Financial Performance Analysis of Prime Bank PLC

Maria Hossain Sudha

ID: 111 201 121

School of Business and Economics

United International University

This report is submitted to the school of Business and Economics, United International University as a partial requirement for the degree fulfillment of Bachelor of Business Administration

Internship Report
On

Financial Performance Analysis of Prime Bank PLC

Submitted to:

Muhammad Enamul Haque

Assistant Professor,

School of Business and Economics

United International University

Submitted by:

Maria Hossain Sudha

ID: 111 201 121

BBA (Finance)

Registration Trimester: Spring 2025

School of Business and Economics

United International University

Date of Submission: July 30, 2025

Letter of Transmittal

July 30, 2025

Muhammad Enamul Haque

Assistant Professor,

School of Business and Economics

United International University

Subject: Submission of internship report on Financial Performance Analysis of Prime Bank PLC.

Dear Sir,

With due respect, I cordially submit this internship report and I would be grateful if you go through analysis and findings to know about what is happening in the prime bank PLC. Heartfelt thanks to you for your advice and ideas all way along the process of preparation of this report. Through my internship, I developed new insights into banking, which can be found in this report. If you have any comments or recommendations for the content, please let me know. I'm very grateful for the chance to have had to work on this report and hope very much that it turns out as you want it to be. Thanks again for your support.

Sincerely yours,

Maria Hossain Sudha

ID: 111 201 121

School of Business & Economics

BBA

United International University

Certification of Similarity Index

Declaration of the Student

I do hereby announce that the internship report entitled Financial Performance Analysis of Prime Bank PLC has been prepared as a partial fulfillment of the degree of Bachelor of Business Administration (BBA), Major in Finance submitted by me, Maria Hossain Sudha, under the guidance and supervision of Muhammad Enamul Haque, Assistant Professor, School of Business & Economics, United International University.

This report is my own work and efforts and original analysis, conducted under the supervision of Muhammad Enamul Haque, Assistant Professor, School of Business & Economics, United International University. All information, data, interpretations, and conclusions presented in this report are drawn from my practical internship experience at Prime Bank PLC, Motijheel Branch, and from a careful review of relevant financial documents and literature.

I hereby declare that systematic reference and citation have been made in relation to all sources and materials I used according to the rules of academic honesty. All or part of this report has not been previously submitted elsewhere for any degree, diploma, or other similar qualification.

I am solely responsible for the content of this report and that it has not been submitted for any other degree from other university.

Corporate Evidence

Prime Bank

Human Resources Division

HO (HRD)/ 1040 /2025 23 February, 2025

Ms. Maria Hossain Sudha
Student of BBA
UNITED INTERNATIONAL UNIVERSITY

Sub: INTERNSHIP PROGRAM

Dear Ms. Sudha,

With reference to your internship application, we would like to inform you that the Competent Authority of Prime Bank PLC. is pleased to allow you to undertake your internship with our Bank. Accordingly, you are hereby placed at the **Motijheel Branch, Prime Bank PLC., Dhaka** as an 'Intern' for a period of 90 Days with effect from **25 February 2025** to **26 May 2025.**

You are also advised to submit your Internship Report to HR Division after successful completion of your internship period along with the Performance Appraisal from concerned Head of Branch.

Please note that you will be paid **Tk. 7000/-** (Seven Thousand) only per month as allowance during your Internship period. For any partial payment, it will be calculated on pro-rata basis on your attendance considering working days.

Thanking you,

Takiyan Chowdhury
SVP & Head - HR Operations

Copy to:

1. The Head of FAD, Head Office, Dhaka.
2. The Head of Motijheel Branch, Prime Bank PLC., Dhaka
3. Office copy.

Acknowledgement

First of all, I praise the All Mighty Allah for providing me power and patience to accomplish this report.

I acknowledge my gratitude to my Honorable Supervisor, Muhammad Enamul Haque, (Assistant Professor) for supporting me in creating this report from where i learned many things about financial statements, for his continuous support and motivation to develop a report that provides meaningful findings on banking practices.

I wish to express my gratitude to the SVP & Head - HR Operation, Takiyan Chowdhury, of Prime Bank PLC for giving me the invaluable opportunity to undertake internship in the Prime Bank PLC, Motijheel Branch. I am grateful to Shahid Uddin Ahmed, Head of Branch. I am also grateful to Mohammad Ashraf us Salehin , Assistant Vice President and Manager (Operations) for his support and overall guidance I received from him at the branch during my internship period.

I also would like to express my appreciation to Mohammad Zamal Hossain Khan , Assistant Vice President; and also to Md. Masba Uddin Kazi , FAVP & Relationship Manager for their generous guidance and cooperation in the course of my tenure at Prime Bank PLC , Motijheel Branch.

Finally, I would like to thank all my colleagues and seniors at Prime Bank PLC, Motijheel Branch, who were always there to attract my success with their support and cooperation and created a great atmosphere during the entire Internship period. I would like to express my sincere thanks and appreciation to them for their advice and encouragement that helped me to accomplish this report.

Great working with you all!

Executive Summary

The objective of this report is to analyze the financial performance of Prime Bank PLC for the period of five years from 2019 to 2023 and suggest strategies for enhancing performance. The study provides a detailed insight into liquidity, profitability, efficiency, solvency and market positioning of banks through financial ratio analysis. This is analyzed in connection with the conditions of the market and the economy, as a result of which a true picture of the bank's situation emerges.

"The key findings of the review pertains to its strong liquidity position, which it plans to utilize in navigating through the financial uncertainty and ensuring continued operational status. Profitability ratios however are rather mixed bag of results as some of the ratios are expressing improvements, some are spotlighting threat and some indeed are requiring the firm to make adjustments in its operations to let revenue growth keep pace with the growth in costs. Solvency and efficiency ratios offer a glimpse at the bank's leverage management and asset utilization, and recent deviations signal that strategies may need to be readjusted due to external pressures.

A closer look at the DuPont framework clarifies the ROE trends, and explains increasing difficulties to keep profit margins up in face of operational costs. There is strong track record in risk management with a sound credit risk management practice as evidenced by the NPL ratio, despite positioning in challenging market.

The paper concludes with clear recommendations to deal with financial difficulties and enhance Prime Bank's competitiveness. These measures primarily aim at improving the operational efficiency, profitability and financial stability of the bank. Looking ahead, Prime Bank PLC is geared to face challenges and seize opportunities that lie ahead, thus positioning itself on a successful and sustained growth curve and enabling it to set its own pace in a highly competitive environment.

Table of Contents

List of Figures

List of Tables

List of Equations

Cash ratio	= (Cash Equivalents + Cash)/ Current Liabilities ×100
Current ratio	= (Current Assets / Current Liabilities) ×100
Quick Ratio	= (Quick Assets / Current Liabilities) x 100
Operating cash flow Ratio	= (Operating Cash Flow / Current liabilities) x 100
Core Funding Ratio	= (Core Liabilities / Core Assets) × 100
Debt-To-Equity Ratio	= (Total Debt/Shareholders' Equity) x 100
Debt Ratio	= (Total Debt\Total Assets) x 100
Equity Ratio	= (Total Shareholders' equity\ Total Assets) x 100
Debt-to-Capital Ratio	= (Total Debt \Total Debt + Shareholders' Equity) x 100
Asset Turnover Ratio	= (Net Sales\Average Total Assets) x 100
Operating Efficiency Ratio	= (Operating Expenses / Net Sales) x 100
Fixed Asset Turnover Ratio	= (Net Sales/Average Fixed Assets) x 100
Working Capital Turnover Ratio	= (Net Sales / Working Capital) x 100
Gross Profit Margin	= (Gross Profit\Revenue) x 100
ROA	= (Net Income\ Total Assets) x 100
ROE	= (Net Income\Total Shareholders' Equity) x 100
Cost Income Ratio	= (Operating Expense\Operating Income) x 100
P/E Ratio	= (Market Price per Share\Earnings per Share (EPS))
P/B Ratio	= (Market Price per Share\Book Value per Share)
Earnings Yield	= (Earnings per Share (EPS)\Market Price per Share)
ROE	= (Net Profit Margin X Asset Turnover X Equity Multiplier)

ROE = (Tax Burden Ratio × Interest Burden Ratio × Operating Margin Ratio × Asset Turnover Ratio × Equity Multiplier Ratio)

List of Acronyms & Abbreviations

ATM =Automated Teller Machine

CRISL =Credit Rating and Information Services Limited.

CSR =Corporate Social Responsibility

CRAR =Capital to Risk Weighted Assets Ratio

DSE =Dhaka Stock Exchange

EPS =Earnings Per Share

HOB =Head of Branch

ICAB =Institute of Chartered Accountants of Bangladesh

IT =Information Technology

LC =Letter of Credit

PBL =Prime Bank Limited

PECL =Prime Exchange Co. Pte. Limited

PBIL =Prime Bank Investment Limited

PBSL =Prime Bank Securities Limited

POS =Point of Sale

ROA =Return on Assets

ROE =Return on Equity

SAFA =South Asian Federation of Accountants

SME =Small and Medium Enterprise

CHAPTER 1: INTRODUCTION

1.1 Background of the Report

Banking sector of Bangladesh is very important for the economic development due to mobilizing savings into investments and expanding the purview of the financial inclusion. Statement of Limitations: “Being a student of BBA program at United International University, this report reflects the overall activities during the internship & all of them are not included in this report.” This report is prepared as Partial fulfillment of the academic requirement of the BBA program under the United International University and based on an Internship experience in Prime Bank plc which is a leading private commercial bank of the country with a track record of employee discipline, professionalism, and quality service that cater to personalized banking needs.

Prime Bank PLC, which commenced operations in 1995, has really come of age as the only real "QUIX-IN-QOCUKI" culture-driven banking in Ethiopia. This study is an analysis of the bank’s financial performance between 2019 to 2023, under the financial disintermediation theory, and the financial ratios are categorized under liquidity, profitability, solvency, efficiency, and market test.

The theoretical knowledge acquired was incorporated in the practical learning from bank visit to Motijheel Branch, which encompassed different banking activities like processing of cheques, preparation of pay order, customer handling, etc. Financial information for the study was mostly retrieved from official financial statements and annual reports.

In the final part, this report seeks to provide an overview with a clear purpose reflecting how Prime Bank PLC controlled financial and operating difficulties with its perpetual stability and operations and seeks for prosperous business in a competitive and dynamical financial world.

1.2 Objective of the Report

Broad Objective:

- To analysis the overall financial performance of Prime Bank PLC.

Specific Objective:

- To assess Prime Bank PLC may be able to get successful efficiently and effectively.
- To presents my observation and suggestions to the bank.
- To evaluate the performance of the bank on the basis of financial performance of the bank.

1.3 Rationale of the Report

This paper assesses the financial performance of Prime Bank PLC during the period between 2019 and 2023 based on the key financial ratios such as liquidity, profitability, solvency and efficiency. The aim is on the provision of discussion of the bank's financial situation and performance, and the suggestions for further improvement. Using first hand information's and secondary data (annual reports, etc.) the report portrays the bank's competitive position in the market and competencies in handling the financial difficulties. An objective is to develop a data-driven analysis that will contribute to the improvement of the bank’s financial operations and strategies.

1.4 Scope and Limitation of the Report

Scope of The Report

This study examines the financial performance of Prime Bank PLC by analyzing various financial ratios and assessing its performance over the years.

Limitations of the Report

The banking industry is broad and complex. Therefore, this report focuses solely on the financial performance analysis of Prime Bank PLC. The following limitations apply:

Financial statements provide a lot of relevant data which have been analyzed with great detail but lack explanation or reasoning in accompanying documents which makes understanding context extremely difficult.

Issuing Interviews with bank personnel were difficult as their responses tended to be vague and general which lessened the value of information collected.

Recent information available was restricted making it hard for me to accurately depict how Prime Bank PLC stands financially at present.

1.5 Definition of Key Terms:

The important concepts and descriptions are:

1. **Finance:** The act of managing funds or assets to increase their value and achieve business growth.

2. **Financial Marketing:** Marketing efforts undertaken by a bank or other financial institution with the aim of developing customer relations and marketing services.

3. **Financial Institution:** An enterprise that provides various services like banks do, under the broad category of finance.

4. **Funding and Investments:** Obtaining funds and then placing them into profitable ventures where they can fetch returns.

5. **Capital Management:** Properly using available capital to achieve maximum possible income and growth from it.

6. **Profitability:** How profitably a firm is operating in relation to its costs at any giving time.

7**. Banking Sector:** The segment of an economy which comprises financial institutions that provide loans and savings among other services.

8. **Internship:** Practical work experience offered for students' practice in a certain field during their vacation period.

9. **Financial Models:** Equations that define the structure, performance, or behavior of a company financially through mathematical means.

10. **Observational Method:** Collection of data by directly viewing an event without interacting with participants in the event.

11**. Annual reports:** Consolidated financial statements plus operational review for the activities performed during a given year.

12. **Fact finding report:** The title implies analyzing particular evidence that referral documents don't necessarily verify.

13. **Primary Data:** this term means information recollected personally either through direct watching moving events accompanied by them or interviews answers

14. **Secondary Data:** This kind of data is information obtained through reports, previous published works, studies done.

CHAPTER 2: COMPANY AND INDUSTRY PROFILE

2.1 Analysis of Prime Bank PLC

Prime Bank PLC is one of the pioneer institution in banking industry of Bangladesh. Founded in 1995, the bank provides an array of services, including corporate, retail and SME banking, as well as forex and trade finance offerings. Prime Bank is known for its sound financials, advanced technology and customer oriented service. Its digital banking services is targeting to reach the unbanked and underbanked individuals; its customer experience was designed to be the best in the industry while its regulatory compliance remains very robust. This report studies the activities, health and strategic direction of the bank to position itself as a strong market player in the competitive banking industry of Bangladesh.

2.1.1 Overview and History

Overview:

Prime Bank PLC is now one of the Leading private commercial Banks in the country and the bank has already turned into a household name. It was founded in the year 1995 and is engaged in corporate, retail, SME and Islamic banking. Prime Bank is currently providing its services to about 1.1 million customers through 147 branches, 158 ATMs and 152 agent banking outlets across the country. (tbsnews. net)

History:

Prime Bank was initially registered as a national bank and operated with effect from April 17, 1995 as per the directive of Bangladesh Bank. The bank was established by a consortium of the local entrepreneurs namely Mr. Azam J. Chowdhury, chairman of East Coast Group. Prime Bank started as an institution for providing both personal and commercial banking solutions to the public. It has since broadened its offerings to include Islamic banking, digital banking services, and environmentally-friendly financial products. The bank has also funded many charitable causes, such as giving money to an excavation at the Wari-Bateshwar site in 2008. (en. Wikipedia. org, tbsnews. net)

Prime Bank's focus on innovation and customer service has made it one of the successful banks in Bangladesh and has played an important intermediary role in the development of the country.

2.1.2 Trend and Growth

Financial Performance: Prime Bank PLC has impressive results with regards to financials and growth strategy, demonstrating the fact being one of the top private commercial bank in Bangladesh.

Financial Performance:

Rising Income: The bank recorded revenue of BDT 22.86 billion during FY2024, up by 46.6% from the preceding year.

Surge in Profit: Net profit after tax (NPAT) rose to BDT 732 crore in 2024 as against BDT 481 crore in 2023 with a 52% Y-o-Y growth.

Earnings/Share: EPS increased to BDT 6.31 for 2024 from BDT 4.15 for 2023.

Operational Highlights:

Growth in Assets: At Q3 2024 Total Assets have grown to BDT 53,215 crore.

Loan Portfolio: Loans and advances grew to BDT 32,389 crore as the Bank continues to concentrate on credit growth in the market.

Capital Adequacy: CRAR was at 18.26% in Q3 FY 2024, above industry average.

Strategic Initiatives:

Digital Transformation: The bank has invested in digital banking systems to improve customer experience and efficiency of operations.

Product Differentiation: Prime Bank has also diversified its products to offer sustainable and Islamic banking, hence serving a wider customer base.

That news emphasizes Prime Bank's initiative to amplify its growth, innovation and value for its stakeholders.

2.1.3 Product / Service / Customer mix

Products and Services:

Prime Bank PLC provides full range of banking services to its customers. Key offerings include:

Deposit Products: Diverse saving and fixed deposit products to meet varied customer requirements.

Loans This include personal loans, home loans, vehicle loans, as well as loans for business which also extends to special small and medium-sized businesses business financing.

Islamic Banking: The bank is also offering Shariah-based products and services under the trademark 'Hasanah'. (scribd. com)

E-Banking -Internet banking, mobile banking, ATM facilities for easy access to banking.

Trade Finance: services that support the facilitation of international trade, such as Letters of Credit or forex.

Agent Banking: Delivery of banking services at affordable cost to the vast section of disadvantaged population through engaged agents. (scribd. com)

Customer mix:

PRIME BANK PLC (scribd.com) Profile of Prime Bank PLC Prime Bank PLC serves a wide range of clients; these are: ✓ The business customers ✓ The government customers

✓ The individuals and families customers ✓ The financial institutions customers ✓ The multinationals corporations customers ✓ The development partners customers. com)

Retail Bank Customers: People who are interested in personal banking such as savings account, loans, or digital banking services.

Small and Medium Enterprises (SMEs): Companies in need of financing to grow and expand their operations. (primesafebank. com)

Factoring and Corporate Clients: Large companies with full-scale banking requirements such as trade finance and cash management.

Clients of Islamic Banking: Clients opting for Shariah Islamic Financial Services and Products.

Service Delivery Channels:

Bank Guaranty of Performance of both the parties is maintained for your convenience and comfort.

Branch Network: The bank has an extensive branch across Bangladesh to reach the clients.

E-banking: Customer friendly online and mobile banking for ease of Banking.

Agent Banking: Approved agents to provide bank services in remote and unbanked areas.

Due to large number of product portfolio, invariant clientele base and multi-channel service provision (e.g., phone banking service, Internet banking service and brick and mortar banking service) of Prime Bank PLC, it becomes a need to cater the various financial requirement of its service market, helping it to sustain in the competitive banking industry.

2.1.4 Prime Bank PLC Operations/ Activity

Prime Bank PLC is one of the pioneering private commercial banks in Bangladesh, having a spread network of 86 operational branches and 4 SME & Agri Branches supported by state-of-the-art banking service.

Core Banking Services:

Retail Banking: This includes savings and current accounts, personal loans, credit cards, debit cards and fixed deposits to individual customers. (investing. com)

Corporate Banking: The division that provides working capital, trade financing, cash management, and project financing options to large corporate customers and small and medium business customers.

SME Banking Helpline: Providing customized financial solutions and services to aid in the expansion and growth of small and medium sized companies.

Islamic Banking: Conducted under the brand 'Hasanah' for Islamic-compliant financing.

Business Banking: Conducting foreign currency related transactions and services with non-resident Bangladeshis and foreigners.

Digital Banking Initiatives:

Mobile and Online banking: Mobile and online virtual banking for customers to access anytime anywhere and make transactions and maintain accounts online.

Block chain: Digital Trade: Successfully executed Bangladesh's first Inland LC on locally developed Digital Trade platform with Proof of Concept for "Green LC". (linkedin.com)

2.1.5 SWOT Analysis of Prime Bank PLC

Table 01: SWOT Analysis of Prime Bank PLC

	Beneficial	Harmful
Internal	**Strengths** **1**.Strong from a balance sheet and brand recognition perspective along with a broad branch and ATM footprint. **2**.Varieties bank services, retails, corporate, SMEs, Islamic banking. **3.** Heavily investing in digital banking and customer experience.	**Weakness** **1.**Behind some rivals in technological infrastructure. **2.** Some employees are paid less comparably, which could make retention more difficult.
External	**Opportunities** **1**.The potential for branch growth, especially in rural markets. **2.** Increasing needs of financial inclusion and modern banking technologies.	**Threats** **1.**Fierce competition from other private and public sector banks. **2.** Performance may also be influenced by economic instability and changes in regulations

Powerful market presence and comprehensive services enable Prime Bank for expansion, however, it has to tackle technological deficiencies and competitive force to sustain its leadership in the market.

2.2 Industry Analysis

The banking system is an integral part of the financial system which supports economic development through transactions, credit, and risk management. The banking industry in Bangladesh has witnessed an impressive growth owing to economic development, increased financial penetration and technological innovation. A combination of public, private and foreign banks dominates the industry, although it is the private commercial banks including Prime Bank PLC that have exerted the most influence in terms of innovation and breadth of service (retail to corporate and even Islamic banking products).

The industry is facing several hurdles such as competition, regulatory, digital transformation etc. But the rise of digital banking, mobile services and financial technology is providing giant growth potential. The ongoing urbanization and digitalization in Bangladesh create a lot of opportunities for the banking sector to do even more for development of the country.

2.2.1 Specification of the Industry

There are also important features which define the banking sector in terms of how it works, its organization and regulation. These include:

Types of Banks: Comprises commercial, investment, development and Islamic banks that provide financial services.

Core offerings: Banks offer deposits, loans, trade finance, digital banking.

Regulatory Supervision: Central banks including Bangladesh Bank supervises the sector for stability and adherence.

Technology Incumbents: Growing use of mobile and internet banking for better service delivery.

Rivalry: The banking industry is extremely competitive with thousands of domestic, foreign and private banks being the fragment of this sector leading to innovation.

It is these specifications which embody the role of the banking sector in economic growth and development vis-à-vis financial inclusion.

2.2.2 Size, Trend, and Maturity of the Industry

Size:

As of 2024, the banking sector of Bangladesh consists of 62 scheduled banks, which also includes 43 private commercial banks, 6 state-owned commercial banks, and 9 foreign commercial banks. National banking assets are now over \$180 billion, or about 3.5% of GDP.(en.wikipedia.org, recombd.com)

Trend:

There has been significant development in the banking sector in the past few years, following rise in financial inclusion and digital banking penetration. Bank deposits rose 9.25% as of June 2024, the fastest pace in nine months. At the same time, challenges in the form of rising non-performing loans (NPLs) and a slowdown in private sector credit growth have emerged, pointing to possible weaknesses in the sector. (tbsnews.net, bb.org.bd)

Maturity:

Banking industry of Bangladesh is considered as emerging market at present. Back to top Although infrastructure in the sector has matured, exhausting infrastructure, critically weak asset quality, deteriorating liquidity, and recovering from non-compliance with regulations remain significant challenges. More recent trends in NPLs and the necessity of financial reform indicate that the industry is still developing.

Conclusion in conclusion, Bangladesh's banking industry is under the opulent time of growth with a digital push and inclusion of new services. Yet confronting new challenges and enacting reforms are going to be essential to even the playing field over time.

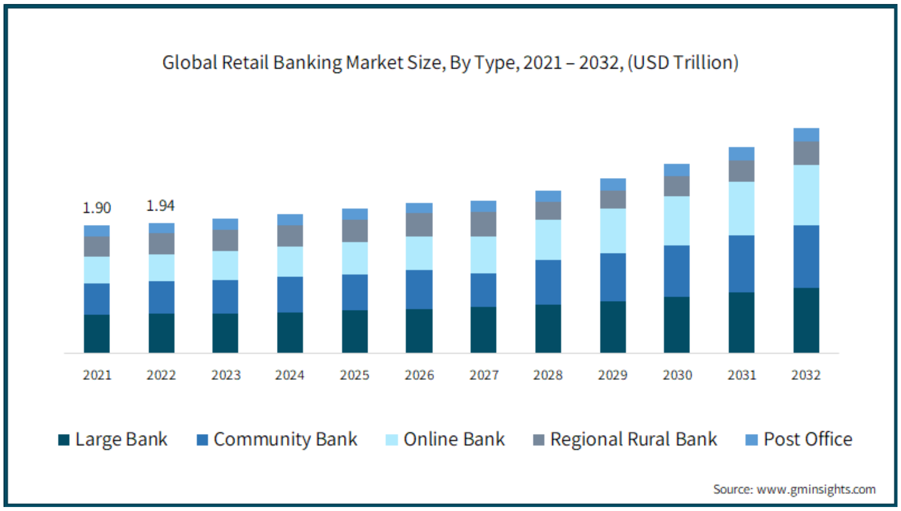

Figure 01: Global Retail Banking Market Size

2.2.3 Industry SWOT Analysis

Table 02: Industry SWOT Analysis

	Beneficial	**Harmful**
Internal	**Strengths** **1.**Strong market stability due to regulation. **2.** Large, diverse customer base. **3**.Advancements in digital banking and AI. **4.** Global reach with diversified services.	**Weakness** **1.** High compliance costs. **2.**Slow technology adoption by some banks. **3.**Vulnerability to cybersecurity risks. **4.**Pressure from low-interest rate environments.
External	**Opportunities** **1**.Growth in digital and mobile banking. **2**.Expansion into emerging markets. **3.**Potential of open banking for innovation. **4.**Increasing demand for sustainable financial products.	**Threats** **1.**Intense competition from finch and nonbanks. **2.**Economic downturns affecting loan defaults. **3**.Evolving regulatory challenges. **4.**Rising cybersecurity risks.

CHAPTER 3: INTERNSHIP EXPERIENCE

3.1 Position, Duties, and Responsibilities

As an intern at Prime Bank PLC, my duties included processing cheques inscriptions, issuance of cheques to the owners and verification/documentation of pay orders made on daily basis. I also helped to order and stack check books for customers. These jobs gave me great exposure to the workings of a bank, honed my attention to details and helped develop customer service skills as well as financial record keeping experience.

3.2 Training & Development

Whilst on my Internship I was trained in banking transactions such as cheques accumulation, providing the return to Checks of clients and maintaining and recording pay orders issued and cheques accounts. This was some sort of on-the-job training; it gave me a very good grounding in banking operations and customer service. I learnt several soft skills of meticulousness, preciseness and organization which helped in my career growth. The experience laid a strong basis of banking operations, and opened up my sweat /ability for doing easy work in a real banking environment.

3.3 Contribution to Organization

The things I have contributed to the bank after training from Prime Bank PLC are: -

How out ward Cheques collection proceeds in Prime Bank PLC

At Prime Bank PLC (Motijheel Branch),I have learned on outward Cheques clearing (outward bill for collection) by collecting cheques from other bank's customer for and on behalf of their clients. It is done through the bank's Automated Cheques Clearing Solution (ACCS) software.

My original manual work consisted of stamping cheques with a clearing seal, signing them to authorize them and bundling them up into lots. I also trained to scan the cheques into the system using a specialized scanner. During week two, I got to actually enter Cheques data into ACCS for Cheques batches.

I used to handle 150 to 300 cheques each day during my 3 months internship. I was doing the manual preparation, the scanning and the data entry into the software. I also transferred cheques to Mohakhali branch, making report and checking return cheques sometimes.

Give “Return” cheques to the clients

At Motijheel Branch, Prime Bank PLC, cheques of the customers are presented in clearing department. But, if conditions like insufficient funds, model no or signature discrepancy, are there, the Cheques is dishonored by the Clearing house. In these cases the “Return” cheques are returned to the payees.

One of my duties was to return these cheques to clients. I wrote the particulars of the return Cheques into the register book, and then filled in a receipt. I then stapled the Cheques to the receipt, gave it to the customer and had them sign the register to confirm they had received the money.

Record the number of pay-order issued every day

Prime bank PLC issues pay orders daily and these are also considered safer than cheques. As opposed to cheques , a pay order cannot be dishonored, at any cost since it is issued to a third party, depending upon the clarification, payable to order, or payable to bearer, because the payee has no direct stipulation in the transaction. These transactions get entered in a register book after 4 PM, when all the day's banking activities are over. In the Motijheel Branch, it was my duty to make an entry in the register on a daily basis in respect of payer\'s name, payee\'s name, as well as the amount of the pay order.

Arranging the Cheques books

Customers at Prime Bank PLC Motijheel branch apply for cheques books through a requisition form each week, but they have to wait at least 10-15 days for the cheques books to be processed. During my intern period, my responsibility was to manage the cheques books. On Sundays, I would put 150-200 cheques books by first they all adhering a requisition paper to the last page of the bank's Financial Performance report. I got the cheques books organized in alphabetical order and put them in a special vault thing, all the drawers were in alphabetical order too, a drawer for each letter of the alphabet IIRC. For instance, the cheques books of clients whose names began with an "A" were stored in the drawer labeled "A". This had the effect of speeding access when customers came to claim their cheques books.

Learn to open an account

At Prime Bank PLC , under the supervision of a Senior Officer Md. Arifur Rahman , I was acquainted to how they used to open new accounts. Accounts come in two varieties: Personal and Non-personal (Business).

For personal accounts, the following documents will be required:

- Two passport size photographs of account holder, duly signed by introducer.
- One of the nominee's photograph, certified by the holder of the account.
- Xerox of birth certificate, passport or voter ID card, of the account holder or nominee.
- Evidencing income stream and Referral introduced by Account Holder.

For corporate (non-individual) account, the documents to provide are:

- Two passport size photographs of account holder(s), certified by introducer.
- Introduction by an existing Current Account holder.
- True copy or Certified copy of the trade license, TIN certificate and trade seal.
- One photo of the nominee, certified by the owner of the account.

3.4 Evaluation

Prime Bank PLC During my internship with Prime Bank PLC, I had hands-on experience of banking that improved my understanding of operations like cheques processing, pay order documentation and customer service. I was trained in different banking activities like collection of cheques, keeping pay orders, and sending back payment through dishonored cheques to the clients. I worked for the bank by inputting daily transaction, doing books of cheques, and way to open a staff of all individual and companies. I gained technical experience by dealing with outward cheques and using the Automated Cheques Clearing Solution (ACCS) piece of software, while my responsibility for the arrangement of cheques books and smooth running of the day-to-day systems fostered my attention to detail and organizational skills. All in all, this internship gave me a good base of banking, honed my professional abilities and set me up for future jobs in this industry.

3.5 Skills Applied

During my internship at Prime Bank PLC. I utilized a wide range of technical and soft skills to successfully contribute to the team as follows:

a. Technical Expertise

I proved a good understanding of LC processing, and import/export documentation. I also undertook meticulous IMP and TM form preparation duties and review of LC documents to certify to the regulatory requirement adherence.

b. Data Management Proficiency

I am highly accurate in posting transactions to the core banking system. This helped not only in the smooth workflow management, but effective management client information was also well-organized and easily accessible.

c. Time Management and Accountability

Juggling a multitude of tasks with short turnarounds honed my discipline and work prioritization. I was always on deadline, and remained accountable to the accuracy of the job.

d. Professional Communication Skills

Frequent communication with Bank officers and staff with respect to documentation needs assisted with my development of strong communication in a professional corporate atmosphere. This was a great learning experience and it helped me a lot in improving my communication and team work skills.

CHAPTER 4: ANALYSIS & FINDINGS

This report aims to study the financial performance of the bank, with the specific emphasis to review the financial soundness and operational competency of the bank. One of the most commonly used methods to perform this type of analysis is ratio analysis, which is useful in calculating various important financial ratios such as profitability, liquidity, solvency and efficiency. The report reviews these ratios to address the overall health of the bank-identifying, the loan review committee hopes, both good and bad news, as well as an impetus for course change. This report is a crucial resource for industry executives and anyone looking to access key information about "Timberland Bank." Reasons to Buy -Gain key insights into the company for academic or business research purposes.

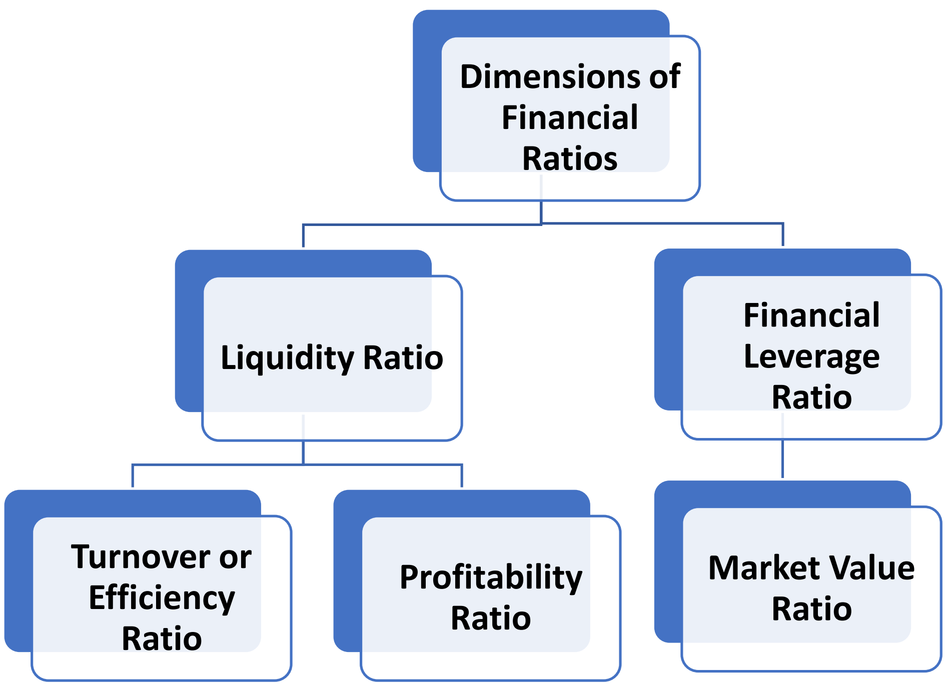

Figure 02: Dimensions of Financial Ratios

4.1. Liquidity Ratios

The liquidity ratio measures the extent to which a company can easily liquidate or sell its assets into cash in order to meet its short-term liability without any difficulty. The liquidity risk of an enterprise is attributed to the maturity mismatch of assets and liabilities of liquidity. PBL maintains sufficient cash and operating cash to sustain its operations.

The common liquidity ratios are-

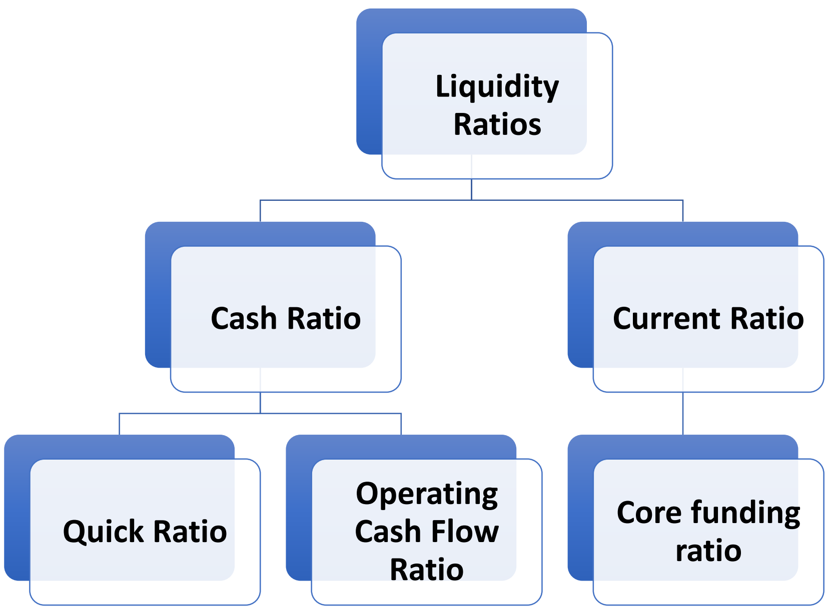

Figure 03: Liquidity Ratios

4.1.1 Cash Ratio

The cash ratio gauges an organization's financial health by dividing its cash and cash equivalents by its short-term liabilities. For banks, this is the total of currency in circulation and in banks, including the central bank, divided by the sum of all deposits. The formula is:

Cash ratio = (Cash Equivalents + Cash)/ Current Liabilities ×100

Table 03: Cash Ratio

Year	2019	2020	2021	2022	2023
Cash Ratio%	9.05	7.50	6.52	6.57	6.80

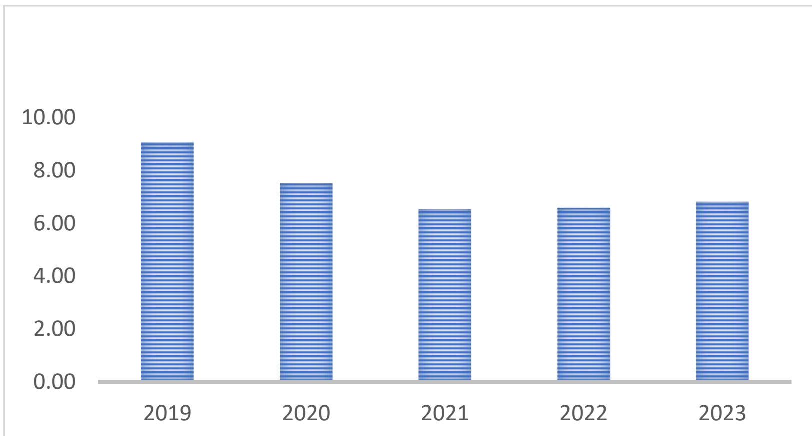

Figure 04: Cash Ratio

Cash Ratio over the five-year period, there is a noticeable declining trend followed by a slight recovery in the final year. The composite is the result of a general deceleration at the start, perhaps reflecting economic, or out-of-state, pressures before a gradual increase at the end. In general, the trend direction indicates some movement and a stabilization in recent periods.

4.1.2 Current Ratio

The current ratio is a measure of a company's ability to pay its short-term liabilities (those due within one year) with its short-term assets (those that can be easily converted to cash). An optimum current ratio is commonly said to be 2:1. Current ratio is an indicator of better liquidity and ability of the company to pay off its short-term liabilities quickly.

Current ratio=(Current Assets / Current Liabilities) ×100

Table 04: Current Ratio

Year	2019	2020	2021	2022	2023
Current Ratio%	98.85	99.73	108.21	111.53	103.28

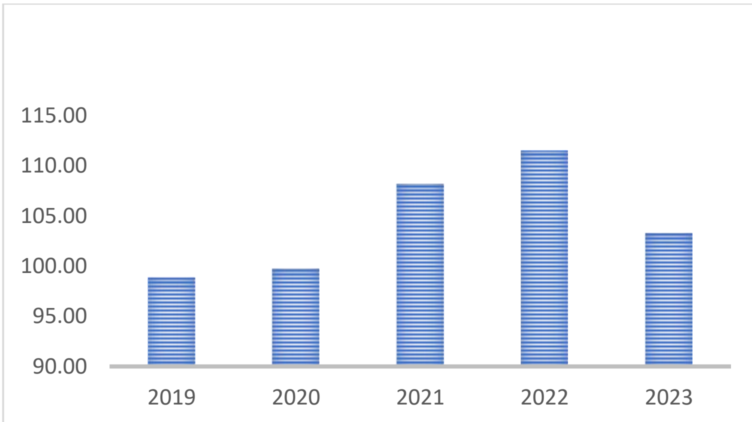

Figure 05: Current Ratio

Through the five years, the current ratio was over 98 percent which is a good level suggesting a solid liquidity position and satisfying the short-term liabilities from the short-term assets. Although it suffered a slight decrease after a trend of growth for a while we can see that it remained well above the healthy 100% ratio mark, which was a solid short term financial position regardless of some fluctuation.

4.1.3 Quick Ratio

The quick ratio, also called the acid-test ratio, complements the current ratio. It provides an indication of a company's ability to pay current liabilities with its most liquid assets (excluding inventory). Marketable securities are actually quick assets, which is cash, receivables, and short term investments.

Quick Ratio = (Quick Assets / Current Liabilities) x 100

Table 05: Quick Ratio

Year	2019	2020	2021	2022	2023
Quick Ratio %	98.85	99.73	108.21	111.53	103.28

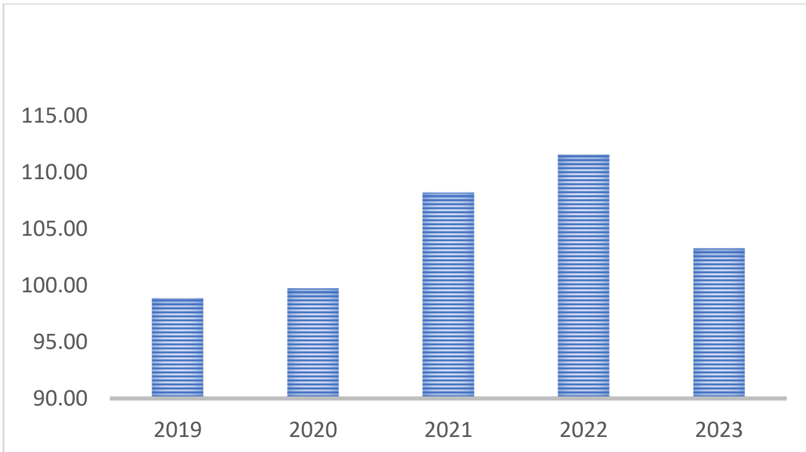

Figure 06: Quick Ratio

The MRF quick ratio for the five-year period has shown an acceptable liquidity level, maintaining above 98%. This shows that the corporation had a good amount of liquid assets to pay off its short-term obligations, which was good news for their financial health. This ratio was acting as a swing component as it spiked up briefly and then fell off, indicative of a temporary improvement in liquidity which was not sustained. But the long term trend suggests that there is a firm financial footing

4.1.4 Operating Cash Flow Ratio

The operating cash flow ratio is a measure of a company's ability to pay for its short-term liabilities with cash generated from its core operations. A strong current ratio shows the company can more easily handle its current liabilities and is using its assets more efficiently than a company with a lower current ratio.

Operating cash flow Ratio = (Operating Cash Flow / Current liabilities) x 100

It illustrates how well the company can settle its current liabilities from the cash generated through its normal business operations.

Table 06: Operating Cash Flow Ratio

Year	2019	2020	2021	2022	2023
Operating cash flow Ratio%	0.51	-0.66	4.16	-0.22	3.73

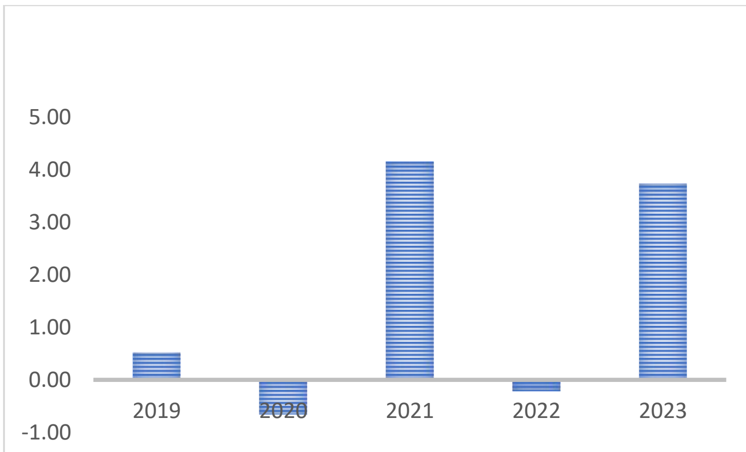

Figure 07: Operating Cash Flow Ratio

The Cash flow from operation ratio for 5 year's appears to have high variation which being positive and negative changes. In the final analysis, the company did have certain difficulties from time to time in generating enough cash from its operations to meet obligations, but it did achieve cash flow positive years. Notwithstanding the erratic nature of the numbers, the good years are a sign that the company generated a comfortable amount of operational cash and was not on the path toward financial ruin.

4.1.5 Core Funding Ratio

The Core Funding Ratio (CFR) is one that tracks how much of a bank's funding is stable and long term (e.g. customer deposits or equity) rather than short term borrowings. A higher CFR represents greater solvency since it implies that the firm depends more on permanent financing for its operations.

Core Funding Ratio = (Core Liabilities / Core Assets) × 100

Generally a higher ratio indicates the company is in a safer, more solvent position.

Table 07: Core Funding Ratio

Year	2019	2020	2021	2022	2023
Core Funding Ratio%	98.74	97.77	90.23	87.32	96.49

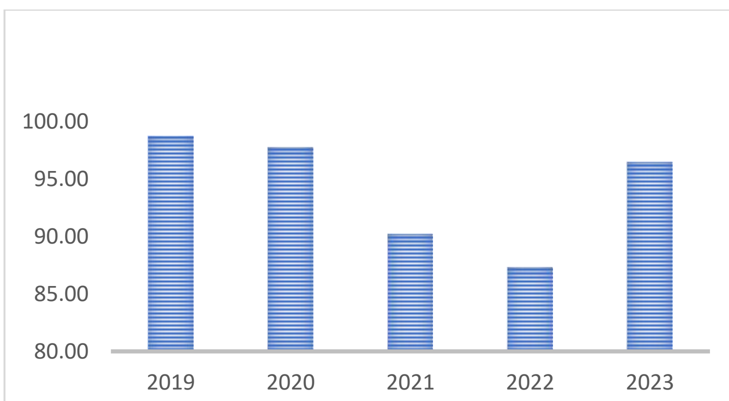

Figure 08: Core Funding Ratio

Core funding ratio, Core Funding = Funding from long-term sources such as loans plus equity The five-year average presents a relatively stable proportion of long-term funding, just above 100%. On the other hand, a decline in the middle years indicates not being able to retain the essential sources of funding. However, the ratio bounced back in the final year, indicating progress in stabilization of the financial structure, with greater reliance on core funds to support activities.

4.2 Financial Leverage Ratio

The financial leverage ratio is a measure of how much debt a bank uses to fund its operations compared with money from stockholders. It mirrors the financial system of the institution and its risk to borrow funds. Higher ratios imply higher leverage, which can magnify both returns and financial risk. In the case of Prime Bank PLC, the pattern indicates an increasing leverage over the period under consideration, indicating the strategy to be financing growth through debt.

The common financial leverage ratios are:

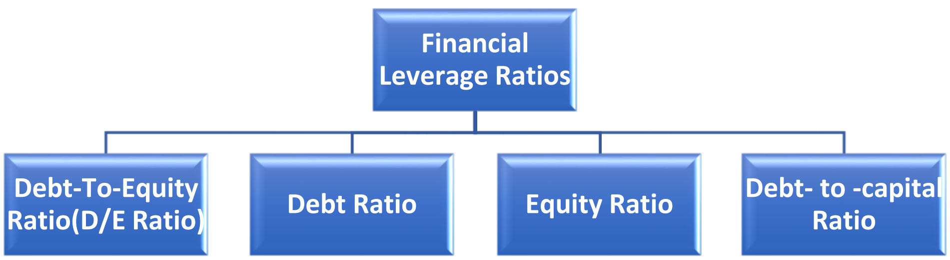

Figure 09: Financial Leverage Ratios

4.2.1 Debt- To -Equity Ratio (D/E Ratio)

The debt-to-equity ratio is a key measure of a company's financial leverage, calculated by dividing its total debt by shareholders' equity. It is the ratio of debt used to finance the assets of the company relative to the equity of the company. A higher ratio indicates more debt and more financial risk.

Debt-To-Equity Ratio = (Total Debt/Shareholders' Equity) x 100

Table 08: Debt-To-Equity Ratio

Year	2019	2020	2021	2022	2023
Debt-to-Equity Ratio%	1103.97	1108.06	1204.43	1241.63	1252.82

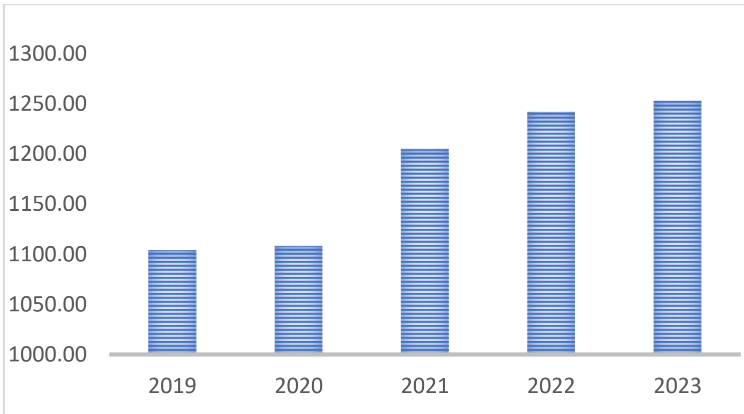

Figure 10: Debt-to-Equity Ratio

This five-year look at the ratio indicates that the company has had a consistently high degree of dependence on debt in relation to equity. A rising ratio means the company is borrowing more and using less equity. This trend may mean the company is increasing the use of debt, raising its financial risk and reducing the relative amount of ownership through equity by owners, however, as it is a positive value it also means the company has continually been leveraged by controlling anything that is not owned by owners themselves.

4.2.2 Debt Ratio

The debt ratio indicates the percentage of a company's assets financed by debt. It shows the financial risk related to the company's debt level.

Debt Ratio= (Total Debt\Total Assets) x 100

A higher ratio means more assets are financed through debt, implying higher financial risk.

Table 09: Debt Ratio

Year	2019	2020	2021	2022	2023
Debt Ratio%	91.69	91.72	92.33	92.55	92.61

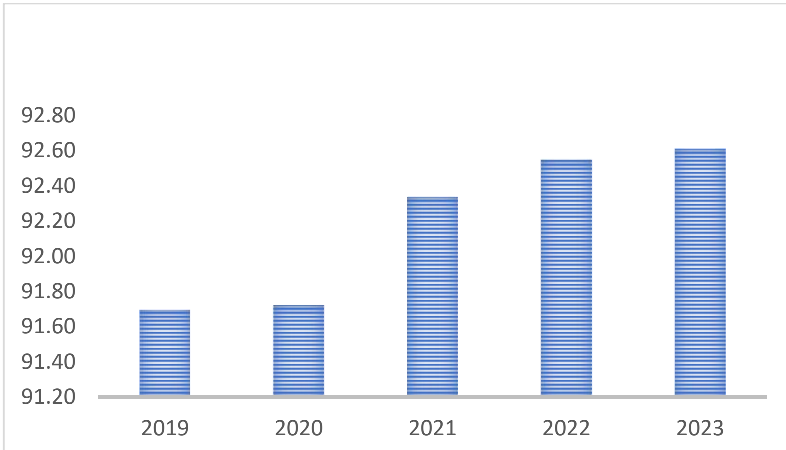

Figure 11: Debt Ratio

The debt ratio across five years indicates a steady and consistent amount of debt in the company with respect to the assets of the company. The small increase is indicative of increasing financial leverage, while the company has relatively consistent debt held in relation to its total assets. This indicates that the company's ability to use debt is somewhat weaker, primarily driven by the stability of the ratio. While the company has largely been able to use debt to support its operations, it still does not have sufficient leverage, and no significant risk is associated with its use of debt.

4.2.3 Equity Ratio

The equity ratio measures the percentage of a company's assets financed by shareholders' equity, indicating its financial stability.

Equity Ratio= (Total Shareholders' equity\ Total Assets) x 100

A higher ratio implies a lower reliance on debt, signifying reduced financial risk.

Table 10: Equity Ratio

Year	2019	2020	2021	2022	2023
Equity Ratio%	8.31	8.28	7.67	7.45	7.39

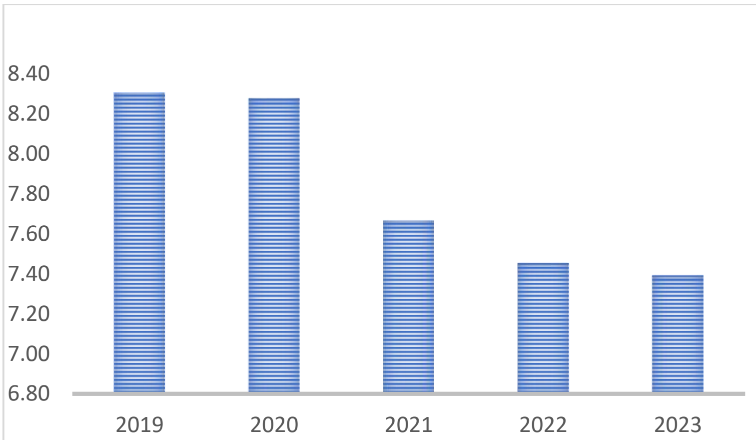

Figure 12: Equity Ratio

The equity ratio's decline over the five years means that less of the company's assets are being funded by equity. This indicates the company may be less able to repay its debt over time, resulting in a higher risk for financial loss. The overall equity balance is still in favor too, meaning that company still has a good foundation in equity despite this imbalance.

4.2.4 Debt-To-Capital Ratio

The debt-to-capital ratio measures the proportion of a company's capital that comes from debt, indicating its financial leverage.

Debt-to-Capital Ratio= (Total Debt \Total Debt + Shareholders' Equity) x 100

A higher ratio indicates more debt relative to equity, suggesting higher financial risk.

Table 11: Debt-To-Capital Ratio

Year	2019	2020	2021	2022	2023
Debt-to-Capital Ratio%	91.69	91.72	92.33	92.55	92.61

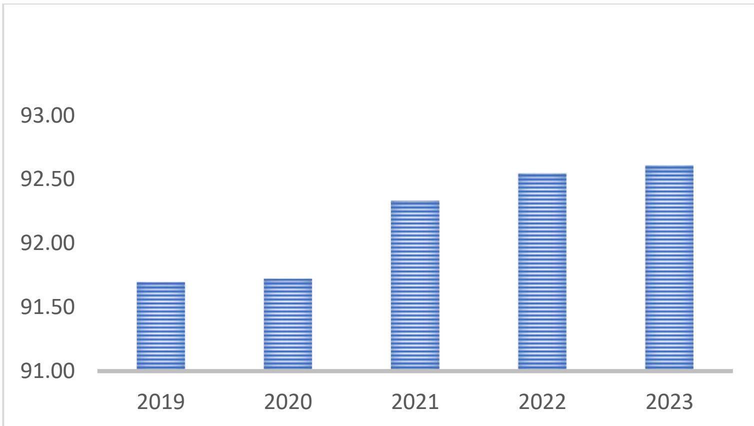

Figure 13: Debt-To-Capital Ratio

Relative Dependence on Debt Over the past 5 years, TELUS has been maintaining its stability in debt-to-capital ratio with a high dependency on debt compared to the company's total capital. The growing trend suggests that the company has been more reliant on debt rather than on equity to fund its capital structure. It is a sign of higher level of financial leverage and generally could increase returns, but also brings in more financial risk.

4.3 Turnover or Efficiency Ratios

Turnover or efficiency ratios show how effectively a bank uses its assets to produce income. These ratios focus on the effectiveness of operations by evaluating the utilization of assets and management of resources. A higher ratio is generally considered to represent better efficiency in turning resources into income. For Prime Bank PLC, the study found that the trend was good but there was potential for improvement of some aspects such as working capital turnover.

The common turnover or efficiency ratios are:

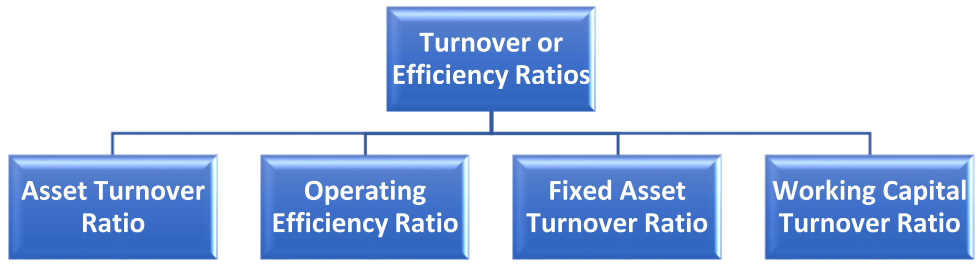

Figure 14: Turnover or Efficiency Ratios

4.3.1 Asset Turnover Ratio

The Asset Turnover Ratio is a type of financial metric that companies can use to evaluate their effectiveness in generating sales from their assets. This ratio is calculated as total revenue of the company divided by average total assets of the company over the period.

Asset Turnover Ratio = (Net Sales\Average Total Assets) x 100

Table 12: Asset Turnover Ratio

Year	2019	2020	2021	2022	2023
Asset Turnover Ratio%	4.59	3.93	4.08	4.01	3.92

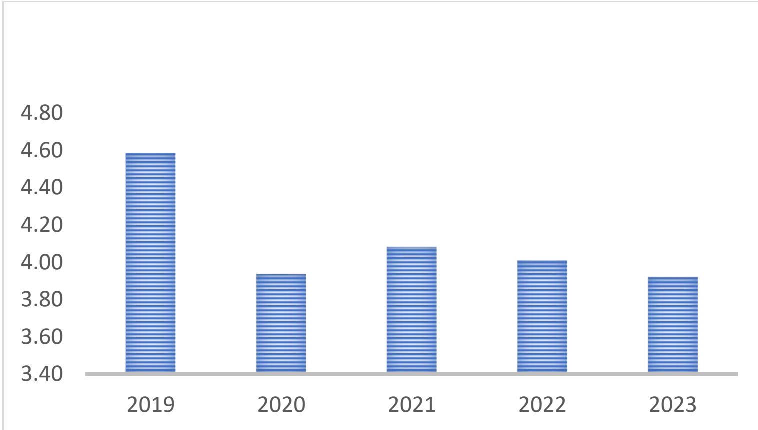

Figure 15: Asset Turnover Ratio

The asset turnover ratio presents a low variation but indicating sufficient stability, but with little movement over times. It appears there was no major trend (upward or downward) in the past in the way the assets were utilized in generating income. The percentage remains at about the same level, showing stable operating status in terms of asset utilization.

4.3.2 Operating Efficiency

The Operating Efficiency Ratio is a financial measurement that how well a company uses its revenue to pay its operating expenses. It is the ratio of the amount of sales that is consumed by operations lower is better because that is more money discussed above.

Operating Efficiency Ratio = (Operating Expenses / Net Sales) x 100

This metric aids investors in assessing operating performance as well as spotting trends over time in cost efficiency.

Table 13: Operating Efficiency Ratio

Year	2019	2020	2021	2022	2023
Operating Efficiency Ratio%	50.82	54.88	45.24	47	47.21

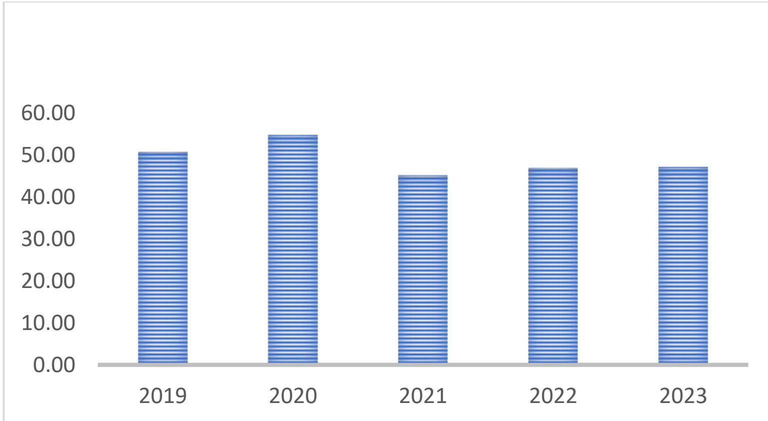

Figure 16: Operating Efficiency Ratio

During the five years, the Operating Efficiency Ratio fluctuates between small margins, but exhibits a stable tendency. The performance is such that the company has not forfeited its control on operating expenses for its revenue. With a few fluctuations, overall no long-term improvement or degradation. It indicates an even business performance with potential efficiency improvement.

4.3.3 Fixed Asset Turnover Ratio

The Fixed Asset Turnover Ratio is an indication of how a company efficiently uses its fixed assets (such as property, plant, and equipment) to generate sales. A higher value represents an efficient use of Fixed Assets.

Fixed Asset Turnover Ratio = (Net Sales/Average Fixed Assets) x 100

This ratio is used to judge how efficiently a business is using its fixed assets to generate sales.

Table 14: Fixed Asset Turnover Ratio

Year	2019	2020	2021	2022	2023
Fixed Asset Turnover Ratio%	187.39	167.66	182.68	191.41	203.25

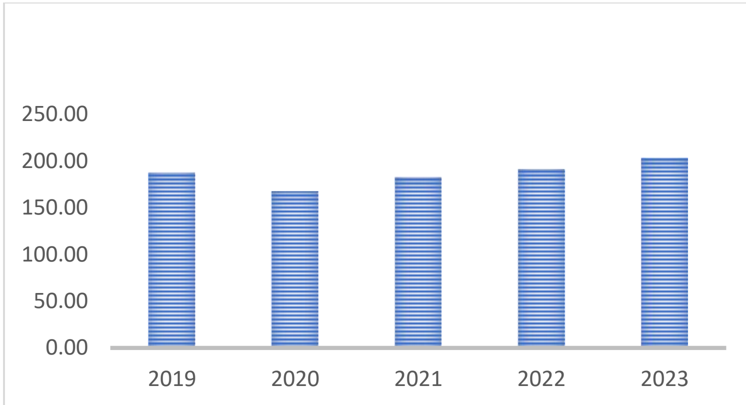

Figure 17: Fixed Asset Turnover Ratio

The Fixed-Turnover seems to have an uptrend which shows that asset turnover has been improved over the time. The upward trend suggests that the company is getting better at turning fixed assets into sales. This expansion indicates that capital investment has been generating better returns, driven by improved operating performance and the efficient use of resources.

4.3.4 Working Capital Turnover Ratio

The Working Capital Turnover Ratio indicates how efficiently a business uses working capital to produce sales. An increased ratio is considered good on working capital utilization for generation of revenues.

Working Capital Turnover Ratio = (Net Sales / Working Capital) x 100

This ratio is used to assess how efficiently a firm is managing its short-term assets and liabilities to facilitate its business.

Table 15: Working Capital Turnover Ratio

Year	2019	2020	2021	2022	2023
Working Capital Turnover Ratio%	487.08	330.21	155.82	65.24	87.38

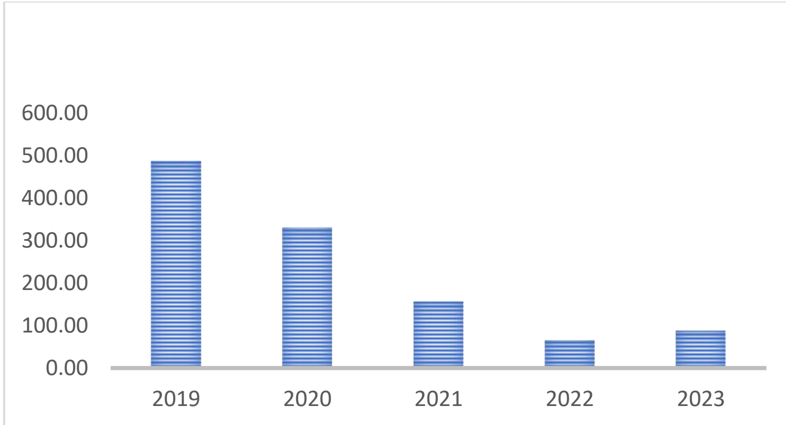

Figure 18: Working Capital Turnover Ratio

The Working Capital Turnover Ratio has decreased considerably over the periods, meaning the performance of working capital in terms of sales has been becoming weak. The downward trend indicates that the company has had trouble with working capital management as well as generating revenues from working capital.

4.4 Profitability Ratio

Profitability ratios are used to measure a business' ability to generate earnings relative to its cost of goods sold, operational costs, balance sheet assets, equity, and more. They are critical measures of financial soundness, reflecting how effectively a company is turning sales or assets into actual profit. These measures are useful for investors and management to determine how the company is doing in comparison to its peers and its ability to generate profits.

The common profitability ratios are:

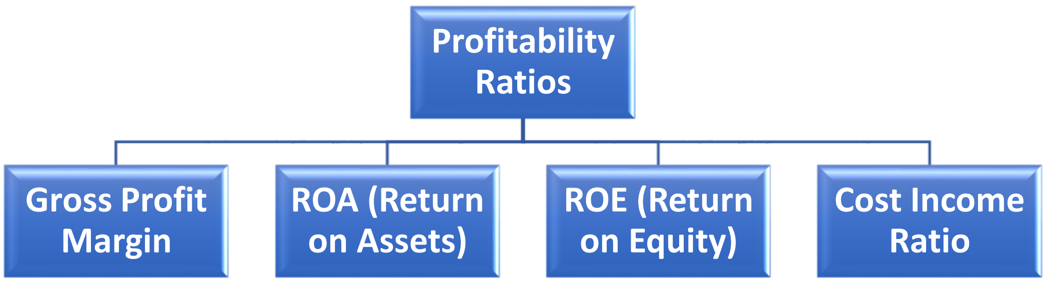

Figure 19: Profitability Ratios

4.4.1 Gross Profit Margin

Gross Profit Margin is a measure of how much profit you are making as a percentage of your revenue. It is a measure of how well a company makes and sells its products.

Gross Profit Margin = (Gross Profit\Revenue) x 100

Table 16: Gross Profit Margin

Year	2019	2020	2021	2022	2023
Gross Profit Margin%	58.55	44.05	53.58	50.68	52.25

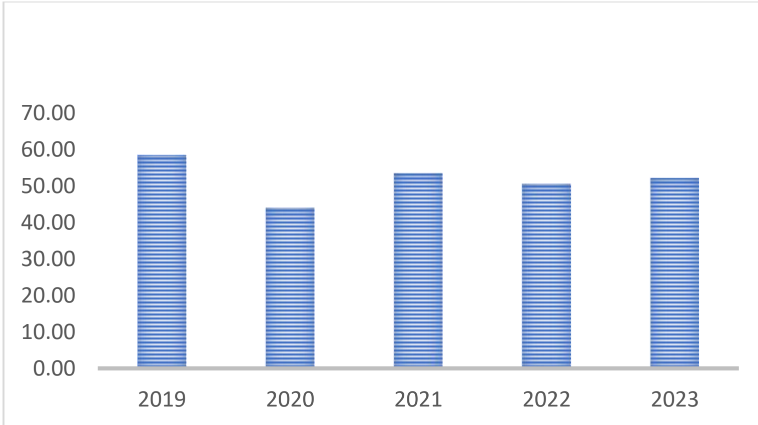

Figure 20: Gross Profit Margin Ratio

The gross profit margin has been modestly up and down over the years, also suggesting some unevenness in profit generation. The ratio isn't perfect (it is about to get better), but it remains strong indicating that the company was generally effective at controlling production costs and took a good cut of the revenue pie as profit. In summary, the company's gross profit margin demonstrates steady operational efficiency except for cyclical variations from year to year.

4.4.2 ROA (Return on Assets)

Return on Assets (ROA) is a profitability ratio that measures how efficiently a company uses its assets to generate profit.

ROA= (Net Income\ Total Assets) x 100

A higher ROA indicates better utilization of assets to generate profits.

Table 17: Return on Assets

Year	2019	2020	2021	2022	2023
ROA%	2.57	1.60	2.07	1.93	1.96

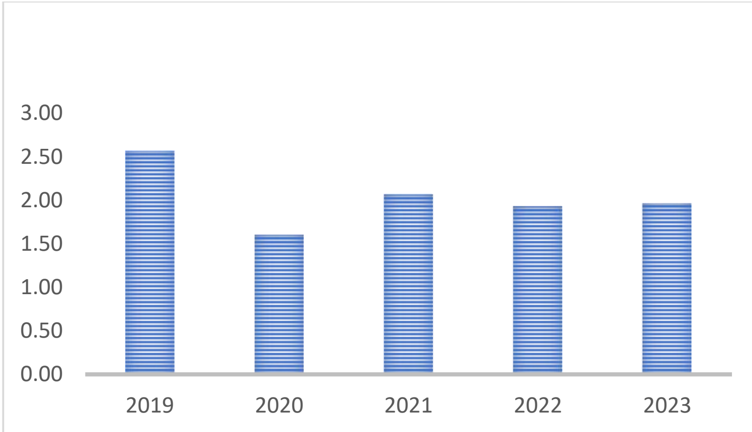

Figure 21: Return on Assets (ROA)

The data indicates overall stability for the ROA ratio across the time period with an incremental decrease. The number has been very low, showing that the company has a weak profitability capacity on its assets. Yet, this steady but unremarkable performance might signal weak enhancements or difficulties in maximizing asset productivity.

4.4.3 ROE (Return on Equity)

Return on Equity (ROE) measures a company's profitability relative to shareholders' equity.

ROE= (Net Income\Total Shareholders' Equity) x 100

It indicates how effectively a company uses equity invested by shareholders to generate profits.

Table 18: Return on Equity

Year	2019	2020	2021	2022	2023
ROE%	7.48	6.25	10.41	12.45	13.79

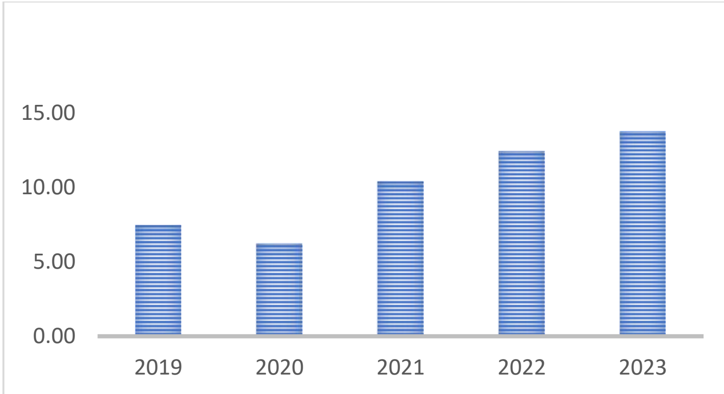

Figure 22: Return on Equity (ROE)

The ROE has risen over the past few years, indicating the profitability of the company along with the efficient management of its equity. The higher the better, with a typical range of between 15 to 20 indicating a company is in the 'safety zone.' Humana Inc. has a higher 22 cash-shriller, showing a slimmer profit being left on the table and parked in the bank by the company. Increasing ROE is a sign of profitable reinvestment of capital, which, in addition to subduing wage pressure, indirectly leads to ripe conditions for longs.

4.4.4 Cost Income Ratio

A measure of a company's efficiency in managing costs compared to its revenue. It is widely used in banking and financial transactions.

Cost Income Ratio= (Operating Expense\Operating Income) x 100

The lower the CIR, the better efficiency, as ÅK may need to better control its costs if the CIR is higher.

Table 19: Cost Income Ratio

Year	2019	2020	2021	2022	2023
Cost Income Ratio%	50.82	54.88	45.24	46.99	47.21

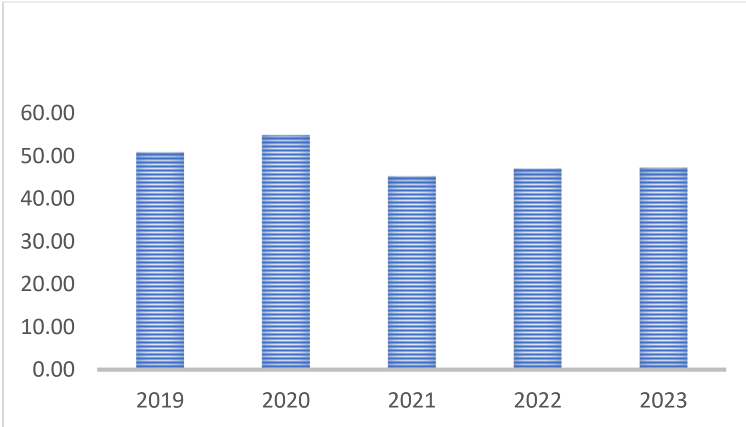

Figure 23: Cost Income Ratio

Throughout these years, the Cost-Income Ratio (CIR) presented a small variation generation by generation, with a slight average cost-efficiency reduction. The ratio continues to be constant, meaning that although management has been trying to keep the costs in check, the operational efficiency has not seen any major improvement. The CIR stabilization indicates that the income growth was pursued with cost control, but additional cost rationalization is required for margin expansion.

4.5 Market Value Ratio

Market Value Ratios Market value ratios measure a firm's stock performance in relation to its earnings, book value, and investor expectations. These are measures of whether the bank’s shares are undervalued or overvalued by the markets. According to the analysis, the price-to-earnings ratio for Prime Bank PLC was decelerating, pointing to the fact that investors are being more cautious. But the increasing Earnings yield offers hope for a better future return.

The common market value ratios are:

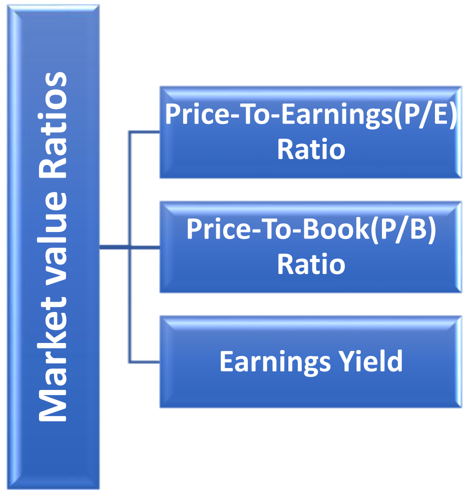

Figure 24: Market Value Ratios

4.5.1 Price-To-Earnings(P/E) Ratio

This is a ratio of a company's stock price to the company's earnings per share (EPS). It allows investors to compare whether a stock is overpriced or underpriced.

P/E Ratio = Market Price per Share\Earnings per Share (EPS)

A high P/E ratio may be a sign of overvaluation, while a low one could indicate undervaluation.

Table 20: Price-To-Earnings Ratio

Year	2019	2020	2021	2022	2023
P/E Ratio%	10.28	10.75	7.82	5.41	4.93

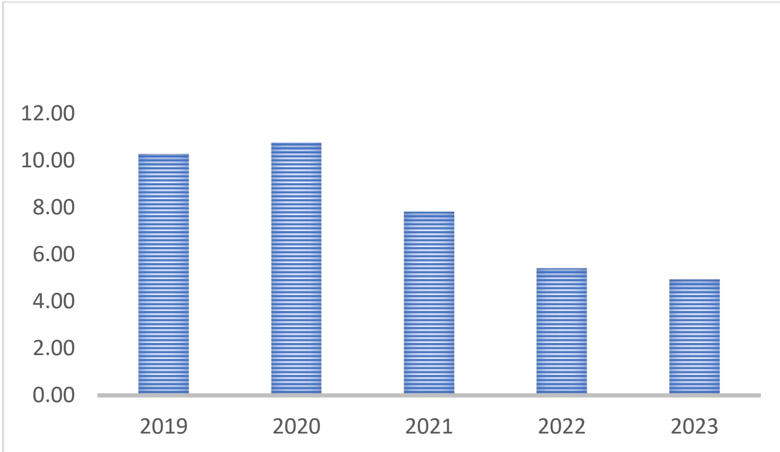

Figure 25: P/E Ratio

The P/E ratio has been in an overall decreasing trend over the last couple of years as well which shows that the stock has become cheaper compared to the potential earnings. This indicates a trend of investors being less bullish on the stock compared to the growth of the overall market, and indicates that the market's attitude may be becoming more bearish on the stock.

4.5.2 Price-To-Book(P/B) Ratio

The Price-to-Book (P/B) ratio is calculated by comparing a company's market value to its book value, which helps investors to determine if the stock is overvalued or undervalued based on its assets.

P/B Ratio = Market Price per Share\Book Value per Share

A P/B ratio 1 can mean that the current price is too high.

Table 21: Price-To-Book Ratio

Year	2019	2020	2021	2022	2023
P/B Ratio%	0.77	0.67	0.81	0.67	0.68

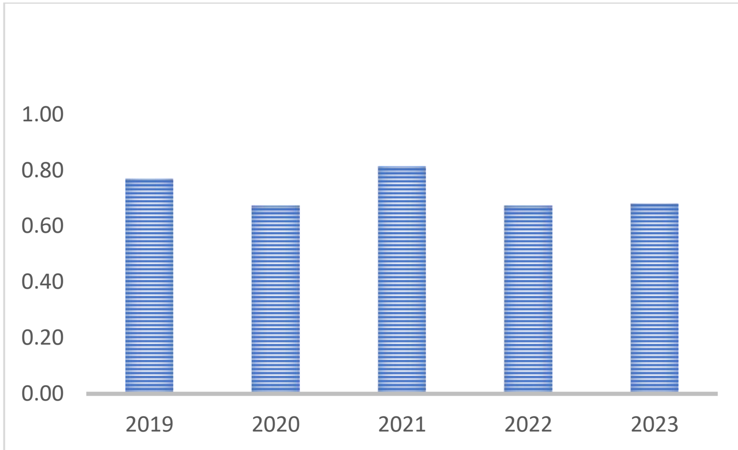

Figure 26: P/B Ratio

The P/B ratio has fluctuated very little, and has tended to hang near its low from these very low levels it has historically bounced. This means that the market's valuation of the company's stock is relatively cheap and not priced for aggressive future growth. The ratio remaining stable could suggest either some distrust from investors or integrity of the company's books.

4.5.3 Earnings Yield Ratio

Earnings Yield is the inverse of P/E ratio and is a useful valuation metric to checkout. It enables investors to calculate return on investment based on earnings.

Earnings Yield = Earnings per Share (EPS)\Market Price per Share

A higher earnings yield is undoubtedly better for returns, and a low yield may tell that profitability may not be at par with the stock price.

Table 22: Earnings Yield Ratio

Year	2019	2020	2021	2022	2023
Earnings Yield%	0.10	0.09	0.13	0.18	0.20

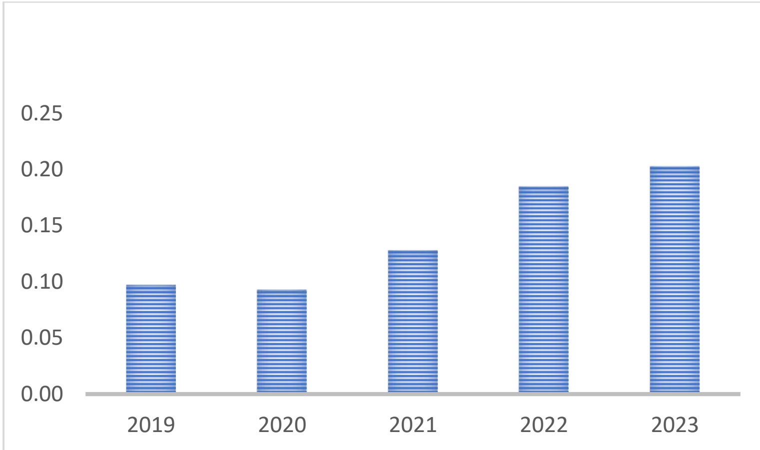

Figure 27: Earnings Yield Ratio

Over the years, the earnings yield of the business has risen, which means the amount of income produced has increased relative to the purchase price. This indicates that a company\'s profitability has increased or its shares are discounted in price when compared to working capital, which could lead to higher shareholder returns.

4.6 DuPont Three Component Analysis

The DuPont analysis is a method that is used to break down Return on Equity (ROE) into its three main contributing factors such as profit margin, total assets turnover, and Financial leverage. ROE is an indication shows how efficiently a company is using the assets at its disposal to produce earnings, and is presented as a percentage.

The later one three are parts of DuPont analysis.

Profit Margin: Net income divided by net sales.

Asset Turnover: Net sales divided by total assets.

Equity Multiplier: Total assets divided by the shareholder's equity.

They are computed from the income statement (for net income and sales) and the balance sheet (for total assets and equity). The DuPont analysis is a useful technique used to decompose the different drivers of a firm's return on equity (ROE). As the ROE can be divided into different parts, it can give us a better insight of the firm's profitability, the operational efficiency which is measured by asset usage, and the financial leverage employed by the company. This model is useful for comparison of company performance, and in helping to identify weaknesses in a company, such as below-industry-average profit margins, mediocre use of assets, financial leverage that is creating too much interest expense, etc. But it's worth mentioning that when ROE is low in a firm's fledgling stages, investors aren't necessarily put off so much as they are hopeful to see a pressing improvement.

ROE = (Net Income/Sales) X (Sales/Total Assets) X (Total Assets/Shareholder's Equity)

Or

ROE = Net Profit Margin X Asset Turnover X Equity Multiplier

Here, we will examine the three-step DuPont Analysis of Prime Bank PLC., focusing on the individual components.

The table below provides a year-by-year breakdown of the company's Return on Equity (ROE).

Table 23: DuPont 3 Component

Year	**2019**	**2020**	**2021**	**2022**	**2023**
Net Profit Margin Ratio	0.14	0.14	0.21	0.24	0.27
Asset Turnover Ratio	0.04	0.04	0.04	0.04	0.04
Equity Multiplier Ratio	12.04	12.08	13.04	13.42	13.53
ROE%	7.48%	6.25%	10.41%	12.45%	13.79%

The DuPont 3-step analysis of Prime Bank PLC from 2019 to 2023 shows a steady improvement in Return on Equity (ROE), rising from 7.48% to 13.79%. Net Margin This growth is mainly driven by a consistent increase in net profit margin, which went from 0.14 to 0.27, indicating improved profitability, but still the portion is coming from the core business is not good enough. Asset turnover The asset turnover remained constant at 0.04 throughout the years which shows there are no change in operational efficiency. Equity Multiplier The equity multiplier increased slightly from 12.04 to 13.53, which indicates they are heavily relying on leverage and it means their risk level is quite high, even though they are now capable enough to get a better ROE with the help of the leverage but high leverage incurs high risk as well. ROE Overall, the ROE is rising primarily due to better profit margins and increased reliance on debt, not improved asset utilization, so they should focus on how they can utilize the assets in a better way.

4.7 DuPont Five Component Analysis

DuPont Analysis break-downs the ROE (Return on Equity) into five basic components, of which two are governed by external liability -tax and interest burden. These terms show how taxes and interest charges affect the ROE of an organization. The tax burden rate indicates the share of profits left after payment of taxes. In the meantime, the interest burden ratio demonstrates the impact of interest costs on earnings. The ratio is 1 when a company has no debt, and when its interest expense is zero. Operating margin: Operating income of the company generated. The ROIAE is also related to the Return on Assets (ROA) since the first four components are subcategories.

Thus, the formula for ROE is:

ROE= Tax Burden Ratio × Interest Burden Ratio × Operating Margin Ratio × Asset Turnover Ratio × Equity Multiplier Ratio

Alternatively, in financial ratios it could be expressed as:

ROE = (Net Profit / EBT) × (EBT / EBIT) × (EBIT / Net Sales) × (Net Sales / Total Assets) × (Total Assets / Total Equity)

Table 24: DuPont 5 Component

Year	2019	2020	2021	2022	2023
Tax Burden Ratio	0.29	0.45	0.56	0.65	0.71
Interest Burden Ratio	1	0.70	0.68	0.71	0.73
Operating Margin Ratio	0.49	0.45	0.55	0.53	0.53
Asset Turnover Ratio	0.04	0.04	0.04	0.04	0.04
Equity Multiplier Ratio	12.04	12.08	13.04	13.42	13.53
ROE%	7.48%	6.25%	10.41%	12.45%	13.79%

The DuPont 5-Component Analysis from 2019 to 2023 shows a positive trend in the company's Return on Equity (ROE), which has increased from 7.48% in 2019 to 13.79% in 2023. This improvement reflects that the company is growing and become efficient in generating returns for its shareholders. Tax Burden Ratio One of the key contributors to this rise is the steady increase in the tax burden ratio, which climbed from 0.29 to 0.71, which indicates that the company retained more of its earnings after taxes over time. Interest Burden Ratio The interest burden ratio, although it decreased from 1.00 in 2019 to 0.73 in 2023, still suggests the company is managing its interest expenses relatively well. Operating Margin Ratio, the operating margin ratio remained stable, with slight improvements in certain years, again that indicates consistent profitability from core operations. Asset Turnover Ratio However, the asset turnover ratio remained low at 0.04 throughout the period, which shows inefficiency in using assets to generate sales. Equity Multiplier Ratio Despite this, the equity multiplier increased from 12.04 in 2019 to 13.53 in 2023, showing that the company increasingly relied on financial leverage, which actually increases ROE but debt up to a certain limit is good for the company not more than that because it might lead to financial distress. ROE in summary, the rise in ROE over the five-year period was mainly driven by improved profitability, better tax management, and increased financial leverage, even though asset efficiency remained a concern.

CHAPTER 5: CONCLUSIONS AND KEY FACTS

5.1 Findings

Overall, the Prime Bank PLC has exercised mixed financial performance in the last five years along all five critical axes. Prime Bank PLC had relatively consistent ratios that were stable, although there were fluctuations in the cash ratio and the operating cash flow ratio, but it still proved to be solid in the ability to meet short-term obligations. The financial leverage ratios show a trend where more and more risk was taken on in the sense that debt is only a bad thing if misused. The efficiency ratios consistently revealed utilization of assets only the working capital turned over lower, indicating potential difficulties in managing working capital as efficiently. Despite maintaining strong cost management and continuous gross profit growth, the company has experienced weakness in its ROA, and the CIR has not shown significant improvement in terms of cost efficiency. Finally, the market value ratios suggested a weakening investor sentiment as reflected in the falling P/E ratio and constant P/B ratio, against a rising earnings yield that hinted at improved profitability and increasing likelihood for enhanced shareholder returns. In general, although the Prime Bank PLC faces problems of profitability, efficiency, and financial risk, it exercises strong risk management in terms of liquidity and profitability; there is remaining room for cost control and working capital management.

5.2 Conclusion

Prime Bank PLC has demonstrated a mixed performance over the last five years, having to navigate diverse financial challenges and external influences. The liquidity position of the bank is robust, with the inherent strength in asset-liability maturity profile remaining intact, despite some compression in the cash flow and cash ratios. Although there have been times of financial stress observed, growth in financial leverage, and declining working capital turnover, the bank has shown consistent sustenance in operations. The profitability ratios provide a more nuanced picture. On the one hand, the gross margins have been consistent, suggesting good cost control is in place. But two indicators – return on assets (ROA) and cost-to-income ratio (CIR) indicate hanging fruit in the performance of assets and in that of the operations. The financial leverage ratios show an increase in dependence on debt, which adds to financial risk, and reflects the fact that the bank remains undercapitalized to ensure growth from the point of leverage. The turnover ratios, particularly the working capital turnover, suggest the need for more strategic management. Last but not least, the market value ratios clearly show a more pessimistic sentiment of investors, as expressed with the decrease in the P/E and stabilized P/B ratio (less optimism on the market). But the rising earnings yield indicates that the bank may become more profitable and, in due course, deliver higher returns to shareholders. In conclusion, Prime Bank PLC had issues with profit generation, efficiency, and handling financial risk. However, the bank has proved itself resilient, with a good liquidity position and good risk management. Castlereagh believes that in the future, the most important thing for the bank will be to focus on cost, working capital, and lower asset utilization to maintain the growth and competitive edge.

References

- Annual Report of Prime Bank PLC, 2019
- Annual Report of Prime Bank PLC, 2020
- Annual Report of Prime Bank PLC, 2021
- Annual Report of Prime Bank PLC, 2022
- Annual Report of Prime Bank PLC, 2023
- https://www.primebank.com.bd/
- https://www.investopedia.com/