

# *Performance Appraisal of National Bank Limited*

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ID# 2004-1-10-032

Internship Report

Submitted To

Department of Business Administration

**EAST WEST UNIVERSITY**

April 7, 2008

**The Chairman**

Department of Business Administration  
East West University of Bangladesh  
Mohakhali, Dhaka.

**Sub: Submission of internship Report**

Dear Sir,

With due respect, I the undersigned student, is submitting this internship report on the “National Bank Limited” It was undoubtedly a marvelous, rare opportunity for me to work on this assigned area to actualize my practical knowledge gathered throughout my last three months on National Bank, Kawran Bazar branch, Dhaka. This is the internship program report about “Performance Appraisal Of National Bank Limited” was conferred upon me .At the end of my program performance. I do here by express my deepest gratitude and appreciation to your esteemed concern as you asked me to submit this report, as a part of my academic. This program report enlightens a prospective description of overall “Performance Appraisal Of National Bank Limited”. On the internship period of my experience; I had a study on “Over all activities of National Bank Limited” and share my ideas on this topic through this report.

I sincerely hope and pray that my program report will meet your requirement and kind approval eventually. I would be highly glad and it would be my pleasure to famish you with any further clarification, if required.

Sincerely yours,

Md. Zahidur Rasid

(Md. Zahidur Rasid)

ID# 2004-1-10-032

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# Acknowledgment

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The internship program about conferred on me, help me a lot to understand the overall situation of **National Bank Limited**.

I do hereby express my deepest thanks and appreciation to **Dr. Tanbir Ahmed Chowdury** who is my honorable supervisor, for giving me valuable time and sincere guidance during the study period, which has inspired me in preparing this report.

I am indebted to **MD Badiuzzaman** (Senior Vice President) and others officers, whose provide required information, necessary assistance, valuable suggestion and advice through their long working experience and intellectual effort to prepare this report.

I have special thanks to **MD. Shah Newaz** (Senior Principal Officer), and **MD. Mohsin Patwarry** (Officer) of National Bank Limited. With out their support I may not be able to complete qualitative report like this. I would be remiss if I failed to acknowledge the unflagging support of our friends. To complete this internship successfully I anticipated my instructor's deep aspiration and assist.

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## Executive Summary:

National Bank Limited is the pioneer in the private-banking sector. National Bank just has celebrated its silver jubilee. It is possible because of dedicated service line for the valued client. The capital structure of NBL seems strongest ever since birth. Currently it is in fifth position for its share market capitalization in banking sector. The capital structure of NBL suggests that shareholders equity is increasing over the years. They grab all the profitable investment opportunities but they could not invest the entire investment-able amount collected in the form of deposit in the recent past. For this reason, the credit deposit ratio decrease over the years. ROA and ROE also suggest that National Bank Limited has done well. Current ratio also proves that National Bank limited is efficient in banking sector. Over the last five-years NBL performs well and earn enough to declare higher amount of dividend. The EBT and net profit seems stronger over time as time passes. The asset value of National Bank Limited is increased for this reason over time. As a pioneer, National Banks Limited has done excellent service life since now and it will be continued unless the operation of the bank is continued.

**Chapter 01**  
**Introduction of the Report.**



## **INTRODUCTION:**

Managing the function of each department efficiently and flexible payment procedure is enough for achieving success for a bank. A prudent bank management should always try to make an appropriate balance between the payments and receive. The payment and receive flexibility with in short time gives the customer ultimate satisfaction, which attracts the more clients in the bank. The transaction will be automatically high and increase the commission and profit of the bank. As a pioneer National Bank Limited (NBL) is able to do so to earn the trust of general people. NBL has the glory of being oldest bank owned by the general people of Bangladesh and it servers the nation for last 25 years with largest line of diversified banking services in different sectors. So far, NBL is performing well and listed in the “A” category for long time.



### **Objective of the Study:**

The objective of the study is to have some practical knowledge about the evaluating the performance appraisal of National Bank Limited. The study objective is to evaluate the performance appraisal of National Bank. Thus I have tried to find out some means, which may help to improve bank performance.

The specific objectives of the study can be pointed out as follows: -

- To present an overview of National Bank Ltd.
- To apprise the financial performance of National Bank Ltd.
- To apprise the financial activity of National Bank Ltd.
- To examine the performance indicator of each department.
- Identify the problem of the National Bank Ltd.
- To suggest for the development of the National Bank Ltd.





### **Scope of the study:**

I have outlined all the topics earlier, but this study covers only “**Performance Appraisal of National Bank Limited**”. This is an effort to analyze performance of the Bank.

### **Methodology what I have applied to prepare this Report:**

The purpose of this report is to focus practical Experiences of my day-to-day work as a part of my internship period on National Bank Limited and judging the performance appraisal of the bank. Mostly I use the quantitative data to execute the performance.

- Projection Techniques.
- Interaction with the Customers and Bank Officers.
- Study of annual reports published for different years.
- Ratio analysis.
- Graphical analysis.

### **Sources of Data:**

- Doing practical work in different desks.
- Study of old files and documents.
- Personal investigation.



- Collection of data from different statements and abstracts.
- Internet, Brochures, annual report etc.

### **Limitation of the study:**

To prepare the internship report I encountered some limitations. The limitations are as follows: -

- The main barrier in collecting information is lack of secondary data. There are specific records to identify the performance of the bank and the records are maintained by a specific sector.
- Some Bank officers were reluctant to divulge information about their own respective functions.
- Limitation of time was a major constraint in making a complete study, due to time limitation. The duration was only twelve weeks. It was too limited to cover all the banking area. Many aspects could not be discussed in the present study.
- There were some confidential files, which I could not access.

**Chapter 02**  
**Mission and Vision of National Bank Limited.**  
**Goals and Objectives of National Bank Limited.**



### **Mission and Vision of NBL:**

Efforts for expansion of NBLs activates at home and abroad by adding new dimension to there banking services are continued unabated. Alongside, the bank is also putting highest priority in ensuring transparency, accountability, and improved client service as well as to our commitment to their commitment to serve the society, through which we want to get closer and closer to the people of the state. Winning an everlasting seat in the heart of the people as caring companion in uplifting the nation al standard through continues up gradation and diversification of our client service in line with national and international requirements is the desired goal that National Bank Ltd want to reach.

- NBL intends to provide better benefits to its customers and good returns to its shareholders.
- It intends to meet the needs of its clients and enhance its profitability by creating corporate culture.
- NBL aims to ensure its competitive advantage by upgrading banking technology and information system.
- It provides high quality financial services to strengthen the well-being and success of individual, industries and business communities.
- NBL maintains congenial atmosphere for which people are proud and eager to work with National Bank Ltd.
- NBL believes in disciplined growth strategy.



- NBL encourages investors to boost up share market.
- NBL intends to play more important role in the economic development of Bangladesh and its financial relations with the rest of the world by interlining both domestic and international operations.

### **Goal and Objective:**

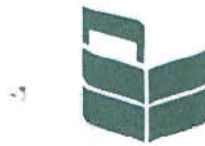
NBL is always ready to maintain the highest quality of services by upgrading banking technology prudence in manager by applying high standard of business ethics through its establish commitment and heritage. Objective of a private institution like NBL is to maximize profit through optimum utilization of resources by providing best customers services. Other objectives are as follows:

- NBL is committed to ensure its contribution to National Bank by increasing its profitability through professional and disciplined growth strategy for its customer and by creating corporate banking area.
- The objective of NBL is not only to earn profit but also to keep the social commitment and to ensure its co-operation to the person of all level of the businessman, industrialist specially who are established large scale industry by consortium and the agro-based export oriented medium and small scale industries by self inspiration.
- NBL as the first and largest private bank in committed to continue its vendor by rapidly increasing the investment of honorable share- holders into assets.



- NBL believes in building up the strongest based capitalization of the country.
- NBL is committed to continue its activities in the new horizon of business with a view to developing service oriented industry and culture of morality and its maintenance in banking.
- NBL has been working from its very beginning to ensure the best use of its creativity, well-disciplined, well management and perfect growth.
- NBL is plying a vital role in Socio-economic development of Bangladesh by way of linkage with rest of developing worldwide network in domestic and international operations.

Chapter 03  
Overview of National Bank Limited.



### **Overview of National Bank Limited:**

National Bank Limited (NBL) has its prosperous past, glorious present, prospective future and under processing projects and activities. Established as the first private sector Bank fully owned by Bangladeshi entrepreneurs, NBL has been flourishing as the largest private sector Bank with the passage of time after facing many stress and strain. The member of the board of directors is creative businessman and leading industrialist of the country. To keep pace with time and in harmony with national and international economic activities and for rendering all modern services, NBL, as a financial institution automated all its branches with computer network in accordance with the competitive commercial demand of time. Moreover, considering its forth-coming future the infrastructure of the Bank has been rearranging. The expectation of all class businessman, entrepreneurs and general public is much more to NBL. Keeping the target in mind NBL has taken preparation to open new branches by the year 2007.

The emergence of National Bank Ltd. in the private sector is an important event in the Banking arena of Bangladesh. When the nation was in the grip of severe recession, Govt. took the farsighted decision to allow in the private sector to revive the economy of the country. Several dynamic entrepreneurs came forward for establishing a bank with a motto to revitalize the economy of the country.

National Bank Limited was born as the first hundred percent Bangladeshi owned Bank in the private sector. From the very inception it is the firm determination of National Bank Limited to play a vital role in the national economy. We are determined to bring back the long forgotten taste of banking services and flavors. We want to serve each one promptly and with a sense of dedication and dignity.





The then President of the People's Republic of Bangladesh Justice Ahsanuddin Chowdhury inaugurated the bank formally on March 28, 1983 but the first branch at 48, Dilkusha Commercial Area, Dhaka started commercial operation on March 23, 1983. The 2nd Branch was opened on 11th May 1983 at Khatungonj, Chittagong.

At present, NBL has been carrying on business through its 100 branches spread all over the country. Besides, the Bank has drawing arrangement with 415 correspondents in 75 countries of the world as well as with 32 overseas Exchange Companies. NBL was the first domestic bank to establish agency arrangement with the world famous Western Union in order to facilitate quick and safe remittance of the valuable foreign exchanges earned by the expatriate Bangladeshi nationals. NBL was also the first among domestic banks to introduce international Master Card in Bangladesh. In the meantime, NBL has also introduced the Visa Card and Power Card. The Bank has in its use the latest information technology services of SWIFT and REUTERS. NBL has been continuing its small credit program for disbursement of collateral free agricultural loans among the poor farmers of Barindra area in Rajshahi district for improving their lot. Alongside banking activities, NBL is actively involved in sports and games as well as in various Socio-Cultural activities. Up to September 2006, the total number of workforce of NBL stood at 2239, which include 1689 officers and executives and 550 staff.

Since the very beginning, the Bank exerted much emphasis on overseas operation and handled a sizeable quantum of homebound foreign remittance. The Bank established extensive drawing arrangement network with Banks and Exchange Companies located in important countries of the world. Expatriate.

Bangladeshi wage earners residing in those countries can now easily remit their hard-earned money to the country with confidence, safety and speed.



The year 2006 marked the addition of yet another golden stair in the chronicle of NBL's success story. Compared to 2005, Foreign exchange business of the Bank increased by 34.40% to Tk. 5186 core, of which export, import and remittance business increased by 34.16%, 31.27% and 56.50% respectively. Total assets of the Bank stood at Tk. 4483 core on 30.09.2006.

Our Bank invested 25% equity in Gulf Overseas Exchange Company LLC, a joint venture Exchange Company in Oman, operating since November 1985 under the management of our Bank. The Bank received 11875 Oman Riyal equivalent to Tk.2.10 million as dividend for the year 2006.

Now NBL is on line to establish trade and communication with the Prime International banking companies of the world. As a result NBL will be able to build a strong root in international banking horizon. Bank has been drawing arrangement with well conversant money transfer service agency "Western Union". It has a full time arrangement for speedy transfer of money all over the world.

Banking is not only a profit-oriented commercial institution but it has a public base and social commitment. Admitting this true NBL is going on with its diversified banking activities. NBL introduced National Bank Monthly Savings Scheme (NMS), Special Deposit Scheme, Consumer's Credit Scheme and NBL Housing Loan, NBL Small Business Loan, Small House Loan Scheme, Festival Small Business loan etc. to combine the people of lower and middle-income group.

Inspired by its social obligation and commitment and responsibility, NBL has been running a School and College up to Class XII solely on its own guardianship. From the very inception, this institution has been maintaining a good track record of results at the SSC and HSC Examinations. Conducted by a well-educated and trained team of teachers,



reputation of this institution has been increasing day-by-day as a result of their relentless and sincere endeavor.

Transparency and accountability of a financial institution is reflected in its Annual Report containing its Balance Sheet and Profit and Loss Account. In recognition of this, NBL was awarded Crest in 1999 and 2000, and Certificate of Appreciation in 2001 by the Institute of Chartered Accountants of Bangladesh.

A team of highly qualified and experienced professionals headed by the Managing Director of the Bank who has vast banking experience operates bank and at the top there is an efficient Board of Directors for making policy.



**Table-1: This table shows the Overall Performance of National Bank Limited of last five years.**

Years	2002	2003	2004	2005	2006
Authorized capital	1,000.00	1,000.00	1,000.00	1000	2450
Paid up capital	430.27	430.27	516.33	619.59	805.47
Reserve Fund	1198.7	1270.63	1345.99	2115.03	2468079
Deposits	26276.26	27762.12	28973.39	32984.05	40350.87
Loans	21677.96	22257.15	23129.65	27020.21	23709.68
Investment	3839.6	4044.2	4374.17	3564.82	5730.38
Import business	19245.7	19264.5	22028.3	31648.2	42458.5
Export Business	1771.2	16341.8	17105.3	21344.1	28019.2
Gross Income	3343.55	3622.31	3715.21	4202.52	5728.82
Gross Expenditure	2473.23	2677.22	2980.06	3351.19	4582.04
Profit-Before Tax	250.32	336.09	484.21	581.13	1058.73
Profit-After Tax	146.19	88.12	170.02	271.67	507.49
Fixed Assets	878.46	889.61	895.35	1431.23	1627.29
Total Assets	45719.1	47929.57	48024.96	55046.14	66533.8



**Table: 01(a): This table shows the Overall Performance of National Bank Limited of last five years.**

Loan/Deposit	82.50%	80.17%	79.83%	81.92%	81.06%
ROA	2.58%	2.61%	2.09%	2.22%	2.50%
Liquidity ratio	10.90%	11.13%	10.55%	10.45%	10.10%
In Taka					
Particulars	2002	2003	2004	2005	2006
Book value per Share	378.59	395.31	360.68	441.36	410.37
Market value per Share	238.86	226.61	475.25	746.5	760.5
Earning per Share	33.98	17.07	27.44	43.85	63.01
Dividend	20%(cash)	20% (Bonus share)	20% (Bonus share)	30% (Bonus share)	50% (Bonus share)
(In number)					
Number of foreign correspondents	358	358	410	391	400
Number of Employees	2171	2185	2133	2183	2270
Number of Shareholders	9521	9276	9491	9564	10240
Number of Branches	76	76	76	76	91

**Chapter 04**  
**Management and Organizational Structure of**  
**National Bank Limited.**



## **Board of Directors:**

The shareholders as investors are in the position of proprietors, but the actual Direction of National Bank Ltd is in the hand of their elected representative.

### **The Board of Directors:**

The board of is comprised of 21 members. Among them, it is elected directly by the shareholders by the period of two years. The Managing Director of the Bank is also the member of the Board of Directors by the virtue of his office. The Board of Directors is headed by and elected Chairman.

The Board of Director is a bridge between shareholders and the executive body. Its activities concerned with policy formatting, strategic planning, board control over executive function etc.

There are three committees of the Board of Director. Finance committees of the Board of Directors. Finance committee look after various credit proposals submitted for approve and look after matter related financial issue. There is an administrative committee, acts for supervision and review of overall executive function of the bank. This committee also looks promotion to senior executive as well as appointment of the Managing Director and deputy Managing Directors. There is also a technical committee which function are analyzing and approving various technical aspects of the Bank emphasizing for particular sector for business branch expansion organization subtraction computerization etc. The meeting of the board is held at least one in every three months. The quorum of the meeting is one third of the total number of Directors. There is a board secretariat and share division for smoothing the activities of board of directors. There is a secretariat (Now in a status of senior Vice President) that generally initiates meeting of the board organization committee and keep the records and informs the decision of the board organization committee.



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**The present members of the directors are as follows:**

<b>MS. PARVEEN HAQUE SIKDER</b>	Chairperson
<b>MRS HELENA RAHMAN</b>	Director
<b>MR. A. B. TAJUL ISLAM</b>	Director
<b>MR. A. K. M. ENAMUL HOQUE</b>	Director
<b>MR. ZAKARIA TAHER</b>	Director
<b>MR. SHAHADAT HOSSAIN</b>	Director
<b>MR. M. G. MURTAZA</b>	Director
<b>MR. LT. COL. (RETD.) MD. AZIZUL ASHRAF, PSC</b>	Director
<b>MR. A. M. NURUL ISLAM</b>	Director
<b>MR. SALIM RAHMAN</b>	Director
<b>MR. S. M. SHAMEEM IQBAL</b>	Director
<b>PROF. MAHBUB AHMED</b>	Director
<b>CAPT. ABU SAYEED MONIR</b>	Director
<b>MR. ABDUR RAHMAN SARKER</b>	Managing Director





The sponsor directors paid 50% of the paid up capital while Bangladesh Government and members of general public paid 5% and 45% of the paid up capital respectively.

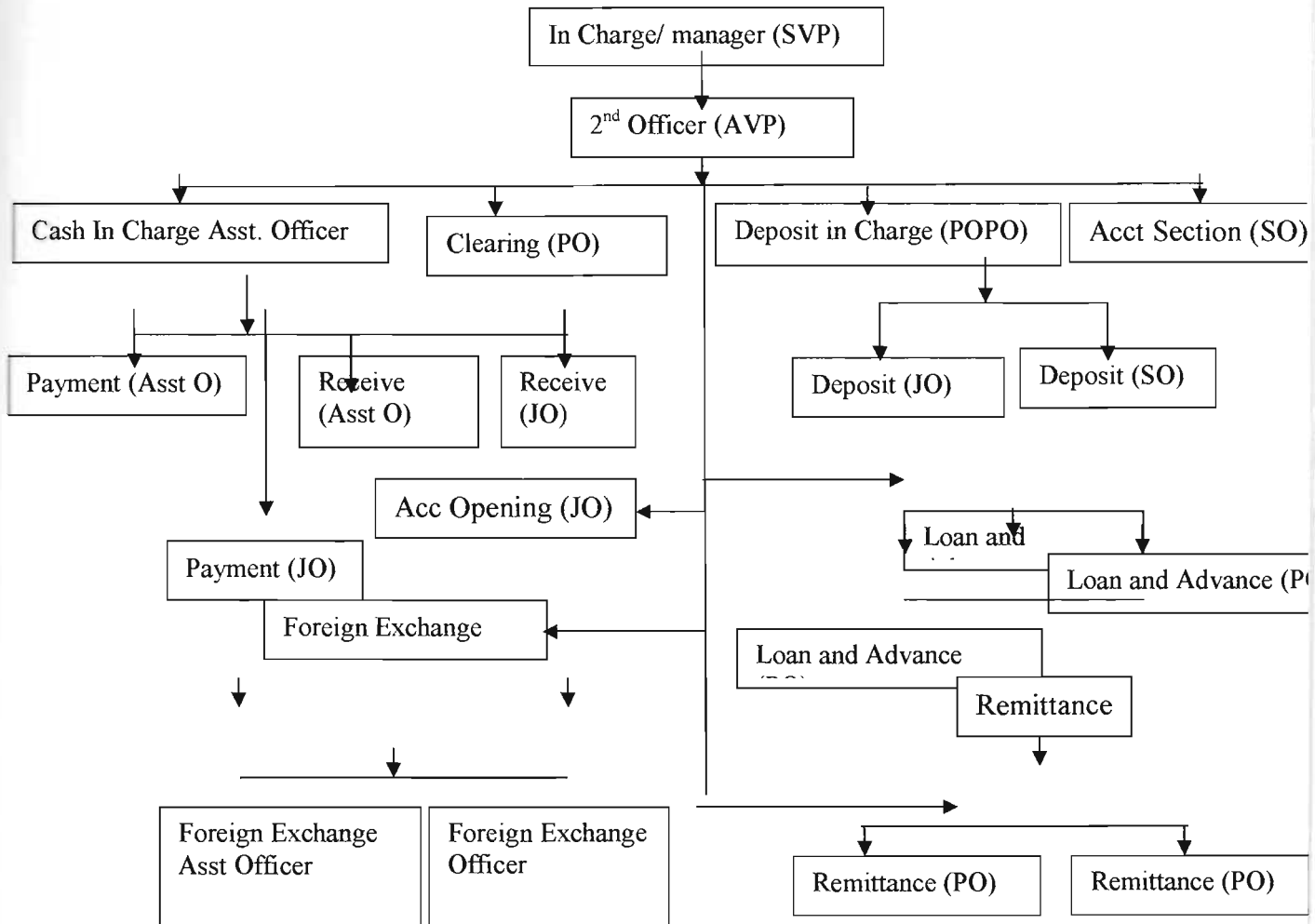
The board establishes the objective and policies of the bank. The boards have the authority to declare dividend, to approve organization amend balance sheet etc. The position of the chairman of the board carries with it a great deal of dignity and respects in banking circles. The chairman is responsible for keeping the board in formed on the progress of the bank and in turn implements the policy established.

### **Management:**

The managing director (MD) of the NBL is the Chief Executive of the bank. His duty is numerous. He is responsible for administrating the business affaires of the bank. He is also concerned with planning and its implementation. The managing director also represents the bank to the meeting and response to the various inquiry of the board of directors. The managing director maybe appointed on contractual basis for certain period or maybe promoted from among the deputy-managing director for certain period. Under the leadership of the managing director, there are three (03) managing Deputy Managing Director (DMD'S) sixteen (16) divisions are found in NBL, each division is lead by either an executive Vice President (EVP) or Senior Vice President (SVP) or Vice President (VP).

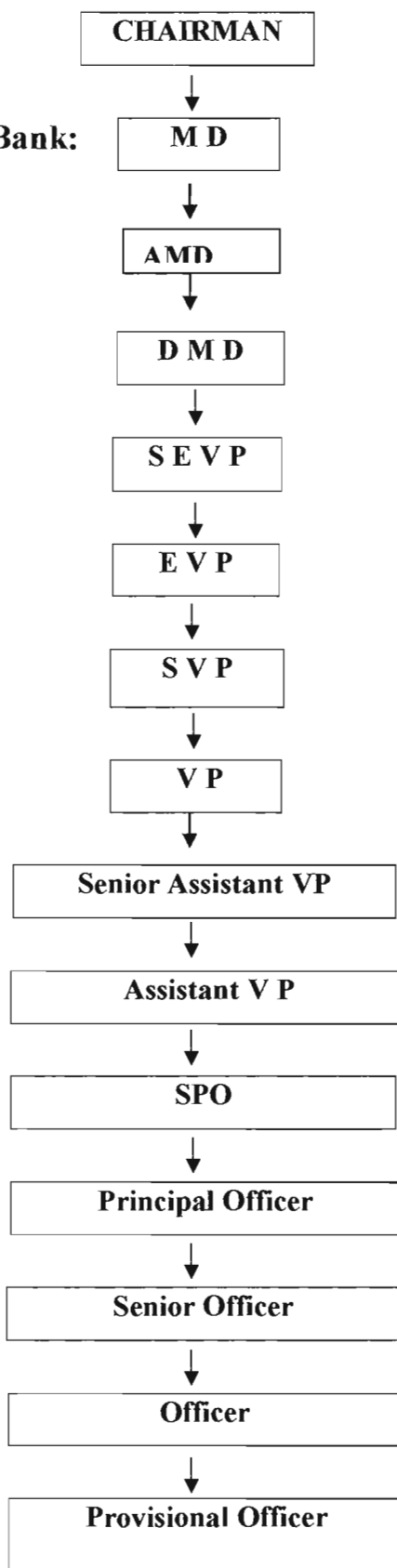


**Organ gram of NBL:**





**Hierarchy of National Bank:**





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## **Division of NBL:**

- Audit and Inspection Division.
- ATM Card Division
- Board Secretariat
- Budget and Monitoring Division.
- Credit Division-1.
- Credit Division. -2.
- Credit Card Division.
- Classified Loan Recovery Division.
- Financial Administration Division.
- General Banking Division.
- Human Resources Division.
- International Division.
- Information System and Technology Division.
- Law and Recovery Division.
- Marketing Division.
- Merchant Banking Division.
- Public Relations Division.
- Protocol Division.
- Reconciliation Division.

Chapter 05  
General Banking and General Information of  
National Bank Limited.



### **About General Banking of NBL:**

General Banking is most important part of banking services. Every bank should have to provide that services. General Banking helps to do other activities of the Bank smoothly.

General Banking Division consists of the following fields of activities:

- **Receiving payment**
- **Payment to the clients**
- **Collecting deposits**
- **Account Opening**

### **Issuance of:**

- Cheque Book and deposit book
- Demand Draft
- Telephone Transfer
- Payment Order
- Pay Slip

### **Bills:**

- Out ward
- Inward



## **Receiving / Collecting Deposits and other types of funds:**

Our Branch is collecting two types of deposits, such as:

- Demand deposits
- Time Deposits.
- Other types of deposits.

### **Demand deposits:**

These sorts of Deposits are payable without any notification. Our branch is collecting the above deposits through the following way:

#### **By opening of:**

- Current account
- Saving account

### **Current Deposits account (CD A/c):**

Current Deposits (CD A/c) is a running A/c where a customer can draw money frequently/continuously. Funds of CD A/c will be payable on demand. Bank does not allow any interests on CD A/c. CD A/c is generally opened by Business men, Public Institutions, Corporate Bodies and other organizations who want to operate his A/c numerous and frequently.



National Bank Limited provides the following types of current account:

- Current account for individual (There must be a nominee)
- Joint current account (There must be a nominee)
- Proprietorship current account: It may be CD A/c (Current Proprietor A/c)

**To open a Proprietorship A/c:**

- Proprietor of the firm must fill up the Current Proprietorship A/c opening form.
- An Introducer acceptable to Bank must introduce the A/c..
- Photographs of the Proprietor.
- The specific Rubber-stamp of the Proprietorship firm.
- Valid Trade License.

**Partnership current account: For opening this A/c the Conditions are:**

- It may be CD A/c.
- It must be opened by the name of the Partnership Firm.
- Partnership Deed must be submitted with the A/c opening form.





- Specific Rubber Stamp of the Firm.
- Photographs of the A/c operative persons.

Limited Company current account: To open an A/c in the name of a Company the following documents and papers must be submitted with the A/c opening form:

- Memorandum and Articles of Association of the Company.
- Certificate of Incorporation.
- Resolution of the Board to open A/c with the Bank.
- List of Directors with Signatures.
- Photographs of the operative persons

**Public Limited Company Current A/c:**

To open an A/c in the name of a Public Limited Company, the following documents and papers must be submitted along with the A/c opening form:

- Memorandum and Articles of Association of the Company.
- Certificate of Incorporation.



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- Resolution of the Board to open A/c with the Bank.
- List of Directors with Signatures.
- Photographs of the operative persons.
- Certificate of Commencement of Business.

### **Saving account:**

Saving Deposits (SB A/c) is a running A/c where a customer cannot draw money as frequently/continuously as like CD A/C. Account holder can write maximum 4 checks in a month. Funds of SB A/c shall be payable on demand. Bank gives interests 6% on the amount above ten thousand for a period of one month and above. SB A/C opened only by individual.

### **To open a saving account you have to do:**

- You have to fill up an authorized form provided by the National Bank LTD.
- You have to fill up a KYC form.
- You must have an introducer. The introducer can be SB A/C holder or CD A/C holder on National Bank Ltd.



- You have to bring two-passport size photograph of A/C holder and one photograph of Nominee.
- You have to bring National Identification Card.

**Time deposits account:**

Time deposits are payable at a fixed date or after notification. Our Branch open/receives the following types of Time deposits: -

- Fixed deposits receipt (FDR).
- Short-term deposit (STD),
- MSS (Monthly Saving Scheme).
- SDS (Special Deposit Scheme)
- NMS (National bank monthly saving deposit).
- NDS (National deposit scheme).



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### **Fixed Deposits (FD):**

Fixed Deposits (FDR A/c) shall be opened for a longer period such as 3 (three) months to 3 (three) years or more. Generally who wants to invest his money safely can open FDR A/c. The interest of FDR A/c is negotiable and it depends on the volume of deposit and period. At present, our branch is allowing interest from 8.75% to 11.50% in FD A/c. It may be noted that no introduction is necessary to open FD A/c and the FDR is not negotiable instrument and cannot be transferred by endorsement. Some special cases FDR can be open for one month on the interest rate 7%.

### **Interest rate on FDR:**

The interest rate of the deposited amount depends on duration and volume of the amount. If duration is long the interest rate is high, and at the same time if the volume of amount is large the interest rate is also high and vice-versa. Some times the interest rate also depends Subject to prior permission from Head office and relation on manager.



**Interest on FDR:**

<b>Period</b>	<b>Amount</b>	<b>Rate (%)</b>
a. FDR for 3 months and above but less than 6 month	Below 10(Ten) lac	8.75%
	10 lac or above but less than 50 lac	10%
	50 lac and above (Subject to prior permission from Head office)	10.75%
b. 6 months and above but less than 1 (one) years	Below 10(Ten) lac	9.25%
	10 lac or above but less than 50 lac	10.25%
	50 lac and above (Subject to prior permission from Head office)	11%
c. 1 year and above	Below 10(Ten) lac	9.75%
	10 lac or above but less than 50 lac	10.75%
	50 lac and above (Subject to prior permission from Head office)	11.50%

The above revised rates shall be effective from 01-06-2007.



**Short-Term-Deposit (STD):**

Short Term Deposit or STD Account Opening procedure is similar to that of the current account. The rate of interest on this type of account is 4.5%. Withdrawals from this type of account require a prior notice of seven days.

**Special Deposit Scheme:**

For most of the people on fixed income the opportunity to supplement their monthly earning is a golden one. And NBL Special Deposit Scheme gives a customer just that. Under this scheme, customers can deposit money for a term of 5 years. The deposited money is fully refundable at the expiry of the term. At the same time, during the term period they can enjoy a monthly profit corresponding to their deposited amount. As for instance, under this scheme a deposit of Tk, 55,000/- gives a monthly income of Tk.500/-

Deposited Amount	Monthly Benefit
Tk. 55,000/-	Tk. 500/-
Tk. 1,10,000/-	Tk. 1,000/-
Tk. 1,65,000/-	Tk. 1,500/-
Tk. 2,20,000/-	Tk. 2,000/-



### **Monthly Savings Scheme:**

This scheme is specially designed for the benefit of the limited income group members. This helps to accrue small monthly savings into a significant sum at the end of the term. So, after the expiry of the term period the depositor will have a sizeable amount to relish on.

A monthly deposit of Tk.500/- or Tk.1000/- for 5 or 10 years period earns in the end Tk.40, 100/- or Tk.2, 24,500/- respectively.

Monthly Installment	Return after 5 years	Return after 10 years
Tk. 500/-	Tk. 40,100/-	Tk. 1,12,500/-
Tk. 1,000/-	Tk. 80,100/-	Tk. 2,24,500/-

### **NMS (National Bank monthly saving scheme):**

This scheme is also designed for the benefit of the limited income group members. This helps to accrue small monthly savings into a significant sum at the end of the term. It is now alternative of MSS, its deposit interest is lower than the MSS. After the expiry of the term period the depositor will have a sizeable amount to relish on



The deposit amount and sizeable amount are given below: -

Monthly Installment	Return after 3 years	Return after 5 years	Return after 8 years
TK. 500/-	TK 20,627	TK 37,896	TK 70,849
TK. 1,000/-	TK.41, 255	TK. 95,791	TK 1,41,697
TK 2,000	TK 82,510	TK 1,51,583	TK 2,83,394
TK 3,000	TK 1,23,765	TK 2,27,374	TK 4,25,091
TK 4,000	TK 1,65,020	TK 3,03,166	TK 5,66,788
TK 5,000	TK 2,06,274	TK 3,78,957	TK 7,08,485
TK 10,000	TK 4,12,549	TK 7,57,914	TK 1,41,6970

**NDS (National deposit scheme):**

A type of time deposit scheme, Like as FDR. This deposit scheme is for some special customers. It term is fixed for three (3) years and interest also fixed at 12%.





### Saving Insurance Scheme:

This is an uncertain World and the threatening silhouettes of future catastrophes are always looming around. This NBL scheme gives your family protection against the insecurities of the world. This scheme is the first of its kind in Bangladesh. It combines the benefits of regular savings and insurance scheme; so, you get the usual rate of interest on the deposited amount while you enjoy the protection of a comprehensive insurance coverage. Under this scheme, the beneficiaries get equal the deposited amount in case of natural death of the account holder whereas in the event of accidental death of the account holder the beneficiaries will receive twice the deposit. As for example, if a customer picks up Easy Class (Tk.50, 000/-) he/she will get Tk.50, 000/- for natural death and Tk.1, 00,000/- for accidental death apart from his/her deposited amount and interest.

Class	Deposit	Normal Death Benefit (Including Own Deposit)	Accidental Death Benefit (Including Own Deposit)
<b>Easy</b>	50,000/-	1,00,000/-	1,50,000/-
Convenient	1,00,000/-	2,00,000/-	3,00,000/-
Classic	2,00,000/-	4,00,000/-	6,00,000/-
Standard	5,00,000/-	10,00,000/-	15,00,000/-



-1

### **Others types of Account:**

National Bank also provides some special types of account services for the non-resident Bangladeshi along with the big merchant customers. Here accounts are categorized in two types and the described bellow:

### **Foreign Currency General (FC Account):**

FC Account can be open by only by the non-resident Bangladeshi who send their hard earned foreign remittance to their peers group live back in home. To open this types of account one have to provide the following materials:

- Photocopy of passport.
- Photocopy of visa of prospecting country.
- Photocopy oh health insurance card.
- Photocopy of job certificate.
- Photocopy of salary certificate.



-1

### **Resident Foreign Currency Deposit Account (RFCD Account):**

RFCD Account can be opened by resident solvent Bangladeshi who frequently visits the different parts of the world for business purpose or for other reasons. Solvent marching customers to meet their monetary needs in foreign locations can open RFCD Account types of accounts. To open RFCD Account customers have to have account with the bank. Apart from that customers have to provide TIN certificates to with other normal required documents. In SARC countries there is a limitation withdrawal of not over \$2000.00 but in other courtiers it is not over \$3000.00.

### **Issuance of Chequebook and deposit book:**

To withdraw money from the bank you need a Chequebook. The bank issues three different type of Chequebook. The Chequebook is different of consist of pages on the book.

SB A/C-10 pages

CD A/C-20 pages

Public ltd A/C-50 pages

AT first to take Chequebook you have to fill up the following Chequebook Requisition Form. And verify the signature from the deposit in charge. In the time of receive the Chequebook book the A/C holder must be sign on the register book.

### **There are two type of deposit book:**

- Saving deposit book.
- Current deposit book.



### **Issuance of DD, TT and PO:**

This Bank offers DD, TT and PO for transferring the funds from one place to another to our Customer. It is Called Inland Remittance. It is one kind of sources of Income of the Branch. Bank can issue DD, TT and PO against cash or Cheque. To issue the above we have to follow some rules and regulations.

### **Issuance of DD. (Demand Draft):**

DD is a written order from one branch to another branch of the same Bank. It is not payable to bearer of the instrument. In practice, we cannot issue DD between Branches within the same city. We need to complete the following steps for issuing a DD.

### **Issuance of TT. (Telegraphic Transfer):**

TT is one kind of telegraphic/Telephonic message order to pay some one the fund between two Branches of the same Bank. It is the quickest and easiest way to transfer fund from one place to another place.

The charges for issuing of DD and TT of our Branch	
DD/TT	0.10% of the total DD/TT Amount
Telex Charge	TK. 40 fixed
VAT	15% of Commission amount



### **Issuance of PO (Pay Order):**

PO is a written order, issued by branch of Bank to pay a certain amount to a specific person or organization. Whose favor we issue PO is called Payee. Some time PO is sold to individual on payment of value, and then the individual is called the purchaser. A pay order has three parts such as:

- One part for preserve of Bank.
- One part for preserve of Customer.
- The largest part to whom it payment on behalf of customer.
- As a customer you have to insure that two authorized officer signature consist on the Pay order

### **Otherwise the pay order will return. A pay must have-**

- Date.
- Not over only amount.
- Branch sill.



-1

### **Advance Procedure:**

Advance procedure generally highlights the loan section of the bank. It is segmented as follows:

- Customer credit.
- Cash credit.
- Syndicate loan.
- Corporate loan.
- House building loan.
- LIM (Loan Against Import Merchandise).
- SOD (Secured over draft).
- LTR (Loan trust received).
- SME (Small and medium enterprise) and festival loan.



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### **Customer credit:**

Bank provide this type of loan only to the service holder .For getting this type of loan Clint have to submit his job certificate, salary certificate. .

### **Cash credit:**

Bank provides this type of loan only to the shop owners. For getting this type of loan Clint should submit his Trade license, TIN, VAT number, stock position of current and last 3 years. Applicant should have A/C with bank to get the loan.

### **Syndicate loan:**

National Bank Ltd. focuses on syndicate loan. In this type of loan risk is minimum and return is certain. So NBL is interested to provide this type of loan.

### **Corporate loan:**

National Bank Ltd. focuses on corporate loan. In this type of loan risk is minimum and return is certain. So NBL is interested to provide this type of loan.

### **House building loan:**

Bank provides this type of loan only the employee of the bank as well as to the individuals and developers. For getting this type of loan Clint should submit his Trade license, job certificates, TIN, salary certificate. Applicant should have A/C with bank to get this type of loan.



### **LIM (Loan Against Import Merchandise):**

This type of loan is provided to the importers to guaranty the payment on due day on behalf of the party. There are two type of LIM:

- Force LIM.
- Party request LIM.

### **SOD (Secured over draft):**

This type of loan is provided to the party or individuals. This type is secured by collateral, which is provided by customers. It can be fixed asset or FDR etc.

### **Bank guaranty:**

Bank also provides this type of loan or guaranty to the customers, which are also secured by collateral. These types of loan are less risky because this of loan is only provided to the old and financially sound customers of the bank.

### **LTR (Loan against trust receive):**

Customer assured the payment on the due date of LC and provide collateral to the bank to receive loan to clear the goods. Here the title of the goods belongs to the customer and goods are under the custodianship of customer.





### **SME (Small and Medium Enterprise) loan and festival loan:**

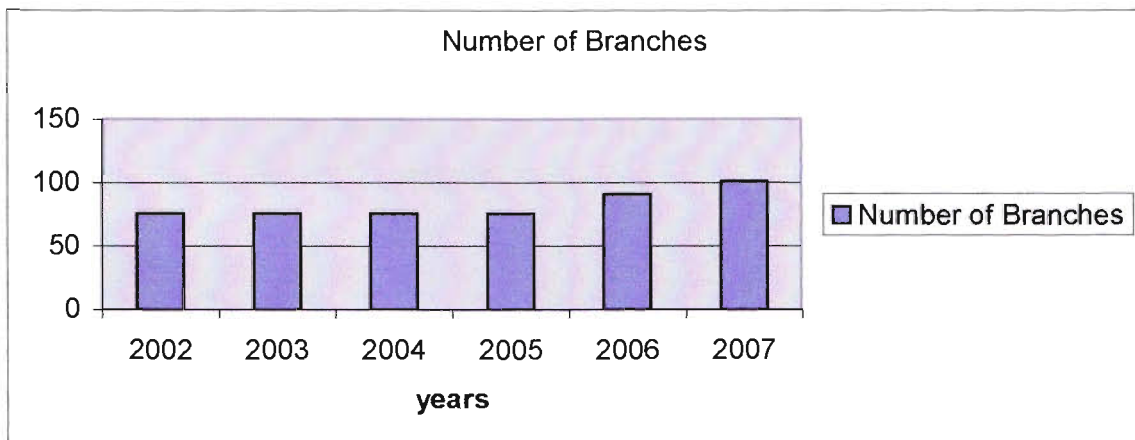
Bank also provides loans to the small and medium business organizations. For getting this type of loan Clint should submit his Trade license, TIN. Applicant should have A/C with bank to get the loan.

### **Number of Branches:**

National Bank Limited is first private bank in Bangladesh history. It has now 91 branches. It seems that the number of branches is increasing day by day.

**Table 02: Number of Branches.**

Years	2002	2003	2004	2005	2006	2007
Number of Branches	76	76	76	76	91	101



**Graph 01: Graph of Number of Branches.**

Numbers of branches remain same of NBL from 2002 to 2005; which are 76 in numeric number increased in 2006, which was 91, confirms the better performance over the years. In 2007 the number has been increased to 101, which is a good achievement for any private bank. It indicates that the bank is performing well over the last five years.



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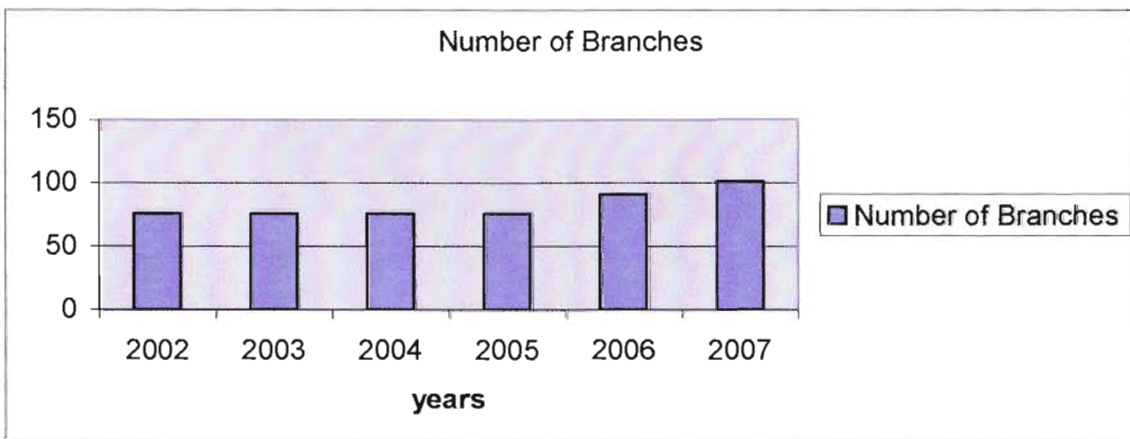
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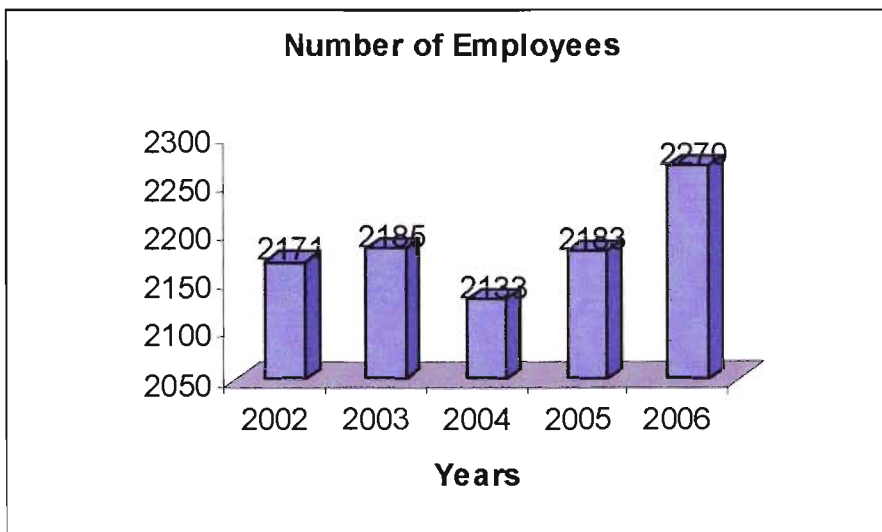


**Numbers of Employees:**

National Bank is the pioneer in private banking sector. The numbers of employees increased throughout its life because of growing nature. In 2006 the number of employees were 2270, which were 2183 in 2005 and 2133 in 2004. Number will be increased when the number of branches will be increased.

**Table 03: Numbers of Employees.**

Years	2002	2003	2004	2005	2006
Number of Employees	2171	2185	2133	2183	2270



**Graph 02: Graph of Numbers of Employees.**

It seems that as the branches increases, the numbers of the employees also increases to provide better customer service to retain the passion in the banking sectors. It indicates that the bank is performing well over the last five years.

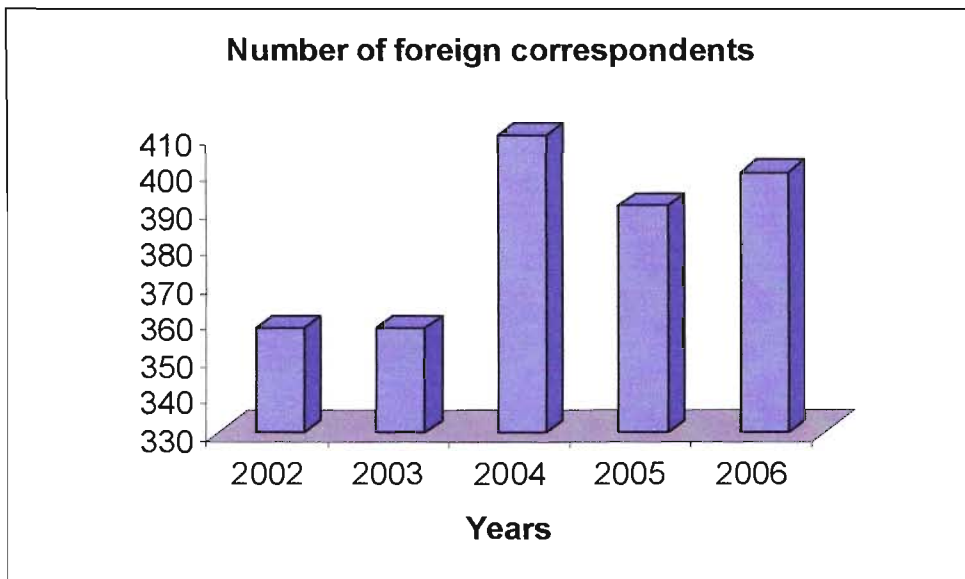


**Number of Foreign Correspondents:**

National Bank is the pioneer in private banking sector. In 2006 the Number of foreign correspondents are 400, which are 391 in 2005 and 358 in 2004. Number of Number of foreign correspondents will be increased when NBL is able to make contract with other overseas financial institution.

**Table 04: Number of Foreign Correspondents.**

Years	2002	2003	2004	2005	2006
Number of foreign correspondents	358	358	410	391	400



**Graph 03: Graph of Foreign Correspondents.**



It seems that NBL maintains good relationship with its foreign banks and exchange houses. For this reason the number of the foreign correspondences are increasing day by day. It indicates that the bank is performing better over the last five years.

**Chapter 06**  
**Performance Evaluation of National Bank Limited.**

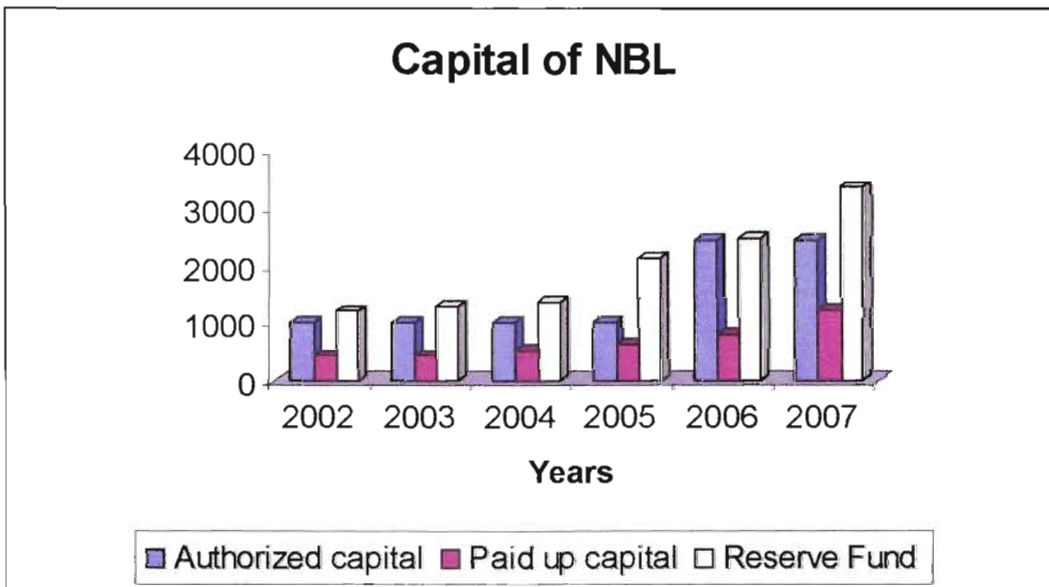


**Capital Structure of National Bank Limited:**

National Bank LTD is one of the oldest banks in Bangladesh. It owns one of the strongest capital structures in the banking history of Bangladesh. Authorized capital is increased in 2006 which is 2450 millions. Apart from that paid up capital is also increased since it started its journey. On the report the paid up capital is reported Taka 805.47 million. Last year it was 619.59 million, which was lower than the amount reported in the year 2006.

**Table 05(a): Capital Structure of NBL.**

Years	2002	2003	2004	2005	2006	2007
Authorized capital	1000.00	1,000.00	1000.00	1000	2450.00	2450.00
Paid up capital	430.27	430.27	516.33	619.59	805.47	1208.20
Reserve Fund	1198.7	1270.63	1345.99	2115.03	2468.79	3360.18



**Graph 04: Graph of Capital Structure of NBL.**





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**Table 05 (b): Capital Structure of NBL.**

Years	2003	2004	2005	2006	2007
Paid up capital	430273250	516327900	619593480	805471524	1208207286
Statutory reserve	706240084	706240084	806240084	806240084	1213260671
General reserve	-	-	382723327	482723327	632723327
Other reserve	153761130	153761130	738206260	770353375	826374842
Retained earnings	410631925	485988907	187856817	409471121	687825162
Total	1700906389	1862318021	2734619968	3274259431	4568391288
Growth rate	Nil	9.49%	46.84%	19.73%	39.52%

The authorized capital was 2450.00 cores. The paid up capital of the bank stood at TK. 120.82 cores in 2007 due to declaration fifty percent bonus share in 2006. It indicates that the bank is performing well over the last five years.

National Bank finances its capital, how much from equity capital and how much from debt capital. Higher amount finance by equity capital reduces the risk but increases the cost of fund but higher use of debt capital increases the risk as well as it cost effective and also tax-deductible item.



**Table 5(c): Capital Structure of NBL**

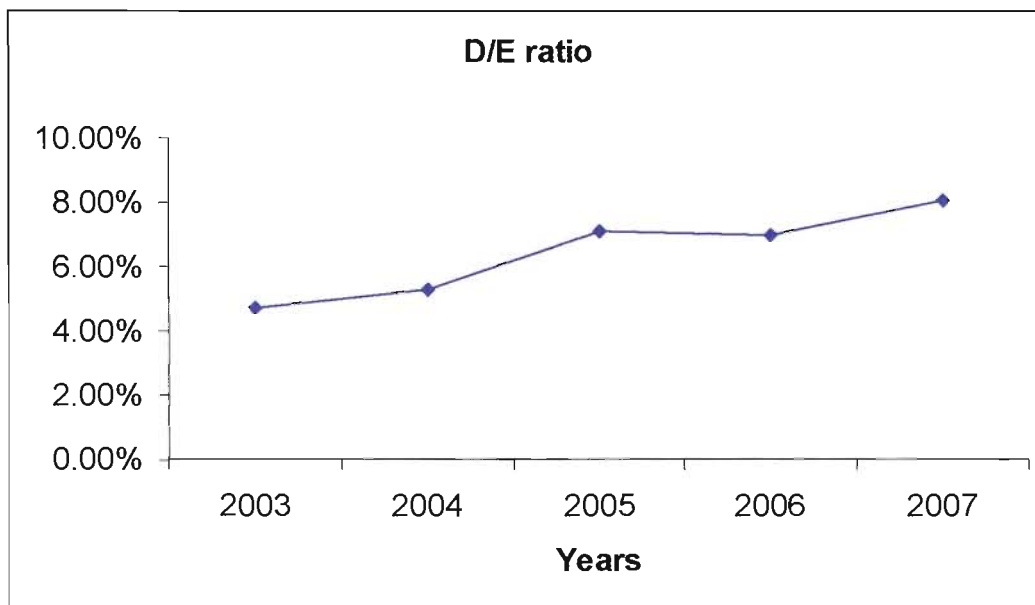
Years	2003	2004	2005	2006	2007
Shareholder's Equity	1700906389	1862318021	2734619968	3274259431	4568391288
Total liability	33969424086	33264984261	35665758135	43521784803	51958572827
Total liability and Equity	35670330475	35127302282	38400378103	46796044234	56526964115

**Table 5 (d): Capital Structure of NBL.**

Year	2003	2004	2005	2006	2007
Equity	4.77%	5.30%	7.12%	7.00%	8.08%
Debt	95.23%	94.70%	92.88%	93.00%	91.92%

**Table 14 (e): Capital Structure of NBL.**

Years	2003	2004	2005	2006	2007
D/E ratio	4.77%	5.30%	7.12%	7.00%	8.081%
Growth Rate	Nil	11.18%	34.32%	-1.75%	15.51%



**Graph 04(b): D/E Ratio of NBL.**

From the chart and graph, I can say that the Debt to Equity ratio has been increasing day by day from 2003 to 2005 but decreased in 2006. D/E ratio increases again in 2007. It indicates National Bank uses more debt compared to its equity portion at the time of determining capital structure. Using more debt compared to equity increases the risk of the bank. It indicates that the bank is performing well over the last five years in managing capital management policy. NBLs increased D/E ratio suggests that NBL uses reduced amount of debt, which is good for the bank.

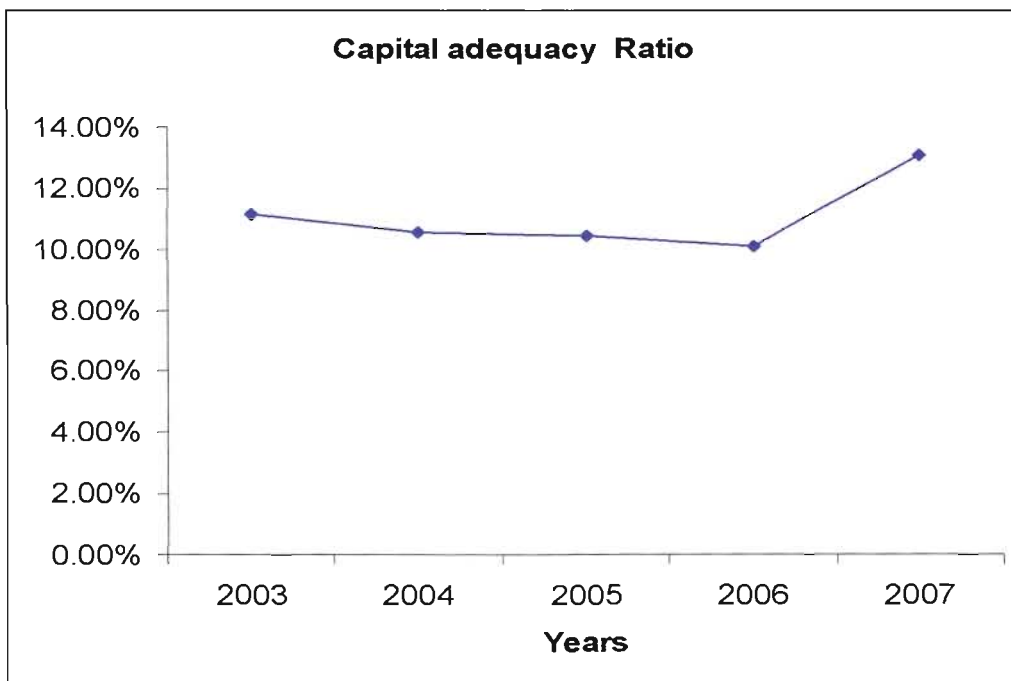


### **Capital Adequacy Ratio of National Bank Limited:**

Capital Adequacy Ratio focuses on the total risk weighted capital, which intended to protect the depositors from unexpected shocks of losses that a bank might incur. It helps to absorb the major financial risks like credit risk, foreign exchange risk, interest rate risk and risk involved in off-balance sheet operations. Banks in Bangladesh have to maintain a minimum Capital Adequacy Ratio (CAR) of not less than 9% of their risk-weighted assets (RWA) with at least 4.5 percent in core capital or Taka 1.0 billion, whichever is higher.

**Table 06: Capital Adequacy Ratio of NBL.**

Year	2003	2004	2005	2006	2007
Capital adequacy	11.13%	10.55%	10.45%	10.10%	13.11%
Growth rate	NIL	-5.21%	-0.95%	-3.35%	29.80%



**Graph 05: Graph of Capital Adequacy ratio of NBL.**



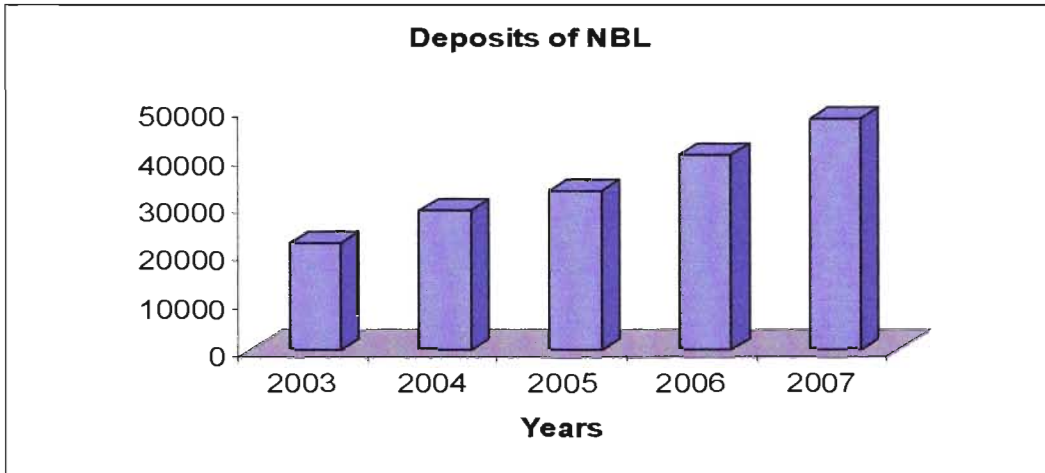
From the Chart and graph shown above, we can say that the capital adequacy ratio has been decreasing day by day except in the year 2007 in last five years. But capital adequacy ratios satisfy the Bangladesh Bank's regulatory requirements because NBL left higher amount of capital adequacy ratio than the Bangladesh bank's requirements. In the year 2007 the ratio reached at 13.11% and it was 29.80% more than the previous year.

### **Deposits of National Bank Limited:**

On 2007 total deposits of the bank stood at TK. 47961.2 million which is higher than last years 40350.9 millions and the growth rate is 18.86%. The increasing trend of collecting deposit is followed in last five year.

**Table 07: Deposits of NBL.**

Year	2003	2004	2005	2006	2007
Deposits	22257.12	28973.39	32984.05	40350.9	47961.2
Growth rate	NIL	30.18%	13.84%	22.33%	18.86%



**Graph 06: Graph of Deposits of NBL.**

From the Chart and the Table shown above, it is visible that from the year 2003 to 2004 the deposit had been increased by 30.18%. It is also seen that from the year 2005 to 2007 the amount has been increased steadily. In the year 2007, the total deposit of National Bank Limited has reached 47961.2million Taka, which is 18.86% more from the year 2006. It indicates that the bank is performing well over the last five years in collecting deposits.

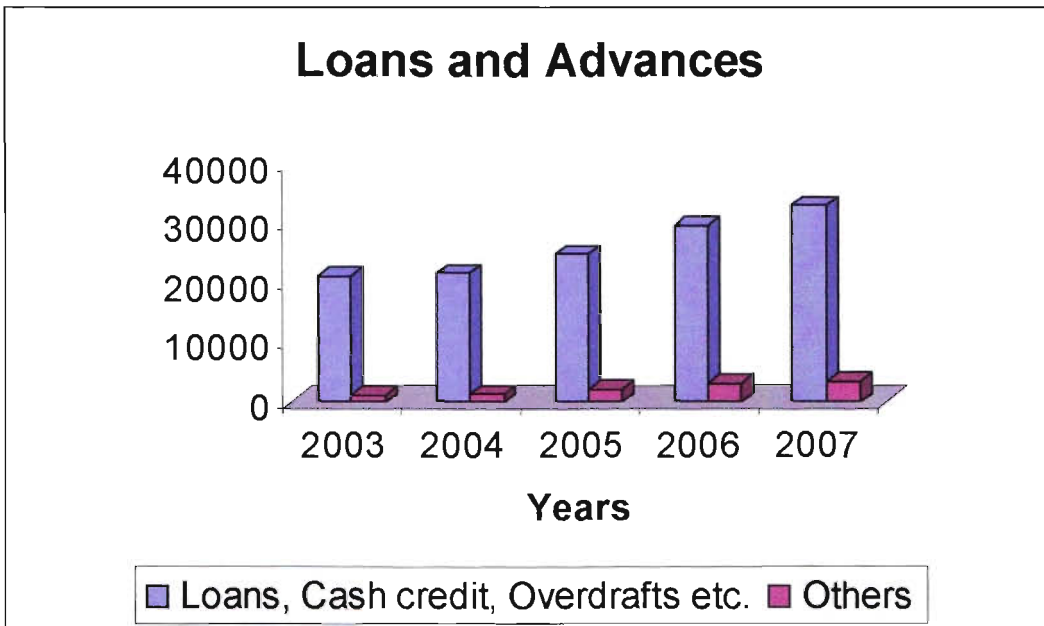
**Loans and Advances of National Bank Limited:**

With a view to improve the quality and soundness of Loan portfolio, the bank arranges more strict procedure for risk assessment, lending decisions and monitoring functions at the time of granting Loans and Advances. The emphasis on maintaining the quality of assets has rendered a diversified and well-structured advances portfolio. I have furnished below the loan and advances position of National Bank Limited to comparison its progress for last five years.



**Table 08(a): Amount of different types of Advances of NBL.**

Year	2003	2004	2005	2006	2007
Loans, Cash credit, Overdrafts etc.	21119.53	21613.77	24913.19	29619.6	33137.02
Others	1137.62	1226.67	2107.01	3090.08	3338.73
Total	23122.53	23617.77	26918.19	31625.6	35144.02
Growth rate	NIL	13.12%	33.22%	22.41%	13.28%



**Graph 07(a): Graph of Loans and Advances of NBL.**

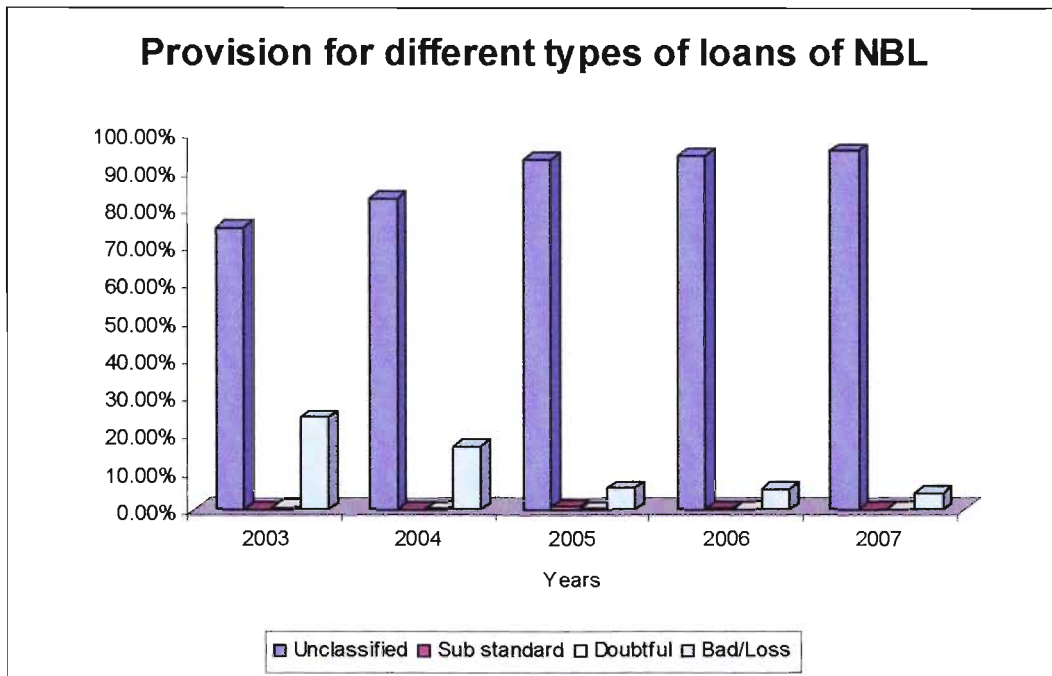


Here it can be observed from the chart that the growth rate of loans and advances has been increased day by day and it recorded 13.28% growth rate in the year 2007. National Bank Limited extended its credit in different sectors like Agriculture, pharmaceuticals, textiles and garments, chemical industries, Food and allied, transport and communications industries, electronics and automobiles industries, housing and constructions industries, engineering and metals industries, energy and power industries, services industries and many other industries.

**Table 08(b): Provision for different types of Loans of NBL.**

Year	2003	2004	2005	2006	2007
Unclassified	74.87%	82.53%	92.94%	93.99%	95.47%
Sub standard	0.22%	0.12%	0.90%	0.44%	0.26%
Doubtful	0.63%	0.43%	0.46%	0.12%	0.09%
Bad/Loss	24.28%	16.92%	5.70%	5.45%	4.18%





**Graph 07(b): Graph of Provision for different types of Loans of NBL.**

After the year 2003, the percentage of unclassified loan has been increased till 2007, which is 95.47% of total loans and advances for the year ended 2007. If we consider the amount of bad loan, it seems that bank is efficient to recover the loans as well as invest or finance its funds in the financially sound businesses or projects. It is possible because of the efficiency of the National Bank's officers and for their keen efforts.

Geographically, if I categorized the loans and advances the most loans go to the Dhaka region, than Chittagong region and rest of the amount goes to Sylhet and other region in the year 2007.

Total interest income of the bank from loans and advances stood at Tk. 4288.80 million in 2007 registering a 16.72% growth over the previous year. It seems that bank has good control over its advance procedure.

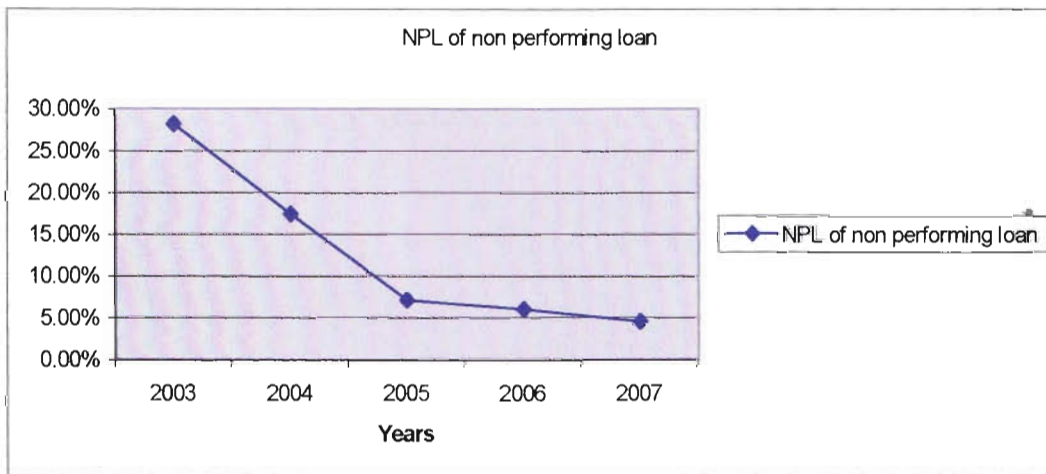


**Non Performing Loans as % of total Advances of National Bank Limited:**

It means that the amount of non-performing loans (classified loans) exists in the total loans and advances. Lower the ratio is better for the bank. The risks minimize as the NPL percentage of total loan and advance decreases.

**Table 9: Non Performing Loans as % of total Advances of National Bank Limited.**

Year	2003	2004	2005	2006	2007
NPL as% of total Loan and Advances	28.23%	17.37%	7.07%	6.01%	4.53%
Growth rate	NIL	-38.46971	-59.29764	-14.992928	-24.625624



**Graph 08: Graph of Non Performing Loans as % of total Advances of National Bank Limited.**



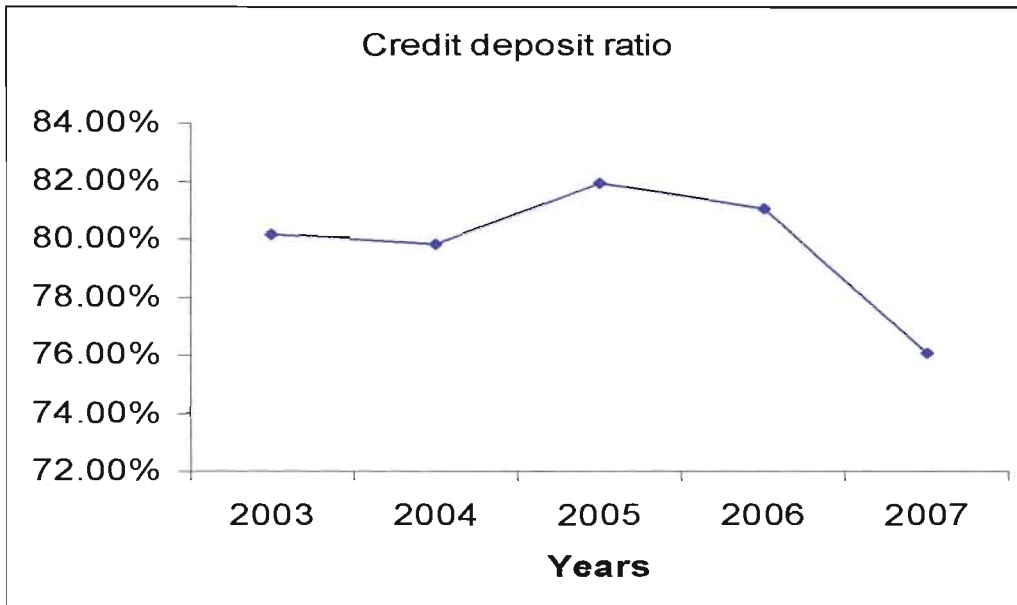
As the graph and chart shown above, we could analyze that the NPL as % of total loans and advances had been decreasing since 2004. In 2004 non-performing loans % and advance was 17.37%, which was 28.23% in 2003. The non-performing loans % and advance of 2007 is 4.53%. The summary of the last five-year is that bank minimizes risks and maximizes return. It indicates that the bank is performing well over the last five years to write off its non-performing loans.

### **Credit-Deposit Ratio of National Bank Limited:**

Credit-Deposit ratio means how much amount is provided as credit to the customer from the deposit amount collected through from the customers. Higher the ratio is good for the bank because it indicates higher profitability.

**Table 10: Credit Deposit Ratio of NBL.**

Year	2003	2004	2005	2006	2007
Credit deposit ratio	80.17%	79.83%	81.92%	81.06%	76.05%
Growth rate	NIL	-0.42%	2.62%	-1.05%	-6.18%



**Graph 09: Graph of Credit Deposit Ratio of NBL.**

From the chart and the graph shown above, I can easily understand that the Credit/Deposit growth rate was decreased by 0.42% in 2004, but in 2005, which was increased by 2.62%. In 2006 and 2007, the growth rate of credit deposit ratio is decreased a bit, which is bad for the bank. The graph suggests that bank doesn't perform well in this regards. It indicates that the bank is not performing well over the last five years as expected.



### **International Trade of National Bank Limited:**

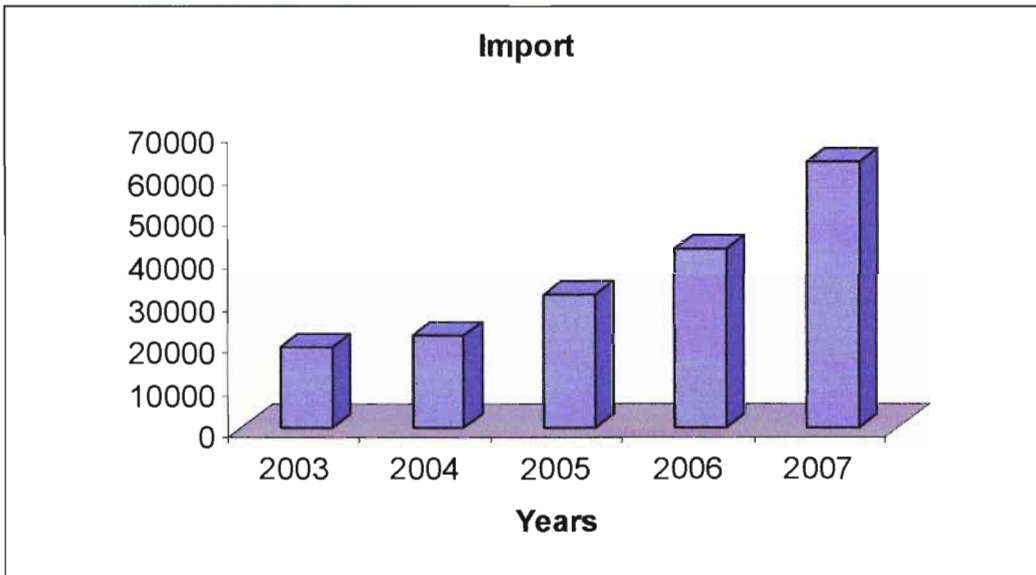
In the year 2007 National Bank Limited remains highly active in the arena of international trade financed by offering a board spectrum of services namely, Issuance of Documentary Credit, Advising of Export L/Cs, Purchase and negotiation of export bills, Documentary collections, pre-shipment and post-shipment financed, Remittance Disbursement Activities etc.

### **Import:**

In the year 2007, National Bank saw the highest ever growth rate in import business, which stood at Tk 62759.00 million, compared to 2006s volume of Tk 42458.50 million marking the increase of 47.81% from last year. The major import items of the year were: Coals, Steel items, HDPE, Raw cotton, Fabrics and Accessories, Industrial commodities and Seeds, poultry feeds, capital machineries etc

**Table 11: Import of NBL.**

Year	2003	2004	2005	2006	2007
Import	19264.5	22028.3	31648.2	42458.5	62759
Growth rate	NIL	14.35%	43.67%	34.16%	47.81%



**Graph 10: Graph of Import Performance of NBL.**

Throughout the years NBL is getting better and better in import business service provider, because they provide the best customized self-tailored service to its different valued customers. It indicates that the bank is performing well over the last five years in import service business.

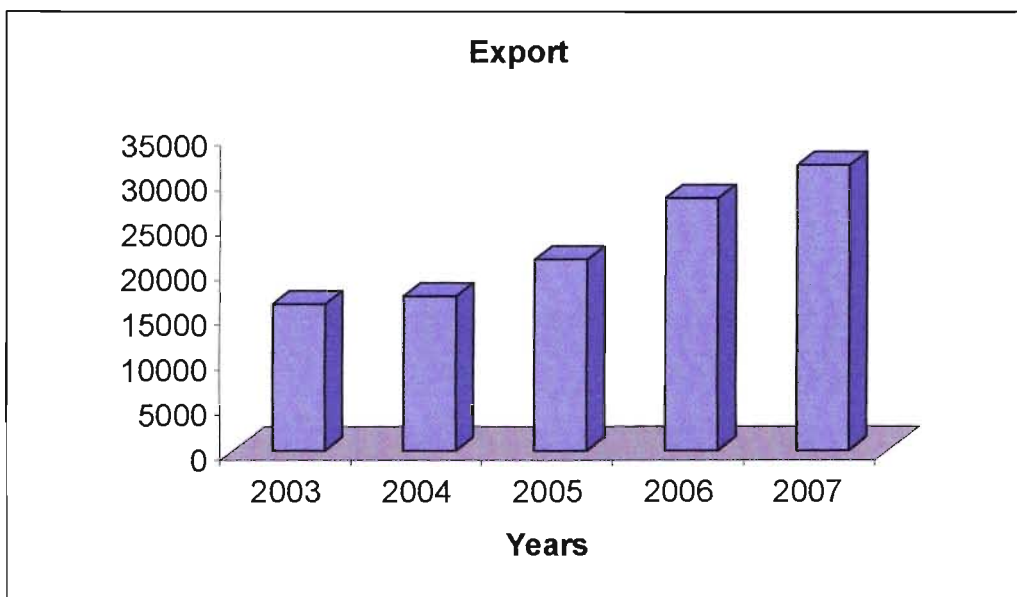
**Export:**

National Bank experienced sound growth of export business in 2007 from 2006. The volume of export business rose 28019.2 million from Tk 31824 million in 2007 showing and increase of around 13.58%. As before, Ready Made Garments still remained in the major export item of 2007 constituting more than 19.3%. The other export items were frozen fishes, which was 4.2% of total export.



**Table 12: Export of NBL.**

Year	2003	2004	2005	2006	2007
Export	16341.8	17105.3	21344.1	28019.2	31824
Growth rate	NIL	4.67%	24.78%	31.27%	13.58%



**Graph 11: Graph of Export Performance of NBL.**

The increasing trend of performing export business for client has been experienced for last few years. In the year 2006, NBL experienced the highest ever growth rate which was 31.27%, but the highest amount of export revenue is earned by NBL in the year 2007, which is around 31824 millions. It seems that NBL is getting better and better day-by-day in this sector.

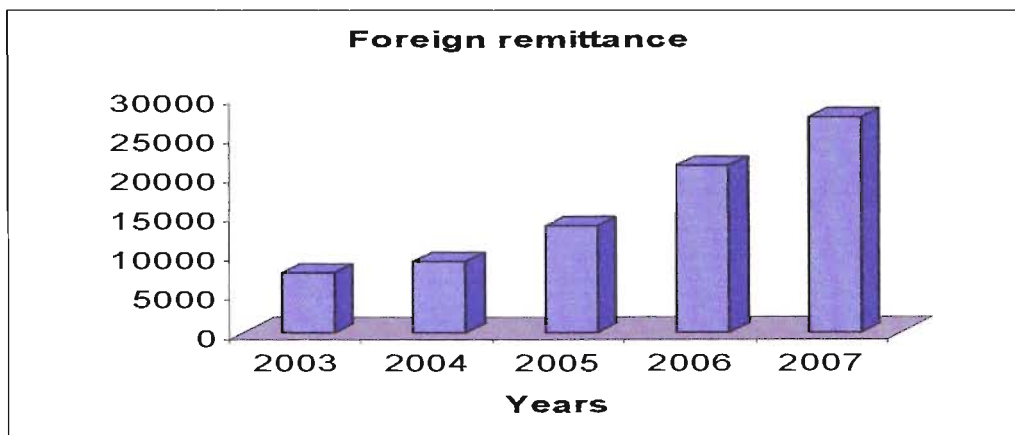


**Foreign Exchange Business:**

National Bank Limited has passed a successful year in foreign exchange business. NBL expended the foreign exchange business in different countries with different agencies in last year. National Bank made money transfer arrangements with Bolaka exchange house last year. NBL has the highest number of foreign correspondents in abroad. So it receives the major portion of remittance from the non-returning Bangladeshis and from the international importers. National Bank's remittance volume increased at a huge amount by 56.80% about Tk 21353.9 million from last year's Tk 13618.2million. It also increased by 29.07% in the year 2007.

**Table 13: Foreign Remittance Business of NBL.**

Year	2003	2004	2005	2006	2007
Foreign remittance	7637.5	9035.5	13618.2	21353.9	27560.8
Growth rate	NIL	18.30%	50.72%	56.80%	29.07%



**Graph12: Graph of Foreign Remittance of NBL.**

It indicates that the bank is performing well over the last five years in foreign remittance business.



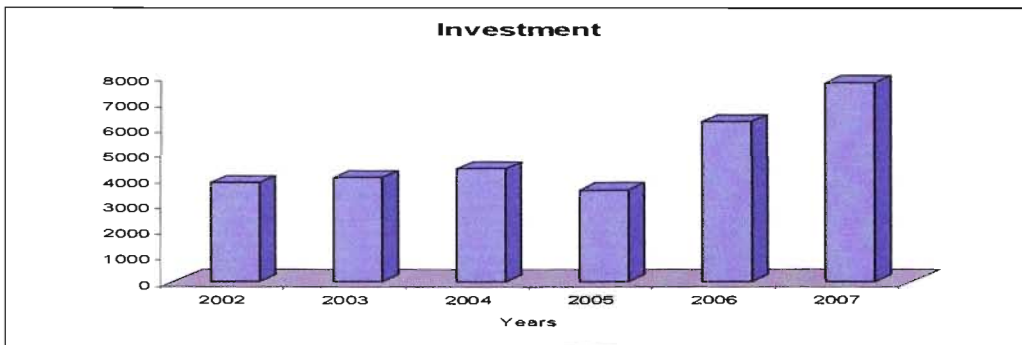


**Investments of National Bank Limited:**

Apart from the leasing and giving individual or customer loan, NBL invests in Treasury Bills, Prize Bonds and other Government Securities to constitute the investment basket of NBL. The investment portfolio of the bank stood at Tk 7760.38 million as on December 31, 2007 indexing a 24.38% increase over Tk 6239.38 million of previous year. If we evaluate the table, it true that the bank is investing more in different sectors of the country including the foreign investment.

**Table 14: Investment of NBL.**

Years	2002	2003	2004	2005	2006	2007
Investment	3839.6	4044.2	4374.17	3564.82	6239.38	7760.38
Growth rate	Nil	5.33%	8.159%	-18.50%	75.03%	24.38%



**Graph 13: Graph of Investment Performance of NBL.**

From the chart it is shown that the growth of investment has been increasing day by day. From the 2002 to 2004 the growth had been increased dramatically. But in 2005 the amount of investment has been decreased by (18.50%). After that the trend of increasing In growth rate is followed by NBL.

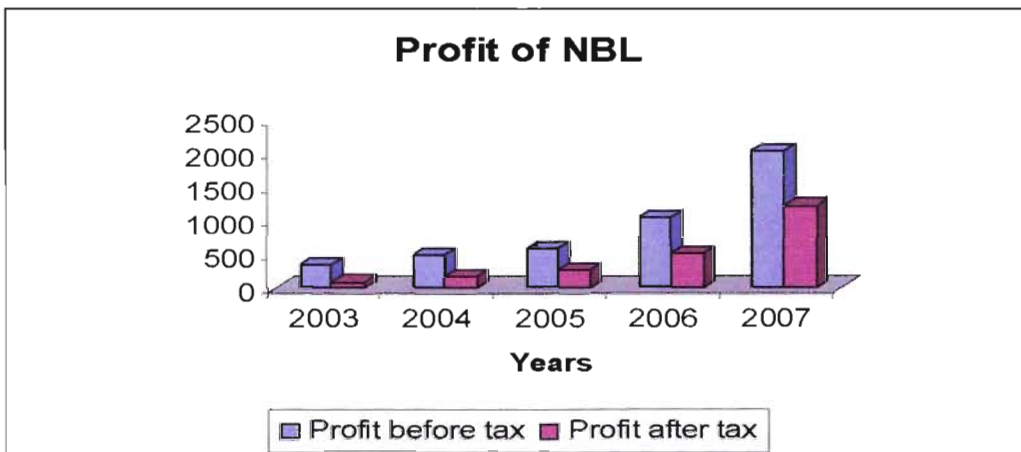


**Profit of NBL:**

Profit performance of National Bank Limited proves that it is performing well in the last five years. In 2003, profit before tax was 336.09 millions. Profit became 88.12 millions, when tax for that year was deducting. Since then, the profit before tax and profit after tax are increasing at a faster growth rate. The highest amount of profit is earned in 2007. The profit of last five years suggests that NBL is managed well during that time.

**Table 15: Profit of NBL.**

Particular	2003	2004	2005	2006	2007
Profit before tax	336.09	484.21	581.13	1058.73	2035.1
Profit after tax	88.12	170.02	271.67	507.49	1238.11



**Graph 14: Graph of Profit Level of NBL.**

It indicates that the bank is performing well over the last five years.

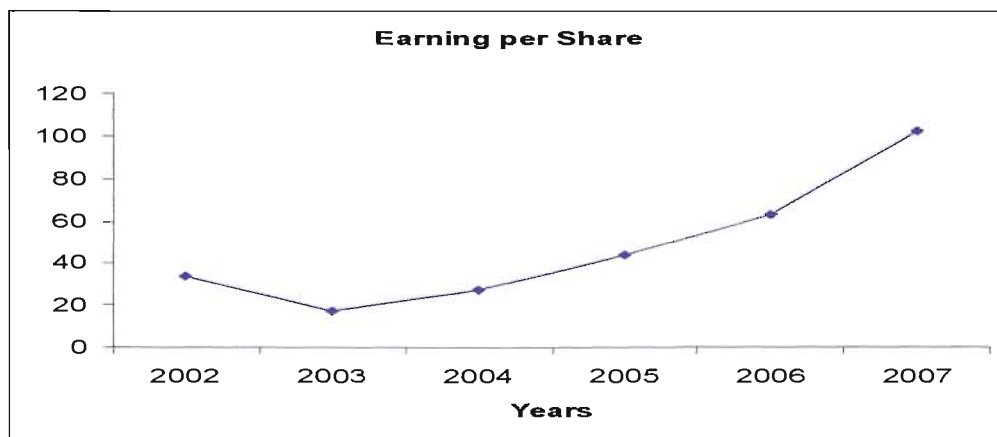


**Earning Per Share (EPS) of National Bank Limited:**

Earning Per Share (EPS) means the amount that a shareholder received per share from after-tax net income of a company. It is the value that a shareholder received for holding each share for one year and investing money in the company.

**Table 16: Earning Per Share (EPS) of NBL.**

Year	2002	2003	2004	2005	2006	2007
Earning per Share	33.98	17.07	27.44	43.85	63.01	102
Growth rate	NIL	-49.76%	60.75%	59.80%	43.69%	61.88%



**Graph 15: Graph of Earning Per Share of NBL.**

From the Chart and the graph we can see that the EPS of National Bank Limited is at satisfactory level in different years because of the increasing pattern in the EPS trend except the year of 2003. In the year 2003, EPS is decreased a lot. The growth rate of EPS is about -49.76% in the year 2003. The EPS increased by 60.75% in the year 2004. After that NBL earned enough profit to give dividend. This type of situation increases the firm value.



**Market Price Per Share of National Bank Limited:**

It means at what price the shares of National Bank Limited are sold in the secondary market to the potential buyer.

**Table 18: Market Price Per Share of NBL.**

Year	2002	2003	2004	2005	2006	2007
Market value per Share	238.86	226.61	475.25	746.5	760.5	1494
Growth rate	NIL	-5.13%	109.72%	57.08%	1.88%	96.45%



**Graph 17: Graph of Market Price Per Share of NBL.**

Analyzing the graph and chart it can be said that the market price of National Bank had been fluctuating over time because there is some specific determinant that specifies the capital market prices. Dividend policy is one of the major determinants for the stock market price. In the year 2003 the market price had been decreased but in 2004, the price has increased a lot (Taka 475.25), which were 109.72% more than that of the previous year. Again 2006 to 2007 price increased a lot reaching the price Taka 1494 in 2007, which was increased at 96.45% from the year 2006.

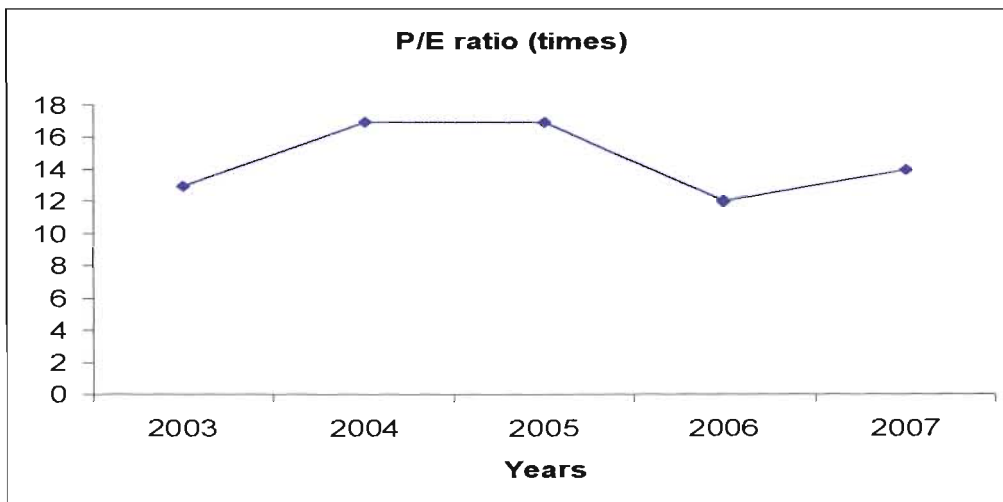


**P/E Ratio of National Bank Limited:**

Price earning ratio measures the ratio of the market price per share to earning per share. It provides rate of return that an investor can get by investing in a particular share.

**Table 17: Price Earning Ratio of NBL.**

Year	2003	2004	2005	2006	2007
P/E ratio (times)	13	17	17	12	14
Growth rate	Nil	30.77%	0	-29.41%	16.67%



**Graph 16: Graph of Price Earning Ratio of NBL.**

From the Chart and graph shown above, we can say that in the year 2004 the P/E ratio was increased dramatically by 30.77%. In 2005, the P/E ratio has been unchanged. In 2006 P/E ratio decreased by 29.41% but increased by 16.67% in the year 2007. The trend suggests that NBL is in good position. Investors can invest in this firm. Though here is some fluctuation, the bank is performing well over the last five years.

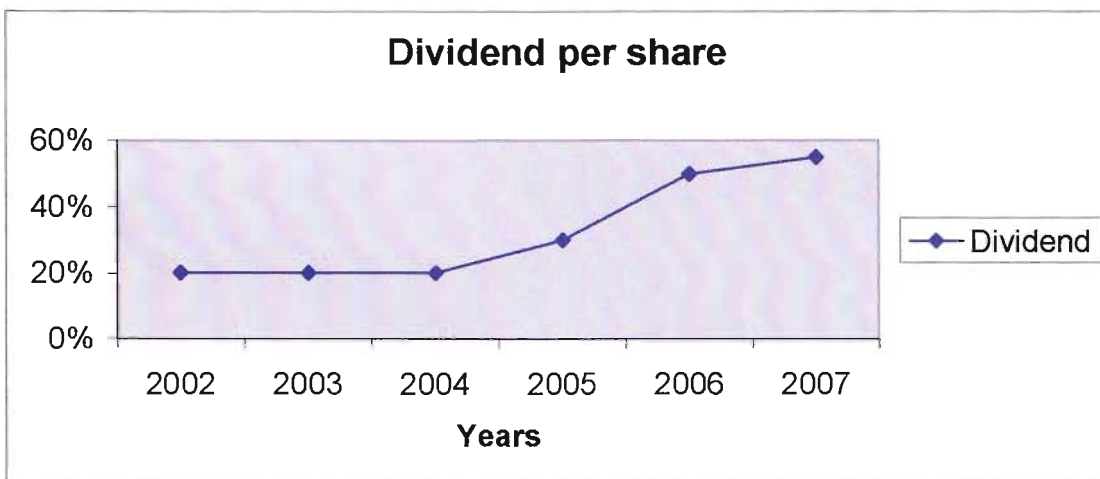


### **Dividend Per Share (DPS) of National Bank:**

Dividend Per Share means the portion of net income pays out to the shareholders at the year-end. It may be cash dividend or may be stock dividend. Here I consider both types of dividend to calculate performance of National Bank Limited.

**Table 19: Dividend Per Share Information.**

Years	2002	2003	2004	2005	2006	2007
Dividend	20%(cash)	20%	20%	30%	50%	55%



**Graph 18: Graph of Dividend Per Share Information of NBL.**

NBL provided 20% cash dividend in 2002. From 2003 to 2007 NBL provides different amount of stock dividend. Here we can observe that the DPS curve is upward sloping from 2005 to 2007. In the year 2007 National Bank has given 55% stock dividend per share. It is the highest ever dividend paid by NBL since it started its journey.

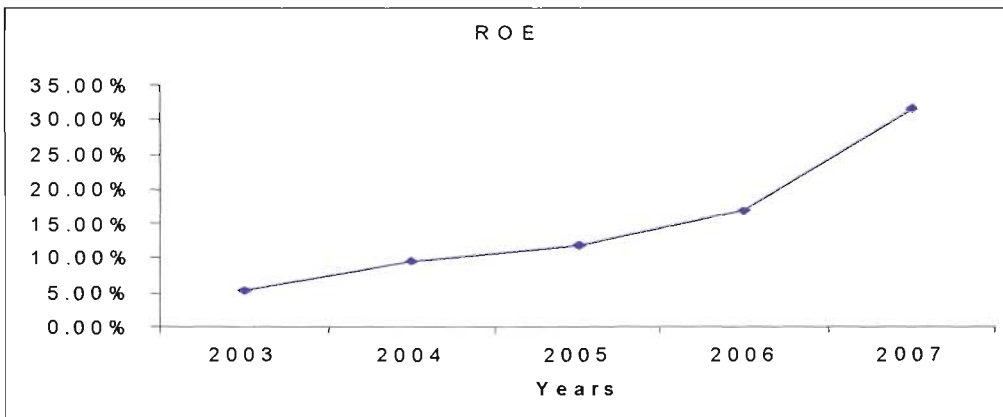


**Return On Equity (ROE) of National Bank Limited:**

Return on Equity is a financial ratio, which helps to analyze an organization’s performance. It measures the return to the firm’s shareholders after deducting the interest paid to the creditors. Higher the ration indicates better profitability earned by the shareholders.

**Table 20: Return On Equity of NBL.**

Year	2003	2004	2005	2006	2007
ROE	5.29%	9.54%	11.82%	16.89%	31.57%
Growth rate	NIL	80.34%	23.90%	42.89%	86.92%



**Graph 19: Graph of Return On Equity of NBL.**

Analyzing the chart and graph, we can say that the ROE of National Bank has been increasing day by day. This situation is occurred because of the net income portion of National Bank Limited increased higher than the total equity capital of NBL for the different specific years conservatively. It suggests that NBL is passing golden decade since birth.

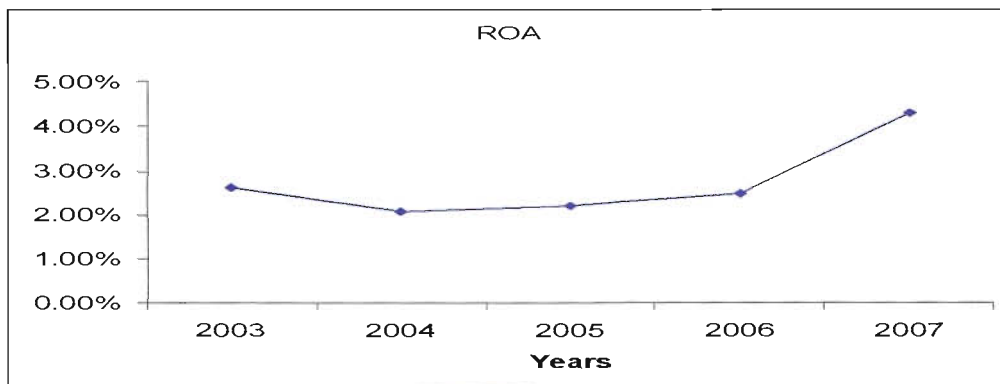


**Return On Asset (ROA) of National Bank Limited:**

ROA measure the management’s ability and efficiency in using the firm’s asset to generate operating profit, it also reports the total return accruing to all providers of capital (Debt and Equity).

**Table 21: Return On Asset of NBL.**

Year	2003	2004	2005	2006	2007
ROA	2.61%	2.09%	2.22%	2.50%	4.29%
Growth rate	NIL	-19.92%	6.22%	12.61%	71.6%



**Graph 20: Graph of Return On Asset of NBL.**

From the chart and the graph I can say that, the ROA of last five years of NBL is very stable stage except the year of 2004. In 2004, its ROA was declines by -19.92% compared to the ROA of 2003. In the year 2007, its ROA is increased by 71.6% and reached at the ROA of 4.29%, which means its efficiency in utilizing the assets that has been increased from the previous year.





**Chapter 07**  
**Special Findings about National Bank Limited.**



### **Dividend policy:**

National Bank Limited is following stock dividend policy as they provided certain amount of dividend in the form of bonus since 2003 to 2007. Last five-years trend suggest that NBL follows stock dividend policy. Before that NBL provides cash dividend.

### **Other findings:**

In 2007 the capital structure of NBL seems strongest ever since birth. Currently it is in fifth position for its share market capitalization in banking sector. The capital structure of NBL suggests that shareholders equity is incising over the years. Last five years D/E ratio also proves the statement.

The deposit amount is 47961.2 million, which is highest ever since birth for NBL. But the credit deposit ratio suggests that NBL is performing bellow than their capability. They grab all the profitable investment opportunities but they could not invest the entire investment-able amount collected in the form of deposit. For this reason, the credit deposit ratio decrease over the years.

ROA and ROE also suggest that National Bank Limited is performing well over the last five years. The current ratio also suggest it can pay its debt quite easily. That's why the market value of the share is increasing over time. As a result the market value of the firm increases over the years.

Over the last five-years NBL performs well and earn enough to declare higher amount of dividend. The EBT and net profit seems stronger over time. EBT was 336.09 in 2003, which was increasing over last five year and reached the amount of 2035.1 in 2007. Same pattern is followed in net profit pattern. The amount of dividend is increasing over time for this reason. This year amount is 55% stock dividend, which is 5% more than last year.

**Chapter 08**  
**Problems of National Bank Limited.**



### **Problem of National Bank Limited:**

Now a day, National Bank Limited performs better in the banking sector but it has not achieve the best in the banking sector. However from the study of the bank, in spite of their well reputation, there are some problems in their services and policy implication. I have observed some lacking in some area of its operation during my three months internship program in National Bank Limited which I have furnished below:

- NBL always take conservative decision to implement new idea.
- NBL faces the problem having lesser manpower.
- NBL doesn't focuses on promotional activities.
- NBL doesn't focuses on the wider concept of retail banking.
- As a pioneer, it is not yet provided the service of online banking.
- NBL performs social responsibilities but that is not enough too full-fill the demand of public, because people demand more from the pioneer private bank of Bangladesh.
- The interest rate of NBL is lower then the other private bank.
- NBL doesn't diversify its business strategy to make the firm most effective in the banking sector.

**Chapter 09**  
**Recommendations and conclusion.**



### **Recommendation:**

It is very difficult to recommend a strong organization like National Bank Limited, which is performing over 25 years. I suggest few techniques to improve in some areas through which National Bank Limited can perform better in future.

- NBL should implement new ideas of banking sector and adopt simple adoption process.
- NBL should pay attention to man power assessment strategy and provide the required number of officers to run operation of each department smoothly.
- NBL should be more conscious about the promotional activities. NBL should use aggressive marketing campaign to attract clients.
- NBL can pursue a diversification strategy in expanding its current line of business. The management can consider options of starting retail banking.
- NBL should move towards Online banking operations.
- NBL should perform more and more welfare activities.
- NBL should redesign the service scheme to provide better interest rate.



### **Conclusion:**

With a strong deposit balance and Assets National Bank Ltd operates efficiently in our country as a pioneer in private banking sector. National Bank Limited has been trying to operate its business successfully since 1983. The bank has already developed good image and goodwill among its clients by offering excellent services. As a newly established Branch, NBL is serving at its locality with utmost satisfaction of the customer. So, NBL has to compete with government-affiliated banks as well as with other Commercial Banks. Today, the whole Banking sector is facing a tough competition and challenge. In this situation NBL is in good position than any other Bank of its locality and day-by-day NBL is increasing its activities and goodwill.

Finally I can say that among the entire private bank in Bangladesh, National Bank limited always providing the efficient service with very affordable price. It is expanding their business. Overall performance satisfies the investor of the bank. It is a good bank to operate financial activities.

**Chapter 10**  
**Bibliography.**





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