



[Internship Report On]

An Evaluation of the Financial Performance of Prime Bank Limited

An Evaluation of the Financial Performance of Prime Bank Limited

Submitted To:
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Program: BBA
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Letter of Transmittal

Date:10.10.2022

Professor Dr. Mohammed Masum Iqbal

Dean,
Faculty of Business & Entrepreneurship
Daffodil International University

Subject: Submission of internship report on ‘An Evaluation of the Financial Performance of Prime Bank Ltd. ‘

It gives me great pleasure to present this internship report on An Evaluation of the Financial Performance of Prime Bank Ltd. I’ve been given this job to finish the BBA program's unfinished prerequisite. For the successful completion of the report, I have committed to the genuine effort. I sincerely appreciate your advice and assistance, without which it would be impossible for me to complete this report. If you have any additional explanation, I'd be delighted to hear from you.

So, I'm hoping you'll accept this internship report.

Sincerely Yours,



Israt Jahan

ID: 191-11-6221

Major: Finance

Program: BBA

Department of Business Administration

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Certification of Supervisor

This is to certify that the internship report entitled An Evaluation of the Financial Performance of Prime Bank Limited is prepared by Israt Jahan, 191-11-6221, as a requirement of the BBA Program under the Department of Business administration and the Faculty of Business and Entrepreneurship at Daffodil International University.

The report is recommended for submission and acceptance.



Professor Mohammed Masum Iqbal, PhD

Department of Business Administration

Faculty of Business & Entrepreneurship

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Acknowledgement

In the name of Allah, the merciful, the benevolent. Without the direction and aid of multiple individuals who in multiple ways contributed and extended their important assistance in the preparation and completion of this study, this work would not have been feasible.

I tried to write this report about my internship, and now it is finished. My supportive mentor, **Professor Dr. Mohammed Masum Iqbal**, Dean, of the Faculty of Business & Entrepreneurship, deserves a special mention. The guidance and assistance he provided were crucial to the seamless development of the internship program. The cooperation is truly greatly admired.

I'm appreciative to all the senior authorities who made it possible for me to acquire practical experience. In addition, this internship program has taught me the value of teamwork and provided a fresh perspective on the type of workplace that constantly tests us.

Last but not least, I owe thanks to everyone who helped with this report, both inside and outside of Prime Bank Ltd.

Executive Summary

The purpose of this internship report is to comply with the requirements of the BBA program. It is a necessity of my course that I interact with an organization in order to gather hypothetical and important information. The purpose of this report is to give the reader a thorough understanding of Prime Bank Ltd.'s entire financial operations. The purpose of this report is to provide some insight into Prime Bank Ltd.'s financial performance and to assess its sufficiency. At the context of the study and the report's format are described in the introduction section. It also includes objectives, scope, constraints, and methods, which includes the data-gathering sources. All the data are used both necessary and auxiliary information for data collection. Then the organizational component is discussed, which contains comprehensive details about the corporation, including its corporate goal, vision, product & services, and resources, branch location, and other Prime Bank Ltd. facilities.

The third section, titled Financial Ratio Analysis, includes definitions of terms, an examination of various bank ratio types, results of Prime Bank Limited's financial ratios, an explanation of them, and visual representations. Since the financial analysis is a coherent and numerical way to illustrate the overall financial performance of the bank throughout these years, this portion also integrates even and vertical analysis to display the financial performance of Prime Bank Ltd during the most recent five years of 2017–2021.

I would like to thank Senior Assistant Vice President and Head of Branch, Md. Motiar Rahman, Executive Officer and Relationship Manager, Md. Nasir Hossain and Executive Officer Mst. Ashrafun Nesa Tania. In Financial performance of PBL cash ratio decreased. Prime Bank Limited should focus on cash ratio. As it measures the ability to pay its current liabilities. Return on equity (ROE) also decreased in last years. So PBL should focus on increasing their ROE. Prime Bank Limited should increase its net profit margin by reducing expenses and using equity capital to meet liability increases and achieve its target. PBL should focus on the utilization of its asset in the coming year so that total asset turnover & fixed asset turnover could increase in coming years.

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Chapter-1

Introduction

1.1 Introduction:

Prime Bank was founded in 1995 and is a premier local commercial bank in Bangladesh. The Bank's operational presence is dispersed across the entire nation with 146 branches and 170 ATM locations, with its corporate headquarters located in the busy financial district of Dhaka, Motijheel. It was organized in accordance with the Companies Act of 1994.

The most well-known attributes of Prime Bank are its proficiency in corporate and institutional banking as well as its cutting-edge digital banking services. The Best Bank in Bangladesh for 2020 is Prime Bank, according to Global Finance, a prestigious financial newspaper with headquarters in North America. Prime Bank has also been awarded as the Best Digital Bank in Bangladesh in 2020 by Asiamoney, another global financial publication.

In order to improve resource efficiency and provide more coherence to its banking activities, Prime Bank launched a "Business Model Restructuring and Centralization" project in 2014.

Among other well-known corporate figures from Bangladesh, Mohammad Aminul Haque, Marina Yasmin Chowdhury, and Mohammad Abdul Khaleque are among the founding directors of the Bank. Azam J. Chowdhury, one of the top entrepreneurs in Bangladesh and the chairman and owner of the diverse local conglomerate East Cost Group, has served six two-year terms as the chairman of the bank and will continue to do so through 2020.

The Bank's current chairman is Tanjil Chowdhury, Managing Director of East Coast Group. In addition, he serves as Secretary General of Prime Bank Cricket Club, a humanitarian project of the Prime Bank Foundation, and Chairman of Prime Exchange Pte. Ltd., the Singapore branch of Prime Bank (PBF). The owner of Jabbar & Company, Zen Trading Corporation Limited, and Alliance Knit Composite Limited, Zaeem Ahmed serves as the chairman of Prime Bank's executive committee (EC).

1.2 Background of the Study:

The internship program is a compulsory necessity for the student who is graduating from the faculty of Business and Entrepreneurship under the program of BBA from Daffodil International University. For an organization that aids in implying both hypothetical and practical information, an internship report must be prepared. After that, the knowledge and ongoing participation in the chosen association let me attempt my subject, Financial Analysis and Performance Evaluation of Prime Bank Ltd.

1.3 Scope of the Study:

The financial performance of Prime Bank Limited is the primary emphasis of this internship report. This study discusses PBL's overall presentation over the course of the past five years. I examined PBL's financial statement and general exercises as I worked with their annual report to demonstrate how they interact with clients. This report was developed using my observations from my internship and discussions with association board members, staff members, and clients. I had the amazing opportunity to have in-depth knowledge of all the exercises basically at the time I built up this report

1.4 Objectives of the Study:

The objectives of the study are given below-

- To analyze & evaluate the financial performance of Prime Bank Limited;
- To identify the problems related to the financial performance of the Prime Bank Limited;
- To make some recommendations to solve the problems;

1.5 Methodology

When putting together this study, I used both primary and secondary data. Through my view and a one-on-one discussion with the administration, primary data have been acquired. I obtained information from them and created this report using the PBL annual report that I found on their website

1.5.1 Primary Data Collection:

- Personal interactions with bank employees.
- Practical work Experience.
- Questionnaires

1.5.2 Secondary Data Collection:

- Annual Report of Prime Bank Ltd.
- Official Website of Prime Bank Ltd
- Article, Journal, Newspaper & Publication
- Product brochure of Prime Bank Ltd.

Process of data collection:

The Study has been interpreted as including information. In essence, the majority of the data and information are collected voluntarily. In every way, this research is experimental. Some of the information is collected by visiting several websites. Through meaningful conversations with the appropriate authorities Prime Bank Limited (Asadgate branch). As a result, information is gathered by considering and measuring the announcements, rounds, and manuals of the Asadgate branch of Prime Bank Ltd.

1.5.3 Data Analysis:

The data has been analyzed using MS Excel.

Questionnaires for Primary data:

- What is included in the total cash?
- What is included in the total expense?
- How much does it cost for advertising expense?
- How much was the annual profit?

1.6 Limitation of the Study:

It was a great opportunity for me work with Prime Bank Ltd. I have acquired theoretical and practical knowledge over the course of the internship program's first quarter-year, which has helped me learn how to adjust to a professional workplace. But there are also a few limitations that I had to work around when organizing my internship report. The following are the issues and restrictions:

- The period of 3 months, is insufficient to learn about all the activities of any branch.
- A single workstation cannot be a complete arena to Study Company's system.
- Information is withheld by the authority due to confidentiality
- Because of the branch's high volume of business, staff members have less time to instruct trainees.
- Availability of recent data that is pertinent to the research
- A lack of adequate report-writing knowledge



Chapter-2

Overview of Prime Bank Ltd

2.1 Profile of Prime Bank Ltd.

Prime Bank was founded in 1995 and is a premier local commercial bank in Bangladesh. The Bank's operational presence is dispersed across the entire nation with 146 branches and 170 ATM locations, with its corporate headquarters located in Dhaka, Motijheel.

2.2 Mission Vision & Objective

2.2.1 Mission:

- To build Prime Bank Limited into an efficient, market-driven, customer focused institution with good corporate governance structure.
- Continuous improvement of our business policies, procedure and efficiency through integration of technology at all levels.

2.2.2 Vision:

- Being the most effective private commercial bank in Bangladesh with excellent liquidity, excellent management, adequate capital, and high-quality assets.

2.2.3 Objectives:

- To conduct business in the most respectful and effective manner possible. To innovate when creating fresh banking services and goods
- By encouraging their wellbeing by offering alluring compensation and perks.
- Through creating a positive work environment by providing possibilities for career advancement, adequate staff training, and growth
- On providing high-quality services across the panel in the banking industry with the goal of increasing shareholder value and providing the best possible benefits to our clients.
- By taking concrete steps to fulfill our responsibilities as a socially conscious corporate citizen, we may help the country advance by closely observing its goals and policies

2.3 Corporate Information:

Features	Values
Name of the Company	Prime Bank Limited
Chairman	Tanjil Chowdhury
CEO & Managing Director	Hassan O. Rashid
Legal Status	Public Limited Company
Registered Office	Building-2, Adamjee Court Annex-2, 119-120 Motijheel Rd, Dhaka 1000
Authorized Capital	BDT 25,000 Million
Paid Up Capital	BDT 11,322.83 Million
Total No Of Share	1,132,283,477
No. of Employees(30.06.2019)	3,090
Website	www.primebank.com.bd

2.4 Product & Service of PBL

2.4.1 Product of Prime Bank Ltd.

Deposit:

- Current Deposit
- Savings Deposit
- Special Notice Deposit
- Fixed Deposit Schemes

Loan & Advance:

- Loan Against Export Bills
- Working Capital Loan
- Packing Credit
- Overdraft
- Import Loan
- Export Loan
- Project Finance

2.4.2 Service of Prime Bank Ltd.

E-Service:

- ATM Automated Branch Banking
- SME Banking
- Bill Payment Service
- Foreign Trade
- Foreign Remittance
- SWIFT Service
- E-Statement Service
- SMS Alert Service

Modern Banking:

- Online Banking
- PBL Mobile Apps
- Instant Banking

2.5 AWARDS & ACHIEVEMENTS:

- ICAB National Awards for Best Published Accounts and Reports 2002 - Diamond (Financial Sector)
- 15th ICAB National Awards for Best Presented Annual Report 2014 - Certificate of Merit
- Best Bank of Bangladesh by Global Survey (Best Emerging Market Bank in Asia) – 2013
- ICMAB Best Corporate Award 2013 – 1st Position in Private Commercial Banks (Traditional Operation)
- 14th ICAB National Awards for Best Presented Annual Report 2013 - 1st Prize in Private Sector Banks (including Co-operative Banks)
- International Platinum Star for Quality Award 2012
- Industry Best Rated Bank Award 2012 – Awarded as Strongest Bank
- ICMAB Best Corporate Performance Award 2009 – 1st Position (Jointly)

- SAFA Best Presented Annual Report Awards and SAARC Anniversary Awards for Corporate Governance Disclosures 2011 – Winner in Private Sector Banks (including Cooperative Banks)

2.6 Board of Directors:

Name	Position
Tanjil Chowdhury	Chairman
Md. Shahadat Hossain	Vice Chairman
Nazma Haque	Vice Chairperson
Azam J Chowdhury	Director
Md. Nader Khan	Director
Quazi Sirazul Islam	Director
Salma Huq	Director
Nafis Sikder	Director
Imran Khan	Director
Mohammad Mushtaque Ahmed Tanvir	Director
Zaeem Ahmed	Director
S.M Tamjid	Director
Anwaruddin Chowdhury FCA	Independent Director
C Q K Mustaq Ahmed	Independent Director
Dr. Sharif M. N. U. Bhuiyan	Independent Director
Khan Ahmed Sayeed Murshid, PhD	Independent Director

2.7 FINANCIAL STATEMENT OF Prime Bank Ltd.

Prime Bank

INCOME STATEMENT

As on December 31, (2017-2021)

Particulars	2017	2018	2019	2020	2021
Interest income	14,879,403,193.00	18,324,507,129.00	19,888,509,277.00	15,851,900,455.00	14,883,464,368.00
Interest paid on deposits and borrowings	9,885,293,129.00	10,542,093,139.00	11,688,044,915.00	10,348,259,152.00	6,794,530,559.00
Net interest income	4,994,110,064.00	7,782,413,990.00	8,200,464,362.00	5,503,641,303.00	8,088,933,809.00
Income from investments	4,396,502,019.00	2,312,228,869.00	2,941,796,473.00	4,635,668,871.00	4,366,920,350.00
Commission, exchange and brokerage Income	2,453,506,591.00	2,379,034,115.00	2,388,941,646.00	1,969,676,171.00	2,270,599,410.00
Other operating income	860,057,321.00	942,121,164.00	855,013,428.00	816,717,664.00	1,026,426,319.00
Total operating income	12,704,175,995.00	13,415,798,138.00	14,386,215,909.00	12,925,704,009.00	15,752,879,888.00
Rent, Taxes, Insurance, Electricity etc.	963,386,657.00	1,030,304,013.00	707,792,509.00	445,398,223.00	536,182,196.00
Salaries and allowances	3,966,047,129.00	4,330,624,024.00	4,227,414,065.00	4,286,691,671.00	4,285,048,219.00
Legal Expenses	88,016,667.00	110,747,428.00	52,631,371.00	32,440,556.00	56,160,733.00
Postage, Stamps, Telecommunication etc.	130,629,227.00	79,503,863.00	100,966,662.00	103,546,145.00	88,463,056.00
Stationery, Printing, Advertisement etc.	218,387,455.00	231,584,903.00	280,273,865.00	187,240,934.00	219,758,403.00
Directors' Fees and Expenses	5,200,364.00	4,501,129.00	4,060,678.00	4,014,475.00	6,080,679.00
Salary and allowances paid to Managing director/Chief Executive	11,528,936.00	10,131,935.00	10,905,129.00	11,214,452.00	12,846,774.00

Auditors' Fee	2,558,659.00	2,800,850.00	2,939,411.00	3,070,109.00	3,039,752.00
Depreciation and Repairs to Bank's Assets	375,487,188.00	422,261,737.00	815,063,198.00	927,268,560.00	890,565,711.00
Other Expenses	1,353,717,503.00	1,385,429,678.00	1,378,425,423.00	1,350,267,740.00	1,122,476,462.00
Total operating expenses	7,114,959,785.00	7,607,889,560.00	7,580,472,311.00	7,351,152,865.00	7,220,621,985.00
Operating Profit	5,589,216,210.00	5,807,908,578.00	6,805,743,598.00	5,574,551,144.00	8,532,257,903.00
Profit before provision	5,589,216,209.00	5,807,908,578.00	6,805,743,598.00	5,574,551,144.00	8,532,257,903.00
Specific provision (Loan and Advances)	3,255,500,000.00	1,781,500,000.00	2,292,400,000.00	1,441,707,703.00	1,897,414,706.00
Provision for Impairment of Client margin loan	106,528,754.00	-27,964,899.00	2,751,173.00	-	193,986,044.00
Diminution in value of investment	-141,676,723.00	41,967,108.00	274,990,991.00	-1,992,935.00	-93,118,558.00
Others Provision	372,364,941.00	-13,902,208.00	79,038,895.00	271,285,232.00	746,988,687.00
Total provision	3,592,716,972.00	1,781,600,001.00	2,491,103,269.00	1,711,000,000.00	2,745,270,879.00
Profit for the year before taxation	1,996,499,237.00	4,026,308,577.00	4,314,640,329.00	3,863,551,144.00	5,786,987,024.00
Current Tax	781,212,608.00	1,775,174,401.00	2,671,739,148.00	2,493,946,894.00	3,117,306,973.00
Deferred tax	(241,630.00)	(21,895,124.00)	315,303,012.00	-458,332,488.00	-579,936,733.00
Provision for tax	780,970,978.00	1,753,279,277.00	2,987,042,160.00	2,035,614,406.00	2,537,370,240.00
Net profit after tax for the year	1,215,528,259.00	2,273,029,300.00	1,327,598,169.00	1,827,936,738.00	3,249,616,784.00
EPS	2.13	2.01	1.17	1.61	2.87

Prime Bank

BALANCE SHEET

As on December 31, (2017-2021)

Particulars	2017	2018	2019	2020	2021
Cash	18,113,625,948.00	17,672,021,646.00	19,584,637,894.00	17,480,758,669.00	15,870,018,855.00
In hand (Including foreign currencies)	3,140,588,297.00	3,132,734,166.00	3,655,952,159.00	3,260,482,339.00	4,192,297,236.00
Balances with Bangladesh bank and sonali bank (Including foreign currencies)	14,973,037,651.00	14,539,287,480.00	15,928,685,735.00	14,220,276,330.00	11,677,721,619.00
Balance with other banks and financial institution	10,244,715,711.00	13,627,966,225.00	8,838,068,439.00	7,280,554,988.00	12,391,565,858.00
In Bangladesh	7,471,466,377.00	10,300,411,248.00	3,950,337,390.00	3,394,160,257.00	9,050,122,540.00
Outside Bangladesh	2,773,249,334.00	3,327,554,977.00	4,887,731,049.00	3,886,394,731.00	3,341,443,318.00
Money at call and short notice	1,500,000,000.00	-	1,080,000,000.00	210,000,000.00	-
Investment in shares & securities	25,880,136,163.00	27,988,270,781.00	49,101,115,787.00	57,226,723,418.00	62,386,304,290.00
Government	23,657,686,975.00	24,646,806,239.00	45,188,069,017.00	53,054,038,697.00	53,969,145,650.00
Others	2,222,449,188.00	3,341,464,542.00	3,913,046,770.00	4,172,684,721.00	8,417,158,640.00
Loans, cash credits, overdrafts/General Investments	184,066,239,687.00	196,586,141,191.00	197,345,646,833.00	211,720,953,415.00	220,623,213,932.00
Bills discounted and purchased	16,552,939,609.00	11,609,817,551.00	18,540,084,393.00	22,303,339,179.00	44,339,148,120.00
Total	200,619,179,296.00	208,195,958,742.00	215,885,731,226.00	234,024,292,594.00	264,962,362,052.00
Land, building, furniture and fixtures (Including leased assets)	6,487,041,211.00	6,996,504,016.00	8,297,557,716.00	8,233,921,143.00	8,394,441,334.00
Non-Banking Assets	220,500,640.00	22,022,834,950.00	22,064,150,533.00	23,616,803,839.00	27,650,090,303.00
Other assets	19,329,742,018.00	220,500,640.00	220,500,640.00	220,500,640.00	220,500,640.00
Total assets	282,394,940,987.00	296,724,056,999.00	325,071,762,235.00	348,293,555,291.00	391,875,283,332.00
Borrowings from other banks, financial institutions and agents	22,137,997,510.00	33,944,516,693.00	36,688,074,764.00	37,613,110,557.00	62,932,481,200.00

Current /Al-Wadeeah current and other deposit accounts	33,182,700,323.00	32,720,490,917.00	36,079,113,854.00	41,322,385,560.00	47,420,761,550.00
Bills payable	4,212,571,458.00	3,045,875,590.00	4,062,714,217.00	4,528,972,457.00	4,923,791,928.00
Savings deposits/Mudaraba Savings Deposits	38,397,699,341.00	41,478,074,475.00	46,785,160,532.00	55,756,396,701.00	70,358,701,527.00
Mudarabba/ Term and Fixed deposits	123,207,326,048.00	120,248,988,239.00	129,495,961,275.00	131,138,046,680.00	120,109,551,767.00
Total Deposits	199,000,297,169.00	197,493,429,221.00	216,422,949,878.00	232,745,801,398.00	242,812,806,772.00
Other liabilities	36,443,698,543.00	37,274,782,999.00	44,026,642,978.00	49,461,817,719.00	56,394,612,364.00
Total liabilities	257,581,993,222.00	268,712,728,913.00	297,137,667,620.00	319,820,729,674.00	362,139,900,336.00
Capital /Shareholders" Equity:	24,812,947,703.00	28,011,328,019.00	27,934,094,559.00	28,472,825,561.00	29,735,382,941.00
Paid up capital	10,293,486,160.00	11,322,834,770.00	11,322,834,770.00	11,322,834,770.00	11,322,834,770.00
Share Premium	2,241,230,396.00	1,211,881,786.00	1,211,881,786.00	1,211,881,786.00	1,211,881,786.00
Statutory reserve	9,565,853,177.00	10,353,413,584.00	10,353,413,584.00	10,353,413,584.00	10,353,413,584.00
Revaluation Reserve on Govt. Securities/ Revaluation Reserve	1,496,759,104.00	1,496,759,104.00	1,496,759,104.00	1,507,173,559.00	1,507,173,559.00
Foreign Currency Translation Gain	15,334,146.00	15,117,438.00	17,316,748.00	16,769,536.00	20,460,078.00
Retained earnings	1,116,996,544.00	3,511,519,825.00	3,393,214,109.00	3,620,860,953.00	5,213,854,021.00
Revaluation Gain/ Loss on Investments	55,285,288.00	71,798,624.00	110,671,570.00	411,888,485.00	77,762,255.00
General reserves and others	28,002,888.00	28,002,888.00	28,002,888.00	28,002,888.00	28,002,888.00
Minority Interest	60	63	56	56	57
Total Equity	24,812,947,763.00	28,011,328,082.00	27,934,094,615.00	28,472,825,617.00	29,735,382,998.00
Total liabilities and shareholders' equity	282,394,940,985.00	296,724,056,999.00	325,071,762,235.00	348,293,555,291.00	391,875,283,334.00
NAV	24.11	24.74	24.67	25.15	26.26



Chapter-3

Financial Statement Analysis Of Prime Bank Limited

3.1 Ratio Analysis:

By comparing the outcomes and the data from the prior year, ratio analysis is a numerical tool that is used to analyze an organization's presentation in relation to its competitors and determine its liquidity, operational effectiveness, risk, and productivity. A better understanding of the financial situation and operation of a business concern is provided by the analysis and translation of various bookkeeping proportions.

Types of ratio:

1. Liquidity Ratio
2. Operating Efficiency Ratios
3. Efficiency or Activity Ratio
4. Profitability Ratio
5. Financial Risk/Leverage Ratios

3.1.1 Liquidity Ratio

The ability of a company to meet its short-term cash needs is referred to as liquidity. Future performance expectations and the timing of cash inflows and outflows both have an impact. The goal of a liquidity analysis is to determine a company's finance needs.

It is unlikely that a business will continue to exist if it does not fulfill its present responsibilities. From this vantage point, the significance of all other analytical metrics is negligible. Although accounting measurements make the assumption that the company will remain in business, our research must constantly determine whether this supposition is correct utilizing liquidity measures.

Types of Liquidity Ratio Includes:

- Cash Ratio
- Current Ratio
- Quick Ratio

3.1.2 Operating Efficiency Ratios

By comparing an organization's total operating expense (OPEX) to its net sales, the operating ratio illustrates how well an organization's management is performing. The working ratio demonstrates how effective an organization's management is in controlling costs while generating revenue or deals.

Types of operating ratios include:

- Total Asset Turnover
- Equity Turnover
- Current Asset Turnover
- Fixed Asset Turnover

3.1.3 Efficiency Ratio:

The efficiency ratio is frequently used to evaluate how well a corporation utilizes its internal assets and liabilities. The rotation of receivables, the repayment of obligations, the amount and usages of equity, and the overall use of inventories and machinery can all be calculated using an efficiency ratio. Efficiency is the productiveness with which a business utilizes its resources. Efficiency is typically assessed in terms of the amount of income produced from a particular level of assets. Additionally, using assets inefficiently can result in issues with liquidity. Lower profitability and fewer chances are sometimes preceded by a lack of liquidity. Short-term liquidity issues can also have an impact on a company's clients and vendors, and they are more acute for banking companies.

Types of efficiency ratio includes:

- Accounts Receivable Turnover
- Average Collection day
- Inventory Turnover
- Inventory Processing Day
- Accounts Payable Turnover
- Payables Payment Day

3.1.4 Profitability Ratio

Productivity ratio describes an organization's ability to generate pay that is comparable to income, balance sheet assets, operating costs, and investors' value over a specific period of time. It evaluates how effectively a group uses its resources to provide advantages and incentives to investors. The implied benefit is that portion of the income that remains after all associated expenses have been paid.

Types of profitability ratios include:

- Net Profit Margin
- Return on Equity
- Return on Asset
- Earnings Per Share
- Gross Profit Margin
- Operating Profit Margin

3.1.5 Financial Risk or Leverage Ratios

Types of Leverage Ratio Includes:

- Equity to Assets
- Equity to Net Loans

3.2 Common Size Analysis

Common size analysis otherwise called vertical analysis that financial directors use to dissect fiscal summaries. It assesses fiscal reports by changing over each detail as a level of the base sum for that period. An association can utilize this investigation to comprehend the effect on everything yet to be balance sheet or its pay proclamation.

There are two reasons to use common-size analysis:

1. To evaluate information from one period to the next within a company and
2. To evaluate a company relative to its competitors.

The formula used in the common-size analysis is:

Common Size Amount = (Analysis amount / Base amount) x 100%

3.3 Trend Analysis:

Trend Analysis is otherwise called horizontal analysis is a factual strategy that attempts to decide future developments of a given variable by investigating chronicled patterns. As such, it is a technique that expects to anticipate future practices by analyzing past ones.

Trend analysis focuses on three typical time horizons:

1. Short
2. Intermediate and
3. Long-term.



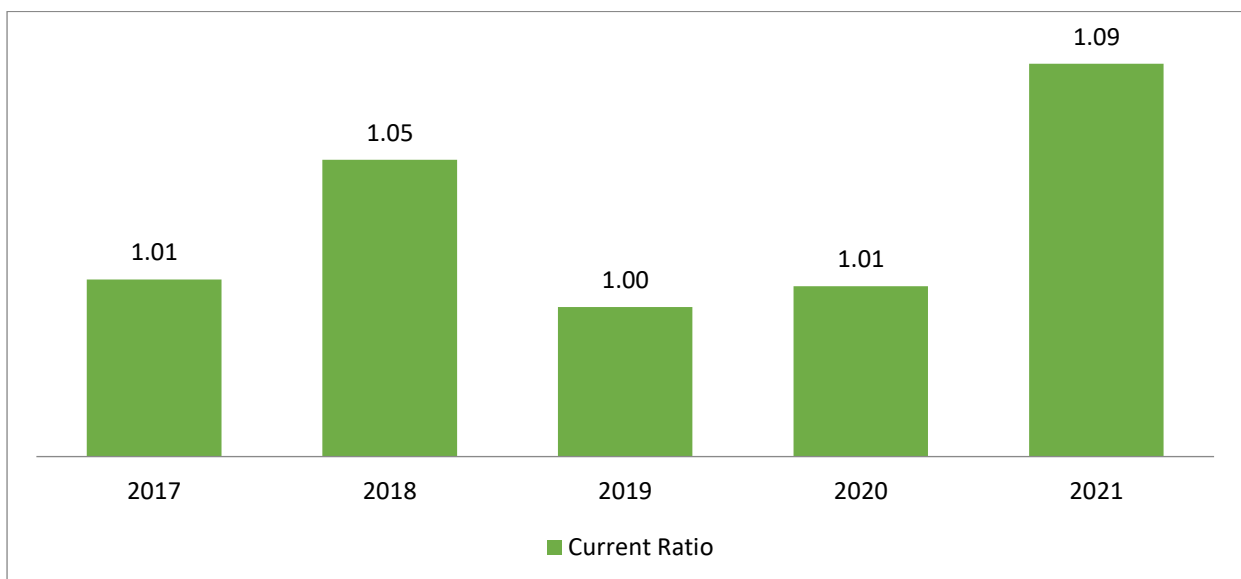
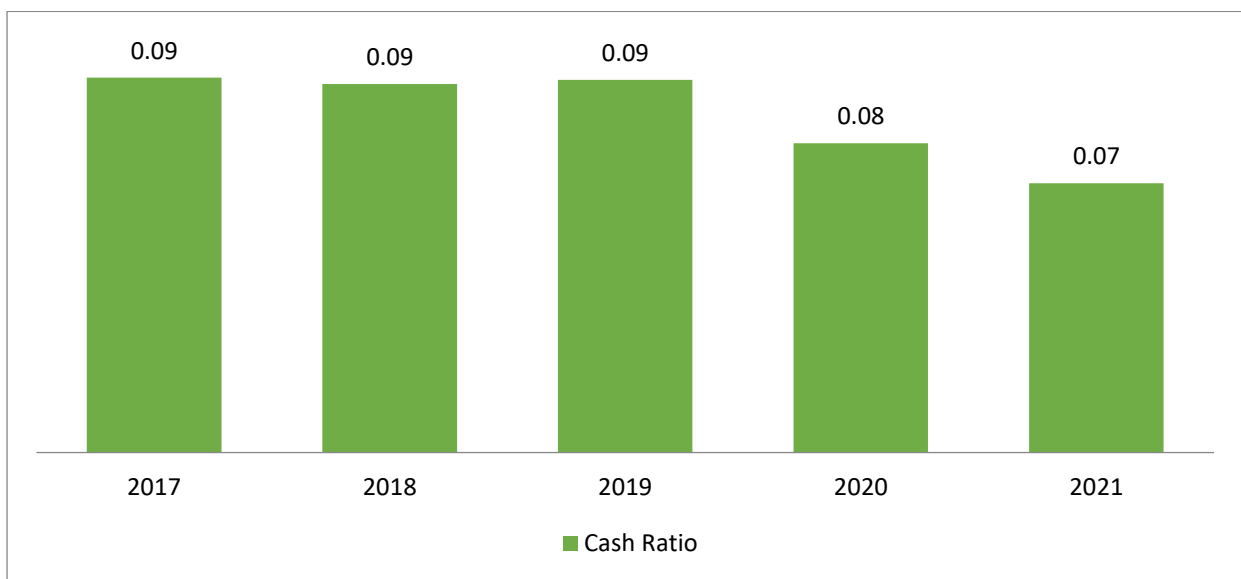
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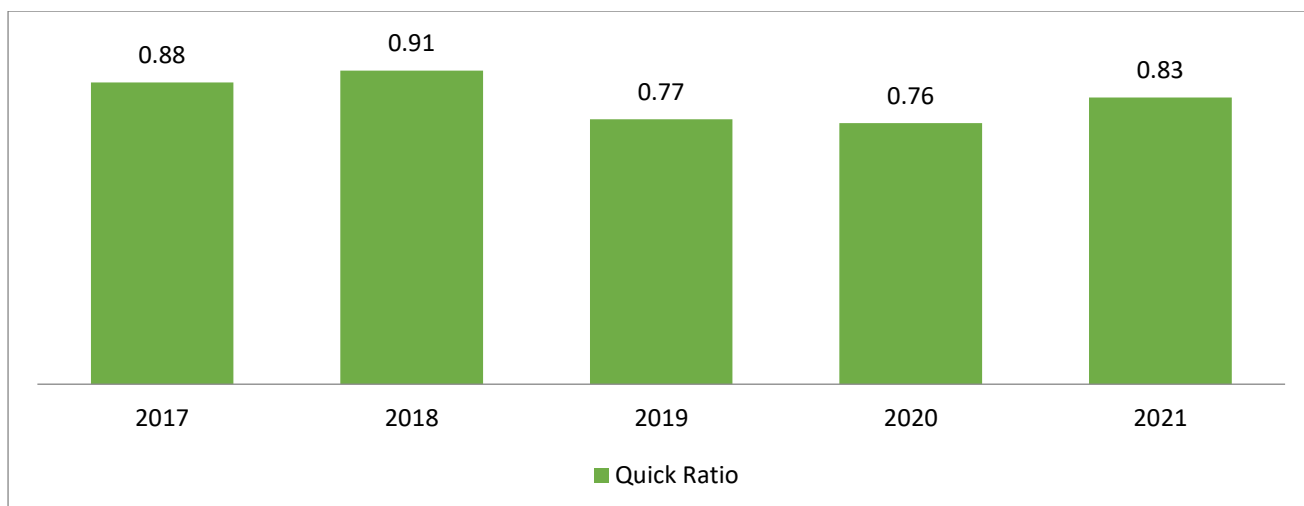
Financial Performance Of Prime Bank Ltd

4.1 Ratio Analysis

4.1.1 Liquidity Ratio:

Liquidity Ratio					
Particular	2017	2018	2019	2020	2021
Cash Ratio	0.09	0.09	0.09	0.08	0.07
Current Ratio	1.01	1.05	1.00	1.01	1.09
Quick Ratio	0.88	0.91	0.77	0.76	0.83



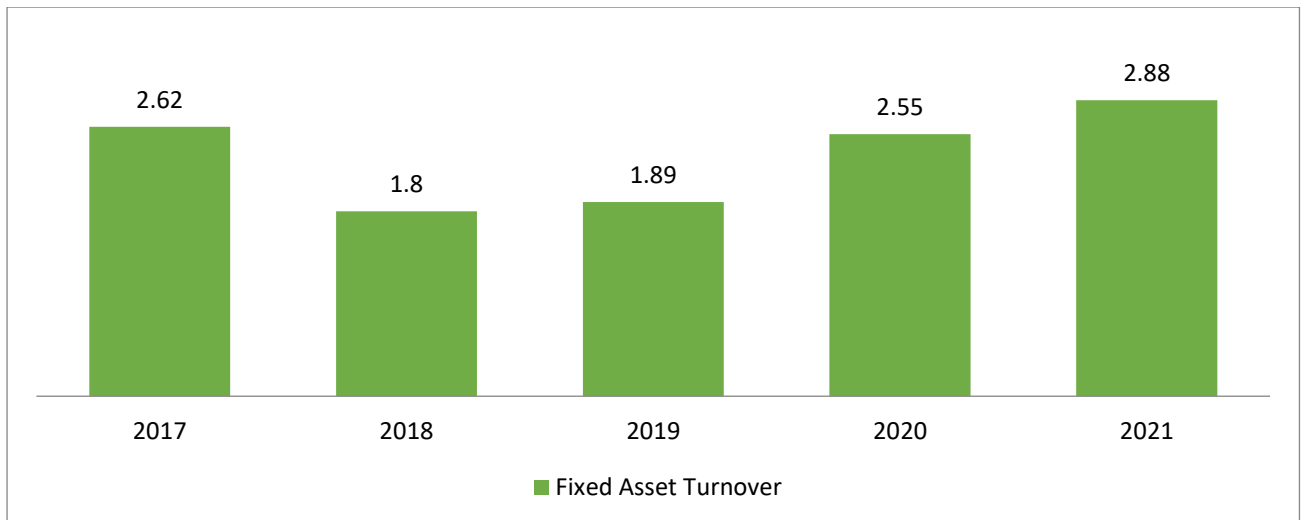


Interpretation: Liquidity is a phrase used in accounting to describe a company's capacity to pay its debts as they become due. A liquidity measurement called the cash ratio or cash coverage ratio assesses a company's capacity to settle its current obligations entirely in cash and cash equivalents. Prime Bank Ltd. cash ratio for 2021 was 0.07, whereas it was 0.08, 0.09, and 0.09 in 2020, 2019, 2018, and 2017. When Cash ratio is less than 1 it means that company has not enough cash & cash equivalent and marketable securities to cover for current liabilities. The current is the value of marketable securities and cash, divided by the company's current liabilities. Current Ratio of Prime Bank limited in 2017 was 1.01 & the rest of the years were 1.05, 1.00, 1.01 and 1.09. When current ratio is greater than 1 it means that the company have adequate asset to settle current liabilities. It also good sign for Prime Bank Limited.

4.1.2 Operating Efficiency Ratios:

Operating Efficiency Ratio					
Particular	2017	2018	2019	2020	2021
Total Asset Turnover	0.06	0.05	0.07	0.08	0.05
Equity Turnover	0.69	0.68	0.66	0.88	0.84
Current Asset Turnover	0.13	0.08	0.09	0.07	0.09
Fixed Asset Turnover	2.62	1.8	1.89	2.55	2.88

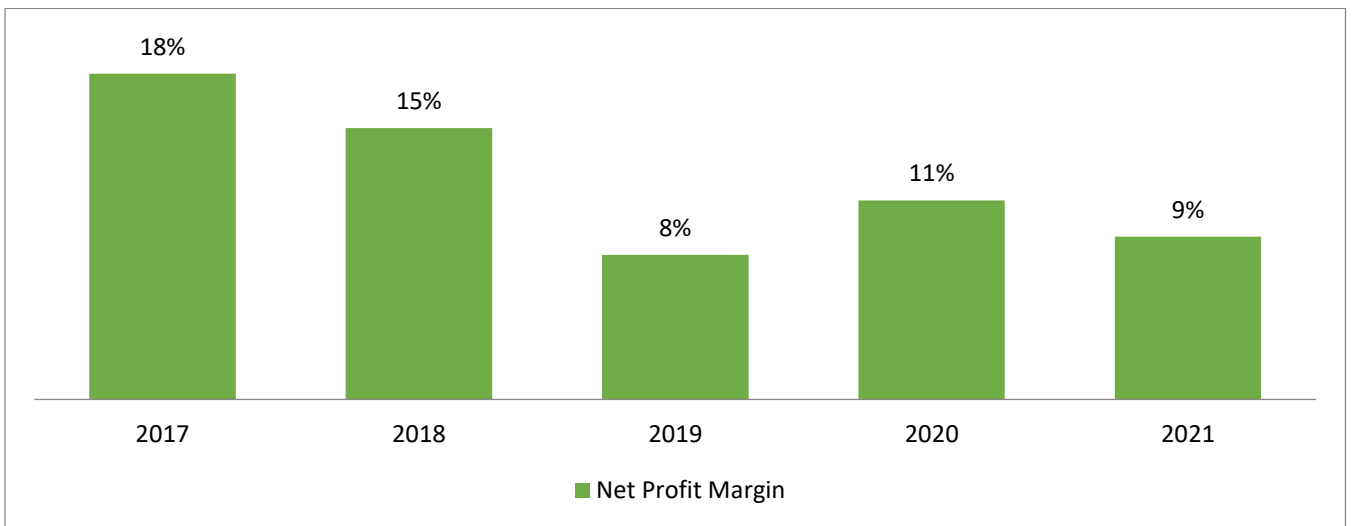
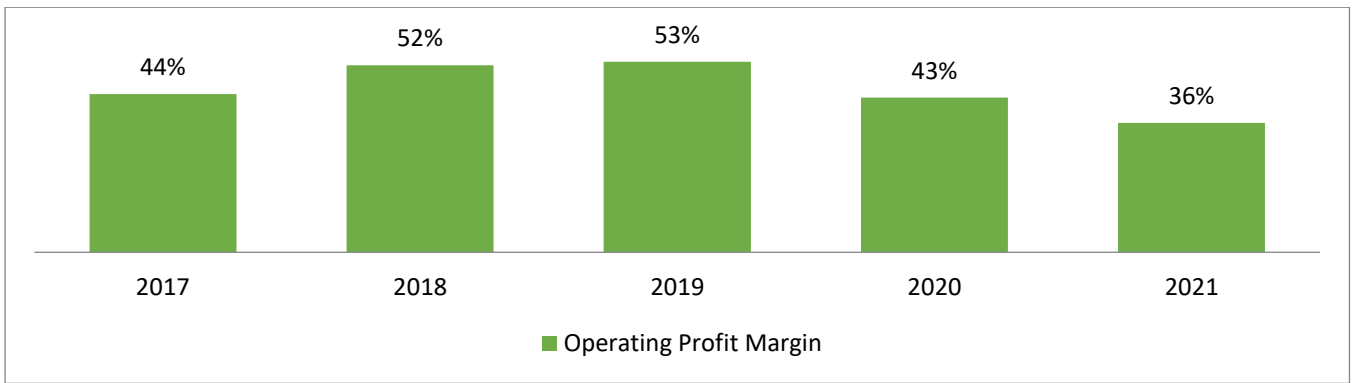
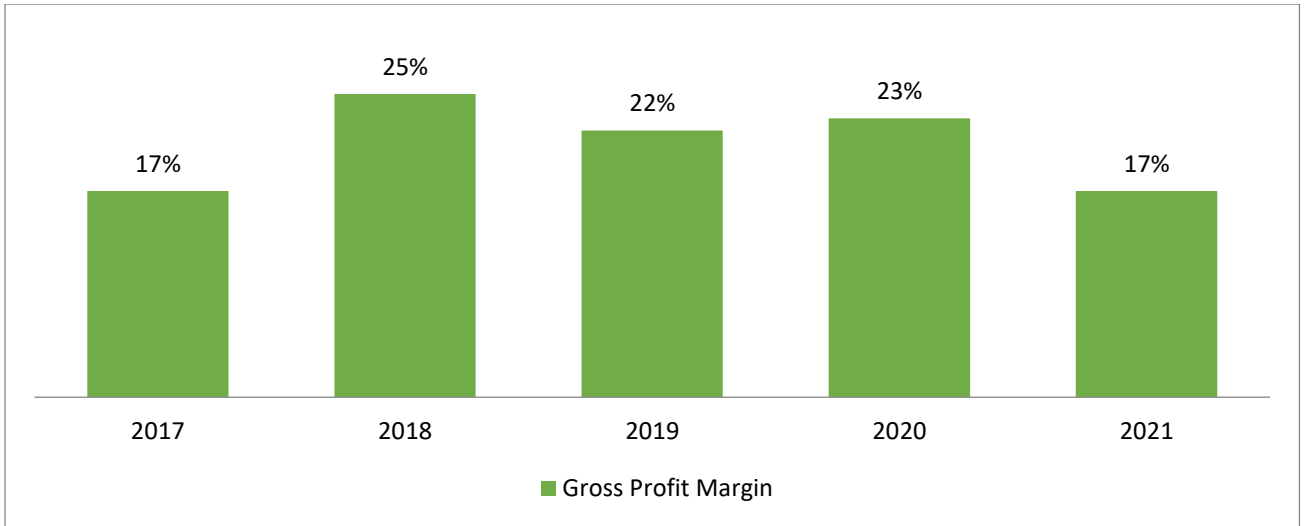


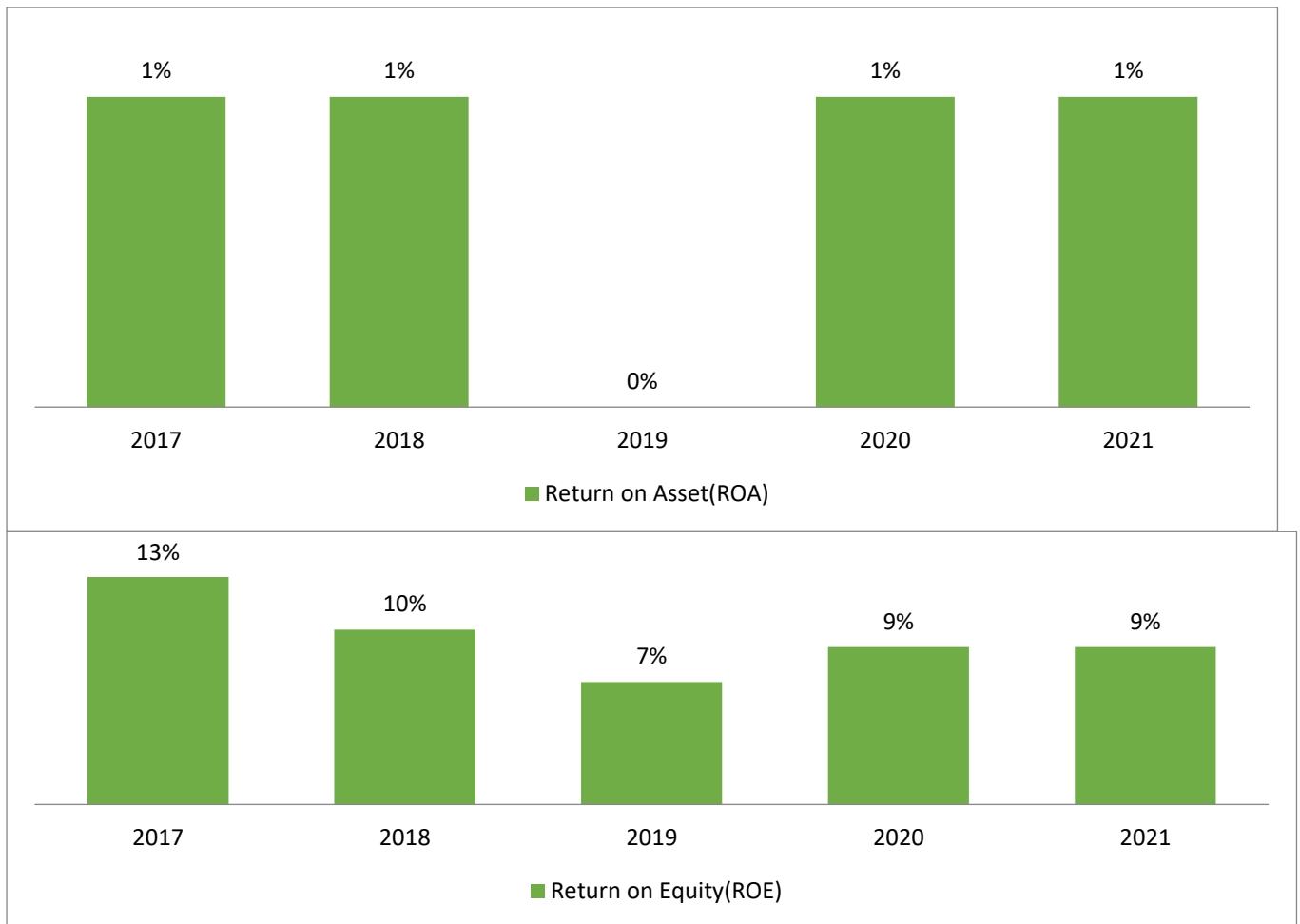


Interpretation: The asset turnover ratio is calculated by net sales divided total asset. Total asset turnover ratio in 2021 was 0.05 in 2020, 2019, 2018, 2017 year TAT have increased & decreased year by year but 2021 it was again decreased. It was bad sign for prime Bank Ltd. Equity turnover ratio is measures the proportion of a company's sales to its shareholders equity. Equity turnover ratio on KPL in 2017 to 2021 increase in every year. Fixed asset turnover ratio that measures a company's return on their investment in property, plant, and equipment by comparing net sales with fixed assets. In 2017 to 2021 fixed asset turnover ratio increase & decrease in every year but last two years it's increasing. It was good sign for Prime Bank Ltd.

4.1.3 Profitability Ratio:

Profitability Ratio					
Particular	2017	2018	2019	2020	2021
Gross Profit Margin	17%	25%	22%	23%	17%
Operating Profit Margin	44%	52%	53%	43%	36%
Net Profit Margin	18%	15%	8%	11%	9%
Return on Asset(ROA)	1%	1%	0%	1%	1%
Return on Equity(ROE)	13%	10%	7%	9%	9%

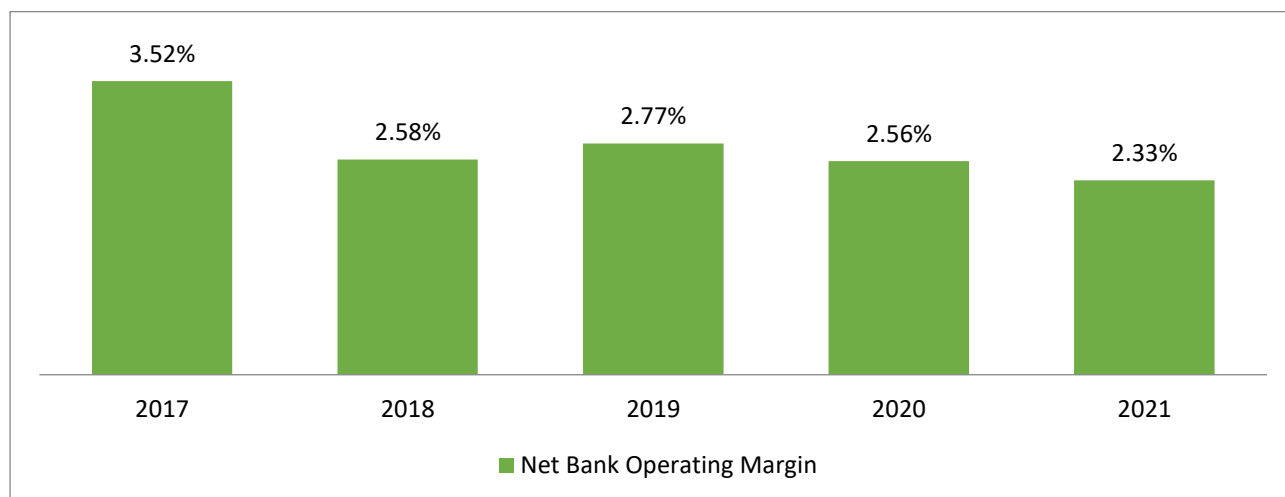




Interpretation: A profitability ratio is a measurement of profitability that is the way to measure a company's performance. Return on assets (ROA) is a financial ratio that shows the percentage of profit a company earns in relation to its overall resources. It defines as Net income divided by total asset. In 2017 to 2021 ROA was same. In 2017 to 2021 ROE 13%, 10%, 7%, 9% & 9%. Return on equity measures profitability using resources provided by investors and company earnings. Gross profit margin ratio was decreasing in 2017 to 2021. Higher gross profit margin is better because a high gross profit margin means that the company did well in managing its cost of sales.

4.1.4 Net Bank Operating Margin

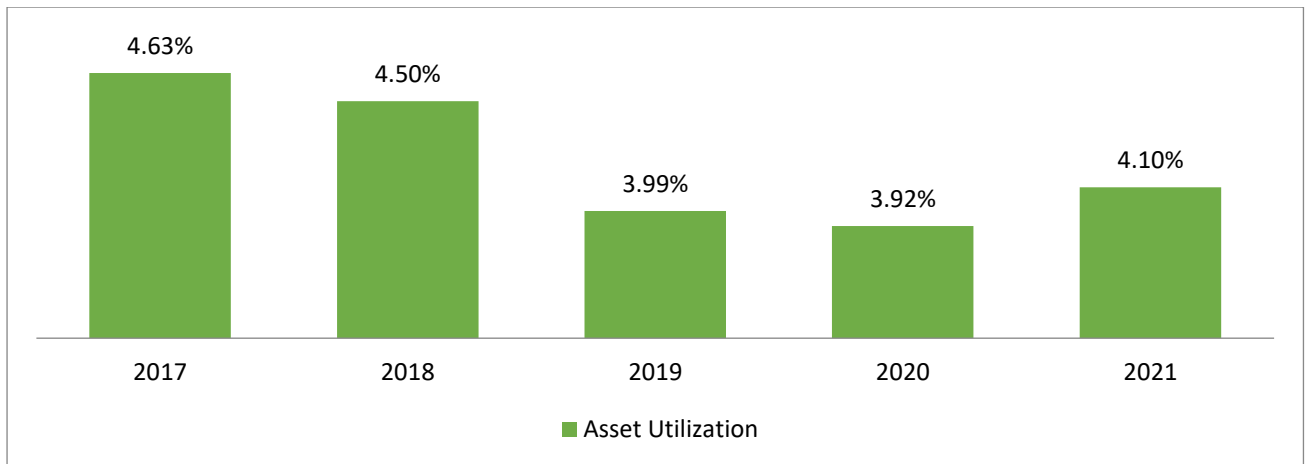
Net Bank Operating Margin					
Particular	2017	2018	2019	2020	2021
Net Bank Operating Margin	3.52%	2.58%	2.77%	2.56%	2.33%



Interpretation: The net bank operating margin ratio of Prime Bank Ltd. was fluctuating from year to year though in 2017 it had the highest ratio. That means the bank was able to keep the growth of revenues against the rising cost. But after 2018 the bank was inactive to create more revenues against its cost. That means the bank was not profitably operated from 2018 to 2021 compared to its previous year.

4.1.5 Asset Utilization:

Asset Utilization					
Particular	2017	2018	2019	2020	2021
Asset Utilization	4.63%	4.50%	3.99%	3.92%	4.10%



Interpretation: Asset utilization ratios measure the efficiency with which the firm uses its assets to generate sales revenue to reach a sufficient profitability level.

$$\text{AU} = \text{Total Operating Revenues} / \text{Total Assets}$$

The graph shows that Prime Bank Limited utilized its asset efficiently in 2017 and it had a greater AU of 4.63%, it generates satisfactory sales revenue by properly using its asset. After that in 2018-2021, it reduced which is not a good sign for the bank that the bank didn't use its asset properly to generate sufficient profit.

4.2 Common Size of Income Statement & Balance Sheet:

Common size analysis Of Income Statement & Balance Sheet

Particulars	2017	2018	2019	2020	2021
Interest income	100.00%	95.38%	97.78%	134.75%	147.56%
Interest paid on deposits and borrowings	100.00%	87.10%	91.24%	128.12%	150.12%
Net interest income	100.00%	134.05%	128.33%	165.68%	135.64%
Income from investments	100.00%	98.47%	107.99%	99.44%	102.53%
Commission, exchange and brokerage Income	100.00%	105.20%	125.49%	132.37%	139.87%
Other operating income	100.00%	120.93%	159.10%	178.75%	179.79%
Total operating income	100.00%	110.76%	120.07%	128.93%	124.01%
Rent, Taxes, Insurance, Electricity etc.	100.00%	121.69%	141.53%	156.71%	164.58%
Salaries and allowances	100.00%	122.32%	132.10%	142.34%	152.79%
Legal Expenses	100.00%	40.21%	122.82%	87.10%	133.96%
Postage, Stamps, Telecommunication etc.	100.00%	112.98%	119.61%	123.77%	118.47%
Stationery, Printing, Advertisement etc.	100.00%	117.41%	132.78%	147.08%	147.17%
Directors' Fees and Expenses	100.00%	109.87%	142.80%	110.39%	130.84%
Salary and allowances paid to Managing director/Chief Executive	100.00%	126.72%	106.22%	106.58%	117.16%
Auditors' Fee	100.00%	153.84%	183.36%	177.63%	183.08%
Depreciation and Repairs to Bank's Assets	100.00%	118.99%	134.26%	140.43%	157.63%
Other Expenses	100.00%	124.35%	144.07%	146.43%	143.61%
Total operating expenses	100.00%	121.82%	136.43%	145.06%	151.47%
Operating Profit	100.00%	105.84%	112.80%	121.77%	111.81%
Profit before provision	100.00%	105.84%	112.80%	121.77%	111.81%
Specific provision (Loan and Advances)	100.00%	115.75%	185.38%	243.87%	208.60%
General Provision	100.00%	433.56%	492.31%	-58.07%	159.89%
Diminution in value of investment	100.00%	-149.77%	-80.60%	153.28%	118.60%
Total provision	100.00%	127.65%	193.91%	203.21%	181.93%
Profit for the year before taxation	100.00%	95.89%	75.80%	84.62%	79.82%
Current Tax	100.00%	120.90%	124.06%	96.64%	114.38%
Deferred tax	100.00%	46.41%	107.25%	-25.00%	-531.70%
Provision for tax	100.00%	116.64%	123.09%	89.68%	77.44%
Net profit after tax for the year	100.00%	79.33%	38.07%	80.58%	81.73%

Prime Bank

BALANCE SHEET

As on December 31, (2017-2021)

Particulars	2017	2018	2019	2020	2021
Cash	6.41%	6.26%	6.94%	6.19%	5.62%
In hand (Including foreign currencies)	1.11%	1.11%	1.29%	1.15%	1.48%
Balances with Bangladesh bank and sonali bank (Including foreign currencies)	5.30%	5.15%	5.64%	5.04%	4.14%
Balance with other banks and financial institution	3.63%	4.83%	3.13%	2.58%	4.39%
In Bangladesh	2.65%	3.65%	1.40%	1.20%	3.20%
Outside Bangladesh	0.98%	1.18%	1.73%	1.38%	1.18%
Money at call and short notice	0.53%	0.00%	0.38%	0.07%	0.00%
Investment in shares & securities	9.16%	9.91%	17.39%	20.26%	22.09%
Government	8.38%	8.73%	16.00%	18.79%	19.11%
Others	0.79%	1.18%	1.39%	1.48%	2.98%
Loans, cash credits, overdrafts/General Investments	65.18%	69.61%	69.88%	74.97%	78.13%
Bills discounted and purchased	5.86%	4.11%	6.57%	7.90%	15.70%
Total	71.04%	73.73%	76.45%	82.87%	93.83%
Land, building, furniture and fixtures (Including leased assets)	2.30%	2.48%	2.94%	2.92%	2.97%
Non-Banking Assets	0.08%	7.80%	7.81%	8.36%	9.79%
Other assets	6.84%	0.08%	0.08%	0.08%	0.08%
Total assets	100.00%	105.07%	115.11%	123.34%	138.77%
Borrowings from other banks, financial institutions and agents	8.59%	13.18%	14.24%	14.60%	24.43%
Current /AI-Wadeeah current and other deposit accounts	12.88%	12.70%	14.01%	16.04%	18.41%
Bills payable	1.64%	1.18%	1.58%	1.76%	1.91%
Savings deposits/Mudaraba Savings Deposits	14.91%	16.10%	18.16%	21.65%	27.32%
Mudarabba/ Term and Fixed deposits	47.83%	46.68%	50.27%	50.91%	46.63%
Total Deposits	77.26%	76.67%	84.02%	90.36%	94.27%
Other liabilities	14.15%	14.47%	17.09%	19.20%	21.89%
Total liabilities	100.00%	104.32%	115.36%	124.16%	140.59%
Capital /Shareholders' Equity:	100%	113%	113%	115%	120%
Paid up capital	41%	46%	46%	46%	46%

Share Premium	9%	5%	5%	5%	5%
Statutory reserve	39%	42%	42%	42%	42%
Revaluation Reserve on Govt. Securities/ Revaluation Reserve	6%	6%	6%	6%	6%
Foreign Currency Translation Gain	0%	0%	0%	0%	0%
Retained earnings	5%	14%	14%	15%	21%
Revaluation Gain/ Loss on Investments	0%	0%	0%	2%	0%
General reserves and others	0%	0%	0%	0%	0%
Minority Interest	0%	0%	0%	0%	0%
Total Equity	100%	113%	113%	115%	120%
Total liabilities and shareholders' equity	100%	100%	100%	100%	100%

Interpretation: Common size analysis is describe in two ways 1st one is horizontal analysis 2nd one is vertical analysis. The balance sheet of common size analysis total asset value as the base value. It use to see how a company's capital structure compares to rivals. Common size analysis is used to net profit margin as well as gross & profit margin.



Chapter-5

Findings, Recommendations & Conclusion

5.1 Problems Identified

The problems that have been identified from this study are given below:

- The cash ratio of Prime Bank Limited decreased year by year which means the company does not have enough cash to meet its liabilities.
- Total asset turnover decreased year by year which is not a good sign for Prime Bank Limited.
- The Quick Ratio was fluctuating from 2017-2021. As a result, Prime Bank Ltd has a low amount of liquidity. So Prime Bank Ltd may face the problem where they cannot pay a sufficient amount of money to the customers.
- (ROE) was decreasing in last year which is not good sign for Prime Bank Limited.
- The net profit margin of PBL was decreasing every year which represents the bank was not doing well from 2017 – 2021. That means the bank was not able to generate profit against its sales.

5.2 Recommendations for Prime Bank Limited:

There are a few areas, though, where the organization can do better:

- Prime Bank Limited should focus on the cash ratio. As it measures the ability to pay its current liabilities. If the bank falls into a liquidity crisis, it will not be able to repay the current liabilities.
- Return on equity (ROE) also decreased in the last years. It is bad for Prime Bank Limited. So PBL should focus on increasing its ROE.
- Prime Bank Limited should increase its net profit margin by reducing expenses and using equity capital to meet liability increases and achieve its target.
- PBL should focus on the utilization of its asset in the coming year so that total asset turnover & fixed asset turnover could increase coming years.

5.3 Conclusion:

Prime Bank Limited has earned the distinction of being Bangladesh's leading financial institution. Comparing the association to several other public business banks in Bangladesh, it is noticeably better organized. It is persistent in its pursuit of industry advancement and improvement. It has served as a supporter of consumer development. Additionally, due to its extensive branch network around the country, it outperforms several other banks in the financial sector generally.

Prime Bank Limited is not in a good situation right now. However, in a time of competition, if the bank doesn't offer higher standards, which translates to unmatched services, it will be challenging to maintain banking because everyone needs to focus on quality. Prime Bank Limited has some in the credit and advancement division.

Prime Bank Limited has various problems with its credit and advancement division. The ratios of Prime Bank Limited's liquidity, productivity, proficiency, and leverage are unacceptable and reveal the bank's risky state. Therefore, Prime Bank Limited must find a solution to the overall problem as soon as is reasonably possible. Additionally, Prime Bank Limited will be better organized than other local or foreign banks operating in Bangladesh if it can resolve this kind of problem.

Reference:

[Annual report of Prime Bank Limited 2017](#)

[Annual report of Prime Bank Limited 2018](#)

[Annual report of Prime Bank Limited 2019](#)

[Annual report of Prime Bank Limited 2020](#)

[Annual report of Prime Bank Limited 2021](#)

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