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Performance analysis of Prime Bank Limited

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An Internship Report
On
“ Performance Analysis of Prime Bank Limited”

Supervised By

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Program: Bachelor of Business Administration

Date of Submission: September 13, 2018

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Letter of Transmittal

Date: September, 2018

To

Mr. Mahbub Parvez

Associate Proffesor

Faculty of Business & Entrepreneurship

Daffodil International University

Subject: Submission of the Internship Report Titled "Performance Analysis of Prime Bank Limited".

Dear Sir,

As per your instructions, I have successfully completed my internship report titled "**Performance Analysis of Prime Bank Limited**". I have followed your guidelines and have included ideas that you shared during our discussions. During the period of my internship, I have come to learn a lot about different aspects of the banking industry, particularly the general banking system of Prime Bank Limited. I thank you very much for letting me have the opportunity to work on my internship report and really hope to meet your expectations and standards.

Sincerely yours,

.....

Tasnova Rahman Seza

ID: 142-11-3861

Batch:38th

Faculty of Business & Entrepreneurship

Daffodil International University

Certificate of Approval

This is to certify that, the Internship report titled "**Performance Analysis of Prime Bank Limited.**" submitted for the award of degree of bachelor of Business Administration in Finance from Daffodil International University.

I am pleased to hereby certify that the data and findings presented in the report are the authentic work of Tasnova Rahman, ID:142-11-3861 of Department of Business Administration. I strongly recommend the report presented by Tasnova Rahman for further academic commendations and defense.

She is permitted to submit the Internship Report & I wish her every success in life.

.....
Mahbub Parvez
Associate Professor
Faculty of Business & Entrepreneurship
Daffodil International University

Acknowledgements

I wish to acknowledge the immeasurable grace and profound kindness of almighty Allah, the supreme ruler of the universe, who enables me to make my report in reality.

I acknowledge my immeasurable gratitude to **Mahbub Parvez**, Associate Professor, Faculty of Business & Economics, Daffodil International University for his helpful supervision, suggestion, guidance and encouragement. In fact he guided me as my teacher and motivator to make me understand and conduct a complete report like this one. I note his contribution with high dignity.

I am also very much grateful to Md. Aminur Rahman Akanda who is the manager of Prime Bank Limited, Mirpur-1 Branch. I want to say thank you to the Department of Business Administration and all the officials of department and to many other whom I am unable to mention.

Executive Summary

The report is prepared as the requirements of the internship of the Bachelor of Business Administration Program, Daffodil International University. This report focuses on overall performance of Prime Bank Limited.

When I was doing internship I have worked mainly in general banking division. I have known a lot of things during my internship.

I have done my internship from Prime Bank Limited which is a leading private bank. It has 147 branch.

Bank is a profit oriented organization. Prime Bank, has now acquired strength and expertise to support the banking needs of the foreign investors. This internship report covers many important aspects which are basically related with the operations and financial operations of the bank.

I have collected all sorts of information related to their business activities to evaluate their performance. This report also contains my perceptions about the employees satisfaction, motivation level and the working environment of the organization.

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Chapter: 1

Introduction

1.1 Introduction of the Report:

Financial resources are the blood of economic development. As a matter of fact, a spectrum of financial institution of diverse types becomes inevitable in economic development efforts that the developing economies desperately search for.

The banking sector is considered to be an important source of financing for most business. I complete my internship program in Mirpur 1 Branch of that helps me to understand the environment of corporate world.

This report is a mandatory requirement for BBA Program completion. I was assigned for doing my internship in Mirpur 1 Branch. My internship period was sixteen weeks. It was starting from October 09, 2017 will continue to February 09, 2018. These sixteen weeks internship period has helped me to gain some experience about corporate environment. As an intern of Prime Bank Limited, I was provided with the topic “**Performance Analysis of Prime Bank Ltd.**”

1.2 Objective of the Report:

The objectives of the study are as follows:

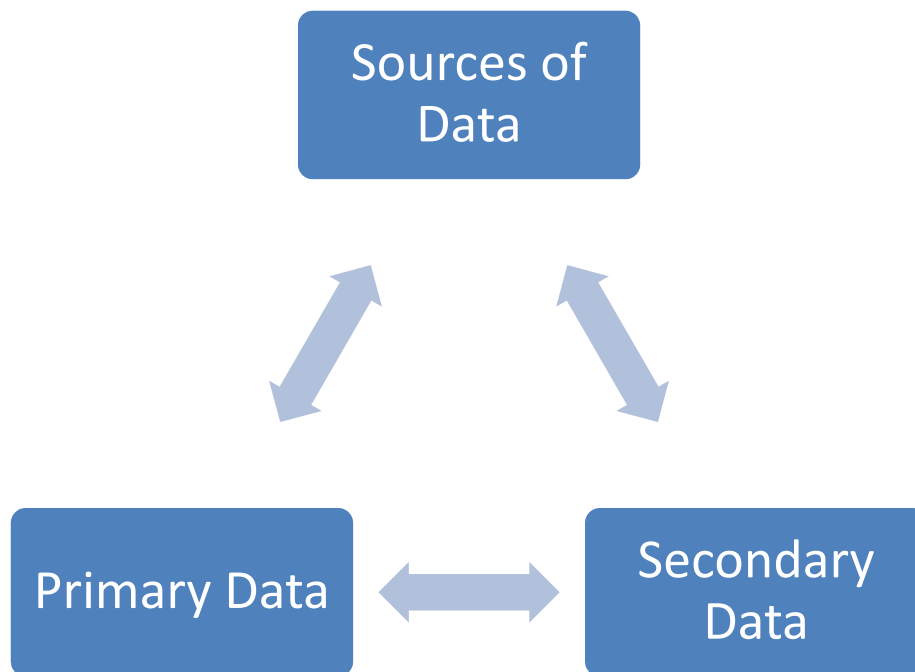
- To get knowledge about different products and services of Prime Bank Ltd.
- To identify the financial performance of the Bank .
- To focus the financial strengths and weaknesses of the Bank.
- To find out some problems &to make some recommendations to solve those problems.

1.3 Scope of the Report:

The report describes the financial performance of Prime Bank Limited. It will focus the financial performances and financial position of Prime bank by analyzing various ratios. Prime Bank

Limited has 147 Branches. I completed my internship in Prime Bank Limited, Mirpur 1 number branch .

1.4.1 Sources of Data Collection



1.4.2 Data Analysis

The study was designed from descriptive point of view. The report is prepared by using primary and secondary data. Different books, articles, annual reports and websites were used as sources for secondary data collection. For the data analysis. I use the following techniques.

- Ratio Analysis
- Trend Analysis
- Forecasting
- Common Size Analysis
- Graphs & Charts.

- Microsoft Excel

Chapter: 2

SWOT Analysis

Mission, Vision & Objective of Prime Bank:

2.1 Mission of Prime Bank Limited

Their mission is to make an efficiently, driving market and consumer focused institution for creating good relation with the outside company.

2.2 Vision of Prime Bank:

To become a best commercial private bank in the term of capital adequacy, good assets quality.

2.3 Objective of PBL

The objectives of Prime Bank Limited are as follows,

- For mobilizing the savings.
- Their aim is to establish, maintain many kind of financial business, stocks, debentures and securities.
- Financing the international trade in both the section of export and import.
- They want to focus on foreign exchange business, foreign currency, international credit card etc.
- They are developing the living standard for income group by providing customer credit.
- They want to offer friendly service in different kind of industry.
- Giving encourage to the entrepreneur who are entering for a new business.

Products and Services:

Every Bank has its own products and services. Prime bank also offers different products and services for consumer to increase the standard of living. Here the products and services are given below:

Retail Loan: The retail loan are given below:

- Swapna Neer Home Loan
- Swapna Shaj Home Loan
- Car Loan
- CNG Conversation Loan
- Marriage Loan
- Household Durables Loan
- Education Loan
- Retail SOD
- Abash Home Loan
- Personal Loan
- Doctor's Loan
- Loan Against Salary
- Hospitalization Loan
- Carnival Loan
- Retail Secured EMI

Deposit Products: They are-

- Double Benefit Scheme
- Lakhopoti Deposit Scheme
- Laksmapuron Deposit Scheme
- House Building Deposit Scheme
- Monthly Profit Based Scheme
- Brighter Tomorrow Deposit Scheme
- Contributory Saving Scheme

2.4 Financial Highlights:

	2012 (Year)	2013 (Year)	2014 (Year)	2015 (Year)	2016 (Year)
Balance Sheet					
Total assets	245,522,645,636	256,349,329,133	253,474,396,524	257,553,393,555	282,394,940,987.00

Total liabilities	222,14,126,310	21,767,722,976	226,70,524,576	232,260,003,210	257,581,993,223.00
Shareholders' equity	23,358,519,261	24,581,606,157	26,503,871,948	25,293,390,345	24,812,947,765.00
Total liabilities and shareholders' equity	245,522,645,636	256,349,329,133	253,474,396,524	257,553,393,555	282,394,940,988.00
Book Value Per Share	22.69	23.88	25.75	24.57	24.11
Paid up capital	10,293,486,160	10,293,486,160	10,293,486,160	10,293,486,160	10,293,486,160.00
Income statement					
Net interest income	4,339,305,164	2,838,761,759	1,272,162,092	3,205,857,937	4,994,110,064.00
Total operating income	13,421,165,859	12,214,116,577	12,313,498,818	12,170,737,254	12,704,175,995.00
Total operating expenses	5,689,098,440	5,986,555,946	6,367,269,955	6,541,925,394	7,114,959,786.00
Profit before provision against loans and advances	7,732,067,419	6,227,560,631	5,946,228,863	5,628,811,860	5,589,216,209.00
Total provision	4,029,964,366	3,075,332,692	3,139,652,680	3,274,374,326	3,592,716,972.00
Profit before tax	3,702,103,053	3,152,227,939	2,806,576,183	2,354,437,534	1,996,499,237.00
Net profit after tax	2,038,309,936	2,245,536,966	2,173,001,605	2,188,088,351	1,215,528,259.00
Audited EPS	1.98	2.18	2.11	2.13	

2.5 Strength:

- Good Customer service
- Innovative Products
- Efficient Administration
- Technology
- Number of branches

- Govt share

2.6: Weaknesses:

Prime bank has lot of strengths but rather than that they have some weakness also. Like other banks, Prime bank wants to increase their deposit growth but they require a lot of document for which many of the customers get angry and the bank lose their customer. They use manual register in some cases. The bank is still dependent on its share on the retail market. Prime Bank has less promotion campaign than any other bank. And their training facility is not so good. In fact Prime bank offers very lower rate in their deposit schemes. So when the customer gets higher rate in other bank they switch off to other bank.

2.7 Opportunities:

Like other bank Prime Bank has some opportunities also. We all know that prime bank has almost 147 branch all over the country excluding foreign branches. The bank is capturing big network through branches. As there are available branch people like to do transactions through prime bank. As a result it affect greatly on prime banks financial growth. In bank the bank has graved a lot of market share by its huge branches. If we look at the market share it is seen that the share price of prime bank is much more expensive. Prime bank has also captured a goodwill in peoples mind and also a belief that the banks service is better than any other bank. As the bank is broadcasting internationally people believe that it will never be eloped and with this belief people like to do transactions. As there are some branches beyond the countries border it is very easy for the people of Bangladesh who lives in foreign country. They are getting the local service in foreign country.

2.8 Threat:



Chapter 3

Overview of Prime Bank

3.1 Overview of Prime Bank:

Prime Bank was created and commencement of business started on 17th April 1995. The sponsors are reputed personalities in the field of trade and commerce and their stake ranges from shipping to textile and finance to energy etc. 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. 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.

3.2 Award and Achievements: Till 2018 Prime Bank Limited is awarded and achieved a good number of awards. They are-

- ICAB National Award 2010 for best published Accounts and Reports
- Bangladesh Business Awards 2011 - DHL - The Daily Star
- SAFA Best Presented Annual Report Awards for Corporate Governance Disclosure 2011 - Winner in Private Sector Banks
- 13th ICAB national awards for best presented annual report 2012 - 2nd prize in private sector banks.
- ICMAB best corporate award 2012
- SAFA Best Presented Annual Report Awards for Corporate Governance Disclosure 2012 - certificate of merit for corporate governance.
- ICMAB best corporate award 2013
- 15th ICAB national awards for best presented annual report 2014 - Certificate of Merit.

- 2003 for best published Accounts and Reports, Financial Sector(First Prize)

3.3 Prime Bank at a Glance:

Name	Prime Bank Limited
Date of Incorporate	17th April, 1995
Essence	A Bank with a Difference
Nature of Business	Banking Service and Capital Oriented
Head Office	Motijheel
Address	Adamjee Court, Annex Building-2, 119-120 Motojheel C/A, Dhaka-1000
Number of Branch	147
Authorized Capital	2,188,088,351.00 (as on 31st December 2016)
Paid up Capital	10,293,486,160.00 (as on 31st December 2016)
Chairman	Azam J Chowdhury
Vice Chairman	Md. Nader Khan
Managing Director & CEO	Rahel Ahmed

3.4 Products and service

Products and services of prime bank are given below,

Retail Loan:

- Swapna Neer Home Loan
- Swapna Shaj Home Loan
- Car Loan
- CNG Conversation Loan
- Marriage Loan
- Household Durables Loan
- Education Loan
- Retail SOD
- Abash Home Loan
- Personal Loan
- Doctor's Loan
- Loan Against Salary
- Hospitalization Loan
- Carnival Loan
- Retail Secured EMI

Deposit Products: They are-

- Double Benefit Scheme
- Laksmapuron Deposit Scheme
- House Building Deposit Scheme
- Monthly Profit Based Scheme
- Brighter Tomorrow Deposit Scheme
- Contributory Saving Scheme

3.5 Retail Banking

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

services like lakhopoti scheme, sms banking, internet banking, altitude, Shukonna account and many more has been added. From all this customers can easily get services from anywhere.

3.6 Internet Banking

Internet banking is a part of every bank. Prime bank offers internet banking to give better service to the people who are using internet. By using internet service one can know how much money he has in his account. One can check the last 3 days statement. He can also pay utility bills through internet banking. Internet banking has increased the banks customer as one can do the banks activities by sitting anywhere.

3.7 Functional Structure

3.7.1 General Service Division

. I have done my four month internship under general banking. So I am describing only the General banking section of Prime Bank of Mirpur-1 Branch. Account opening section

Prime Bank offers a range of services to its customer. General Banking involves day to day banking services. General Banking involves account opening, Deposit Scheme and many other facilities. Some are described below:

Account Opening:

A customer can open different types of accounts through this department. Such as:

- I. Savings Account
- II. Current Account

Current Account: To open a current account one need the followings,

Requirements:(Proprietor)

- ❖ Two Copies of latest passport size photo of account holder.
- ❖ Completed account opening form.
- ❖ Proof of identification such as national/voter's ID, passport or driving license.
- ❖ Valid Trade License
- ❖ Utility Bill of A/C Holder Address
- ❖ Electricity Bill of Business address mentioned in the trade license.
- ❖ Proprietorship declaration on the business pad.
- ❖ 5000.00 tk is required.

Savings Account:

Some important Points are as follows-

Requirements:

- ❖ Two Copies of latest passport size photo of account holder
- ❖ Completed account opening form.
- ❖ Proof of identification such as national/voter's ID, passport or driving license.
- ❖ Utility Bill of A/C holders present address
- ❖ A/C holders Source of Incomes Documents.
- ❖ A depositor can withdraw from his saving bank deposit account twice in a week, 25% of his balance or 25000.00 whichever is lower. Below the card is showing savings account signature card of prime bank:

Monthly Savings Scheme:

Prime Bank Usually offers Monthly scheme for 3 years, 4 years and 5 years at 7.00%. If one wants to open an account he/she must open it before 8th of any month.

Procedure for opening a monthly scheme:

- A/C holder must have to have a savings account to open a deposit scheme.
- Passport photo
- Utility bill of present address
- Document of Source of Income.

Fixed Deposit Receipt (FDR):

FDR is one of the prime sources of collecting money from customers and give loan to other customers. Through FDR prime bank collect a lot of money and invest it in different sector. This type of deposit should be kept for a fixed term or period.

Procedure:

- ❖ Account holders one copy photo.
- ❖ Nominees one copy photo.
- ❖ Voter ID card of account Holder.
- ❖ National ID card of nominee.
- ❖ No need to open savings account.
- ❖ Document of sources of income.
- ❖ After the duration of FDR account will be automatic renew.

Chapter 04

Performance Evaluation of Prime Bank Ltd

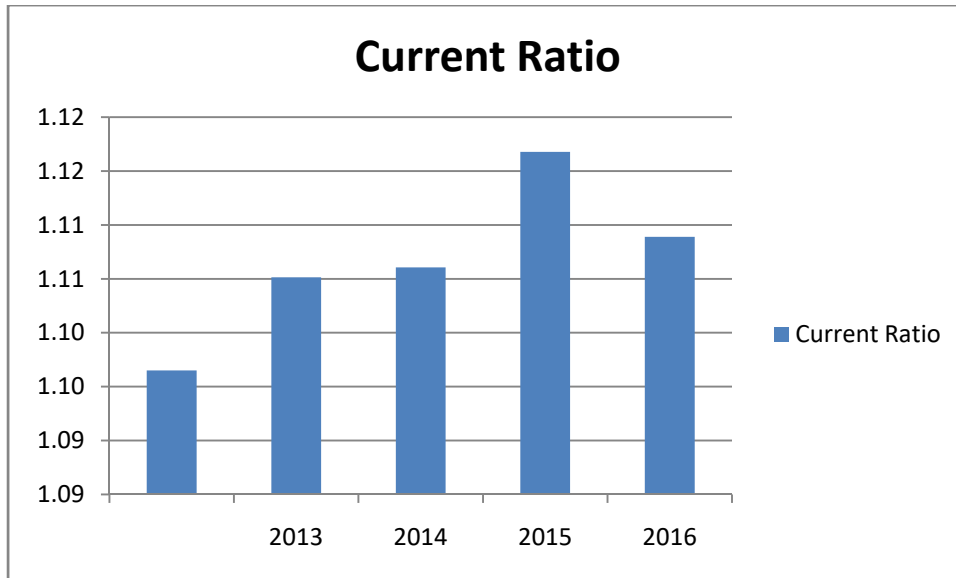
4.1 Ratio Analysis:

In finance, a financial ratio or accounting ratio is a ratio of two selected numerical values from a enterprise's financial statements. There are many standard ratios used to try to evaluate the overall financial condition of a corporation or other organization. Financial ratios may be used by managers within a firm, by current and potential shareholders of a firm, and by a firm's creditors. Security analysts use financial ratios to compare the strengths and weaknesses in various companies.

Current ratios:

(a) Short Term Liquidity Ratios

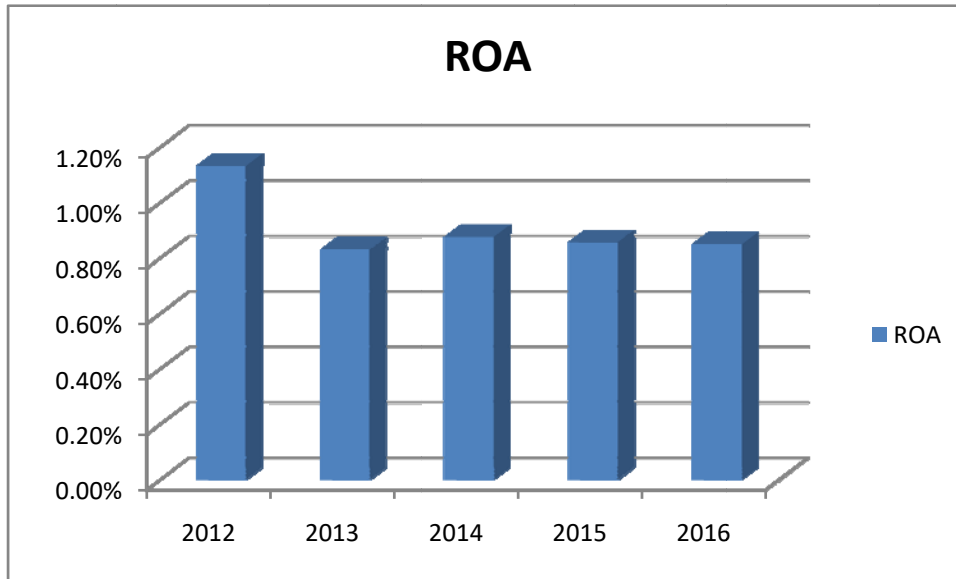
Current Ratio	2012	2013	2014	2015	2016
	$\frac{238169049}{217207242}$	$\frac{245522645}{222164126}$	$\frac{256349329}{231767722}$	$\frac{2534743965}{2269705245}$	$\frac{25755339355}{23226000321}$
<u>Current Assets</u> Current Liabilities					
	1.10:1	1.11:1	1.11:1	1.12:1	1.11:1



Return on Asset: Return on Asset means how much return I am getting from my assets. The higher ratio of a company is better.

$$\text{Return on Asset} = \frac{\text{NetIncomeAfterTaxes}}{\text{TotalAssets}} * 100$$

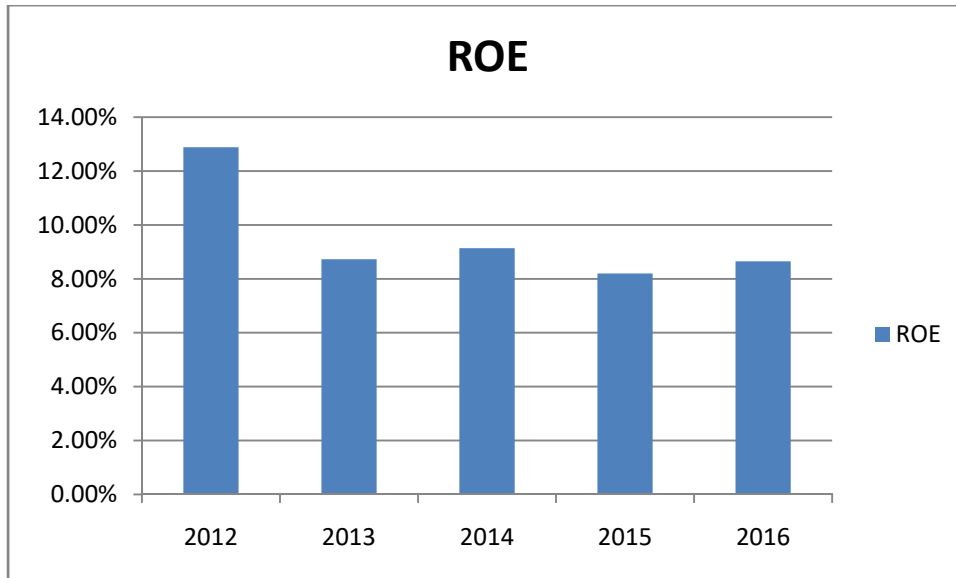
ROA	2012	2013	2014	2015	2016
<i>NetIncomeAfterTa</i>	270040568	203830993	224553696	217300160	218808835
<i>TotalAssets</i>	2381690492	2455226456	2563493291	2534743965	2575533935
	1.13%	0.83%	0.88%	0.86%	0.85%



Return on Equity: The return on equity is the profit or return from the equity of a bank or an institution. It is better if the ratio is higher.

Return on Equity= Net income after taxes / Total equity

ROE	2012	2013	2014	2015	2016
Net income after taxes / Total equity	12.88%	8.73%	9.14%	8.20%	8.65%



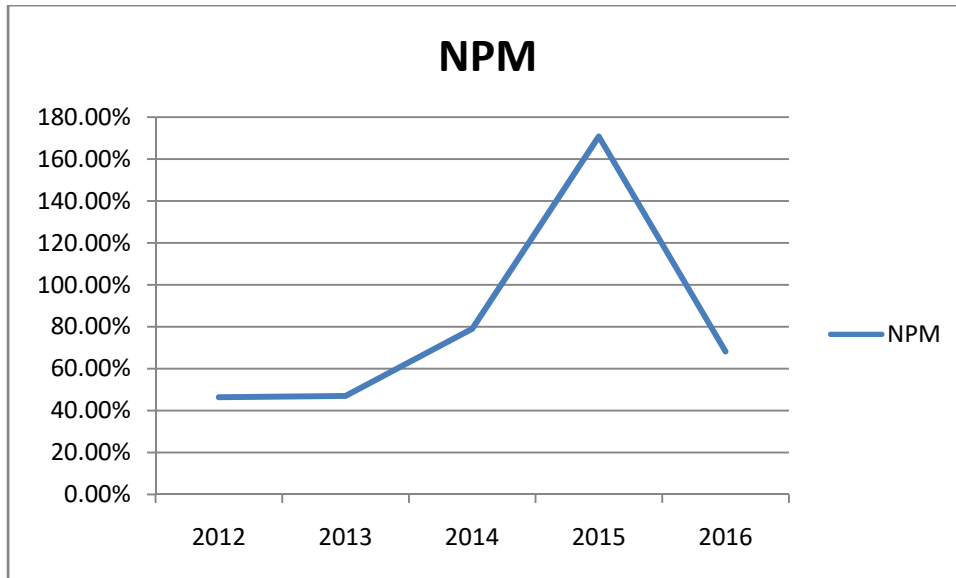
Net Profit Margin:

The profit after deduction of all taxes is known as net profit margin.

The higher the net profit margin is better. The net profit margin is calculated as follows:

$$\text{Net Profit Margin} = \frac{\text{Net income after taxes}}{\text{Total operating revenues}} * 100$$

NPM	2012	2013	2014	2015	2016
$\frac{\text{Net income after taxes}}{\text{Total operating revenues}} * 100$	46.40%	46.97%	79.10%	170.81%	68.25%



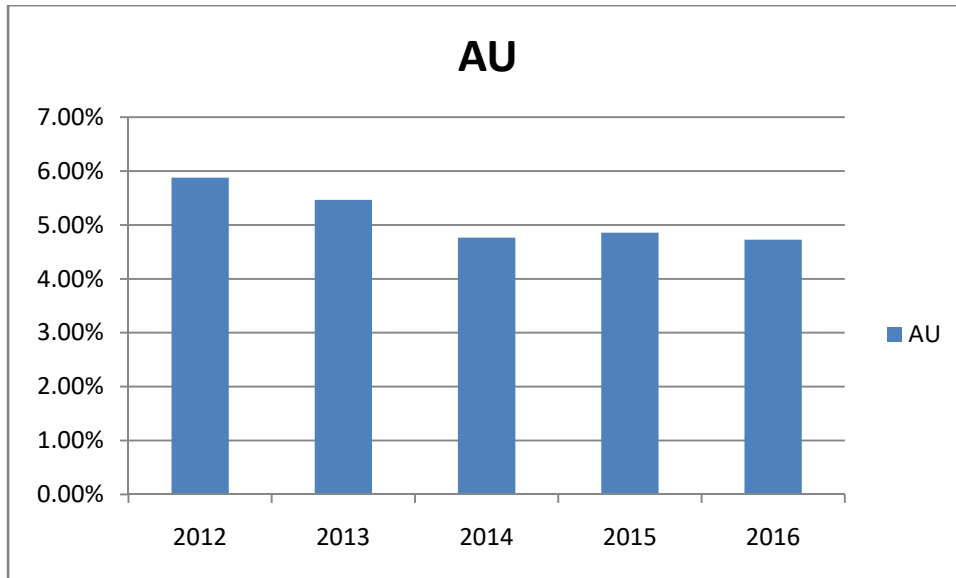
Comment: We know that greater NPM is better for any organization. Here we see that in 2015 NPM was better than any other year. Almost 170% in 2015. From the data we can see that from 2012 to 2015 NPM was increasing dramatically but it fall in 2016.

Net Operating Margin:

Operating margin measures how much profit a company makes after paying for variable costs of production such as wages and raw materials, but before paying interest or tax. It is calculated by dividing a company's operating profit by its net sales.

$$\text{NOM} = \frac{(\text{Total Operating Revenue} - \text{Total Operating Expense})}{\text{Total Assets}}$$

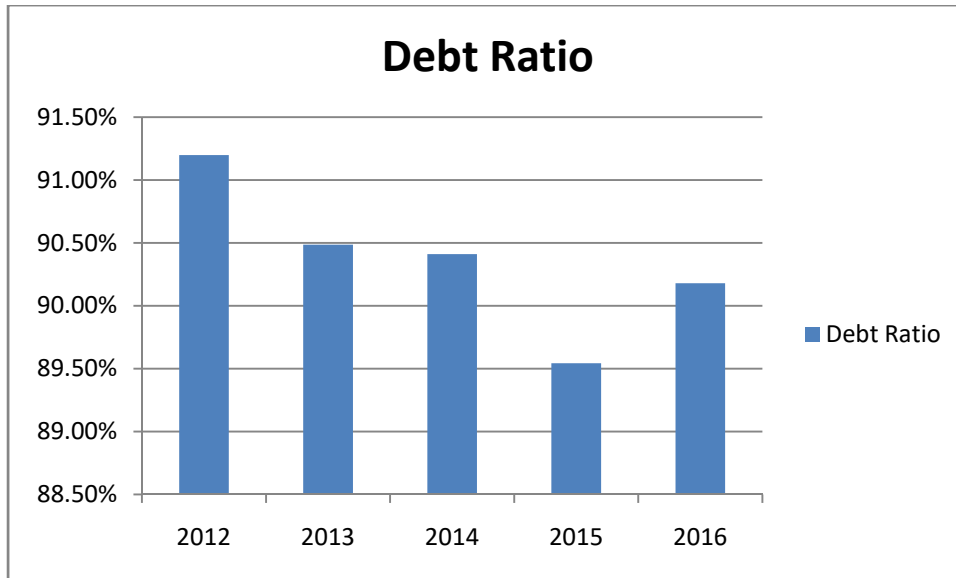
	2012	2013	2014	2015	2016
NOM	3.71%	3.15%	2.43%	2.35%	2.19%



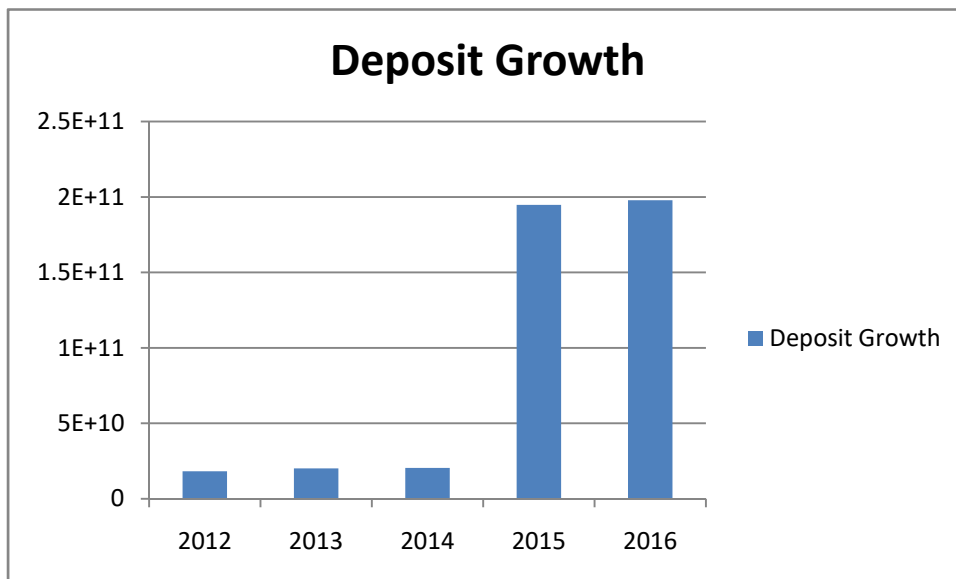
Debt Ratio: The debt ratio is the total debt of a company against its total assets. It is explained through percentage.

Debt Ratio= Total Debt/ Total Assets

Particular	2012	2013	2014	2015	2016
Debt Ratio	91.20%	90.49%	90.41%	89.54%	90.18%



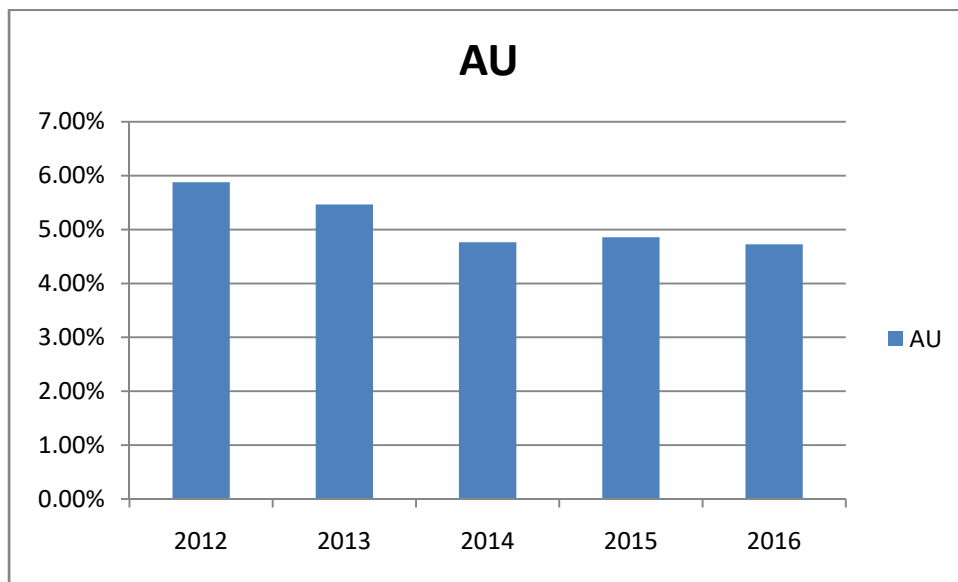
Deposit Growth: Bank deposits consist of money placed into banking institutions for safekeeping. These deposits are made to deposit accounts such as savings accounts, checking accounts and money market accounts. Each and every bank wants to increase their deposit growth. As we see that the deposit growth is dramatically increasing from 2012 to 2016. If we look at the chart, in 2016 the deposit growth rate is higher so it can be said that the banks performance is growing day by day and the people are more willingly to have a deposit account.



Asset Utilization: Asset turnover is the utilization capacity of the assets.

Asset Turnover = Sales / Average Total Assets

Particular	2012	2013	2014	2015	2016
Asset Utilization	5.88%	5.47%	4.76%	4.86%	4.73%



Trend Analysis

Particular	2012	2013	2014	2015	2016
Total assets	100%	103%	108%	106%	108%
Total liabilities	100%	102%	107%	104%	107%
Shareholders' equity	100%	111%	117%	126%	121%
Total liabilities and shareholders' equity	100%	103%	108%	106%	108%
Book Value Per Share	100%	101%	107%	115%	110%
Paid up capital	100%	110%	110%	110%	110%
Net interest income	100%	75%	49%	22%	55%
Total operating income	100%	96%	87%	88%	87%
Total operating expenses	100%	110%	116%	123%	127%
Profit before provision against loans and advances	100%	87%	70%	67%	64%
Total provision	100%	121%	93%	94%	99%
Profit before tax	100%	67%	57%	51%	43%
Net profit after tax	100%	75%	83%	80%	81%
Audited EPS	100%	69%	75%	73%	74%
Cash and cash equivalents at end of the year	100%	105%	107%	111%	122%

Common Size Analysis

Particular	2012	2013	2014	2015	2016
Total assets	100%	100%	100%	100%	100%
Total liabilities	91%	90%	90%	90%	90%
Shareholders' equity	9%	10%	10%	10%	10%
Total liabilities and shareholders' equity	100%	100%	100%	100%	100%
Book Value Per Share	0%	0%	0%	0%	0%
Paid up capital	4%	4%	4%	4%	4%
Net interest income	216%	213%	126%	59%	147%
Total operating income	519%	658%	544%	567%	556%
Total operating expenses	191%	279%	267%	293%	299%
Profit before provision against loans and advances	327%	379%	277%	274%	257%
Total provision	123%	198%	137%	144%	150%
Profit before tax	204%	182%	140%	129%	108%
Net profit after tax	100%	100%	100%	100%	100%
Audited EPS					
Cash and cash equivalents at end of the year	663%	920%	854%	918%	1001%

Chapter-05

Findings, Recommendations and Conclusion

5.1 Findings:

Every organizations is not perfect enough. There are some imperfections in every organization.

When I was doing my internship in Prime Bank Mirpur-1 branch I have observed some imperfections. Beside that after completing the report I have got some problem of prime bank. These finding are totally from my perception. Those findings are given below:

- From the current ratio analysis we see that the banks current ratio is not good enough. Although it was increasing till 2015 but the current ratio of 2016 is not good for the bank.
- If we look at the Return on Asset ratio we see that the ratio is decreasing. ROA is not good for the bank that means the bank is not able to earn enough profit from its assets.
- According to the graph we can say that the ROE is in fluctuating mode which means the banks net profit is also fluctuating but it is good for the bank.
- From the graph we can see that the Net Operating Margin is decreasing day by day.
- Total Asset Turnover of PBL is decreasing every year. It is not a good sign for the bank.
- By following the deposit growth ratio I can say that it has increased its deposit after 2014. In 2015 & 2016 the deposit growth has increased suddenly that means the bank depends on deposits rather than the share capital.

5.2

Recommendations

1. As the ROA of PBL is not good the bank should give more concentration on it.

2. The ROE of the bank is decreasing every year so the bank should try to overcome it. They should try to improve the return earned on total owner's equity.
3. PBL is dependent on the deposits. But they should focus on their share capital also.
4. They should increase their variable cost such as production, wages etc.

5.3

Conclusion:

The concept of banking business is not new in our country. But the industry flourished within last few decades. The market is very competitive. The banking organizations are more active than ever. The banks are using various types of services to attract the customer as well as survive in the competitive market.

5.4 References:

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