

“Financial Performance Analysis Of Dhaka Bank limited”



Report on

Financial Performance Analysis Of Dhaka Bank limited

Submitted To:-

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Letter of Transmittal

30th August, 2020

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Subject: Submission of Project Report.

Dear Sir,

With due respect, I would like to inform you that, it is a great pleasure for me to submit the internship report on “**Financial Performance Analysis of Dhaka Bank Limited**” as a requirement for the completion of BBA program. I have tried to make the report a comprehensive one within the given 3 months of time. I earnestly thank you for your guidance during the preparation of this report. Any sort of suggestion regarding the report will be greatly acknowledged and I will be gratified if our report serves its purpose.

I therefore, request you to accept this report and give me proper suggestion to work in my professional life and I pray and hope that the mistakes, the report may have will be kindly excused.

Lastly, I beg your kind consideration for evaluating this report.

Yours faithfully,

.....

Mousumi Akter Rima

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Uttara University

Acknowledgement

First of all I would like to express gratitude to almighty Allah. Then all the people who were involved both directly and indirectly in the preparation of this report. I apologize to the people whose names that I have not mentioned, and their contribution is highly appreciated by me. At first, I would like to thank my academic supervisor Mohedul Islam, Senior Lecturer, Uttara University, for guiding me and for giving me the opportunity to initiate this report. More specifically, I would like to thank him for imparting his time and wisdom.

I was placed in General Banking Division of Dhaka Bank Limited, Dhanmondi Model Branch to work as an intern from September 16th to December 31st 2013. I want to thank all the officials of Dhaka Bank Limited that were involved. I would especially like to thank Mr. Mujib A Siddique (Head of HR), Mr. Shabbir Ahmad (SVP and Manager), Shawkat Ali Khan (VP and Operation Manager), Aleya Begum (AVP and GB In-charge), Nahida Yasmin (SPO), and Mahbuba Sultana Mita (Officer) for giving me time and sharing their thoughts. I would like to thank them for giving me the required information to commence this report and for providing the permission to do the required analysis work.

I also would like to give my gratitude to a very important person who has made it all happen for me at Dhaka Bank Limited - Mr. Khondker Fazle Rashid (Managing Director). Finally, I would like to thank my parents and my brother whose influence and inspiration has enabled me to complete thesis report.

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Executive Summary

This internship report is based on my internship program and financial statements of 2010, 2011 and 2012 of Dhaka Bank Limited. In my internship period, I worked in General Banking. It was a great opportunity to experience and gather knowledge different types of banking operations. My faculty supervisor helped me to choose the topic- “Financial Performance Analysis of Dhaka Bank Limited”.

In the new competitive business era, private banking sector is getting more competitive in Bangladesh. In this sector the most used financial statements are the balance sheet and profit and loss account where the balance sheet shows the financial position and profit and loss account shows the net profit or net loss of a bank. Ratio Analysis deals with these statements.

Ratio analysis is the most popular trend to evaluate a bank’s performance over years or with other companies in an industry. In my report I had to study Financial Performance Analysis of Dhaka Bank Limited’s financial statements for the last three years then had to analyze and give significant comments regarding the changes in the financial position. Analysis and interpretation of these financial statements through ratio analysis has now become an important technique for performance appraisal because the investors, financial experts, management executives and the bankers are always rely on these ratios to make important decisions. The management team of any bank, investor and the government agencies always concern about liquidity ratios and adequacy ratios of a bank which interprets the efficiency of a bank.

As a part of my B.B.A program, I have spent 12 weeks in Financial Performance Analysis of Dhaka Bank Limited, Dhanmondi Model Branch learning the activities of general banking. I have analyzed the financial statements of Financial Performance Analysis of Dhaka Bank Limited to find out its ratios by using its past and current records. After preparing this report I came to know that analysis of financial statements through ratios helps to overcome the past flaws and make the future decisions and strategies. Therefore, it is very necessary for every organization whether the company’s size is to make financial statement and to analyze it by ratios.

Part 1: Introductory Part

1.1 Introduction

Generally by the word “bank” we can easily understand that the financial institution dealing with money. The whole scenario of the economy of a country can be ascertained by examining the condition of the banking sector. Banking sector has a vital role to play in the economic activities and development of any country. There are different types of banks like Central Banks, Commercial Banks, Savings Banks, Investment Banks, Industrial Banks, and Co-operative banks etc. But when we use the term “bank” without any prefix or restriction, it refers to the Commercial Banks. Commercial Banks are the primary contributors to the economy of a country like Bangladesh. In Bangladesh, the commercial banks are dominating the financial sector and macroeconomic management largely depends on the performance of the commercial banks as well as banking sector. Banking grew primarily in the public sector with main emphasis on restructuring of the financial system and development needs of the war-torn economy with gradual liberalization in subsequent years. It was increasingly felt that banks should be allowed in the private sector for giving a fillip to development process on the basis of private initiative. In the 80’s for the first time a number of banks in the private sector were allowed. Dhaka Bank is one of them. Today the banking concept is not continuing inside the branches or the cabin of the branches. The bankers are now practicing the non-cabin banking. The assurance of the availability of the service provider is main factor in bank service. As a result, it has become essential for every person to have some idea on the bank and banking procedure. At present, there are 56 scheduled banks operating all over the country. Out of these, 9 are state-owned (including five specialized banks), 38 are private commercial banks and the rest 9 are foreign commercial banks.

Even though banking sector in Bangladesh is going through a radical change, it still suffers from chronic inefficiency. The biggest problem of Bangladesh banking system is the bank loan default problem. Various initiatives have been undertaken to tackle the loan default problem in Bangladesh. One of them is to have a credit policy and procedures guideline mandated by the Bangladesh Bank.

1.2 Origin of the report

Internship Program of Uttara University is a Graduation requirement for the BBA students, which is also a partial requirement of the Internship program of BBA curriculum. The main purpose of internship is to get the student exposed to the job world. Being an intern the main challenge was to translate the theoretical concepts into real life experience. The internship program and the study have following purposes:

- To get and organize detail knowledge on the job responsibility.
- To experience the real business world.
- To compare the real scenario with the lessons learned in the University
- To fulfill the requirement of BBA Program.

To accomplish the internship, I was placed at Dhaka Bank Limited, Dhanmondi Model Branch, under the guidance of Mohedul Islam , my academic supervisor. The report topic was approved by the supervisor to satisfy the organizational requirements and fulfillment of the internship program. As a requirement of the completion of the internship program, I had to submit this report, which includes an overview of the organization and financial performance analysis of Dhaka Bank Limited.

1.3 Objective of the report

The objective of the report can be viewed in two forms:

- General Objective
- Specific Objective

1.3.1 General Objective

This internship report is prepared primarily to fulfill the Bachelor of Business Administration (B.B.A) degree requirement under the Department of , Uttara University.

1.3.2 Specific Objective

More specifically, this study entails the following aspects:

- To provide a brief overview of Dhaka Bank and their historical background.
- To analyze the financial performance of Dhaka Bank Limited in the last three years.(2010-2012)
- To present my observation and suggestion to the bank.
- To identify the strength and weakness of bank based on the financial performance in the last three years. (2010-2012).

1.4 Scope of the report

The report plots a chronicle outline of Dhaka Bank Limited and its operation. The information consists of the observation and the job experience acquired throughout the internship era. The report also particularizes the internship research focus, financial performance of Dhaka Bank Limited. This report has been prepared according to extensive analysis of financial statements and review of literatures.

1.5 Methodology

In order to generate this report only secondary data has been used. The source that have been used to gather and collect data is given below-

1.5.1 Secondary Sources

- Annual Report of Dhaka Bank Limited from 2010-2012.
- Brochures of Dhaka Bank Limited
- Different written document of Dhaka Bank Limited
- Newspaper
- Web site

1.6 Limitation of the report

It was a great opportunity for me to work in Dhaka Bank Limited as an Intern and a make a report on the financial performance of it but there were surely some limitations while making this report. They are-

- Getting the information and interpreting it, on the basis of my understanding and then implementing it.
- Bankers are very busy people. I tried to contact with some high officials for more detailed information and consultation but they could not manage time for me.

Part 2: Organization

2.1 An Overview of Dhaka Bank Limited (DBL)

Dhaka Bank Limited is the leading private sector bank in Bangladesh offering full range of Personal, Corporate, International Trade, Foreign Exchange, Lease Finance and Capital Market Services. Dhaka Bank Limited is the preferred choice in banking for friendly and personalized services, cutting edge technology, tailored solutions for business needs, global reach in trade and commerce and high yield on investments, assuring Excellence in Banking Services.

2.2 Background of Dhaka Bank Limited

Dhaka Bank Limited is a scheduled bank that was incorporated under the Companies Act 1994, started its operation on July 1995 with a target to play the vital role on the socio-economic development of the country. Aiming at offering commercial banking service to the customers' door around the country. This organization achieved customers' confidence immediately after its establishment. Within this time the bank has been successful in positioning itself as progressive and dynamic financial institution in the country. This is now widely acclaimed by the business community, from small entrepreneur to big merchant and conglomerates, including top rated corporate and foreign investors, for modern and innovative ideas and financial solution.

2.3 Corporate Information

- Name of the Bank: Dhaka Bank Limited
- Status: Public Limited Company
- Date of Incorporation: April 06, 1995
- Date of Commencement: July 05, 1995
- Registered Office: BimanBhaban (1st Floor) 100 Motijheel C/A,
Dhaka-1000 Bangladesh
- Telephone: 9554514
- Telex: 9556584, 9571013, 9565011
- Swift Code: DHBLBDDH
- E-mail: info@dhakabank.com.bd
- Web Page: www.dhakabankltd.com
- Chairman: Mr. Reshadur Rahman
- Managing Director: Khondker Fazle Rashid

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 Vision

At Dhaka Bank Limited we draw our inspiration from the distant stars. Our team is committed to assure a standard that makes every banking transaction a pleasurable experience. Our endeavor is to offer you the razor sharp sparkle through accuracy, reliability, timely delivery, cutting edge technology, tailored solutions 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 customer. Our goal is to achieve a distinction like the luminaries in the skies. Our prime objective is to deliver a quality that demonstrates a true reflection of our vision Excellence in Banking.

2.6 Objectives

The objectives of Dhaka bank Limited are specific and targeted to its vision and to position itself in the mindset of the people as a bank with difference. The objectives of Dhaka Bank Limited are as follows:

- Building a strong customer focus and relationship based on integrity, superior service
- To value and respect people and make decisions based on merit
- To strive for profit & sound growth
- To work as a team to serve the best interest of owners
- To be relentless in pursuit of business innovation and improvement
- To be responsible, trustworthy and law-abiding in all that it does
- To finance the industry, trade and commerce in both the conventional way and by offering customer friendly credit service.
- To encourage the new entrepreneurs for investment and thus to develop the
- Country's industry sector and contribute to the economic development.
- To be socially responsible institution that will not lend to businesses that has a detrimental impact on the environment and people.

2.7 Corporate values

- Customer focus
- Integrity
- Quality
- Teamwork
- Respect for individuals
- Responsible citizenships

2.8 Corporate social Responsibility

DBL involves itself in charity, social welfare and other benevolent activities towards the promotion of the objective of its foundation which would act as a catalyst in creating awareness on development issues and as a facilitator for building bridges with the common goal of sustainable development of the society, providing direct assistance to various development projects and people. Dhaka Bank Ltd. has formed a five member CSR committee headed by the Managing Director to oversee the overall activities and management of the CSR fund of the bank. Dhaka Bank Foundation, established in 2002 as a non-profitable, non-governmental organization, is solely devoted to the cause of charity, social welfare and other benevolent activities towards the promotion of the objective of the foundation. Dhaka Bank has taken the decision to provide 2% of the pre-tax profit each year as its CSR activities.

2.8.1 Health

- Donation of passenger lifts and two haemodialysis machines to BIRDEM Hospital and Tk. 1.2 million per year from 2006 for supporting operating costs.
- Donation of Tk. 10 million to Centre for Women and Child Health Hospital for setting up pathological laboratory.
- Setting up of a 10-bed ward at the proposed Ahsania Mission Cancer and General Hospital, sponsoring Society for the Welfare of Autistic Children (SWAC).
- Donating to Bangladesh Eye Hospital, Sponsorship for Shield Trust.

2.8.2 Disaster relief

- Among Dhaka Bank's contribution as corporate social responsibility, a few initiatives are donation to Asiatic Society of Dhaka.
- Relief operation for flood victims at a cost of Tk. 5.0 million.
- The bank distributed 10 kg rice, 1 kg pulse, and 1 kg salt to each of the 10,000 distressed families of Araihaazar, Sirajdikhan and Belkuchi.

2.8.3 Social welfare

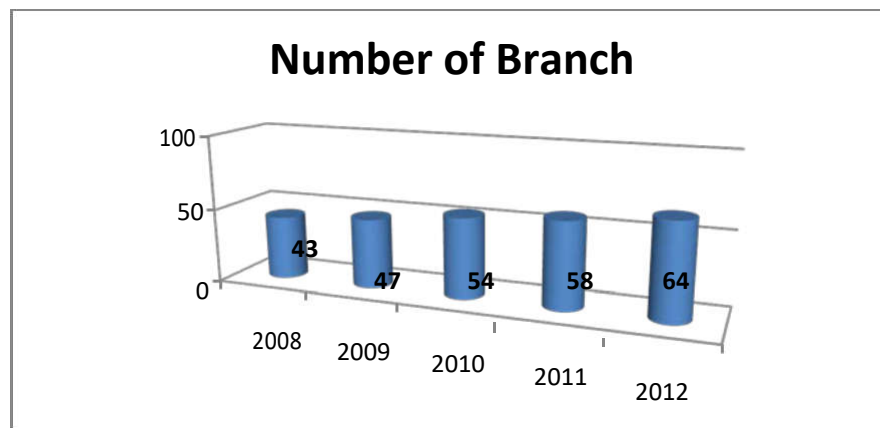
- Renovation of the auditorium of Dhaka Reporters Unity.
- Sponsoring of Anti Drug Debate Festival, Distribution of winter cloths by the employees of the bank.
- Sponsoring of Bangladesh Under-19 cricket team.
- Awareness creation for Road Safety, Blood Donation, Eye Donation, Prevention of AIDS.
- Provided financial assistance for Educational Development Trust of Scholastica to support and nurture academically gifted students.
- Sponsorship for BADC School.

2.8.4 Environment

- Sponsored the city beautification program initiated by Dhaka City Corporation by refurbishing
- Dhaka Bank Fountain in front of Ministry of Foreign Affairs and Dhaka Bank Park in front of
- Dhaka Bank Head Office, beautification at Jashimuddin Crossing at Uttara costing 1.5 m, and also in front of Dhaka Bank Head Office costing 1.2 m.

2.9 Branches

The Bank has 62 Branches, 3 SME Service Centers, 6 CMS Units, 2 Offshore Banking Unit across the country and a wide network of correspondents all over the world. The Bank has plans to open more Branches in the current fiscal year to expand the network.



2.10 Management Information System

Since its journey as a Commercial Bank in 1995 Dhaka Bank Limited (DBL) has been laying great emphasis on the use of improved Technology. It has gone to Online Operation System since 2003 when two new banking software namely FLEXCUBE & DBCUBE was installed. As a result the Bank is able to give the services of international standards. The bank has launched its Corporate Portal (Intranet), which was initiated by IT/BPR with the primary goal to provide comprehensive and collaborative content management, paperless communication and information management, and to provide a gateway to the web application across the enterprise within one integrated platform, instead of relying of separate fragmented systems. Dhaka Bank Limited invested Tk. 50 crore to install the software and to establish separate IT division.

2.11 Divisions

If the jobs are not organized considering their interrelationship and are not allocated in a Particular department it would be very difficult to control the system effectively. If the departmentalization is not fitted for the particular works there would be haphazard situation and the performance of a particular department would not be measured. Dhaka Bank Limited has done this work very well. They are:

- Human Resources Department
- Central Accounts Department
- Operation Department
- Credit Department
- Investment Department
- Personal Banking Department
- Global trade services
- Audit and Risk Management Division
- Information Technology Department
- Dhaka Bank Training Institute

2.11.1 Human Resources Department

Dhaka Bank Limited strongly believes that competent and skilled human resources are the cornerstone of success. In order to attract talented, well-qualified staff with outstanding qualifications, Dhaka bank Limited maintains a fully functioning Human Resources Department in all business units of the bank. In order to remain as the employer of choice, Dhaka bank offers a broad range of benefits and compensation to employees with clear career path. Dhaka bank has successfully introduced Dhaka Bank Employees Service Manual which contains all the important aspects relevant for an employee. Starting from recruitment to termination, the Human Resource of Dhaka Bank Limited deals with anything and everything related to an employee.

2.11.2 Central Accounts Department

Dhaka Bank Limited has a central accounts department from which the accounts departments of respective branches are monitored. This department is responsible for developing policies and guideline for respective branches and at the same time monitor the activities. All the relevant accounts information and calculation is maintained in this department under special monitoring.

2.11.3 Operations Department

For the success of any branch a fully functioning operations department is absolutely important. This department is responsible to ensure that all the works are done. This department is responsible for making policies, setting guidelines, developing performance measures and monitoring standards and designing reward policies. This department is the soul of the institution and contributes to the success of the organization.

2.11.4 Credit Department

Credit Department is at the heart of the banking division of Dhaka Bank Limited. This department is responsible to provide loans to clients, measure the risk assessment of clients, judge the feasibility of process and recover the sanctioned loans on time. This department is continuously trying to develop new schemes to attract new clients. This department is also responsible for deciding the lending and investment rates, the loan issuing and loan recovery measures. Some of the main components of the credit department are Overdraft, Consumer Credit Loan, PAD, LTR, Packing Credit, Term Loan, Staff Loan, House–Building Loan, Demand Loan, Lease Financing, Letter of Credit and Bank guarantee.

2.11.5 Investment Department

Dhaka Bank Limited has a significant presence in the country's capital market operations. A specialized unit of the Bank, the 'Investment Division', deals in the sale and purchase of shares in the stock market and manages the Bank's own portfolio. Investment Division offers clients the latest updates on the stock prices and trading of stocks. The facility may be availed by maintaining an account with the Investment Division. A minimum balance is required to be maintained in the account at the same time as a Commission is charged for undertaking the trade deals.

2.11.6 Personal/General Banking Division

The Personal banking Division of Dhaka Bank Limited is also known as the General banking Division. This department is mainly responsible for providing general services to client i.e. opening and closing accounts, deposit and withdrawal funds, issuing pay orders and gift cheques etc. The main responsibility of this department is to develop schemes to attract clients. As a result of the relentless performance of this department, Dhaka Bank is continuously coming up with new products to satisfy its clients.

2.11.7 Global trade services

Dhaka Bank Limited started providing remittance services through its local & foreign correspondents in 2004. Dhaka Bank has formed separate Remittance Operations Department in each of its branches. This department mainly deals with foreign remittance and currency exchange. This department is also responsible for developing policies on foreign trade and investment. The main activities of this department include Issuing, advising and confirming Documentary Credits Arranging forward exchange cover. Pre-shipment and post-shipment finance Negotiation and purchasing of Export Bills, Discounting of Bills of Exchange, Collecting Bills and assisting customers to insure all risks. The major activities of this department are to Issue L/C, L/C Advising & Conforming, L/C Collection & Negotiating, FDRP, selling TC & Dollars Endorsement.

2.11.8 Audit and Risk Management Division

The Bank has designed its internal control System based on the guidelines framed by Bangladesh Bank in Managing Core Risks in Banking: Internal Control & Compliance and Guideline on Information & Communication Technology for Scheduled Banks and Financial Institutions. The Audit and Internal Control Division covers all areas of banking operational activities including IS/IT Infrastructure and IS/IT Governance where risk of operational losses may arise. This division also monitors and follow-up the ethical standards through Departmental Control Function Check List (DCFCL), Loan Documentation Check List (LDCL) and Quarterly Operation Reports. These measures have helped to maintain a strong internal and audit control in Dhaka Bank Limited.

2.11.9 Information Technology Department

ICT is at the core of Dhaka Bank's operational processes. The technological advantage is embedded in all the products and services. Dhaka Bank has built its processes and delivery channels on the world class core banking system which provides seamless and efficient services to all our customers. At Dhaka Bank, continuous improvement and upgrading of system and processes is reflected in its investment in ICT. All the branches are now connected with online services and Dhaka bank operates on one bank concept. Dhaka Bank Limited is expanding its ATM booths and has a comprehensive program to expand its networks in 2010. To ensure that everything is going smoothly Dhaka Bank Limited has a separate information and technology department which consists of highly skilled technicians who instantly solves IT problem.

2.11.10 Dhaka Bank Training Institute

Human resources development through training is the most essential part for organizational growth since it enriches knowledge, skill and professional expertise. The utter need for professional development of employees is really important for the success of any organization and as a result of that the Dhaka Bank Training Institute was formed. Dhaka Bank Training Institute is committed to develop the human resources through structured modular training programs. With a view to achieve professional excellence in Banking, Dhaka Bank Training Institute conducts various courses, workshops, executive development programs mainly for

officers and executives of the Bank. These trainings are mostly provided so that the employees can function properly in the original banking environment. Dhaka Bank Training Institute invites experienced and knowledgeable external resource persons from Ministries, Bangladesh Bank, Bangladesh Institute of Bank Management, Universities and other relevant organizations to deliver lecture and conduct practical sessions.

2.12 Business Units

There are seven different business units generating business Dhaka Bank Limited:

- Small & Medium Enterprise (SME)
- Corporate Banking
- Personal Banking
- Islamic Banking
- Information Technology
- International Trade and Foreign Exchange
- Capital Market Services

All the units are being operated in a centralized manner to minimize costs and risks.

2.12.1 Small & Medium Enterprise (SME)

Dhaka Bank was among the first commercial banks to initiate SME banking in Bangladesh. Over the years continuous time and effort has been put in to understand the target market and their needs. The SME unit has worked on risk management system to cover the typical needs that the clients might have and has come up with flexible payment patterns which will help all the clients in the long run. SME Banking at Dhaka Bank Limited is now able to meet all sorts of working capital requirements relating to bidding for, obtaining and executing work orders. The product range has been extended to cover guarantees, bid bonds and working capital requirements for different work/purchase orders issued by Government, Autonomous, Multinational and Private Sector Companies. In addition, clients are able to avail Trade finance products that facilitate export, import and distribution of goods, Leasing for power generation, equipment and machinery as well as working capital loans aimed at supporting business needs. An interesting feature about the SME portfolio is that 52% of clients are rural, borrowing between Tk.12.00 Lac to Tk.15.00 Lac and thus consists mainly of small enterprises across Bangladesh. This has resulted in being appreciated by the Central Bank, who regulates the Small Enterprises Refinance Scheme, wherein, Dhaka Bank is a major recipient. During 2008, Dhaka Bank has extended its SME Banking network by setting up SME Service Centers. These service centers are expected to provide basic general banking services as well as loan facilities to SME clients. Dhaka Bank Limited participated in the recently conducted SME Fair 2009 at Bangabandhu International Convention Center from May 24-27, 2009.

2.12.2 Corporate Banking

Dhaka Bank's Corporate Banking team provides banking services as well as financial support to local large and medium organization. Corporate Banking is the most conventional mode of business in low risk sectors. Dhaka Bank Limited has also designed a comprehensive risk management system to monitor and control their asset quality. Services that corporate team provides are:

- Letter of Credit
- Guarantee
- Import and Export Finance
- Syndicated Loan
- Project Finance
- Leasing
- Working Capital Finance

Dhaka Bank recognizes that corporate customers' needs vary from one to another and a customized solution is critical for the success of their business. Dhaka Bank offers a full range of tailored advisory, financing and operational services to its corporate client groups combining trade, treasury, investment and transactional banking activities in one package, which has made Dhaka Bank Limited the favorable option in the corporate sector.

2.12.3 Personal Banking

Dhaka Bank Limited exerts special effort to develop and introduce new products and services through extensive market research to meet every facet of modern business. Dhaka Bank Limited introduced its personal banking division in 2003 which included restructuring the existing products and services and introducing new products, particularly electronic banking products like DHAKA BANK LTD Credit Card, ATM card and automated Phone Banking service from selected branches. Such services were highly appreciated by our customers. Different products of Personal Banking are as follows:

- Deposit Accounts
- Forex Transaction
- E-Cash 24 hour banking
- Online Banking
- Credit Card
- Personal Loan
- Lockers

Amongst Private Sector banks, Dhaka Bank has already made its mark in the retail banking segment. The promotions like "Baishakhi Offer", a strategic tie up with Electra International Limited, distributor of Samsung brand products, and "Freeze the Summer Campaign" a strategic tie-up with Esquire Electronics Limited, distributor of Sharp/General Brand electrical appliances saw Dhaka Bank to experience more than a reasonable growth on the Retail Banking business in 2004. The Personal Banking Division of Dhaka Bank Limited has 4 sections: Product Development, Operations, Personal Loan and Cards. The Depository Products and services that are currently available are given below:

- Savings A/C
- Current A/C
- STD A/C
- Fixed Deposit A/C
- DPS A/C
- Salary A/C

2.12.3.1 Interest Rate Paid to Different Deposit Liabilities

Tenure	Amount (Any amount)	Amount Tk. 2 to 5 crore	Amount Tk. 5 crore and above
1 Month	7.00%	7.00%	7.00%
3 Month	10.75%	10.75%	10.75%
6 Month	10.75%	10.75%	10.75%
12 Month	10.50%	10.50%	10.50%
24 Month	10.50%	10.50%	10.50%
36 Month	10.00%	10.00%	10.00%

Above rates will be also applicable for Islami banking branches. Mudaraba Saving's rate for Banks in Islami Banking Branches is now @ 6.50% and for Customers @ 6.00%. Savings account @ 5.00%. STD account upto Tk. 5.00 Crore @ 6.00% and above Tk. 5 Crore @ 7.5%.

2.12.3.2 New Product and services

The bank has its concentration for new product and services development for satisfying its customer and increasing its customer base. The bank firmly believes that technology based product and services will play significant role in the performance of the bank as people are getting more conscious about their service quality. They prefer now faster service with least cost. For delivering faster service the bank has introduced online banking service from the very beginning. There are some new products and services that Dhaka Bank Limited has lately introduced. These are:

- Salary Loan
- Credit Card Services
- Islamic Banking Services
- ATM services

Dhaka Bank Limited is always emphasizing the improvement of banking service and betterment of living standard of the general people of Bangladesh. The product and services are targeted from the lower level to the upper level income group in deposit collection. For lending, the services are made if certain requirements are fulfilled.

2.12.4 Islamic Banking

Islamic Banking is based on interest-free economic transactions; mutual participation and sharing of profit and loss through various modes of finance with its unique human face approach. Islamic banking has become quite popular in Bangladesh and due to that Dhaka Bank Limited opened its first Islamic Banking branch on July 02, 2003 at Motijheel Commercial Area, Dhaka. These Islamic Banking branches offer fully Shari'ah-based, interest free, Profit-loss sharing Banking Services. Dhaka bank Limited has shown tremendous performance in Islamic Banking. The operating profit of Islamic Banking Branches, Import & Export business generated by the Islamic Banking Branches showed remarkable performance and which has increased the overall profitability of Dhaka Bank to a great extent. Dhaka Bank Limited is also an active member of Islamic Banks Consultative Forum [IBCF], Dhaka and Central Shariah Board for Islamic Banks of Bangladesh. Dhaka Bank, operating 2 Islamic Banking Branches in complying with the rules of Islamic Shariah, which absolutely prohibits receipts and payments of interest in any form. The modus operandi of these two branches is totally different from other conventional branches. A separate balance sheet and income statement are being maintained as recommended by the Central Shariah Board for Islamic Banking in Bangladesh.

2.12.5 Information Technology

Dhaka Bank Limited is currently running countrywide true online fully automated banking system. The system allows their customers to do transactions all around the country. The bank cheques are all marked with Barcodes that makes each cheque unique and disallows it to be duplicated. All the signature and customer information with their pictures can be verified from any console at any branch on the bank. Dhaka Bank Limited's Goal is to provide a true online banking system, which will not only fulfills the demand of time but also set new benchmarks in twenty-first centuries banking world.

2.12.6 International Trade and Foreign Exchange

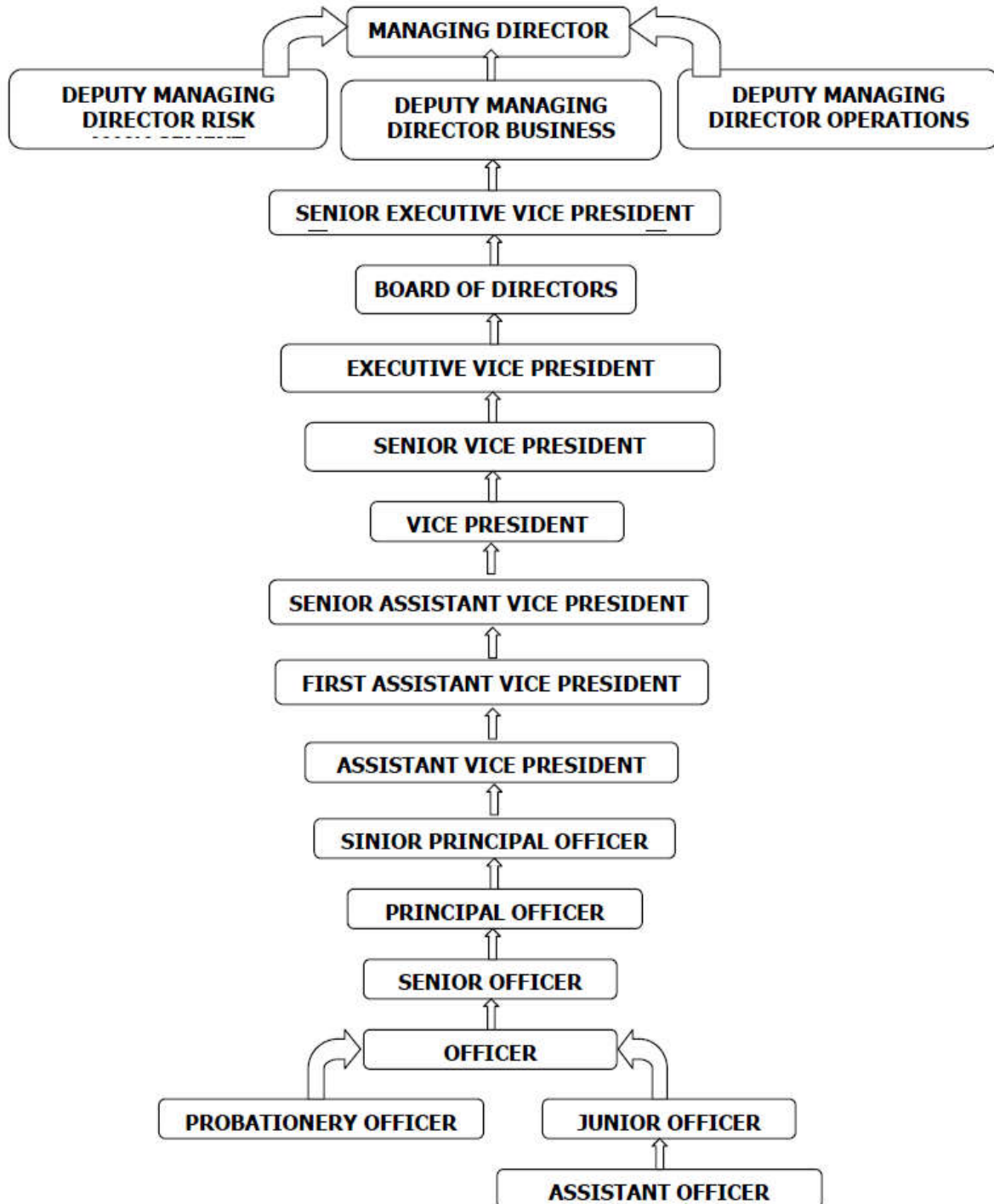
International Trade forms the major business activity undertaken by Dhaka Bank Limited. The Bank with its worldwide network of correspondents and close relationships with key financial institutions provides an extensive trade services network to handle the required transactions efficiently. The key branches in Dhaka are Narayanganj, Chittagong and Sylhet deals with this. These offices are the focal point for processing Import and Export transactions for both small and large corporate customers Dhaka Bank Limited offers a complete range of Trade Finance services. Dhaka Bank Limited offers professional advice on all aspects of International Trade requirements, namely:

- Issue, advising and confirmation of Documentary Credits
- Arranging forward exchange cover.
- Pre-shipment and post-shipment finance
- Negotiation and purchase of Export Bills.
- Discounting of Bills of Exchange.
- Collection of Bills.
- Assist customers to insure all risks.

2.12.7 Capital Market Services

Dhaka Bank Limited has a significant presence in the country's capital market operations. A specialized unit of the Bank, the 'Investment Division', deals in the sale and purchase of shares in the stock market and manages the Bank's own portfolio. Investment Division offers clients the latest updates on the stock prices and trading of stocks. The facility may be availed by maintaining an account with the Investment Division. A minimum balance is required to be maintained in the account at the same time as a Commission is charged for undertaking the trade deals.

2.13 Organizational Hierarchy



2.14 SWOT Analysis

SWOT analysis is done for a company, to find out its overall Strengths, Weaknesses, Threats and opportunities leading to gauging the competitive potential of the company. The SWOT Analysis enables a company to recognize its market standing and adopt strategies accordingly. Here SWOT analysis of DHAKA BANK is made to understand the positioning of the bank better.

2.14.1 Strengths

- Strong corporate identity

According to the customers, DBL is the leading provider of financial services identity worldwide. With its strong corporate image and identity, it has better positioned itself in the minds of the customers. This image has helped DBL grab the personal banking sector of Bangladesh very rapidly.

- Strong employee bonding and belongings

DBL employees are one of the major assets of the company. The employees of DBL have a strong sense of commitment towards organization and also feel proud and a sense of belonging towards DBL. The strong organizational culture of DBL is the main reason behind its strength.

- Efficient Performance

It has been seen from customers' opinion that DBL provides hassle-free customer services to its client comparing to other financial institutions of Bangladesh. Personalized approach to the needs of customers is its motto.

- Young enthusiastic workforce

The selection & recruitment of DBL emphasizes on having the skilled graduates & postgraduates who have little or no previous work experience. The logic behind is that DBL wants to avoid the problem of 'garbage in & garbage out'. And this type of young & fresh workforce stimulates the whole working environment of DBL.

- Empowered Work force

The human resource of DBL is extremely well thought & perfectly managed. As from the very first, the top management believed in empowering employees, where they refused to put their finger in every part of the pie. This empowered environment makes DBL a better place for the employees. The employees are not suffocated with authority but are able to grow as the organization matures.

- Hospitable Working Environment

All office walls in DBL are only shoulder high partitions & there is no executive dining room. Any of the executives is likely to plop down at a table in its cafeteria & join in a lunch, chat with whoever is there.

- Strong Financial Position

It has been seen that the net profit has been gradually rising over the years. Furthermore, DBL is not just sitting on its previous year's success, but also taking initiatives to improve.

2.14.2 Weaknesses

- High charges of L/C

Presently DBL charges same rates for all types of import L/C. But for import L/C of exports-oriented industry, DBL should reduce the charge of L/C. As a result, exporter will be benefited and the country will earn more foreign exchange. The commission often even rises up to 30%.

- Discouraging small entrepreneurs

DBL provides clean Import Loan to most of its solvent clients. But they usually do not want to finance small entrepreneurs whose financial standing is not clean to them.

- Absence of strong marketing activities

DBL currently don't have any strong marketing activities through mass media e.g. Television. TV ads play vital role in awareness building. DBL has no such TV ad campaign. Although they do a lot of CSR activities compared to other banks.

- Not enough innovative products

In order to be more competitive in the market, DBL should come up with more new attractive and innovative products. This is one of the weaknesses that DBL is currently passing through but plans to get rid of by 2010.

- Diversification

DBL can pursue a diversification strategy in expanding its current line of business. The management can consider options of starting merchant banking or diversify it to leasing and insurance. As DBL is one of the leading providers of all financial services, in Bangladesh it can also offer these services.

- Lack of Proper Motivation

The salary at DBL is very decent, but it lacks other sorts of motivation. Incentives such as bonuses are given for acquiring a particular figure, but all in all these are the only motivational factors.

- High Cost for maintaining account

The account maintenance cost for DBL is comparatively high. Other banks very often highlight this. In the long run, this might turn out to be a negative issue for DBL.

2.14.3 Opportunities

- Distinct operating procedures

Repayment capacity as assessed by DBL of individual client helps to decide how much one can borrow. As the whole lending process is based on a client's repayment capacity, the recovery rate of DBL is close to 100%. This provides DBL financial stability & gears up DBL to be remaining in the business for the long run.

- Country wide network

The ultimate goal of DBL is to expand its operations to whole Bangladesh. Nurturing this type of vision & mission & to act as required, will not only increase DBL's profitability but also will secure its existence in the long run.

- Experienced Managers

One of the key opportunities for DBL is its efficient managers. DBL has employed experienced managers to facilitate its operation. These managers have already triggered the business for DBL as being new in the market.

- Huge Population

Bangladesh is a developing country to satisfy the needs of the huge population, a large amount of investment is required. On the other hand, building EPZ areas and some Govt. policies easing foreign investment in our country made it attractive to the foreigners to invest in our country. So, DBL has a large opportunity here.

2.14.4 Threats

- Upcoming Banks/Branches

The upcoming private, local, & multinational banks pose's serious threats to the existing banking network of DBL: it is expected that in the next few years more commercial banks will emerge. If that happens the intensity of competition will rise further and banks will have to develop strategies to compete against and win the battle of banks.

- Similar products are offered by other banks

Now-a-days different foreign and private banks are also offering similar type of products with an almost similar profit margin. So, if all competitors fight with the same weapon, the natural result is declining profit.

- Default Loans

The problem of non-performing loans or default loans is very minimum or insignificant. However, this problem may rise in the future thus; DBL has to remain vigilant about this problem so that proactive strategies are taken to minimize this problem.

- Industrial Downturn

Bangladesh is economically and political unstable country. Flood, draught, cyclone, and newly added terrorism have become an identity of our country. Along with inflation, unemployment also creates industry wide recession. These caused downward pressure on the capital demand for investment.

- Financial Crisis

Although people have recovered a bit from the shock, it may still pose as a threat. People are still hesitant to take loans or even deposit them.

Part 3: An Overview of General Banking

General banking is the front-side banking service department. It provides those customers who come frequently and those customers who come one time in banking for enjoying ancillary services. The officers of this department have to perform several kinds of tasks. These are as follows:

- Account opening and close.
- Collection of cash, cheques from customers.
- Issuing of FDR, pay orders, cheque books and demand draft.
- Assisting customer to open various deposit scheme.
- Conducting clearing house activities.
- Collection of local and outward bills.

DBL General banking is divided into five sections

- Account opening section
- Bills and clearing section
- Remittance section
- Deposit section
- Cash section

3.1 Account Opening Section

Under this section, DBL Officer opens different types of accounts on the request of clients. The procedure of opening account is given below:

3.1.1 Procedure for Opening of Accounts

Before opening of a current or savings account, the following formalities must be completed by the customer:

- Application on the prescribed form
- Furnishing photographs
- Introduction by an account holder
- Putting specimen signatures in the specimen card
- Mandate if necessary
- National ID Card

After fulfilling the above formalities, DBL provides the customer a pay-in-slip book and a cheque book.

3.1.2 Application Form for Current/ Savings Account

Followings are the contents of the application form for opening Savings or Current account in DBL-

- Type of the Account: Individual/ Joint/ Proprietorship/ Partnership/ Limited Company/ Club/ Society/ Co-operatives
- Name of the Applicant(s)
- Father's/ husband's Name
- Present Address
- Permanent Address
- Number, Date of issue, Date of Expiry & Place of Issue of Passport (if any)
- Date of Birth
- Nationality
- Occupation
- Nominee (s)
- Special Instruction of Operation of the Account (if any)
- Initial Deposit
- Specimen Signature (s) of the Applicant (s)
- Introducer's Information (Name, Account Number, Specimen Signature)
- In case of Joint Account
 - Operation instruction of the account
 - Signature (s)
- In case of Partnership Account
 - Partner's Signature
 - Partner's Name

3.1.3 The following formality along with the documents is to be completed before opening an account:

- Two copies of photograph of the Applicant duly attested by the Introducer.
- Two copies of photograph of the Nominee duly attested by the Applicant.
- Passport No/ Voter Id No / National Id No/ TIN No/ VAT Reg. No/ Driving License No.
- Introducer's signature on Account Opening Form to be verified by an officer under full signature.
- Work permits license no.
- In case of joint account, operational instructions are to be signed by the Joint Account Holders.
- In case of Club/ Society
 - Up to date list of office bearers.
 - Certified copy of Resolution for opening and operation of account.
 - Certified copy of By-laws & Regulations/ Constitution.
 - Copy of Government approval (if registered.)

- In case of Co-operative Society/ societies Limited
 - Copy of By-laws duly certified by the Co-operative officer.
 - Up to date list of office bearers.
 - Resolution of the Executive Committee as regards of the account.
 - Certified copy of Certificate of Registration issued by Registrar, Co-operative Societies.
- In case of Non- Government College/School/ Madrasha/ Muktab
 - Up to date list of the Governing Body/ Managing committee.
 - Copy of resolution of the Governing Body/ Managing Committee.
- In case of Trustee Board
 - Prior approval of Head Office of the Bank.
 - Certified copy of Deed of Trust, up to date list of members of the Trustee Board
 - Certified copy of the Resolution of Trustee Board to open & operate the account.
- In case of Limited Company
 - Certified true copy of the Memorandum & Articles of Association of the company.
 - Certificate of Incorporation of the company for inspection and return with a duly certified photocopy for bank's records.
 - Certificate from the Registrar of the Joint Stock Companies that the company is entitled to commence business (in case of Public limited Co. for inspection and return) along with a duly certified photocopy for Bank's records.
 - Latest copy of Balance Sheet.
 - Extract of Resolution of the Board. General Meeting of the company for opening the account and authorization for its operation duly certified by the Chairman/ Managing Director of the company.
 - List of Directors with address (a latest photocopy of the form-xii).
 - Authorized signature.
 - Name.

3.1.4 General conditions of governing current/savings account

- Minimum Balance to be maintained in current account Tk.5,000 /- and in Savings account Tk. 500/-
- A suitable instruction by an introducer acceptable to the Bank is required prior to opening an account.
- Recent photographs of the Account openers duly attested by the Introducer must be produced.
- Recent photographs of the nominee duly attested by the account opener.

3.2 Deposits Accepted By DBL

Deposits that are taken by DBL are:

- Current Deposit
- Saving Deposit.
- Fixed deposit Receipts (FDR).
- Short Term Deposit (STD).
- Bearer Certificate Deposit (BCD).
- Deposit Pension Scheme (DPS).

3.2.1 Current Deposit, Saving Deposit, Fixed deposit, Short Term Deposit

Theoretically, total deposits are divided into categories on the basis of withdrawal procedure. Time deposit & demand deposit. In case of demand deposit money is withdrawn on demand. It includes current deposit & saving deposit. On the other hand, a deposit which is payable at a fixed date or after a period of notice is a time deposit; DBL accepts time deposit, for example, FDR. Short Term Deposit (STD) is hybrid A/C in which the features of current and saving account exist. In short Term Deposit account the deposit should be kept for at least seven days to get interest. The interest offered for STD is less than that of saving deposit. In DBL, various big companies, Organizations, government departments keep money in STD accounts. Frequent withdrawal is discouraged and requires prior notice.

Interest rate for STD Account – 5.00% (Half years compounding). In DBL, usually customers give an instruction the Bank that their current account will be debited whenever its deposited amount crosses a certain limit and this amount will be transferred to the STD account. So bank follows this instruction by giving following entries.

Customer's Current A/C —————Debit.
Customer's STD A/C —————Credit.

3.2.2 Bearer Certificate of Deposit

The objective of BCD is to convert black money into white and to reduce Hundi business. Bearer Certificate of Deposit account is almost same as Fixed Deposit account. But in case of BCD account no name and address are mentioned, the customer opens this type of account as a bearer, any person who bears the BCD receipt can en-cash it. Another difference of BCD with FDR is that the customer deposits the money deducting the interest. At the maturity he withdraws the total money for which he opened the BCD account. Interest rate on BCD account is same as Fixed Deposit Account.

For 3 months @ 10.75%
For 6 months @ 10.75%
For 1 Year or above @ 10.50%

3.2.2.1 Account treatment in case of issuing of BCD

Cash A/c Debit.
BCD A/c Credit.

3.2.2.2 Account treatment in case of encashment of BCD

BCD A/cDr.
Excise Duty on DepositCr.
Tax on InterestCr.
Cash A/CCr.

In a very recent circular of the central Bank i.e. Bangladesh Bank directed all commercial bank's not to open any BCD Account due to preventive measures and protection of Money Laundering.

3.3 Bills and Clearing Section

There are two types of cheque which are-

- Inward Clearing Cheque
- Outward Clearing Cheque

3.3.1 Inward Cheques

Inward cheques are those ones drawn the respective branch which have been presented on other banks and will be cleared / honored through the clearing house of Bangladesh Bank. For example the cheques drawn on DBL Dhanmondi Branch, then the cheque is called inward cheques of DBL Dhanmondi Branch. Accounting treatment:

- Customer's A/C Debit.
- DBL General A/C Credit.

3.3.2 Outward Cheques

Outward cheques are those ones drawn on other bank branches which are presented on the concerned branch for collection through clearing house of Bangladesh Bank. These cheques are called outward cheques. For example, the cheques drawn on Mercantile Bank Ltd, Kawran Bazar Branch has been presented on DBL Dhanmondi Model Branch. This cheque is called the outward cheques of DBL Dhanmondi Model Branch. Hence it is said that the cheques which is the inward cheques of one bank is the outward cheques of another bank. Whenever a cheque is brought to the collection the concerned Officer does two functions:-

- Giving the special crossing with "Dhaka Bank Ltd Bangshal Branch Dhaka"
- Endorsed by the collecting bank.

3.4 Outward Bills For Collection (OBC)

By OBC, we mean that those cheques drawn on other banks which are not within the same clearing house. Officer gives OBC seal on this type of cheques and later sends a letter to the manager of the branch of the same bank located in the branch on which cheques has been drawn. After collection of that bill branch advises the concerned branch in which cheques has been presented to credit the customer account through Inter Branch Credit Advice (IBCA). In absence of the branch of the same bank, officer sends letter to manager of the bank on which the cheques is drawn. That bank will send pay order in the name of the branch.

3.5 Clearing

The scheduled banks clear the cheques drawn upon one another through the clearinghouse of Bangladesh Bank. DBL is a scheduled Bank. According to the Article 37 (2) of Bangladesh Bank Order, 1972, the banks which are the member of the clearinghouse are called as Scheduled Banks. This is an arrangement by the central bank where everyday the representative of the member banks gathers to clear the cheques. The place where the banks meet and settle their dues is called the clearinghouse. The clearinghouse sits for two times a working day. The DBL Dhanmondi Model Branch sends the instruments through Inter Branch Debit Advice (I.B.D.A). DBL Dhanmondi Model Branch acts as an agent in this case. For this, Dhanmondi Model Branch gives the following entries,

DBL General A/C (Dhanmondi Model Br.) —————Dr.
Customer's A/C —————Cr.

If the instrument is dishonored, the instrument is returned to the Dhanmondi Model Branch through I.B.D.A. along with the following entries,

Customer's A/C —————Dr.
DBL General A/C —————Cr.

3.6 Receiving Cheques For Collection

In DBL, cheques of its customers are received for collection from other banks. In case of receiving cheques, following points should be checked very carefully-

- The cheques should not carry a date older than the receiving date for more than 6 months. In that case it will be a 'stale cheque' and it will not be allowed for collection. Again the date of the cheque should not be more than 1 day's forward than the receiving date.
- The amount in figures and words in both sides of the pay-in-slip should be same and it should also be same with the amount mentioned in figures and words in the cheque.
- The name mentioned in the cheque should be same in both sides of the pay-in-slip and it should be the same with the name mentioned in the cheque.
- The cheque must be crossed.

3.7 Cheques and Crossing

A “Cheques” is a bill of exchange drawn on a specified banker and not expressed to be payable otherwise than on demand. [According to section-6, negotiable Instrument Act, 1881.] A cheque may be classified into:

- An open cheque which can be presented for payment by the holder at the counter of the drawer’s bank.
- A crossed cheque which can be paid only through a collecting banker.

3.7.1 Crossing Cheque:

A cheque is said to be crossed when two transverse parallel lines with or without any words are drawn across the face. Crossing may be general, special or restrictive.

3.8 Issuing Cheque Book

Following procedures are maintained by DBL, Dhanmondi Model Branch for issuing Cheque Book.

- Firstly the customer will fill up the cheque requisition form.
- The leaves of the Cheque Book under issue are counted to ensure that all the leaves and the blank requisition slip are intact.
- The officer writes A/C number and Branch name on all the leaves of the checkbook.
- The name and the A/C number of the customer are than entered in the checkbook register against the particular checkbook series.
- Then the officer sightseer, checkbook, and requisition slip.
- Lastly the checkbook is handed over to the customer after taking acknowledgement

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A cover file containing the requisition slip is effectively preserved as vouchers. If any defect is noticed by the ledger keeper, he makes a remark to that effect on the requisition slip and forward it to the cancellation officer to decide whether a new checkbook to be issued to the customer or not.

3.9 Transfer of Funds

Transfer of funds means shift of money from one place to another through the banking channel. Remittance of funds is ancillary services of DBL like other commercial banks. It aids to remit fund from one place to another place on behalf of its customers as well as non- customers of bank. DBL has its branches in the major cities of the country and therefore, it serves as one of the best mediums for remittance of funds from one place to another. The main instruments used by DBL, Dhanmondi Model Branch for transfer of funds are:

- Pay Order/ Banker's check.
- Demand Draft.
- Telegraphic Transfer.

3.9.1 Bank's Cheque/ Pay Order

The Pay-Order is an instrument issued by bank, instructing itself a certain amount of money mentioned in the instrument taking amount of money and commission when it is presented in bank. Only the branch of the bank that has issued it will make the payment of pay order. The banker's cheque must come to the branch for payment wherever it is presented.

3.9.1.1 Issuing Of Pay Order

The procedures for issuing a Pay Order are as follows:

- Deposit money by the customer along with application form.
- Give necessary entry in the bills payable (Pay Order) register where payee's name, date, PO no, etc is mentioned.
- Prepared the instrument.
- After scrutinizing and approval of the instrument by the authority, it is delivered to customer. Signature of customer is taken on the counterpart.

A customer can purchase PO in different modes:

- By cash
- By debiting account

PO A/C is the current liabilities of bank, which is acquired to be discharged by beneficiaries against cash or through an account.

Bills Payable (PO).....Dr.
Customer A/C.....Cr.

3.9.2 Bank Draft/Demand Draft

A DD is an order to pay money drawn by one office / branch of the bank upon other office/branch to the same bank for a sum of money payable to order on demand.

3.9.2.1 Issuance Of Demand Draft

- Application in prescribed form (Cr. Voucher)
- Cash deposit/ account debit (with comm./ VAT/ Tel charges
Draft preparation
- Entry into DD issuing register
- Insert the serial number beside printed number in the DD block
- Write printed and serial number of DD on the application form
- Punched the amount on DD with protect graph
- Apply test no. if applicable
- Check and sign by two authorized (PA holder) officer
- Crossed/ open as per desire of the customer
- Handover to customer after due acknowledgement
- Issue a cost memo (if customer desire)
- Send telegram (if applicable)
- Prepare credit advice favoring paying branch (drawee) and send it in time.

3.9.3 Telegraphic/Telex Transfer (TT)

Sometimes people are in urgent need of remitting money from one place to another. In such cases, they prefer to remit money through Telegraphic / Telex Transfer (TT). It is an internal arrangement by the banks to remit funds through telex messages instead of postal message. The TT application form has to be duly filled in and signed by the applicant. After receipt of cash or after passing necessary transfer entries usual acknowledgement on standard cost memo is issued to the applicant and actions are taken for issuance of TT.

3.9.3.1 Issuance of TT

DBL follows the following procedures

- The customer deposits money with DBL to be sent.
- The customer obtains a cash memo containing TT serial number.
- TT serial number, notifying part name is mentioned in the telex message.
- The Telex Department confirms transmission of the telex.

3.10 Cash Section

The cash section of any branch plays very significant role in general banking department because, it deals with most liquid assets. The DBL Dhanmondi Model Branch has an equipped cash section with modern electronic machinery with fully computerized environment and gives one stop counter service. This section receives cash from depositors and pay cash against cheques, draft, PO, and pay in slip over the counter.

3.10.1 Receiving Cash

Any people who want to deposit money will fill up the deposit slip and give the form along with the money to the cash officer over the counter. The cash officer counts the cash and compares with the figure written in the deposit slip. Then he put his signature on the slip along with the 'cash received' seal and records in the cash receive register in the computer against A/C number. At the end of the procedure, the cash officer passes the deposit slip to the counter section for posting purpose and delivers duplicate slip to the clients.

3.10.2 Disbursing Cash

The customer who wants to receive money against cheque comes to the payment counter and presents his cheque to the officer. He verifies the following information-

- Date of the cheque
- Signature of the A/C holder
- Material alteration
- Whether the cheque is crossed or not
- Whether the cheque is endorsed or not
- Whether there is any difference between the amount in figure and in word.

Then he checks the cheque from computer for further verification. Here the following information is checked;

- Whether there is sufficient balance or not
- Whether there is stop payment instruction or not
- Whether there is any legal obstruction (Garnishee Order) or not

After checking everything, if all are in order the cash officer gives amount to the hold and records in the paid register.

The cash section of DBL deals with all types of negotiable instruments, cash and other instruments and treated as a sensitive section of the bank. It includes the vault which is used as the store of cash instruments. The vault is insured up to Tk.01 (one) Crore. If the cash stock goes beyond this limit, the excess cash is then transferred to Bangladesh Bank. When the excess cash is transferred to DBL Bangladesh Bank, the cash officer issues IBDA.

3.11 Locker Service

DBL is providing facility of locker service for the purpose of safeguarding the valuable property of customers. The person or organization that has any account in bank branch can enjoy this service. They keep their valuable assets in banker's custody. Customers have right to look after with a key of their individual locker provided by bank.

3.12 Closing Of An Account

For two reasons, one can be closed. One is by banker and other is by the customer. By banker: If any customer doesn't maintain any transaction within six years and the A/C balance becomes lower than the minimum balance, banker has the right to close an A/C. By customer: If the customer wants to close his A/C, he writes an application to the manager urging him to close his A/C. Different procedures are followed in cash of different types of A/C to close. Fixed deposit A/C is closed after the termination of the period. BCD A/C is closed when the certificate is surrendered.

3.12.1 Closing Process For Current & Savings Account

- After receiving customer's application the officer verifies the balance of the A/C.
- He then calculates interest and other charges accumulated on the A/C.
- If it bears a credit balance, the officer writes advice voucher. He gives necessary accounting entries post to accounts section.
- The balance is returned to the customer. And lastly the A/C is closed.

But in practice, normally the customers don't close A/C willingly. At times, customers don't maintain any transaction for long time. In this situation at first, the A/C becomes dormant and ultimately it is closed by the bank.

3.13 Extract

Extract is a statement of all originating and responding transactions among inter-branches through inter branches debit and credit advice. At the end of the day, all the debit and credit advices of different department come to accounts department. It makes extract in light of all advices. Actually extract shows the balance of DBL Dhanmondi Model Br. General A/C. The objective of preparing it is to know how many transactions have been originated and responded by the respective branch per day. Branch has to send it its Head Office keeping one photocopy.

Part 4: Internship experience

4.1 Introduction

I felt myself very much privileged to get an opportunity to work as an intern in Dhaka Bank Limited (Dhanmondi Model Branch). Dhaka Bank Limited, Dhanmondi Model Branch, is renowned for its quick services and good performance. When I started my internship in this branch I was overwhelmed by knowing that I am a part of this renowned branch for three months. The duration of my internship was from 16th September to 31st December. I enjoyed myself working over there a lot because the environment was immensely friendly and all of the employees are very much co-operative with each other. As an intern every day I had to report to the Operation Manager of the branch Mr. Shawkat Ali Khan and he also supervised me all through my whole internship period in the Dhaka Bank Limited (Dhanmondi Model Branch).

4.2 Responsibilities and Learning outcome

I had to do a number of works regularly. The description of my routine works is given below:

4.2.1 Clearing Cheques

The whole clearing process is done through Dhaka Bank's own clearing software named "Automated Cheque Clearing". Before doing the clearing tasks through the software there are also some manual tasks to do. Like- Give clearing seal on the back side of the , give authorization seal on the back, manually authorize the cheque by giving signature on the back side of the cheque, make a lot of the cheques, make sum of the total amount of the cheques in a lot. In my first week of internship I learned to do these manual tasks. After finishing the manual job clearing process, the next step is to scan all the cheques through a scanner that is connected to a particular computer which is mainly used for outward clearing process. In my first week of internship I also learned how to scan the cheques through the scanner. After the scanning is finished the images of all the cheques will be saved in the ACCS software through which the outward clearing process is done. After saving the images in the ACCS software it is the duty of the clearing officer to input each and every data of each and every cheque. One by one all the batches of cheques are completed. This task is called "making the cheque through software". I learn to make the cheques through software in the second week. When I learned to make the cheques through the software from that time I used to make the cheques manually first in every morning by giving seal, signature and doing other tasks. Then I started to do scanning the cheques by my own. I also learned quite well to make the cheques through the ACCS software. During the three months, in every working day I used to make 20-25 cheques manually and then make it through the Automated Cheque Clearing -software. The rest of the tasks of the outward cheque clearing process are - check the cheques, send to the Dhanmondi branch through software, generate report of the total amount of cheque make, checking the number of cheque return etc. Sometimes I also perform these jobs also but not at a regular basis.

4.2.2 Give “Return” cheques to the clients

The clients of Dhaka Bank Limited (Dhanmondi Model Branch) place their cheques in the clearing department. It is the responsibility of Dhaka Bank to collect the money for their clients. Sometimes it is not possible because of some problems. Like-Payers may have insufficient fund in the account, in the cheque the amount is mismatched with the amount, if the signature of the drawer of the cheque is mismatched and so on. If any of these situations mentioned above is then the cheque is rejected by the clearing house. In that case like others Dhaka Bank Limited (Dhanmondi Model Branch) returns those “Rejected” or “Return” cheque to the payees. In my branch many clients used to come to collect their “Return” cheques. I was responsible to give return those cheques to them. For this I had to keep record of the return cheque in the register book first. Then I had to make an extra receipt for the client by filling all the information needed in the receipt. After that my job was to attach the cheque with the receipt and give it to the clients and also receive their signature in the register book where the record of the “Return” cheque is written.

4.2.3 Preparing Uttara University’s cash collection statement

The students of Uttara University pay their admission and tuition fees both in the Dhaka Bank Limited (Dhanmondi Model Branch). From the very first day of my internship to the last day of my internship I made the statement of Uttara University’s students’ cash collection. For this reason every morning I had to collect all the office copy of the deposit slips of the students from the cash in-charge Mr. AlamgirHossain. Then I used to give serial number in all the deposit slips one by one. After that I had to arrange all the deposit slips data serially in Microsoft Excel Sheet. Every day I had to make cash collection statement of 15 - 20 students. After making sum of all amount in the Excel Sheet I had to mail it to Uttara University’s accountant’s mail address and also print out two copies of the statement. One is for bank and another one is for Uttara University’s Accounts Department. The staff of Uttara University’s Accounts Department used to come in every afternoon to collect all the office copy of the deposit slips and also the cash statement. I was responsible to give the deposit slips and the cash statement to the staff.

4.2.4 Issue pay-order and record the number of pay-order issued every day

Every day a good number of pay orders are issued in Dhaka Bank Limited. Pay-order is a kind of transaction tool of a bank that is safer than a cheque. A check can be bounce if there is no money in the payer’s account but when a payer issues a pay-order to the payee than he must credit his account with the amount of money that is mentioned in the pay-order. Then Dhaka Bank Limited debited the payer’s account and credited the payee’s account. These transactions need to be recorded in a particular Microsoft Excel Sheet. Usually the transactions are recorded after 4 P.M. when all the transactions of bank are finished.

In Dhaka Bank Limited (Dhanmondi Model Branch) it was my duty to issue pay-orders and record the payer’s name, payee’s name, amount of the pay-order serially by seeing the pay-order block of the bank in the Microsoft Excel Sheet, everyday after 4 P.M.

4.2.5 Arranging the cheque books

Throughout the whole week the clients of Dhaka Bank Limited (Dhanmondi Model Branch) give requisition of cheque books for their own use. The bank receives the requisition for cheque books through the requisition paper. All the cheque books are prepared after 3 working days from the date of requisition request. Then all the cheque books are needed to be arranged properly in order to give the cheque books to the clients quickly when they come to receive their cheque books.

On the first day of every week I used to arrange the cheque books throughout my internship period in Dhaka Bank Limited (Dhanmondi Model Branch). Every Sunday generally I used to arrange 35 -40 cheque books. I used to arrange the cheque books according to the date of request for cheque book first and then alphabetically. And then put in the vault of bank where a separate box is available to keep the cheque books. In this way I did my task of arranging the cheque books every week.

4.2.6 Address confirmation of the customers

I had to confirm the address of customers by giving them a phone call. I mainly called those customers whom addresses were wrong. Firstly bank mailed a thanks letter to customers in their mailing address but some thanks letters were returned due to wrong address information. So I was responsible to confirm the final address from the customers, so that the bank can mail them the thanks letter once again. To confirm the address, a customer has to go to the branch with their copy of utility bill of their communicating address. Then the branch sales and services officer will confirm their address by matching the utility bill's address. Thus that is one of the main job responsibilities of my internship period.

4.2.7 Prepare Solvency and Tax certificate for customers

I had to make Solvency and tax certificate for customers. First of all I had to check customer's bank statement and identify their actual position. Then I wrote Solvency and tax certificate following the own format of Dhaka Bank Limited.

4.2.8 Learn to open an account

Besides all the jobs mentioned above I have also learnt how to open an account. In Dhaka Bank Limited the responsibility of opening an account is on NahidaYesmin (SPO) and AlizaSharmin (Officer). They gave me whole idea about the procedure of opening an account, how to deal with customers or how to help them for account opening. From them I got to know that there are two types of account for customers. They are personal account and non-personal account. For opening personal savings account needed- two copies of passport size photograph of the account holders duly attested by the introducer, one copy passport size photograph of nominee duly attested by A/C holder, photocopy of birth certificate/ passport/ voter id card of both A/C holder and nominee, income source copy of A/C holder, A/C introduced by a account holder.

On the other hand, for opening non personal/corporate account for different types of firm like proprietorship firm, partnership firm, limited company club/ society/ school/ college, trust etc papers/documents are required are: two copies of passport size photograph of the account holder(s) who will operate the A/C duly attested by the introducer, A/C introduces by current account holder, certified copy of valid trade license, trade seal, TIN certificate, Trade seal, one copy passport size photograph of nominee duly attested by A/C holder etc.

4.3 Personal Observation

During this internship period, my overall observations are as following:

- The Dhaka Bank office environment is very friendly.
- Work is never left pending for the next day unless it is absolutely necessary.
- Problem occurring due to Delay submission of the Report (missing the deadline)
- I had seen the harshness of the employee of Bangladesh Bank for making any mistake, even charge money for mistake.
- The internal clash between the personnel of same unit and other unit as well
- The discrimination of giving performance bonus to the employees (some people got high performance bonus due to networking with others rather than based on performance)
- Dissatisfaction between personnel due to excess work load and poor salary as well
- I have seen the reluctance among some employee in making learn something to another.

4.4 Recommendation

To recommend the branch there are certain areas where things can be improved. First of all the work force are very well but they are lesser in numbers so more people should be included in this branch. Another recommendation from my side is to upgrade the computers, operating systems and software so that the work process could be faster and better. Dhaka Bank Limited has a bright future and they should move forward with improving technology and methodology so that they can keep their standards of excellence in banking.

Part 5: Project part

5.1 Introduction

Financial statement Analysis involves a comparison of a firm's performance with that of other firms in the same line of business, which usually is identified by the firm's industry Classification. Generally speaking the analysis is used to determine the firm's financial position so as to identify its current strengths and weakness and to suggest action the firm might pursue to take advantage of the strength and correct any weakness.

5.2 Project Objective

The main objective of the project is to analyze the financial performance of Dhaka Bank Limited in the last three years (2010-2012) by using ratio analysis. So that, I can identify the strength and weakness of bank based on the financial performance in the last three years(2010-2012) and present my observation and suggestion to the bank.

5.3 Project summary

Mainly here I want to show a vivid picture of financial performance of Dhaka Bank Limited (DBL) and for this reason it is necessary to know how Dhaka Bank is performing through any specific financial performance analyzing tool. Since I have already mentioned about the background of Dhaka Bank Limited so now to evaluate performance I have gone through ratio analysis which will help to make proper evaluation. Basically for analysis I have chosen some ratios and gather the information to calculate the ratios from income statement and balance sheet for last three years. Lastly I have interpreted the result and recommended where the improvement might take place.

5.4 Project Analysis

The financial performance analysis of Dhaka Bank is given below:

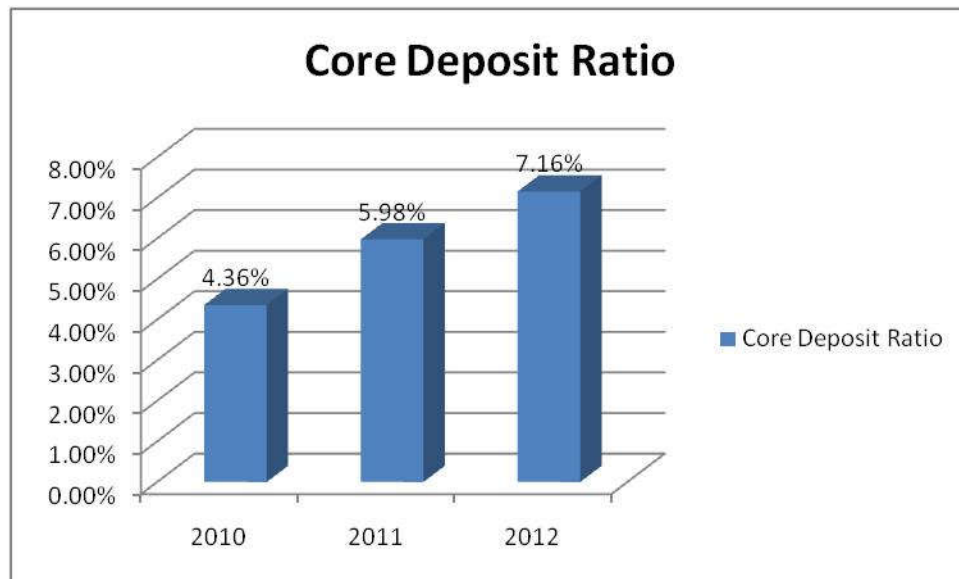
5.4.1 Core Deposit Ratio

Core deposit ratio is the ratio of core deposits to total assets. Core deposits are primarily small-denomination accounts from local customers that are considered unlikely to be withdrawn on short notice and so carry lower liquidity requirements. Dhaka Bank's core deposit ratio is given below.

$$\text{Core Deposit Ratio} = \frac{\text{Core Deposit (DPS)}}{\text{Total Deposit}}$$

Core Deposit Ratio	YEAR		
	2010	2011	2012
Core Deposit(Deposit Pension Scheme)	2,952,836,142.00	5,098,566,328.00	7,688,366,573.00
Total Deposit	67,742,518,136.00	85,276,888,686.00	107,427,151,290.00
Core Deposit Ratio	4.36%	5.98%	7.16%

Core deposit ratio increased over the period of three years. It increased from 4.36% in 2010, to 5.98% in 2011, and to 7.16% in 2012.



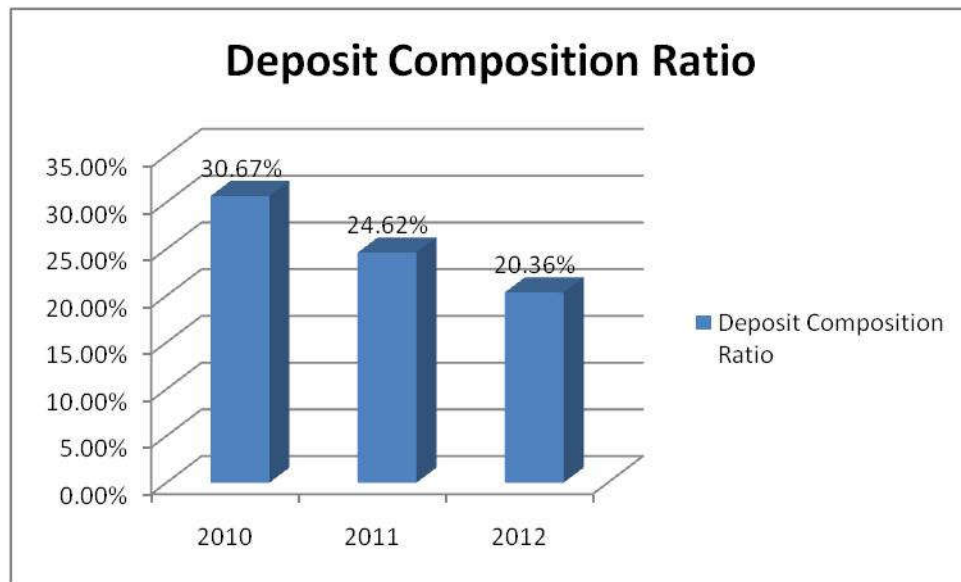
The higher the core deposit ratio, the better for the bank. So the core deposit ratio has improved for Dhaka Bank over the years, improving its liquidity position. The continuous growth of the ratio can be attributed to a steady growth in core deposits (DPS) over the period of three years.

5.4.2 Deposit Composition Ratio

Deposit composition ratio is the ratio of demand deposits to time deposits, where demand deposits are subject to immediate withdrawal by check writing, while time deposits have fixed maturities. It measures how stable a funding base, the bank possesses. Dhaka Bank's deposit composition ratio is given below.

Deposit Composition Ratio	YEAR		
	2010	2011	2012
Current Account & Other Accounts	8,184,241,642.00	9,774,271,252.00	10,816,848,734.00
Savings Bank Deposits	7,407,240,813.00	6,856,277,795.00	7,123,752,609.00
Time deposits	50,834,152,613.00	67,547,205,471.00	88,130,891,952.00
Deposit Composition Ratio	30.67%	24.62%	20.36%

Demand deposits include savings accounts and current accounts, while time deposits include all fixed term accounts. The deposit composition ratio dropped from 30.67% in 2010 to 24.62% in 2011. It again dropped to 20.36% in 2012.



The lower the deposit composition ratio, the better. In 2010, the ratio worsened for a considerable increase in demand deposits, which affected the bank's liquidity position but the ratio improved for Dhaka Bank from 2010 to 2012.

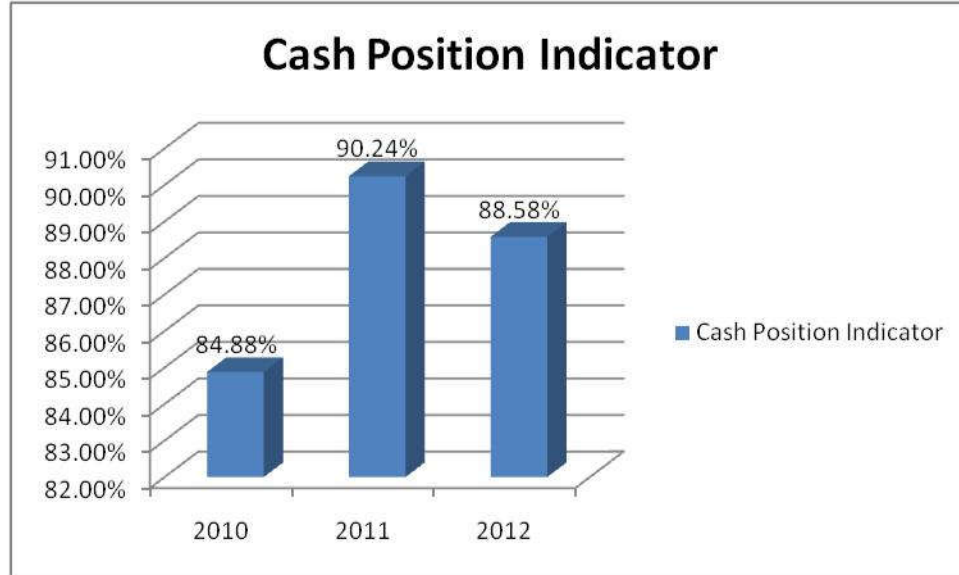
5.4.3 Cash Position Indicator

Cash position indicator is the ratio of cash and deposits due from depository institutions, to total assets, where a greater proportion of cash implies the bank is in a stronger position to handle immediate cash needs. Dhaka Bank's cash position indicator is given below.

$$\text{Cash Position Indicator} = \frac{(\text{Cash} + \text{Deposits})}{\text{Total Assets}}$$

Cash Position Indicator	YEAR		
	2010	2011	2012
Cash	8,769,479,993.00	9,510,508,375.00	10,934,170,296.00
Deposits	67,742,518,136.00	85,276,888,686.00	107,427,151,290.00
Total Assets	90,140,874,134.00	105,037,213,825.00	133,616,109,915.00
Cash Position Indicator	84.88%	90.24%	88.58%

The cash position indicator rose significantly from 84.88% in 2010 to 90.24% in 2011. Then it dropped to 88.58% in 2012.



The higher the cash position indicator, the better. Consequently, Dhaka Bank's cash position was not that good in 2010. It improved significantly in 2011. From then, it again worsened in 2012. The improvement in 2011 was caused by a massive increase in deposits, while the deteriorations in 2012 were caused by big changes in total assets.

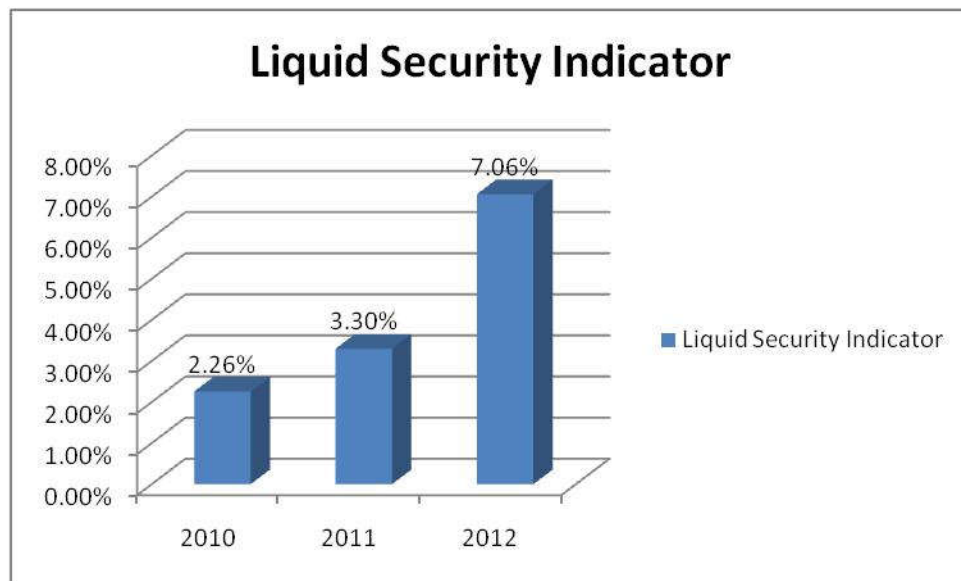
5.4.4 Liquid Securities Indicator

Liquid securities indicator compares the most marketable securities a bank can hold with the overall size of its asset portfolio. The greater the proportion of short term securities, the more liquid the bank's position tends to be. Dhaka Bank's liquid securities indicator is given below.

$$\text{Liquid Securities Indicator} = \frac{\text{Short Term Securities}}{\text{Total Assets}}$$

Liquid Security Indicator	YEAR		
	2010	2011	2012
Short Term Securities	2,034,389,783.00	3,462,945,057.00	9,434,569,793.00
Total Assets	90,140,874,134.00	105,037,213,825.00	133,616,109,915.00
Liquid Security Indicator	2.26%	3.30%	7.06%

Liquid securities indicator shows an overall increasing trend. It increased from 2.26% in 2010, to 3.30% in 2011, to 7.06% in 2012.



The higher the liquid securities indicator, the better. So, Dhaka Bank's liquid securities indicator has improved over the years. This was caused by big increases in shorter term securities. Short term securities almost tripled from 2011 to 2012, leading to a massive improvement of the liquid securities indicator.

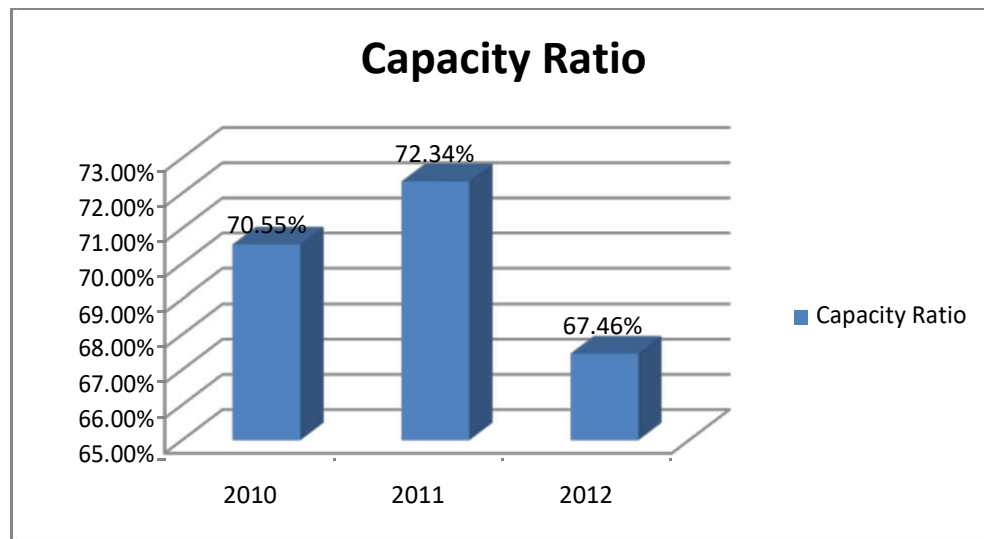
5.4.5 Capacity Ratio

Capacity ratio is the ratio of net loans and leases to total assets. It is a negative liquidity indicator, because loans and leases are often among the most illiquid assets that a bank can hold. Dhaka Bank's capacity ratio is given below.

$$\text{Capacity Ratio} = \frac{\text{Loans \& Advances}}{\text{Total Assets}}$$

Capacity Ratio	2010	2011	2012
Loans & Advances	63,591,387,406.00	75,983,291,662.00	90,140,284,573.00
Total Assets	90,140,874,134.00	105,037,213,825.00	133,616,109,915.00
Capacity Ratio	70.55%	72.34%	67.46%

Capacity ratio was 70.55% in 2010 and further rose to 72.34%. Then it again dropped to 67.46% in 2012.



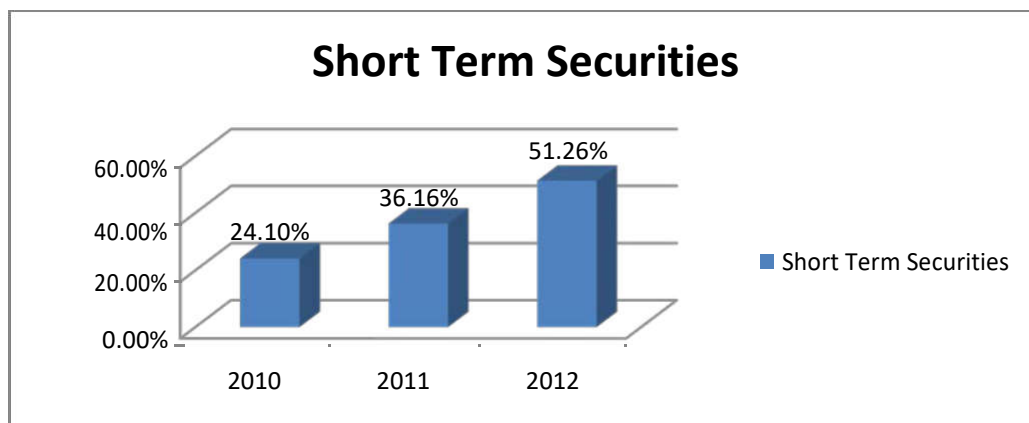
The lower the capacity ratio of a bank, the better. So the ratio worsened in 2010 and further deteriorated in 2011. From then, it improved in 2012. Improvements in the capacity ratio can be attributed to a comparatively faster growth in total assets than total loans and advances, and vice versa.

5.4.6 Investment Maturity Strategy

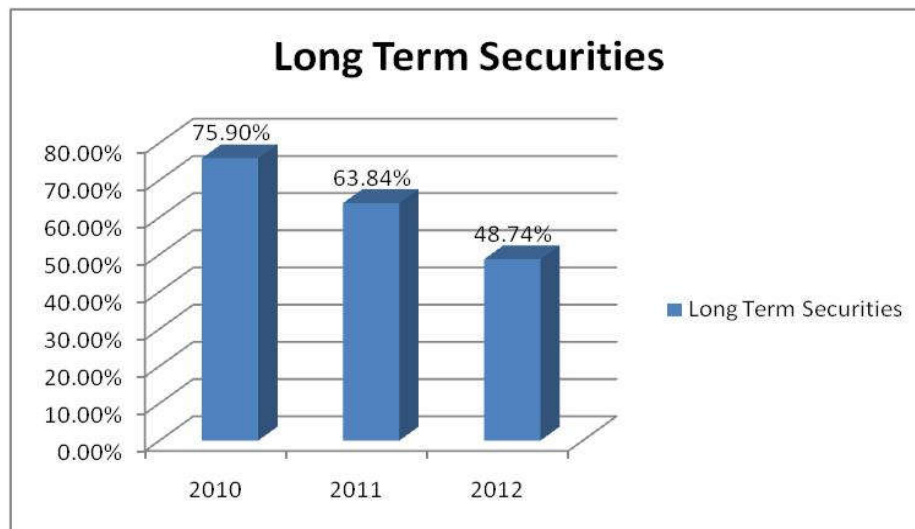
Investment maturity strategy is the distribution of a bank's security holdings over time, i.e. over securities of different maturities. There are five broad categories of investment maturity strategy. They are ladder, front-end load, back-end load, barbell and rate expectation strategy. Dhaka Bank's investment maturity strategy is described below.

Investment Maturity Strategy	YEAR		
	2010	2011	2012
1. Short Term Securities			
On Demand	15.46%	18.11%	14.25%
Upto 1 month			19.90%
Over 1 month but not more than 3 months		1.31%	
Over 3 months but not more than 6 months		16.74%	2.71%
More than 6 months but less than 1 year			14.39%
Over 3 months but not more than 1 year	8.63%		
Short Term Securities	24.10%	36.16%	51.26%
2. Long Term Securities			
Over 1 year but not more than 5 years	45.97%	27.09%	14.73%
Over 5 years	29.94%	36.74%	34.01%
Long Term Securities	75.90%	63.84%	48.74%

On demand securities increased from 15.46% in 2010 to 18.11% in 2011.



However, it dropped to 14.25% in 2012. Securities with maturity upto one month amounted to 19.90% of total in 2012. Securities with maturity of over 1 month but not more than 3 months dropped was 1.31% in 2011. Securities over 3 months but not more than 6 months dropped from 16.74% in 2011 to 2.71% in 2012. Securities more than 6 months but less than 1 year amounted to 14.39% in 2012. Securities over 3 months but not more than 1 year was 8.63% in 2010. These are all short term securities, with maturities below one year.



Long term securities have maturities over one year. Securities over 1 year but not more than 5 years was 45.97% in 2010. From then on, it dropped to, to 27.09% in 2011, to 14.73% in 2012. Securities with maturity over 5 years rose from 29.94% in 2010 to 36.74% in 2011 and again dropped to 34.01% in 2012.

Dhaka Bank followed a back-end load strategy, with more emphasis on long term securities from 2010 to 2011. However, the ratio of long term securities to short term securities has been decreasing constantly over the years. In 2012 however, the bank changed its strategy to front-end load, with more weight given to short term securities. This indicates that the bank has gradually shifted from a back-end load strategy to a front-end load strategy. Over the years, securities with longer term maturities have been substituted by shorter term investments. This indicated a slow change in the bank's outlook of its investment maturity strategy.

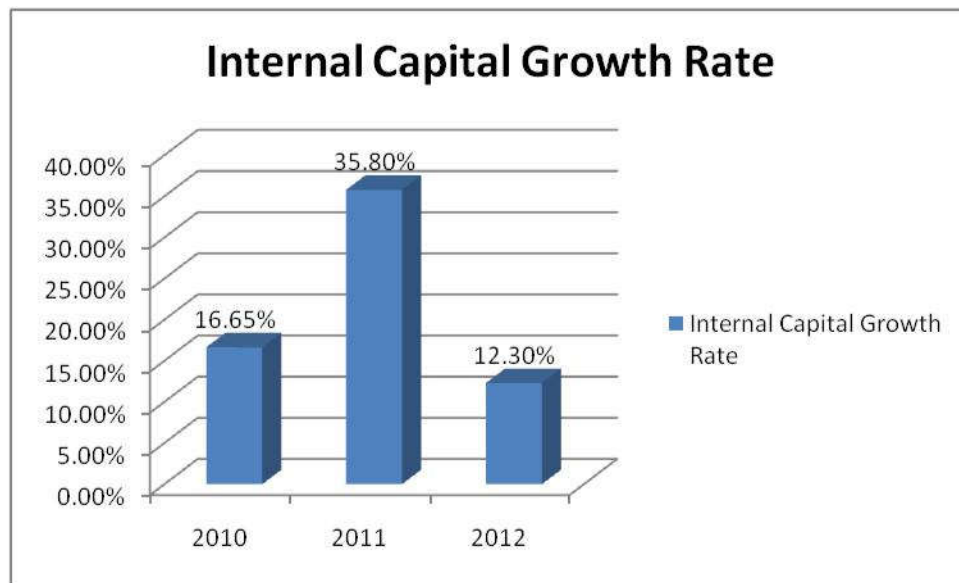
5.4.7 Internal Capital Growth Rate (ICGR)

A measure of how fast a bank can allow its assets to grow so that its capital-to-assets ratio does not decline. In other words, how fast a bank's earnings grow to keep its capital-to-assets ratio protected if the bank continues paying the same dividend rate to its stockholders.

$$\text{ICGR} = \text{ROE} \times \text{Retention ratio}$$

Internal Capital Growth Rate	YEAR		
	2010	2011	2012
Return on Equity	0.2552	0.2413	0.0806
Net Income After Tax	1,678,976,188.00	2,242,648,272.00	788,629,626.00
Surplus	1,095,477,121.00	1,511,819,326.00	516,515,831.00
Retention Ratio	0.6525	1.4834	1.5268
Internal Capital Growth Rate	16.65%	35.80%	12.30%

Internal capital growth rate as percentage was 16.65% in 2010. Then it massively increased in to 35.80% in 2011. From 2011 it massively decreased by 12.30% in 2012.



The ICGR percentage trend shows that an immense increase took place from 2010 to 2011. This is because the retention ratio of the bank increased in this time period. On the other hand, from 2011 to 2012 it decreased significantly because of the drop in return on equity.

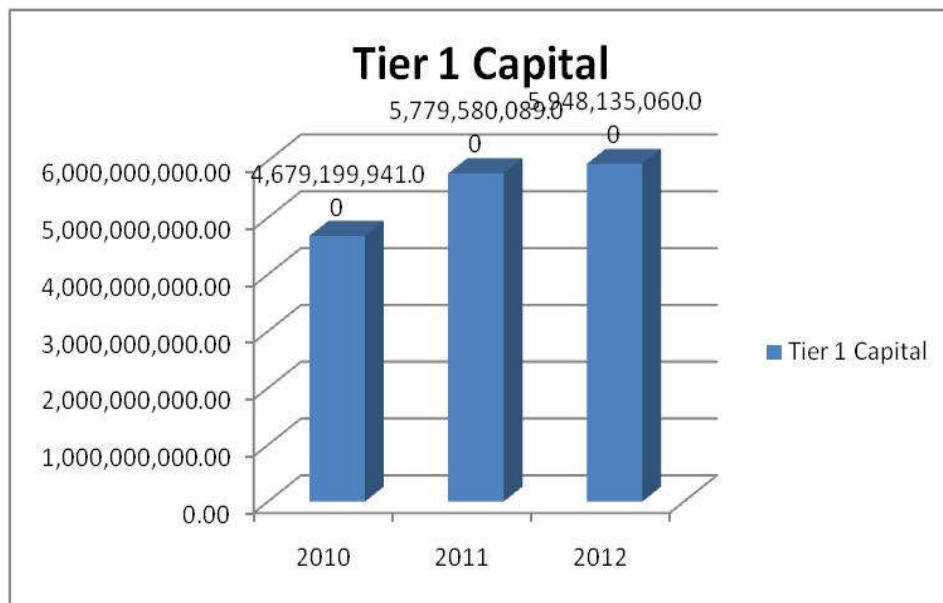
5.4.8 Tier 1 capital

Tier 1 capital is also known a core capital. It includes par, surplus, undivided profit, minority interest, all provisions and preferred stock.

Tier 1 capital = [Paid up capital + Surplus in profit and loss account + Total provisions + Minority interest]

Tier 1 Capital	YEAR		
	2010	2011	2012
Paid-up Capital	2,659,597,800.00	3,590,457,030.00	3,590,457,030.00
Surplus in Profit & Loss Account	1,095,477,121.00	1,511,819,326.00	516,515,831.00
Total Provision	924,125,020.00	677,296,029.00	1,841,145,713.00
Minority Interest		7,704.00	16,486.00
Tier 1 Capital	4,679,199,941.00	5,779,580,089.00	5,948,135,060.00

Tier 1 capital was 4,679,199,941 in 2010. In 2011 a significant increase is seen by 4,679,199,941. In 2011 it was 5,779,580,089. Lastly in 2012 year Dhaka Bank's Tier 1 capital was 5,948,135,060.



The biggest contributor to Tier 1 capital over the years is paid up capital. The smallest contributor for 2008 and 2009 is surplus in profit & loss account. For 2010, it's all provisions. For 2011 and 2012, the smallest contributor is minority interest.

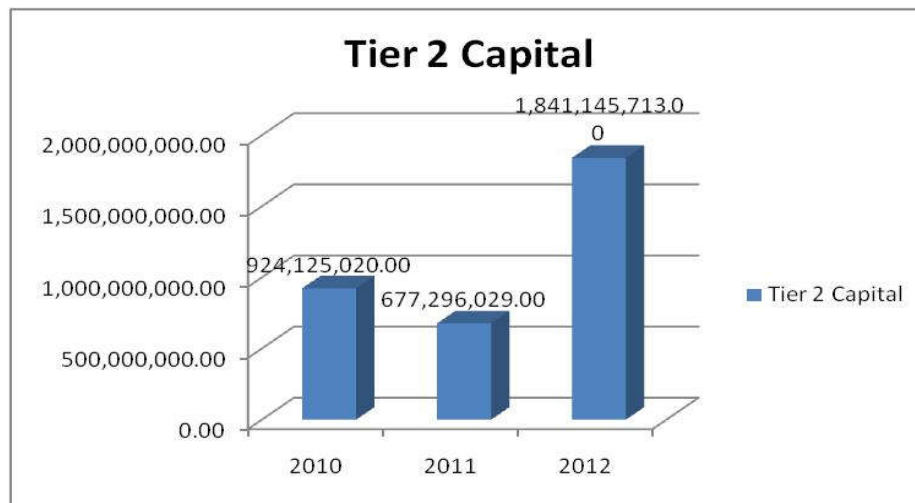
5.4.9 Tier 2 capital

Tier 2 capital is also known as supplemental capital. It includes all provisions, subordinated debentures, convertible bonds, intermediate terms preferred stock, and perpetual preferred stock, equity capital.

Tier 2 = Total provisions

Tier 2 Capital	YEAR		
	2010	2011	2012
Total Provision	924,125,020.00	677,296,029.00	1,841,145,713.00
Tier 2 Capital	924,125,020.00	677,296,029.00	1,841,145,713.00

Tier 2 capital was 924,125,020 in 2010. Then it decreases to 677,296,029 in 2011 and after that significantly rose to 1,841,145,713 in 2012.



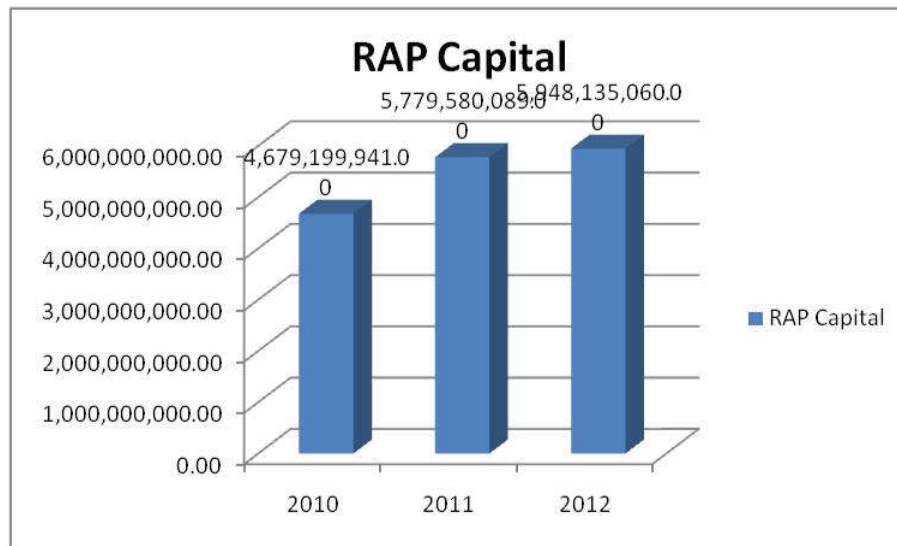
As Tier 2 capital is a function of all provisions. So, wherever total provisions increases Tier 2 capital increases if it decreases Tier 2 capital also decreases. However, in comparison to its core capital, Dhaka Bank has a considerably weaker supplemental capital base. So it needs to review its Tier 2 capital policy.

5.4.10 RAP Capital

The RAP bank capital, as defined by the Regulatory Accounting Principle includes common stock, undivided profit, equity reserve, preferred stock, all provisions, subordinated debenture and minority interest. Dhaka Bank's RAP capital is given below.

RAP Capital	YEAR		
	2010	2011	2012
Paid-up Capital	2,659,597,800.00	3,590,457,030.00	3,590,457,030.00
Surplus in Profit & Loss Account	1,095,477,121.00	1,511,819,326.00	516,515,831.00
Total Provision	924,125,020.00	677,296,029.00	1,841,145,713.00
Minority Interest		7,704.00	16,486.00
RAP Capital	4,679,199,941.00	5,779,580,089.00	5,948,135,060.00

Dhaka Bank's RAP capital includes paid up capital (par and surplus), surplus in profit & loss account, total provisions and minority interest.



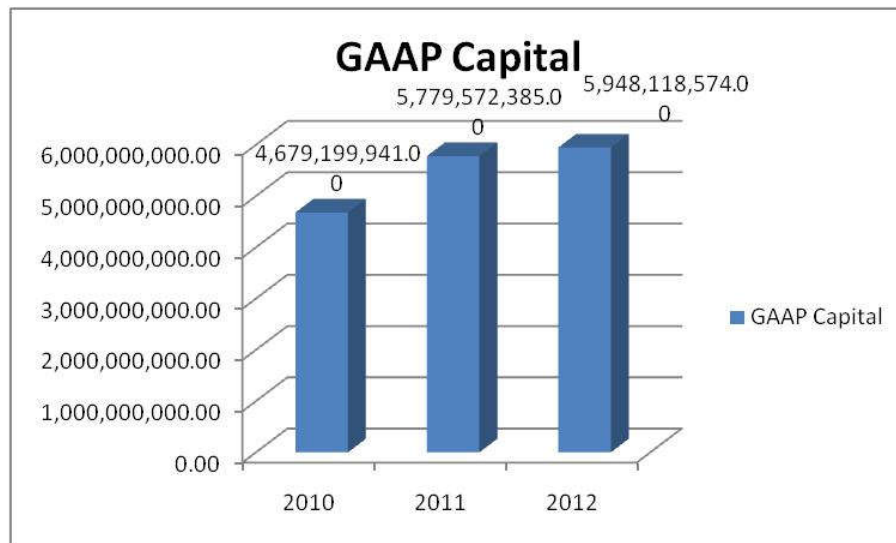
The bank's RAP capital increased over the period of three years. It rose from 4,679,199,941 in 2010, to 5,779,580,089 in 2011, to 5,948,135,060 in 2012. The biggest contributor to RAP capital over the years is paid up capital. For 2011 and 2012, the smallest contributor is minority interest.

5.4.11 GAAP Capital

The book value of bank capital, as defined by the Generally Accepted Accounting Principles includes par, surplus, undivided profit and all provisions. Dhaka Bank's GAAP capital is given below.

GAAP Capital	YEAR		
	2010	2011	2012
Paid-up Capital	2,659,597,800.00	3,590,457,030.00	3,590,457,030.00
Surplus in Profit & Loss Account	1,095,477,121.00	1,511,819,326.00	516,515,831.00
Total Provision	924,125,020.00	677,296,029.00	1,841,145,713.00
GAAP Capital	4,679,199,941.00	5,779,572,385.00	5,948,118,574.00

Dhaka Bank's GAAP capital includes paid up capital (par and surplus), surplus in profit & loss account and total provisions. The bank's GAAP capital increased over the period of three years. It rose from 4,679,199,941 in 2010, to 5,779,572,385 in 2011, to 5,948,118,574 in 2012.



The biggest contributor to GAAP capital over the years is paid up capital. The smallest contributor in 2012 is surplus in profit & loss account. In 2010 and 2011 however, total provisions made the lowest contribution to GAAP capital.

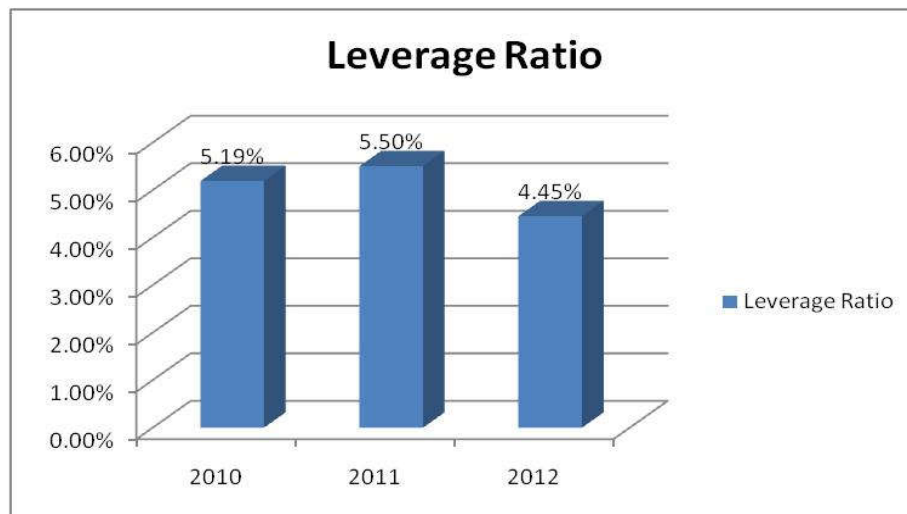
5.4.12 Leverage Ratio

Leverage ratio is the proportion of capital base to total assets that is required to be held by the bank, according to the Basle Act. Dhaka Bank's leverage ratio is described below.

$$\text{Leverage Ratio} = \frac{\text{Core Capital}}{\text{Total Assets}}$$

Leverage Ratio	YEAR		
	2010	2011	2012
Paid-up Capital	2,659,597,800.00	3,590,457,030.00	3,590,457,030.00
Surplus in Profit & Loss Account	1,095,477,121.00	1,511,819,326.00	516,515,831.00
Total Provision	924,125,020.00	677,296,029.00	1,841,145,713.00
Minority Interest	0.00	7,704.00	16,486.00
Core Capital	4,679,199,941.00	5,779,580,089.00	5,948,135,060.00
Total Assets	90,140,874,134.00	105,037,213,825.00	133,616,109,915.00
Leverage Ratio	5.19%	5.50%	4.45%

The leverage ratio of the bank was 5.19% in 2010. Then it increased to 5.50% in 2011. The ratio again decreased to 4.45% in 2012.



Dhaka Bank was adequately capitalized in 2012, as the leverage ratio was between 4% - 5%. In 2010 and 2011, the bank was well capitalized, as the ratio was above 5%. In general, the bank's leverage ratio shows a sound capital base, in proportion to total assets.

5.4.13 LIQUIDITY RATIOS

Liquidity ratios are calculated to find out the liquidity position of an organization. Liquidity means ability to pay as and when some obligations are due. Liquidity is the life blood of any business organization because lack of liquidity can bring bankruptcy situation for the organization. For calculating liquidity ratios, current assets and current liabilities are used.

Generally, the higher the liquidity ratios are, the higher the margin of safety that the company possesses to meet its current liabilities. Liquidity ratios greater than 1 indicate that the company is in good financial health and it is less likely to fall into financial difficulties. Liquidity ratios consist of cash ratio, loans to total deposit and loans to total asset.

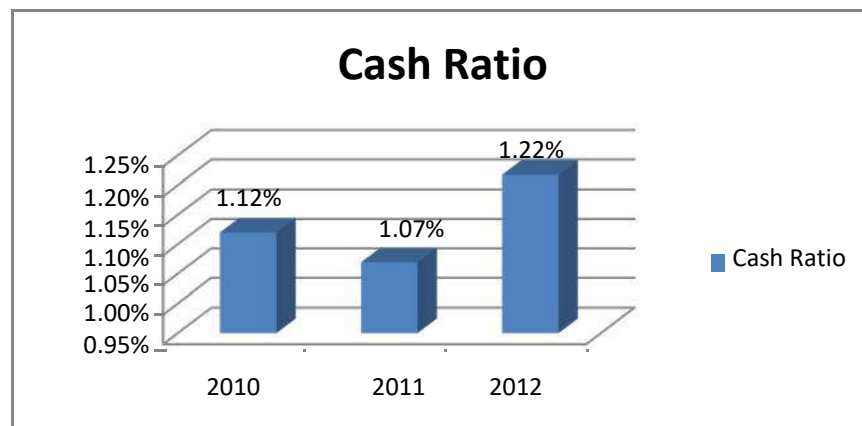
5.4.13.1 Cash Ratio

It is the ratio of a company's total cash and cash equivalents to its current liabilities. The cash ratio is most commonly used as a measure of company liquidity. It can therefore determine if, and how quickly, the company can repay its short-term debt. A strong cash ratio is useful to creditors when deciding how much debt, if any, they would be willing to extend to the asking party.

Cash Ratio = $\frac{\text{Cash in hand and at banks}}{\text{Total Deposit}}$

Cash Ratio	YEAR		
	2010	2011	2012
Cash in hand and at banks	758,850,790.00	911,764,110.00	1,307,608,902.00
Total deposit	67,742,518,136.00	85,276,888,686.00	107,427,151,290.00
Cash Ratio	1.12%	1.07%	1.22%

The cash ratio was 1.12% in 2010. Then it decreased to 1.07% in 2011. Afterward it increased significantly to 1.22% in year 2012.



Financial Performance Analysis of Dhaka Bank Limited

The fall of 2010 and 2011 can be attributed to the growing loans and deposits given and accepted by the bank. Growing loans make the cash in hand and at banks smaller, while growing total deposits made the denominator of the cash ratio larger, thereby making the numerical figure of the ratio smaller.

The growth rate of both deposits and credits fell in 2011 but in 2012 cautious investments increased cash in hand and at banks, while a small increase in deposits made the cash ratio grow when compared to the previous years.

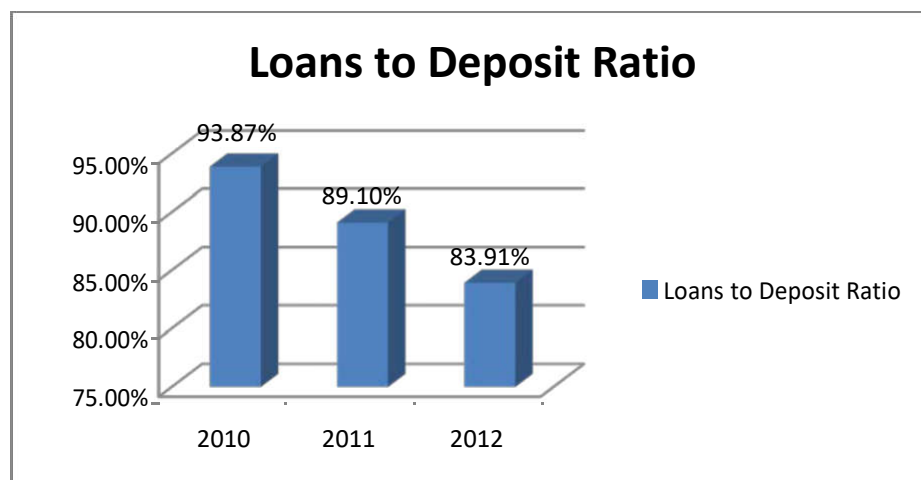
5.4.13.2 Loans to Total Deposit

This is a commonly used statistic for assessing a bank's liquidity by dividing the banks total loans by its total deposits. This number, also known as the LTD ratio, is expressed as a percentage. If the ratio is too high, it means that banks might not have enough liquidity to cover any unforeseen fund requirements; if the ratio is too low, banks may not be earning as much as they could be. These ratios are used to determine whether a bank will be allowed to open or acquire a branch outside of its home state, and this ratio is often used by policy makers to determine the lending practices of financial institutions.

$$\text{Loans to Total Deposit} = \frac{\text{Loans}}{\text{Deposit}}$$

Loans to Deposit Ratio	YEAR		
	2010	2011	2012
Loans	63,591,387,406.00	75,983,291,662.00	90,140,284,573.00
Deposit	67,742,518,136.00	85,276,888,686.00	107,427,151,290.00
Loans to Deposit Ratio	93.87%	89.10%	83.91%

The loans to total deposit ratio was 93.87% in 2010 and decreased to 89.10% in 2011 and then decrease significantly in 2012 to 83.91%.



Financial Performance Analysis of Dhaka Bank Limited

The growth in 2010 was caused by loans increasing faster than deposits. It fell through 2011 and 2012 as deposits grew fast when compared to the previous year, thereby improving the bank's liquidity position. In 2011 and 2012, the loans to total deposit ratio fell significantly, improving the bank's liquidity standing. The fall was attributable to a greater growth in deposits than loans, as compared to 2010. Total credits grew only slightly as the bank become rather cautious in giving loans and assessing credit worthiness because of the then on-going funds crisis. Comparatively a larger growth in deposits (made possible by increasing interest on deposits) reduced the loans to total deposit ratio.

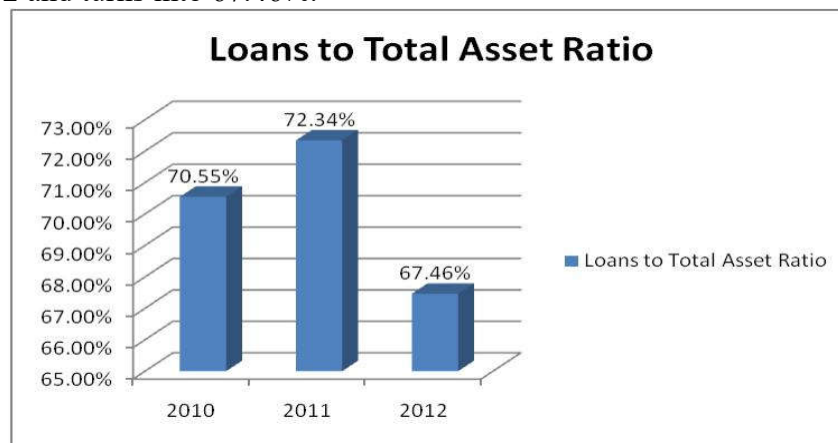
5.4.13.3 Loans to Total Asset

The loans to assets ratio measure the total loans outstanding as a percentage of total assets. The higher this ratio indicates a bank is loaned up and its liquidity is low. The higher the ratio, the more risky a bank may be to higher defaults. It is a commonly used statistic for assessing a bank's liquidity by dividing the banks total loans by its total assets.

$$\text{Loans to Total Asset} = \frac{\text{Loans}}{\text{Asset}}$$

Loans to Total Asset Ratio	YEAR		
	2010	2011	2012
Loans	63,591,387,406.00	75,983,291,662.00	90,140,284,573.00
Asset	90,140,874,134.00	105,037,213,825.00	133,616,109,915.00
Loans to Total Asset Ratio	70.55%	72.34%	67.46%

The loans to total asset ratio was 70.55% in 2010 and slightly increased to 72.34% in 2011. The ratio fell in 2012 and turns into 67.46%.



Assets as well as loans increased as percentage comparing to 2010. This gave an upward trend of the loans to total asset ratio and therefore a downward trend for liquidity. The ratio fell in 2012 as the bank went for expansion and bought new fixed assets. A big gap was visible between asset and loan comparing to previous years. Despite a growth in total credits as compared to 2011, loans as a percentage of total assets fell as a result.

5.4.14 CREDIT RISK RATIOS

Credit risk ratios are used to calculate the financial leverage of a company to get an idea of the company's methods of financing or to measure its ability to meet financial obligations. There are several different ratios, but the main factors looked at include debt, equity, assets and interest expenses. It measures the credit risk of the company in terms of its dependence on debt financing versus equity financing. Credit risk ratios include equity to asset, equity to net loans and debt to equity.

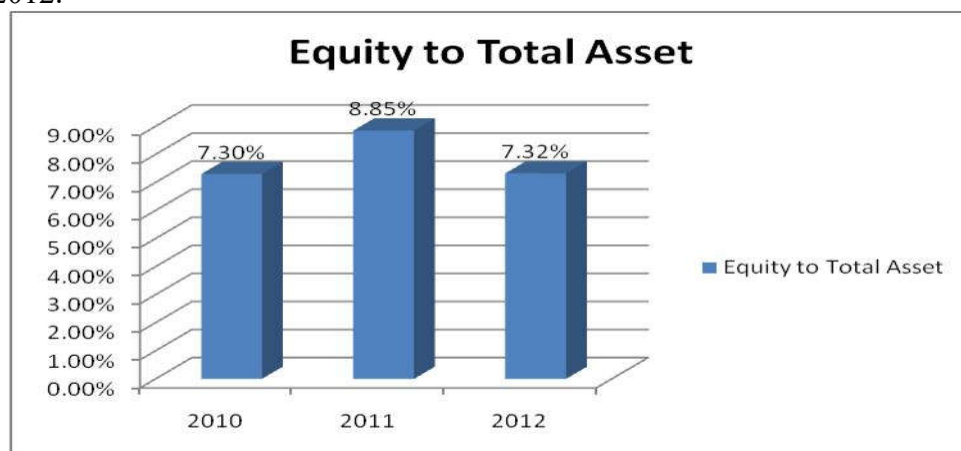
5.4.14.1 Equity to Asset

The equity ratio is a financial ratio indicating the relative proportion of equity used to finance a company's assets. It is used to help determine how much shareholders would receive in the event of a company-wide liquidation. The ratio, expressed as a percentage, is calculated by dividing total shareholders' equity by total assets of the firm, and it represents the amount of assets on which shareholders have a residual claim. The figures used to calculate the ratio are taken from the company's balance sheet.

$$\text{Equity to Asset} = \frac{\text{Total Equity}}{\text{Total Asset}}$$

Equity to Total Asset	YEAR		
	2010	2011	2012
Total equity	6,579,729,388.00	9,293,796,879.00	9,786,311,177.00
Total asset	90,140,874,134.00	105,037,213,825.00	133,616,109,915.00
Equity to Total Asset	7.30%	8.85%	7.32%

The ratio follows a more or less cyclical trend from 2010 to 2012 with peaks in 2011 and dips in 2010 and 2012.



Financial Performance Analysis of Dhaka Bank Limited

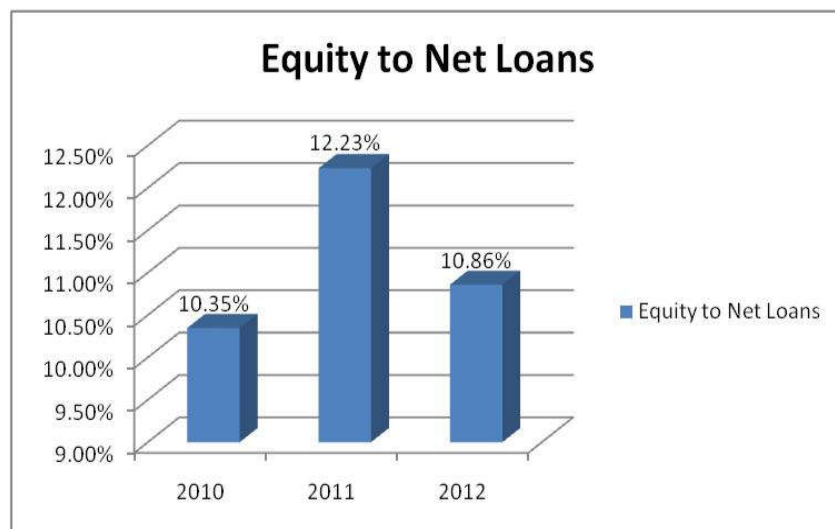
The ratio was 7.30% in 2010. In 2011 however, equity to asset shot up to an unprecedented level that is 8.85%. The increase was caused solely by the increase in owner's equity. It decreased again in 2012 to 7.32%. The reason was significant increase of asset rather than equity .

5.4.14.2 Equity to Net Loans

This ratio forms part of the Capital and Funding ratios of a bank, and measures a company's financial leverage by calculating the proportion of equity and debt the company is using to finance its assets. Total equity covers total equity reserves, total share capital and treasury stock. Net loans include loans to banks or credit Institutions, customer net loans and loans to group companies.

Equity to Net Loans	YEAR		
	2010	2011	2012
Total equity	6,579,729,388.00	9,293,796,879.00	9,786,311,177.00
Net loans	63,591,387,406.00	75,983,291,662.00	90,140,284,573.00
Equity to Net Loans	10.35%	12.23%	10.86%

The equity to net loans ratio follows a trend that is similar to the equity to asset ratio.



It was 10.35% in 2010 and rose to 12.23% in 2011. It dropped again to 10.86% in 2012. The fluctuations in the ratio from 2010 to 2012 can be explained by changes in the manner of financing. Both the total equity and net loans increase in 2011 which results in greater equity to net loans ratio. But in 2012 the net loans increased significantly which took the ratio down again.

5.4.15 ASSET ACTIVITY RATIOS

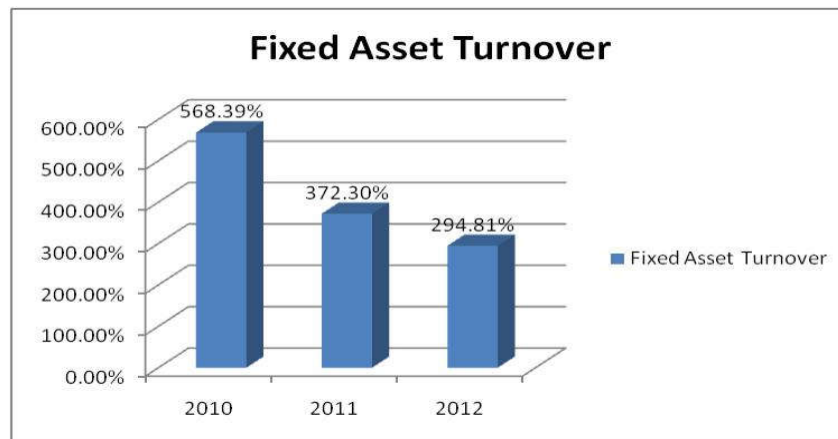
They are also known as asset management ratios or efficiency ratios and is used to judge the efficiency in management of assets. Assets are employed to generate sales for a firm and these ratios determine how well the asset is utilized to efficiently generate or convert asset into sales. High asset turnover ratios are desirable because they mean that the company is utilizing its assets efficiently to produce sales. The higher the asset turnover ratios, the more sales the company is generating from its assets. It consists of fixed asset turnover and net asset turnover.

5.4.15.1 Fixed Asset Turnover

Fixed Asset Turnover Ratio calculates the value of revenue achieved per dollar of investment. The fixed-asset turnover ratio measures a company's ability to generate net sales from fixed-asset investments - specifically property, plant and equipment (PP&E) - net of depreciation. A higher ratio indicates better asset management and utilization and vice versa. Fixed Asset Turnover = [Revenue/Net Fixed Asset]

Fixed Asset Turnover	YEAR		
	2010	2011	2012
Revenue	5,555,178,105.00	6,408,962,823.00	5,614,359,565.00
Net fixed asset	977,358,392.00	1,721,436,551.00	1,904,407,294.00
Fixed Asset Turnover	568.39%	372.30%	294.81%

The fixed asset turnover was 568.39% in 2010. Then it continuously decreased drastically to 372.30% in 2011 and 294.81% in 2012. The ratio started falling from 2011, and this trend continued till 2012.



An unprecedented increase in fixed assets was responsible for this trend. While revenue only increased by 15.37% from 2010 to 2011 and, fixed assets increased by 76.13% for the same period and the same thing continues for 2012. A possible reason for the increasing value of fixed assets was raising inflation. Inflation rates rose from 5.43% in 2009 to 10.7% in 2011. This

Financial Performance Analysis of Dhaka Bank Limited

meant that the new assets bought and recorded from 2010-11 were recorded at a higher value, increasing the amount of fixed assets exponentially.

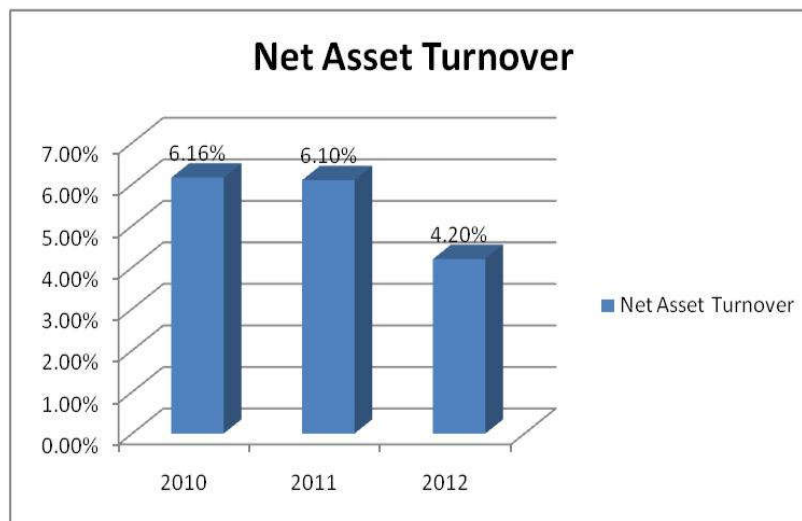
5.4.15.2 Net Asset Turnover

The net asset turnover ratio measures the ability of management to use the net assets of the business to generate sales revenue. A well-managed business will be making the assets work hard for the business by minimizing idle time for machines and equipment. Too high a ratio may suggest over-trading, that is too much sales revenue with too little investment. Too high a ratio may suggest under-trading and the inefficient management of resources.

$$\text{Net Asset Turnover} = \frac{\text{Revenue}}{\text{Net Asset}}$$

Net Asset Turnover	YEAR		
	2010	2011	2012
Revenue	5,555,178,105.00	6,408,962,823.00	5,614,359,565.00
Net asset	90,140,874,134.00	105,037,213,825.00	133,616,109,915.00
Net Asset Turnover	6.16%	6.10%	4.20%

Net asset turnover was 6.16% in 2010. From 2011 onwards, it had been falling at different rates. It fell to 6.10% in 2011 and 4.20% in 2012. It fell in 2011 due to a greater percentage increase in net assets compared to revenue. In 2012 the ratio fell drastically because of significant increase in net assets as well as slight decrease in revenue.



The downward trend of net asset turnover, which started from 2011 and continued till 2012, can be explained by the increasing of net assets, the rate of which is substantially greater than the rate of growth in revenue. Rapidly growing fixed assets increased net assets, thus bringing down net asset turnover.

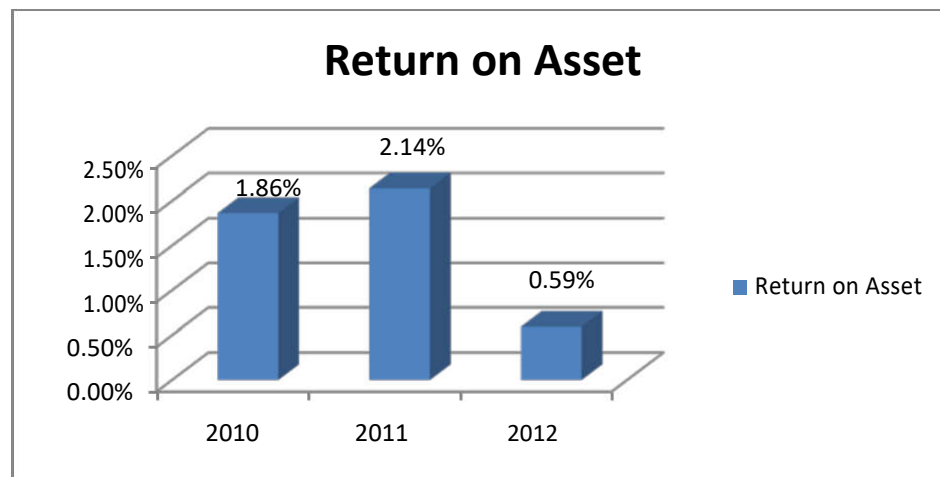
5.4.16 Return on Asset

ROA is an indicator of a company's profitability. ROA is calculated by dividing a company's net income in a fiscal year by its total assets. It is known as a profitability or productivity ratio, because it provides information about the management's performance in using the assets of the small business to generate income. ROA can be used as a valuable tool to measure progress against predetermined internal goals, a certain competitor, or the overall industry. ROA is also used by bankers, investors, and business analysts to assess a company's use of resources and financial strength.

$$\text{Return on Asset} = \frac{\text{Net Profit}}{\text{Asset}}$$

Return on Asset	YEAR		
	2010	2011	2012
Net profit	1,678,976,188.00	2,242,648,272.00	788,629,626.00
Asset	90,140,874,134.00	105,037,213,825.00	133,616,109,915.00
Return on Asset	1.86%	2.14%	0.59%

Return on asset follows a cyclic trend. It was 1.86% in 2010. In 2011 it increased to 2.14%. After the increase in 2011 it started drastically decreasing and turns into 0.59% in 2012. The fall in 2012, like the was caused by an economic downturn, coupled with a reduced interest spread and a lower net profit after tax, relative to total interest revenue.



In year 2012, total assets as well as net profit grew faster comparing to, causing the return on asset to rise during a period of high profitability. The growth in assets resulted from a significant growth in total credit as well as fixed assets. The return on asset drastically fell in 2012 because profits took a huge hit from the failing capital market and shrinking net interest margin. The interest spread fell as interest on deposit soared, but the interest on loan could not increase as much due to the lending cap.

5.4.17 Return on Equity

This ratio shows the amount of net income returned as a percentage of shareholders equity. Return on equity measures a corporation's profitability by revealing how much profit a company generates with the money shareholders have invested. It indicates a firm's efficiency in applying common-stockholders' (ordinary-shareholders') money.

$$\text{Return on Equity} = \frac{\text{Net Profit}}{\text{Equity}}$$

Return on Equity	YEAR		
	2010	2011	2012
Net profit	1,678,976,188.00	2,242,648,272.00	788,629,626.00
Equity	6,579,729,388.00	9,293,796,879.00	9,786,311,177.00
Return on Equity	25.52%	24.13%	8.06%

The return on equity was 25.52% in 2010. After that it started to decrease and became 24.13% in 2011. Then the situation went worst and it turns into 8.06% in 2012. The fall in 2011 was caused by a lower net profit margin resulting from a lower interest rate spread and increased provisions and operating expenses. Profitability fell due to a domestic economic turndown, combined with the global economic crisis.



The sharp fall in 2012 is attributable to a combination of two factors. Firstly, a fall in return is evident from the drop in the interest spread and net profit margin. Profitability fell due to an increase of interest on deposits and loss in capital market investments. Return on equity fell faster as total shareholder's equity rose significantly in 2012.

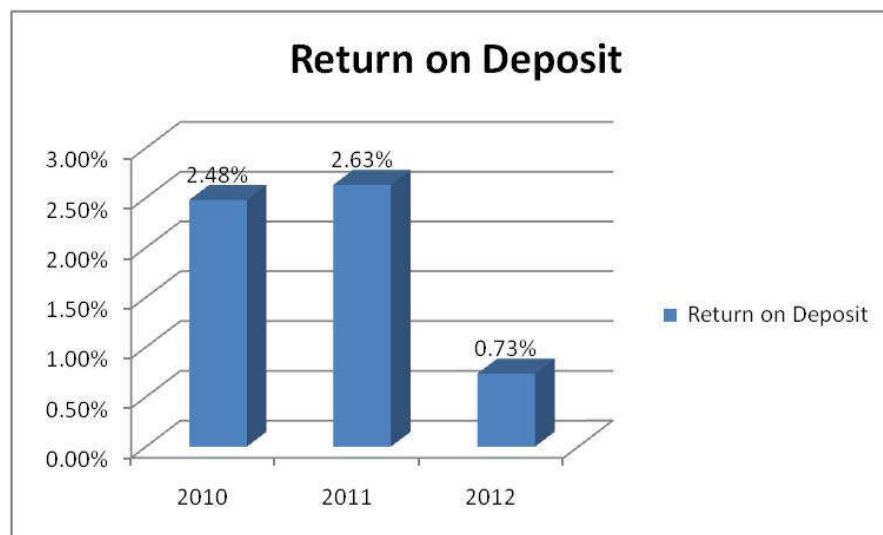
5.4.18 Return on Deposit

This ratio shows the amount of net income returned as a percentage of total deposits. Return on deposit measures a corporation's profitability by revealing how much profit a company generates with the money savers have kept in the bank. It indicates a firm's efficiency in applying deposits (liabilities) to earn profit.

$$\text{Return on Deposit} = \frac{\text{Net Profit}}{\text{Total Deposit}}$$

Return on Deposit	YEAR		
	2010	2011	2012
Net profit	1,678,976,188.00	2,242,648,272.00	788,629,626.00
Deposits	67,742,518,136.00	85,276,888,686.00	107,427,151,290.00
Return on Deposit	2.48%	2.63%	0.73%

Return on deposits was 2.48% in 2010. It slightly rose in 2011 to 2.63% but drastically decreased to 0.73% in 2012. The fall in 2012 was caused by a substantial increase in deposits and even greater decrease in net profit.



Owing to a drop in the net profit, return on deposits fell even further. The fall in net profit was caused by the stock market crash and the increase in return on deposits, leading to a lower total income for the bank.

Financial Performance Analysis of Dhaka Bank Limited

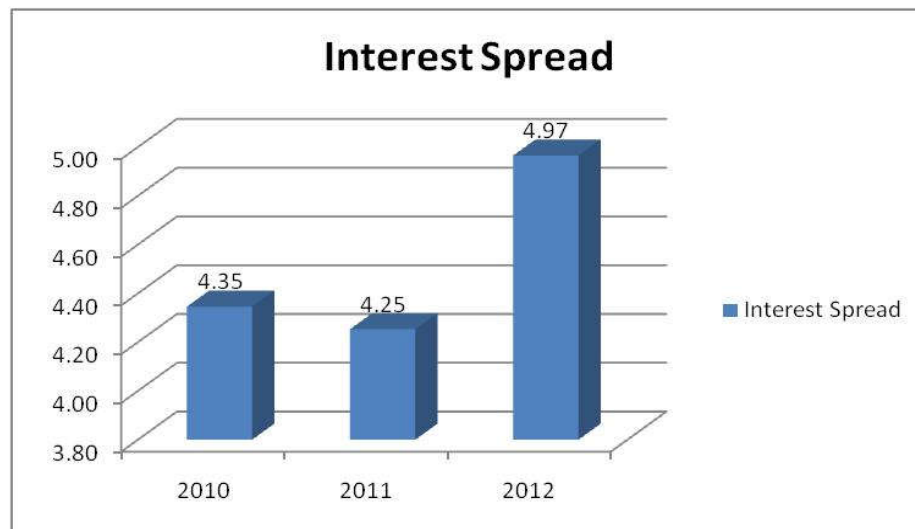
5.4.19 Interest Spread

Interest spread is the difference between the average yield a financial institution receives from loans and other interest-accruing activities and the average rate it pays on deposits and borrowings. The net interest rate spread is a key determinant of a financial institution's profitability (or lack thereof).

$$\text{Interest Spread} = \left[\frac{\text{Interest on Loan}}{\text{Total Loan}} - \frac{\text{Interest on Deposit}}{\text{Total Deposit}} \right] * 100$$

Interest Spread	YEAR		
	2010	2011	2012
Interest income	7,404,568,228.00	10,012,821,834.0000	13,368,863,531.00
Interest expense	4,944,107,729.00	7,610,560,989.00	10,598,442,925.00
Loans & Advances	63,591,387,406.00	75,983,291,662.00	90,140,284,573.00
Deposits	67,742,518,136.00	85,276,888,686.00	107,427,151,290.00
Interest Spread	4.35%	4.25%	4.97%

The interest spread was 4.35% in 2010. It fell slightly in 2011 and became 4.25%. Then it increased to 4.97% in 2012.



The interest spread fell in 2011 due to an increase in the interest rate on deposit. It rose in 2012 due to fall in the interest rate on deposit. Both the interest rates increased in 2011, but the spread fell as the interest rate on deposit grew faster due to a liquidity crisis.

Financial Performance Analysis of Dhaka Bank Limited

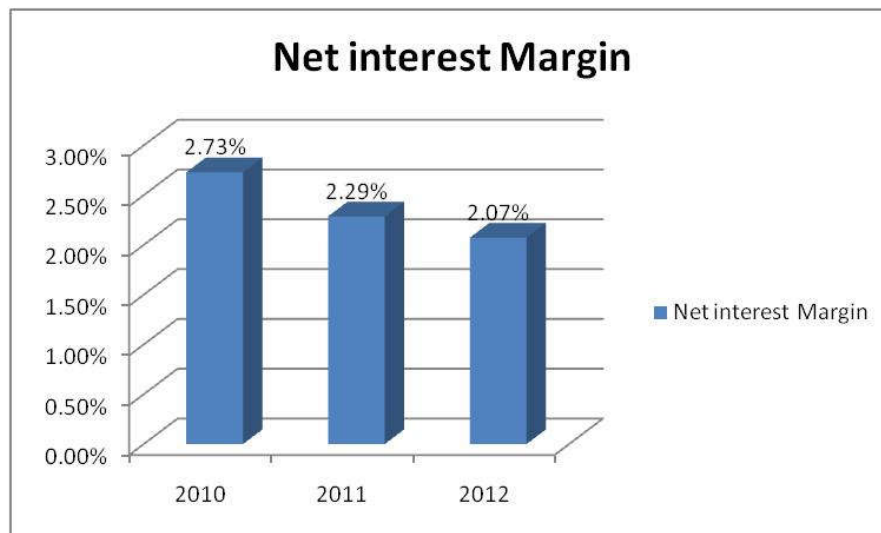
5.4.20 Net Interest Margin

This ratio is a performance metric that examines how successful a firm's investment decisions are compared to its debt situations. A negative value denotes that the firm did not make an optimal decision, because interest expenses were greater than the amount of returns generated by investments.

$$\text{Net Interest Margin} = \frac{(\text{Interest Income} - \text{Interest Expense})}{\text{Total Avg Asset}}$$

Net interest Margin	YEAR		
	2010	2011	2012
Interest income	7,404,568,228.00	10,012,821,834.00	13,368,863,531.00
Interest expense	4,944,107,729.00	7,610,560,989.00	10,598,442,925.00
Total Asset	90,140,874,134.00	105,037,213,825.00	133,616,109,915.00
Net interest Margin	2.73%	2.29%	2.07%

Net interest margin decreased from 2010 to 2012. The net interest margin was 2.73% in 2010. Then it decreased to 2.29% in 2011 and to 2.07% in 2012.



A steady net profit margin means that the bank's assets generated a similar level of net interest income, relative to its growth.

Part 6: Recommendations

Some recommendations based on the financial performance of Dhaka Bank Limited's financial performance are given below-

- Before giving long-term loan a bank should consider that whether a bank has long term deposit or not. Otherwise the bank will surely face the liquidity problem.
- A bank should increase the non-funded income in order to increase the operating income ratio.
- After giving the loan to the customers, a banker should also perform certain duties to the customers to decrease the bad debt problem. Like-monitoring, supervising and follow up the loan that is taken by the customers.
- Bangladesh Bank should impose the rule of uniformity for all types of schemes. By this way customers can decide from where they will receive service based on the service quality and organizational environment.
- Director's interference in case of giving loan should be lessening because in this way risk may increase and bad debt may also increase.
- "Employee Recruitment Process"- should be done in a fare process so that appropriate and talented employees are selected through the recruitment process and increase the productivity and quality of the service.
- The most important thing that has come to my mind concerning their promotional activities is that they should go for print or broad cast media for advertisement to make their customer aware about their range of services and make the strong place in the customers' mind.
- They should make their services decentralized rather than centralized, so that the process of LC as well as the loan approval will not be time consuming. And they will be able to give faster and updated service to the clients.
- They should give some power to the Branch Managers for sanctioning loans for the purpose of foreign trade up to a certain limit. So that, they can provide loan to their valuable clients when they are in shortfall of funds on emergency basis.
- They should increase the number of AD Branches in all over the country with the permission of Bangladesh Bank. Thus, the clients in every city can enjoy their foreign trade from their own city.

Part 7: Conclusion

Modern Commercial Banking is exacting business. The reward are modest, the penalties for bad looking are enormous. And Commercial banks are great monetary institutions, important to the general welfare of the economy more than any other financial institution. Dhaka Bank Limited is one of the leading commercial banks in our country. In all economic condition of our country Dhaka Bank Limited has been working with great confidence and competing tremendously with Government oriented bank, local commercial banks along with the multinational banks also. Dhaka Bank Limited always tried its level best to perform financially well. In spite of trying to do well in some aspects Dhaka Bank Limited 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 Limited will develop even more in the future.

Part 8: REFERENCES

To prepare this report I have collected data mainly from annual reports of Dhaka Bank Limited, different books regarding ratio analysis, the websites of Bangladesh Bank and Dhaka Bank Limited and others websites about ratio analysis. The references are given below:

Annual Reports

- Annual Report of Dhaka Bank Limited 2012
- Annual Report of Dhaka Bank Limited 2011
- Annual Report of Dhaka Bank Limited 2010

Books

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- <http://www.shkfd.com.hk/glossary/eng/RA.htm>
- <http://www.investinganswers.com/>
- <http://www.investopedia.com/>

Part 8: Appendix

Dhaka Bank Limited Balance Sheet As at 31 December 2012

Property and Assets

Cash

Cash in Hand (including foreign currencies)
Balance with Bangladesh Bank & Sonali Bank
(including foreign currencies)

Balance With Other Banks & Financial Institutions

In Bangladesh
Outside Bangladesh

Money at Call and Short Notice

Investments

Government
Others

Loans & Advances

Loans, Cash Credit & Over Draft etc.
Bills Discounted and Purchased

Premises and Fixed Assets

Other Assets

Non-Banking Assets

Total Assets

Liabilities & Capital

Liabilities

Borrowings from other banks,
financial institutions and agents

Deposits and Other Accounts

Current Accounts & Other Accounts
Bills Payable
Savings Bank Deposits
Term Deposits

Non Convertible Subordinated Bond

Other Liabilities

Total Liabilities

Capital / Shareholders' Equity

Paid-up Capital
Statutory Reserve
General Reserve
Assets Revaluation Reserve
Revaluation Reserve on Investment
Surplus in Profit and Loss Account

Total Shareholders' Equity

Total Liabilities & Shareholders' Equity

Notes	2012 Taka	2011 Taka
	10,933,972,796	9,510,422,797
03	1,307,411,402	911,678,532
	9,626,561,394	8,598,744,265
04	4,828,293,993	3,100,232,133
	3,543,839,291	2,119,035,099
	1,284,454,702	981,197,034
05	669,200,000	19,400,000
06	18,403,921,383	9,576,138,756
	15,775,407,762	7,820,173,863
	2,628,513,621	1,755,964,893
07	90,140,284,573	75,983,291,662
	87,762,745,239	73,746,335,015
	2,377,539,334	2,236,956,647
08	1,879,473,973	1,702,927,035
09	6,263,214,012	4,779,639,595
10	23,166,033	23,166,033
	133,141,526,763	104,695,218,011
11	5,696,877,888	2,548,239,587
12	107,427,151,290	85,276,888,686
	10,816,848,734	9,774,271,252
	1,355,657,995	1,099,134,168
	7,123,752,609	6,856,277,795
	88,130,891,952	67,547,205,471
13	2,000,000,000	2,000,000,000
14	8,334,275,111	5,653,334,930
	123,458,304,289	95,478,463,203
15	4,667,594,130	3,590,457,030
16	3,572,572,204	3,284,607,425
17	346,546,164	168,421,146
18	648,455,000	648,455,000
19	34,611,362	90,029,238
20	413,443,614	1,434,784,969
	9,683,222,474	9,216,754,808
	133,141,526,763	104,695,218,011

Financial Performance Analysis of Dhaka Bank Limited

Dhaka Bank Limited Profit & Loss Account for the year ended 31 December 2012

Operating Income

Interest Income / Profit Received
Interest / Profit paid on Deposits & Borrowings
Net Interest Income

Income from Investment
Commission / Fees, Exchange Earnings & Brokerage
Other Operating Income
TOTAL OPERATING INCOME (A)

Operating Expenses

Salary & Allowances:
Rent, Taxes, Insurance, Lighting etc.
Legal & Professional Expenses
Postage, Stamp, Telecommunication etc.
Stationery, Printing, Advertisement etc.
Chief Executive's salary & allowances
Directors' Fee & Meeting Expenses
Audit Fees
Charges on loan losses
Depreciation of Bank's Assets
Repair & Maintenance of Bank's Assets
Other Expenses

TOTAL OPERATING EXPENSES (B)
Profit / (Loss) Before Provision (C) = (A - B)

Provision for loan
Provision for Off Balance Sheet Exposure
Provision for diminution in value of investments
Other Provisions

Total Provision (D)
Total Profit / (Loss) before Tax (C - D)

Provision for Current Tax
Provision for Deferred Tax

Net Profit / (Loss) after Tax :
Retained Surplus brought forward from previous year

Distribution

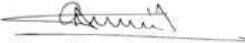
Statutory Reserve
General Reserve
Dividend

Retained surplus
Earning per Share (EPS) (Restated)

Notes	2012 Taka	2011 Taka
Notes		
23	13,228,520,380	9,945,529,826
24	10,598,442,925	7,610,560,989
	2,630,077,455	2,334,968,837
25	1,388,483,871	2,050,656,730
26	1,084,942,824	1,504,839,280
27	239,377,385	338,587,886
	5,342,881,535	6,229,052,733
28	1,183,902,853	1,048,875,658
29	267,957,754	253,204,058
30	9,580,516	11,222,666
31	53,531,641	52,859,362
32	102,904,881	106,299,051
33	12,101,500	9,407,143
34	2,700,400	2,317,749
	690,000	574,750
36	36,546	60,568
37	76,902,827	109,992,377
38	67,969,390	49,912,018
39	341,227,863	300,101,546
	2,119,506,171	1,944,826,946
	3,223,375,364	4,284,225,787
40	1,685,376,923	440,911,548
41	31,483,131	75,150,000
42	65,939,102	113,992,108
14.5	752,315	65,920
	1,783,551,471	630,119,576
	1,439,823,893	3,654,106,211
14.6	738,415,500	1,488,500,000
	-	-
	701,408,393	2,165,606,211
	1,434,784,969	1,095,477,121
	2,136,193,362	3,261,083,332
16	287,964,779	730,821,242
17	178,125,018	164,617,891
	1,256,659,951	930,859,230
	413,443,614	1,434,784,969
43	1.50	4.64

These financial statements should be read in conjunction with the annexed notes 1 to 48


Khondker Fazle Rashid
Managing Director


Khondker Jamil Uddin
Director


Abdul Hai Sarker
Director


Reshadur Rahman
Chairman

Auditors' report to the shareholders
See annexed report of date

Dhaka, March 12, 2013


Hoda Vasi Chowdhury & Co
Chartered Accountants

Financial Performance Analysis of Dhaka Bank Limited

Dhaka Bank Limited Balance Sheet

as at 31 December 2011

		2011 Taka	2010 Taka
PROPERTY AND ASSETS	Notes		
Cash	03	9,510,422,797	8,769,479,993
Cash in Hand (including foreign currencies)		911,678,532	758,850,790
Balance with Bangladesh Bank & Sonali Bank (including foreign currencies)		8,598,744,265	8,010,629,203
Balance With Other Banks & Financial Institutions	04	3,100,232,133	4,839,359,461
In Bangladesh		2,119,035,099	4,114,120,565
Outside Bangladesh		981,197,034	725,238,896
Money at Call and Short Notice	05	19,400,000	109,600,000
Investments	06	9,576,138,756	8,441,807,611
Government		7,820,173,863	7,099,576,677
Others		1,755,964,893	1,342,230,934
Loans & Advances	07	75,983,291,662	63,591,387,406
Loans, Cash Credit & Over Draft etc.		73,746,335,015	61,153,529,522
Bills Discounted and Purchased		2,236,956,647	2,437,857,884
Premises and Fixed Assets	08	1,702,927,035	977,385,392
Other Assets	09	4,810,071,640	3,387,294,364
Non-Banking Assets	10	23,166,033	23,166,033
Total Assets		104,725,650,056	90,139,480,260
LIABILITIES & CAPITAL			
Liabilities			
Borrowings from other banks, financial institutions and agents	11	2,548,239,587	4,365,638,395
Deposits and Other Accounts	12	85,276,888,686	70,420,380,740
Current Accounts & Other Accounts		9,774,271,252	8,184,280,878
Bills Payable		1,099,134,168	1,316,883,068
Savings Bank Deposits		6,856,277,795	7,407,572,666
Term Deposits		67,547,205,471	53,511,644,128
Non Convertible Subordinated Bond	13	2,000,000,000	2,000,000,000
Other Liabilities	14	5,683,766,975	6,773,731,737
Total Liabilities		95,508,895,248	83,559,750,872
Capital / Shareholders' Equity			
Paid-up Capital	15	3,590,457,030	2,659,597,800
Statutory Reserve	16	3,284,607,425	2,553,786,183
General Reserve	17	168,421,146	3,803,255
Assets Revaluation Reserve	18	648,455,000	-
Revaluation Reserve on Investment	19	90,029,238	267,065,029
Surplus in Profit and Loss Account	20	1,434,784,969	1,095,477,121
Total Shareholders' Equity		9,216,754,808	6,579,729,388
Total Liabilities & Shareholders' Equity		104,725,650,056	90,139,480,260

Financial Performance Analysis of Dhaka Bank Limited

Dhaka Bank Limited Profit & Loss Account for the year ended 31 December 2011

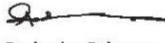
		2011 Taka	2010 Taka
Operating Income	Notes		
Interest Income / Profit Received	23	9,945,529,826	7,404,568,227
Interest / Profit paid on Deposits & Borrowings	24	7,610,560,989	4,944,107,729
Net Interest Income		2,334,968,837	2,460,460,498
Income from Investment	25	2,050,656,730	1,242,612,630
Commission / Fees, Exchange Earnings & Brokerage	26	1,504,839,280	1,383,416,670
Other Operating Income	27	337,364,490	468,688,307
TOTAL OPERATING INCOME (A)		6,227,829,337	5,555,178,105
Operating Expenses			
Salary & Allowances:	28	1,048,875,658	967,479,981
Rent, Taxes, Insurance, Lighting etc.	29	253,204,058	227,074,795
Legal & Professional Expenses	30	11,222,666	7,311,351
Postage, Stamp, Telecommunication etc.	31	52,859,362	42,362,792
Stationery, Printing, Advertisement etc.	32	106,299,051	101,947,573
Chief Executive's salary & allowances	33	9,407,143	9,847,143
Directors' Fee & Meeting Expenses	34	2,317,749	2,749,804
Audit Fees		574,750	632,500
Charges on loan losses	36	60,568	782,226
Depreciation of Bank's Assets	37	109,992,377	84,865,809
Repair & Maintenance of Bank's Assets	38	49,912,018	38,189,014
Other Expenses	39	261,967,986	231,493,569
TOTAL OPERATING EXPENSES (B)		1,906,693,386	1,714,736,557
Profit / (Loss) Before Provision (C) = (A - B)		4,321,135,951	3,840,441,548
Non-Operating Income	40	-	1,178,808
		4,321,135,951	3,841,620,356
Provision for loan	41	440,911,548	841,229,787
Provision for Off Balance Sheet Exposure	42	75,150,000	51,014,000
Provision for diminution in value of Investments	43	113,992,108	-
Provision for Dhaka Bank Foundation	44	36,910,164	29,469,650
Other Provisions	14.5	65,920	2,411,583
Total Provision (D)		667,029,740	924,125,020
Total Profit / (Loss) before Tax (C - D)		3,654,106,211	2,917,495,336
Provision for Current Tax	14.6	1,488,500,000	1,238,519,148
Provision for Deferred Tax		-	-
Net Profit / (Loss) after Tax :		2,165,606,211	1,678,976,188
Distribution :			
Statutory Reserve	16	730,821,242	583,499,067
General Reserve		-	-
Dividend etc.		-	-
Retained surplus		1,434,784,969	1,095,477,121
Earning per Share (EPS):	45	6.03	4.68

These financial statements should be read in conjunction with the annexed notes 1 to 49(a)


 Khondker Fazle Rashid
 Managing Director


 Mohammed Hanif
 Director


 Abdul Hal Sarker
 Director

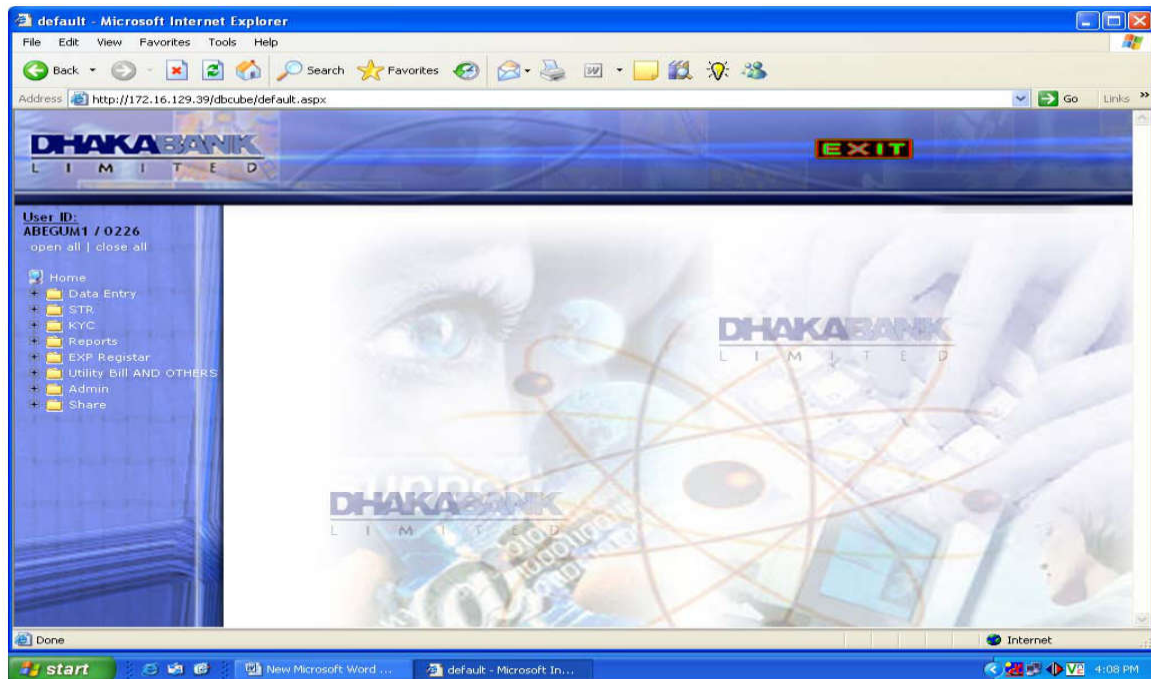
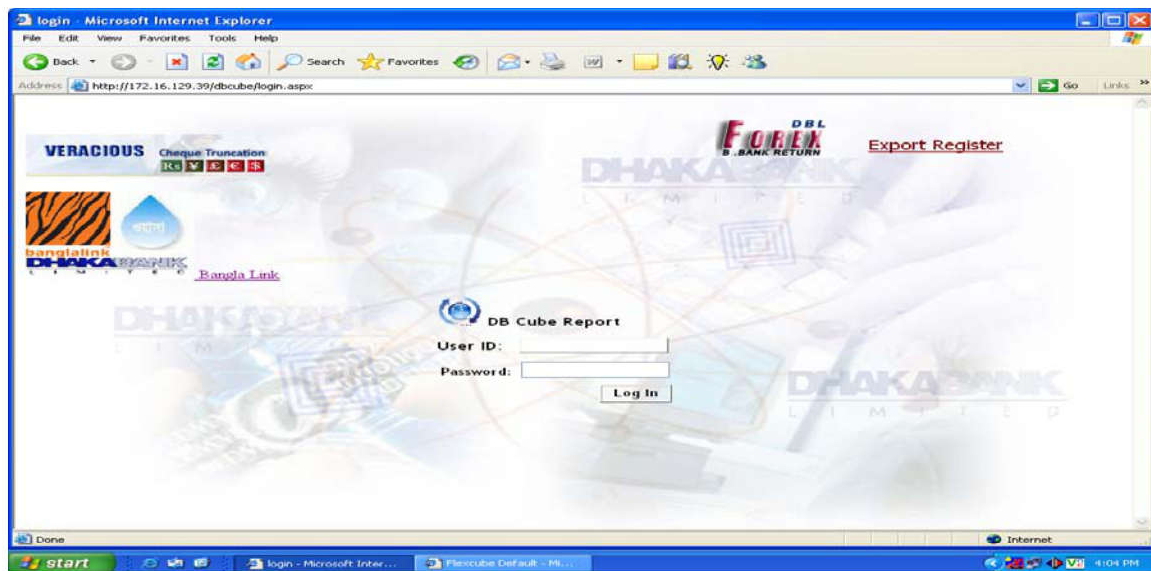

 Reshadur Rahman
 Chairman

Auditors' report to the shareholders
 See annexed report of date

Dhaka, February 15, 2012


 Hoda Vasi Chowdhury & Co.
 Chartered Accountants

Financial Performance Analysis of Dhaka Bank Limited



Financial Performance Analysis of Dhaka Bank Limited

