

HAYATABAD MAIN BRANCH

Supervisor:

Signature: _____

Name: Madam : Romana sarwer_____

Designation: Lecturer QACC, UOP_____

External Examiner:

Signature: _____

Name: _____

Designation: _____

Principal

Signature: _____

Name: Sir. Hamid Ali Shah_____

Preview from Notesale.co.uk
Page 2 of 52

Tble of Contents

List of Acronyms	5
ACKNOWLEDEMENT	6
PREFACE.....	7
Executive Summary	8
<i>Chapter 1</i>	10
Introduction to the Report.....	10
1.1 BACKGROUND OF THE STUDY	10
.....	10
...1.2 Purpose of the Study	10
1.3 Scope of Work	11
Chapter 2.....	12
An overview of the Report.....	12
2.1Departments of the Bank	12
2.2 Products & Services.....	13
3.1 Home Remittance Department.....	15
3.2 Account opening	15
3.3.1 DEMAND DRAFT	16
3.3.2 PAY ORDER	17
3.3.3 SECURITY RECEIPT RECEIPTS & CREDIT DEPOSIT RECEIPTS (SDR/CDR).....	17
3.4 CREDIT DEPARTMENT.....	17
3.4.1MURABAHA.....	17
3.4.2 IJARAH	18
3.4.3 DIMINISHING MUSHARIKAH.....	18
3.4.4 LETTER OF CREDIT	19
3.4.5 BANK GUARANTEE	19
3.5 CLEARING.....	19
3.5.1 IN WARD CLEARING BOOK:	20
3.5.2 OUT WARD CLEARING BOOK:.....	20
3.6 CASH DEPARTMENT	20
3.6.1 RECEIPT	20
3.6.2 PAYMENTS:.....	21
Analysis of Financial Statements.....	22
BALANCE SHEET.....	23
4.1 LIQUIDITY RATIO	24
4.1.1 CURRENT RATIO.....	25
4.1.2 CASH RATIO	25
4.2 ACTIVITY RATIOS.....	25
4.2.1 TOTAL ASSETS TURNOVER	26
4.3 PROFITABILITY ANALYSIS.....	26
4.3.1 RETURN ON ASSETS	26

4.3.2 NET PROFIT MARGIN.....	27
4.3.3 EARNING PER SHARE	28
GROWTH ANALYSIS	29
4.4.1 DEPOSITS GROWTH	29
4.4.2 INVESTMENTS GROWTH	29
4.4.3 PROFIT GROWTH RATE.....	30
4.5 OTHER RATIOS.....	30
4.5.1 CASH TO DEPOSIT RATIO	30
4.5.2INVESTMENT TO TOTAL ASSETS RATIO	31
4.5.2 INVESTMENTS TO DEPOSITS RATIO	32
4.6 TREND ANALYSIS	33
4.6.1 TREND ANALYSIS OF BALANCE SHEET	34
.....	36
4.6.2 TREND ANALYSIS OF PROFIT AND LOSS ACCOUNT	36
4.7 COMMON SIZE ANALYSIS.....	37
4.7.1BALANCE SHEET	38
4.7.2 PROFIT AND LOSS ACCOUNT	40
4.7 SWOT (STRENGTH WEAKNESS OPPORTUNITIES THREATS) ANALYSIS.....	41
4.7.1 STRENGTHS	42
4.7.2 WEAKNESSES	44
4.7.3 OPPORTUNITIES	46
4.7.4 THREATS.....	47
Conclusions and Recommendations	48
5.1 CONCLUSIONS	48
5.2 RECOMMENDATIONS	48
5.2.2 BETTER COMMUNICATION	49
5.2.3 INTRODUCTION OF MANAGEMENT BY OBJECTIVES (MBO).....	49
5.2.4 JOB ROTATION	49
5.2.5 PROPER JOB ANALYSIS.....	49
5.2.6 DECENTRALIZATION.....	50
5.2.8 BETTER WORKING CONDITION	50
5.2.9 PROMOTION AND PUBLICITY	50
5.2.10 OTHER RECOMMENDATIONS	51
Bibliography	51
BOOKS	51
ANNUAL REPORTS.....	52
WEBSITES.....	52

10. Discounting of Bills

11. Export Refinance Scheme

12. HomeRemittances

Preview from Notesale.co.uk
Page 14 of 52

Then the source of income is asked and evidence is verified by checking all related documents. The customer is graded for risk as whether there is high, medium or low risk to open the account of the customer. House wife, contractors, money changers, landlords etc are considered as highly risky customers. Limited companies are in medium risk. Government employees are low risk customers for the banks according to the rules.

Another most important rule for account opening is that the business of the customer should be legal and not involved in illegal and non Shariah activities.

. 3.3 Remittance Department

Remittance means a sum of money sent in payment for something. This department deals with either the transfer of money from one bank to other bank or from one branch to another branch for their customers. BOK offers the following forms of remittances

- 1) Demand Draft
- 2) Pay Order
- 3) S/O/CDR

3.3.1 Demand Draft

Demand draft is a popular mode of transfer. The customer fills the application form. Application form includes the beneficiary name, account number and a sender's name. The customer deposits the amount of DD in the branch. After the payment the DD is prepared and given to the customer. BOK officials note the transaction in issuance register on the page of that branch of BOK on which DD is drawn and will prepare the advice to send to that branch. The account of the customer is credited when the DD advice from originating branch comes to the responding branch and the account is debited when DD comes for clearance. DD are of two types.

The Other income is increasing because the Bank has introduced other facilities to generate income for recession period, furthermore as the Bank has increased the branch network, dealing in foreign currencies and ATMs.

The total income is increasing due to the good performance of the bank in all the departments.

The other expense shares is increased due to the increase in administrative expenses increment.

The Profit-before-Taxation has decreased in 2011 and 2012 due to increase in number of branches and ATMs which has increased the cost/expenses, increase in Net Profit Loss and relative increase in other expenses as compared to other income.

4.7 Common Size Analysis

In this type of analysis, we divide all items of a financial statement by a base figure; all Balance Sheet items are divided by Total Assets or Liabilities + Owner's Equity and Profit and Loss Account items are divided by Net Revenues.

Preview from Notesale.co.uk
Page 37 of 52

4.7.3 Opportunities

Opportunities are always present in the external environment whoever grabs it first, will be the market leader.

1. As the situation in Afghanistan is getting better slowly and gradually, multinational companies and other Rehabilitation Agencies are opening their offices in Afghanistan. To facilitate the rehabilitation process and the trade between Afghanistan and Pakistan.
2. Islamic banking is a complete solution to economic and to some extent social needs of Muslims from House building to education in addition to conventional help in commerce, business and industry. Which is an opportunity for the BoK.
3. Traditional interest based banking will have to defend through heavy marketing and advertising in which off course reduce their profitability.
4. More opportunities with creation of big sukuk and Islamic deposits.
5. Conversion of existing branches to Islamic Banking.
6. As the Bank is planning to step in to the Islamic Banking System totally so they should capture this market before any competitor comes in.
7. Strong promotional strategies can attract more and huge deposits for the Bank.
8. The Bank can expand their branches to other industrial cities in the country.
9. The bank has opportunity to invest in the new mark segments like IT business, software business, etc
10. Offering of credit facilities to middle and lower income groups can reduce the default risk and can enhance the Bank's goodwill and profitability.
11. New services should be introduced like Telephonic Banking, which will guide the customers in step-by-step transactions for checking their account balance.

Fundamentals of financial management, twelfth Edition, By James C. Van Horne and John M. Wachowicz, J.R

Annual Reports

Annual Reports, The Bank of Khyber, 2010, 2011, and 2012

Annual report of National Bank of Pakistan

Annual report of Meezan Bank

Websites

www.bok.com.pk

www.google.com

www.slideshare.net/nitu1200/functions-of-banks

<http://www.bok.com.pk/products.htm>

<http://www.bok.com.pk/downloads.htm>

<http://www.bok.com.pk/management.htm>

<http://www.bok.com.pk/branches.htm>

www.ventureline.com/financial-statement-analysis

<https://www.aaii.com/computerized.../liquidity-ratio-analysis>

www.investopedia.com/terms/c/consolidatedfinancialstatement

<http://www.sbp.org.pk>

<http://www.reuters.com/finance/stocks/ratios?>

http://www.stlouisfed.org/col/director/Materials/alll_basicratio_what.htm