

Performance Appraisal of Dhaka Bank Limited

P r e p a r e d F o r

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P r e p a r e d B y

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Bachelor of Business Administration

Major in Finance

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Course: BUS 498

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EAST WEST UNIVERSITY

Letter of Authorization

January 15, 2007

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To,

Tazrian Mahfuz

Dear Miss Tazrian

Letter of Authorization

It gives me great pleasure to assign you to write your Project report on “**Performance Appraisal of Dhaka Bank Limited**”. The report is to be submitted by 26 April 2007 as par of your Project (BUS 498) requirements. This letter can be used as an aid by you when and where necessary for the purpose of collecting information(s) for writing the report.

You can contact me for any help or support or inquiry that you might have during the making of the report.

Sincerely,

Dr. Tanbir Ahmed Chowdhury

Letter of Transmittal

April 26, 2007

Dr. Tanbir Ahmed Chowdhury

Professor & Coordinator

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Subject: Submission of Project Report.

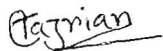
Dear Sir,

It is my great pleasure to submit the report entitled "**Performance Appraisal of Dhaka Bank Limited**" to you.

The entire semester long project works has been a wonderful learning experience for me and I have thoroughly enjoyed it. I take this opportunity to express my sincere gratitude to you for making all the necessary arrangements for my project. I can assure you that I have tried to the best of my ability to prepare this report.

Thank you very much my honorable teacher for your kind immense co-operation without which this report has not been done. I take every opportunity to express my gratitude of indebtedness to you.

Yours sincerely,



Tazrian Mahfuz

ID: 2003-2-14-018

Acknowledgement

Firstly, I would like to express my deep gratitude to all mighty Allah for keeping me physically fit and mentally alert to prepare this report.

I would like to express my feelings and great affections with my heartiest appreciation to the most respectable and honorable faculty **Dr. Tanbir Ahmed Chowdhury, Professor, Department of Business Administration, East West University** for his kind co-operation. He has provided me the guideline to complete the report. Without his help and guideline it is difficult for me to complete the report.

I also express gratitude to Mr. Md. Musabbir (Senior Principal Officer, Motijheel Branch), Mr. Md. Mahfuzur Rahman (Senior Officer, Motijheel Branch), Mr. Md. Abu Galib (Officer, motijheel Branch). They all are friendly enough to provide me with the necessary information.

Last, but not the least, I must thank to my elder brothers and sisters of East West university, for their help and support to complete the report.

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Executive Summary

The title of the report is “**Performance Appraisal of Dhaka Bank Limited**”. The report is based on the three months Project Work as a partial requirement of BBA Program. There are five chapters in the report. Each chapter has been discussed with separate issues. The first chapter is the introduction chapter. The objectives, scope and methodology and limitation are described in this chapter. In the second chapter, I have described the overview of the principal activities of DBL including historical background, mission, vision, capital structure of DBL, trends of branch expansion, types of deposits etc. Chapter three is the appraisal of the financial performance of DBL. In this chapter the deposit mobilization of DBL, modes of advances, foreign exchange activity of DBL, investment, total income, total expenditure, fixed assets, total assets of DBL etc are described. To analyze the performance, I have used the growth percentage calculation. Moreover there are some ratio analysis related to financial performance analysis have focused in this chapter such as: return on assets, return on equity, net profit margin ratio, equity multiplier ratio, fixed asset turnover ratio, total asset turnover ratio, price earning ratio, time interest earned ratio, leverage ratio etc are calculated in this chapter. I have used last five years data to calculate the ratio analysis. From this ratio analysis we can describe the financial performance of DBL. The chapter four is the problems of Dhaka Bank Limited. I have found some problems during the project work. Then I have described the suggestions of those problems in the chapter five. These are the overall parts which I have described in the report.

CHAPTER-1

Introduction

1.1 Introduction

Banking system occupies an important place in a nation's economy because of its intermediary role; it ensures allocation and relocation of resources and keeps up the momentum of economic activities. It plays an important role in the economic development of a country and forms the core at the money market in any country. In a developing country like Bangladesh the banking system as a whole has a vital role to play in the progress of the economic development. Bank plays an important role in the business sectors and in the industrialization of a country. Basically the banks take deposits from the customers by giving interest and lend it to the borrowers by taking interest for a specified period. In our country there are Government Banks, Semi-Government Banks, and Private Commercial Banks. They are the principal source of credit for millions of individuals and families and many units of government.

To fulfill the BBA program we need to complete a project work. After completing all the courses of BBA program we have to do the project work under any faculty supervisor. As I am interested to do project on the banking sector, so I choose the **Dhaka Bank Limited (DBL)**. **Dr. Tanbir Ahmed Chowdhury**, Professor, Department of Business Administration of East West University, who was my honorable faculty supervisor, has assigned me to submit the report on **“Performance Appraisal of Dhaka Bank Limited”**.

Within this short time Dhaka Bank Limited 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.

1.2 Objectives of the study

The objectives of the study are:

- I. To present an overview of Dhaka Bank Limited.
- II. To present the principal activities of Dhaka Bank Limited.
- III. To appraise the financial performance of Dhaka Bank Limited.
- IV. To identify the problems of Dhaka Bank Limited.
- V. To suggest remedial measures for the development of Dhaka Bank Limited.

1.3 Scope & Methodology of the Study

The scope of this report is limited to the overall description of the company, its services, and its position in the industry and its marketing strategies. The scope of the study is limited to organizational setup, functions, and performances. In this study we tried to appraise the principal activities and financial performance of Dhaka Bank Limited (DBL).

For evaluating the performance of DBL, we have collected and analyzed the data of the last five to eight years. These data have been used for ratio analysis, growth percentage calculation, and trend equation. Collection of data can be divided into two parts:

a) Primary data were collected by:

- ⇒ Questionnaire survey
- ⇒ Face to face conversations with the employees.
- ⇒ By interviewing and interacting customers at DBL.
- ⇒ Observing various organizational procedures.

b) Secondary data were collected by

- ⇒ Bank's Annual Report
- ⇒ Prior research report

- ⇒ Any information regarding the Banking sector
- ⇒ Different books and periodicals related to the banking sector
- ⇒ Newspapers and Internet.

1.4 Limitation of the Study

.In doing the report I have faced some limitations what I can't ignore. Some of those limitations are:

- ⇒ Bankers don't want to disclose all the information I need.
- ⇒ Although the officers of the Dhaka Bank Limited have been very helpful, they didn't have enough time to provide, as they are very busy with their assigned works. So, in some cases, observation was needed.
- ⇒ Large-scale research was not possible due to time constraints.
- ⇒ Relevant data and document collection were difficult due to the organization confidentiality.
- ⇒ Finally, the length of this project program (12 Weeks) is not sufficient conduct a detailed study on the subject of research.

CHAPTER- 2

An Overview of Principal Activities of DBL

2.1 Historical Background of DBL

Bangladesh economy has been experiencing a rapid growth since the '90s. Industrial and agricultural development, international trade, inflow of expatriate Bangladeshi workers' remittance, local and foreign investments in construction, communication, power, food processing and service enterprises ushered in an era of economic activities. Urbanization and lifestyle changes concurrent with the economic development created a demand for banking products and services to support the new initiatives as well as to channelize consumer investments in a profitable manner. A group of highly acclaimed businessmen of the country grouped together to responded to this need and established Dhaka Bank Limited in the year 1995.

The Bank was incorporated as a public limited company under the Companies Act. 1994. The Bank started its commercial operation on July 05, 1995 with an authorized capital of Tk. 1,000 million and paid up capital of Tk. 100 million. The paid up capital of the Bank stood at Tk 1,289,501,900 as on June 30, 2006. The total equity (capital and reserves) of the Bank as on June 30, 2006 stood at Tk 2,188,529,224.

The Bank has 37 branches 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.

The Bank offers the full range of banking and investment services for personal and corporate customers, backed by the latest technology and a team of highly motivated officers and staff.

In our effort to provide Excellence in Banking Services, the Bank has launched Online Banking service, joined a countrywide shared ATM network and has introduced a co-branded credit card. A process is also underway to provide e-business facility to the bank's clientele through Online and Home banking solutions.

Dhaka Bank Ltd. 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.

2.2 Our 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.

2.3 Our Vision

At Dhaka Bank, 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 endeavour is to offer you razor sharp sparkle through accuracy, reliability, timely delivery, cutting edge technology, and tailored solution for business needs, global reach At Dhaka Bank, we draw in trade and commerce and high yield on your investments.

2.4 Our Goal

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

2.5 Capital Structure of DBL

Table: 2.1- Capital Structure of DBL

(Figures in Million Taka)

Year	Authorized Capital	Paid up Capital	Growth % of Paid up Capital
1998	1000	132	-
1999	1000	275.88	109.00
2000	1000	275.88	0
2001	1000	303.47	10.00
2002	1000	379.34	25.00
2003	1000	531.07	40.00
2004	1000	664	25.03
2005	2650	1228	84.94

Source: Annual Report of DBL (2002, 2003 & 2005)

From the table we can see that from the year 1998 to 2004 authorized capital was same. The amount of authorized capital was 1000 million Tk. But in the year 2005 authorized capital became 2650 million Tk. The paid up capital was not same. It differs from time to time. The highest growth percentage of paid up capital was 109% in the year 1999 and the lowest was 0 in the year 2000.

2.6 Trends of Branch Expansion

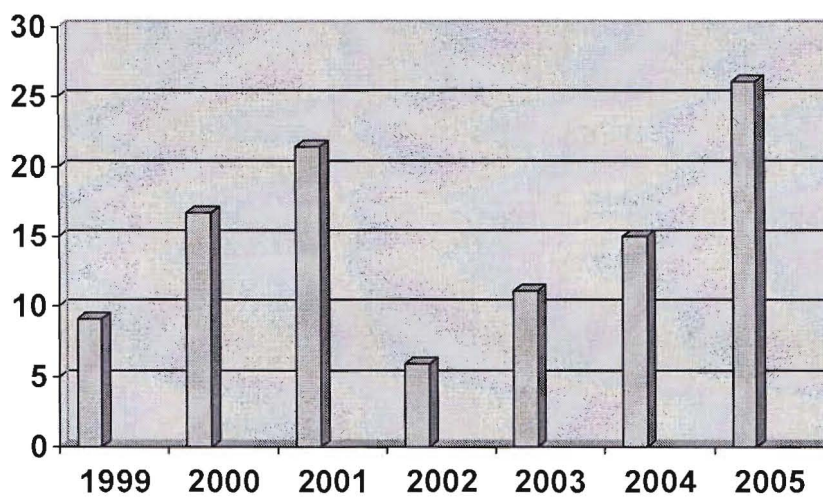
Table-2.2- Trends of Branch Expansion of DBL

Years	No. of Branches	Growth Percentage
1998	11	-
1999	12	9.09
2000	14	16.67
2001	17	21.43
2002	18	5.88
2003	20	11.11
2004	23	15
2005	29	26.09

Source: Annual Report of DBL (2002, 2003 & 2005)

The growth percentages of the number of branches of DBL are shown in the following graph:

Growth %



Year

Figure 2.1: Trends of branch expansion of DBL

We can see from the table that the number of branches increases every year. The number of branches was not consistent. The lowest growth percentage was 5.88% in the year 2002. Because in 2002 the number of branches has been increased by one than 2001. The highest growth percentage was 26.09% in the year 2005. Because from the year 2004 to 2005 the numbers of branches has been increased by 23 to 29.

2.7 Number of Employees

Table: 2.3- Number of Employees of DBL

Year	No. of Employees	Growth Percentage
1998	315	-
1999	359	13.97
2000	406	13.09
2001	495	21.92
2002	532	7.47
2003	568	6.77
2004	613	7.92
2005	688	12.23

Source: Annual Report of DBL (2002, 2003 & 2005)

From the table 2.3, it can be stated that from 1998 to 2005, every year the number of employees have been increased. In the year 2001 the growth percentage was highest and in the year 2003 the growth percentage was lowest. In 2001, the number of employees was 495 and in 2003 the number of employees was 568.

The growth percentage of the number of employees of DBL is shown in the following graph:

Growth Percentage

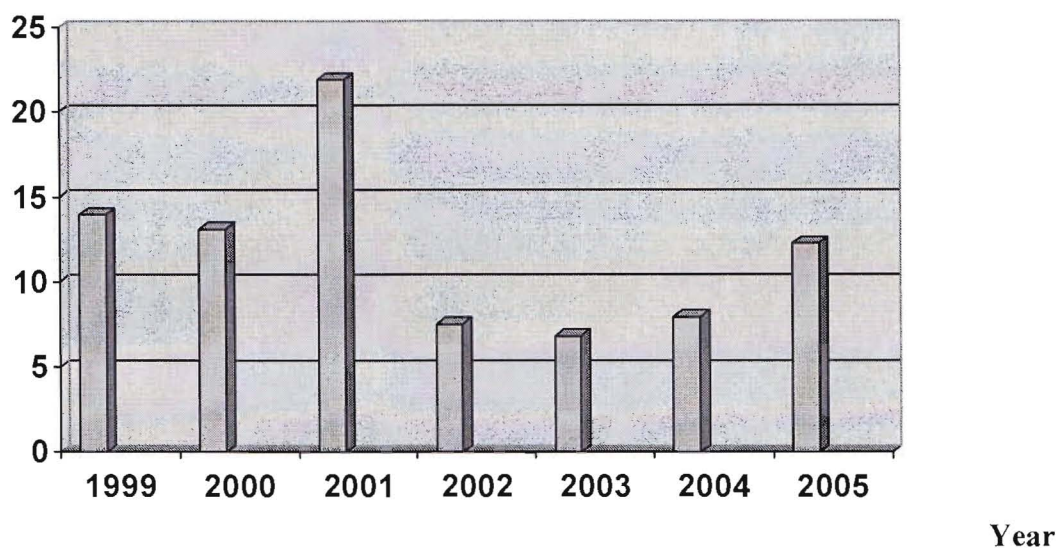


Figure 2.2: Growth percentage of the number of employees of DBL.

2.8 Personal Banking

Dhaka Bank is well-poised to be the leading Personal Banking Business amongst the local private banks. Bank's conscious efforts in brand building, introducing and supporting new packaged products under Personal Banking along with non-traditional delivery channels like direct sales agent has resulted in good brand awareness amongst its chosen target markets.

As part of establishing a personal banking franchise of Dhaka Bank Limited, the bank has successfully established a Personal Banking Division in 2001 with launching of Dhaka Bank Vanik Credit Card. Till 2005 the Division has added the following asset products to its wings:

- ATM Card
- SMS Banking
- Personal Loan
- Vacation Loan
- Education Loan
- Car Loan
- Home Loan
- Any Purpose loan



The division also focused on the liability products in 2005 and introduced the following liability products:

- DPS
- Special Deposit Scheme (Monthly Income)
- Deposit Double
- Excel Account (Salary Account)

2.8.1 ATM Card:

Card Features

- Cash Withdrawals – up to Tk.1 Lac per day
- Utility payments – T&T, Mobile phones, DESA, etc.
- Multi-account access
- Fund Transfers
- Mini Statements
- PIN change

2.8.2 SMS Banking:

With SMS Banking you can remain updated while you are on the move, without even making a phone call or a visit to the Branch. Backed by the State-of-the-art Push-Pull technology, you can bank just with your fingertips no matter where you are.

With SMS Banking, you can get the following services:

- Utility bill payment [**First time in Bangladesh**]
- Balance Inquiry
- Statement Request
- Cheque Book Request
- Stop Cheque
- Cheque Status Inquiry
- **SMS Number: GP: 2325**

2.8.3 Personal Loan:

As part of establishing a personal banking franchise of Dhaka Bank Limited, the bank has successfully launched Personal Loan. The product is a term financing facility to individuals to aid them in their purchases of consumer durables or services. The facility becomes affordable to the clients as the repayment is done through fixed installments commonly known as EMI (equated monthly installment) across the facility period. Depending on the size and purpose of the loan, the number of installments varies from 12 to 48 months.

The target market for personal loan will mainly comprise of following category –

- a. **Salaried employees** of institutions in the Dhaka, Chittagong and Sylhet markets.
- b. **Professionals** who are self employed and have at-least 3 years of independent practice in the area of profession.

- c. **Businessmen** who are permanent residents of Dhaka, Chittagong and Sylhet metropolis with at least 3 years of continued operation in the line of business.

Restrictions and client eligibility

Loans are restricted to Bangladeshi nationals falling in the categories mentioned below. The minimum age for any borrower will be 25 years and the maximum age 52 years with a minimum verified Gross Family Monthly Income of BDT 10,000.

Salaried employees	<ul style="list-style-type: none"> - Permanent salaried employees with at-least 12 months of confirmed service with the present employer. - Work station in Dhaka, Chittagong, Sylhet and where Dhaka Bank operates. - University graduates
Professionals	<ul style="list-style-type: none"> - Doctors, Dentists, Engineers, Chartered Accountants, Architects who are members of their professional institutes. - Practice and location in Dhaka, Chittagong, Sylhet and where Dhaka Bank operates. - At-least 3 years of continued practice in the respective profession in Dhaka or Chittagong.
Businessmen	<ul style="list-style-type: none"> - Continued operation of the enterprise of at-least 3 years in the present line of business. - Membership of the trade association. - A resident of Dhaka, Chittagong, Sylhet and where Dhaka Bank operates for at least 5 continuous years.

Loan amount limits under the program	Type of Loan	Minimum loan amount	Maximum loan amount
	Personal	BDT 25,000	BDT 500,000

Amount	EMI in months			
	12	24	36	48
25,000	2,292	1,249	-	-
50,000	4,584	2,497	-	-
75,000	6,876	3,745	-	-
100,000	9,168	4,993	3,616	-
150,000	13,752	7,489	5,423	-
200,000	18,336	9,985	7,231	-
300,000	27,504	14,978	10,846	-
400,000	36,672	19,970	14,461	11,750
500,000	45,840	24,963	18,077	14,688

2.8.4 Vacation Loan:

As part of establishing a personal banking franchise of Dhaka Bank Limited, the bank has successfully launched Vacation Loan. The product is a term financing facility to individuals to aid them in their pursuit of spending a vacation in the country or abroad. The facility becomes affordable to the clients as the repayment is done through fixed installments commonly known as EMI (equated monthly installment) across the facility period. Depending on the size and purpose of the loan, the number of installments varies from 12 to 48 months.

The target market for personal loan will mainly comprise of following category –

- a. Salaried employees** of institutions in the Dhaka, Chittagong and Sylhet markets.
- b. Professionals** who are self employed and have at-least 3 years of independent practice in the area of profession.
- c. Businessmen** who are permanent residents of Dhaka, Chittagong and Sylhet metropolis with at least 3 years of continued operation in the line of business.

Restrictions and client eligibility

Loans are restricted to Bangladeshi nationals falling in the categories mentioned below. The minimum age for any borrower will be 25 years and the maximum age 52 years with a minimum verified Gross Family Monthly Income of BDT 10,000.

Salaried employees	<ul style="list-style-type: none"> - Permanent salaried employees with at-least 12 months of confirmed service with the present employer. - Work station in Dhaka, Chittagong, Sylhet and where Dhaka Bank operates. - University graduates
Professionals	<ul style="list-style-type: none"> - Doctors, Dentists, Engineers, Chartered Accountants, Architects who are members of their professional institutes. - Practice and location in Dhaka, Chittagong, Sylhet and where Dhaka Bank operates. - At-least 3 years of continued practice in the respective profession in Dhaka or Chittagong.
Businessmen	<ul style="list-style-type: none"> - Continued operation of the enterprise of at-least 3 years in the present line of business. - Membership of the trade association. - A resident of Dhaka, Chittagong, Sylhet and where Dhaka Bank operates for at least 5 continuous years.

Loan amount limits under the program	Type of Loan	Minimum loan-amount	Maximum loan amount
	Vacation	BDT 25,000	BDT 500,000

Amount	EMI in months			
	12	24	36	48
25,000	2,292	1,249	-	-
50,000	4,584	2,497	-	-
75,000	6,876	3,745	-	-
100,000	9,168	4,993	3,616	-
150,000	13,752	7,489	5,423	-
200,000	18,336	9,985	7,231	-
300,000	27,504	14,978	10,846	-
400,000	36,672	19,970	14,461	11,750
500,000	45,840	24,963	18,077	14,688

2.8.5 Car Loan

As part of establishing a personal banking franchise of Dhaka Bank Limited, the bank has successfully launched Car Loan. The product is a term financing facility to individuals to aid them in their pursuit of have a car of their dream. The facility becomes affordable to the clients as the repayment is done through fixed installments commonly known as EMI (equated monthly installment) across the facility period. Depending on the size and purpose of the loan, the number of installments varies from 12 to 60 months. In case of brand new cars the loan tenure will be maximum 72 months.

The target market for personal loan will mainly comprise of following category

- a. **Salaried employees** of institutions in the Dhaka, Chittagong and Sylhet markets.
- b. **Professionals** who are self employed and have at-least 3 years of independent practice in the area of profession.

- c. **Businessmen** who are permanent residents of Dhaka, Chittagong and Sylhet metropolis with at least 3 years of continued operation in the line of business.

Restrictions and client eligibility

Loans are restricted to Bangladeshi nationals falling in the categories mentioned below. The minimum age for any borrower will be 25 years and the maximum age 52 years with a minimum verified Gross Family Monthly Income of BDT 45,000.

Salaried employees	<ul style="list-style-type: none"> - Permanent salaried employees with at-least 12 months of confirmed service with the present employer. - Work station in Dhaka, Chittagong, Sylhet and where Dhaka Bank operates. - University graduates
Professionals	<ul style="list-style-type: none"> - Doctors, Dentists, Engineers, Chartered Accountants, Architects who are members of their professional institutes. - Practice and location in Dhaka, Chittagong, Sylhet and where Dhaka Bank operates. - At-least 3 years of continued practice in the respective profession in Dhaka or Chittagong.
Businessmen	<ul style="list-style-type: none"> - Continued operation of the enterprise of at-least 3 years in the present line of business. - Membership of the trade association. - A resident of Dhaka, Chittagong, Sylhet and where Dhaka Bank operates for at least 5 continuous years.

Loan amount limits under the program	Type of Loan	Minimum loan amount	Maximum loan amount
	Car	Not specified	Tk 20,00,000

Dhaka Bank Car Loan EMI Schedule					
			All Reconditioned Cars Except Toyota	All Toyota Brand Reconditioned Cars	All Brand New Cars except Indian Cars
Loan Amt	24 Months	36 Months	48 Months	60 Months	72 Months
100,000	4,944	3,565	2,886	2,485	2,225
200,000	9,888	7,131	5,771	4,971	4,449
300,000	14,833	10,696	8,657	7,456	6,674
350,000	17,305	12,478	10,099	8,698	7,786
357,000	17,651	12,728	10,301	8,872	7,942
400,000	19,777	14,261	11,542	9,941	8,898
500,000	24,721	17,826	14,428	12,426	11,123
600,000	29,665	21,392	17,313	14,912	13,348
700,000	34,610	24,957	20,199	17,397	15,572
800,000	39,554	28,522	23,084	19,882	17,797
900,000	44,498	32,087	25,970	22,367	20,022
1,000,000	49,442	35,653	28,855	24,853	22,246
1,100,000	54,386	39,218	31,741	27,338	24,471
1,200,000	59,331	42,783	34,626	29,823	26,695

1,300,000	64,275	46,349	37,512	32,308	28,920
1,400,000	69,219	49,914	40,397	34,794	31,145
1,500,000	74,163	53,479	43,283	37,279	33,369
1,600,000	79,108	57,044	46,168	39,764	35,594
1,700,000	84,052	60,610	49,054	42,249	37,818
1,750,000	86,524	62,392	50,496	43,492	38,931
1,800,000	88,996	64,175	51,939	44,735	40,043
1,850,000	91,468	65,958	53,382	45,977	41,155
1,900,000	93,940	67,740	54,825	47,220	42,268
1,950,000	96,412	69,523	56,267	48,463	43,380
2,000,000	98,885	71,305	57,710	49,705	44,492

2.8.6 Deposit Pension Scheme:

Dhaka Bank is well poised to be the leading Personal Banking business amongst the local private banks. Bank's conscious efforts in brand building, introducing and supporting new packaged products, developing PB organization along with non-traditional delivery channels have resulted in good brand awareness amongst its chosen target markets.

Installment based savings schemes are a major category of saving instruments amongst mid to upper middle-income urban population.

DPS is an installment based savings scheme (Deposit Pension Scheme) of Dhaka Bank for individual clients. The key differentiators of the product will be –

- a. Amount of monthly deposit - The scheme offers the clients the flexibility of tailoring the amount of monthly deposit based on his monthly cash flow position. The minimum monthly deposit will be BDT 500.00 The client will have the option of depositing any amount in multiples of BDT 500.00 subject to a maximum of Tk 20,000.
- b. Flexible tenor of the scheme- The client has flexibility of deciding on the tenor of the scheme in-terms of number of months. However, the minimum tenor would be 48 months and the maximum would be 144 months.
- c. Flexibility to open any number of DPS Account- A client can open maximum five DPS accounts in client's name, in his/her spouse's name or in the name of his/her children or in joint names with any of his/her family members.
- d. Bonus point - if the client continues the scheme up-to maturity then at maturity, the client will be awarded a bonus 1% on the total deposit amount. However, to qualify for the bonus point, client may default in paying maximum 2 installments within the tenure of the DPS.
- e. Premature encashment – if any client closes the deposit account before one year, s/he will not be entitled to any interest. Account running more than a year will be eligible for the prevailing interest offered in the savings account.
- f. Late payment fee – Clients failing to deposit any installment will pay 5% late payment fee on the deposit installment amount as late payment fee, which will be realized at the time of depositing the next deposit Installment.
- g. Payment through Account – Clients will have to open an Account with Dhaka Bank Limited and a standing instruction will be executed for auto-debit to effect the monthly installment.
- h. OD Facility against DPS - Clients will have the option of taking advance upto 90% of the deposited amount at the time of application. However, to be eligible for the OD facility, the account must be at least 2 years old or the minimum ticket size of the advance will be Tk 20,000.00.

Restrictions and Client Eligibility:

- Any Bangladeshi Citizen attaining 18 years of age will be eligible to avail this product by opening an account in any of the branches of DBL. Branch will ensure compliance with account opening formalities.
- A minor operated by the legal guardian may also open the account.
- The tenor and the deposit amount agreed by the applicant and accepted by the Bank at the time of opening the account cannot be changed afterwards.

Closure of Account:

The account will immediately cease to operate in case of the following:

- Death of the account holder.
- Failure to pay 5 consecutive installment

Settlement of the Account:

Documentation - In order to open the account, the account holder will execute the following documentation:

- Fulfilling Account opening formalities
- Filling up the DPS Application form
- 2 copy Pass port size Photograph of the applicant
- 1 copy passport size photograph of the nominee attested by the applicant

2.8.7 Deposit Double

Deposit Double is a time specified deposit scheme for individual clients where the deposited money will be doubled in 6 years. The key differentiators of the product will be:

- a. **Amount of deposit - The minimum deposit will be BDT 50,000.00** (either singly or jointly). The client will have the option of depositing any amount in

multiples of BDT 10,000 **subject to a maximum of Tk 20,00,000 in a single name and Tk 35,00,000 in joint name .**

- b. Tenure of the scheme** - The tenure of the scheme will be 6 years.
- c. Premature encashment** – If any client chooses to withdraw the deposit before the tenure, then s/he will only be entitled to prevailing interest rate on savings account in addition to the initial deposit. However, withdrawal of the deposited amount before one year will not earn any interest to the depositor(s).
- d. OD Facility against Deposit** - Clients will have the option of taking advance upto 90% of the initial deposited amount. The lending rate will be tied up with the interest rate offered on the deposit.
- e. Product features:**

Deposited Amount	Min Tk 50,000 (singly or jointly) with multiples of Tk 10,000 Max Tk 20,00,000 (in single name) Tk 35,00,000 (in joint name)
Initial Deposit date	Any day of the month
Tenure	6 years

- f. Govt. Charges** – The matured value is subject to taxes and other Govt. levies during the tenure of the deposit.



2.8.8 Special Deposit Scheme (Income Unlimited):

The management of Dhaka Bank Limited is pleased to launch Special Deposit Scheme, a new liability product on May 04, 2005.

- **Product Features**

Deposit Amount	In multiples of Tk 50,000. However the minimum deposit will be Tk 1,00,000 (singly or jointly) and the maximum Tk 50,00,000 (singly/Jointly).
Initial Deposit Date	Any day of the month
Interest Due	One month after the initial deposit date the interest will be credited to the savings/current account.
Tenure	3 Years
Monthly income on Tk 100,000	Tk 1,000 subject to 10% Income Tax
Rate of Interest	12% (simple)

- **Documentation**

In order to open the account, the account holder will execute the following documentation:

- Fulfilling Account opening formalities
- Filling up the SDS Application form
- 1 copy Passport size Photograph of the applicant
- 1 copy passport size photograph of the nominee attested by the applicant

- **Restrictions and Client Eligibility**

- Any Bangladeshi Citizen attaining 18 years of age will be eligible to avail this product by opening an account in any of the branches of DBL. Branch will ensure compliance with account opening formalities.
- A minor operated by the legal guardian may also open the account.

- The deposited amount and the tenure agreed by the applicant and accepted by the Bank at the time of opening the account cannot be changed afterwards.
- **Interest Payout Frequency**
Interest Payout Frequency should be monthly.
- **Closure of Account**
The account will immediately cease to operate in case of death of the depositor

2.8.9 Smart Plant

- Smart Plant offers you to multiply your initial cash to 10 times in 6 years. You are required to deposit at least Taka 10,000 or multiple of it to avail the opportunity. In single name you can deposit maximum Taka 50,00,000. Dhaka Bank shall contribute 4 times of your deposited amount to build up a fund for issuance of Smart Plant.
- Maturity period of the Smart Plant is 6 years.
- The total Smart Plant amount (your deposit + Bank Contribution) will double in 6 years. For example; if you deposit Taka 10,000, bank shall contribute Taka 40,000, altogether the Smart Plant amount will be Taka 50,000. On maturity (after 6 years) the Smart Plant amount will be Taka 1,00,000.
- You will repay the bank contribution amount in 72 equal installments. After repayment of all installments the matured value will be credited in your savings account.
- If you fail to pay the installment within the due date, a late payment fee of 2% per month of the installment amount will be charged.
- If you are a Bangladeshi with an age more than 18 years and not exceeding 54 years, you can avail Smart Plant.
- You can discontinue the Smart Plant subject to the following.
 - I. Before the 1st year, no interest.
 - II. After 1st year, prevailing savings rate.

III. Closing fee is 1% of your deposited amount or subject to minimum Taka 500.

- You are required to open a Savings account or Smart Account to maintain the Smart Plant.
- You will have the option of taking advance up to 90% of your contributed amount. The lending rate will be tied up with the interest rate offered on the deposit.

Your nominee shall get matured value of Smart Plant if you demise prematurely before completing Smart Plant period. However, death from Self-inflicted injury, Suicide during the first year of insurance coverage, AIDS and HIV related disease, Abuse of alcohol or drugs, War, or riot, or civil commotion, Illegal act/criminal activity, Death due to any reason within the first 3 months of coverage except for accidental death, Natural Disaster, Earth Quake, Tsunami etc.

2.9 Types of Deposits

2.9.1: Current Account:

In current accounts no interest is given to the current account maintaining depositors. Depositors can deposit and withdraw their deposits any time in the working days. That is, there is no time restriction. In DBL, this account offers the following:

- ⇒ Any number of transactions in a day
- ⇒ No restrictions on amount withdrawn
- ⇒ Phone banking
- ⇒ E-Cash 24 hour banking
- ⇒ There is no loan facility on current account.

There are different types of current account that are provided by DBL are as follow-

- I. Individual Current Account
- II. Proprietorship Current Account
- III. Partnership Current Account
- IV. Limited Company Current Account

2.9.2 Fixed Deposit Receipt (FDR):

The characteristics of FDR are given below:

- ⇒ Fixed deposit shall be opened for a fixed period.
- ⇒ A person can open fixed deposit accounts for 3 months, 6 months, 1 year or for longer term.
- ⇒ A person can take loan against fixed deposit receipt as per rules of Bangladesh Bank.
- ⇒ DBL offers competitive interest rate. The interest rate for FDR is set by the bank and it varies from time to time.
- ⇒ Interest should be calculated at maturity.

Tenor in months	1	2	3	6	12
Interest Rate	8.5%	8.75%	11.5%	11.75%	12%

2.9.3 Savings Account:

Saving accounts are designed especially for the middle-income groups who are generating limited income and have the tendency to save. This account allows interest income on deposit. A person can draw a maximum number of two cheques per week.

Dhaka Bank Limited offers a competitive interest rate on this account. The interest rate is 7% on savings account.

There are two types of saving accounts in DBL-

- I. Individual Savings Account
- II. Joint Savings Account.

2.9.4 Short Term Deposit (STD):

Short Term Deposit Account opening procedure is similar than that of the current account. Withdraws from this type of account require a prior notice of seven days. This account can be used like a current account. The interest rate varies and is negotiable. Interest rate is 5.5% incase of short term deposits. This account offers the following:

- ⇒ No limit to the number of withdrawals.
- ⇒ Phone banking
- ⇒ E- Cash 24 hour banking.

2.9.5 Excel Accounts:

Excel account is the first of its kind in Bangladesh. A unique blend of all the flexibilities of a current account and provision for interest on daily balance, Excel account also offers an overdraft facility to meet urgent cash need. Designed exclusively for the salaried executives, Excel Account offers a packaged solution to companies and organizations to process employee salaries and funding employee loans.

The features of Excel Account are:

I. Interest on daily balance:

A customer can earn interest on Excel Account. Interest is calculated on daily balance to provide you the maximum benefit.

II. Overdraft facility:

In order to meet urgent cash needs Dhaka Bank Ltd. offers an overdraft facility equal to one month's gross salary. To avail this facility a customer's salary must be at least Tk. 10,000 and it should be credited to the account with DBL every month.

III. No restriction on withdrawal:

A customer may conduct transactions on your account as many times as he/she wishes. There is no restriction on number of withdrawals, nor there will be any charges or interest forfeiture due to the number of transactions.

IV. No minimum balance requirement:

Excel account does not have any minimum balance requirement.

V. Free ATM card:

Excel account offers a free ATM card. It allows to access account for cash withdrawal, utility bill payment and other banking transactions 24 hours a day.

VI. Phone banking facility:

A customer can get information about his/her account at the touch of a button.

Salaried executives of reputed organizations can open an excel account with Dhaka Bank. The OD facility will be offered to the executives having a minimum monthly income of Tk 10,000.



CHAPTER 3

An Appraisal of the Financial Performance of DBL

Introduction

The financial performance of Dhaka Bank Limited is described in this chapter. For doing the financial performance, I have used the growth percentage calculation, graphical explanations and ratio analysis. The ratio which are analyzed in this chapter are: Return on Asset of NBL, Return on Equity of NBL, Net profit margin ratio, Equity multiplier ratio, Fixed asset turnover ratio, Total asset turnover ratio etc.

3.1 Deposit Mobilization

Table 3.1: Deposit Mobilization of DBL

(Figures in million Tk)

Year	Deposits	Growth %
1998	5299.07	-
1999	7503.26	41.60
2000	10749.41	43.26
2001	17705.85	64.71
2002	16854.01	-4.81
2003	18366	8.97
2004	25395	38.27
2005	29019	14.27

Source: Annual Report of DBL (2002, 2003 & 2005)

From the table 3.1 it can be stated that growth percentage of deposits is gradually increases from the year 1999 to 2001. In the year 2001 growth percentage was the highest

which was 64.71%. It means that in the year 2001 the deposited amount was the highest. In that year the bank deposited 17705.85 million Tk. So the year 2001 is a very beneficial year for DBL. But in the next year that means in the year 2002 the growth percentage was -4.81% which was the lowest. But in the year 2003 the growth percentage becomes positive and in 2004 it also increases than previous year and at last it decreases in the year 2005.

The growth percentage of deposit mobilization is shown in the following graph:

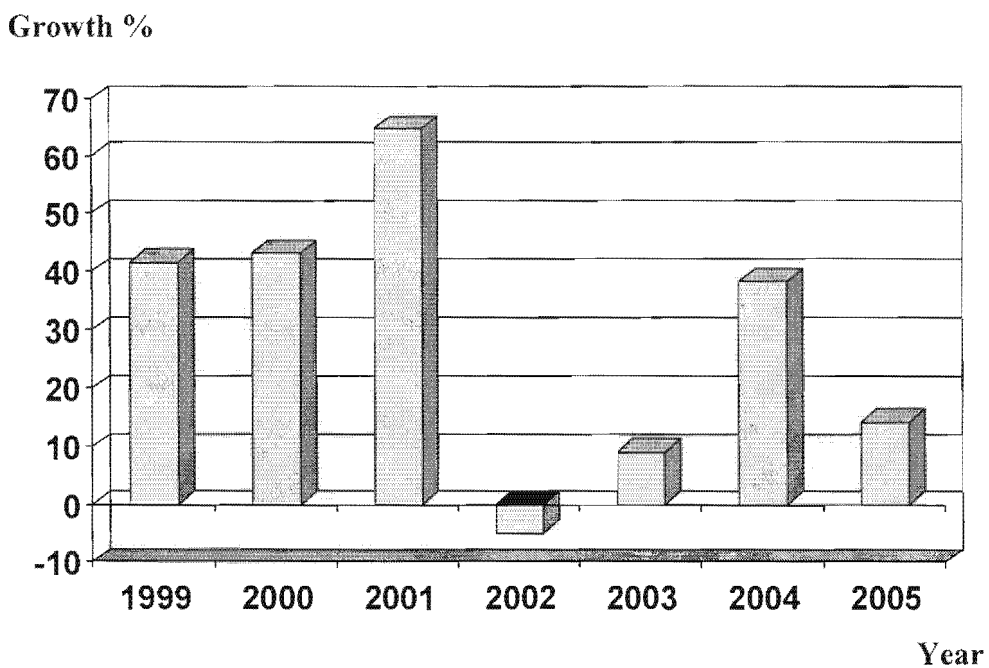


Figure 3.1: Growth percentages of deposits of DBL

3.2 Modes of Advances

**Table 3.2: Advances of DBL
(Figures in million Tk)**

Year	Advances	Growth percentage
1998	2692.31	-
1999	3843.35	42.75
2000	5291.4	37.68
2001	10246	93.63
2002	11211	9.42
2003	12887	14.95
2004	16539	28.34
2005	23372	41.31

Source: Annual Report of DBL (2002, 2003 & 2005)

The growth percentage of advances of DBL is fluctuated enough almost every year as we can see in the table 3.2. In the year 1999 it was 42.75% and then it decreases in the year 2000 and again increases to the highest level in the year 2001. It was 93.63% in that year. The next year the growth percentage decreases to the lowest level. The growth percentage was 9.42% in the year 2002. From the year 2003 to 2005 the growth percentage increases respectively.

The growth percentages of advances of DBL are shown in the following graph:

Growth %

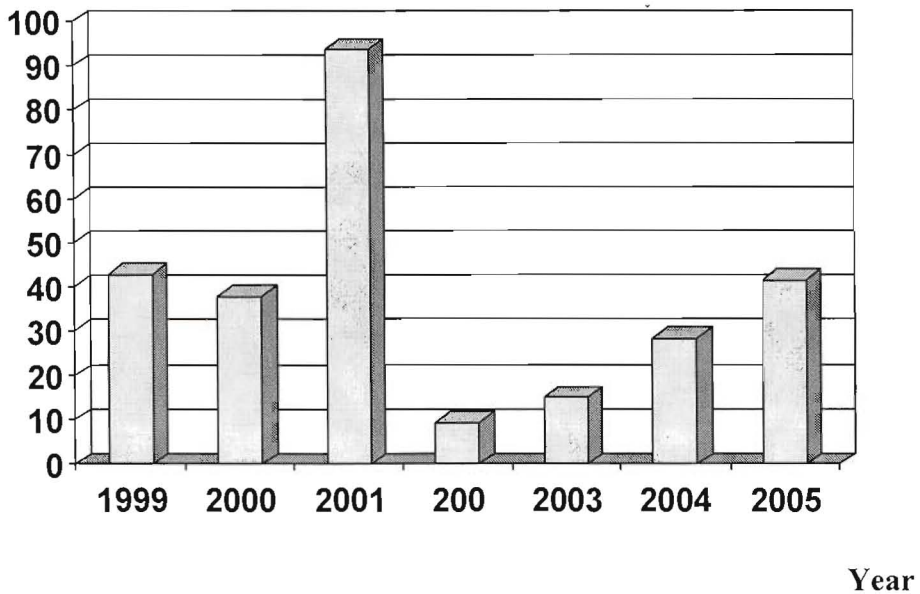


Figure 3.2: Growth percentage of Advances

3.3 Investments of DBL

Table 3.3: Investments of DBL

(Figures in million Tk)

Year	Investments	Growth %
1998	371.39	-
1999	557.95	50.23
2000	813.73	45.84
2001	1274.46	56.62
2002	1950.28	53.03
2003	2046.1	4.91
2004	3078	50.43
2005	3926	27.55

Source: Annual Report of DBL (2002, 2003 & 2005)

Table 3.3 is the total investments of DBL for eight years. We know that the bank invest money in different sectors with the help of deposits. So in a particular year the more the bank can deposit money from the customers, the more they can invest to earn profit. As we can see that the growth percentage of the investments of DBL was not in an increasing level. In the year 1999 the growth percentage was 50.23%. But in the next year it has decreased to 45.84% then in 2001 it has again increased to 56.62%. Then in the next year it has increased. So we can see that the investment of DBL was not in the increasing level. The highest investment was in the year 2001. The growth percentage in 2001 was 56.62%. The lowest was in 2003. The growth percentage was 4.91% in that year.

The investments of DBL are shown in the following graph:

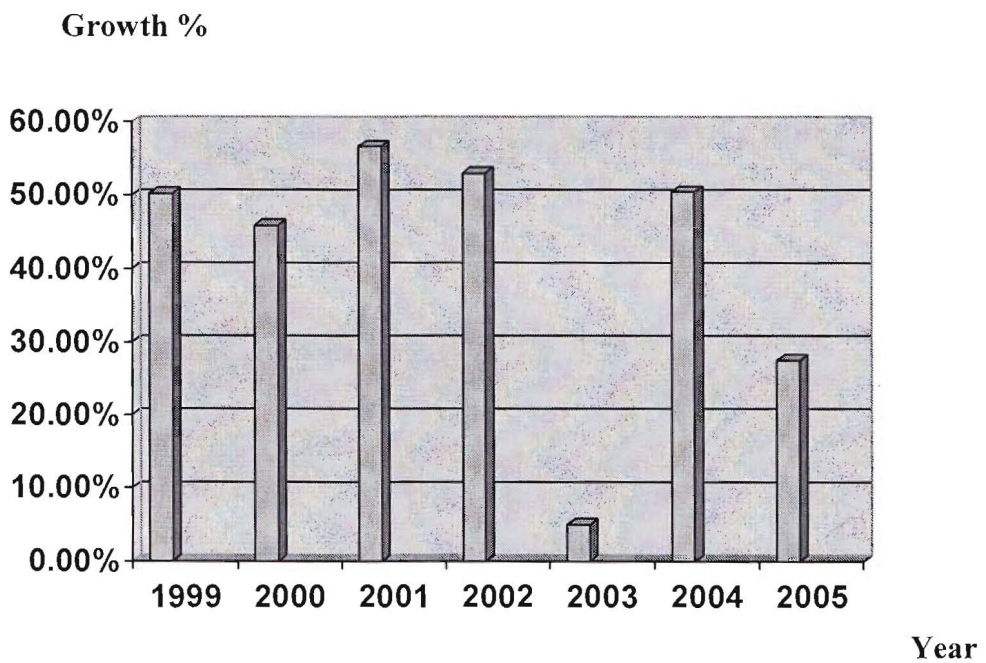


Figure 3.3: Growth percentages of investments of DBL

3.4 Foreign Exchange Activities of DBL

Table 3.4: Foreign Exchange Activity of DBL

(Figures in million Tk)

Year	Import Business	Growth %	Export Business	Growth %
1998	6993	-	1934	-
1999	9075.8	29.78	3299.3	70.59
2000	13827.9	52.36	6494	96.83
2001	17649.1	27.63	6182.5	-4.80
2002	18696.7	5.94	6110.2	-1.17
2003	19079	2.04	6901	12.94
2004	28048	47.01	8881	28.69
2005	30213	7.72	13505	52.07

Source: Annual Report of DBL (2002, 2003 & 2005)

The trends of foreign exchange activity have been divided into two parts: import business and another one was export business. In case of import business as we can see it from the table 3.4 that the growth percentage was not so high in every year. In the year 2000 the growth percentage of import business has been increased than the previous year. But after the year 2000 the growth percentage of import business starts to decrease. It has been decreased up to 2003. Then the growth percentage jumped with a high rate. Then in the year 2005 the growth percentage has fallen down to a very low percentage. The highest growth percentage of import business was in the year 2000 which was 52.36%. The lowest growth percentage of import business was 2.04% in 2003.

In case of export business the growth percentage has been increased from 1999 to 2000. But after the year 2000, the growth percentage of export business has become negative for the year 2001 and 2002. Then the growth percentage of export business starts to increase in a

continuous level up to the year 2005. The highest growth percentage for export business was 96.83% in the year 2000. The lowest was -4.80% in the year 2001.

From the table it is clear that the growth percentage of both the import business and export business was high in the year 2000.

3.5 Total Income of DBL

Table 3.5: Total income of DBL:

(Figures in million Tk)

Year	Total Income	Growth %
1998	521.48	-
1999	859.36	64.79
2000	1203.3	40.02
2001	1925.55	60.02
2002	2385.1	23.87
2003	2283	-4.28
2004	2659	16.47
2005	3636	36.74

Source: Annual Report of DBL (2002, 2003 & 2005)

From the table 3.5 it is clear that the growth percentage of DBL was not in the consistent level of increasing or consistent level of decreasing. The highest growth percentage of the total income was 64.79% in the year 1999. The lowest growth percentage was -4.28% in the year 2003. We can see that the growth percentage of total income was changing over time.

The growth percentage of the total income of DBL is shown in the following graph:

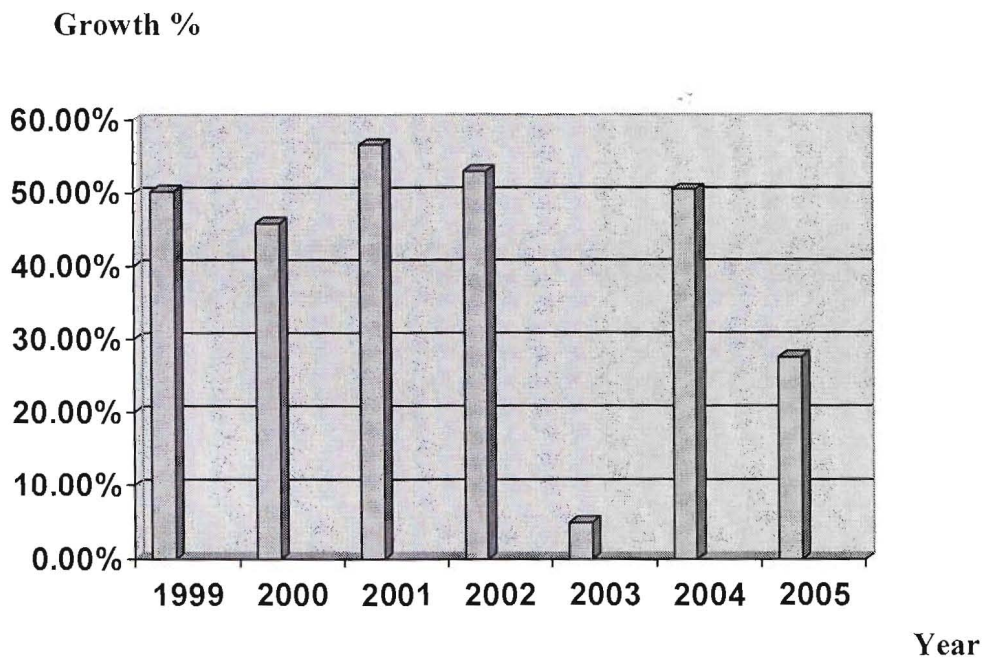


Figure 3.4: Growth percentages of total income of DBL

3.6 Total Expenditure of DBL

Table 3.6: Total expenditure of DBL

(Figures in million Tk)

Year	Total Expenditure	Growth Percentage
1998	442.68	-
1999	691.51	56.21
2000	947.64	37.04
2001	1472.31	55.37
2002	1955.32	32.81
2003	1774	-9.27
2004	1912	7.78
2005	2743	43.46

Source: Annual Report of DBL (2002, 2003 & 2005)

A bank has enough expenditure also. Bank's expenditures include salary of the employee, equipment purchasing, rent, branch expansion, ATM booth expansion etc. Table 3.6 illustrates the growth percentage of total expenditure of DBL. The highest growth percentage was 56.21% in 1999. The lowest growth percentage was -9.27% in the year 2003. The total expenditure of DBL was not in an increasing level. But the decreasing period was from the year 2001 to 2004.

The growth percentage of the total expenditure of DBL is shown in the following graph:

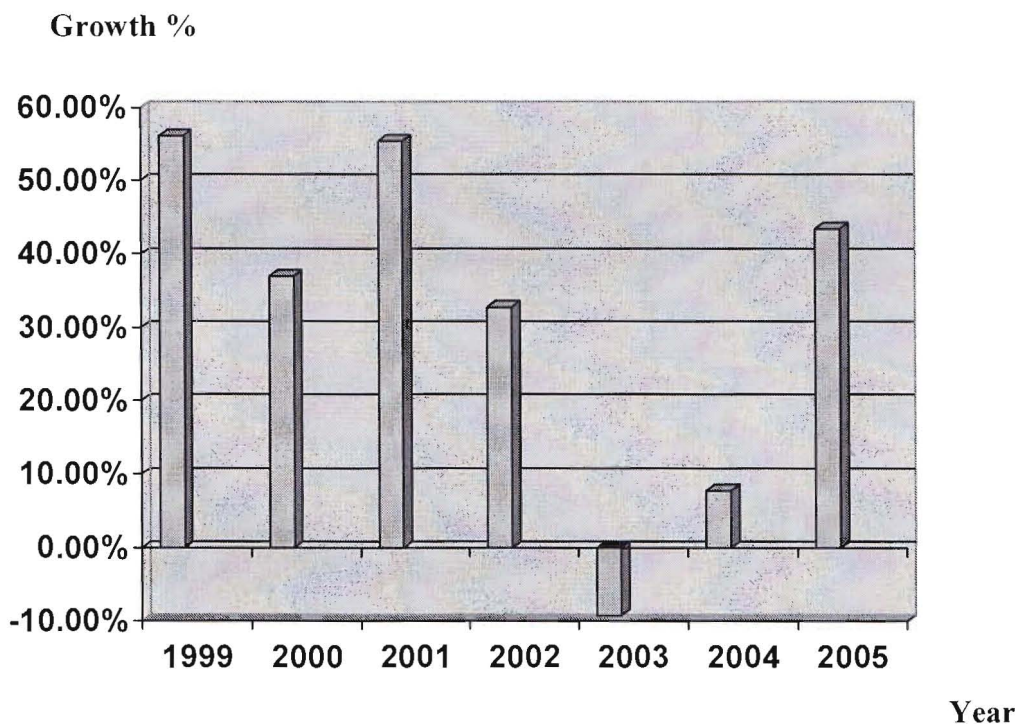


Figure 3.5: Growth percentage of total expenditure of DBL

3.7 Trends of Net Profit

Table 3.7: Trends of Net Profit
(Figures in million Tk)

Year	Profit after tax	Growth Percentage
1998	47.28	-
1999	94.64	100.17
2000	173.17	82.98
2001	290.39	67.69
2002	234.31	-19.31
2003	269	14.81
2004	358	33.09
2005	463	29.33

Source: Annual Report of DBL (2002, 2003 & 2005)

The growth percentage of trends of net profit of DBL was not comparatively well. In the year 1999 the growth percentage was 100.17% which was the highest. But after the year the growth percentage rate started to decrease. The decreasing level stops in the year 2003. That means from the year 1999 to 2003 the growth percentage of net profit was consistently decreasing. The lowest growth percentage was -19.31% in the year 2002, which was net loss of DBL.

The growth percentage of the trends of net profit of DBL is shown in the following graph:

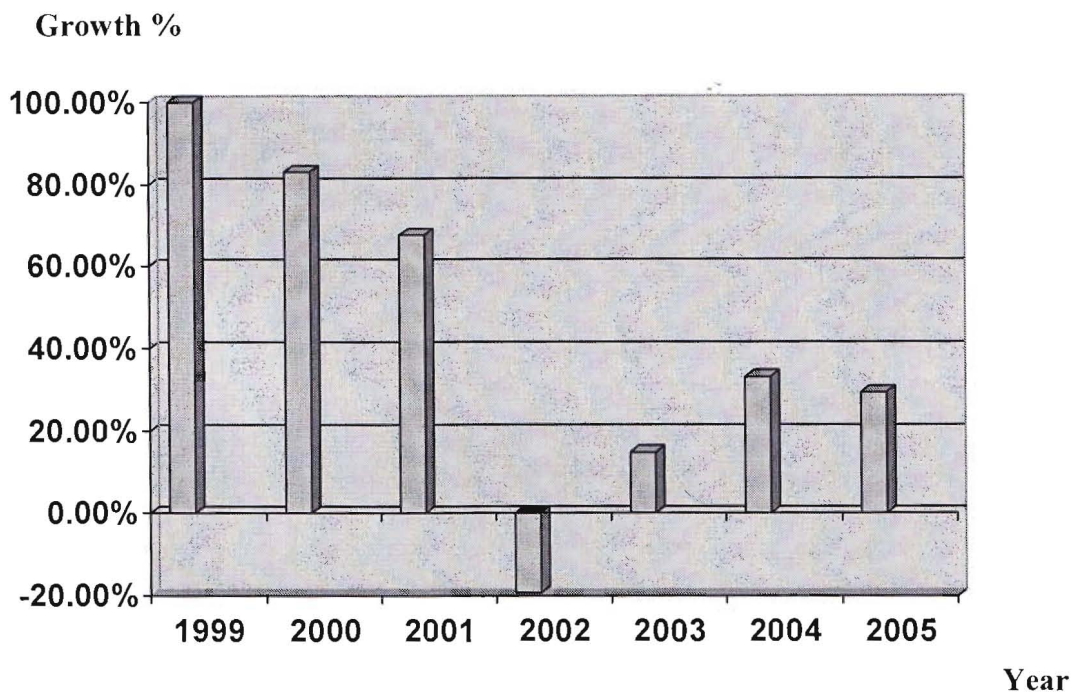


Figure 3.6: Growth percentage of trends of net profit of DBL

3.8 Fixed Assets of DBL

Table 3.8: Fixed Assets of DBL

(Figures in million TK)

Year	Fixed Assets	Growth Percentage
1998	77.25	-
1999	6.01	-92.22
2000	21.85	263.56
2001	32.84	50.30
2002	105.67	221.77
2003	87	-17.67
2004	125	43.68
2005	122	-2.40

Source: Annual Report of DBL (2002, 2003 & 2005)

Fixed assets of a bank are land, building, equipment etc. From the table 3.8 we can see that the growth percentage rate of fixed assets of DBL was negative in the year 1999, 2003 and 2005. The highest growth percentage was 263.56%. It was in the year 2000. But the lowest growth percentage was -92.22%. It was in the year 1999.

The Growth percentage of the fixed assets of DBL is shown in the following graph:

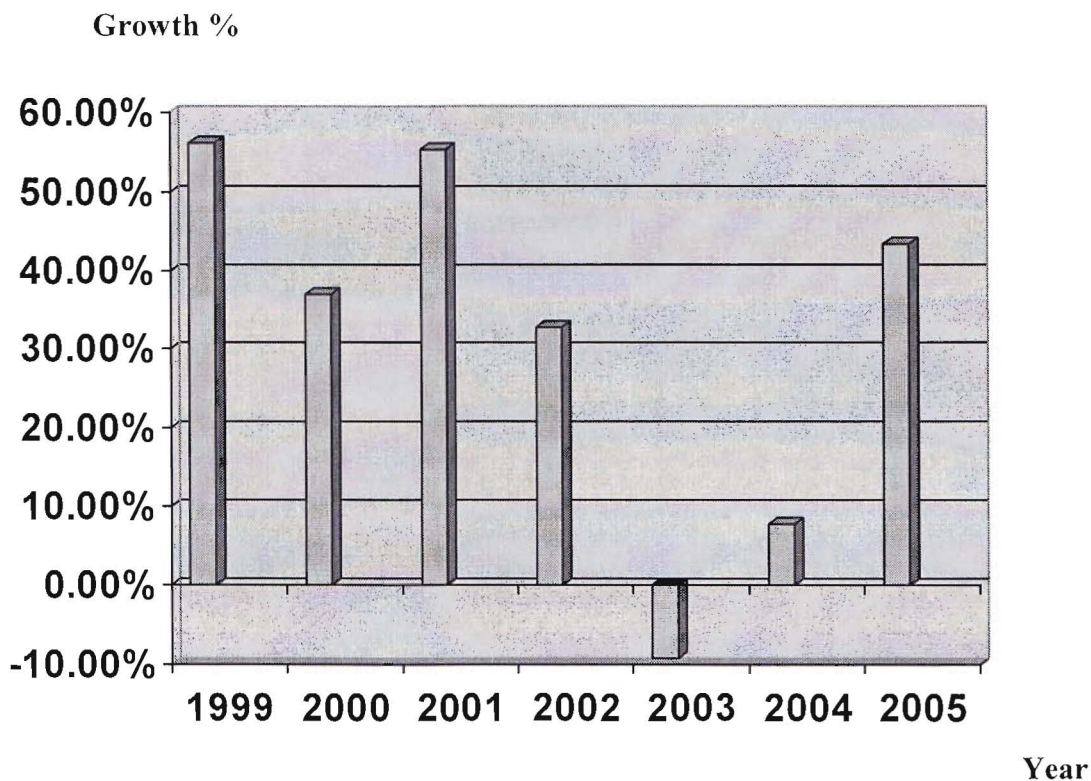


Figure 3.7: the growth percentages of fixed assets of DBL

3.9 Total Assets of DBL

Table 3.9: Total assets of DBL

(Figures in million TK)

Year	Total Assets	Growth Percentage
1998	6804.55	-
1999	9606.79	41.18
2000	11646.44	21.23
2001	19125.19	64.21
2002	19103.56	-0.11
2003	20816	8.96
2004	28178	35.37
2005	33072	17.37

Source: Annual Report of DBL (2002, 2003 & 2005)

In the year 1999 the growth percentage of total assets of DBL was 41.18%. Then the growth percentage has been decreased and again after one year (in 2001) it has been increased to the highest level 64.21%. Then in the year 2002 the growth percentage has been decreased to the lowest level to -0.11%. Then again it has been started to increase and in 2005 it has again decreased.

The growth percentage of the total assets of DBL is shown in the following graph:



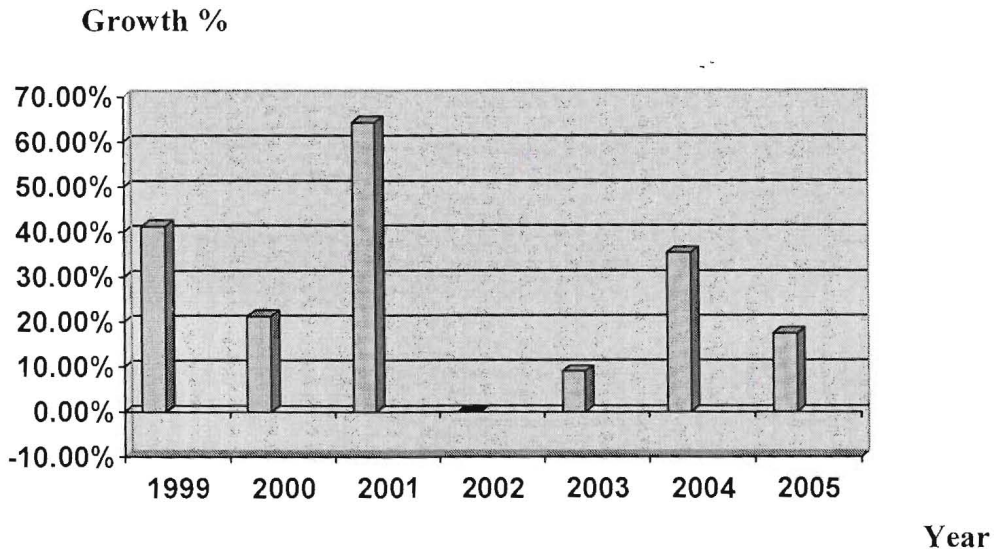


Figure 3.8: Growth percentage of total assets of DBL

3.10 Earning Per Share (EPS) of DBL

Table 3.10: EPS of DBL

(Figures in Taka)

Year	EPS	Growth percentage
1998	35.82	-
1999	34.3	-4.24
2000	62.77	83.00
2001	106	68.87
2002	70	-33.96
2003	53	-24.29
2004	61	15.09
2005	44	-27.87

Source: Annual Report of DBL (2002, 2003 & 2005)

The growth percentage of earning per share was negative in the year 1999, 2002, 2003, and 2005. The highest growth percentage was in the year 2000. In that year earning per share was 62.77 Tk and the growth percentage was 83%. The lowest growth percentage was in the year 2002. In that year earning per share was 70 Tk and the growth percentage was -33.96.

The growth percentage of the EPS of DBL is shown in the following graph:

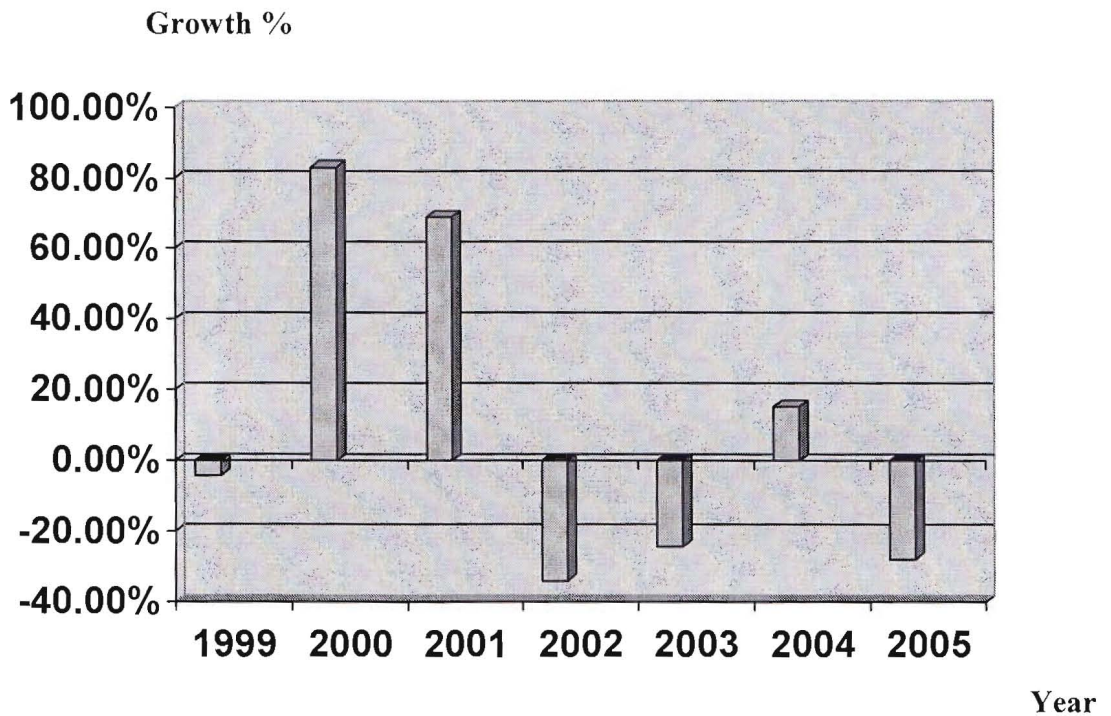


Figure 3.9: Growth percentage of earning rep share of DBL

3.11 Dividend of DBL

Table 3.11: Dividend of DBL

Year	Cash Dividend (%)	Growth percentage	Bonus Share
1998	10	-	10:1
1999	25	150	-
2000	25	0	10:1
2001	25	0	4:1
2002	20	-20	-
2003	15	-25	1:4
2004	10	-33.33	7:20
2005	20	100	1:20

Source: Annual Report of DBL (2002, 2003 & 2005)

The growth percentage of dividend of DBL has been fluctuated enough from the year 1999 to 2005. In the year 1999 the growth percentage of dividend of DBL was 150%. But then it has decreased to 0 for the year 2000 & 2001. From the year 2002 to 2004 the growth percentage has become negative. But in the year 2005, it has increased to 100%. The highest growth percentage was 150% in the year 1999 and the lowest growth percentage was -33.33% in the year 2004. In the year 1999 and 2002, DBL did not provide bonus share. But in the other years DBL has provided bonus share.

3.12 Credit Deposit Ratio:

Table 3.12: Credit/deposit ratio of DBL

Year	Credit/Deposit Ratio (%)	Growth %
1998	50.81	-
1999	51.22	0.81
2000	49.23	-3.89
2001	57.87	17.55
2002	66.52	14.95
2003	70.17	5.49
2004	65.13	-7.18
2005	80.54	23.66

Source: Annual Report of DBL (2002, 2003 & 2005)

From the table 3.15 we can see that the growth percentage of credit/deposit ratio of DBL was 0.81% in the year 1999. Then the growth percentage decreased to the negative level of -3.89%. Again it has been jumped to 17.55% in the year 2001. Then it has decreased and decreasing level continues up to the year 2004. The highest growth percentage was in the year 2005. In that year the growth percentage was 23.66% and the lowest was in the year 2004. In that time the growth percentage was -7.18%.

The growth percentage of the credit/deposit ratio is shown in the following graph:

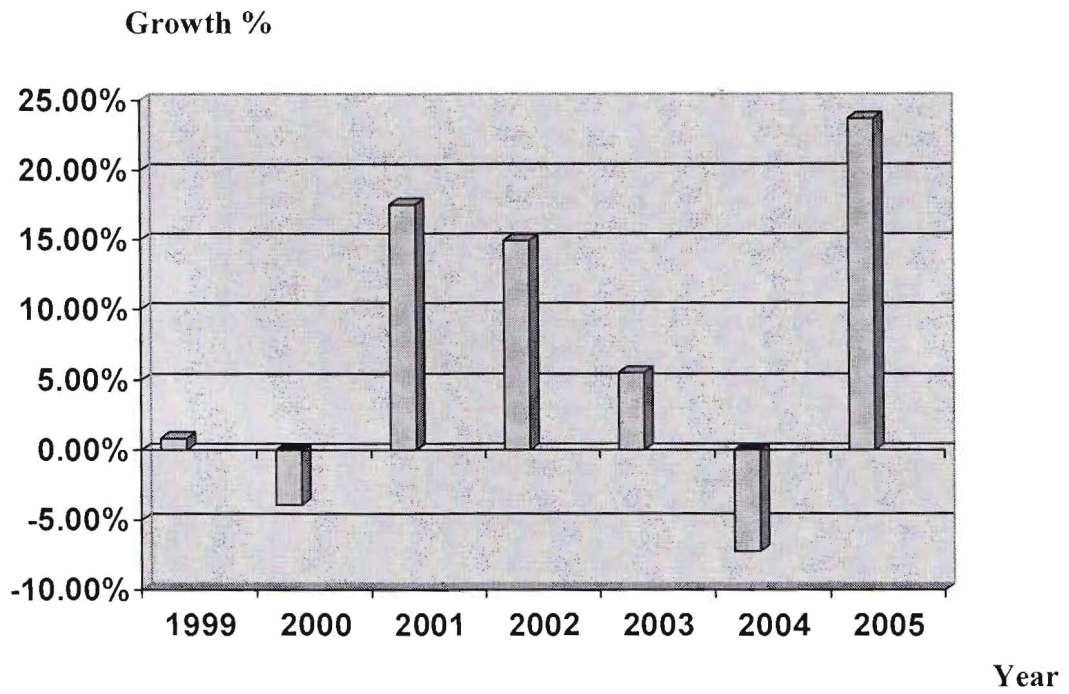


Figure 3.10: Growth percentage of credit/deposit ratio of DBL

3.13 Volume of Non-performing Loans:

Table 3.13: Volume of Non-performing Loans of DBL
(Fig. in million Tk)

Year	Volume of non-performing loan	Growth percentage
1998	54.34	-
1999	110.6	103.53
2000	93.16	-15.77
2001	118.75	27.47
2002	267.86	125.57
2003	420	56.80
2004	271	-35.48
2005	351	29.52

Source: Annual Report of DBL (2002, 2003 & 2005)

From the year 1999 to 2000 the growth percentage of non-performing loan has been decreased to the negative level. Then it has started to increase in the year 2001 to 2002. Then again it has started to decrease in the year 2003 to 2004. In 2004 the growth percentage was negative. Finally in 2005 it has again increased. The highest growth percentage was 125.57% and the lowest was -35.48% in the year 2002 and 2004 respectively.

The growth percentage of the volume of non-performing loan is shown in the following graph:

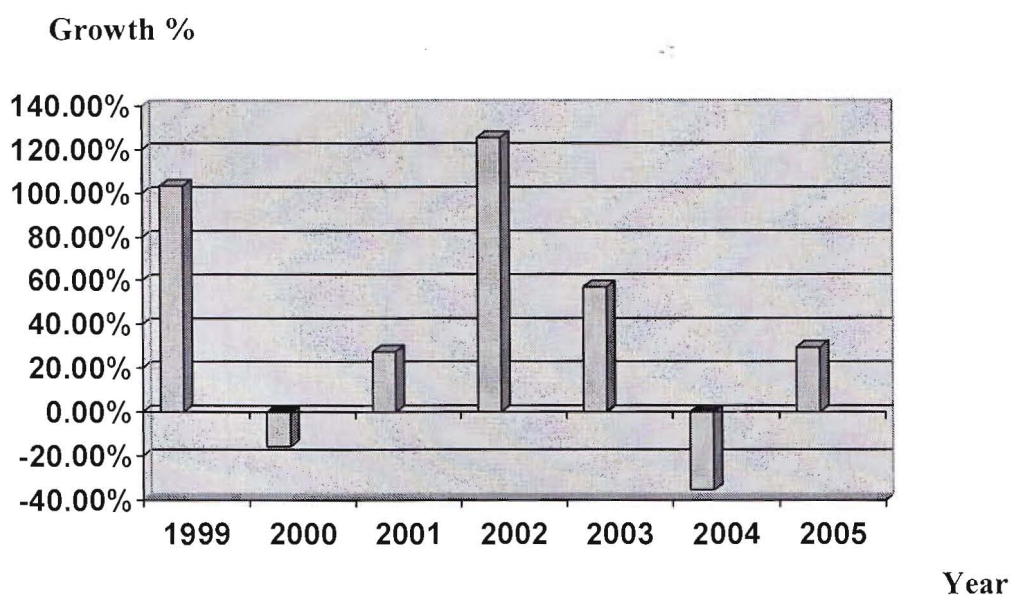


Figure 3.11: Growth percentage of the volume of non-performing loan of DBL

3.14 Provision against Classified Loans

Table 3.14: Provision against Classified Loans

(Fig. in million Tk)

Year	Provision against classified loan	Growth percentage
1999	27.82	-
2000	51.39	84.72
2001	52.79	2.72
2002	202	282.65
2003	163	-19.31
2004	76	-53.37
2005	103	35.53

Source: Annual Report of DBL (2002, 2003 & 2005)

In the year 2000 the growth percentage of the provision against classified loan was 84.72%. Then after one year it has been decreased to 2.72%. But in the year 2002 it has been jumped to 282.65%. Then the growth percentage became negative in the year 2003 and 2004. In the year 2005 it has been again jumped to 35.53%. The highest growth percentage was 282.65% in the year 2002. The lowest growth percentage was -53.37% in the year 2004.

The growth percentage of the provision against classified loan of DBL is shown in the following graph:

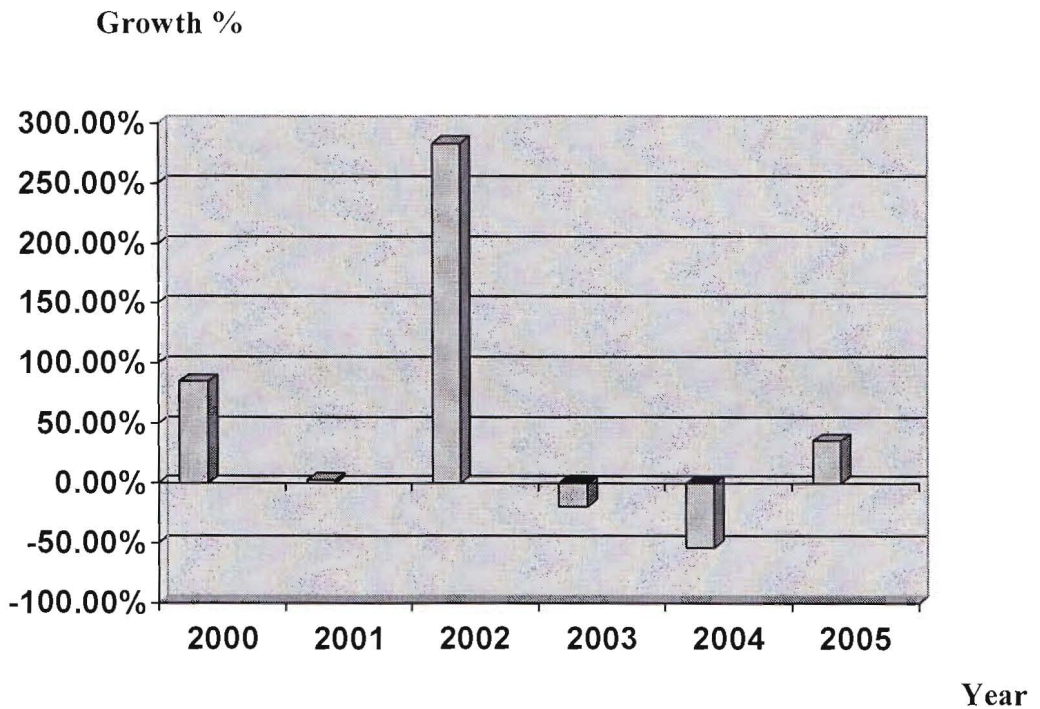


Figure 3.12: Growth percentage of provision against classified loan of DBL

3.15 Provision against Unclassified Loans:

Table 3.15: Provision against unclassified loans of DBL

(Fig. in million Tk)

Year	Provision against unclassified loan	Growth %
1999	37.02	-
2000	52.95	43.03
2001	100.8	90.37
2002	108.96	8.10
2003	125.13	14.84
2004	162	29.47
2005	236	45.68

Source: Annual Report of DBL (2002, 2003 & 2005)

The growth percentage of the provision against unclassified loan was increasing from the year 2000 to 2001. Then it has been decreased in the year 2002. Then the growth percentage has been started to increase from the year 2003 to 2005. The highest growth percentage was 90.37% in the year 2001. The lowest growth percentage was 8.10% in the year 2002.

The growth percentage of the provision against unclassified loan of DBL is shown in the following graph:

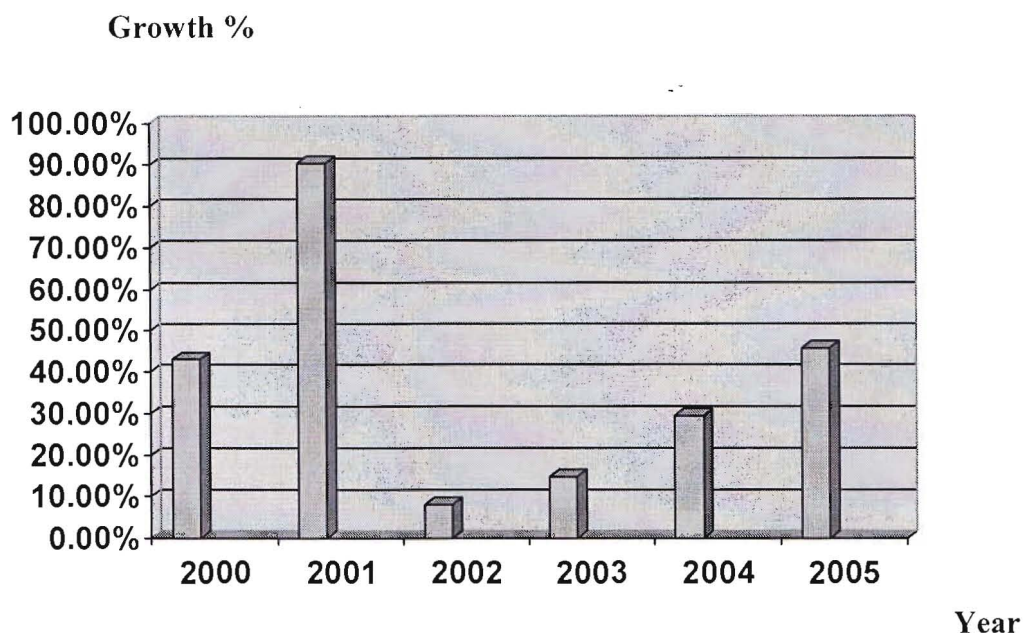


Figure 3.13: Growth percentage of provision against classified loan of DBL

3.16 Ratio Analysis of DBL:

3.16.1 Return on Equity (ROE) of DBL:

Return on equity is the ratio of net income to common equity; it measures the return on common stockholders investment.

Calculation of the ROE:

$$\text{ROE} = \text{Net Income} / \text{Total equity capital}$$

The Return on equity of Dhaka bank is shown in the following table:



Table 3.16: Return on Equity of DBL

(Figures in million Tk)

Year	Return on equity	Growth percentage
1998	28.02	-
1999	27.98	-0.14
2000	38.77	38.56
2001	43.92	13.28
2002	26.17	-40.41
2003	22.23	-15.06
2004	24.03	8.10
2005	20.89	-13.07

Source: Annual Report of DBL (2002, 2003 & 2005)

Return on equity indicates the percentage of return on its equity. It also indicates the performance of the company. In the table 3.10, the return on equity of DBL is negative in the year 1999, 2002, 2003, and 2005. The highest growth percentage on the return on equity was in the year 2000. The highest growth percentage was 38.56%. The lowest growth percentage was in 2002. The lowest was -40.41%.

The growth percentage of return on equity is shown in the following graph:

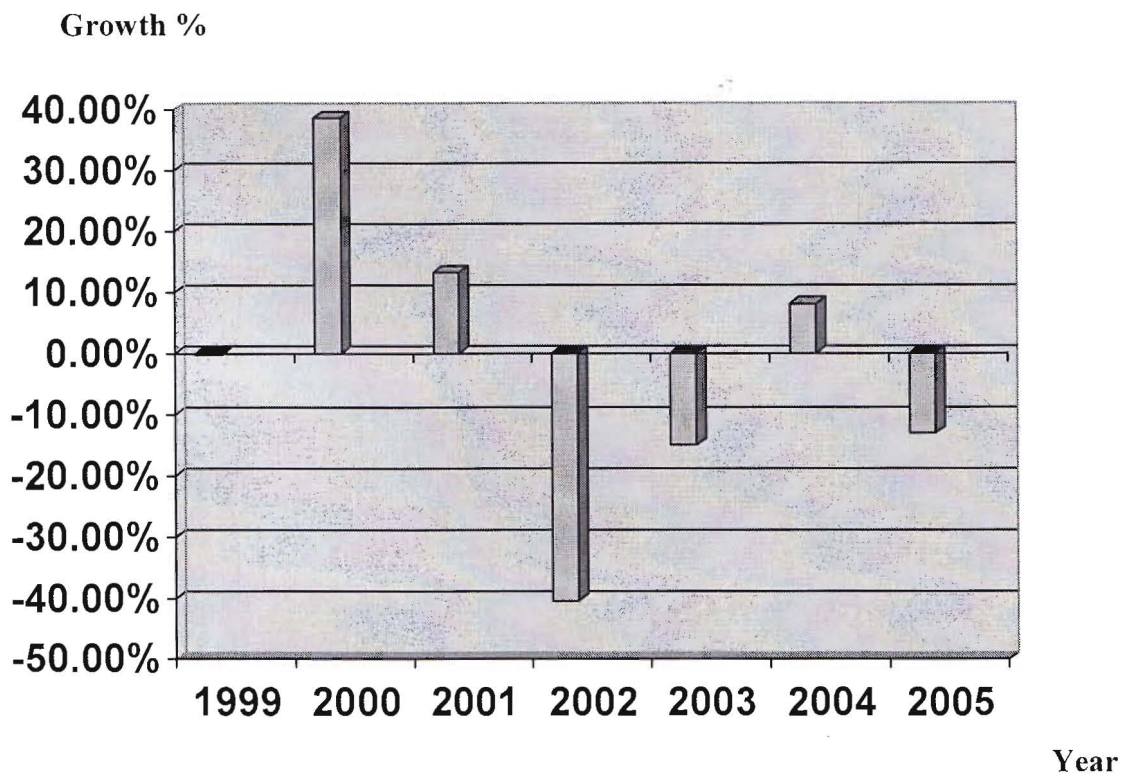


Figure 3.14: Growth percentage of return on equity of DBL

3.16.2 Return on Assets (ROA) of DBL:

Return on Assets indicates how successfully a firm is using its assets to generate its income. Return on assets also measure the efficiency of firms' manager's to using its assets.

ROA can be calculating by the following formula:

$$\text{ROA} = \text{Net Income} / \text{Total Assets}$$

So, the calculated ROA Dhaka bank is shown in the following table:

Table 3.17: Return on Assets of DBL

Year	Return on assets (%)	Growth percentage
1998	0.69	-
1999	0.99	43.48
2000	1.49	50.51
2001	1.52	2.01
2002	1.23	-19.08
2003	1.29	4.88
2004	1.27	-1.55
2005	1.4	10.24

Source: Annual Report of DBL (2002, 2003 & 2005)

Return on Assets indicates how successfully a firm is using its assets to generate its income. Return on assets also measure the efficiency of firms' manager's to using its assets. From the table 3.11 we can see that the growth percentage of ROA is better in the year 1999 and 2000. In 1999 it was 43.48% and in 2000 it was 50.51%. Then ROA starts to decrease gradually. In the year 2002 and 2005 the growth percentage of return on asset was negative. The highest growth percentage was in the year 2000 and the lowest was in 2002 as we can see it from the table.

The growth percentage of the return on assets of DBL is shown in the following graph:

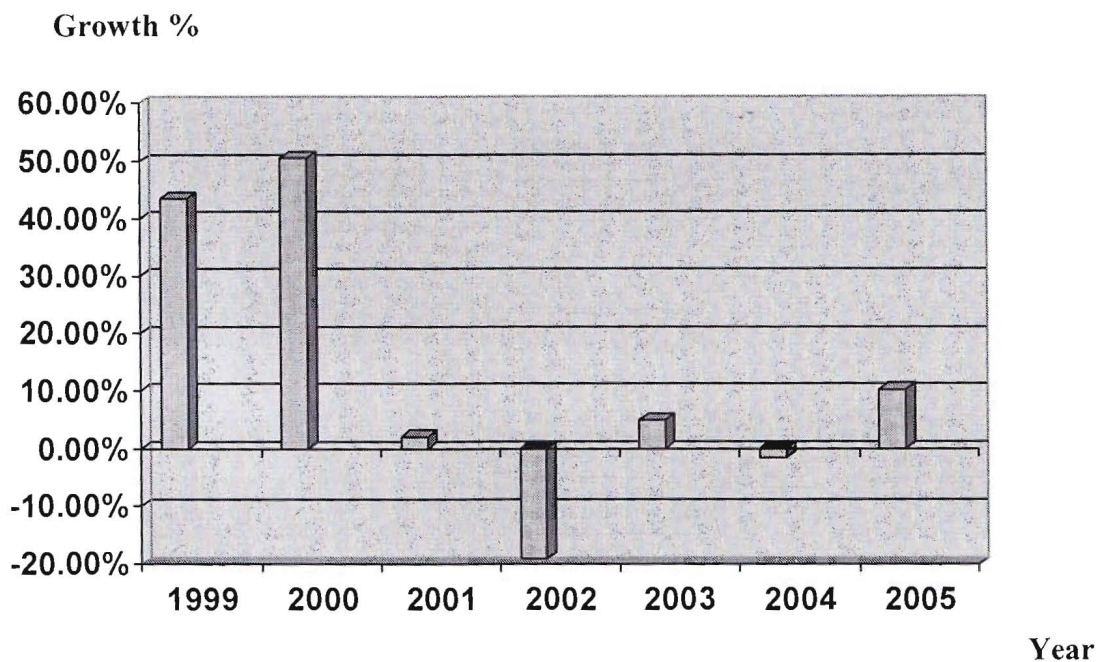


Figure 3.15: Growth percentage of return on assets of DBL

3.16.3 Net Profit Margin Ratio:

Net profit margin ratio measures the profit per dollar of sales. It explains how effectively and efficiently the managers are managing the firm's total expenses.

Net profit margin can be calculated by the following formula:

$$\text{Net Profit Margin} = \text{Net Income} / \text{Sales}.$$

Net profit margin ratio (2001-2005) of Dhaka Bank Limited is shown in the following table:



Table 3.18: Net profit margin ratio of DBL

Year	Net profit margin
2001	34.83%
2002	23.31%
2003	28.52%
2004	28.15%
2005	31.10%

Source: Annual Report of DBL (2002, 2003 & 2005)

In 2001 the net profit margin was 34.83%. After that year it has been dramatically decreased 23.31% in 2002. But after the year 2002, profit margin of Dhaka bank increased 28.52% in 2003 and in 2004 it has been decreased a little bit and 2005 it has been again increased to 31.10%. The highest net profit margin ratio was 34.83% in the year 2001. The lowest was 23.31% in the year 2002.

Net profit margin ratio of Dhaka bank is shown in the following graph chart:

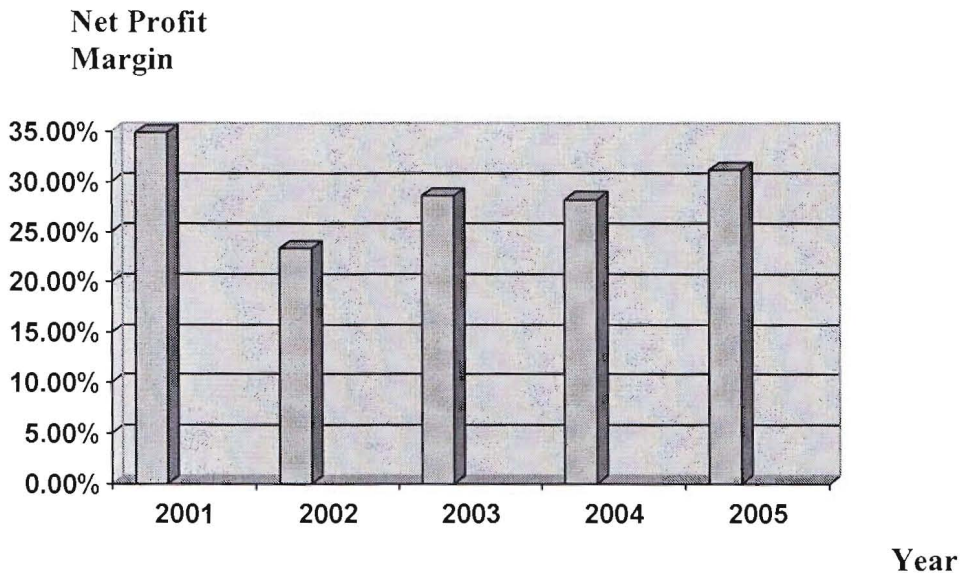


Figure 3.16: Net profit margin ratio of DBL

3.16.4 Price earning ratio:

Table 3.19: Price earning ratio (Times) of DBL

Year	Price earning ratio	Growth percentage
2000	3.48	-
2001	3.91	12.36
2002	3.78	-3.32
2003	4.75	25.66
2004	14.03	195.37
2005	10.66	-24.02

Source: Annual Report of DBL (2002, 2003 & 2005)

In the year 2001 the growth percentage of price earning ratio was 12.36%. Then it has been decreased to the negative level. Then after one year the growth percentage has been jumped to the positive level. But in the year 2004 the growth percentages of the price earning ratio has been reached to its highest level. In that year the growth percentage was 195.37% which was the highest. But in the year 2005 the growth percentage has been again reached to the negative level. In that year the growth percentage was the lowest.

The growth percentage of price earning ratio is shown in the following graph:

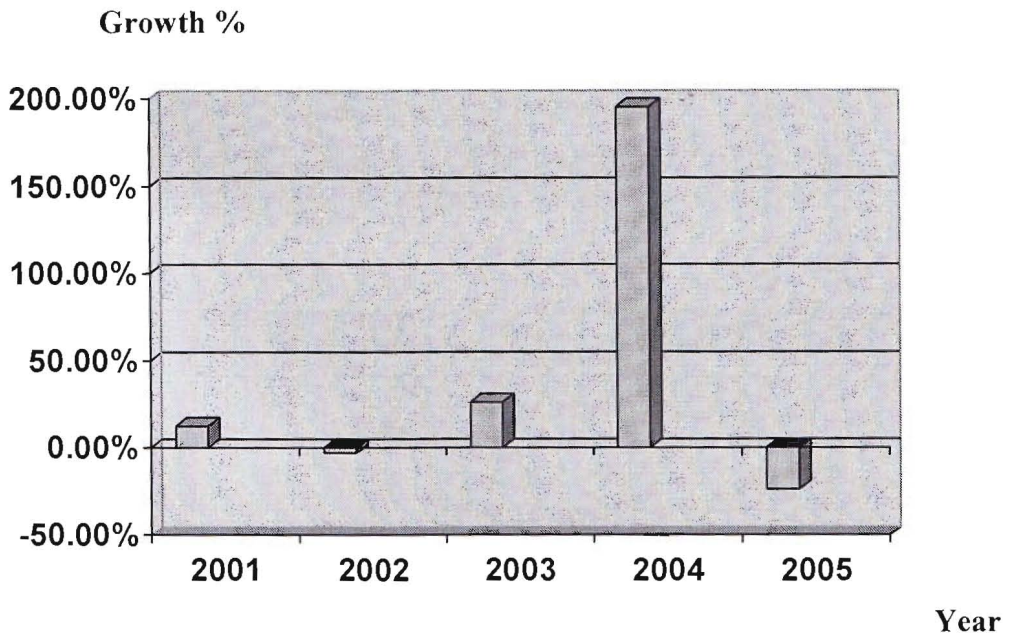


Figure 3.17: Growth percentage of price earning ratio of DBL

3.16.5 Equity Multiplier (EM) Ratio:

To measure that how much assets of Dhaka Bank Limited is backed by the bank's shareholders Equity Multiplier would be a very good measure. Because the Equity Multiplier indicates the amount of assets is backed by the Owners Equity.

Equity Multiplier could be measure by the following formula:

$$\text{Equity Multiplier} = \text{Total Assets} / \text{Total Equity}$$

The Equity Multiplier Ratio (2001-2005) of Dhaka bank is shown in the following table:

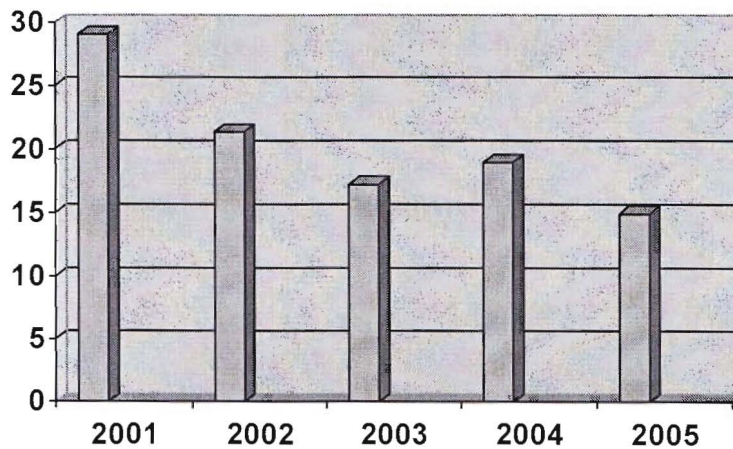
Table 3.20: EM ratio of DBL

Year	Equity multiplier ratio
2001	29.02 times
2002	21.33 times
2003	17.20 times
2004	18.94 times
2005	14.92 times

Source: Annual Report of DBL (2002, 2003 & 2005)

EM ratio of Dhaka bank is shown in the following graph chart:

EM ratio



Year

Figure 3.18: EM ratio of DBL

The EM Ratio of Dhaka bank from 2001 to 2005 was 29.02 times, 21.33 times, 17.20 times, 18.94 times and 14.92 times. After 2001 the percentage was decreasing in year 2002 and 2003. But in year 2004 it again increased. In year 2004 equity multiplier is 18.94, which is lower than year 2001. In 2005 it again decreased. The EM Ratio was highest in 2001. The EM Ratio was lowest in the year 2005.

3.16.6 Fixed assets turn over ratio:

Fixed assets turn over ratio indicates how effectively and efficiently the organization is using its fixed assets to generate revenue. It gives the idea about total sales comparatively with its fixed assets.

Fixed assets turnover ratio can be calculated by the following formula:

$$\text{Fixed assets turn over} = \text{Total sales} / \text{Total fixed assets}$$

The fixed assets turn over ratio (2001-2005) of and Dhaka bank is shown in the following table:

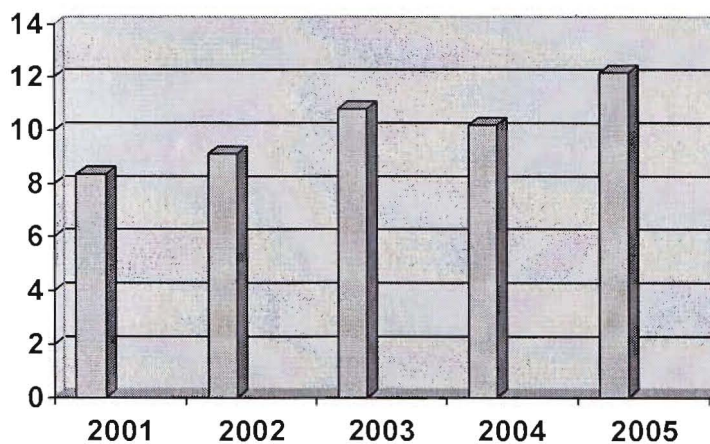
Table 3.21: Fixed Asset Turnover Ratio of DBL

Year	Fixed asset turnover
2001	8.34 times
2002	9.11 times
2003	10.79 times
2004	10.18 times
2005	12.18 times

Source: Annual Report of DBL (2002, 2003 & 2005)

Fixed assets turnover ratio of Dhaka bank is shown in the following graph chart:

Fixed asset turnover



Year

Figure 3.19: Fixed asset turnover ratio

The fixed assets turn over ratio of Dhaka bank from 2001 to 2005 was 8.34 times, 9.11 times, 10.79 times, 10.18 times and 12.18 times. The fixed asset ratio of DBL was gradually increasing in every year. From the year 2001 to 2003, the fixed asset turnover ratio was increasing but in 2004 it decreased a little bit. Then in the year 2005 it has been again increased. In 2005, fixed assets turn over ratio was high. The lowest was in the year 2001.

3.16.7 Total Assets Turnover Ratio:

Total assets turnover ratio measures the turnover of all of the firm's assets. Total assets turnover ratio represents the ability of the management team of any firm to employ assets effectively to generate revenue.

The formula of calculating the Total assets turnover is given in the below:

$$\text{Total Assets Turnover} = \text{Operating Revenue} / \text{Total Assets.}$$

The Total Assets Turnover ratio (2001-2005) of Dhaka bank is shown in the following table:

Table 3.22: Total assets turnover ratio of DBL

Year	Total asset turnover
2001	0.052 times
2002	0.050 times
2003	0.045 times
2004	0.045 times
2005	0.044 times

Source: Annual Report of DBL (2002, 2003 & 2005)

Total assets turnover ratio of Dhaka bank is shown in the following graph chart:

Total asset turnover

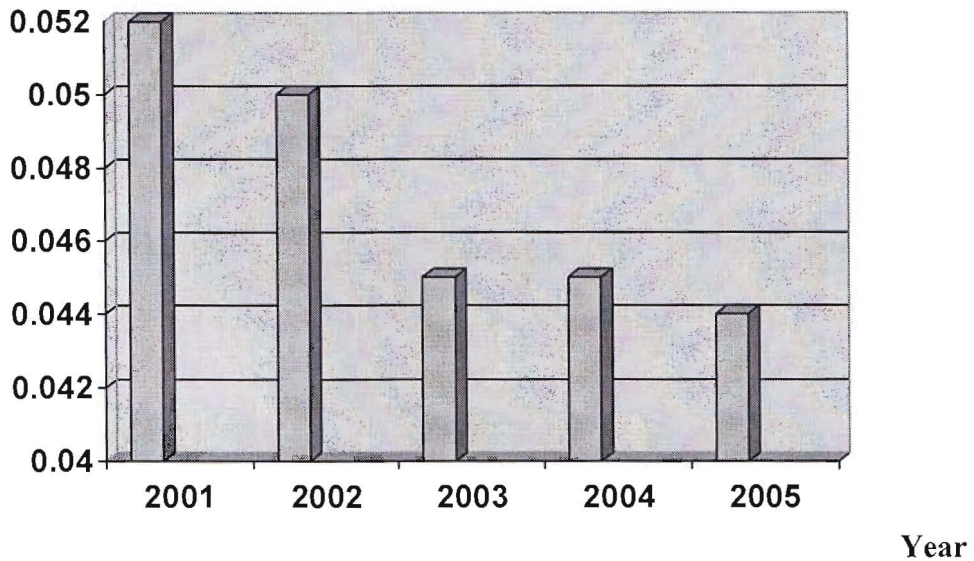


Figure 3.20 Total assets turnover ratio of DBL

The total assets turnover of Dhaka Bank from 2001 to 2005 was 0.052 times, 0.050 times, 0.045 times, 0.045 times and 0.044 times. It decreased from year to year. The highest total asset turnover ratio was in the year 2001 and the lowest was in the year 2005.

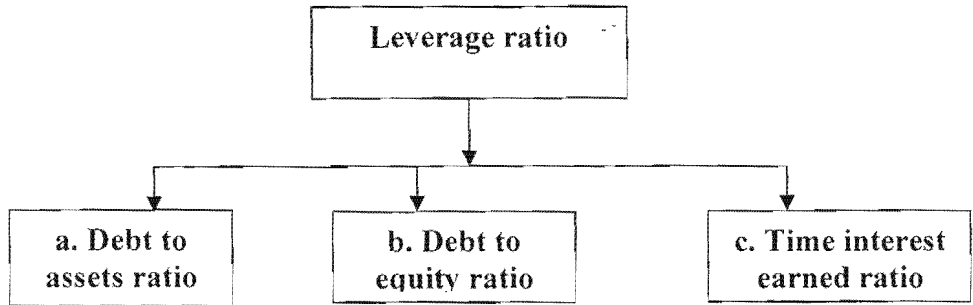
3.16.8 Leverage ratio analysis:

To evaluate the financial performance of Dhaka bank I have conducted the leverage ratio analysis. This leverage ratio analysis has three parts:

- 1). Debt to assets ratio
- 2). Debt to equity ratio
- 3). Time interest earn ratio.



Leverage ratio tree:



3.16.8.1 Debt to assets ratio:

Debt to assets ratio gives an idea about the relation between the debt and the total assets of an organization. It indicates the total borrowed fund as a percentage of the total assets.

The formula to calculate the Debt to assets ratio is given below:

$$\text{Debt to assets ratio} = \text{Total Debt} / \text{Total assets}$$

Debt to assets ratio (2001-2005) of Dhaka bank is shown in the following table:

Table 3.23: Debt to assets ratio of DBL

Year	Debt to asset ratio
2001	95%
2002	95.31%
2003	94.18%
2004	94.71%
2005	93.29%

Source: Annual Report of DBL (2002, 2003 & 2005)

Debt to assets ratio of Dhaka bank is shown in the following graph chart:

Debt to asset ratio

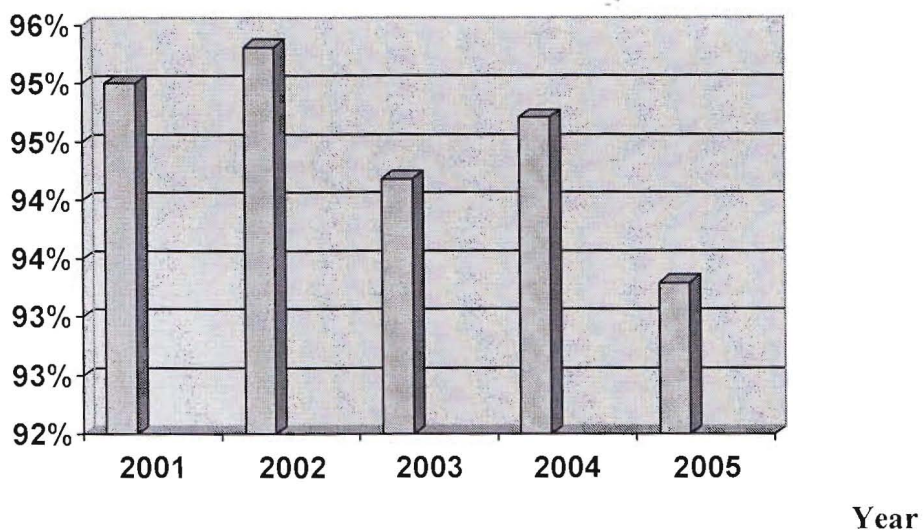


Figure 3.21: Debt to asset ratio of DBL

The debt to assets ratio of Dhaka bank from 2001 to 2005 was 95%, 94.31 %, 94.18 %, 94.71% and 93.29%. It was highest in the year 2001, but afterwards it gradually declined. The lowest was in the year 2005.

3.16.8.2 Debt to Equity Ratio:

The Debt to equity ratio indicates the relationship between the debt and shareholders equity of a firm. It shows the total debt as a percentage of the total shareholders equity.

The formula to calculate the debt to equity ratio is in the bellow:

$$\text{Debt to equity ratio} = \frac{\text{The Debt}}{\text{The stockholders' equity}}$$

Debt to equity ratio (2001-2005) of Dhaka bank is shown in the following table:

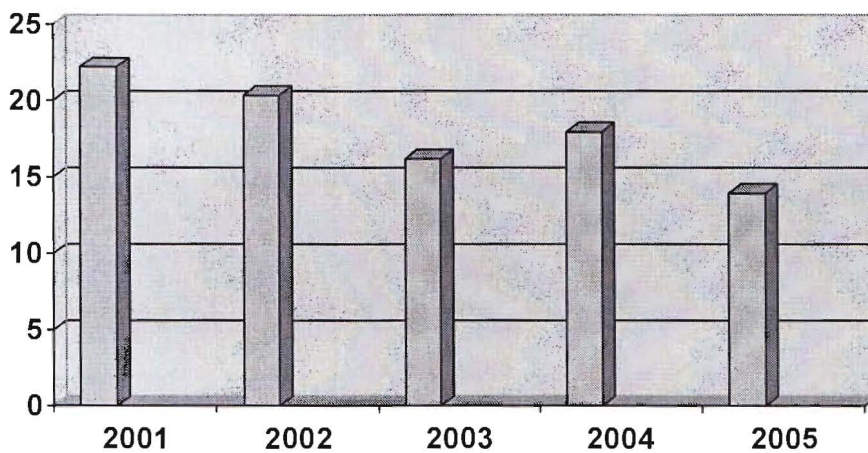
Table 3.24: Debt to equity ratio of DBL

Year	Debt to equity ratio
2001	22.31 times
2002	20.33 times
2003	16.20 times
2004	17.93 times
2005	13.92 times

Source: Annual Report of DBL (2002, 2003 & 2005)

Debt to equity ratio of Dhaka bank is shown in the following graph chart:

Debt to equity ratio



Year

Figure 3.22: Debt to equity ratio of DBL

The debt to equity ratio of Dhaka bank from 2001 to 2005 was 22.21 times, 20.33 times, 16.20 times, 17.93 times and 13.92 times. It has been decreased year by year, because those years the debt increased less than the increase in the equity. The highest ratio was in the year 2001 and the lowest was in the year 2005.

3.16.8.3 Time interest earned ratio analysis:

The time interest earned ratio calculation formula is in the bellow:

$$\text{Time interest earned ratio} = \text{Profit before interest and taxes} / \text{total interest.}$$

The time interest earned ratio (2001-2005) DBL is shown in the following table:

Table 3.25: Time interest earned ratio of DBL

Year	Time interest earned ratio
2001	0.50 times
2002	0.44 times
2003	0.29 times
2004	0.31 times
2005	0.26 times

Source: Annual Report of DBL (2002, 2003 & 2005)

Time interest earned ratio of Dhaka bank is shown in the following graph chart

Time interest earned ratio

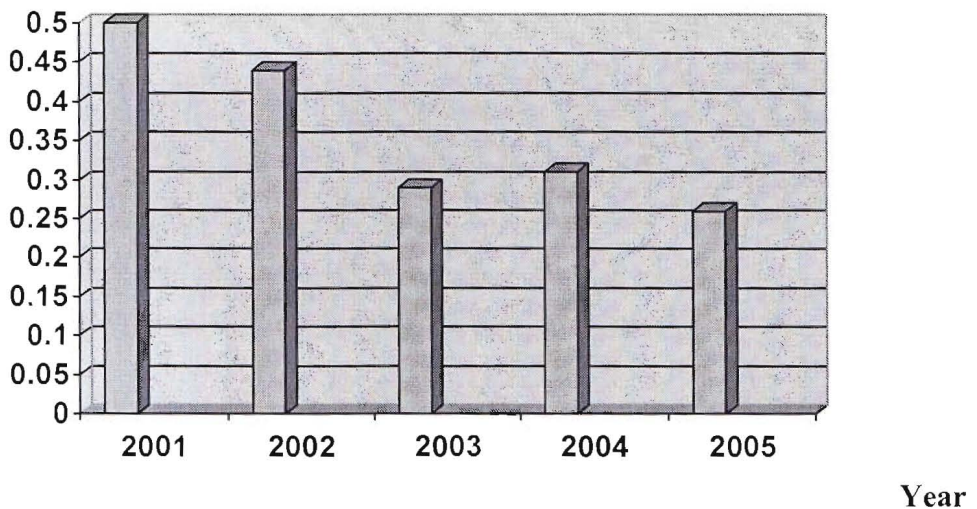


Figure 3.23: Time interest earned ratio of DBL

The time interest earned ratio of Dhaka bank from 2001-2005 was 0.50 times, 0.44 times, 0.29 times, 0.31 times and 0.26 times. Dhaka bank's interest paying ability is also satisfactory. The highest was in the year 2001 and the lowest was in the year 2005.

CHAPTER: 4

Problems of DBL

4.1 Problems of DBL

There are some problems in Dhaka Bank Limited, these are the followings:

ATM Booth:

In DBL, the ATM booths are not increasing. The ATM booths are very much limited. Maximum ATM booths are located in Dhaka City. The ATM booths are located in those places where there is a branch of DBL. Outside Dhaka City the ATM booths are very limited.

Branch Expansion:

Branch expansion of DBL is not high. Up to 2005 the number of branches was 29 only. All the branches are located in the Urban Area. But in Rural Area the numbers of branches are very few.

Locker Service:

Locker service is a necessary service for the customers. But in Dhaka Bank Limited the locker service facilities are not available in all the branches. Lockers are available at Gulshan, Banani, Dhanmondi, Uttara, CDA Avenue & Cox's Bazar Branch.

Recent Problem:

Recently one of the Board of Directors of Dhaka Bank Limited is facing political problems. That's why the images of the bank may be hampered to the public.

There are some other problems of DBL which are given below:

- The fixed assets of DBL are not increasing rapidly. The growth percentages of the fixed assets are not in a good position.
- Earning per share is not also in a good condition.
- The volume of non-performing loan is also very high in Dhaka Bank Limited.
- The return on equity is negative for some of the years. It means that the return of the common stockholders equity is negative for those years.

Chapter: 5

Suggestions for the development of DBL

5.1 Suggestions for the development of DBL

The suggestions for the development of DBL are given below:

- The numbers of branches are very limited. But for the development of the bank branches should be established.
- The network of branches should expand in the rural area also. Because they are not getting the services of DBL.
- The numbers of ATM booths must have to increase. ATM booths should not set up not only in the branches but also should up in the big shopping malls.
- All the branches should have the locker service facility.
- DBL should increase its services not only to the urban society but also to the rural society.
- Bank must introduce new products time to time.



5.2 Conclusion

The Banking sector in any country plays an important role in economic activities. Bangladesh is no exception of that. Because it's financial development and economic development are closely related. That is why the private commercial banks are playing significant role in this regard.

This report focused and analyzed on an appraisal of Dhaka Bank Limited. Dhaka Bank Limited is the fastest growing bank in our country. They are generating more revenues by offering efficient products and services. Their present position among the entire private banking sector is very strong. DBL is very much conscious about their customers. The branches of the banks are spreading all over the country very first. I think they would spread their operation broadly within another five years.

The bank is operating its operation with some of the problems. It will overcome these problems within a short time period. Now the bank needs more market research to find out customer expectation and by satisfying those customer expectations it may become number one bank in Bangladesh.

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