Internship Report

on

“Credit Management System of Premier Bank PLC-
A Study on Mirpur Section-1 Branch”

Date of Submission: 15th November, 2024

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A Study on Mirpur Section-1 Branch"

Supervised by:

Professor Dr. Mostafa Kamal

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Faculty of Business and Entrepreneurship

Daffodil International University

Prepared by:

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ID: 0242310004083089

Program: MBA

Major in Finance

Department of Business Administration

Faculty of Business and Entrepreneurship

Daffodil International University

Date of Submission: 15th November, 2024

Letter of Transmittal

15th November, 2024

Professor Dr. Mostafa Kamal

Department of Business Administration

Faculty of Business and Entrepreneurship

Daffodil International University

Subject: Submission of Internship Report on "Credit Management System of Premier Bank PLC".

Dear Sir,

I respectfully ask for your permission to submit my internship report **"Credit Management System of Premier Bank PLC"**. This task has given me the opportunity to gather practical experience and explore the credit operation activities of banking industry. There port includes an evaluation of the **"Credit Management System" of** Premier Bank Limited, based on its credit activities. Being given the chance to work at this bank was a wonderful pleasure for me. I apologize for my any mistake that appear in the report despite my best effort.

Therefore, I humbly ask that you grant my request for approval of my internship

report.Sincerely Yours,

…………………………………..

Iftekhar Mahmud

ID No: 0242310004083089

Program: MBA

Major in Finance

Department of Business Administration

Faculty of Business and Entrepreneurship

Daffodil International University

Student's Declaration

I, **Iftekhar Mahmud** Student ID: 0242310004083089 hereby declare that the report of internship program titled report **"Credit Management System of Premier Bank PLC"** is uniquely prepared by me after the completion of three months of internee at Premier Bank PLC at Mirpur-1 Branch, Dhaka.

I confirmation that, the report is only prepared for my academic requirement not for other purpose. It might be with the interest of opposite party of the corporation. I also assure that this report is not submitted anywhere of Bangladesh before me.

………………………………..

Iftekhar Mahmud

ID No: 0242310004083089

Program: MBA

Major in Finance

Department of Business Administration

Faculty of Business and Entrepreneurship

Daffodil International University

Certificate of Supervisor

This is to certified that **Iftekhar Mahmud** Student ID: 0242310004083089 Major in Finance has successfully completed Internship Program and prepare a report **"Credit Management System of Premier Bank PLC"** under my supervision as a partial requirement for MBA completion.

He has done his internship under my supervision and guidance. He has tried her best to do this successfully. I think it will help his in near future to build career.

I wish his success in every step.

Professor Dr. Mostafa Kamal
Department of Business Administration
Faculty of Business and Entrepreneurship
Daffodil International University

Acknowledgement

First of all, I want to express my gratitude to the almighty Allah who gave me strength and opportunity to complete this internship report. Whose assistance is necessary for me to accomplish any of my life's goals.

Secondly, I am grateful to my honorable supervisor **Professor Dr. Mostafa Kamal** Department of Business Administration, Faculty of Business and Entrepreneurship, Daffodil International University for allowing me to complete my internship report. His guidance actually helped me and I am grateful to him for his informative suggestion.

I am also grateful to the other educators who have offered their expertise and given me the best chance to become familiar with the company.

I would also thank to all the officer of Premier Bank PLC (Mirpur Section-1 Branch) particulars Moin-Ur-Rashid (AVP) & head of branch, Elham Choudhury (EO & GB In charge), Farzana Alam (Senior Officer) who gave me the opportunity to expand my knowledge.

Finally, I am grateful to my parents for their support, prayers for my bright future and thanks for all of my friends for their support during in this internship program.

Executive Summary

Now a days, we can't imagine a society without bank that contribute to play a vital role in the development of the economy. The bank's main target is to build up capital, improving financial capacity and security.

The biggest and most prestigious commercial bank in Bangladesh's private sector is Premier Bank Limited. The bank is engaged in offering conventional and Islamic commercial banking service to its customer such as depository scheme, loans and advances, card. Its product and service include corporate banking service such as short-term finance, long-term finance, export finance, retail banking, home loan, travel loan, digital banking service (Pmoney app), popular as student file service and remittance payment service. The paper examines the nature of credit, forms of credit, credit processes, credit performance, credit management system, policies, credit approval procedure, and credit monitoring at Premier Bank Ltd.

This report is divided into five chapters, with details provided in various sections. The first chapter of this study includes an introduction, context, the report's genesis, objective, scope, methodology, and limitations. The following chapter discusses the company's overview, mission, vision, core values, corporate objectives, and information, as well as the products and services mentioned in the second part of this report. The third chapter contains the theoretical frameworks of credit operations. The report's analytical section, which covers Premier Bank Limited's overall credit performance, is covered in the fourth chapter.

Finally, the last chapter of this report contains some findings, recommendations for the improvement of their credit operation.

Table of Contents

Chapter-01

Introduction

1.1 Introduction

An internship is an opportunity to gain real-world experience. The internship's purpose is to gain a thorough understanding of a subject. An internship allows students to practice the skills they will need in the workplace. Banking is a big opportunity to expand financial knowledge because, bank industry mainly participant in our economy and it also offers a simulation atmosphere for professional progress. Premier Bank PLC is a commercial bank & financial institution. It was started on 10 June 1999, under the Companies Act of 1994. The central bank of Bangladesh, issued banking license on 17 June 1999. The premier bank PLC head office is situated in Banani, one of the City of Dhaka's primary commercial and business District. Bank has provided Depository products, loan & advances, card product are just a few of the service that the bank provides to its clients in both conventional, Islamic commercial banking and given satisfactory service.

1.2 Origin of the Study

This report is one of the major parts for completing the graduation from Daffodil International University. After completing course work of MBA program, one has to do a three-month internship in any industry. Premier Bank PLC give me this opportunity to be engaged there to gather practical knowledge and preparing report on this work is a requirement for the MBA. program at Daffodil International University. The honorable supervisor Professor Dr. Mostafa Kamal and Shahariar Rahman (Branch Manager, Mirpur Section-1 Branch) provided me "Credit Management System of Premier Bank PLC" as a topic of report.

1.3 Objectives of the Study

The main objective is to evaluate the Credit operation and Performance of Premier Bank PLC.Some objectives are below:

i. Explain the credit activities of Premier Bank PLC.
ii. To analysis the credit performance of Premier Bank PLC.

iii. To identify the problems related to credit management system of Premier Bank PLC andprovide some suggestions to overcome these problems.

1.4 Scope of the Study

Many details about "credit process & performance of Premier Bank PLC" from the report includes experience while working in credit division at Premier Bank PLC (Mirpur Section-1 Branch). The report provides an overview of the debt which is analyze by credit process &performance. Premier Bank PLC's credit evaluation is an essential component of the loan system. The report also focused on credit performance by Premier Bank PLC over the past year. Finally, the report included of various loan process & provides recommendations.

1.5 Methodology of the Study

The report was prepared secondary data were compiled for the best outcomes. The necessary information for this paper was gathered from practical sources. The specifics of these sources areoutlined below.

Secondary data

- Annual report of Premier Bank PLC (2019-2023)
- Previous research Report.
- Manual and relevant papers
- Official website of Premier Bank PLC

1.6 Limitations of the Study

In such a short length of time, I was unable to observe anything about Premier Bank PLC.

- Limited information is another issue.
- It was challenging to obtain appropriate information because the credit department maybe quite secretive.
- Most of the time, current information is not published on the website.

Chapter-02

Profile of Premier Bank PLC

2.1 Historical Background of Premier Bank PLC

Premier Bank is a financial institution. Financial institutions play a crucial role in the smooth functioning of the economy by facilitating the transfer and matching of cash between lenders and depositors. On November 10, 1999, the premier bank was officially established under companies act 1994. The premier bank PLC's head office is situated in Banani, one of the City of Dhaka's primary commercial and business District. Depository products, loan & advances, card product are just a few of the service that the bank provides to its clients in both conventional and Islamic commercial banking.

Premier Bank has launched a few specialized services and products in the banking services sector that are unique to Bangladesh's banking and financial sector. PBPLC offers "Evening Banking" a special service served for receiving cash and documents after transaction hour. on January 30, 2006, the bank introduced bank SMS service. Its offerings include corporate banking, short Term financing, Long-term financing, Export banking product, Retail banking product like home loan, term loan for freedom fighters, salary loan, card product like, travel card, debit card, digital banking service like (P money) apps, ATM banking, E- statements banking & well-known banking service like student file, remittance payment service. The credit division plays a vital role because it accounts for the majority of the institution's overall revenue. The following chapter goes to detail about the topic on "credit process & performance" of Premier Bank PLC. Premier Bank has ensured customer satisfaction with qualified services and presents their policy (service First).

2.2 Time Line and Milestones

10^{th} June 1999	Incorporation of the Company as private Limited Company
15^{th} June 1999	First Meeting of the Board directors
26 Oct 1999	Formal Launching of Banking Business
21 June 2003	Establishment Of own training institute

03 Aug 2003	Introduction of real time online Banking
22 Jan 2004	Pioneering VISA credit card among the local banks
30 Jan 2006	Launching of SMS service
01 Feb 2007	Launching of Premier ATM service
28 Oct 2007	Introduction to Premier Visa Debit Card
19 Oct 2008	Purchase of DSE Membership
17 Oct 2009	Purchase of CSE Membership
17 May 2010	Remittance Deal with Grameen Phone
26 Sep 2011	Launching of Premier Mobile remittance Service with Grameen Phone
20 Feb 2013	Incorporation of Premier Bank Foundation
19 Nov 2015	Lunching of Premier Direct-Banking, SMS Banking, E- Statement Service

2.3 Vision, Mission, Objectives and Core Values

Vision of PBPLC

- To be the best bank.
- A team of highly qualified employees.
- Provide greatest service that customer will ever want.

Mission of PBPLC

- Main purpose of the bank is to deliver fast service, customer friendly manner and expanding opportunities for customer.
- To increase productivity, lower cost per transaction and implement at all operation level.

- To create a friendly environment that would draw qualified employees who ate proud towork for the bank.
- Being socially conscious and working to improve people's quality of lives.
- Focused on active and updated technology.

Core Values

- Create connection with customer and service is our first priority ✓maintain compliancewith all legal laws.
- We follow Shariah laws and are easily reachable and reliable.
- Uphold the greatest levels of integrity and openness.

Corporate Objectives

- High self-service.
- Service first
- To value & respect the customers
- Promote business.

2.4 Corporate Information of Premier Bank PLC

Name: Premier Bank PLC

Registered Office: Iqbal Centre, Banani

Date of Incorporation: June 10, 1999.

VAT Registration: 5101027082, dated July 31, 2000

TIN Certificate: October 17, 2000

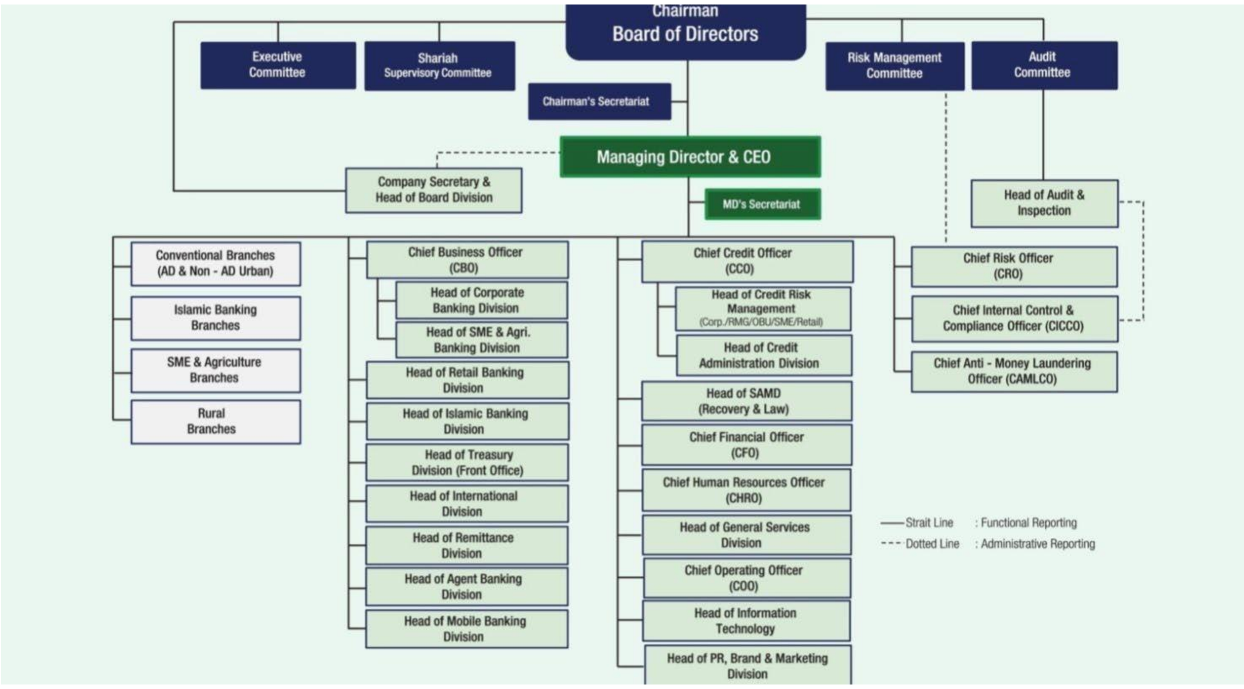
Operating income: Tk. 7,317.46 million (2019)

Revenue: Tk. 12,951.78 million (2019)

Number of Branches: 118(10 sub-branches)

Subsidiary Companies: Premier Bank Securities LTD.**Telephone**: 9887581-4, Fax: 8815393, 9889153

2.5 Organizational Structure of Premier Bank PLC



2.6 Products and Services

Deposit Product	Loan Product	Services
Fixed Deposit	Personal loan	Remittance service
Current Account	House Building	Premier SMS
Savings Account	SME Finance	SME service center
Double Benefit Scheme	Transport Loan	VISA Debit Card ATM
Monthly savings Scheme	Lease Finance	International service
Islamic savings account		Call center
Salary Account		

Chapter-03

Theoretical Frameworks

3.1 Definition of Credit

The credit has serval different financial meanings, most people understand it to refer to a situation in which a borrower borrows money from a lender & returns with interest. This term comes from the Latin word "credit" which means "I believe".

Credit is a financial strength for a bank, helps to obtain the goods we need right away. Bank's primary source of income, but misuse of credit can be harmful for the whole economy large scale manufacturing of goods or another requirement of life is made possible by bank financing which promotes advancement.

3.2 Factors Related with Credit

- Credit mix
- Credit age
- Interest rate.
- Inflation.
- Time.
- Risk
- Operating Expense.
- Security or Collateral.

3.3 Credit Operation of Premier Bank PLC

Debt history is procedure that involves finishing the application reviewing all pertinent credit history. All the information needed for the initial credit start examination must be kept on loan application forms, thus they must be filled out completely. A policy is required to ensure that a participating financial institution in loan syndication is not unfairly selected based on the credit risk assessment of a lead insure. The organization is required to carry out its proper duties, including the terms and conditions of risk analysis & syndication. general evaluation standards will be focused on:

- Corporate customer’s ability to manage
- Goal, size & sources of financing
- Operating conditions of the buyer’s current & future
- Inspection of the business location & the facilities that would be funded by the beneficiary

3.4 Credit Approval of Premier Bank PLC

Credit approval is the process an organization or person must go through in order to be approved for a loan or to be able to pay for goods and services over an extended period of time. For many lenders, the most fundamental form of the procedure will look somethinglike this:

- Sales order received
- Credit application issue
- Credit report
- Analysis
- Credit level assigned
- Credit insurance
- Verification
- Approval
- File details

Most of the time, business seek approval to borrow loans and grant approval to their customers to borrow money. For a business or individual to be approved for a loan or to be allowed to make long term payments for goods and services, the credit approval process is necessary. Credit is accepted based on the lender’s desire to lend money in the given economic environment as well as their assessment of the borrower’s capacity and willingness to repay the loan or make the required payment for the goods on time.

Businesses frequently request authorization to borrow money and grant it to their customers as well. Additionally, companies approve credit application for their clients. A business typically requests credit references before extending a consumer credit. A bank account number and another credit card are provided as reference when a person gets credit approval. credit history information can only be disclosed with a person’s consent & FTC protects people’s right throughout the credit approval process. In a 1994 survey by National Association of independent credit reporting agencies. 44% of credit reports lacked information about current loan amounts. Due to this error, banks & internal credit information services to authorize loans.

3.5 Credit Analysis of Premier Bank PLC

Any person or company looking for a loan must complete the initial step, which is a credit inquiry. Credit analysis is a type of financial research that a bond portfolio manager or investor performs on companies that the issuer’s ability to pay back its debts.

Credit analysis process involves three key steps:

- **Information gathering:** At this early stage, banking data is needed, including credit extensions, payment histories, and sources of recovery. For instance, a credit analysis for a business seeking a loan can consider potential investments in the future and the intended use of the borrowed money. The presence of any guarantees that the loan will be fully repaid by the debtor will also be taken into account by the lenders. The primary issue with the traditional method of data collecting for a credit analysis is that it excludes those who are not a part of the system, such as students, immigrants, or business owners from analysis. Because they consider both Intelligence based on a person’s general behavior and financial data.
- **Information analysis:** Verification of supporting documents such identity, a passport, and business licenses, among others, this stage of traditional credit rating begins. It continues by analyzing earlier financial information, such as balance sheets, financial statements, cash flow, etc. in the case of a project expansion are all evaluate. Data analysts may evaluate potential risks & ascertain if the organization will have the cash on hand necessary to repay the loan. Given that it is a manual process, it can take some time.

- **Decision making:** in a typical credit analysis technique, the analyst gathers and verifies the data, identifies the risk, and suggests a plan of action before the credit committee makes the final judgement. Additional delays follow as a result of this. Alternative credit analysis is superior in this final step as well because eliminate human error and makes way for cutting edge data processing methods that provide precise credit profiles.

3.6 Credit Policy of Premier Bank PLC

This bank has different operating requirements & resource, they have their own credit policies & principles for all development. The following elements need to be considered which creating a credit policy:

- Deposit resources held by the bank as well as the rate at which those resource change
- Ownership of the deposit organization
- Able to flex its lending muscles when its cap on high-risk, high return loans at lower interest rate.
- Credit policy must give proper consideration to the loan management.
- Able to hire a large number of highly skilled expert in various fields to advise the bank inloan making.

3.7 Credit Evaluation of Premier Bank PLC

In order to keep credit risk at a minimal and to ensure the profitability of the banking industry, PBL maintains certain lending rules or standards when approving loans. The following are the main principle of lending:

- **Liquidity:** Liquidity is the capacity to access Bank funds quickly. Due to an advance liquidity, it can be repaid immediately depending on the due date. As a result, the bank must keep their liquidity levels high enough to back their depositors & and must make a trade-off.

- **Safety:** safety refers to the guarantee that allocated loans will be repaid. In fact, a bank is in business to generate money, safety should never be compromised in the name of profit in order to guarantee loan security.
- **Security:** The security provided in exchange for an advance is a safety net that can be used in emergency situations. security acts as a safety value in case of an unplanned advances. Before making a loan, must be obtained because risk elements are Include.

3.8 Global Credit Portfolio Limit of Premier Bank PLC

The amount of the total deposits that will be used for lending depends on a number of variables, including the percentage of long-term loans, client exposure, nation exposure the percentage of unsecured facilities etc. of particular note are:

Not more than 80% of the customer’s deposit will be used for the total cash facility. 20% of the overall loan portfolio’s long-term loans cannot be borrowed. The use of facilities is limited to 5 years. Generally speaking, credit facilities to any group should not be greater than 15% of the capital fund or tk.100 crores.

3.9 Credit Collection of Premier Bank PLC

Debt settlement: Where the location of the loan package is located, the maturity time determined at that site.

Loan Breakdown by Past Days: The credit error rate is determined based on the consumer's normal daily payment from the day of the consumer's first payment, in addition to the pockets announced the previous day.

Loans from the previous day: In addition to the bags announced the day before, the amount borrowed is fixed because the consumer receives the daily payment from the date of the consumer's first payment.

Billing Procedure: Consumers will receive a notice or a bank contract along with all the installments and credit along with the repayment of the loan. If the customer does not comply with the contract or does not receive the required fee, the registration will be closed for this period. The task of debt collection is to recover late payments from unsecured customers. There were several stages in the writing process, after an ad behaved deceptively until the newsletter was returned after late payment. Content collection can be divided into four phases, namely crawling, searching, collecting, and retrieving. The maturation of the data in the accumulation refers to the days that have elapsed since sunset.

Collection unit: The collection process for SMEs and retailers begins when the consumer does not pay at least one part (part). Then the collection unit should be able to prevent large revenue losses and credit problems. Consolidation plays an important role in lending and collateral processes through the ability and ability to recover losses on receivables, the production of distributed items and data status. The main purpose of the merger is to ensure that products that are no longer valuable today are, if possible, received and trusted by consumers.

3.10 Credit Facilities and Coverage Products at a Glance

Debt assets are categorized based on various industries, & and the type of debt assets. Loan andAdvance have been primary divided into three major group they are given-

- Term Loan.
  a. Short Term.
  b. Medium Term.
  c. Long Term.
- Continuous Loan.
- Demand Loan

Coverage Products at a Glance

Products	Loan Limit	Age Limit (At loan Maturity)	Equity	Risk Fund	Loan Period
Home loan	10-1.20 crore	25-65years	70%	NIL	15years

Auto Loan	20lac-40lac	25-65years	70%	NIL	5-6years
Freedom Fighter Loan	10lac-35lac	75years	70%	NIL	1-10 years

3.11 Loan and Advance of Premier Bank PLC

Under the Premier Bank PLC, there are various sorts of loans and advances product plans. Theseproducts and loans are listed below:

Loan Products:

- Trade finance
- Cash credit
- Overdraft
- Trust receipt
- Guarantee
- House building finance
- Letters of credit

Premier Special Credit Schemes:

- Personal loan
- SME Finance
- Lease Finance
- Student credit scheme
- Doctor Loan Scheme
- Housing loan

3.12 Rate of Interest on Loan and Advance

SL.	Types	Rate	
		Minimum-Rate	**Maximum Rate**

1	1-36month FDR	3.00%	6..75%
2	Term Loan to Industries	8.00%	15.50%
3	SND	2.00%	3.50%
5	Premier super account	3.00%	4.25%
6	Premier genius account	2.00%	2.00%
7	Premier Esteem savers	2.00%	3.50%
8	Premier Remittance savers	.50%	.50%
9	MSS for1yr-12yr	7.25%	7.75%

Loan Classified

- **Provisioning**
- **Continuous Loan.**
- **Short Term Loan.**
- **Fixed Term Loan.**
- **Demand**

Loan.Continuous

Loan

For each form of loan, the annual maximum Loan amount is changed on a regular basis. Cash, credit etc.

Short Term Loan

Short-term loans are easy to obtain and are funded quickly. They are quite attractive because they typically require little collateral. The repayment period also be limited to a few weeks. Short-term loans should only be used sparingly because of these factors.

Fixed Term Loan

Loans that are repaid over a certain period according to a certain amortization schedule are treated as loans at maturity.

Demand Loan

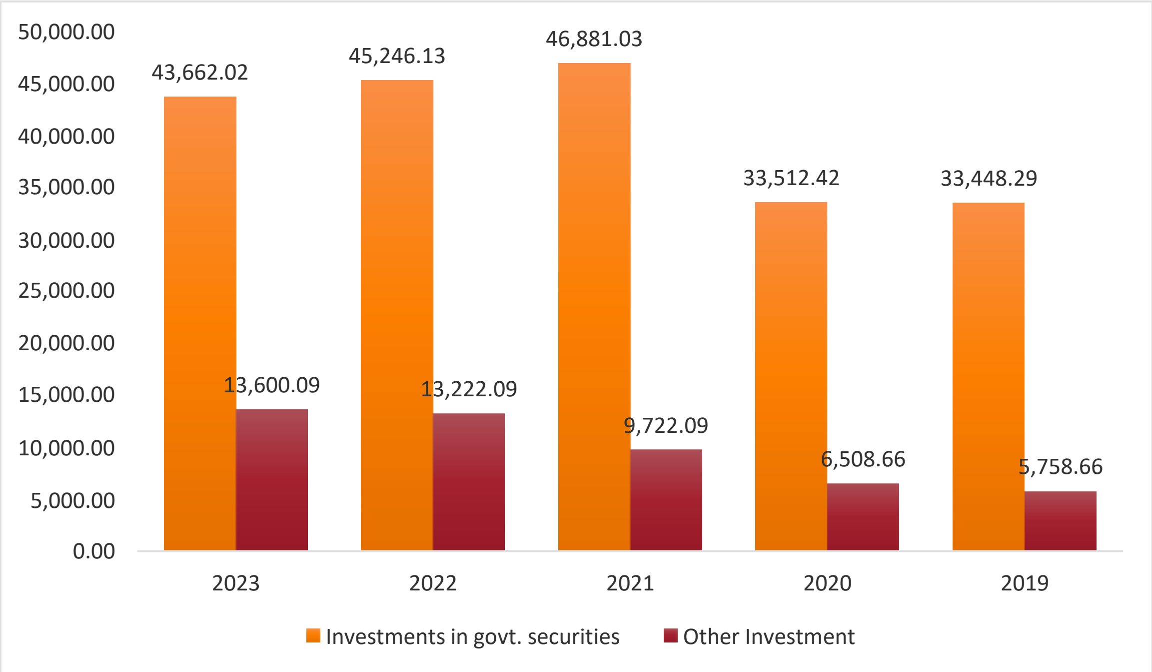
Demand loans are secured loans that have a request only repayment period. These loans frequently range in duration from seven days to a full year. These loan primary goal is to help people and business with their short-term financial needs.

Chapter-04

Credit Performance Analysisof Premier Bank PLC

4.1 Investment of Premier Bank PLC

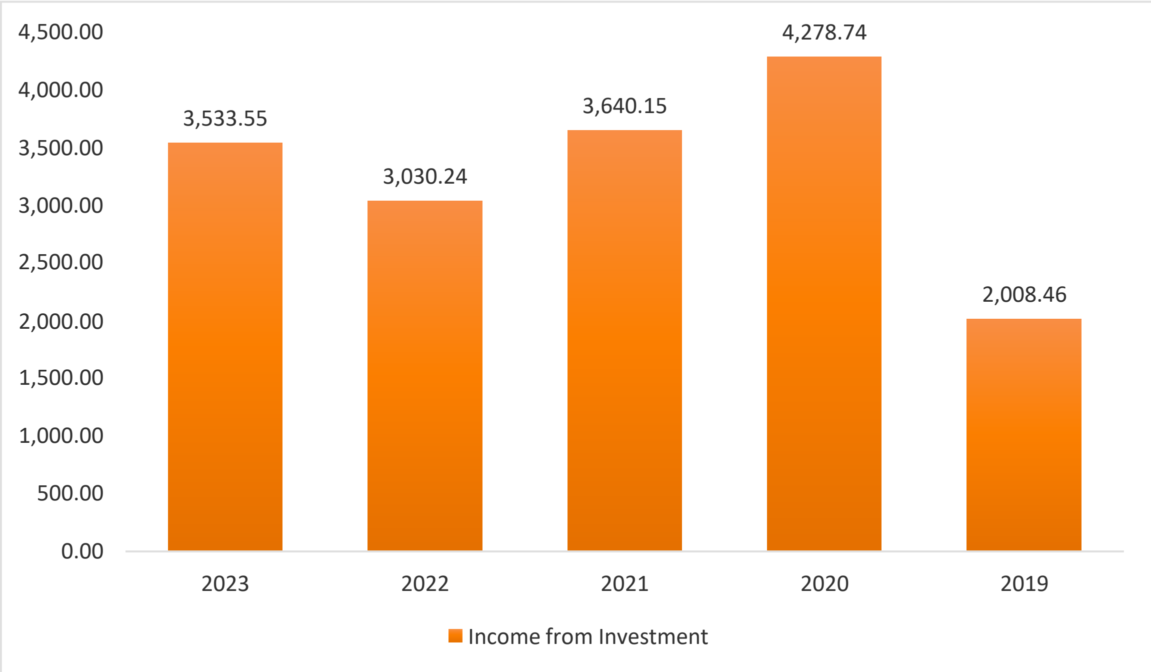
Types of Investment	2023	2022	2021	2020	2019
Investments in govt. securities	43,662.02	45,246.13	46,881.03	33,512.42	33,448.29
Other Investment	13,600.09	13,222.09	9,722.09	6,508.66	5,758.66



Interpretation: The data on investments from 2019 to 2023 reveals notable trends in both government securities and other investments. Investments in government securities peaked in 2021 at 46,881.03 but have since declined to 43,662.02 in 2023, indicating a potential shift in investor confidence or strategy. Conversely, other investments have shown a consistent upward trajectory, increasing from 5,758.66 in 2019 to 13,600.09 in 2023. This growth suggests a diversification of investment preferences, with investors possibly seeking higher returns or exploring alternative asset classes. Overall, while government securities remain significant, the rising trend in other investments indicates a changing landscape in the investment market.

4.2 Income from Investment of Premier Bank PLC

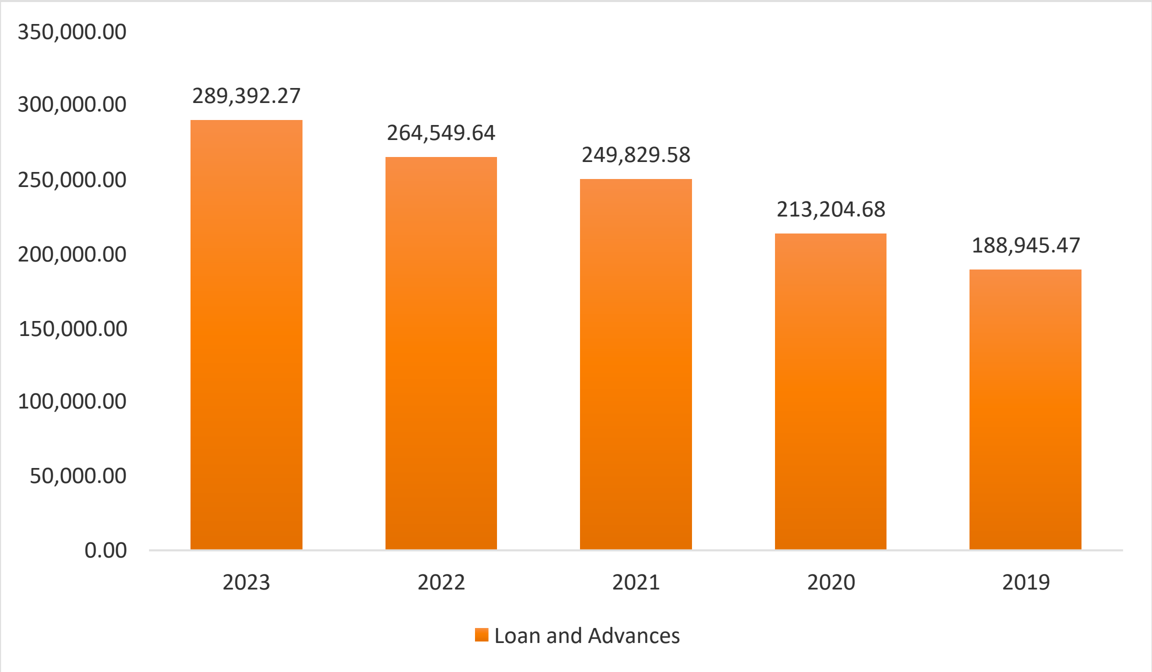
2023	2022	2021	2020	2019
3,533.55	3,030.24	3,640.15	4,278.74	2,008.46



Interpretation: The income from investments for Premier Bank PLC over the five-year period from 2019 to 2023 shows notable fluctuations, reflecting the bank's investment performance and market conditions. In 2019, investment income was relatively low at 2,008.46, but it rose significantly to 4,278.74 in 2020, likely benefiting from favorable market conditions or strategic investment decisions. However, this peak was not sustained, as income dipped to 3,640.15 in 2021 and continued to decline to 3,030.24 in 2022 before rising again to 3,533.55 in 2023. The recent increase suggests a potential recovery or improved investment strategies, yet the overall trend reflects instability in investment income over the years. The fluctuations indicate that while the bank has made strides in enhancing its investment portfolio, ongoing market volatility may pose challenges in achieving consistent income growth, necessitating a careful evaluation of investment strategies to optimize returns moving forward.

4.3 Loan and Advances of Premier Bank PLC

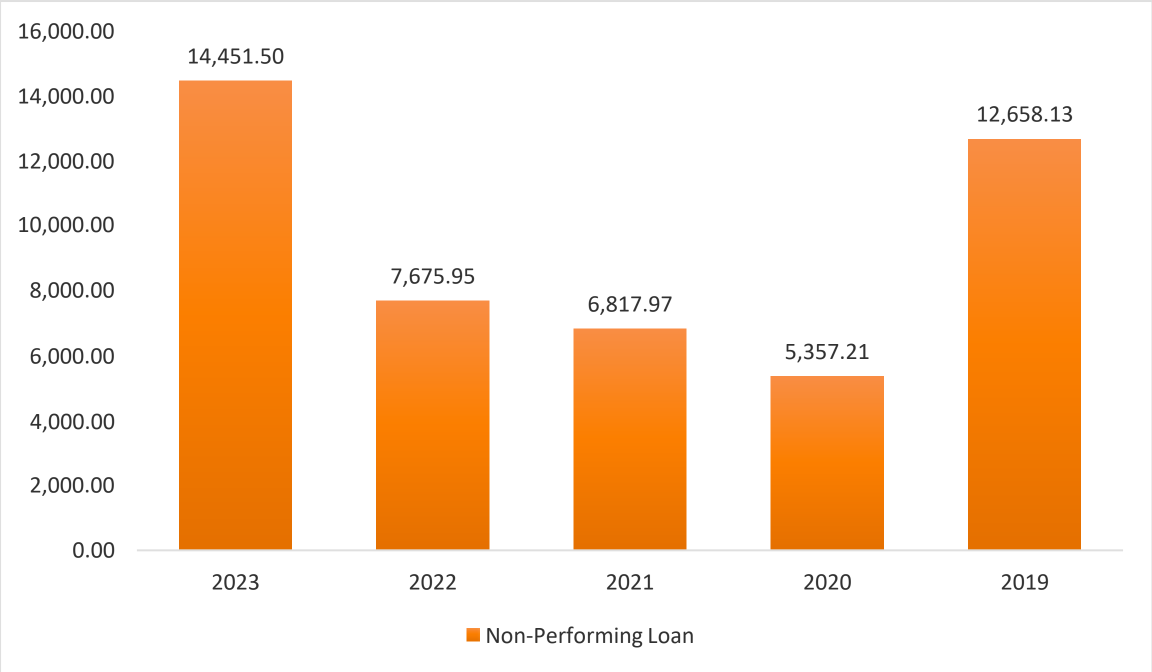
2023	2022	2021	2020	2019
289,392.27	264,549.64	249,829.58	213,204.68	188,945.47



Interpretation: The loan and advances data for Premier Bank PLC from 2019 to 2023 indicates a steady growth in lending activities. Starting from 188,945.47 in 2019, the total has increased significantly each year, reaching 289,392.27 in 2023. This consistent upward trend highlights the bank's expanding role in providing financial support to its clients, reflecting growing confidence in the economy and the bank's lending practices. The growth from 213,204.68 in 2020 to 264,549.64 in 2022 demonstrates resilience during challenging periods, while the jump to nearly 290,000 in 2023 suggests a robust recovery and potential strategic initiatives to enhance loan offerings. Overall, this increase indicates a positive outlook for Premier Bank PLC’s lending portfolio and its ability to meet the financial needs of its customers.

4.4 Non-Performing Laon of Premier Bank PLC

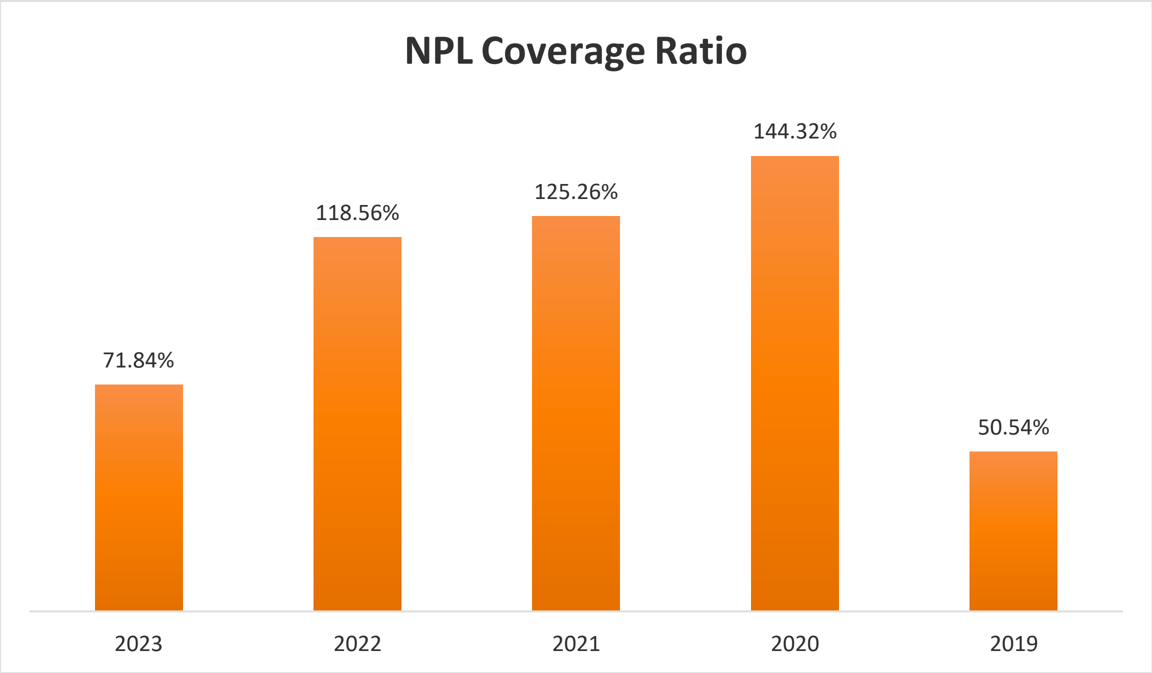
2023	2022	2021	2020	2019
14,451.50	7,675.95	6,817.97	5,357.21	12,658.13



Interpretation: The data on non-performing loans (NPLs) for Premier Bank PLC from 2019 to 2023 reveals a fluctuating but concerning trend. After a significant drop to 5,357.21 in 2020, NPLs surged to 14,451.50 in 2023, marking a substantial increase. This rise suggests potential challenges in the bank's loan portfolio, indicating that a growing portion of its loans may be at risk of default. The sharp increase from 7,675.95 in 2022 to 14,451.50 in 2023 raises alarms about the credit quality of borrowers and could signal underlying economic pressures or shifts in borrower behavior. In contrast, the notable decrease in 2019, which reached a high point of 12,658.13, emphasizes the volatility in NPL levels over the years. Overall, this upward trend in non-performing loans warrants close attention from the bank's management, as it could impact financial stability and necessitate a reassessment of risk management strategies.

4.5 NPL Coverage Ratio of Premier Bank PLC

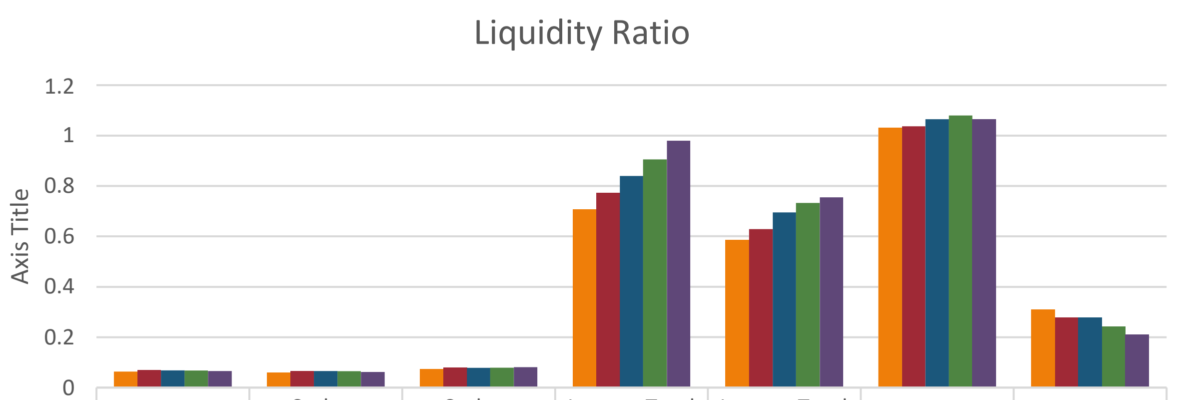
2023	2022	2021	2020	2019
71.84%	118.56%	125.26%	144.32%	50.54%



Interpretation: The Non-Performing Loan (NPL) coverage ratio for Premier Bank PLC from 2019 to 2023 presents a significant shift in the bank's ability to cover its non-performing loans. Starting at a modest 50.54% in 2019, the ratio improved dramatically over the following years, peaking at 144.32% in 2020. This indicates that the bank had more than enough provisions to cover its NPLs at that time. However, the coverage ratio has declined substantially since then, falling to 71.84% in 2023. This decline raises concerns about the bank's preparedness to absorb potential losses from non-performing loans, especially in light of the recent sharp increase in NPLs. The decreasing ratio suggests that while the bank may have initially strengthened its provisions, it now faces challenges in maintaining adequate coverage, highlighting the need for enhanced risk management practices and possibly a reassessment of loan origination standards to safeguard against further deterioration in asset quality.

4.6 Liquidity Ratio

Particulars	2019	2020	2021	2022	2023
Cash Ratio	0.064	0.070	0.068	0.068	0.065
Cash to Assets	0.060	0.065	0.065	0.065	0.062
Cash to Deposits	0.073	0.080	0.078	0.080	0.081
Loan to Total Deposits	0.708	0.772	0.839	0.906	0.979
Loan To Total Assets	0.586	0.628	0.695	0.733	0.755
Current Ratio	1.032	1.037	1.064	1.080	1.066
Quick Ratio	0.311	0.278	0.279	0.243	0.212

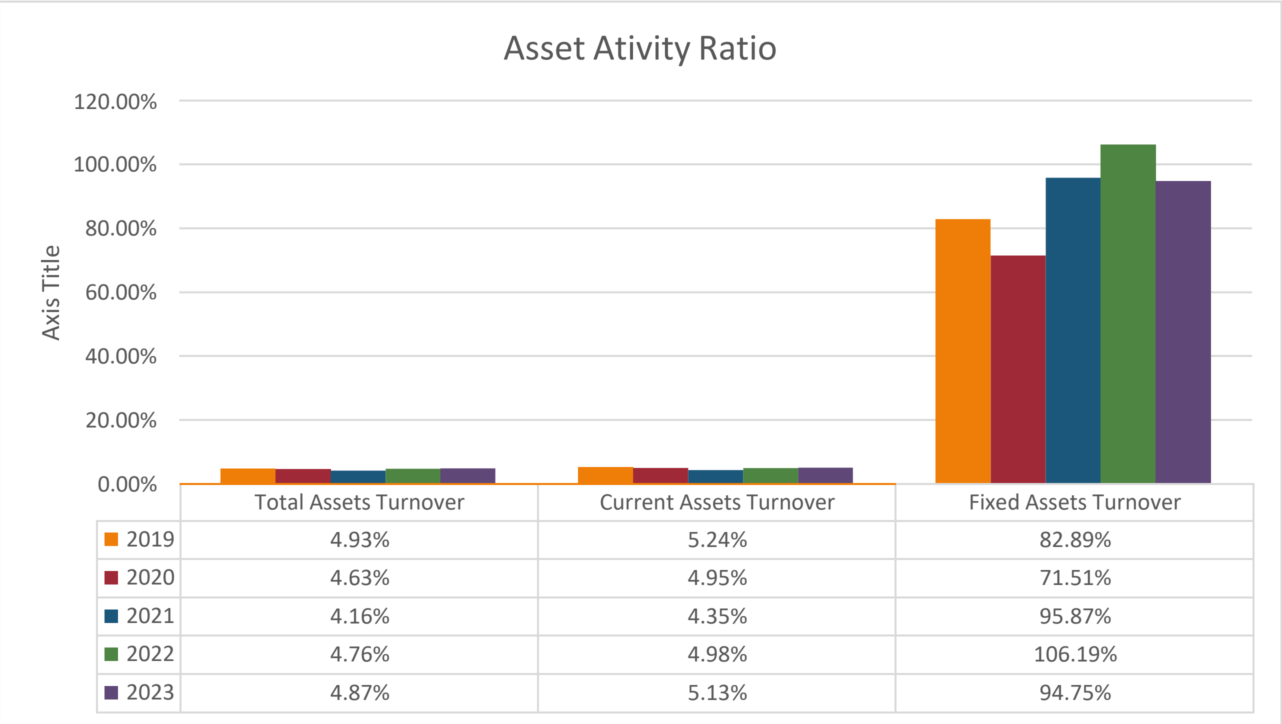


	Cash Ratio	Cash to Assets	Cash to Deposits	Loan to Total Deposits	Loan to Total Assets	Current Ratio	Quick Ratio
2019	0.064	0.06	0.073	0.708	0.586	1.032	0.311
2020	0.07	0.065	0.08	0.772	0.628	1.037	0.278
2021	0.068	0.065	0.078	0.839	0.695	1.064	0.279
2022	0.068	0.065	0.08	0.906	0.733	1.08	0.243
2023	0.065	0.062	0.081	0.979	0.755	1.066	0.212

Interpretation: The financial ratios provided indicate trends in liquidity and leverage over the five-year period from 2019 to 2023. The cash ratio remained relatively stable, fluctuating slightly between 0.064 and 0.070, suggesting a consistent but low ability to cover current liabilities with cash. The cash to assets ratio also showed little variation, indicating a steady proportion of cash relative to total assets. However, the cash to deposits ratio increased from 0.073 in 2019 to 0.081 in 2023, reflecting improved liquidity in relation to customer deposits. Conversely, the loan to total deposits ratio rose significantly from 0.708 to 0.979, suggesting a growing reliance on loans relative to deposits, which may indicate increased lending activities but also higher financial risk. The loan to total assets ratio increased steadily, demonstrating a consistent trend toward higher asset utilization through loans. The current ratio, a measure of short-term financial health, showed a slight increase over the years but stabilized in 2023, while the quick ratio declined significantly, highlighting a diminishing ability to cover short-term obligations without relying on inventory. Overall, the data suggests a company that is increasing its leverage while experiencing a mixed trend in liquidity, warranting careful monitoring to balance growth and financial stability.

4.7 Asset Activity Ratio

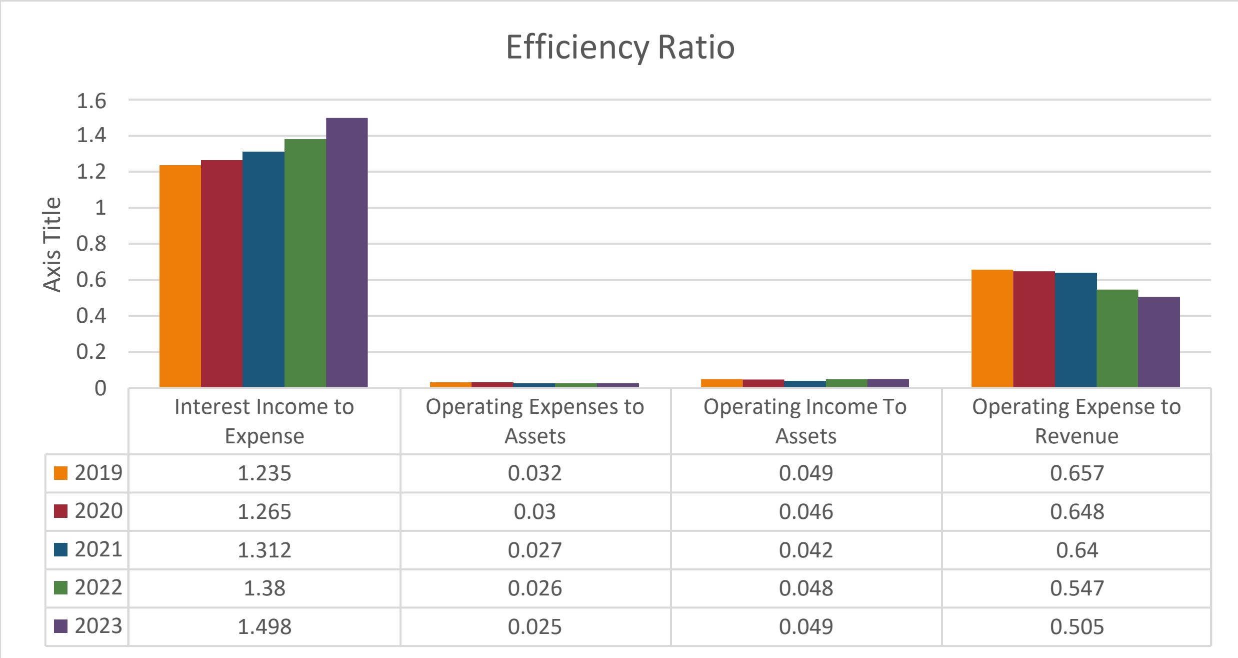
Particulars	2019	2020	2021	2022	2023
Total Assets Turnover	4.93%	4.63%	4.16%	4.76%	4.87%
Current Assets Turnover	5.24%	4.95%	4.35%	4.98%	5.13%
Fixed Assets Turnover	82.89%	71.51%	95.87%	106.19%	94.75%



Interpretation: The turnover ratios presented reveal insights into the efficiency of asset utilization over the five-year period from 2019 to 2023. The total assets turnover ratio showed a slight decline from 4.93% in 2019 to a low of 4.16% in 2021, before rebounding to 4.87% in 2023. This fluctuation suggests varying levels of efficiency in generating revenue from total assets, with a notable improvement in recent years. Similarly, the current assets turnover ratio followed a comparable trend, peaking in 2022 at 4.98% but slightly improving to 5.13% by 2023, indicating effective management of current assets. The fixed assets turnover ratio displayed significant variability, reaching a high of 106.19% in 2022, which signifies very efficient use of fixed assets to generate sales, although it declined to 94.75% in 2023. Overall, while the company has shown resilience in utilizing its assets effectively, the fluctuations in fixed asset turnover warrant attention, as maintaining consistent performance in this area could further enhance overall operational efficiency.

4.8 Efficiency Ratio

Particulars	2019	2020	2021	2022	2023
Interest Income to Expense	1.235	1.265	1.312	1.380	1.498
Operating Expenses to Assets	0.032	0.030	0.027	0.026	0.025
Operating Income to Assets	0.049	0.046	0.042	0.048	0.049
Operating Expense to Revenue	0.657	0.648	0.640	0.547	0.505

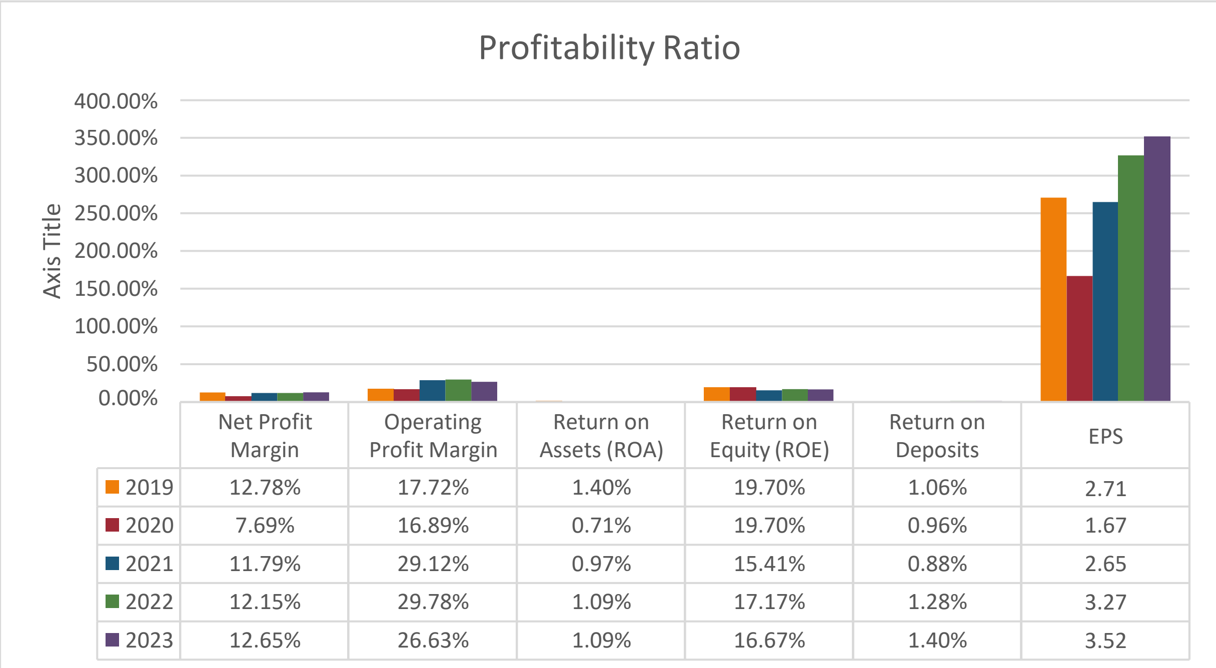


	Interest Income to Expense	Operating Expenses to Assets	Operating Income To Assets	Operating Expense to Revenue
2019	1.235	0.032	0.049	0.657
2020	1.265	0.03	0.046	0.648
2021	1.312	0.027	0.042	0.64
2022	1.38	0.026	0.048	0.547
2023	1.498	0.025	0.049	0.505

Interpretation: The financial metrics provided reflect the company's performance in terms of income generation and cost management from 2019 to 2023. The interest income to expense ratio has steadily improved from 1.235 in 2019 to 1.498 in 2023, indicating that the company has become increasingly efficient at generating interest income relative to its interest expenses. This growth suggests stronger profitability in its core lending activities. Meanwhile, the operating expenses to assets ratio declined from 0.032 to 0.025, demonstrating enhanced efficiency in managing operating costs relative to total assets. Similarly, the operating income to assets ratio remained relatively stable, closing at 0.049 in both 2022 and 2023, indicating consistent operational performance. Additionally, the operating expense to revenue ratio has significantly decreased from 0.657 in 2019 to 0.505 in 2023, reflecting improved cost control and a more favorable operating margin. Overall, these trends indicate that the company is not only enhancing its income-generating capabilities but also managing its expenses effectively, positioning itself for sustained profitability and operational efficiency.

4.9 Profitability Ratio

Particulars	2019	2020	2021	2022	2023
Net Profit Margin	12.78%	7.69%	11.79%	12.15%	12.65%
Operating Profit Margin	17.72%	16.89%	29.12%	29.78%	26.63%
Return on Assets (ROA)	1.40%	0.71%	0.97%	1.09%	1.09%
Return on Equity (ROE)	19.70%	19.70%	15.41%	17.17%	16.67%
Return on Deposits	1.06%	0.96%	0.88%	1.28%	1.40%
EPS	2.71	1.67	2.65	3.27	3.52



Interpretation: The profitability metrics provided illustrate the company's financial performance over the five-year period from 2019 to 2023. The net profit margin fluctuated slightly but improved from 7.69% in 2020 to 12.65% in 2023, indicating a recovery and strengthening of overall profitability. The operating profit margin experienced more pronounced volatility, peaking at 29.78% in 2022 before declining to 26.63% in 2023, reflecting variations in operational efficiency and cost management. Return on assets (ROA) showed modest improvement, remaining stable at 1.09% in the last two years, signaling consistent asset utilization in generating profits. In contrast, return on equity (ROE) decreased from a high of 19.70% in 2019 and 2020 to 16.67% in 2023, suggesting a reduction in profitability relative to shareholder equity, which could be a concern for investors. Return on deposits also improved, reaching 1.40% in 2023, indicating better profitability on customer deposits. Lastly, earnings per share (EPS) steadily increased from 2.71 in 2019 to 3.52 in 2023, reflecting enhanced shareholder value. Overall, while the company has shown positive trends in net profit margin, return on deposits, and EPS, the fluctuations in operating profit margin and ROE highlight areas for further focus to ensure sustained profitability and efficient use of equity.

<u>Chapter-05</u>

Findings, Recommendations and Conclusion

5.1 Findings of the Study

1) **Investment:** Investments in government securities peaked in 2021, they have since declined, suggesting a potential loss of investor confidence in these assets. In contrast, the significant growth in other investments from 5,758.66 in 2019 to 13,600.09 in 2023.
2) **Income from Investment:** Premier Bank PLC's investment income experienced significant fluctuations from 2019 to 2023, peaking at 4,278.74 in 2020 but subsequently declining to 3,030.24 in 2022 before partially recovering to 3,533.55 in 2023.
3) **Loan and Advance:** Premier Bank PLC's loans and advances exhibited steady growth from 2019 to 2023, rising from 188,945.47 to 289,392.27. This consistent increase,particularly the significant jump in 2023.
4) **Non-Performing Loan:** Premier Bank PLC experienced a troubling increase in non-performing loans (NPLs), rising sharply from 7,675.95 in 2022 to 14,451.50 in 2023, following a significant drop to 5,357.21 in 2020.
5) **NPL Coverage Ratio:** Premier Bank PLC's Non-Performing Loan (NPL) coverage ratio improved significantly from 50.54% in 2019 to a peak of 144.32% in 2020, indicating strong provisions for non-performing loans. However, this ratio has since declined to 71.84% in 2023.
6) **Earnings Per Share:** Premier Bank PLC's Earnings Per Share (EPS) demonstrated a positive trend from 2019 to 2023, recovering from a low of 1.67 in 2020 to reach 3.52 in 2023, the highest in the five-year period.
7) **Return on Equity:** Premier Bank PLC's Return on Equity (ROE) experienced fluctuations from 2019 to 2023, starting at a high of 19.70% in 2019, dropping to 10.62%in 2020, and then recovering to 16.67% in 2023.
8) **Return on Asset:** Premier Bank PLC's Return on Assets (ROA) showed mixed performance from 2019 to 2023, starting at a strong 1.40% in 2019 before declining to 0.71% in 2020. While there has been a gradual recovery, with ROA stabilizing at 1.09% in 2022 and 2023.

5.2 Recommendations

1) **Investment:** In government securities and the rising trend in other investments, it is recommended that investors consider diversifying their portfolios further by allocating a larger portion to alternative asset classes.
2) **Income from Investment:** Premier Bank PLC need to implement a more diversified investment strategy, focusing on a balanced mix of asset classes. This approach could help mitigate risks associated with market volatility and promote more stable and consistent income growth over time.
3) **Loan and Advance:** Premier Bank PLC further enhance its lending strategies by developing tailored loan products that address the specific needs of various customer segments.
4) **Non-Performing Loan:** Premier Bank PLC need to offering financial counseling and restructuring options for struggling borrowers may assist in reducing NPL levels and improving overall loan performance.
5) **NPL Coverage Ratio:** Premier Bank PLC reinstate and enhance its provisioning policies to increase the NPL coverage ratio. This could involve conducting a thorough assessment of existing loan portfolios to identify potential risks, followed by allocating additional resources for loan loss provisions.
6) **Earnings Per Share:** To capitalize on the positive trend in Earnings Per Share (EPS Premier Bank PLC need to focus on enhancing operational efficiency and exploring new growth opportunities, such as expanding its product offerings or entering new markets
7) **Return on Equity:** Premier Bank PLC consider implementing targeted growth strategies, such as expanding its lending portfolio or exploring new market segments, to generate higher returns on equity. Regular performance assessments and strategic planning will help ensure sustained improvements in ROE.
8) **Return on Asset:** To improve its Return on Assets (ROA), Premier Bank PLC should implement strategies focused on optimizing asset utilization. This could involve conducting a thorough analysis of its asset portfolio to identify underperforming assets and reallocating resources towards higher-yielding opportunities.

5.3 Conclusion

Every firm needs to have a goal. The organizations vision and mission must be updated in goal. The mission & vision of financial institution like bank both revolve around the needs of their customers. Most banks offer the same products & they also have similar characteristics and features. So, it become much more difficult for a financial institution to establish a competitive advantage and provide customers better, higher quality products. Only exceptional customer service. just the level of service can set one bank apart from another bank. The key difficulty for banks in this competitive market is to manage their assets and liabilities in a comprehensive fashion while also acquiring new cutting-edge technologies to lower their operational costs and enhance their profit. if we have significant and massive corporate clients, we will make this profit. If the Bank provide outstanding service, these customers will stay with it. in each & every branch. So, Premier Bank PLC will be required to guarantee high- quality service. Premier Bank PLC must address client issues in order to provide exceptional service. They risk having their business destroyed by even the smallest oversight. Premier Bank PLC must give up traditional banking practices in order to offer different service. This industry has grown in today’s competitive environment.

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