

Internship Report

On

Financial Performance Analysis- A Study on Dhaka Bank Limited.

Submitted To

Controller of Examinations

National University

Gazipur - 1704

Supervised By

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Registration No: 19601000585

Session: 2019-2020

Program: MBA

Major: Finance



Daffodil Institute of IT



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Letter of Transmittal

20th November, 2023

Controller of Examinations
National University
Gazipur-1704

Subject: Submission of internship report.

Dear Sir,

This is my pleasure to submit the internship report on Financial Performance Analysis - A Study on Dhaka Bank Limited, which I was assigned. This is a great chance for me to acquire knowledge and experience in respect of performing this report. I have tried my best to prepare this to be as informative and relevant as possible. To prepare this report I have reviewed some books, articles, journals and downloaded some information from various websites. I believe that the knowledge and experience I have gathered during my internship period will immensely help me in my future professional life.

I gave my best efforts to achieve the objectives of the internship and hope that my endeavor will serve the purpose. Besides, I have followed your remarks and instructions very carefully while preparing this report. I tried the best to maintain your schedule, format and discipline.

Thank you for your kind consideration.

Sincerely yours

Mosa. Rabeya Akter

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Program: MBA

Major: Finance

Daffodil Institute of IT (DIIT)

Supervisor's Declaration

This is to certify that Mosa. Rabeya Akter, student of Master of Business Administration (MBA), Major in Finance of Daffodil Institute of IT (DIIT) has completed her Internship Report on Financial Performance Analysis - A Study on Dhaka Bank Limited.

I believe that she has completed this report herself while she was performing internship in Dhaka Bank Limited.

I wish her every success in his life.

Prof. Dr. Mostafa Kamal
Advisor
Daffodil Institute of IT (DIIT)

Student's Declaration

I hereby declare that the report of internship named Financial Performance Analysis - A Study on Dhaka Bank Limited is prepared by me in the period of performing internship on Dhaka Bank Limited Dhanmondi Branch.

I would also like to declare that this report is my original work and is prepared for academic purpose which is a part of MBA Program.

Mosa. Rabeya Akter

Roll: 2020464

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Acknowledgement

First of all, I am expressing my heartfelt gratitude to the Almighty Allah, the most Merciful and the Benevolent, for his special kindness to give me the opportunity to complete the internship successfully and prepare internship report timely.

I would like to express my gratitude to the authority of National University and to our honorable Principal Prof. Dr. Mohammed Shakhawat Hossain for providing me such opportunity. I also give my sincere gratitude to my academic supervisor Prof. Dr. Mosatafa Kamal, Advisor, Daffodil Institute of IT for his continuous guidance, individual suggestions, continuous encouragement and unfailing enthusiasm throughout the process of completion of this report.

I would like to extend my deepest appreciation to all my faculty members of MBA Program, Daffodil Institute of IT for their individual contribution and cooperation in advancing this report and hereby completing my MBA program successfully. I would also like to express my special thanks to the staffs of the college for their excellent administrative supports.

I would like to express my heartiest gratitude to our department for issuing a forwarding letter of Dhaka Bank Limited (Dhanmondi Branch) by which I started my internship.

I also express my warm gratitude and cordial thanks to the management and officials of Dhaka Bank Limited of Dhanmondi Branch who have given me the opportunity to work with them and helped a lot by providing the information and enabling me to prepare this report. I have received their generous help and support. If I don't mention some names of the staffs of Dhaka Bank Limited, Dhanmondi Branch.

At last, but not least, I am very grateful to my entire family members especially to my Father and Mother for their respective supports and inspiration to accomplish my study.

Executive Summary

With a low per capital GDP Bangladesh is a developing country. The prosperity of a country depends on its economic activities. Like any other sphere of modern economic activities, banking is a powerful medium of bring about socio-economic changes of a country. Without adequate banking facility agriculture, commerce and industry cannot flourish. A suitable developed banking system can provide the necessary boost for the economic growth of the country. Because banking system is linked with the whole economy.

This reports prepared to analyze the Overall Financial Performance of Dhaka Bank Limited which contains five chapters. Chapter one named Introduction describes about background, significance, scope, objective, methodology and limitation of the report. Chapter two contain about the organizational overview of Dhaka Bank Limited. Chapter three named theoretical aspects where some financial ratios are discussed which helps to analyze the financial performance. Chapter four states the financial analysis of Dhaka Bank Limited with graphical presentation of some financial ratio analysis with vertical and horizontal/trend analysis. Chapter five is a particular of findings, recommendations and conclusion of this report.

Dhaka Bank Limited creates and generates an environment of trust and discipline that encourages and motivate everyone in the bank together the objectives of the bank with a commitment to quality and excellence in services. The Dhaka Bank Limited makes a great contribution for the banking industry with full of ideal commercial activities through authentic performance. Dhaka Bank Limited performs the entire banking role as a result one can easily get all the simple and intricate banking operations. Dhaka Bank Limited serves the people by vicious sections namely General Banking, Investment, Foreign Exchange operation etc.

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Chapter One

Introduction

1.0 Introduction

Submitting Internship report is one of the most integral parts of MBA program. I was placed in Dhaka Bank Limited at Dhanmondi Branch for the purpose of internship. However, I submitted internship report on Overall Financial Performance & Deposit Analysis of Dhaka Bank Limited. My supervisor honorable Prof. Dr. Mosatafa Kamal, Advisor, Daffodil Institute of IT has accepted my topic and instructed me properly to complete my report on this topic.

1.1 Origin of the Report

I am enrolled myself in internship. It has a requirement to submit a paper. To fulfill this requirement, I have prepared this paper and for this I got “**Financial Performance Evaluation of Dhaka Bank Limited**” as my paper's topic.

Dhaka Bank Limited is a place where I could learn the business dealings. This organization has created a positive image to the customer's mind by providing better service. This bank has introduced some modern banking scheme that has got high market demand.

As it maintain the pace with the competitive business world, its activities, culture, philosophy and style leads an intern student to be the best at any field of working life. As an intern student I have got the opportunity to work with this organization for acquire idea about real business world.

1.2 Background of the Report

Banking is one of the most important sectors for a country's wealth building activities. At present the modern business industrialization, foreign trade, investment almost all dependent on banks. But now a day the Banking sector of Bangladesh is suffering the disease of default culture which is consequence or result of bad performance of most of the banks in Bangladesh. Dhaka bank plays an important role towards the growth and economic development of Bangladesh.

This study is an attempt to produce a constructive report performance of Dhaka bank with special reference to the investment procedures, investment product etc.

1.3 Objective of the Report

The study has been conducted with the following objectives:

Primary Objective: To Analyze the Financial Performance of Dhaka Bank Ltd.

Secondary Objectives:

- ❖ To present an overview of Dhaka Bank Limited.
- ❖ To find out present financial position of Dhaka Bank Limited.
- ❖ To explain five years performance of Dhaka Bank Limited.
- ❖ To recommend suggestions for the development of Dhaka Bank Limited.

1.4 Methodology of the Report

This internship report is the study of particular subject backed by the collection, complication, presentation and interpretation of relevant information.

1.5. 1 Data Processing & Analysis:

The collected information have then processed & complied with the aid of MS Word & other computer software. Necessary tables have been prepared on the basis of collected data. Detail explanation and analysis have also been incorporated in the report.

Data Collection Procedure:

To conduct the completion of this report data were collected from both primary and secondary sources.

i. Primary Sources:

- Personal observation
- Conversation with banks employees.
- Direct conversation with respective officers.

- Desk work in different section of the bank.

ii. Secondary Sources:

- Annual report of Dhaka Bank Limited.
- Information from the internet.
- Variety of books, articles and journal related to banking.

1.5 Scope of the Report

This report provides emphasis on the performance of the Dhaka Bank Limited. In the first chapter of this report contains introduction of the report. The second chapter contains details about the banks in Bangladesh and in third chapter there is description about the Dhaka Bank limited. The fourth chapter of this report contains Product & Services of Dhaka Bank Ltd and in its fifth chapter Financial Performance Evaluation of Dhaka Bank Limited. In addition to that I have evaluated the performance of Dhaka Bank Limited, which gave me robust and prevailing information of the Bank. Finally in the last chapter it contains the recommendations, conclusion and bibliography of the report.

1.6 Limitations of the Report

To prepare the internship I encountered some limitations. The limitations are given below-

- The main constraint of the study was insufficiency of information, which was required for the study. But the employees do not provide due to security and other corporate obligations.
- Lack of opportunity to access to internal data.
- Since the bank personnel were very busy, they could not give enough time.
- It was too limited to cover all the banking area. Many aspects could not be discussed in the present report.
- Based on secondary data in most cases for preparing this report.

Chapter Two

Company Overview

2.1 Introduction

The importance of commercial banks after the ravage of the liberation war to develop a better economy was severally needed and it is needed now and will be required in future also. In time to time Government of Bangladesh agreed to permit the private commercial banking in the country.

It was a dream of corporate grandeur to be a unique financial service provider that draws inspiration from the riches of golden Bangla, its history and heritage, but adopts global standard, tools and techniques in delivering service. The dream was the brainchild of Mr. Mirza AMBAs Uddin Ahmed, a visionary rare individual who longed for a journey to the history and way forward to the future on the wheels of financial service and innovation. A deep insight into the spirit of Bangladesh and its business and a close observation of global financial system urged the futurist leader to form a Bank in Bangladesh matching up the global sophistication with the fragrance of local simplicity. His vision profusely motivated his entrepreneur friends who dared to shoulder the great corporate voyage for excellence. At the opportune moment, Dhaka Bank Limited was born on the 5th of July in 1995 in great expectation of the people of Bangladesh to fulfil their dreams and demands.

2.2 Dhaka Bank Limited at a glance

Dhaka Bank was incorporated as a Public Limited Company on April 06, 1995 under Companies Act, 1994 and got listed in Dhaka and Chittagong Stock Exchange in 2000. Headquartered at Motijheel, Dhaka, DBL has rooted deep into a strong capital base and got hold of a countrywide reach through a larger network of Branches, ATMs, and SME channels. Our wings of operations have widened to SME potentials, prospects in agriculture, environmental concerns and capital market opportunities. The Bank is now expanding far and wide to higher market share and big surge in assets. A great total of 226,663 customers now we serve and seek to make them better off" as best as we can. Over 15 glorious years, DBL has made its vibrant presence at 56 locations across the country and strengthened its capital base to Tk. 9,475 million with a capital adequacy ratio of 10.09. Sailing past all odds in 2018, DBL has posted an

amazing operating profit of Tk. 3,842 million reflecting a growth of 37% over 2017. Great companies rise in tough times. We believe, Dhaka Bank is on the threshold of emerging as a great Bank. We expect to rise from the heart of Bangladesh as a stronger force in the market we serve. We are committed to our goals to create superior shareholder value in our quest for excellence as we grow and mature into a banking veteran.

The emergence of Dhaka Bank Limited at the junction of liberation of global economic activities, after the URUGUAY ROUND has been an important event in the financial sector of Bangladesh. The experience of the prosperous economies of Asian countries and in particular of South Asia has been the driving force and the strategies behind operational policy option of the Bank, The Company Philosophy - "Excellence in Banking" has been preciously the essence of the legend of bank's success. Dhaka Bank Limited has been licensed by the Government of Bangladesh as a Scheduled Bank in the private sector in pursuance of the policy of liberalization of banking and financial services and facilities in Bangladesh. In view of the above, the Bank within a period of 16 years of its operation achieved a remarkable success and met up capital adequacy requirement of Bangladesh bank.

2.3 Vision

At Dhaka Bank, we draw our inspiration from the distant. Our vision is to assure a standard that makes every banking transaction a pleasurable experience. Our endeavor is to offer you supreme service through accuracy, reliability, timely delivery, cutting edge technology and tailored solution for business needs, global reach in trade and commerce and high yield on your investments.

Our people, products and processes are aligned to meet the demand of our discerning customers. Our goal is to achieve a distinct foresight. Our prime objective is to deliver a quality that demonstrates a true reflection of our vision - Excellence in Banking.

2.4 Mission

To be the premier financial institution in the country providing high quality products and services backed by latest technology and a team of highly motivated personnel to deliver Excellence in Banking

2.5 Strategic Objective

Our objectives are to conduct transparent and high quality business operation based on market mechanism within the legal and social framework spelt in our mission and reflected in our vision. Our greatest concerns are our customers to provide them continually efficient, innovative and high quality products with excellent delivery system. Our motto is to generate profit with qualitative business as a sustainable ever-growing organization and enhance fair returns to our shareholders. We are committed to our community as a corporate citizen and contributing towards the progress of the nation as our corporate social responsibility. Our employees are our backbone. We promote their wellbeing through attractive compensation package, promoting staff morale through training, development and career planning. We strive for fulfilment of our responsibility to the government through paying entire range of taxes and duties and abiding the other rules. We are cautious about environment and climatic change and dutiful to make our homeland a green and clean soil.

2.6 Customer Charter

We seek to build long-term, sustainable beneficial relationships with all our customers based on the service -commitments and on our underlying values of mutual respect, the pursuit of excellence and integrity in all our dealings. Our primary concern is to understand and satisfy customers' needs and expectations. We promise to use all means open to us to establish and understand these needs which are both mutually beneficial and respect the values and principles in all our actions.

We promise to deal quickly, courteously and accurately with all correspondence between us. Should disagreements arise between us, we undertake to seek a speedy and equitable solution, which takes account of the rights and obligations of both parties and is framed in the context of a long- term and enduring relationship. We believe in openness, integrity, transparency and accountability and provide high standard of services to our valued customers. We create customer value, loyalty and equity, which create customer delight over a lifetime of patronage.

2.7 Ethical Principles

- We are compliant to our country's laws and regulations.
- We reject bribery and corruption.

- We avoid compromised gifts and entertainment.
- We speak up if we suspect any actual, planned or potential behaviour that may breach any laws and regulations.
- We are compliant to Anti Money Laundering guidelines and other prudential regulations provided by our regulators.
- We resolve customer complaints quickly and fairly.
- We maintain confidentiality and fidelity of our customer.
- We treat our colleagues with fairness and respect; work with highly motivated team spirit and fellowship bondage.

2.7.1 Our Strength

- A dynamic and vibrant Board of Directors
- A strong and resilient capital base
- Highly qualified team of management professionals
- Forward looking strategies and management policies
- Cutting-edge tools and technologies to support real time on-line banking
- Well-diversified line of business
- A good risk management and compliance culture
- Deep focus on quality control
- And a dedicated line of human resources

2.7.2 Corporate Values

- Customer Focus
- Integrity
- Quality
- Teamwork
- Respect for the Individual
- Responsible Citizenship

2.7.3 Our Confidence

- Ability to lead the competition in a changing business environment
- A solid business growth to create sustainable shareholder value
- Enhancement of customer responsiveness by leveraging financial advice
- Rigorous teamwork to bring out synergy for optimum benefits
- Strong compliance of the laws and regulations of the state and regulatory bodies
- Trust by the community as a part of their lives
- A rewarding work environment for our dedicated employees
- High ethical standard in all level of operations under a corporate culture par excellence

2.7.4 Capital Structure

The Dhaka Bank was incorporated as a public limited company on April 06, 1995 under the Companies Act 1994. The Bank started its commercial operation on July 05, 1995 with an authorized capital of Tk. 1,000 million and paid up capital of Tk. 100 million.

The Bank raised its authorized capital from Tk. 1,000 million to Tk. 2,650 million in 2005 and Tk. 6,000 million in 2015, and now it is 10,000 million in 2018. The paid up capital of the Bank amounted to Tk. 2,660 million as on 31 December, 2018. The total equity (capital and reserves) of the Bank as on December 31, 2018 stood at Tk. 6,580 million including sponsor capital of Tk. 1,113 million.

Aiming at offering commercial banking service to the customers' door around the country, Dhaka Bank Limited establishes 56 branches up-to this year. This organization achieved customers' confidence immediately after its establishment in domestic and international markets.

2.7.5 Management

Pursuant to the slogan 'Excellent in Banking' the DBL has successfully stepped on its 16th year of operation. The bank has distinguished its position in operating and competing with other banks among the peer group in the country since its establishment. Among the second-generation banks, the DBL's performance is satisfactory in terms of profitability and maintaining superior asset quality.

The present Managing Director Mr. Khondker Fazle Rashid has long experience of working for more than 30 years in top positions of foreign banks in different countries. In his management team, the Managing Director is assisted by two Deputy Managing Directors, two Senior Vice Presidents, and nine Vice Presidents. The day-to-day banking functions are handled by these professionals with modern banking knowledge and experience in respective fields. The above management team is well aware of bank's mission and vision. However, in order to keep the bank on competitive edge, professionals need to keep themselves updated with professionalism

2.7.6 Highlight Corporate Profile:

Name of the Company	: Dhaka Bank Limited
Legal form	: A public limited company incorporated in Bangladesh on 6 th April 1995 under the Companies Act, 1994 and listed in Dhaka Stock Exchange Limited and Chittagong Stock Exchange Limited.
Dated of Commencement	: 5 th July 1995.
Registered office	: Biman Bhaban (1 st Floor), 100 Motijheel C/A, Dhaka-1000, Bangladesh
Swift Code	: DHBLDBBH
E-mail	: info@dhakabank.com.bd
Web Page	: www.dhakabankedltd.com
Auditors	: Hoda Vasi Chowdhury & Co Chartered Accountants
Tax Consultants	: Howladar, Yunus & Co. Chartered Accountants

Chairperson	:	Reshad:ur Rahman
Vice Chairman	:	Mr. Tahidul Hossain Chowdhury
Director	:	Mr. Md. Amirullah
Director	:	Mr. Abdul Hai Sarker
Managing Director	:	Mr. Syed Mahbubur Rahman
Company Secretary	:	Arham Masudul Huq
Number of Shareholders	:	43,256
Capital Adequacy	:	10.09%
Rating Agency	:	Credit Rating Agency of Bangladesh
Credit Rating	:	Short Term - ST-2, Long Term – A1
Publications	:	Quarterly Insight, Annual Report

2.8 Management Hierarchy

Table - 1: Management Hierarchy

Managing Director
Deputy Managing Director
Senior Executive Vice President
Executive Vice President
Senior Vice President
Vice President
Senior Asst. Vice President
First Asst. Vice President
Asst. Vice President

Senior Principal Officer
Principal Officer
Senior Officer
Officer
Probationary Officer
Junior Officer
Asst. Officer/Asst. Cash Officer
Trainee Asst. Officer/Trainee Asst. Cash Officer
Typist/Computer Operator
Trainee Typist/Trainee Computer Operator
Telephone Operator
Trainee Telephone Operator
Electrician
Care Taker
Peon
Security Guard

2.8.1 Major Activities of Dhaka Bank Limited

Deposits:

Since the commencement of banking operation, Dhaka Bank Limited has not only gained enormous popularity but also succeeded in raising the deposit to Tk. 67,743 million from Tk. 60,918 million within last year registered a 11% growth.

Advances

The advanced portfolio of the bank is well diversified and broad based covering various sectors of the economy. The total loans and advances of the bank stood Tk.

52,910 million as at December 31, 2017 compared to Tk. 63,591 million as December 31, 2018 registering an increase of 20%.

Investment:

The Bank's Investment during the year 2018 were mostly in long term Government Securities which stood at Tk. 8443 million as against Tk. 8660 million making a decrease of 2% over the last year. The Government Treasury Bonds purchased at higher rate of interest to cover the increased SLR arising from the growth of deposit liabilities.

Profit

The bank earned an operating profit of Tk. 1679 million in 2018 compared to Tk. 959 million in 2017 making a growth of 75%. After all provision including general provisions on unclassified loans and profit before tax stood at Tk. 3,841 million.

Dividend

It is a great pleasure for the Board of Directors of Dhaka Bank Limited to recommended a 35% of Stock Dividend i.e. 100 Bonus Share for every 1 Shares for the year that ended on December 31, 2018 subject to approval of the 16th Annual General Meeting.

Locker

Dhaka Bank Limited has the option of covering your valuables against any unfortunate incident. They are offer security to our locker service as afforded to the Bank's own property at a very competitive price.

They serve from Saturday through Thursday from 9:00 am to 4:00 pm.

Lockers are available at Dhanmondi, Dhaka - Gulshan, Banani, Uttara Branch and Chittagong - CDA Avenue, Agrabad.

Inward Foreign Remittance

Dhaka Bank Limited has continued its upward growth trend from 2014 and had carried the momentum to 2015 in the Inward Foreign Remittance sector. Providing swift and expert service to its expatriate clients has been the Bank's top priority along

with increasing the inflow of foreign currency to contribute to the country's foreign exchange reserve. We begin our journey in 2016 with a view to offer further Banking Services to its valued clients both at home and abroad.

2.9 Types of Credit Facilities

The word credit comes from the Latin word "credo" meaning, "I believe". It is a lender trust in persons / firms / company's ability or potential ability to command goods or services of another in return for promise to pay such goods or services at some specified time in the future and extend credit to customers and others out of the funds at bank limited made in different forms, such as loans, overdrafts, cash credits, bills purchased and discounted, bank guarantee etc. Dhaka Bank Limited deals with the money form the depositor repayable on demand. So, it cannot afford to lock up it fund for long periods. DEL usually grant short-term advances, which are utilized to meet the working capital requirements of the borrower. Only a small portion of a bank's demand and time liabilities is advanced on long-term basis where the banker usually insists on a regular repayment by the borrower in instalments.

2.10 Credit Position of Dhaka Bank Ltd

Table -2: Credit Position of Dhaka Bank Ltd

(fig. in million Tk.)

Particulars	2022	2021	2020
Total Deposit	67743	60918	56,986
Total Loans and Advances	63591	52910	49,698
Guarantee	7,081	6653	7,887
Total amount of Classified Loans	2908	2946	1,909
Amount of Provision against Classified Loans	1481	1488	825
Amount of Provision against Unclassified	742	625	620

Loans			
Credit Deposit Ratio (%)	93.87 %	86.85 %	87.21 %
Return on Equity (%)	25.52 %	19.32 %	20.97 %

Table - 3: Performance on Loans, Cash Credit, Overdrafts

	2022	2021	2020
Overdrafts	13,723,017,000	11,342,253,636	12,331,027,323
Demand Loan	765,309	915,494	85,846
Cash Credit	4,428,120,630	3,362,145,039	3,532,417,037
House Building Loan	1,132,610,258	920,345,334	756,104,195
Transport Loan	681,859,617	457,719,351	390,891,037
Term Loan	16,928,691,272	16,016,404,706	14,767,609,448
Loan against Trust Receipt	9,664,110,969	6,975,966,663	7,576,639,263
Payment against Documents	559,752,275	647,023,683	384,828,078
Loan against Imported Merchandise	427,974,282	647,023,683	384,828,078
Loan against Accepted Bills	676,226,794	162,366,862	177,256,470
Packing Credit	2,215,751	388,396,297	292,315,224
Lease Finance	1,371,962,700	8,243,158	10,956,769
Credit Card	163,713,653	1,221,483,668	1,327,898,411
Personal/ Car Loan	3,546,105,881	144,524,031	120,581,047
Other loans	7,846,403,132	3,842,429,558	3,803,331,066
		5,853,644,369	2,237,914,983

Total=	61,153,529,522	51,343,861,849	47,709,856,197
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From the above table of the performance of credit, we can see that the total amount of loans is increasing. In 2020, it was 47,710 million and in 2022, it became 61,154 million. From the above categories, LTR, Term Loan, Overdraft, LIM, PAD these loans have been sanctioned most. Other types of loans are sanctioned steadily. Every broad sector of the loan outstanding is increasing. It signifies that the credit policy is well balanced in the portfolio. So in the existing credit policy, every broad sector got the treatment that every sector is doing well.

Table - 4: Industry Wise Loans

(Fig. in million Tk.)

	2022	2021	2020
Agricultural Industries	277	304	176
Pharmaceutical Industries	626	561	747
Textile and Garment industries	13,184	9,729	10,215
Chemical Industries	935	1,304	1,135
Food & Allied Industries	4552	3,503	2,729
Transport & Communication I	2,090	1,905	2,116
Electronics & Automobile	198	94	498
Housing & Constructions Industries	7,333	6,916	4,669
Engineering & Metal Industries	6,066	3,937	2,505
Energy & Power Industries	1,442	584	853
Service Industries.	2,483	1,578	1,163
Other Industries	24,404	22,492	22,891
Total	63,592	52,909	49,695

From the above table we can see the industry wise loan outstanding of Dhaka Bank Ltd of the year 2020, 2021 and 2022. The above table shows that Engineering & Metal and Food & Allied industries are given most priority for giving loans. Textile, Housing and Pharmaceutical industries are also sanctioned a good amount of loan during those years. But Agricultural industries are given less amount of loan. The reason for that is, factory for agricultural based products in our country is low. Though our country is an agricultural country and agricultural products are vastly traded all over the country, but because of less scope of agricultural based industries in our country, the sanctioned loan is low in this sector.

Table - 5: Geographical Location wise Loans & Advances:

(fig. in million Tk.)

	2022	2021	2020
Urban			
Dhaka Region	42,240	36,420	35,424
Chittagong Region	10,447	8,974	7,151
Sylhet Region	648	620	479
Other	4,963	3,371	3,434
	58,298	49,385	46,488

Therefore this division is also given priority for giving loans. Sylhet and other regions are also given loans. But in recent years, Dhaka Bank Ltd did not sanction any loan in the rural areas of Chittagong. The reason may be, there are only two branches of Dhaka Bank Ltd in Chittagong. For the shortage of branches in Chittagong, Dhaka Bank Ltd did not sanction any loan in the rural areas of Chittagong.

Chapter Three

Theoretical Discussion

3.1 Financial Performance Analysis

Financial performance analysis is the process of identifying the financial strengths and weaknesses of the firm by properly establishing the relationship between the items of balance sheet and profit and loss account. It also helps in short-term and long term forecasting and growth can be identified with the help of financial performance analysis. The dictionary meaning of 'analysis' is to resolve or separate a thing in to its element or components parts for tracing their relation to the things as whole and to each other. The analysis of financial statement is a process of evaluating the relationship between the component parts of financial statement to obtain a better understanding of the firm's position and performance. This analysis can be undertaken by management of the firm or by parties outside the namely, owners, creditors, investors.

The analysis of financial statement represents three major steps:

- ❖ The first step involves the re-organization of the entire financial data contained the financial statements. Therefore the financial statements are broke down into individual components and re-grouped into few principle elements according to their resemblances and affinities. Thus the balance sheet and profit and loss accounts are completely re-casted and presented in the condensed form entirely different from their original shape. The second step is the establishment of significant relationships between the individual components of balance sheet and profit and loss account. This is done through the application tools of financial analysis like Ratio analysis, Trend analysis, Common size balance sheet and comparative Balance sheet.
- ❖ Finally, the result obtained by means of application of financial tools is evaluated.
- ❖ In brief financial analysis is the process of selection, relation and evaluation of financial statements. The tools of analysis are used for determining the investment value of the business, credit rating and for testing efficiency of operation.

Thus financial analysis helps to highlight the facts and relationships concerning managerial performance, corporate efficiency, financial strength and weakness and credit worthiness of the company.

3.2 Objectives

- ❖ To analyze the financial changes over a period of five years.
- ❖ To analyze the financial statements of the company by using financial tools.

- ❖ To evaluate the financial position of the company in terms of solvency, profitability, activity and earnings ratios.
- ❖ To suggest effective measures in the existing system of the company.

3.3 Financial Accounting

Financial accounting is the process of systematic recording of the business transactions in the various books of accounts maintained by the organization with the ultimate intention of preparing the financial statement there from. These financial statements are basically in two forms. One, profitability statement which indicates the result of operations carried out by the organization during a given period of time and second balance sheet which indicates the state of affairs of the organization at any given point of time in terms of its assets and liabilities.

Main purpose of financial accounting is to ascertain profit or loss and to indicate financial position of an enterprise. Two fundamental statements of financial accounting are income and expenditure statement and balance sheet. The profit and loss account or income and expenditure account is prepared for a particular period to find out the profitability of the firm and balance sheet is prepared on a particular date to determine the financial position of the firm.

Financial accounting summarizes transactions taking place during a period with the objective of preparing the financial statement.

3.4 Financial Statement

‘**Financial Statement**’ refers to formal and original statements prepared by a business concern to disclose its financial information. According to **John.N.Meyer**, “The financial statement provides summary of accounts of a business enterprise, the balance sheet reflecting assets, liabilities and capital as on a certain date and the income statement showing the result of operation during a certain period.” The financial statements are prepared with a view to depict the financial position of the concern. They are based on the recorded facts and are usually expressed in monetary terms. The financial statements are prepared periodically that is generally for the accounting period. The term financial statement has been widely used to represent two statements prepared by accountants at the end of specific period. They are:

- ❖ **Balance sheet or statement of financial position**
- ❖ **Profit and loss a/c or income statement**

3.4.1 Balance Sheet

In financial accounting, a **balance sheet** or **statement of financial position** is a summary of the financial balances of a sole proprietorship, a business partnership, a corporation or other business organization, such as an LLC or an LLP. Assets, liabilities and ownership equity are listed as of a specific date, such as the end of its financial year. A balance sheet is often described as a "snapshot of a company's financial condition". Of the four basic financial statements, the balance sheet is the only statement which applies to a single point in time of a business' calendar year.

A standard company balance sheet has three parts: assets, liabilities and ownership equity. The main categories of assets are usually listed first, and typically in order of liquidity. Assets are followed by the liabilities. The difference between the assets and the liabilities is known as equity or the net assets or the net worth or **capital** of the company and according to the accounting equation, net worth must equal assets minus liabilities.

3.4.2 Income Statement

An income statement (US English) or profit and loss account (UK English) is one of the financial statements of a company and shows the company's revenues and expenses during a particular period. It indicates how the revenues (money received from the sale of products and services before expenses are taken out, also known as the "top line") are transformed into the net income (the result after all revenues and expenses have been accounted for, also known as "net profit" or the "bottom line").

It displays the revenues recognized for a specific period, and the cost and expenses charged against these revenues, including write-offs (e.g. Depreciation and amortization of various assets) and taxes. The purpose of the income statement is to show managers and investors whether the company made or lost money during the period being reported.

3.5 Financial Statement Analysis

The process of financial statement analysis is of different types. The process of analysis is classified on the basis of information used. The classification is as under:

- a) External analysis
- b) Horizontal analysis
- c) Internal analysis
- d) Vertical analysis

3.6 Limitation of Financial Statement Analysis

Financial statement analysis is a very important device but it has certain limitations which are to be kept in mind. Following are the limitations of financial statement analysis.

1. **Based on past data:** The nature of financial statements is historical. Past cannot be the index of future estimation, forecasting, budgeting and planning.
2. **Financial statement analysis cannot be a substitute for judgment:** Analysis is a tool which can be utilized usefully by an expert may lead to erroneous conclusion by unskilled analysis. Thus the result analysis cannot be considered as judgment or conclusion.
3. **Reliability of figures:** The accuracy and reliability of analysis depends on reliability of figures derived from financial statement.
4. **Different interpretation:** Result of the analysis may be interpreted differently by different user
5. **Change in accounting methods:** Analysis will be effective if the figures taken from financial statements comparable. If there are frequent change in accounting policies and method, figures of different periods will be different and comparable.
6. **Price level change:** The ever rising inflation erodes the value of money in the present day economic situation, which reduces the validity of analysis.
7. **Limitations of the tools of analysis:** Different techniques of analysis are used by an analyst. These tools are suitable for different type of analysis. Application of a particular tool or technique depends on the skill and expertise of the analyst. If an unsuitable technique is used, it gives misleading result. It may lead to wrong conclusions and prove harmful to the business concern.

3.7 Method of Analysis and Interpretation

The analysis and interpretation of financial statement is used to determine the financial position and result of operation as well. The following are the tools that are used for analyzing the financial position of the company:

- Ratio Analysis
- Comparative balance sheet
- Common size balance sheet
- Trend analysis

3.7.1 Ratio Analysis

A tool used by individuals to conduct a quantitative analysis of information in a company's financial statements. Ratios are calculated from current year numbers and are then compared to previous years, other companies, the industry, or even the economy to judge the performance of the company. Ratio analysis is predominately used by proponents of fundamental analysis.

Ratio analysis is an important and age-old technique. It is a powerful tool of financial Analysis. It is defined as “The indicated quotient of two mathematical expressions” and as “the relationship between two or more things” .Systematic use of ratio is to interpret the financial statement so that the strength and weakness of a firm as well as its historical performance and current financial condition can be determined.

A ratio is only comparison of the numerator with the denominator .The term ratio refers to the numerical or quantitative relationship between two figures. Thus, ratio is the relationship between two figures and obtained by dividing a former by the latter. Ratios are designed show how one number is related to another.

The data given in the financial statements are in absolute form and are dumb and are unable to communicate anything. Ratios are relative form of financial data and are very useful technique to check upon the efficiency of a firm. Some ratios indicate the trend or progress or downfall of the firm.

3.7.1. A Significance of Ratio Analysis

Ratios are guides or shortcuts that are useful in evaluating the financial position of a company and the operations of a company from scientific facts. It helps in comparison of changes in static data from previous years to current year and with the comparison of other companies as well. In accounting and financial management ratios are regarded as the real test of earning capacity, financial soundness and operating efficiency of business concern.

The following points highlight the importance of ratio analysis:

Simplifies Accounting Figures: The most significant objective of ratio analysis is that it simplifies the accounting figures in much easier way by which anyone can be understood it quite easily even for those who do not know the language of accounting.

Measures Liquidity Position: Liquidity position of a firm is said to be satisfactory if it is able to meet its current obligation as and when they mature. A firm is said to be capable of meeting its current obligation only, if it has sufficient liquid funds to pay its short- term obligations within a period of year. Hence, the liquidity ratios are used for the purpose of credit analysis by banks and other short-term lenders.

Measures Long-term Solvency: Ratio analysis is equally important in evaluating the long-term solvency of the firm. It is measured by capital structure or leverage ratios. These ratios are helpful to long-term creditors, security analysts and present and prospective investors, as they reveal the financial soundness or weakness of the firm.

Measures operational Efficiency: Ratios are useful tools in the hands of management to evaluate the firm's performance over a period of time by comparing the present ratios with the past ratios. Various activity or turnover ratios measure the operational efficiency of the firm. These ratios are used in general by the bankers, investors and other suppliers of credit.

Measures Profitability: The management as well as owners of a firm is primarily concerned with the overall profitability of the firm. Profit and loss account reveals the profit earned or loss incurring during a period, but fails to convey the capacity of the firm to earn in terms of money of sales. Profitability ratios help to analysis earning capacity of the firm. Return on investment, return on capital employed, net profit ratios etc. are the best measures of profitability.

3.7.2. B Groups of Financial Ratios

In the view of the requirements of the various users of ratio, it is divided in to the following important categories:

1. Liquidity ratios
2. Activity ratios
3. Debt ratios
4. Profitability ratios

Liquidity Ratios

Liquidity ratios measure the ability of the firm to meet it's a current obligation. In fact, analysis of liquidity needs the preparation of cash budgets and cash and fund flow statements;

but liquidity ratios, by establishing a relationship between cash and other current asset to current obligations provide a quick measure of liquidity.

A firm should ensure that it does not suffer From lack of liquidity, and it does not have excess liquidity .the failure of the company to meet its obligations due to its lack of liquidity, will result in a poor creditworthiness, loss of creditor's confidence, or even in legal tangles resulting in the closure of the company a very high degree of liquidity is also bad idle assets earn nothing. The firms fund will be unnecessarily tied up in current assets. Therefore it is necessary to strike a proper balance between high liquidity and lack of liquidity.

Activity Ratios

Activity Ratio highlights the activity and the operational efficiency of the business concern. The better managements of asserts the larger the amount of sales. Activity ratio measures the relationship between the sales and the assets. Turnover ratios are employed to evaluate the efficiency with which the firm manages and utilize s its assets. Their ratio indicates the speed with which assets are brought converted as turn over into sales.

Profitability Ratios

Profitability reflects the final result of the business operations. Profit earning is considered essential for the survival of the business. There are two types of profitability ratios profit margin ratio and the rate of return ratios. Profit margin ratio shows the relationship between profit and sales.

Popular profit margin ratios are gross profit margin and net profit margin ratio. Rate of return ratio reflects between profit and investment. The important rates of return measures are rate of return on total assets and rate in equity.

Earnings Ratios

Earnings are income to the shareholders of the share invested by them. Hence the earnings ratio will be useful to the investors to the value of the shares that is been holding by them.

3.7.3 Comparative Balance Sheet

The comparative balance sheet is helpful in analyzing and evaluating the financial position of the firm over a period of years. The comparative balance sheet analyze is the study of the trend of the same items, group of items, and computed items in two or more balance sheet of the same business enterprise on different dates.

The changes in periodic balance sheet items reflect the conduct of a business. The changes can be observed by comparison of the balance sheet at the beginning and at the end of the period and these changes can help in forming an opinion about the progress of an enterprise.

3.7.4 Common Size Balance Sheet

Financial statements when read in absolute figure are not easily understandable. They are even miss leading. Each items of asset is converted in to percentage to total asset and each item of capital and liabilities is expressed to total liability and capital fund.

Thus the whole balance sheet is converted in to percentage form i.e., every individual item stated as a percentage of total 100.such converted balance sheet is known as common size balance sheet. The percentage so calculated can be easily compared with the corresponding percentages in some other period.

3.7.5 Trend Analysis

The ‘trend’ signifies a tendency and as such the review and appraisal of tendency in accounting variables are nothing but the trend analysis. Trend analysis is carried out by calculating trend ratio. Trend analysis is significant for forecasting and budgeting. Trend analysis discloses the change in financial and the operating data between specific periods.

3.8 Analyzing Liquidity

Liquidity ratio, expresses a company's ability to repay short-term creditors out of its total cash. The liquidity ratio is the result of dividing the total cash by short-term borrowings. It shows the number of times short-term liabilities are covered by cash. If the value is greater than 1.00, it means fully covered.

Liquidity Ratio may refer to:

- ❖ Reserve requirement, a bank regulation that sets the minimum reserves each bank must hold.
- ❖ Acid Test (Liquidity Ratio), a ratio used to determine the liquidity of a business entity.

3.8.1 Current Ratio

The **current ratio** is a financial ratio that measures whether or not a firm has enough resources to pay its debts over the next 12 months. It compares a firm's current assets to its current liabilities. It is expressed as follows:

$$\text{Current Ratio} = \frac{\text{Current Asset}}{\text{Current Liabilities}}$$

The current ratio is an indication of a firm's market liquidity and ability to meet creditor's demands. Acceptable current ratios vary from industry to industry and are generally between 1.5 and 3 for healthy businesses. If a company's current ratio is in this range, then it generally indicates good short-term financial strength. If current liabilities exceed current assets (the current ratio is below 1), then the company may have problems meeting its short-term obligations. If the current ratio is too high, then the company may not be efficiently using its current assets or its short-term financing facilities. This may also indicate problems in working capital management.

3.8.2 Quick Ratio

In finance, the **Acid-test** or **quick ratio** or **liquid ratio** measures the ability of a company to use its *near cash* or quick assets to extinguish or retire its current liabilities immediately. Quick assets include those current assets that presumably can be quickly converted to cash at close to their book values. A company with a Quick Ratio of less than 1 cannot currently pay back its current liabilities.

$$\text{Quick Ratio} = \frac{\text{Cash} + \text{Government Securities} + \text{Receivable}}{\text{Total Current Liabilities}}$$

Generally, the acid test ratio should be 1:1 or higher; however this varies widely by industry. In general, the higher the ratio, the greater the company's liquidity (i.e., the better able to meet current obligations using liquid assets).

3.8.3 Net Working Capital

Working capital (abbreviated **WC**) is a financial metric which represents operating liquidity available to a business, organization or other entity, including governmental entity. Along with fixed assets such as plant and equipment, working capital is considered a part of operating capital. **Net working capital** is calculated as current assets minus current liabilities. It is a derivation of working capital that is commonly used in valuation techniques such as DCFs (Discounted cash flows). If current assets are less than current liabilities, an entity has a working capital deficiency, also called a working capital deficit.

$$\text{Net Working Capital} = \text{Total Current Asset} - \text{Total Current Liabilities}$$

3.9 Analyzing Activity

An **activity ratio** is a metric which determines the ability of a company to convert its balance sheet accounts into revenue. *Activity ratios* assess how effectively a company is able to generate revenue in the form of cash and sales based on its asset, liability and capital share accounts. Examples of such ratios include the inventory turnover ratio and the accounts receivable turnover ratio.

Activity ratios are critical in evaluating a company's fundamentals because, in addition to expressing how well a company generates revenue, activity ratios also indicate how well the company is being managed.

4.9.1 Asset turnover

Asset turnover is a financial ratio that measures the efficiency of a company's use of its assets in generating sales revenue or sales income to the company. Companies with low profit margins tend to have high asset turnover, while those with high profit margins have low asset turnover. Companies in the retail industry tend to have a very high turnover ratio due mainly to cutthroat and competitive pricing.

$$\text{Total Asset Turnover} = \text{Sales} / \text{Total Asset}$$

- ❖ "Sales" is the value of "Net Sales" or "Sales" from the company's income statement
- ❖ "Average Total Assets" is the average of the values of "Total assets" from the company's balance sheet in the beginning and the end of the fiscal period. It is

calculated by adding up the assets at the beginning of the period and the assets at the end of the period, then dividing that number by two.

3.9.2 Inventory Turnover

In accounting, the **Inventory turnover** is a measure of the number of times inventory is sold or used in a time period such as a year. The equation for inventory turnover equals the Cost of goods sold divided by the average inventory. Inventory turnover is also known as **inventory turns, stock turn, stock turns, turns, and stock turnover**.

$$\text{Inventory Turnover} = \text{Cost of Goods Sold} / \text{Average Inventory}$$

3.9.3 Debtor Collection Period

The term **Debtor Collection Period** indicates the average time taken to collect trade debts. In other words, a reducing period of time is an indicator of increasing efficiency. It enables the enterprise to compare the real collection period with the granted/theoretical credit period.

$$\text{Debtor Collection Period} = (\text{Average Debtors} / \text{Credit Sales}) \times 365$$

Average debtors = Debtors at the beginning of the year + Debtors at the end of the year, divided by 2
Credit Sales are all sales made on credit (i.e. excluding cash sales)
A long debtors collection period is an indication of slow or late payments by debtors. The multiplier may be changed to 12 (for months) or 52 (for weeks) if appropriate.

3.9.4 Fixed-Asset Turnover

Fixed-asset turnover is the ratio of sales (on the profit and loss account) to the value of fixed assets (on the balance sheet). It indicates how well the business is using its fixed assets to generate sales.

$$\text{Fixed Asset Turnover} = \text{Gross Turnover} / \text{Net Fixed Assets}$$

Generally speaking, the higher the ratio, the better, because a high ratio indicates the business has less money tied up in fixed assets for each unit of currency of sales revenue. A declining ratio may indicate that the business is over-invested in plant, equipment, or other fixed assets.

3.10 Analyzing Debt

The debt position of that indicates the amount of other people's money being used in attempting to generate profits. In general, the more debt a firm uses in relation to its total assets, the greater its financial leverage, a term use to describe the magnification of risk and return introduced through the use of fixed cost financing such as debt and preferred stock.

3.10.1 Debt Ratio

Debt Ratio is a financial ratio that indicates the percentage of a company's assets that are provided via debt. It is the ratio of total debt (the sum of current liabilities and long term liabilities) and total assets (the sum of current assets, fixed assets, and other assets such as 'goodwill').

$$\text{Debt Ratio} = \text{Total Liabilities} / \text{Total Assets}$$

The higher the ratio, the greater risk will be associated with the firm's operation. In addition, high debt to assets ratio may indicate low borrowing capacity of a firm, which in turn will lower the firm's financial flexibility. Like all financial ratios, a company's debt ratio should be compared with their industry average or other competing firms.

3.10.2 Equity-Capital Ratio

A computation that indicates the financial strength of a company. The ratio is equal to the fixed assets of a company divided by its equity capital. Equity capital is the amount of money invested in a company by its shareholders. If the ratio is greater than 1, some of the company's assets have been financed by debt.

$$\text{Equity-Capital Ratio} = \text{Fixed Assets} / \text{Equity Capital}$$

3.10.3 Times Interest Earned

Times interest earned (TIE) or **interest coverage ratio** is a measure of a company's ability to honor its debt payments. It may be calculated as either EBIT or EBITDA divided by the total interest payable.

Time Interest Earned Ratio=EBIT/ Interest

Interest Charges = traditionally "charges" refers to interest expense found on the income statement.

3.11 Analyzing Profitability

Any ratio that measures a company's ability to generate cash flow relative to some metric, often the amount invested in the company. Profitability ratios are useful in fundamental analysis which investigates the financial health of companies. An example of a profitability ratio is the return on investment which is the amount of revenue an investment generates as a percentage of the amount of capital invested over a given period of time. Other examples include return on sales, return on equity, and return on common stock equity.

3.11.1 Operating Profit Margin

In business, **operating margin** — also known as **operating income margin**, **operating profit margin** and **return on sales (ROS)** — is the ratio of operating income("operating profit" in the UK) divided by net sales, usually presented in percent.

$$\text{Operating Profit Margin} = \text{Operating Profit} / \text{Sales}$$

Net profit measures the profitability of ventures after accounting for all costs. *Return on sales (ROS)* is net profit as a percentage of sales revenue. ROS is an indicator of profitability and is often used to compare the profitability of companies and industries of differing sizes. Significantly, ROS does not account for the capital (investment) used to generate the profit.

3.11.2 Profit Margin

Profit margin, **net margin**, **net profit margin** or **net profit ratio** all refer to a measure of profitability. It is calculated by finding the net profit as a percentage of the revenue.

$$\text{Net profit Margin} = \text{Net profit after Taxes} / \text{Sales}$$

Where, Net Profit = Revenue – Cost

3.11.3 Return on Assets

The **return on assets** (ROA) percentage shows how profitable a company's assets are in generating revenue.

ROA can be computed as:

$$\text{Return on Asset (ROA)} = \text{Net profit after Taxes} / \text{Total Assets}$$

This number tells you what the company can do with what it has, *i.e.* how many dollars of earnings they derive from each dollar of assets they control. It's a useful number for comparing competing companies in the same industry. The number will vary widely across different industries. Return on assets gives an indication of the capital intensity of the company, which will depend on the industry; companies that require large initial investments will generally have lower return on assets.

3.11.4 Return on Equity

Return on equity (ROE) measures the rate of return on the ownership interest (shareholders' equity) of the common stock owners. It measures a firm's efficiency at generating profits from every unit of shareholders' equity (also known as net assets or assets minus liabilities). ROE shows how well a company uses investment funds to generate earnings growth. ROEs between 15% and 20% are generally considered good.

$$\text{Return on Equity (ROE)} = \text{Net profit after Taxes} / \text{Stockholders Equity}$$

4.11.5 Earnings per Share

Earnings per share (EPS) is the amount of earnings per each outstanding share of a company's stock. In the United States, the Financial Accounting Standards Board (FASB) requires companies' income statements to report EPS for each of the major categories of the income statement: continuing operations, discontinued operations, extraordinary items, and net income.

$$\text{EPS} = \text{Net Income} / \text{No. of Share Outstanding}$$

Chapter Four

Analysis

4.1 Ratio Analysis

4.1.1 Paid up Capital

Paid-up capital is money that a company has received from the sale of its shares, and represents money that is not borrowed.

Taka in million

Year	2018	2019	2020	2021	2022
Paid-Up Capital	4,250	4,250	4,250	4,250	4,250

Table: Paid-Up Capital

Source: Annual Report of DBL (2018-2022)

Graphical presentation:

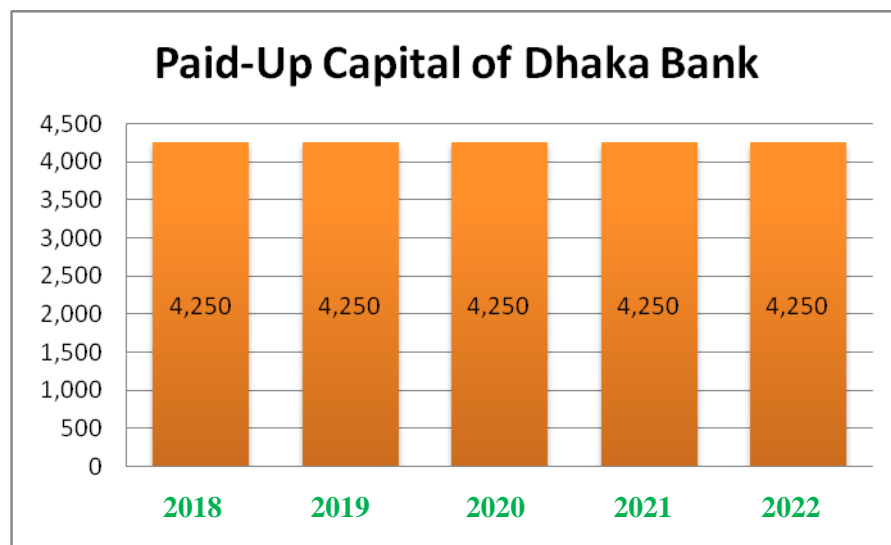


Figure: Paid-Up

Interpretation:

From the analysis, it has seen that the paid-up not increased, which is in a horizontal trend till 2022. It indicates Bank's owners' equity were increasing which may reduce their insolvency risk.

4.1.2 Shareholders' Equity:

Shareholder equity comes from two main sources. The first and original source is the money that was originally invested in the company, along with any additional investment made thereafter. The second source comes from retained earnings which the company is able to accumulate over time through its operations in most cases; the retained earnings portion is the largest component.

$$\text{Shareholders Equity} = \text{Total Assets} - \text{Total Liabilities}$$

Or

$$\text{Shareholders equity} = \text{Share capital} + \text{Retained earnings} - \text{Treasury bills}$$

Year	2018	2019	2020	2021	2022
Shareholders' Equity	4,239	4,178	4,210	4,616	5,003

Table: Shareholders equity

Source: Annual Report of DBL (2018-2022)

Graphical Presentation:

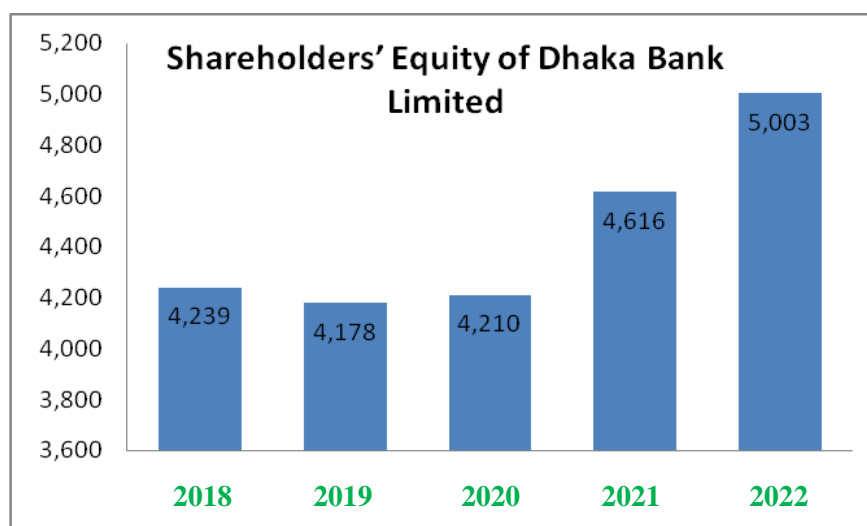


Figure: Shareholder's Equity

Interpretation:

From the analysis it has been seen that their shareholders equity is also increasing trend. As, shareholders equity is increasing trend it conveys a positive sign for bank solvency.

In 2022 shareholder equity stands 5,003 million whereas in 2019 equity was 4,616 million.

4.2 Liquidity Ratio

Liquidity ratio, expresses a company's ability to repay short-term creditors out of its total cash. The liquidity ratio is the result of dividing the total cash by short-term borrowings. It shows the number of times short-term liabilities are covered by cash. If the value is greater than 1.00, it means fully covered.

4.2.1 Current Ratio:

The current ratio, one of the most commonly cited financial ratios, measures the firm's ability to meet its short term obligations. The higher the current ratio, the better the liquidity position of the firm. It is expressed as:

$$\text{Current Ratio} = \frac{\text{Current Asset}}{\text{Current Liabilities}}$$

Taka in million

Year	2018	2019	2020	2021	2022
Current Ratio	2.303	1.295	1.157	1.103	1.067

Table: Current Ratio

Source: Annual Report of DBL (2018-2022)

Graphical Presentation:

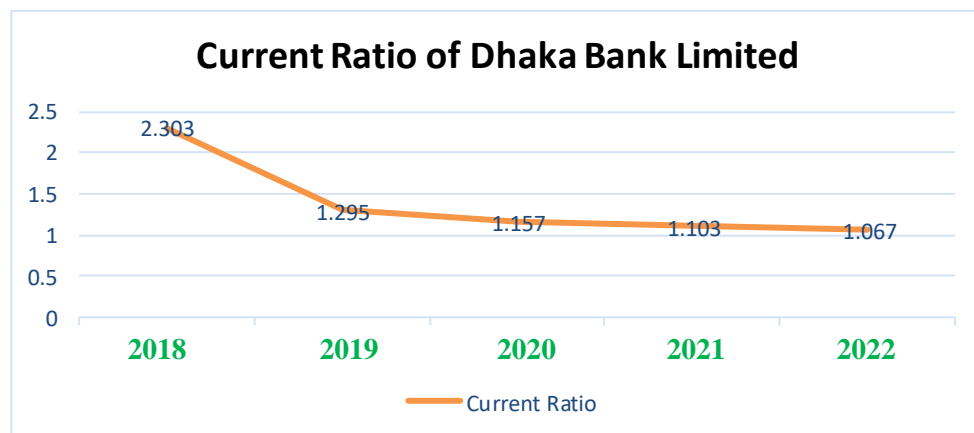


Figure: Current Ratio

Interpretation:

DBL's current ratios were satisfactory last five years because it maintains more 1 tk as current assets against tk 1 current liabilities, whereas banking industry normally maintains 1:1 current ratio.

4.2.2 Net Working Capital:

The current ratio, one of the most commonly cited financial ratios, measures the firm's ability to meet its short term obligations. The higher the current ratio, the better the liquidity position of the firm. It is expressed as:

$$\text{Net Working Capital} = \text{Current Asset} - \text{Current Liabilities}$$

Taka in million

Year	2018	2019	2020	2021	2022
Net Working Capital	4239	4178	4211	4616	5003

Table: Net Working Capital

Source: Annual Report of DBL (2018-2022)

Graphical Presentation:

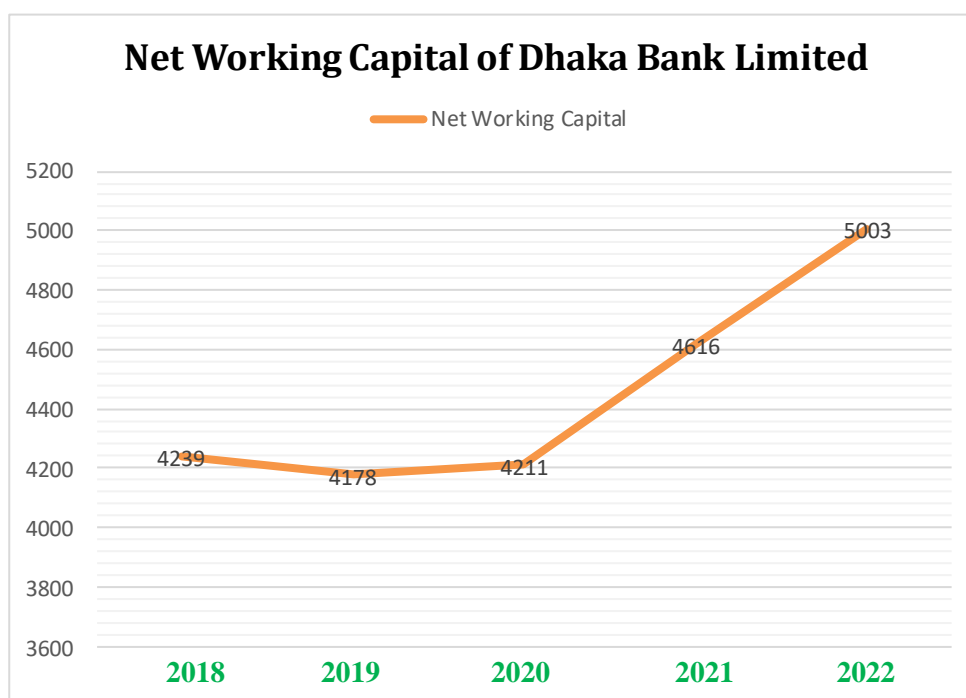


Figure: Net Working Capital

Interpretation:

In 2021 & 2022 it drastically increased to 5003 and the bank is able to meet up its current obligations.

4.3 Analyzing Activity Ratio

4.3.1 Cost Income Ratio:

The cost-to-income ratio shows the efficiency of a firm in minimizing costs while increasing profits. The lower the cost-to-income ratio, the more efficient the firm is running. The higher the ratio, the less efficient management is at reducing costs.

$$\text{Cost Income Ratio} = \frac{\text{Total Operating Expenses}}{\text{Total Operating Income}}$$

Year	2018	2019	2020	2021	2022
Cost Income Ratio	0.70	0.91	0.75	0.56	0.49

Table: Cost Income Ratio

Source: Annual Report of DBL (2018-2022)

Graphical Presentation:

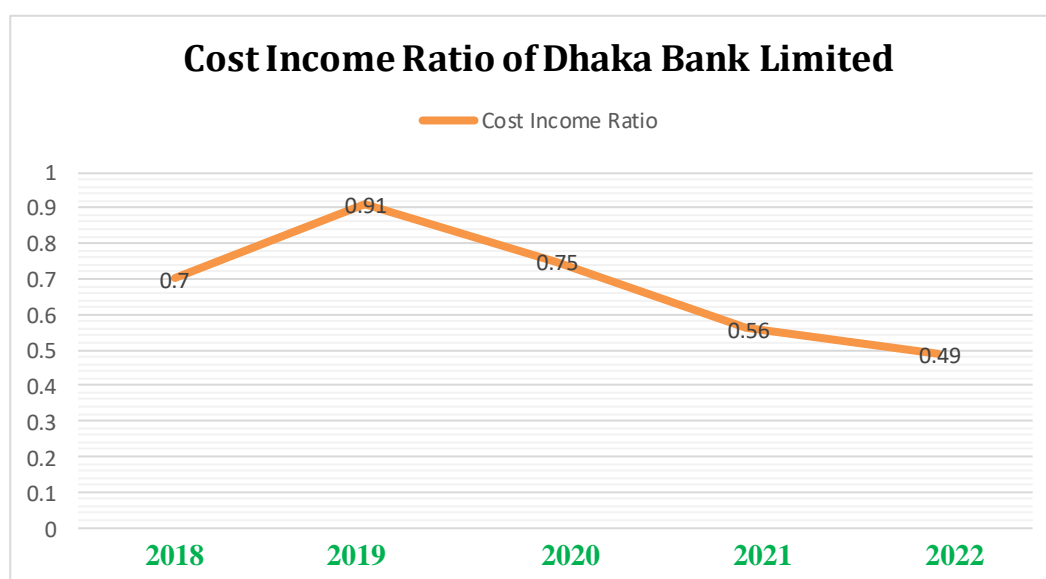


Figure: Cost Income Ratio

Interpretation:

From 2019 to 2022 the operating efficiency of the BGBL was in good position because they minimized their operating cost. So, in 2019 compare with others year, its operating efficiency was worse.

4.3.3 Total Asset Turnover Ratio:

The total asset turnover indicates the efficiency with which the firm is able to use all its assets to generate sales.

$$\text{Total Asset Turnover} = \text{Operating Income} / \text{Total Asset}$$

Year	2018	2019	2020	2021	2022
Total Asset Turnover	0.01	0.03	0.03	0.04	0.04

Table: Total Asset Turnover

Source: Annual Report of DBL (2018-2022)

Graphical Presentation:

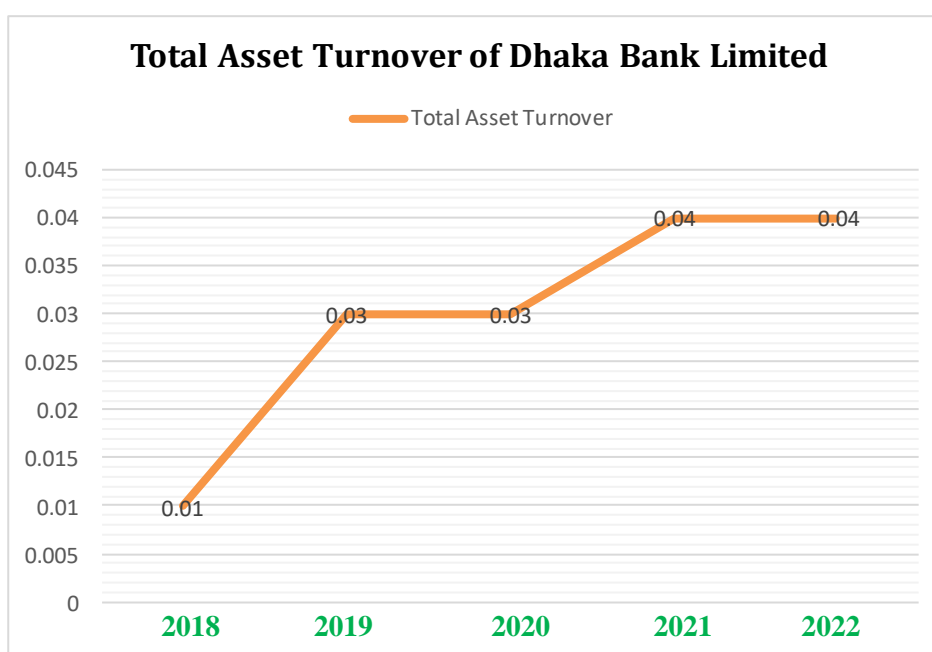


Figure: Total Asset Turnovers

Interpretation:

From the analysis, it has seen that from 2018 to 2022 DBL total asset turnover were upper trend. Which is good sign.

4.4 Analyzing Debt Ratio

4.4.1 Debt Ratio:

The debt ratio measures the preparation of total assets provided by the firm's creditors.

$$\text{Debt ratio} = \text{Total Liabilities} / \text{Total Assets}$$

Year	2018	2019	2020	2021	2022
Debt ratio	0.43	0.77	0.86	0.90	0.93

Table: Debt Ratio

Source: Annual Report of DBL (2018-2022)

Graphical Presentation:

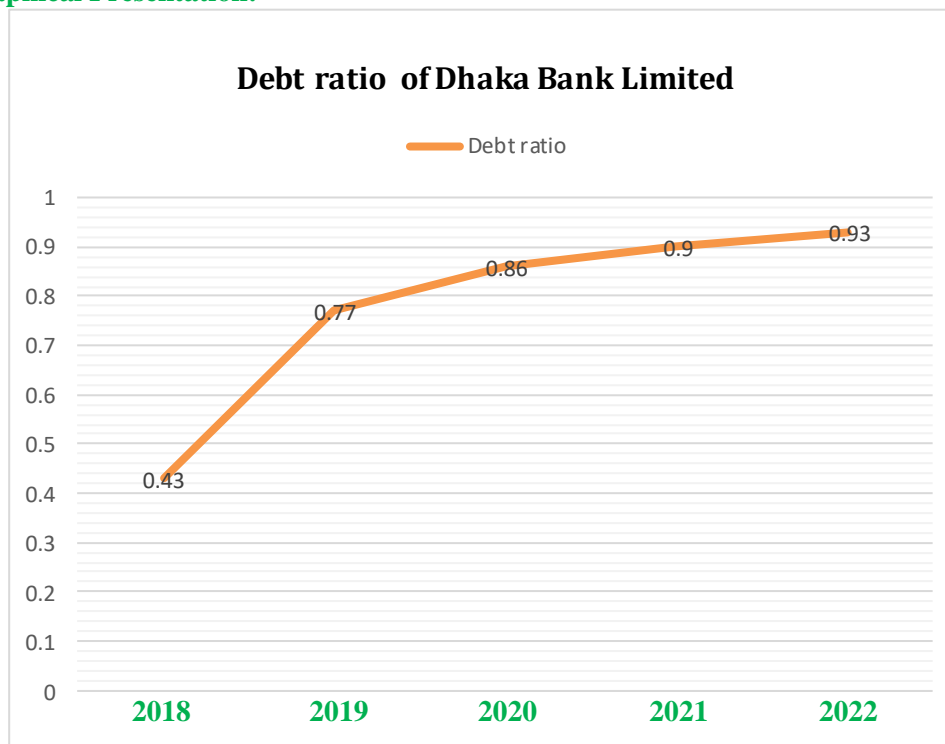


Figure: Debt ratio

Interpretation:

From the analysis, it has seen that from 2018 to 2022 DBL Debt ratio were upper trend. Lower the ratio, it is less risky. Since it is in an increasing trend which is not a good sign for a bank.

4.4.2 Equity Capital Ratio:

The ratio shows the position of the Bank's owner's equity by measuring the portion of total asset financed by the shareholders invested funds and it is calculated as follows:

$$\text{Equity Capital Ratio} = \text{Total Shareholder's Equity} / \text{Total Assets}$$

Year	2018	2019	2020	2021	2022
Equity Capital Ratio	0.06	0.09	0.13	0.22	0.56

Table: Equity Capital Ratios

Source: Annual Report of DBL (2018-2022)

Graphical Presentation:

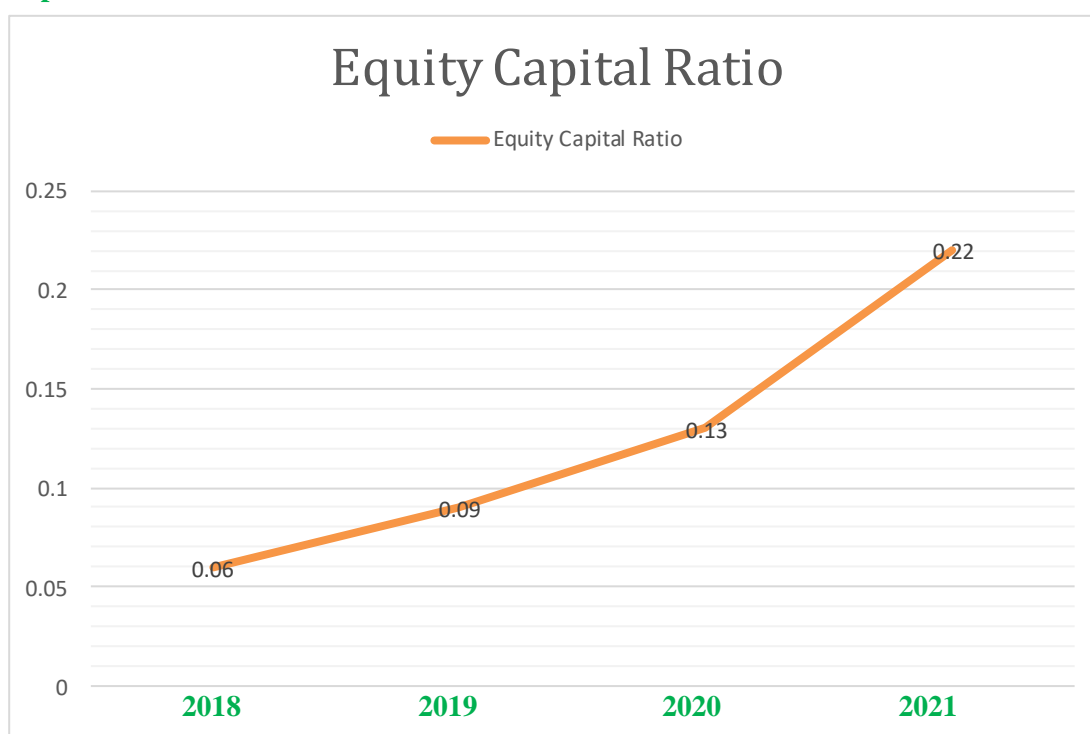


Figure: Equity Capital Ratio

Interpretation:

This graph shows that equity capital ratio from 2018 to 2022 it was all about in an increasing mood. So the equity capital ratio of the bank should better in future and that need to be internal capital generation.

4.5 Analyzing Profitability Ratio

4.5.1 Net Profit Margin:

The net profit margin measures the percentage of each sales dollar remaining after all expenses, including taxes, have deducted.

$$\text{Net Profit Margin} = \text{Net profit after tax} / \text{Operating Income}$$

Year	2018	2019	2020	2021	2022
Net Profit Margin	0.08	0.12	0.11	0.19	0.25

Table: Net Profit Margin

Source: Annual Report of DBL (2018-2022)

Graphical Presentation:

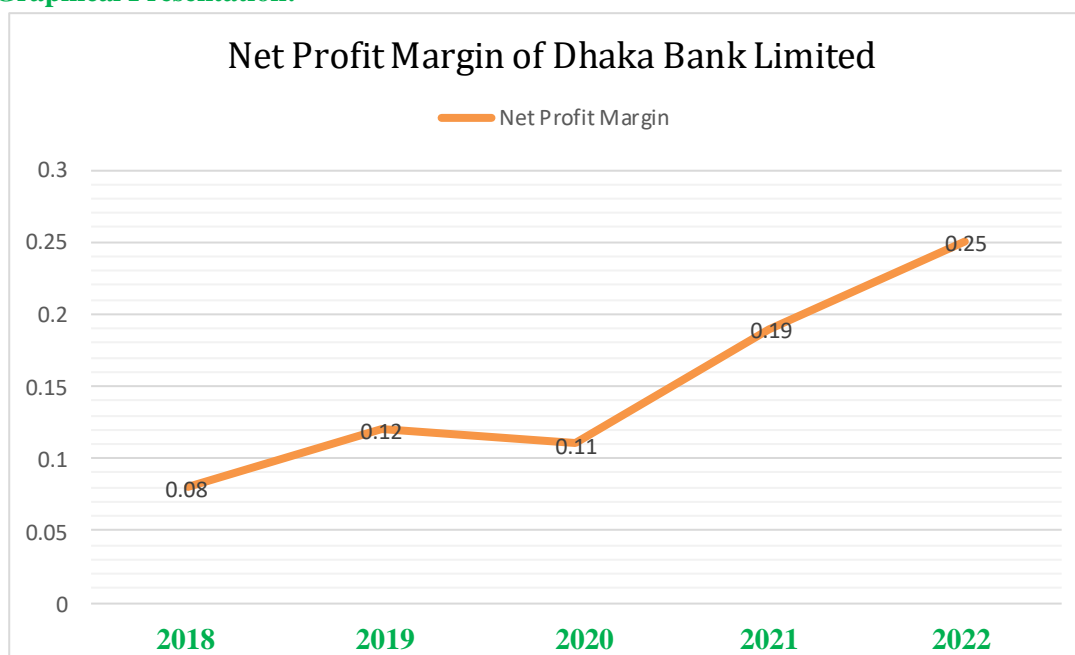


Figure: Net Profit Margin

Interpretation:

From the analysis, it has seen that among five years in 2018 to 2022 the bank's net profit margin was in fluctuating mood. But in 2018 it achieved high than last two years. Overall their profit margins were Satisfactory.

4.5.2 Return on Asset (ROA):

The return on asset (ROA), which is often called the firm's return on total assets, measures the overall effectiveness of management in generating profits with its available assets. The higher the ratio is better

$$\text{Return on Asset (ROA)} = \frac{\text{Net Profit after tax}}{\text{Total Asset}}$$

Year	2018	2019	2020	2021	2022
Return on Asset	0.0001	0.004	0.0005	0.008	0.010

Table: Return on Asset

Source: Annual Report of DBL (2018-2022)

Graphical Presentation:

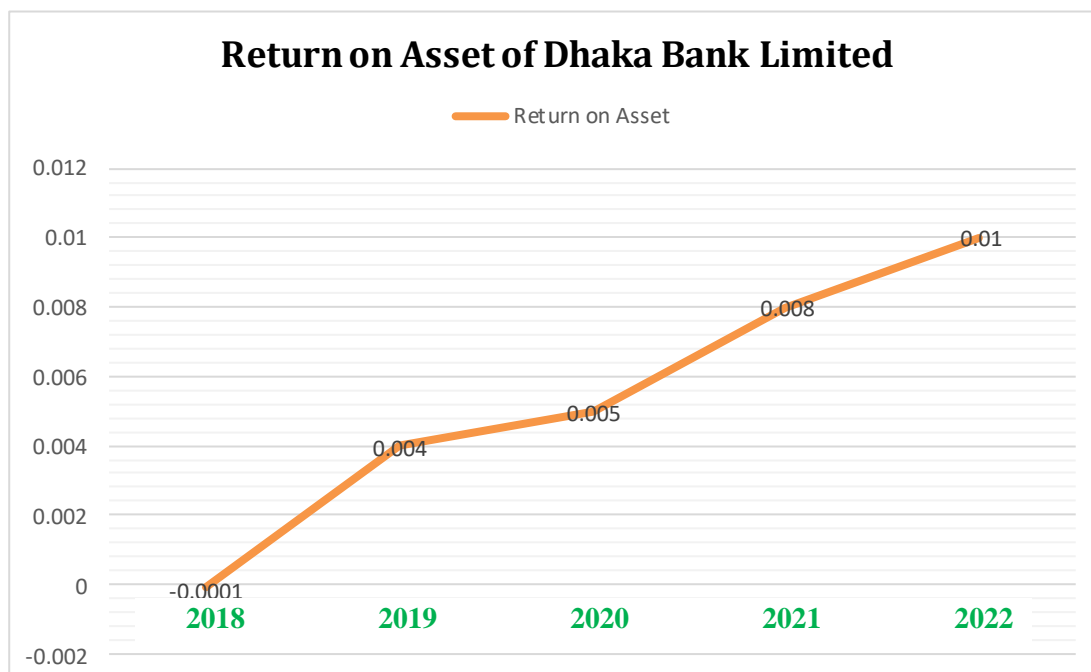


Figure: Returns on Asset

Interpretation:

From the analysis, it demonstrates that in 2021 it goes up surprisingly to 0.8%. In 2018 the bank has earn more profit compare with the previous year. As it comes to the earnings 2022 the year for the Bank. So the bank is managing its investment in asset by highly efficiently as well as effectively to generate maximum profit favorable condition leads it to brink of condition.

4.5.3 Return on Equity (ROE):

The return on equity measures the return earned on the owner's (both preferred and common stockholders') investment. Generally the higher the return, the better off the owner's.

$$\text{Return on Equity} = \text{Net Profit after Tax} / \text{Shareholders equity}$$

Year	2018	2019	2020	2021	2022
Return on Asset	0.006	0.008	0.009	0.10	0.15

Table: Return on Equity

Source: Annual Report of DBL (2018-2022)

Graphical Presentation:

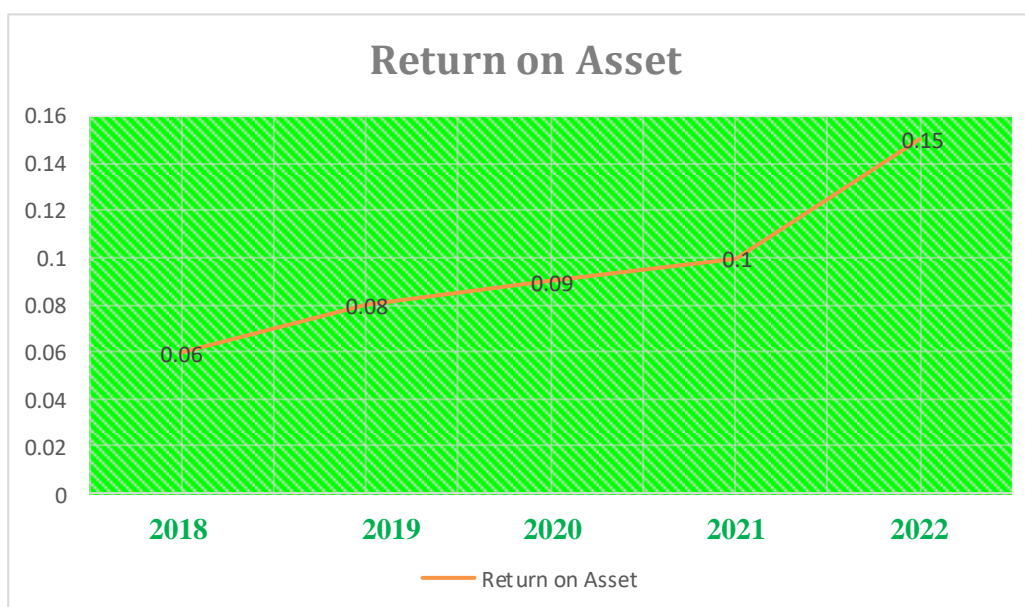


Figure: Returns on Equity

Interpretation:

In return on equity 2018, 2019 slightly increase to 0.06 to 0.08. After that from 2021 to 2022 return on equity was in upward trend which is tremendous performance of the bank. So the management is working hard to increase the return associated with equity. But in 2018 the return has slightly positive effect because the capital has increased on the other hand the earning was increased so the return on equity shows worst ever result in 2022.

Chapter Five
Findings, Recommendations
& Conclusion

5.1 Findings

1. Capital:

- It has seen that the in DBL Paid-up capital was increasing. It indicates banks owners' capital was increasing, so it may reduce the bank's insolvency risk.

2. Shareholder's Equity:

- The shareholders equity is also increasing trend. As, shareholders equity is increasing trend it convey positive sign for bank solvency.

3. Liquidity Ratios:

- From the current ratio analysis of last five years it has seen that DBL maintains satisfactory range of capital assets in order to smooth operations by paying their short term obligations.
- The net working capital of DBL is surprisingly increased in 2018. The bank is able to meet its current obligations.

4. Activity Ratios:

- We know that cost income ratio measures the operating efficiency of the bank. From the analysis, the operating efficiency of the DBL was in good position from 2015 to 2018, because they were able to minimize their operating cost.
- From the analysis, it has seen that from 2014 to 2018 DBLL total asset turnover were upper trend. Which is good sign.

5. Debt Ratios:

- From the analysis, it has seen that from 2014 to 2018 DBLL Debt ratio were upper trend. Lower the ratio, it is less risky. Since it is in a increasing trend which is not a good sign for a bank.
- Equity capital ratio from 2014 to 2018 it was all about in a decreasing mood. So the equity capital ratio of the bank should better in future and that need to be internal capital generation.

6. Profitability Ratios:

- From the analysis, it has seen that among five years in net profit margin was in fluctuating mood. But in 2016 it surprisingly increased 19% than last year but due to unfavorable economic and political condition it came down to 12%.
- Return on asset was increasing trend excepting 2018 compare to preceding years and the highest value can be observed in 2018 which is satisfactory. So the bank is managing its investment in asset effectively as well as efficiently to generate maximum profit.
- The graph of EPS of DBL is increasing consecutively year by year except 2018. It indicates a very good sign. Management should focus on maintaining this growth trend to recover the meltdown in last year.

5.2 Recommendations

Some recommendations based on the financial performance of DBL Global Bank's financial performance are given below-

1. In ratio analysis, Paid up capital of DBL were increasing trend and they should keep focus to increase capital in order to maintain their solvency.
2. In this liquidity ratio, we have seen that Current Ratio is in satisfactory range. So, they should maintain this trend for smoothly operate of their business.
3. The analyzing activity ratio areas shows the Cost income ratio of the DBL was good position because they were able to minimize their operating cost. They should minimize their operating cost as well maximize the operating income.
4. As, Total Asset Turnover shows the efficiency of the bank. But in last 5 years total asset turnover were not steady. So DBL should also try to improve their Total asset turnover.
5. In analyzing Debt Ratio of the DBL was not satisfactory range because it was increasing trend. So they should try to decrease of this ratio.
6. DBL should try to increase net profit margin for increasing operating efficiency.
7. The DBL ROA was Increasing mood excepting year of 2020 and in worst position in 2022. So the DBL should manage its investment in asset by proper utilization to generate their profit.
8. The DBL ROE was extremely good until 2020 but it turned down in 2022 so the management should work hard to increase the return associated with equity.

4.3 Conclusion

Dhaka Bank is one of the leading commercial banks in our country. In all economic condition of our country Dhaka Bank has been working with great confidence and competing tremendously with Government oriented bank, local commercial banks along with the multinational banks also. Dhaka Bank always tried its level best to perform financially well. In spite of trying to do well in some aspects Dhaka Bank faced some financial problems from time to time. Some of the problems were- excessive bad loans, shortage of loans and advances, scarcity of cash in hands due to vault limit etc. These problems arouse time to time due to economic slowdown, interest rate fluctuation, emerging capital market, inflation in the money market and so on. Fighting with all these problems and competing with other banks every moment the bank is trying to do better to best. If this thing continues we hope that Dhaka Bank will develop even more in the future.

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