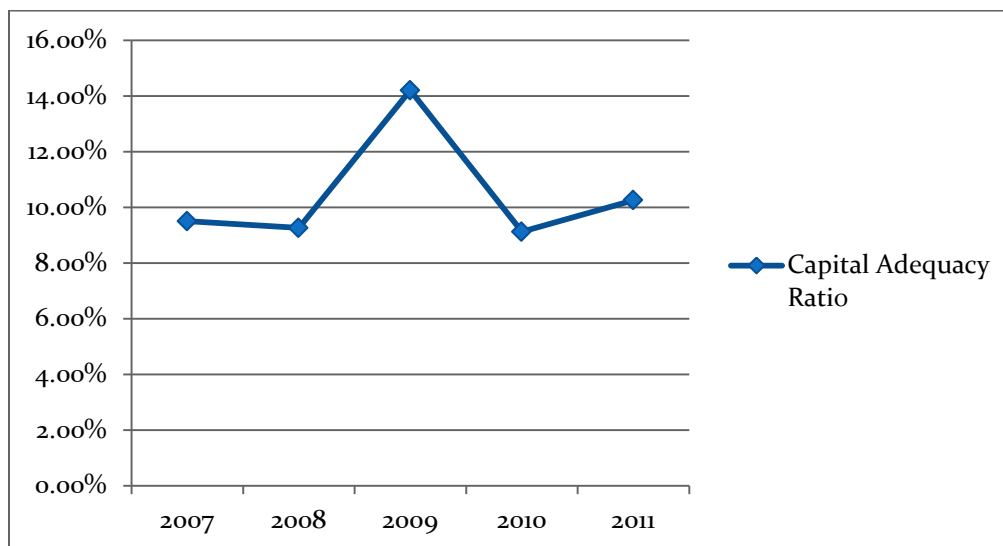


Figure 4.9: Capital Adequacy Ratio of Prime Bank from 2007-2011

4.3.2: Earning Assets to Total Assets ratio: From the perspective of a bank, Earning Asset means the assets that produce income. For example-interest bearing investment, deposits etc.

Earning Assets to Total Assets ratio for a bank means the assets which generate income for the business to total assets owned by the business. When the ratio is higher that means the bank is really in good condition. On the other hand when the ratio is lower that means the bank is not in a good situation. The formula of Earning Assets to Total Assets ratio is-

Earning Assets to Total Assets ratio= Earning Asset/Total Assets

2007	2008	2009	2010	2011
91.47%	90.79%	88.06%	89.14%	88.17%

Table 4.10: Earning Assets to Total Assets ratio of Prime Bank from 2007-2011

Earning Assets to Total Assets ratio of Prime Bank from 2007-2011 is shown below-

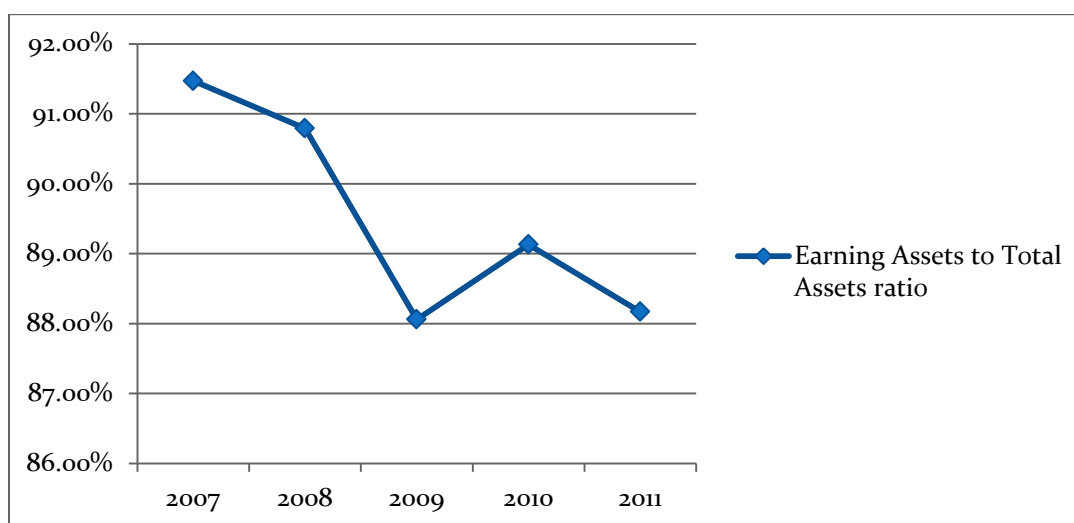


Figure 4.10: Earning Assets to Total Assets ratio of Prime Bank Limited from 2007-2011

4.3.3 Loan loss Provisions to Total Loans ratio: Loan loss provision is a non-cash expense for a bank. It is an expense for banks to account for future losses on loan defaults. The loan loss provision allocated each year increases with the riskiness of the loans a given bank makes. A bank making a small number of risky loans will have a low loan loss provision compared to a bank taking higher risk. The Loan loss Provision to total loans ratio is-

$$\text{Loan Loss Provision to Total Loans} = \frac{\text{Loan loss provisions}}{\text{Total Loans}} \times 100$$

The Loan loss Provision to Total Loans ratio of Prime Bank (2007-2011) is shown in the table below-

2007	2008	2009	2010	2011
1.58%	1.84%	0.78%	0.49%	0.47%

Table 4.11: Loan Loss Provision to Total loan ratio from 2007-2011

The change in the Loan loss provision to total loans ratio in the last five years is shown in the graph below-

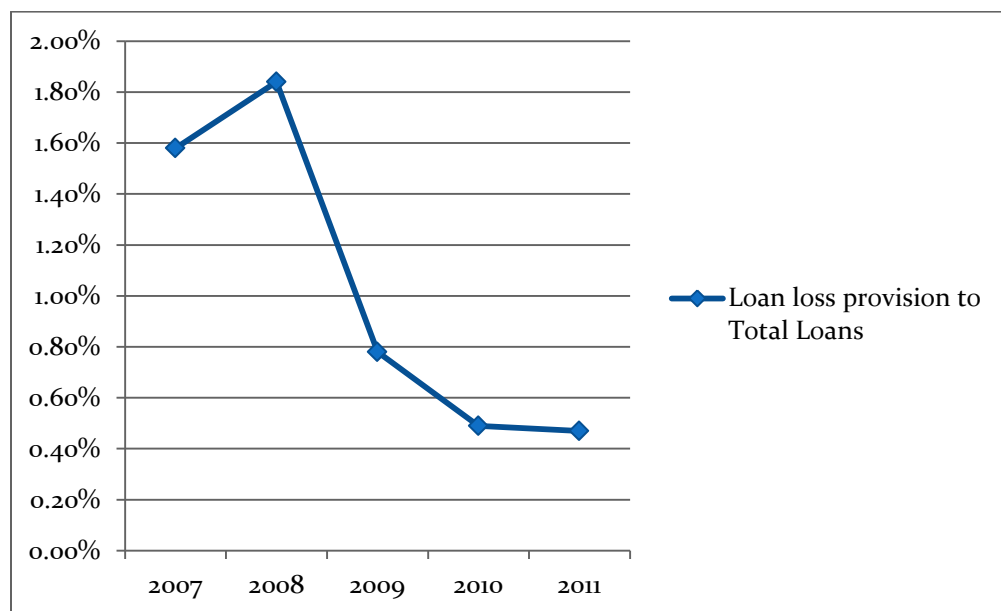


Figure 4.11: Loan loss Provision to Total Loan ratio of Prime Bank Limited from 2007-2011.

4.4 Other determinants to measure financial performance

4.4.1 Savings Deposit as percentage (%) of total deposit: Customers' deposit continued to increase every year in Prime Bank Limited (According to the annual report until 2011). Till 2011 total amount of customers' deposit are shown in the graph below-

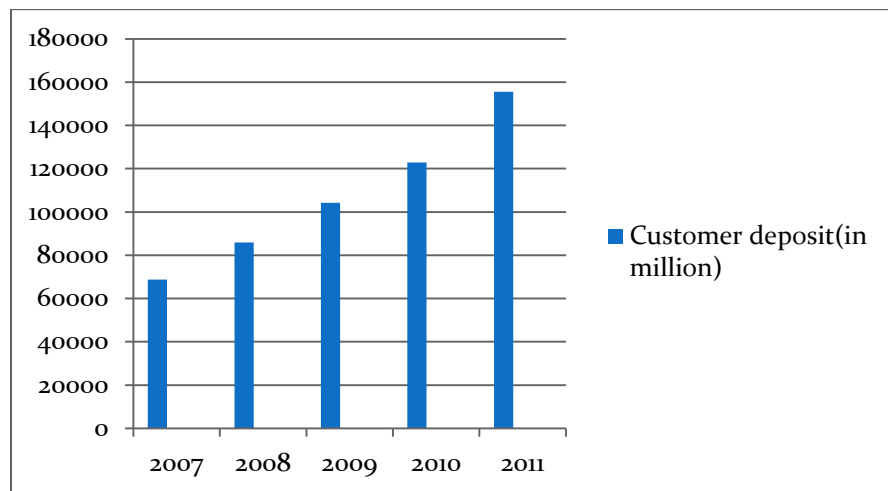


Figure 4.12: Total customers' deposit from 2007-2011

Among the all customers' deposit the amount of fixed deposit is given below in the percentage form in the graph below-

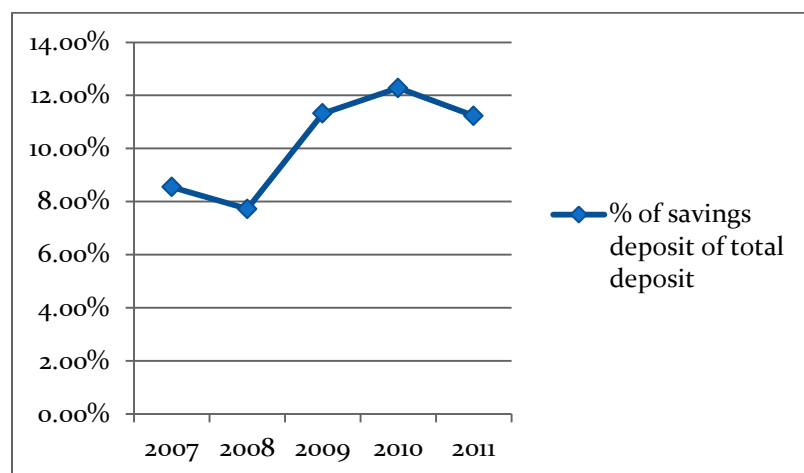


Figure 4.13: % of savings deposit of total deposit

4.4.2 Cost Income ratio: The cost-to-income ratio shows the efficiency of a firm in minimizing costs while increasing profits. The lower the cost-to-income ratio, the more efficient the firm is running. The higher the ratio, the less efficient management is at reducing costs.

The formula of Cost Income Ratio is- $\text{Operating cost}/\text{Operating Income}$

The cost Income ratio of Prime Bank Limited from year 2007-2011 is given below-

2007	2008	2009	2010	2011
32.37%	33.42%	35.47%	36.94%	35.98%

Table 4.14: Cost Income ratio of Prime Bank Limited from 2007-2011

The cost Income ratio of Prime Bank Limited is shown in the graph below-

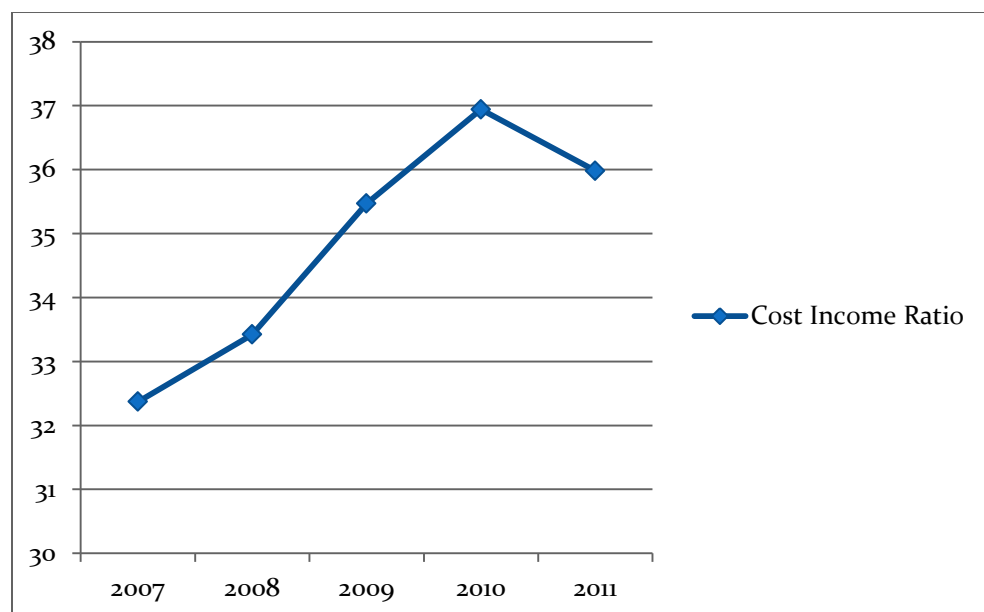


Figure 4.14: Cost Income ratio of Prime Bank Limited 2007-2011

4.4.3 Operating Profit: Operating profit of Prime Bank Limited in the last five years are given below-

2007	2008	2009	2010	2011
3257 million	3847 million	5289 million	6176 million	7455 million

Figure 4.15: Operating Profit of Prime Bank Limited from 2007-2011

The change of the operating profit of Prime Bank Limited from 2007-2011 is shown in the graph below-

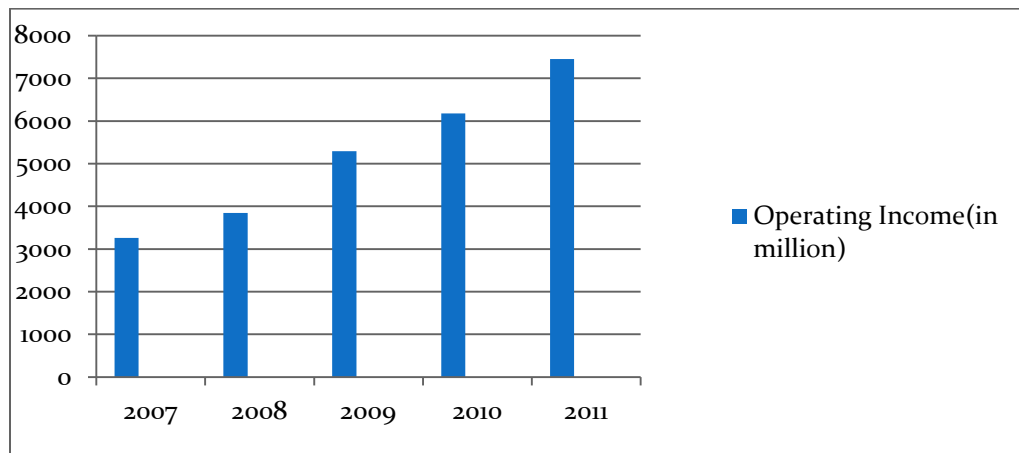


Figure 4.15: Operating Profit of Prime Bank Limited from 2007-2011

Chapter-05

Analysis Part

5.1 Liquidity analysis of Prime Bank Limited 2007-2011

5.1.1 Cash Ratio analysis: In the Cash ratio of Prime Bank Limited it is noticed that the cash ratios from 2007-2011 are 7.68%, 8.18%, 9.58%, 7.69%, 8.45% respectively. There was a normal trend of change between 2007-2008 and 2010-2011 but there was a remarkable change in the cash ratio in 2009. The reasons for this high change was-

- Vault Limit of several branches was increased.
- Number of ATM booths of Prime Bank Limited was increased.

In 2009 the ratio was 9.58% but in 2010 it falls to 7.69%. The reason for this sudden drop in PBL's ratio are-

- Due to the inflation in money market in 2010 the amount of the cash in market was increased which cause inflation in the market. For this reason like many other banks PBL also increased the deposit rate. For this reason amount of deposits increased in an increasing way but the cash in hand of increase in a decreasing way. For this reason, cash ratio in 2010 was decreased to 7.69%.

5.1.2 Loan to deposit ratio analysis: The Loan to Deposit ratios of Prime Bank Limited in last five years were 81.8%, 85.38%, 83.45%, 93.16% and 87.23%. From the changing of these ratios it is seen that there is a normal trend of increase and decrease of ratio but in 2010 there is a bog change in "Loan to Deposit ratio".

- This situation occurs when loan increase in a great scale or the deposit decrease in a great scale.
- From the annual report of Prime Bank Limited it is seen that there were no such situation in the last five years.

➤ The only reason for the big change in Loan to Deposit ratio in the year 2010 was-the maturity mismatch of loans and deposits. That means in 2010 Prime Bank gave a large amount of loan to its customers for long term. That means it took lot of time to regain the loans in 2010. On the other hand deposits in 2010 were mostly of short terms. For this reason, there were sudden large amount of money withdrawal in 2010. For this maturity mismatch of short term deposits and long term loans the Loan to Deposit ratio increased alarmingly in 2010.

5.2 Earning Performance analysis of Prime Bank Limited 2007-2011

5.2.1 Return on asset: In the year 2007 the return on assets of PBL was 1.99%. From that in 2008 the ratio falls to 1.30% because net income of PBL decreased from 1401 to 1232 million. The reasons for this decreased amount of net income are-

- The increase of the net interest income occurred in a decreasing way.
 - For these reason mentioned above net income decreased in 2008 that results ROA decrease from 1.99% to 1.30%.

On the other hand in 2009 there is a huge change in ROA of PBL. It increased again in 2009. This situation occurred for some reasons-

- Net interest margin increased in an increasing order and increase in a great scale from 1970 million to 2430 million.
 - For these reason ROA in 2009 changed in a huge percentage in 2009.

5.2.2 Return on Equity: ROE of Prime Bank Limited in the last five years were 30.68%, 20.58%, 30.19%, 21.65% and 20.32%. Here it is seen that ROE of Prime Bank Limited in 2007 was 30.68% which declined to 20.58% in 2008. This situation occurred because in 2008 Net Income decreased to 1232 million from 1401 million. On the other hand 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 30.19%. 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 a 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 21.65%. In 2011 the ROE of PBL was also decreased and the reason was fully similar to 2010.

5.2.3 Net Interest Margin: In 2007 the net interest margin ratio of PBL was 2.71% which fall in 2008 to 2.07% and maintain the steadiness in 2009 also. Due to increase in the loans and advances in 2010 the amount of interest income was also increased compare to the interest expense. Total asset of PBL was also increased in 2010 but compare to the interest income it was a bit slower. For this reason net interest margin change in a large scale in 2010 compare to the previous year's change.

5.2.4 Other Operating Income to Total Assets: Other Operating Income to Total Assets ratios of PBL were- 0.59%, 0.66%, 0.54%, 0.41%, 0.37%. All the ratios are very small because operating income is very small part compare to the Total assets of the bank. Total Assets of PBL increased every year from 2007 to 2011.

In case of other operating Income, in 2008 it was higher than the other operating income in 2007. This is happened because credit card income, gain from selling treasury bonds/shares increased. As in many sectors income increase that's why other operating income also increased. That increase in other operating income caused an increase in the operating income to total asset ratio in 2008 to 0.66%.

From 2009 to 2011 there was a continuous trend of decreasing the ratio. This occurred because the Total Assets increased in an increasingly every year from 2009 to 2011. On the other hand, other operating income had a very small growth because some of the items of other operating income had a very small growth because some of the items of income was gradually decreasing like-

- Credit card commission income-This income was reducing from year to year because there are so many competitors in this sector. Many banks are providing various types of credit card now-a-days.
- Locker income-Many customers are less interested to keep their valuable belongings in banks for extremely personal reasons. This also decreased the amount of locker income.

5.2.5 Return on Loans: The Return on Loans ratios of Prime Bank Limited in the last five years are- 11.88%, 11.95%, 12.13%, 10.40%, and 11.97%. From the trend it is clear that there is a normal trend of changing the return on loans ratio in every year. In 2007 and 2008 there is a very small change but in 2009 the change is a bit higher compare to the last two years. This situation occurred for a particular reason. That is-

- Amount of given loans was increased to 89252 million and for this reason return on loans were also increased.
- On the other hand there was no repayment of the loan. For this reason, interest earned on loans was also increased.

In 2010 the return on loans ratio again decreased to 10.40%. This situation occurred because-

- There was some amount of loan repayment at that time. That's why return on loans was decreased along with the amount of loans in the market.

In 2011 the ratio was again increased. Here the reasons were just like the reasons for which in 2009 the ratio was increased.

5.2.6 Net Income per staff: Net income per staff is mainly calculated to know the productivity of each employee. The reasons for changing the net income per staff are-

- Increase or decrease the amount of Net Income
- Increase or decrease the total number of staffs in Prime Bank Limited from 2007-2011.

From the annual report of Prime Bank Limited it is noticed that in 2007 net income was 1401 million and number of staffs were 1400 that results the net income per staff Tk. 10, 00,714. In 2008 Net income falls to 1232 million and number of staffs were 1551. Here net income was decreased in a decreasing way and number of staffs increasing with a good number that results the Net income per staff to decrease to Tk. 7, 94, 326.

5.3 Capital Adequacy ratio analysis of Prime Bank Limited 2007-2011

5.3.1 Loan loss Provision to Total Loans: The higher the loan loss provision ratio means the bank is in a risky position in order to regain the loan from the clients. On the other hand, lower the ratio means the bank is in a less risky position in order to regain loans from customers.

From the loan loss provision to total loan ratio of Prime Bank Limited it is seen that in 2007 it was 1.58% and in 2008 suddenly it increased to 1.84%. This happened because-

➤ In 2008 the ratio was highest because a high amount of loans were given to the customers for long term. For this reason the probability of regain loans from customers was very low. In that state the amount of bad or doubtful loans increased in a large scale in 2008.

After that from 2009 to 2011 the ratio changes in a decreasing manner. The main reason for this matter is-

➤ There were continuous repayments of loans in a large scale at that time. For that reason provision for bad or doubtful loans was low. In this way the ratio of loan loss provision was also very low.

5.3.2 Earning Assets to Total Assets ratio: Earning Assets ratio of Prime Bank Limited in the last five years are-91.47%, 90.79%, 88.06%, 89.14%, 88.17%. From the changing pattern of the ratio of PBL it is seen that Earning Assets to Total Assets ratio decreased from year to year. In 2010 it increased a little bit and again it decreased in 2011. The ratio was in a decreasing pattern because-

➤ The amount of total assets increased to a great scale every year compare to the earning assets of PBL.

➤ Total Assets of the PBL was increased every year because the number of branches of Prime Bank Limited increased every year that results in the increase of the fixed assets of the bank. As the fixed assets of the bank increased in this way so the total assets also increased.

➤ Loans are also regarded one of the earning assets of a bank. In 2010 a huge amount of loans are given to the customers. For this reason a good amount of interest was added that increased the amount of earning asset. For this reason in 2010 the earning asset ratio was a bit high than 2009.

- On the other hand in 2010 the growth of the fixed asset was slower than 2009. For this reason in 2010 the earnings ratio increased a bit high.
- For all the reasons mentioned above earning asset ratio of Prime Bank Limited changes year to year from 2007-2011.

5.3.3 Capital Adequacy ratio: The capital adequacy ratios of Prime Bank Limited from 2007-2011 are- 9.50%, 9.26%, 14.20%, 9.12% and 9.85%. From last five years' ratio it is seen that in 2009 the ratio was very high and in 2010 the ratio was extremely low compare to 2009. The reasons behind this are-

- In 2009, most of the assets in the hand of Prime Bank Limited were in the form of cash and government bond. As these two items bear very low risk that's why risk weighted assets of PBL were very low. Equity capital of PBL was in very good amount in comparison with the risk weighted assets. Both of these factors made the capital adequacy ratio very high and that is 14.20%.
- Again in 2010, there was sudden downward trend in the capital adequacy ratio of Prime Bank Limited. This occurred because in 2009 there was a high ratio of customer loan given to the large number of customers. Besides this, there was also good number of mortgage loan given to the customers. For all these, the risk weighted assets increase to a great scale. Compare to that the equity capital of PBL have not changed much.
- For all the reasons mentioned above the capital adequacy ratio fluctuates from year to year.

5.4 Other determinants analysis of Prime Bank Limited from 2007-2011

5.4.1 Savings Deposit as percentage (%) of total deposit: Core customers' deposits continued to increase every year in Prime Bank Limited. From 2008 to 2011 the core customers' deposits of Prime Bank Limited were- 97.66%, 97.46%, 98.59% and 97.32% (The % of 2007 is not given in the annual report of 2007).

In the case of fixed deposit scheme of Prime Bank Limited there is also a trend of growth from year to year except the year 2008. In 2007 the fixed deposit of PBL was 8.55% and in 2009 it was 7.72%. So there was a decline at that time. There was no growth in the year 2008. But from 2009 to 2011 there were growth in every year. The growth is shown in the chart below-

Year	Growth
2009	78.17%
2010	26.34%
2011	17.27%

Table 5.1: Growth of the Fixed Deposit from 2009-2011

The reasons of these growths from year to year are the strong brand image, efficient customer services. Besides these there are also some reasons. Like-

- Prime Bank's interest rate on fixed deposit from time to time
- Other bank's deposit rate.
- Economic condition.

5.4.2 Cost to Income ratio: Cost to income ratios of PBL in the last five years are-32.37%, 33.42%, 35.47%, 36.94% and 35.98%.

Here it is seen that there is an increasing trend of cost income ratios of Prime Bank Limited. If we notice the operating cost item then it will be seen that besides some particular items like- auditors fee, director's fee and managing director's fee all the fees have increased in a great scale.

- The items which have been increased to a great scale are-salaries and allowance, Rent expense, electricity and insurance cost etc. All these costs increase because the number of branches and employees increased every year.
- For many branches there are more fixed assets. In that case from year to year the depreciation costs have also increased from year to year.

For all the factors mentioned above cost ratio of Prime Bank Limited increase from year 2007-2011.

5.4.3 Operating Income of Prime Bank Limited: From the operating profit of Prime Bank Limited it is seen that the last five year's operating incomes were-3257 million, 3847 million, 5289 million, 6176 million and 7455 million. From the operating income trend of Prime Bank Limited it is easily noticed that the trend of the operating income was upward. Every year the operating income was increasing gradually. There are some particular reasons behind this. They are-

- Branches of Prime Bank Limited increased every year. Each branch added more operating income to total operating income.
- As the branches were increased for this reason number of customers or clients also increased
- Due to the increase in the number of customers, transactions of bank are also increased.
- Different types of services introduced time to time during the last five years which also increase the amount of operating income.
- Increase in the amount of interest income of the bank as the amount of loan and advances increased every year in the bank.

Chapter-6

Recommendation

Some recommendations based on the financial performance of Prime Bank Limited's financial performance are given below-

- Before giving long-term loan a bank should consider that whether a bank has long term deposit or not. Otherwise the bank will surely face the liquidity problem.
- A bank should increase the non-funded income in order to increase the operating income ratio
- 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.
- Bangladesh Bank should impose the rule of uniformity for all types of schemes. By this way customers can decide from where they will receive service based on the service quality and organizational environment.
- 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.

Chapter 7

Conclusion

Prime Bank Limited is one of the leading commercial banks in our country. In all economic condition of our country Prime Bank Limited has been working with great confidence and competing tremendously with Government oriented bank, local commercial banks along with the multinational banks also. 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 arouse 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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Appendix-01: Milestones

Memorandum and Articles of Association signed by the Sponsors	05.02.1995
Incorporation of the ceremony	12.02.1995
Certificate of commencement of Business	12.02.1995
License issued by Bangladesh Bank	20.02.1995
License issued for opening the first branch, Motijheel	08.04.1995
Formal launching of the bank	17.04.1995
Commencement of Business from the Motijheel Branch	17.04.1995
Commencement of Islamic Banking Business from IBB, Dilkusha	18.12.1995
Initial Public Offering	
Publication of prospectus	29.08.1999
Subscription Opened	09.09.1999
Subscription closed	22.09.1999
Listed with Chittagong Stock Exchange Limited	15.11.1999
Listed with Dhaka Stock Exchange Limited	27.03.2000
Trading of Shares in Dhaka Stock Exchange Limited	29.03.2000
Trading of Shares in Chittagong Stock Exchange Limited	29.03.2000
Dividend declared in the 5 th AGM	14.03.2000
Registered as Merchant banker with SEC	29.03.2004
License issued from Bangladesh Bank as Primary dealer	11.12.2003
Registered as depository Participant of CDBL	29.03.2004
License issued from Bangladesh Bank as Primary Dealer	11.12.2003
Register as depository participant of CDBL	29.03.2004
Trading of shares started in Demat Form in Stock Exchange	15.06.2004
Completion of 10 years of service	17.04.2005
Agreement with Temenos for core banking software T24	30.06.2005
Incorporation of Prime Bank Exchange Co. Pte. Ltd. Singapore	06.01.2006
Prime Bank Exchange Co. Pte. Ltd formally start its business	08.07.2006
Opening of first Off Shore Banking Unit at DEPZ, Savar, Dhaka	15.03.2007
Launching of ATM	11.03.2008
Launching of Internet Banking	01.08.2009
Opening of first SME center	04.08.2009
Recipient of SAFA best bank award	05.12.2009
Incorporation of PBL exchange (UK) Ltd.	19.11.2009
Obtained permission for issuance of right share	31.12.2009
Incorporation of PBIL	28.04.2010
Incorporation of PBSL	29.04.2010
Obtained permission for issuance of Rights Share	25.05.2010
Launching of SMS Banking	25.08.2010
Ground breaking of Prime Tower	22.09.2010
Change of Face Value and Market Lot of Shares	06.01.2011
Launching of Phone Banking	02.08.2011

Appendix-02 (a): Branches of Prime Bank Limited

01	Motijheel Branch, Dhaka	39	Upashahar Branch, Sylhet
02	Khatunganj branch Chittagong	40	Beanibazar Branch, Sylhet
03	Moulvi Bazar Branch, Dhaka	41	Laldighi East Branch, Chittagong
04	Khulna Branch, Khulna	42	Dhanmondi Branch, Dhaka
05	Islamic Banking Branch, Dhaka	43	Biswanath Branch, Sylhet
06	Sylhet Branch, Sylhet	44	SBC Tower Branch, Dilkhusha
07	Mohakhali Branch, Dhaka	45	Hathazari Branch, Chittagong
08	Barisal Branch, Barisal	46	Sreemangal Branch, Moulvibazar
09	Rajshahi Branch, Rajshahi	47	Joydevpur Chowrasta Branch, Gazipur
10	Kawran Bazar Branch, Dhaka	48	Mirpur- branch, Dhaka
11	Elephant Road Branch, Dhaka	49	Naogaon Branch, Naogaon
12	Islamic Banking Branch, Sylhet	50	Cox's Bazar Branch, Cox's Bazar
13	Court Road Branch, Moulvi Bazar	51	Tangail Branch, Tangail
14	Mouchak Branch, Dhaka	52	Feni Branch, Feni
15	Gulshan Branch, Dhaka	53	Ashulia Branch, Dhaka
16	Narayanganj Branch, Narayanganj	54	Comilla Branch, Comilla
17	Agrabad Branch, Chittagong	55	Subidbazar Branch, Sylhet
18	Jubilee Road Branch, Chittagong	56	Bijoy Nagar Branch, Dhaka
19	Bangshal Branch, Dhaka	57	Rangpur Branch, Rangpur
20	Jessore Branch, Jessore	58	Ring Road, Dhaka
21	Ganakbari Branch, Savar	59	Raozan Branch, Chittagong
22	Uttara Branch, Dhaka	60	Pallabi Branch, Dhaka
23	Foreign Exchange Branch, Dhaka	61	Bashundhara Branch, Dhaka
24	Satmasjid Road Branch, Dhaka	62	Joypara Branch, Dhaka
25	New Eskaton Branch, Dhaka	63	Adamjee EPZ Branch, Narayanganj
26	Bogra Branch, Bogra	64	Chapai Nababganj Branch, Chapainabaganj
27	Madhabdi Branch, Narshingdi	65	Dinajpur Branch, Dinajpur
28	Banani Branch, Dhaka	66	Gareb-E-Newaz Avenue Branch, Dhaka
29	Islamic Banking Branch, Mirpur, Dhaka	67	Prabartak More Branch, Chittagong
30	Islamic Banking Branch, O.R. Nizam Road, Chittagong	68	Barolekha Branch, Moulvibazar
31	Pragati Sarani Branch	69	Bhairab Bazar Branch, Kishorganj
32	Islamic Banking Branch, Pahartali, Chittagong	70	Mymensingh Branch, Mymensingh
33	Simrail Branch, Siddhirganj, Narayanganj	71	Faridpur Branch, Faridpur
34	Asad Gate Branch, Dhaka	72	Habiganj Branch, Habiganj
35	Fatikchhari Branch. Chittagong	73	Damudya Branch, Shariatpur
36	Tongi Branch, Gazipur	74	Banskhali Branch, Chittagong
37	Panthapath Branch, Dhaka	75	Natore Branch, Natore

38	Tajpur Branch, Sylhet	76	Ishwardi Branch, Pabna
77	Hajigonj Branch, Chandpur	90	Jaypurhat Branch, Jaypurhat
78	Chaumuhani Branch, Noakhali	91	Dagonbhuiyan Branch, Feni
79	Serajdikhan Branch, Mushigonj	92	Kishoreganj Branch, Kishoreganj
80	Oxygen More Branch, Chittagong	93	Kushtia Branch, Kushtia
81	Chauddagram Branch, Comilla	94	Bashaboo Branch, Dhaka
82	Jatrabari Branch, Dhaka	95	Mirzapur Branch, Tangail
83	Wari Branch, Dhaka	96	Jamalpur Branch, Jamalpur
84	Savar Branch, Dhaka	97	Baneswar Branch, Rajshahi
85	Pabna Branch, Pabna	98	Satkhira Branch, Satkhira
86	Nabiganj Branch, Habiganj	99	Kadamtoli Branch, Sylhet
87	Halishahar Branch, Chittagong	100	Asuganj Branch, Brahmanbaria
88	Banasree Branch, Dhaka	101	Ibrahimpur Branch, Dhaka
89	Sunamganj Branch, Sunamganj	102	Muradpur Branch, Chittagong

Appendix 2 (b): Products and services of Prime Bank Limited

a) **Conventional Banking:** In conventional banking there are a good number of services. They are-

- Current deposit
- Savings deposit
- Short Term Deposit
- Non Resident Taka Account
- NR Investors Taka Account
- Security Deposit Receipt
- Deposit Under Scheme

There are also various types in the deposit under scheme. They are-

- Contributory Saving Scheme
- Lakhopoty Saving Scheme
- Monthly Benefit Deposit Scheme
- Double Benefit Deposit Scheme
- Education Saving Scheme
- Prime Millionaire Deposit Scheme
- HBL Deposit Scheme

b) **Islamic Banking:** In Islamic banking service Prime Bank also provides some services. They are-

- Al-Wadiah Current Account
- Mudaraba Savings Deposit
- Mudaraba Short Term Deposit
- Convertible Taka Account
- Mudaraba Term Deposit
- Mudaraba Special Saving Scheme Deposit

Under this Mudaraba Special Saving Scheme there are also some variations. They are-

- Contributory Savings Scheme.
- Lakhopoty Saving Scheme.
- Monthly Benefit Deposit Scheme
- Double Benefit Deposit Scheme.
- Education Savings Scheme
- Hajj Deposit
- Mudaraba Prime Millionaire Deposit Scheme.
- Mudaraba HBL Deposit Scheme.

Foreign Currency Deposit Accounts: In case of foreign currency Prime Bank Limited also have four types of deposit accounts. They are-

- Foreign Currency Account
- FCY Account under ERQ
- Residence FCY Deposit
- Non-Resident Foreign Currency Deposit

Treasury: In treasury there is also some variations. They are-

- Treasury Bill
- Treasury Bond
- REPO's
- Reverse REPO.

Forex and fund management: In this section the products and services Prime Bank has are given below-

- SWAPS
- Import/Export Financing
- Custodian Services
- Money Market Lending and Borrowing

Special Services: Besides all the services noted above Prime Bank also provides some special services to the customers. They are-

- ATM services
- Cheque encashment
- Foreign Currency

Fund Transfer: In this section Prime Bank has some services. They are-

- Inter-Branch Money Transfer
- SWIFT
- Telegraphic Transfer
- Issuing and Encashing Foreign Drafts

Travel Service: In Travel Service they have Traveler's Cheques

Value Added Services:

- Locker Services
- Insured Deposit
- Senior Citizen Scheme

Credit Cards: Prime Bank provides also various kinds of credit card facilities to its customers.

They are-

- Visa Credit Card- Local
- Visa Credit Card-International
- Master card-Local
- Master card-International

Advances: In Prime Bank Advances are given also both for the Conventional Banking and Retail Loans. Like-

a) **Conventional Banking:** In case of conventional service there are a satisfactory number of products and services provided by Prime Bank. They are-

- Packing Credit
- Loan against imported merchandise
- Letter of trust receipt
- Payment against Documents
- EDF Loan
- Secured Overdraft
- Inland Documentary bills Purchased
- Cash Credit
- Loan General
- Lease Finance
- Hire Purchase
- Housing Loan-Commercial
- Retail Loan
 - Auto Loan
 - Home Loan (Swapna Neer)
 - Consumer durable Loan
 - Doctor's Loan
 - Marriage Loan
 - Travel Loan
 - Education Loan
 - Hospitalization Loan
 - CNG Conversion Loan
 - Advance against Salary
 - Any Purpose Loan

b) **Islamic Banking:**

- Bai- Murabaha
- Bai- Salam
- Quard
- Bills (Islamic)

- Bai Muazzal
- Izarah
- HP Under Sirkatul Milk
- Musharaka
- Term-Investment Retail
 - Doctor's Investment Scheme
 - Household Durable investment
 - Car Investment
 - Home investment
 - Travel Investment
 - Education Investment
 - Hospitalization Investment
 - CNG Conversion Investment
 - Investment against Salary
 - Any Purpose Investment

Other services: Besides all the services mentioned above Prime Bank Limited also provides other services. They are-

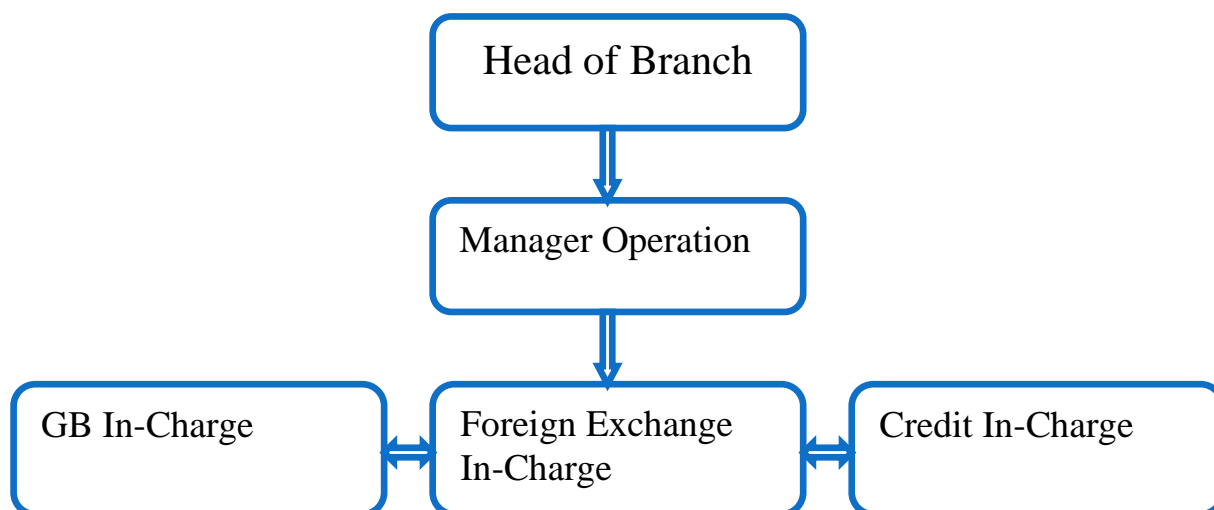
- Letter of credit
 - Letter of Credit-Sight
 - Letter of Credit Deferred
 - Back to Back L/C

- Letter of Guarantee
 - Advanced payment guarantee
 - BID Bond
 - Performance Bond
 - Payment Bond
 - Custom Guarantee
 - Retention Money Guarantee
 - Shipping Guarantee
 - Guarantee-Others.

Appendix-03:

3. A) Prime Bank Limited Mohakhali Branch at a glance

Organizational Hierarchy of Prime Bank Limited Mohakhali Branch-



Other aspects of Prime Bank Limited at a glance-

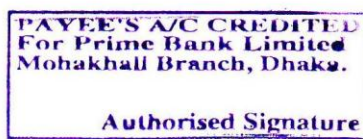
Total Number of Employee-38

- **Manager:** Mr. Fasiul Islam-Senior Vice President
- **Operation Manager:** Senior Assistant Vice President
- **Foreign Exchange in-charge:** Mr Touhidul Islam, Assistant Vice President.
- **General Banking in Charge:** Mr. Monirul Haque Bhuiyan, Senior Executive Officer
- **Credit in-charge:** Mashiur Rahman Khan, First Assistant Vice President
- **Cash in-charge:** Pranesh Kanti Biswas, Junior Officer.

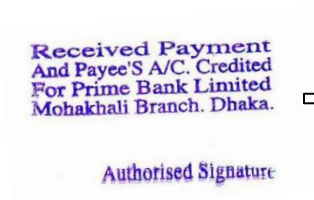
3. B) Seals that are used in the clearing the outward cheques



This seal is given on the back side of the cheque to mention that on which date the cheque will be in the clearing house



This seal is given just below the clearing seal to ensure the Payee that their account will be directly credited with the given some of money in the cheque




This seal is used on the back of cheque when the credited amount of cheque first received by Prime Bank and then it will be credited in the Payee's account.



When the amount given in the cheque is received by Prime Bank Limited in their own account then this seal is given on the back side of cheque below clearing seal.

3. C) Receipt that is given with the “Return” cheque


PF - 05  **Prime Bank Limited**
.....Branch
চেক ফেরত স্মারক (Cheque Return Memo)

Date :

Draft(s)/Cheque(s) No Dated for
Tk is/are returned unpaid
for reason(s) as ticked under serial No.

১। অপূর্ণ তহবিল (Insufficient Fund)
২। অংক সংখ্যায় ও কথায় মিলে না (Amount in figure and word differs)
৩। চেকের তারিখ উত্তীর্ণ/পর-তারিখযুক্ত (Cheque out of date/post-dated)
৪। প্রদানকারীর স্বাক্ষর মিলে না (Drawer's signature differs)
৫। প্রদানকারী কর্তৃক পরিশোধ বন্ধ করা হয়েছে (Payment stopped by drawer)
৬। রেখাঙ্কিত চেক, কোন ব্যাংকের মাধ্যমে প্রদেয় (Crossed Cheque to be presented through a Bank)
৭। প্রাপকের পৃষ্ঠাঙ্কন আবশ্যিক (Payee's endorsement required)
৮। অন্য সুনির্দিষ্ট কারণ যা উপরে উল্লেখ নেই (Other specific reasons not mentioned above)

৯।
১০।
১১।
১২।



Authorised Officer

3. D) The cash collection statement sample of East West University

East West University (cash collection)
8th March, 2012

Serial no	ID no	Name	Semester	Amount	Deposit No

3. E) The cash collection statement sample of BRAC University

BRAC University (cash collection)
8th March, 2012

Sl no	ID no	Name	Amount	Slip no.

Appendix-04: Calculation of the financial ratios of Prime Bank Limited (2007-2011)

Calculations of the ratios of Prime Bank Limited (2007-2011)					
Ratios	2007	2008	2009	2010	2011
1) Cash ratio(a/b)					
a) Cash in Hands	5.42E+09	7.20E+09	1.03E+10	9.58E+09	1.35E+10
b) Total deposits	7.05E+10	8.80E+10	1.07E+11	1.25E+11	1.6E+11
Cash ratio	7.68%	8.18%	9.58%	7.69%	8.45%
2) Loans to Deposits ratio (a/b)					
a) Loans	5.77E+10	7.52E+10	8.93E+10	1.16E+11	1.39E+11
b) Deposits	7.05E+10	8.80E+10	1.07E+11	1.25E+11	1.6E+11
Loans to Deposits ratio	81.81%	85.38%	83.45%	93.16%	87.23%
3) Net interest margin (a-b/c)					
a) Interest Income	7.17E+09	9.10E+09	1.09E+10	1.21E+10	1.67E+10
b) Interest Expense	5.27E+09	7.13E+09	8.43E+09	7.82E+09	1.26E+10
a-b	1.90E+09	1.97E+09	2.43E+09	4.32E+09	4.09E+09
c) Average total Assets	7.02E+10	9.50E+10	1.18E+11	1.40E+11	1.77E+11
Net interest margin	2.71%	2.07%	2.07%	3.10%	2.31%
4) Other operating Income to Total Assets(a/b)					
a) Other operating Income	4.2E+08	627564412	6.44E+08	5.79E+08	6.52E+08
b) Total assets	7.02E+10	9.50E+10	1.18E+11	1.40E+11	1.77E+11
Other operating Income to Total Assets	0.60%	0.66%	0.55%	0.41%	0.37%
5) Return on loans (a/b)					
a) Interest earned on loans	6.85E+09	8.982E+09	1.08E+10	1.21E+10	1.67E+10
b) Total Loans	5.77E+10	7.516E+10	8.93E+10	1.16E+11	1.39E+11
Return on loans	11.88%	11.95%	12.13%	10.40%	11.97%

6) Net Income per staff (a/b)					
a) Net income	1.4E+09	1.232E+09	2.78E+09	3.1E+09	3.66E+09
b) Total Employees	1400	1551	1844	2139	2292
Net income per staff	1000714	794326.24	1509761	1449743	1597731
7) Capital Adequacy ratio (a/b)					
a) Equity capital	5.27E+09	6.697E+09	1.17E+10	1.68E+10	1.91E+10
b) Risk weighted Assets	5.55E+10	7.225E+10	8.27E+10	1.84E+11	1.94E+11
Capital Adequacy ratio	9.50%	9.27%	14.20%	9.13%	9.85%
8) Earning Assets to Total Assets ratio (a/b)					
a) Earning Asset	7.28E+10	1.003E+11	1.1E+11	1.38E+11	1.76E+11
b) Total Assets	7.96E+10	1.104E+11	1.25E+11	1.54E+11	2E+11
Earning Assets to Total Assets ratio	91.47%	90.79%	88.06%	89.14%	88.17%
9) Loan loss Provision to Total Loans ratio					
a) Loan Loss Provision	9.1E+08	1.384E+09	7E+08	5.4E+08	6.61E+08
b) Total Loans	5.77E+10	7.516E+10	8.93E+10	1.11E+11	1.39E+11
Loan Loss Provision to Total Loans	1.58%	1.84%	0.78%	0.49%	0.47%