

**Internship Report**  
**On**  
**Analysis of the Financial Performance of Dhaka Bank Limited**



**Supervised By**

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**Submitted By**

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**Date of Submission: 05-11-2022**



## Letter of Transmittal

Date: 05-11-2022

To

**Ms. Shahana Kabir**

Assistant Professor

Department of Business Administration

Faculty of Business & Entrepreneurship

Daffodil International University

**Subject: Submission of Internship Report.**

Dear Madam,

With due respect, I would like to submit the report on," **Analysis of the Financial Performance of Dhaka Bank Limited.**" It's an essential component of my BBA coursework due to my finance background. I've finished my internship with Dhaka Bank Limited at the branch in Mirpur. I have had the chance to observe the Performance Evaluation of Dhaka Bank Limited. By participating in this internship program, I was able to connect my academic learning with actual life. I am confident that the knowledge I have learned in this period will be extremely beneficial to me in the future. I have complied with all requirements and hopeful that this report will be useful and helpful.

I would like to express my thankfulness to you for your guidance and encouragement.

Sincerely yours



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**Farin Sohana Oni**

ID: 191-111-6159

Program: BBA

Major in Finance

Daffodil International University

## **Declaration**

I hereby certify that the internship report on "Analysis of the Financial Performance of Dhaka Bank Limited" that I submitted to Daffodil International University is prepared by me.

The work is done under the supervision of **Ms. Shahana Kabir**, Assistant Professor, Department of Business Administration, Daffodil International University.

I understand that my effort and experience are mostly represented in the work in my internship report. The information is correct and up-to-date.



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**Farin Sohana Oni**

ID: 191-11-6159

Program: BBA

Major: Finance

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## Letter of Acceptance

This is to authenticate that Farin Sohana Oni, ID: 191-11-6159, Major in Finance, Department of Business Administration, Faculty of Business and Entrepreneurship, Daffodil International University, prepared the internship report titled "**Analysis of the Financial Performance of Dhaka Bank Limited**" with originality and authenticity. I am delighted to inform you that she worked hard in formulating this report and was able to offer a favorable overview of the bank. The information and findings presented in the study appear to be reliable.

I hope she will become success in each of her future efforts.



-----  
**Ms. Shahana Kabir**

Assistant Professor  
Department of Business Administration  
Faculty of Business & Entrepreneurship  
Daffodil International University

## Acknowledgment

First of all, I would like to thank almighty Allah for allowing me the scope to complete this internship report. It brings me tremendous pleasure to show my thanks to the significant group of individuals for their true collaboration and assistance, both directly and indirectly, in the development of this work.

I wish to take this opportunity to thank my internship supervisor, **Ms. Shahana Kabir, Assistant Professor, Department of Business Administration, Faculty of Business & Entrepreneurship, Daffodil International University,** for her direction, guidance, and support in accomplishing this internship report. I am incredibly grateful to mam for setting the standard for the completion of this report.

My heartfelt gratitude and appreciation go to my **branch manager Mesbah Uddin Saleh, VP and Head of the Branch of Mirpur Branch, and Md. Nazmul Hasan Senior Principal Officer of Mirpur Branch of Dhaka Bank Limited.** I am extremely grateful to them for their assistance in compiling this report with the necessary information, advice, cooperation, and guidance. They are very cooperative individuals.

Finally, I'd like to express my heartfelt gratitude to everyone who has assisted me by giving me valuable time, providing frequent guidance, and demonstrating various ways to create the report. It is an honor to express my gratitude to the wonderful Business & Entrepreneurship faculty and every member of Daffodil International University for the honest advice and sincere cooperation I received to maintain and gain knowledge.

## Executive Summary

This report has been completed for my course period. It gives me tremendous pleasure to have gained practical experience in corporate life and worked there. By doing this project report, I have learned so much. Because I feel that a practical approach will be far more beneficial to us in the long run. Our course materials have been clarified.

My project report is based on “**Analysis of the Financial Performance of Dhaka Bank Limited**” of the banking sector of Bangladesh.

A financial performance requires a significant amount of continual coaching and feedback during the performance period. It also aids in measuring outcomes by determining training and development requirements. It advises that managers may ensure that employees' performance and outcomes are consistent with the organizational objectives, allowing them to gain a competitive advantage over their competitors.

The primary goal of this study is to examine Dhaka Bank Ltd.'s financial performance during the last five years. Some ratios were studied for the investigation, including the Current Ratio, Return on Equity, Return on Asset, Operating Profit Margin, and Equity Multiplier.

And I also calculate Net Interest Margin, Earning per Share, Degree of asset Utilization, Gross Profit Margin & Debt to Equity Ratio.

Here I find out Banks Current Ratio, Return on Equity, return on assets, Earning per Share & Degree of asset Utilization. Those ratios are decreased, also the Equity Multiplier ratio is high which is bad for banks.

On the other hand, Net Interest Margin, Operating Profit Margin, Gross Profit Margin, and Debt to Equity Ratio are increasing smoothly which is a good sign for the bank.

A Common-Size Financial Statement is calculated as a percentage of a single used number. It is simpler to evaluate a bank over time and evaluate it concerning competitors when financial statements are all the same size. A raw financial statement cannot convey what Common-Size Financial Statements can.

A trend analysis is a process for analyzing financial statements that highlight changes in the number of related financial statement components over time. The statements are used over two or more periods.

## ACRONYMS AND ELABORATION

<b>Acronyms</b>	<b>Full Form</b>
<b>A/C</b>	<b>Accounts</b>
<b>ROA</b>	<b>Return On Asset</b>
<b>ROE</b>	<b>Return On Equity</b>
<b>VAT</b>	<b>Value Added Tax</b>
<b>CR</b>	<b>Current Ratio</b>
<b>NIM</b>	<b>Net Interest Margin</b>
<b>OPM</b>	<b>Operating Profit Margin</b>
<b>EPS</b>	<b>Earnings per share</b>
<b>EM</b>	<b>Equity Multiplier</b>
<b>AU</b>	<b>Degree of Asset Utilization</b>
<b>GPM</b>	<b>Gross Profit Margin</b>
<b>D/E</b>	<b>Debt to Equity Ratio</b>
<b>DPS</b>	<b>Deposit Pension Scheme</b>
<b>KYC</b>	<b>Know Your Customer</b>
<b>LC</b>	<b>Leverage Ratio</b>
<b>SOD</b>	<b>Secured Overdraft</b>

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# CHAPTER

# 1

**DHAKA**BANK  
L I M I T E D

## **Introduction**

In Bangladesh, a large number of banks—both public and private—are in operation. Profits, earnings, and the high financial performance of employees play a crucial role in achieving the bank's effectiveness. The bank and its workers both take benefit from strong financial performance. They support a typical comprehension of personal requirements, professional goals, and allowable performance standards. They also give employees and managers a helpful instrument to aid in employee development that ensures the bank's effectiveness. Organizations that prioritize staff development. With training and the ability to perform, personnel will be able to adapt to a variety of situations, which is necessary for the organizations' existence, well-being, and attainment of their goals.

This is an evaluation of Dhaka Bank Ltd.'s financial performance. I have gathered data for the previous five years from the Dhaka Bank website to analyze the financial performance of the bank. I have calculated and examined the ratios using five years' worth of data. To determine the state of the company, I looked at the data from the previous five years. so that I may decide more effectively for the organization.

I estimated and examined the ratios for Dhaka Bank for the previous five years, from 2017 to 2021. For any organization, analyzing financial performance is the most crucial duty. Organizations analyze their financial performance annually to learn more about their assets, liabilities, owner equity, and overall company value.

I tried my best to emphasize Dhaka Bank Ltd.'s recent financial situation and performance. I have attempted to pinpoint the areas of concern utilizing financial ratios, like ROA, ROE, NIM, and GPM. I also offer some more effective ideas for raising Dhaka Bank Ltd.'s performance.

## **Foundation of the Study**

This internship report was written as part of a course requirement for the Bachelor of Business Administration program at Daffodil International University. The primary goal of the internship is to allow students to apply theoretical knowledge in job exposure and real-life situations. The curriculum offers a 3-month organizational attachment period. Banks play a vital role in trying to meet this need in a variety of sectors, including capital formation, large-scale manufacturing, industrialization, trade, trade growth, and so on, and banks contribute in a variety of ways. The economic development of a country and its contribution to the economic transformation of a developing country like Bangladesh, which is dependent on the banking system, can never be ignored. The report focuses on analyzing the Financial Performance of Dhaka Bank Limited. I learned about a regular review of an employee's job performance and overall contribution to a company, an annual review, and financial performance evaluating an employee's skills, achievements, and growth through the internship program.

## Scope of the Study

This is an excellent chance for me to gain experience in the banking industry. The scope of this study is to acquire a practical orientation of the Financial Performance system of several banks in Bangladesh. By conducting this study, I have been able to learn about the financial performance process, practices, and methods of several banks that they actually follow in practice and also about the contribution of the banking sector to the banking industry and the GDP of Bangladesh. This study helps me to enhance my knowledge of the depth and help me to relate the theoretical feature with a practical feature of Analyze Financial Performance.

- ✓ Effective communication system.
- ✓ Positive work environment.
- ✓ Offered many opportunities for training.

## Objectives of the study

The objective of the study is to evaluate “**Analysis of the Financial Performance of Dhaka Bank Limited**”.

The Specific objectives of the report are as follows:

- ✓ To evaluate the present financial performance of Dhaka Bank Ltd from 2017 to 2021.
- ✓ To show some problems regarding the financial performance analysis of Dhaka Bank Ltd.
- ✓ To give some recommendations based on findings.

## Methodology of the study

To provide accurate results, the information collected needs to be properly identified first, then collected.

In this paper, I used two types of data, primary and secondary. The source itself must be used to get primary data. Meaning, that if we would like to justify the fact that daily banking activities also including account opening, loan provision, and deposits have an impact on the bank's performance, we must first understand how certain events occur. As a result, a basic understanding of such topics as well as hands-on experience is vital in discovering accurate information. Secondary sources of data do not require observation because the data is historical and can be used from previous data storage. Our responsibility after collecting various data is to properly classify and analyze the data so that it may be used for analysis purposes.

### Primary Sources:

- i.Face-to-face interaction with officers and customers of the bank.
- ii.Desk work relevant to our subject matter.

iii. Practical work experience in the Branch.

### **Secondary Sources:**

- i. Annual Reports of Dhaka Bank.
- ii. Official Records of the Bank.
- iii. Website of the Dhaka Bank Ltd.
- iv. Research documents and Articles.
- v. Newspaper textbooks and bulletins.
- vi. Related course material with this report.
- vii. Bank Brochure.

## **Limitations of the study**

As it is impossible to complete all of the activities during the internship period, there is limited time in conducting the survey. I also discovered some limitations in completing my internship report.

- i. The three-month time frame assigned to the internship program is inadequate for thorough research. Due to the size of the organization and the time constraints, data collection was a major challenge.
- ii. Sometimes it was difficult to collect data from their files because important files are kept in a vault for safety.
- iii. The bank was crowded, and employees had to deal with a huge number of people. As a result, it is difficult for the bank officers for assigning time to an intern.
- iv. Such a study was carried out by me for the first time. So, lack of experience is one of the main factors that constituted the limitation of the study.
- v. I was not assigned a specific task each day. So, I was not able to understand banking activities deeply.

# Chapter 02

## Overview of Dhaka Bank Limited



## **Profile of Dhaka Bank Limited**

Dhaka Bank Limited is a Bangladeshi private limited commercial bank. The organization's headquarters are in Dhaka. Currently, the bank has 100 branches and three SME Service Centers all over the country. Mirza Abbas, a Bangladeshi political figure, founded the bank in 1995. Dhaka Bank provides a full range of banking, lending, and investment services to individuals and businesses. Dhaka Bank was formed as a Public Limited Company on April 6, 1995, following the Companies Act of 1994. On July 5, 1995, the company began banking activities.

The bank's executive team is supervised by seasoned bankers with decades of experience in both domestic and international markets. The top management team is assisted by a group of specialists, many of whom have significant experience in the global market.

Asset and liability growth has been spectacular over the years. Dhaka Bank has participated in both the domestic and international currency markets without putting the bank at risk. The bank's holdings of Treasury Bills and other securities increased significantly, presenting opportunities for revenue growth in the perspective of a gradual interest rate decrease.

Dhaka Bank Limited began operations to provide customers with modern and innovative banking products and services at an affordable cost. The bank's commitment is to provide modern, value-added banking services to all segments of society while maintaining the highest standards and potential in a globalized economy through technological advances.

Dhaka Bank hopes to open a bank account for every able individual in the country, regardless of socioeconomic status, by expanding the Agent Banking Network to include a financial kiosk in every hamlet to create a poverty-free Bangladesh. We hope to build Bangladesh's first Digital Bank for the next generation by modernizing traditional banking with the use of modern technology. In keeping with cutting-edge technology, the bank provides online banking as well as additional delivery channels such as ATMs, Tele-banking, SMS, and Net Banking. As part of the bank's commitment to providing all current and value-added financial services to ensure the highest quality in an increasingly globalized world.

Dhaka Bank Limited recently launched a digital deposit (DPS) product called NANO Savings Scheme (NSS) in partnership with bKash limited.



## **A vision of Dhaka Bank Limited**

At Dhaka Bank, we find inspiration in the far-off stars. Our goal is to guarantee a standard that makes financial transactions enjoyable. Our goal is to provide you with exceptional service through accuracy, dependability, prompt delivery, state-of-the-art technology, customized solutions for business needs, a global presence in trade and commerce, and a high return on your investments. To satisfy the demands of our discriminating customers, our people, goods, and processes are coordinated. We intend to develop a clear foresight. Delivering products of a caliber that truly reflects our vision of excellence in banking is our main goal.

## **The mission of Dhaka Bank Limited**

To be the top financial institution in the nation, offering top-notch goods and services supported by cutting-edge technology and a staff of highly motivated employees to deliver Excellence in Banking.

## **Values of Dhaka Bank Limited**

- Collaboration;
- Respect for Individuals;
- Customer Focus;
- Security;
- Quality
- Ethical Citizenship

## **Objectives of Dhaka Bank Limited**

- Client satisfaction.
- Enshrining solid client and organizational relations.
- Always operate with honesty and quality expectations of values.
- Providing the small consumer inquiry attention.
- Offering consumers superior products and services.
- Delivering services to the entire nation by expanding branches across.
- Enhancing stakeholder value through superior banking operations.

## **Core values of Dhaka Bank LTD**

- Follow all rules to operate a competent institution.
- In all clients and colleagues, uphold the highest standards of ethics and honesty.
- Companies will benefit their stakeholders by providing outstanding financial services.
- Maintain a focus on the needs and satisfaction of the customer when developing banking services and products.
- Ensure a positive work-life balance, a high level of motivation, and a respectful organizational climate for all employees.
- Make a significant effort to advance society.

## **Branches**

With 100 offices around the nation, three SME service centers, six CMS units, two off-shore banking units, and global communicators, the bank is well-resourced. The bank intends to establish additional branches in the following year to expand its network.

## **Management information system**

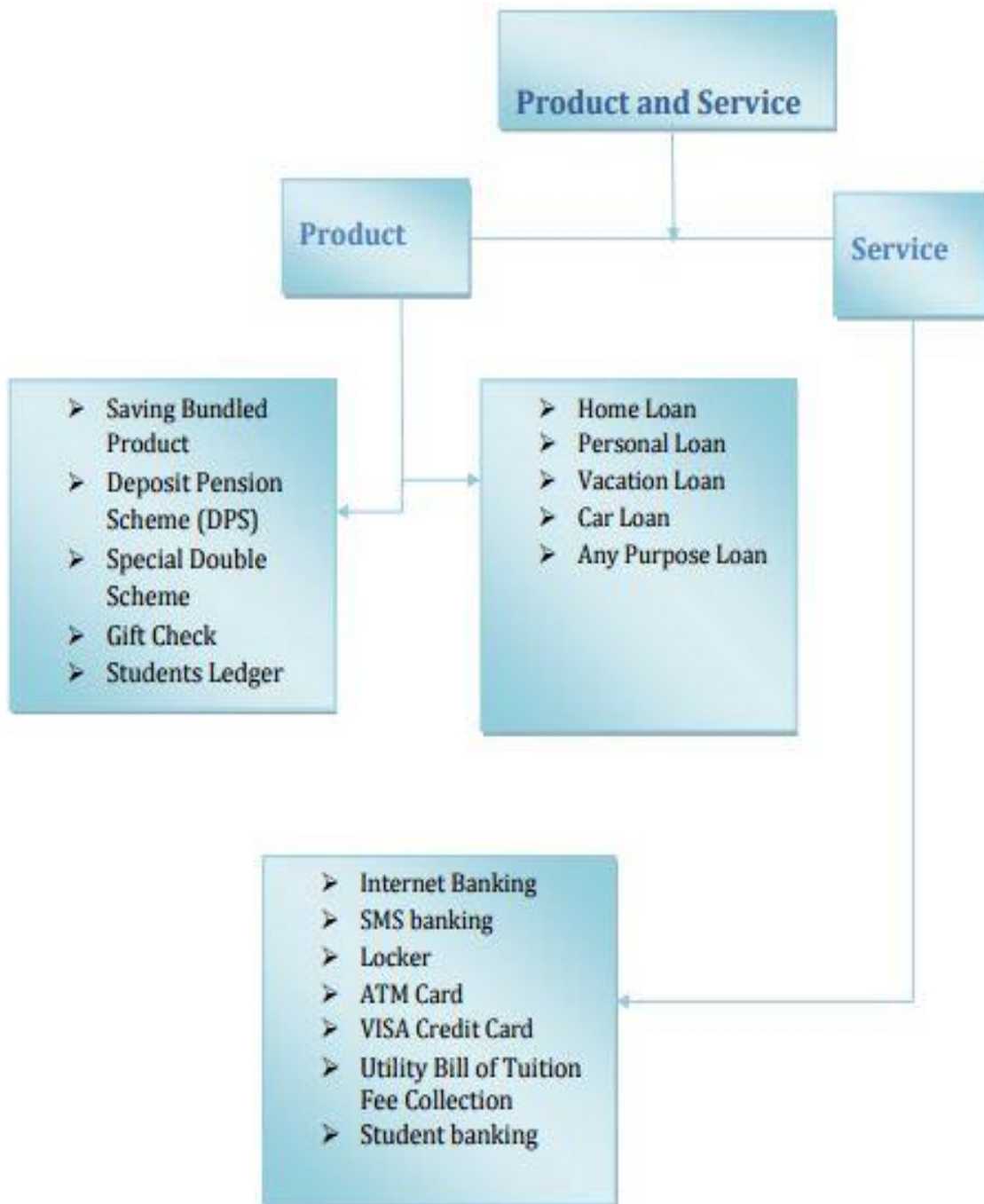
The Dhaka Bank Ltd advertising banks have placed a strong emphasis on the use of cutting-edge technologies ever since they were founded in 1995. Since the introduction of the FLEXCUBE and DBCUBE financial software systems in 2003, it has been accessible online. The bank is now prepared to offer services at a global level as a result. The bank has launched its corporate intranet, which aims to create the first and complete content management, paperless communication, and knowledge management by IT/BPR, as well as integrate the first net applications throughout the enterprise. On the platform, there are two groups of people. The software system was built with funding provided by Dhaka Bank Ltd, and fifty large integers were distributed to various IT departments.

## Departments

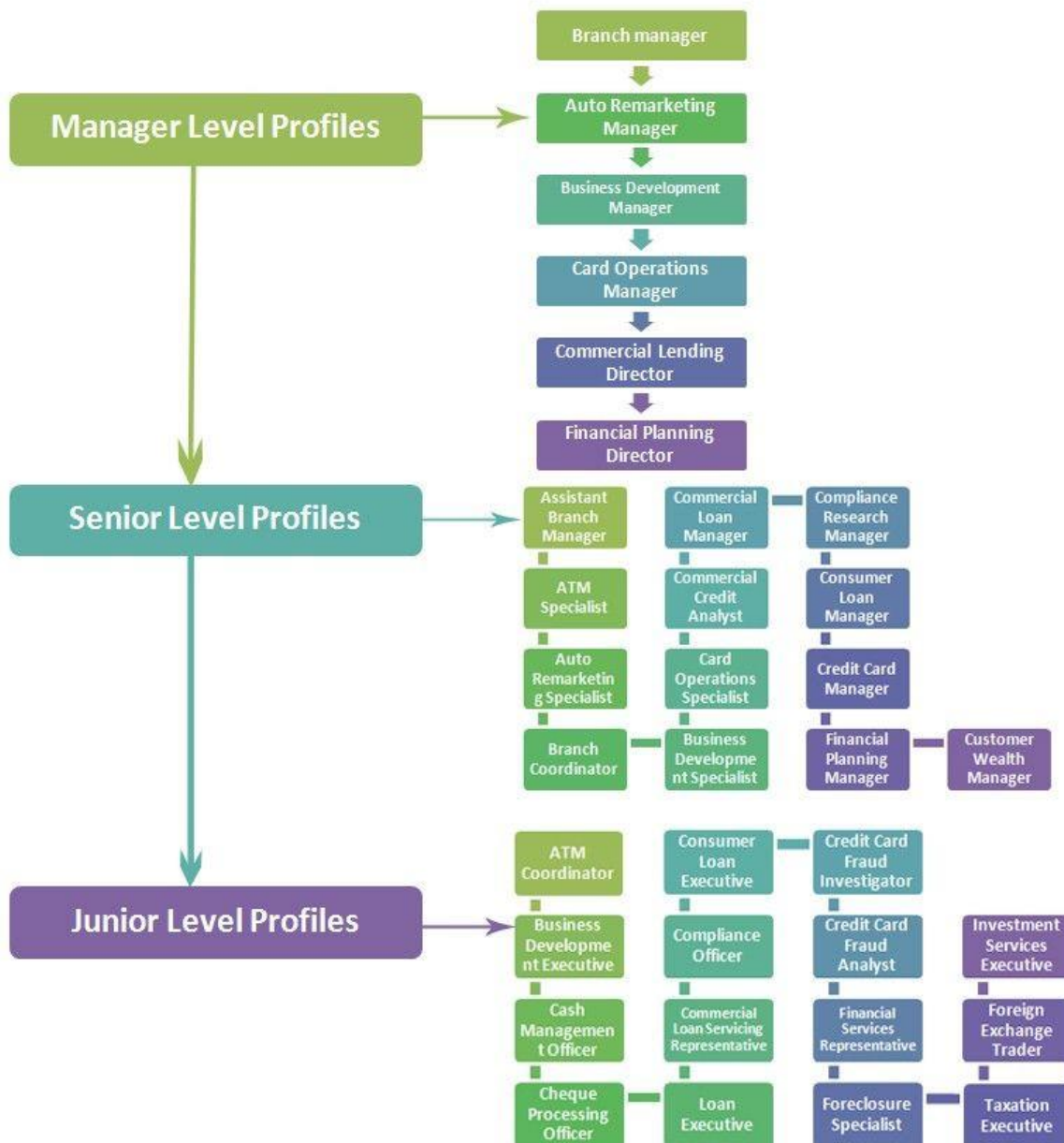
It will be quite difficult to operate the system properly if the tasks are not organized by their links and assigned to a very specific category. The status will be inadequate if departmentalization is not possible, and performance indicators for the selected category won't be available. Dhaka Bank Ltd. assessed a penalty for the work. These are their names and titles:



## Products and Services of Dhaka Bank Limited



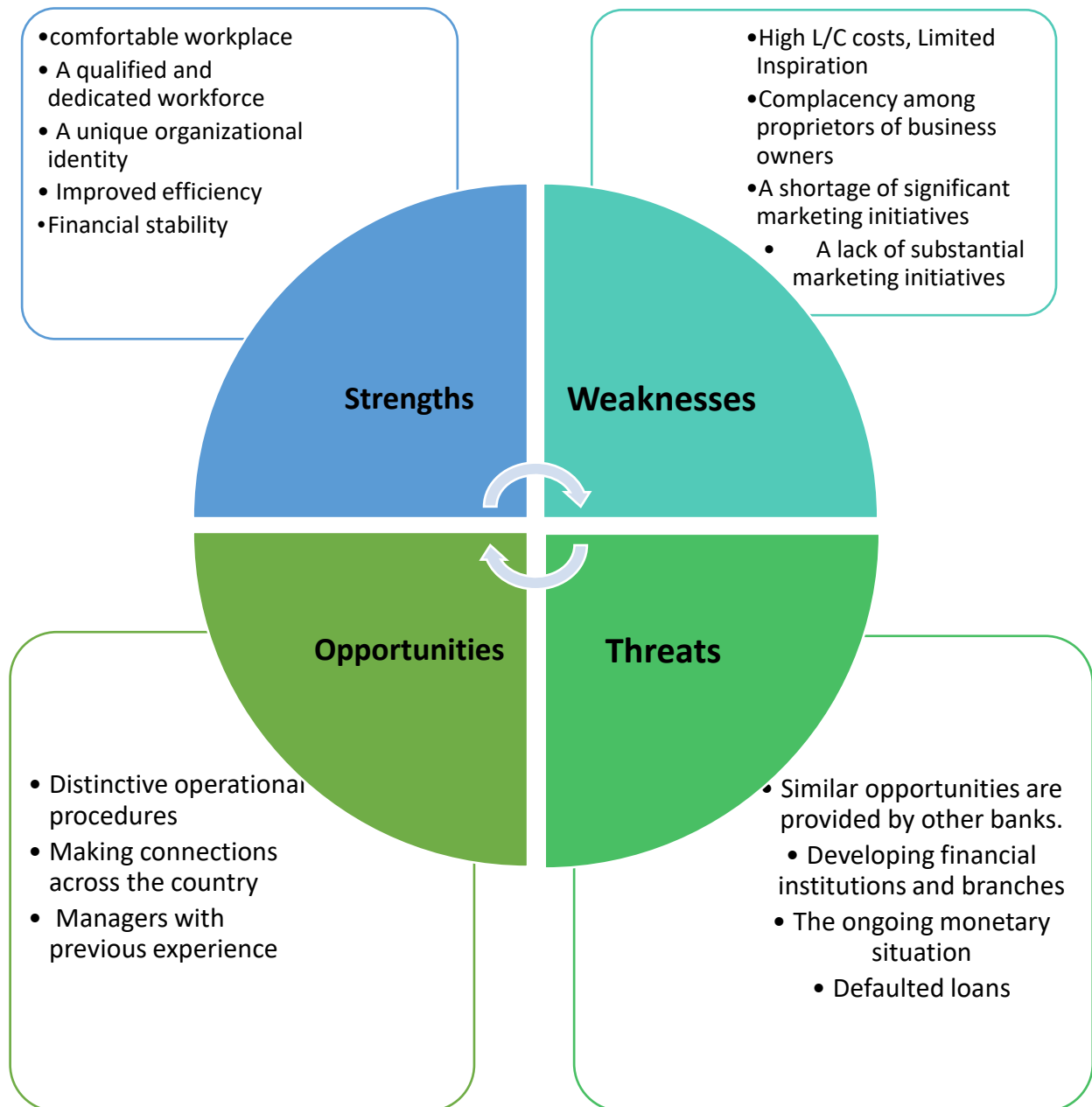
# Hierarchy



## SWOT Analysis

The initials SWOT (Strengths, Weaknesses, Opportunities, and Threats) stand for these four concepts. Before proceeding, it is imperative to resolve these pressing issues. While internal strengths and weaknesses are linked to organizational performance, external opportunities

and threats arise from the current external environment. A SWOT analysis is necessary so that the company doesn't overestimate or underutilize its capabilities. It aids in seizing potential opportunities and averting risks, reducing the chance of mistakes and increasing the likelihood of profit maximization. SWOT analysis helps businesses identify what has to be done, scheduled for, sustained, and, most importantly, provides insight into their current position or state.



# CHAPTER 3

## Financial performance analysis of Dhaka Bank Limited (2017-2021)



## Ratio Analysis

To communicate meaningful connections between the individual elements in the financial overviews, ratios are chosen. Financial ratios, derived from the data of fiscal reports, are used to analyze an association forward to a financially significant undertaking. Financial ratios are used to make educated guesses about the risk and return of various firms to help bankers and financial professionals relax careful assumptions and credit goals. Ratio analysis is a sort of financial statement analysis that is employed to evaluate the financial health of a company in a few crucial areas. It is a method of gaining an understanding of the financial situation by contrasting information readily available in financial statements to the company itself or the industry as a whole.

Ratio analysis is important to evaluate performance-

- Current Ratio (CR)
- Return on Asset (ROA)
- Return on Equity (ROE)
- Net Interest Margin (NIM)
- Net Operating Profit Margin (OPM)
- Earnings per share (EPS)
- Equity Multiplier (EM)
- Degree of Asset Utilization (AU)
- Gross Profit Margin (GPM)
- Debt to Equity Ratio (D/E)

## Assumptions Ratio Analysis

- To investigate a claim that a ratio is unstable.
- To control the impact of the number of differences across banks over time.
- To mistakenly apply the observational normality of a watch to the evaluation of the relevant variable and the financial ratio.

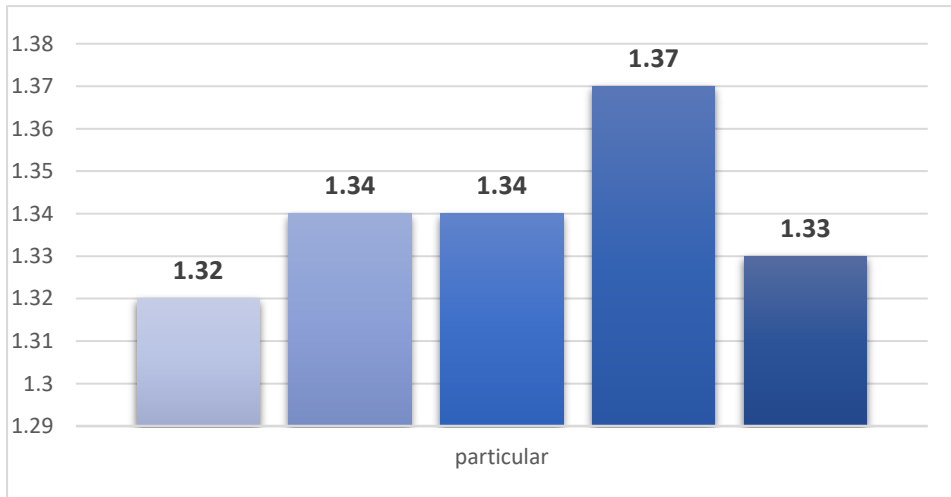
## Current Ratio (CR)

The current ratio is a liquidity ratio that assesses an institution's capacity to meet short-term financial commitments with a one-year maturity. It explains to investors and analysts how a business can use the majority of the current assets listed on its balance sheet to pay down its outstanding debt and other payables. The current ratio contrasts the total amount of an institution's current assets and liabilities. Sometimes, the current ratio is referred to as the working capital ratio.

$$\mathbf{CR} = \frac{\mathbf{Current\ Assets}}{\mathbf{Current\ Liabilities}}$$



Current Ratio (CR)	
year	Particular
2017	1.32
2018	1.34
2019	1.34
2020	1.37
2021	1.33



### Interpretation:

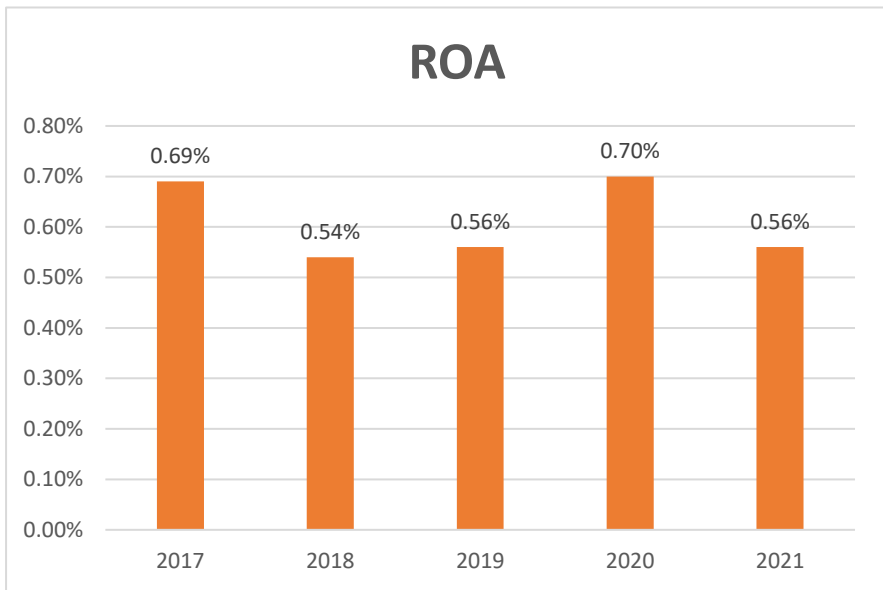
The results show that Dhaka Bank's current ratio was 1.34 in 2017, 1.34 in 2018, 1.34 in 2019, 1.37 in 2020, and 1.33 in 2021. Now 2021 CR is 1.33. This is a good position for a bank. Current Asset is enough to pay for current liabilities corned by 1.33 of Current Asset on the date of the balance sheet.

### Return on Asset (ROA)

Return on Asset (ROA) is a profitability ratio that assesses how efficiently an organization manages its resources to produce a profit. It is computed by reducing net profit after taxes from total assets. The greater the ratio, the better. The organization is more effective at using its resources when this ratio is higher.

$$\text{ROA} = \frac{\text{Net Income}}{\text{Total Assets}} \times 100$$

Return On Asset (ROA)	
year	Particular (%)
2017	0.69%
2018	0.54%
2019	0.56%
2020	0.70%
2021	0.56%



**Interpretation:**

It relates to the level of profit an organization can make by using their asset. As a result, maximum ROA is preferable for an organization. Above 5 years of data, we observe that the ROA in 2017 is .69%. In the coming years, that rate will fall to .54%. However, over the next two years, this rate increased, and last year, it decreased again, resulting in a rate of .56%, indicating that the level of increasing asset rate is not comparable to net profit. Falling ROA indicates that the organization may have heavily invested in assets that have failed to generate revenue growth, indicating that the organization is in difficulty.

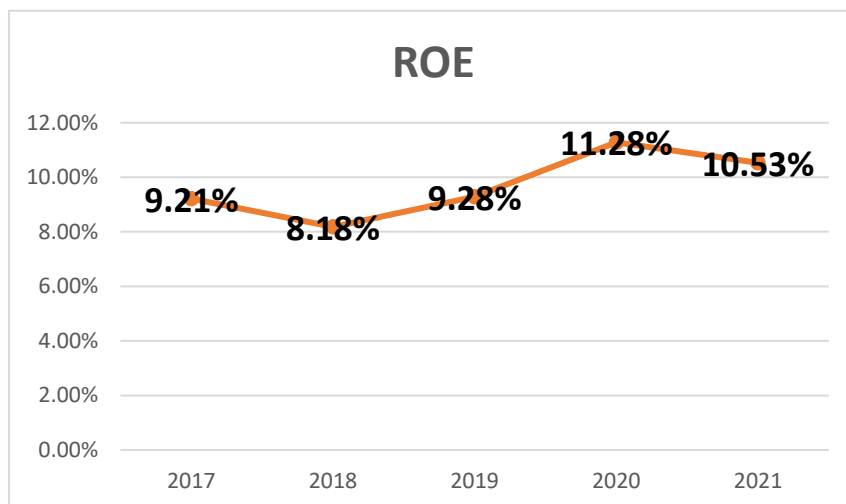
Here, even if the bank makes a profit, the position of ROA is not good. Here Profit has increased and Asset has decreased. Banks have increased profit for others' earnings but asset utilization is low.

## Return on Equity (ROE)

A company's profit is measured by its return on equity (ROE), a ratio that accounts for the equity of each shareholder. Net income is compared to shareholders' equity using the net income to equity ratio. In the return on equity of an investment in a company, the amount of income is compared to the level of shareholders' equity. Higher is preferable for this ratio. The ability of the organization to convert its assets into earnings increases as these changes are significant.

$$\text{ROE} = \frac{\text{Net Income}}{\text{Total Equity}} \times 100$$

Return on Equity (ROE)	
year	Particular (%)
2017	9.21%
2018	8.18%
2019	9.28%
2020	11.28%
2021	10.53%



### Interpretation:

Dhaka Bank's ROE for 2017 was 9.21%. It dropped by 8.18% in 2018. But starting in 2019, it is clear that ROE is rising steadily. It grew to 9.28% in 2019, 11.28% in 2020, and 10.53% in 2021 before declining. The reason for these declining numbers is that Dhaka Bank was unable to effectively use shareholder funds. If they handled it well, the ROE might rise yearly.

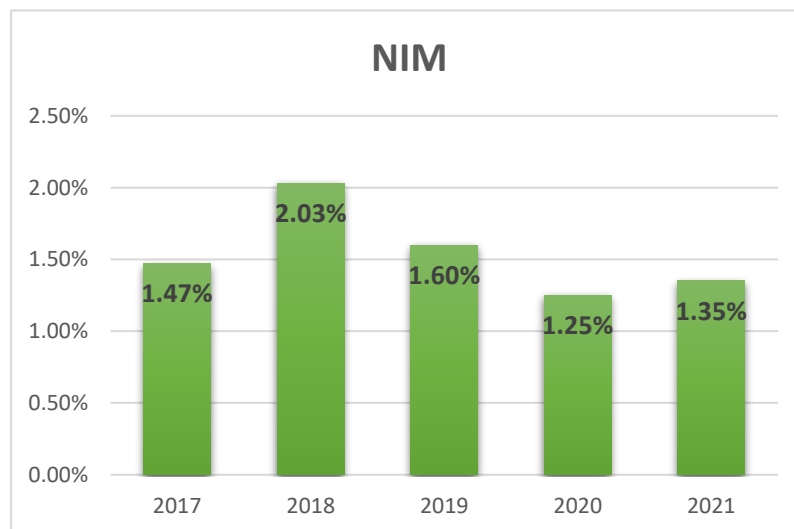
Here profit increased and liability decreased. As per debt, profit was not generated. Debt cannot be used properly. ROE will increase if you give effort into Debt.

## Net Interest Margin (NIM)

Net interest margin (NIM) measures the difference between interest revenue and interest cost management that the bank has been able to achieve through cost control over its earning assets. An organization is considered to be profitable if its net interest margin is positive; on the other extreme, a negative value indicates investment inefficiency.

$$\text{NIM} = \frac{\text{Interest Income} - \text{Interest Expense}}{\text{Total Assets}} \times 100$$

Net Interest Margin (NIM)	
Year	Particular (%)
2017	1.47%
2018	2.03%
2019	1.60%
2020	1.25%
2021	1.35%



### Interpretation:

The bank's ability to manage costs on its earning assets and produce a difference between interest revenue and cost management is reflected in its net interest margin. We can see from this graph that the NIM ratio increased from 2017 to 2018. This is good news for the bank since, as we all know, a positive net interest margin signifies a thriving business. The highest ratio is from 2018, when the rate is 2.03%, however from 2019 to 2021, when people are unable to pay their loan interest, this percentage decreased. Because the bank is unable to generate interest income, this ratio has decreased during the last three years.

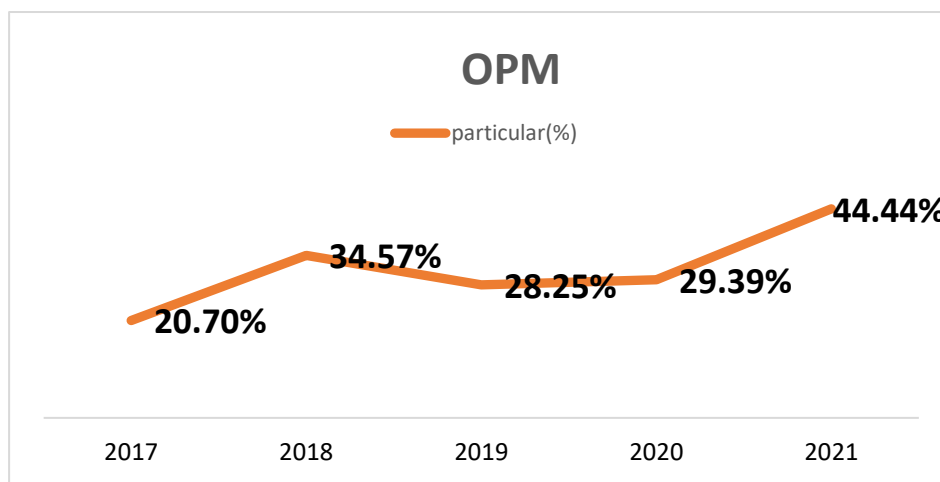
If bank savings is increases relative to the demand for a loan, then NIM decreased. On the other hand, a loan is increased relative to savings than NIM high. Positive NIM is better for Bank.

## Net Operating Profit Margin (OPM)

The operating ratio measures a company's ability to profit from its core product while utilizing all of its assets. To calculate the operating margin, divide operating income (earnings) by sales (revenues).

$$\text{OPM} = \frac{\text{Operating profit}}{\text{Sales}} \times 100$$

Net Operating Profit Margin (OPM)	
Year	Particular (%)
2017	20.70%
2018	34.57%
2019	28.25%
2020	29.39%
2021	44.44%



### Interpretation:

An organization's capacity to profit from its core product while employing all of its resources is demonstrated by its operating ratio. By dividing operating income (profits) by sales, you may determine the operating margin. Over five years, we can see that the rate was 20.70% in 2017 and grew to 34.57% the following year. However, this ratio fell from 2019 to 2020

since the bank was unable to use its assets to produce sales. The rate is 44.44% in 2021, and the value increases. This is a reliable sign of a bank's high-quality earnings.

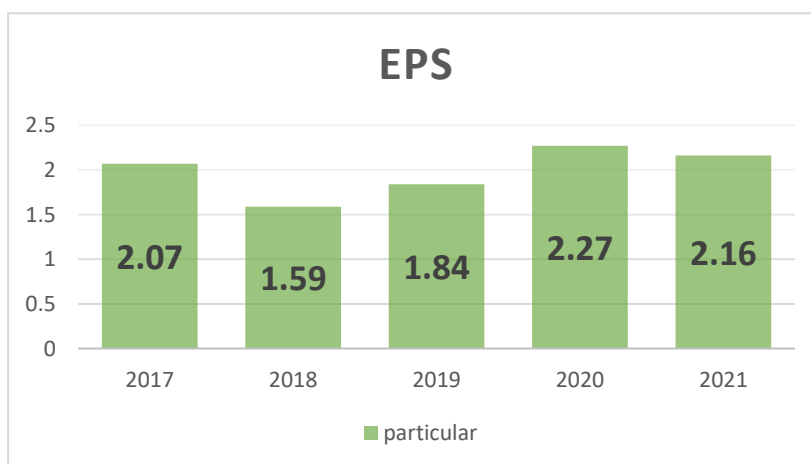
An increase in OPM suggests higher control of operating costs. When operating expense increase and revenue decrease then OPM increase.

## Earnings per share (EPS)

Earnings per share is the portion of a company's profits allocated to each outstanding share of common stock (EPS). Calculating earnings per share provides information about a company's profitability. An important financial indicator that reveals a company's profitability is earnings per share or EPS. It is calculated by dividing the firm's net income by the total number of outstanding shares. Profitability increases as a company's earnings per share increases.

$$\text{EPS} = \frac{\text{Net Income After Taxes}}{\text{No of Common Share Outstanding}}$$

Earnings per share (EPS)	
Year	Particular
2017	2.07
2018	1.59
2019	1.84
2020	2.27
2021	2.16



## Interpretation:

Dhaka Bank's earnings per share for 2017 were 2.07 taka. means that Dhaka Bank is paying a dividend of 2.07 taka for every share. It dropped to 1.59 taka in 2018. However, as we can see, EPS increased progressively in 2019 and 2020 while the price of a share fell somewhat in 2021. Its low EPS provides inadequate information about the organization's profitability and lesser returns to shareholders.

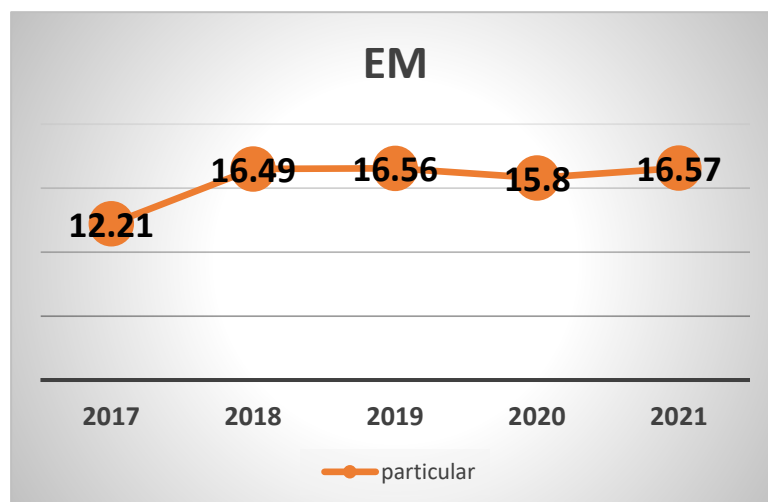
If profit increases then EPS increases on the other hand when profit decreases then EPS decreases. When share outstanding increases then EPS decreases, and share outstanding decreases then EPS increases.

## Equity Multiplier (EM)

A measure of risk that shows how much of a company's assets derive from shareholder equity as opposed to loan capital is the equity multiplier ratio. It is calculated by dividing the total value of a company's assets by the sum of its shareholders' equity. Generally speaking, a high equity multiplier indicates that a business is heavily reliant on debt to finance its assets. Low equity multipliers suggest that the company uses debt less frequently.

$$EM = \frac{\text{Total Assets}}{\text{Total Shareholder Equity}}$$

Equity Multiplier (EM)	
Year	Particular
2017	12.21
2018	16.49
2019	16.56
2020	15.8
2021	16.57



## Interpretation:

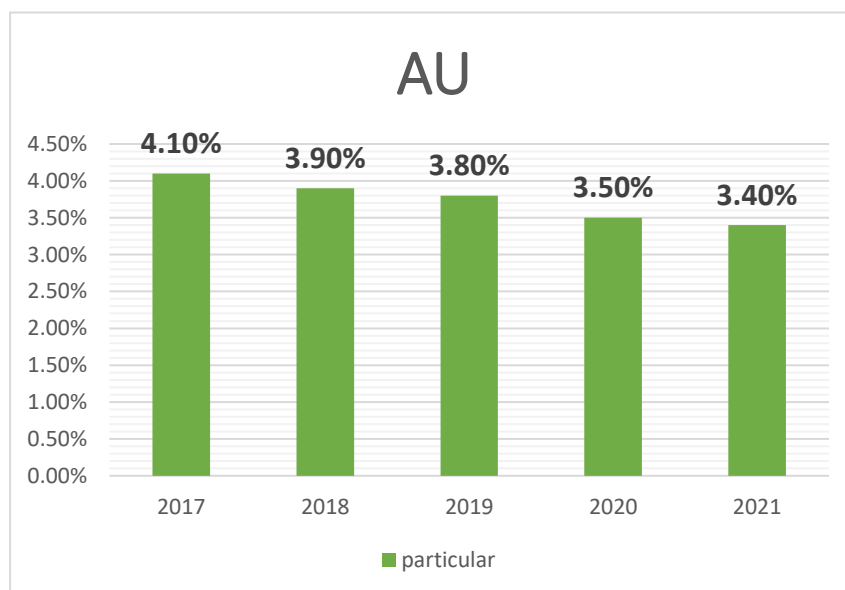
The equity multiplier ratio is comparing Total assets with total shareholder equity. Less financial leverage means less financial leverage for the company. In the above five-year ratio, the equity multiplier ratio for 2017 was the lowest (12.21 times), indicating that the bank had less debt in that year. However, this ratio increased in 2021 and is now 16.57 times, which means that banks are using more debt assets than equity funds. A higher ratio means more Assets fundings debt by equity. The DBL equity multiplier ratio is extremely volatile, which is not favorable to the bank.

## Degree of Asset Utilization (AU)

The asset utilization ratio shows how much money a company makes for each dollar of assets it owns. This metric is frequently used to evaluate an organization's efficiency over time.

$$AU = \frac{\text{Total Operating Revenue}}{\text{Total Assets}} \times 100$$

Degree of Asset Utilization (AU)	
Year	particular
2017	4.10%
2018	3.90%
2019	3.80%
2020	3.50%
2021	3.40%





## Interpretation:

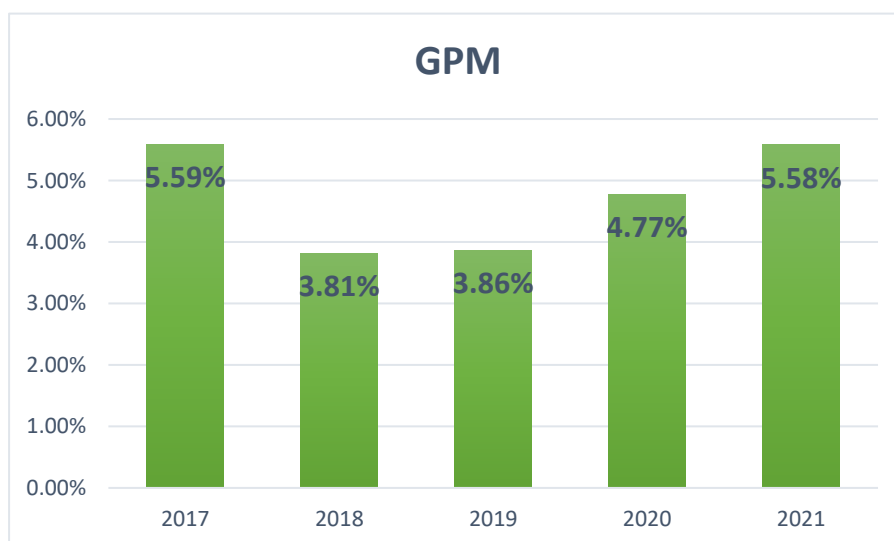
According to the asset utilization ratio, an organization's income is calculated as a percentage of its total assets. This metric is frequently used to assess how effectively a business has performed over time. As seen in the above graph, the asset utilization of Dhaka Bank is declining annually. The asset utilization ratio was 4.10% in 2017; however, by 2021, it will be 3.40%. That's disappointing news for banks because that means Dhaka Bank cannot generate profits from its assets.

## Gross Profit Margin (GPM)

An institution's net sales less its cost of goods sold are used to calculate the gross profit margin (COGS). It is frequently represented as the gross profit as a share of net sales. The net profit margin of the company, which is the amount of profit after subtracting selling, general, and administrative expenses, is shown as the gross profit margin.

$$\text{GPM} = \frac{\text{Gross Profit}}{\text{Sales}} \times 100$$

Gross Profit Margin (GPM)	
Year	Particular (%)
2017	5.59%
2018	3.81%
2019	3.86%
2020	4.77%
2021	5.58%



## Interpretation:

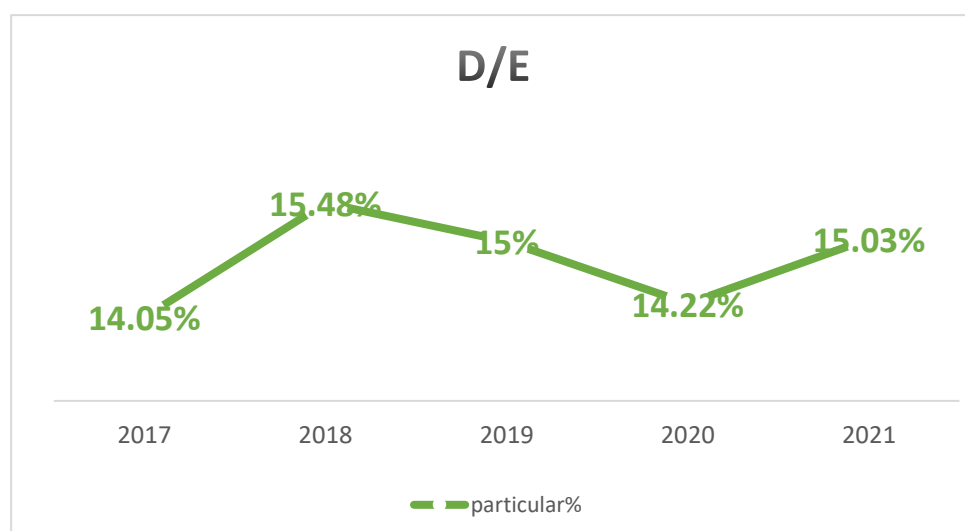
Here, we can see information regarding Dhaka Bank Limited's gross profit margin. The gross profit margin is rising constantly. Its percentage from 2017 to 2021 was 5.59%, 3.81%, 3.86%, 4.77%, and 5.58%. A higher gross profit margin suggests that, as long as overhead expenditures are kept under control, a company may generate a respectable profit from sales. When operating expense and revenue both increase then GPM increases.

## Debt to Equity Ratio

An organization's total liabilities and shareholder equity are compared using the debt-to-equity (D/E) ratio, which can be used to determine how highly reliant an organization is on debt. When comparing similar organizations, a larger D/E ratio denotes greater risk, whereas a particularly low one can signify that a company is not utilizing debt funding to grow. Since long-term debt entails greater risk than short-term obligations, investors frequently change the D/E ratio to simply take it into account.

$$D/E = \frac{\text{Total Debt}}{\text{Total Shareholder Equity}} \times 100$$

Debt to Equity Ratio (D/E)	
Year	Particular (%)
2017	14.05%
2018	15.48%
2019	15%
2020	14.22%
2021	15.03%



## Interpretation:

Except for the years 2017 and 2018, Dhaka Bank's debt-to-equity ratio is rising steadily. 2019 and 2020 will see a slight decline in the ratio. In all other cases, the ratios are rising. The

numbers were 14.05 in 2017, 15.48 in 2018, 15 in 2019, 14.22 in 2020, and 15.03 in 2021. This indicates that when the ratio rises, the bank's financial situation is also getting worse. It's detrimental to the bank. Debt to equity ratio increase means Bank cannot generate funds. Bank's growth is only for debt. A lower D/E ratio is generally favored because it shows less debt on a company's balance sheet.

## Common Size Analysis

<b>Balance Sheet</b>					
<b>Particular</b>	<b>2017</b>	<b>2018</b>	<b>2019</b>	<b>2020</b>	<b>2021</b>
Cash	5.96%	5.64%	6.19%	5.33%	6.53%
Balance with other banks and financial institutions	4.89%	6.39%	4.89%	5.51%	7.31%
Money at call on short notice	0.00%	0.00%	0.00%	1.73%	0.23%
Investments	10.10%	10.08%	12.87%	15.03%	12.98%
Loans, advances, and lease	67.12%	65.93%	68.64%	65.94%	65.37%
Fixed assets	1.86%	1.79%	1.78%	2.76%	2.95%
Other Assets	10.04%	10.16%	5.63%	3.70%	4.64%
Non-banking assets	0.01%	0.01%	0.00%	0.00%	0.00%
<b>Total Assets</b>	<b>100.00%</b>	<b>100.00%</b>	<b>100.00%</b>	<b>100.00%</b>	<b>100.00%</b>
Borrowings from other banks	10.05%	10.37%	10.35%	11.93%	14.14%
Deposits and other accounts	79.38%	76.62%	76.37%	74.37%	73.12%
Non-Convertible Subordinated Bond	1.40%	3.11%	2.76%	2.46%	1.65%
Other Liabilities	9.17%	9.90%	10.51%	11.24%	11.08%
<b>Total Liabilities</b>	<b>100.00%</b>	<b>100.00%</b>	<b>100.00%</b>	<b>100.00%</b>	<b>100.00%</b>

<b>Profit &amp; Loss Account</b>					
<b>Particular</b>	<b>2017</b>	<b>2018</b>	<b>2019</b>	<b>2020</b>	<b>2021</b>
Total operating income	100.00%	100.00%	100.00%	100.00%	100.00%
Net interest income	36.04%	51.27%	42.13%	36.58%	39.10%
<b>operating expenses</b>					
Salary and allowances	23.25%	20.08%	21.16%	25.16%	21.53%
Rent, taxes, insurance, electricity, etc.	6.77%	6.05%	4.59%	1.63%	2.90%
Legal expenses	0.22%	0.63%	1.38%	0.37%	0.32%
Postage, stamps, telecommunication, etc.	0.48%	0.40%	0.42%	0.45%	0.39%
Stationery, Printing, Advertisement, etc.	1.58%	1.62%	1.53%	1.85%	1.88%
Chief executive's salary and fees	0.15%	0.14%	0.15%	0.09%	0.11%
Auditors' fees	0.04%	0.03%	0.04%	0.04%	0.03%
Depreciation and repairs of the Bank's assets	0.01%	0.01%	0.01%	0.02%	0.02%
Other expenses	3.81%	4.04%	6.52%	10.87%	8.30%
Profit/(Loss) before taxation	8.18%	6.65%	7.72%	8.31%	7.20%
Net Profit after Taxation	30.28%	27.06%	28.71%	31.30%	35.59%

### **Interpretation:**

There are two methods for explaining common size analysis. The first method is horizontal analysis. The method is vertical analysis. On the balance sheet of common size analysis, the full asset value is considered as the base value. It is used to compare the capital structures of banks to those of competitors. The total operating income and net interest income are computed using a common size analysis.

## Trend analysis

<b>Balance Sheet</b>					
<b>Particular</b>	<b>2017</b>	<b>2018</b>	<b>2019</b>	<b>2020</b>	<b>2021</b>
Cash	100.00%	112.91%	114.15%	98.67%	113.99%
Balance with other banks and financial institutions	100.00%	155.85%	79.62%	129.35%	123.28%
Money at call on short notice	100.00%	100.00%	100.00%	50000.00%	12.39%
Investments	100.00%	119.15%	132.81%	133.92%	80.30%
Loans, advances, and lease	100.00%	117.28%	108.31%	110.13%	92.20%
Fixed assets	100.00%	115.10%	103.53%	177.59%	99.27%
Other Assets	100.00%	120.81%	57.59%	75.41%	116.73%
Non-banking assets	100.00%	100.00%	0.00%	0.00%	0.00%
<b>Total Assets</b>	100.00%	119.40%	104.03%	114.65%	93.01%
Borrowings from other banks	100.00%	123.90%	103.92%	119.02%	135.05%
Deposits and other accounts	100.00%	115.97%	103.72%	100.56%	112.03%
Non-Convertible Subordinated Bond	100.00%	266.67%	92.50%	91.89%	76.47%
Other Liabilities	100.00%	129.80%	110.41%	110.43%	112.38%
<b>Total Liabilities</b>	100.00%	120.15%	104.06%	103.27%	113.95%

<b>Profit &amp; Loss Account</b>					
<b>Particular</b>	<b>2017</b>	<b>2018</b>	<b>2019</b>	<b>2020</b>	<b>2021</b>
Total operating income	100.00%	116.02%	115.19%	108.42%	123.28%
Net interest income	100.00%	165.06%	134.67%	110.06%	133.77%
<b>Operating expenses</b>					
Salary and allowances	100.00%	100.22%	104.85%	117.33%	114.17%
Rent, taxes, insurance, electricity, etc.	100.00%	103.66%	78.13%	26.18%	52.76%
Legal expenses	100.00%	339.66%	737.62%	186.13%	180.60%
Postage, stamps, telecommunication, etc.	100.00%	97.42%	102.30%	101.83%	100.45%
Stationery, Printing, Advertisement, etc.	100.00%	118.63%	111.40%	126.60%	146.33%
Chief executive's salary and fees	100.00%	110.70%	116.96%	63.85%	93.26%
Auditors' fees	100.00%	93.01%	109.77%	111.44%	92.24%
Depreciation and repairs of the Bank's assets	100.00%	101.09%	105.00%	121.67%	152.92%
Other expenses	100.00%	122.83%	196.85%	308.82%	268.08%
Profit/(Loss) before taxation	100.00%	94.28%	108.74%	110.15%	108.45%
Net Profit after Taxation	100.00%	103.68%	109.21%	112.07%	144.90%

### **Interpretation:**

A trend analysis is a type of analysis that attempts to forecast a stock's future movement based on historical data. Trend analysis is based on the notion that what has happened in the past can provide traders with information about what will happen in the future.

# Chapter 4

## Findings, Recommendation & Conclusion



## FINDINGS

Following are the conclusions reached after examining all of the data:

- Dhaka Bank's Current Ratio has been declining from 1.37 in 2020 to 1.33 in 2021. This ratio may fall but this is a good position for a bank. Current Liabilities of the Current Asset Bank of the bank will be increased more than if the current asset can be increased further, then the bank's current resources can be better to do better. But the liability of the bank must be reduced more than before.
- Dhaka Bank's Return on assets has been reduced from 70% in 2020 to 56% in 2021, indicating that its assets are not being managed skillfully. A declining ROA is a clear indicator that the bank may be in difficulty since the organization may have overinvested in assets that have failed to generate revenue growth. It's indicating a negative sign for the bank. Even if the bank makes a profit, the ROA position is poor. Profit has increased while assets have decreased. Banks have increased profits for the benefit of others, but asset utilization is low. Money calls 2020 on short notice due to an unusual increase in asset impact in 2021.
- Dhaka Bank's Return on Equity decreased from 2020 to 2021 (11.28% to 10.53%), showing that banks need to constantly deal more effort to raise the ROE. The bank's ability to generate profits and raise shareholder value may be declining. It is indicating a negative sign for the bank.
- According to this study, Dhaka Bank's NIM topped in 2018 at 2.03%, however in the last two years 2020 1.25 % and 2021 1.35 %, respectively. NIM increased, benefiting Dhaka Bank. Bank Emphasize their liquidity, keep a watch on their cash and cash equivalents, concentrate on their total loans, total deposits, and loans-to-deposits ratio, and consider their long-term deposit rates to explain why NIM increased.
- In 2020 bank OPM was 29.39%. After the next year 2021, the rate will be 44.44%. OPM increased, which is good for the bank.
- EPS signifies that each share of common stock has contributed to its earnings. Investors pay close attention to EPS since it serves as a significant indicator of organizational growth. The EPS for 2020 was 2.27, while for 2022 it was 2.16. EPS would drop as a result of a decline in income. The EPS is dropping, which is bad for the bank.
- In the previous two years, the 2020 EM was 15.8 times and the 2021 EM was 16.57 times. DBL's equity multiplier ratio is high which is not a good sign for the bank. A bank should reduce this ratio. A high equity multiplier suggests that an organization has more debt than usual.
- In the previous two years, 2020 AU was 3.50% and in 2021 was 3.40%. The ratio dropped from 3.50% to 3.40% in a minor manner. In general, low asset utilization is undesirable. It could signify overcapacity, a lack of demand, or inefficiencies that lower uptime.
- In 2020 bank GPM was 4.77%. After the next year 2021, the rate will be 5.58%. GPM increased, which is good for the bank.
- In the previous two years, the 2020 Debt to Equity Ratio was 14.22% and the 2021 D/E was 15.03%. Dhaka bank's debt-to-equity ratio is increasing smoothly. This indicates that the changes are significant, and the bank's financial situation is also



getting worse. This ratio shows that the bank is acquiring more market-based capital to fund its operations. the larger the financial risk is for a corporation, the more stressed it is. It's harmful to the bank.

## Recommendations:

- ✓ Return on Assets (ROA) should bring consistency to their performance. To increase ROA, increase Net Income, and decrease Total Assets. Increase the effectiveness of both current assets and fixed assets.
- ✓ Return on Equity (ROE) should consistent in their performance. to enhance ROE, enhance profit margins, and enhance asset turnover, distribute unused funds, reduce taxes.
  - The bank's higher ROE percentage is better. A higher percentage shows that a bank is more able to generate money from its current assets.
- ✓ A bank must be increased EPS. The organization can raise its earnings per share if it increases revenue or expands its margin by cutting expenses. Here share outstanding is stable but EPS has decreased due to fluctuation of profit every year. That's why the profit should be increased in the next year, if the profit increases, the EPS will increase. As a result, the EPS increases.
- ✓ A reduced EM ratio is favorable to the bank. A lower equity multiplier suggests less financial leverage for the organization. A lower ratio is more conservative and more favorable than a higher ratio. It means less dependent on debt financing; they don't have higher debt-serving costs.
- ✓ Higher AU is better for the bank. A bank should increase AU. High asset utilization usually indicates that equipment is being used effectively, which is a good sign. High consumption, meanwhile, can also indicate that repair is being held off. To increase AU, the target is to reduce losses. The greater profit will be distributed to the shareholders, increasing the institution's value.
- ✓ Lower D/E is better for the bank. A bank should decrease the D/E ratio. If reduce debt, improve profitability, enhanced inventory control, and restructure debt, then D/E reduces. To demonstrate less debt on a bank's balance sheet, a lower D/E ratio is encouraged. If the debt of the bank can be reduced and the equity can be increased then the debt-equity ratio will be less.

## Conclusion

As a third-generation bank, Dhaka Bank is dedicated to offering top-notch financial services and products that will help raise the standard of living for middle-class and lower-class people while also promoting trade and commerce, accelerating industrialization, increasing exports, and reducing poverty.

Even though my stay with Dhaka Bank was relatively brief, I consider myself fortunate. I gained a lot of knowledge from them. I think it will benefit me in the long run. Today's banking industry is seeing intense rivalry, making it difficult to hold onto a position. They are already in an excellent position thanks to Dhaka Bank, but they must work hard if they want a brighter future.

With careful pricing and risk evaluation, Bank has maintained its position as a major player in the nation's foreign currency and money markets. I'm attempting to analyze their financial performance in this report using a variety of ratios. This analysis demonstrates that the Bank has to strengthen several crucial areas. To get a competitive edge over other banks, the bank constantly scans its operations for weaknesses and difficulties and then takes the necessary actions to improve both its product and its operational procedures.

At Dhaka Bank Ltd, customer loyalty is growing daily. To serve the customers, all Dhaka Bank Ltd. workers are rushing. The mission of Dhaka Bank Limited is to advance the commercial climate for the progress of human life.

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