



UNIVERSITY OF BARISHAL

PROJECT ON

FINANCIAL STATEMENT ANALYSIS OF

DUTCH BANGLA BANK LTD.

SUBMITTED TO:

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Letter of Transmittal

Date: 5th October, 2024

Md. Erfan
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Sub: Requesting for Accept the Project

Dear Sir,

I would like to draw your kind attention that I am submitting my project work about Dutch bangle bank which is about Dutch-Bangla Bank Ltd. Financial analysis I have tried my best to prepare this project which has completed all of its demands. I think and believe that this project work will help me in my working life.

It will be an honor and I will be grateful, if you are kind enough to grand my Project work.

Thanking you

Md. Redwanur Haque Shuvo

Acknowledgment

At first, I would like to express my gratitude to Almighty Allah to enabling me the strength and opportunity to prepare the report in the schedule time successfully. I am deeply indebted to my course instructor Mohammad A. Ashraf, Associate Professor, Department of Economics. Your suggestions & guidance have made the Project a good manner. I am also wanting to thanks those people who help us to sharing ideas and provide real information.

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Industry overview



Dutch-Bangla Bank

YOUR TRUSTED PARTNER

The banking sector in Bangladesh consists of several types of institutions. Bangladesh Bank is the central bank of Bangladesh and the chief regulatory in the banking sector. Bangladesh after the independence, banking industry in Bangladesh started its journey with 6 Nationalized commercial banks, 3 State owned Specialized banks and 9 Foreign Banks.

Pursuant to Bangladesh Bank order, 1972 the Government of Bangladesh recognized the Dhaka Branch of the State Bank of Pakistan as the country, and named it Bangladesh Bank with retrospective effect from 16 December 1971.

In the 1980s banking industry achieved significant expansion with the entrance of private banks. Now banks in Bangladesh are primarily of two types: 1) Scheduled Banks. 2) Non-Scheduled Banks. There are 61 scheduled banks in Bangladesh who operate under full control and supervision of Bangladesh Bank which is empowered to do so through Bangladesh Bank Order, 1972 and Bank Company Act, 1991. There are now 5 non-scheduled banks in Bangladesh.

Another two types of banking sector are the 1. Conventional Bank and 2. Non-Conventional Bank. Conventional Bank is the traditional banking system. 33 conventional banks are operating in the industry. Non-conventional bank is the specially Islami Shariah based. There are 10 Islami shariah based in Bangladesh and they execute banking activities according to Islami Shariah based principles.

Company Overview

Dutch-Bangla Bank started operation is Bangladesh's first joint venture bank. The bank was an effort by local shareholders spearheaded by M Sahabuddin Ahmed (founder chairman) and the Dutch company FMO.

From the onset, the focus of the bank has been financing high-growth manufacturing industries in Bangladesh. The rationale being that the manufacturing sector exports Bangladeshi products worldwide. Thereby financing and concentrating on this sector allows Bangladesh to achieve the desired growth. Dutch Bangla Bank other focus is Corporate Social Responsibility (CSR). Even though CSR is now a cliché, Dutch Bangla Bank is the pioneer in this sector and termed the contribution simply as 'social responsibility'. Due to its investment in this sector, Dutch Bangla Bank has become one of the largest donors and the largest bank donor in Bangladesh. The bank has won numerous international awards because of its unique approach as a socially conscious bank.

Dutch Bangla Bank was the first bank in Bangladesh to be fully automated. The Electronic-Banking Division was established in 2002 to undertake rapid automation and bring modern banking services into this field. Full automation was completed in 2003 and hereby introduced plastic money to the Bangladeshi masses. Dutch Bangla Bank also operates the nation's largest ATM fleet and in the process drastically cut consumer costs and fees by 80%. Moreover, Dutch Bangla Bank choosing the low profitability route for this sector has surprised many critics. Dutch Bangla Bank had pursued the mass automation in Banking as a CSR activity and never intended profitability from this sector. As a result it now provides unrivaled banking technology offerings to all its customers. Because of this mindset, most local banks have joined Dutch Bangla Bank banking infrastructure instead of pursuing their own.

Mission

Dutch-Bangla Bank engineers enterprise and creativity in business and industry with a commitment to social responsibility. "Profits alone" do not hold a central focus in the Bank's operation; because "man does not live by bread and butter alone".

Vision

Dutch-Bangla Bank dreams of better Bangladesh, where arts and letters, sports and athletics, music and entertainment, science and education, health and hygiene, clean and pollution free environment and above all a society based on morality and ethics make all our lives worth living. Dutch-Bangla Bank 's essence and ethos rest on a cosmos of creativity and the marvel-magic of a charmed life that abounds with spirit of life and adventures that contributes towards human development.

Core Objectives

Dutch-Bangla Bank believes in its uncompromising commitment to fulfill its customer needs and satisfaction and to become their first choice in banking. Taking cue from its pool esteemed clientele, Dutch-Bangla Bank intends to pave the way for a new era in banking that upholds and epitomizes its vaunted marquees "Your Trusted Partner"

Corporate Culture

Organizational culture is considered as an essential component of business corporations as it has the ability to bind organizational members together. The culture and values of our bank have been proved as a source of competitive advantage for us and are acting as a key component to establish the relationship between the bank and our employees and , in turn , between our employees and our customers. Our culture and values also encourage customers and employees to join us and stay with us.

Dutch Bangla Bank has also been able to improve organizational performance via improving the performance of individual contributors and also recognizes existing talents to fill up the higher vacancies within the organization or place them in the right position, wherein the best use of their abilities can be ensured. Our culture promotes sharing of common goal which ensures harmonious relationship in the working Environment.



Income statement

DUTCH BANGLA BANK LTD.						
PROFIT AND LOSS ACCOUNT						
FOR THE YEAR ENDED 31 DECEMBER						
Particulars		Amount				
		2022	2021	2020	2019	2018
OPERATING INCOME						
Interest Income		24,640,667,324	22,219,818,602	22,194,983,169	25,543,861,602	21,480,434,331
Interest/profit paid on deposits and borrowing etc		7,743,357,385	6,695,649,883	8,065,280,264	7,769,845,166	6,592,150,452
Net Interest Income		16,897,309,939	15,524,168,719	14,129,702,895	17,784,016,436	14,888,283,879
Dividend income from investment		7,329,985,743	7,351,325,461	7,143,771,577	3,412,225,985	2,024,710,595
Commission, exchange earnings and brokerage		3,772,788,865	1,622,359,013	1,725,671,452	1,928,953,326	2,177,614,308
Other income		3,947,730	3,405,310,516	3,615,083,897	3,820,779,393	3,532,768,862
Total operating income		31,947,814,447	28,203,163,709	26,614,329,821	26,945,975,140	22,623,377,644
OPERATING EXPENSES						
Salary and allowances		6,605,727,874	5,671,768,812	5,219,592,498	4,808,522,669	3,980,205,907
Rent, rate, taxes, insurance, utilities etc		2,316,270,778	2,202,286,031	2,326,134,531	2,181,287,658	1,870,276,759
Legal, professional fees and others		3,248,845	3,172,555	2,359,569	2,130,439	3,518,084
Posting, stamp, telecommunication etc		371,786,198	416,664,564	377,009,483	347,951,521	319,494,378
Stationery, printing, advertisement etc		335,261,524	333,382,392	404,615,350	618,152,444	590,380,951
Chief executive's salary and fees		17,900,000	16,430,000	14,670,000	10,750,000	9,996,000
Director's fees		362,995	359,340	228,000	265,000	270,000
Auditor's fees		2,026,500	576,278	609,500	834,250	906,750
Depreciation and repair of bank's assests		3,144,845,533	2,845,560,122	2,337,846,612	2,177,156,910	1,974,444,271
Other expenses		6,787,581,785	5,105,713,295	5,429,948,523	5,538,908,673	5,180,900,296
Total operating expenses		19,585,012,032	16,595,913,709	16,113,014,066	15,685,959,564	15,399,007,489
Profit before provision		12,362,802,415	11,607,249,920	10,501,315,755	11,260,015,576	7,224,370,155
Provisions for loans and advances		2,446,048,573	1,456,840,074	-33,091,881	3,351,539,058	51,749,301
General provision for loans		312829349	428471239	-48549711	419,528,740	342,700,000
General provision for off-balance sheet exposures		-7230464	265208844	75652163	-48,600,024	70,441,011
Other provision		507,892,430		28,935,000	101,221,000	4,100,000
Total provision		3,496,198,677	3,474,535,043	840,477,170	3,823,688,774	460,790,312
Net profit/(loss) before Tax		8,866,603,738	8,132,714,877	9,660,838,585	7,436,326,802	6,763,589,843
Provision for taxation		3,204,914 065	2,571,636,964	4,162,093,946	3,094,939,042	2,562,155,324
NET PROFIT		5661 689673	5,561,077,913	5,498,744,639	4,341,387,760	4,201,424,519

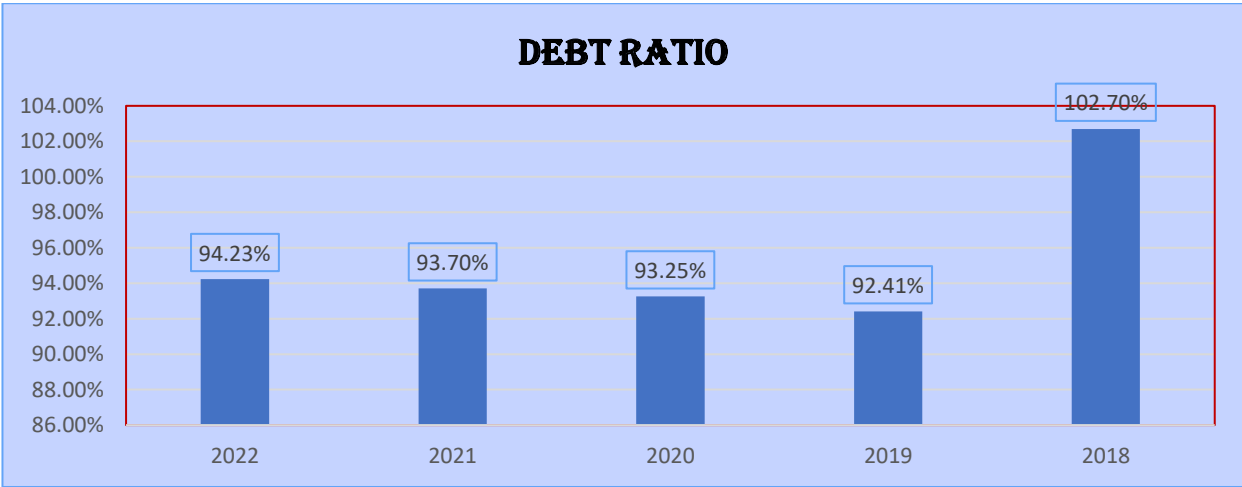
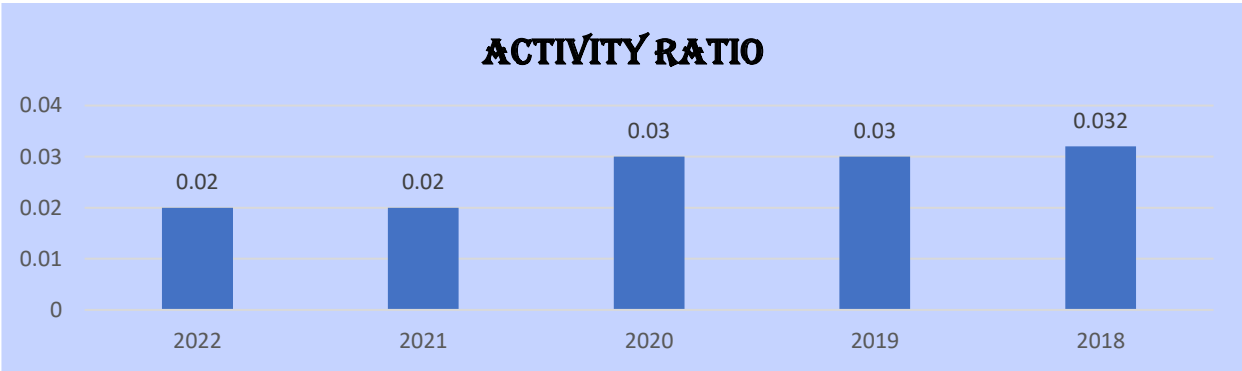
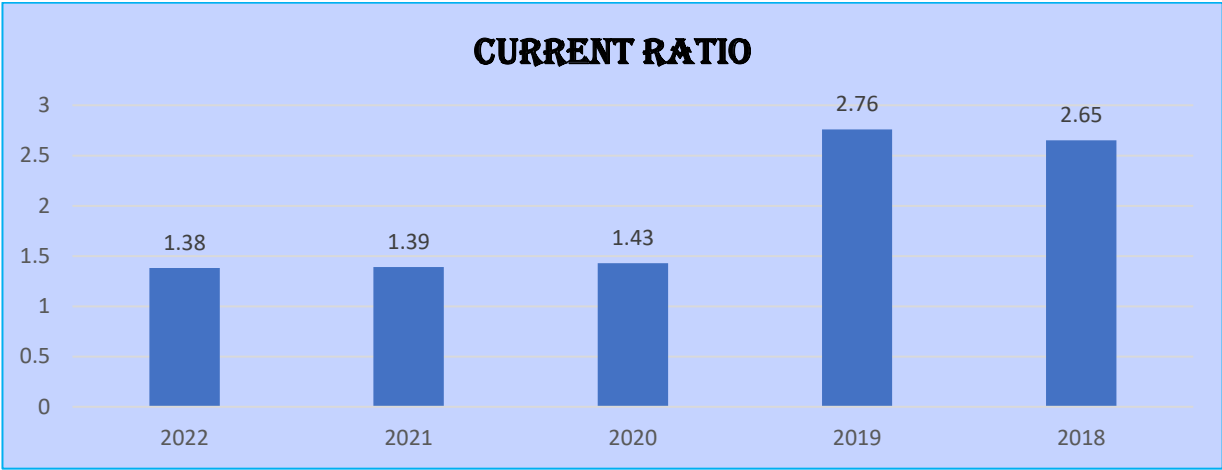
Balance sheet

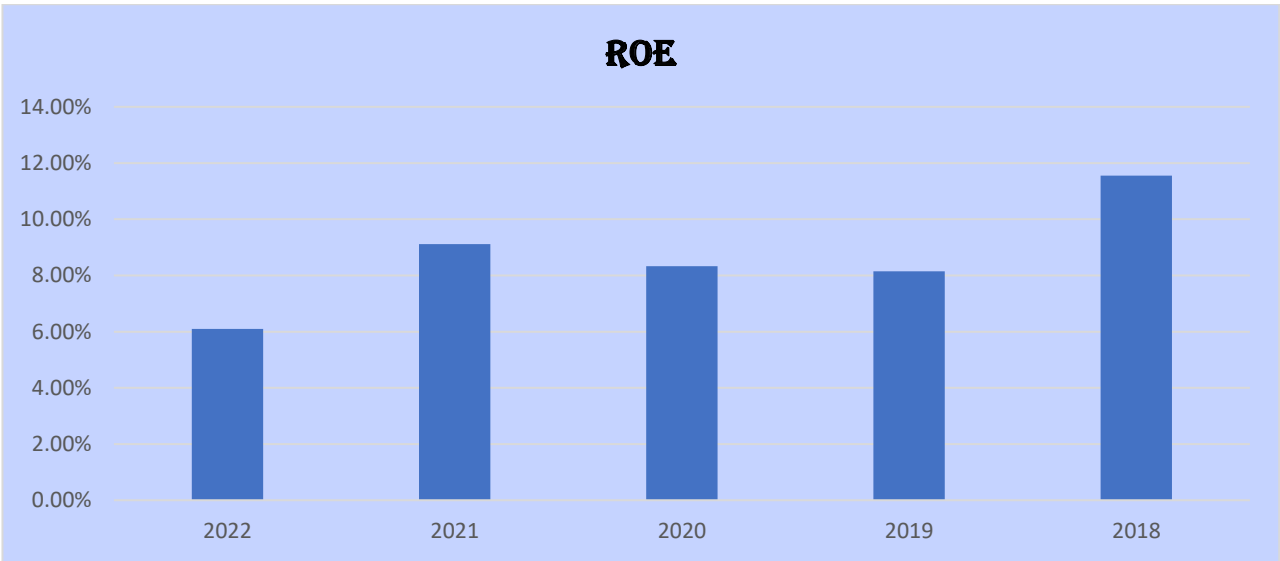
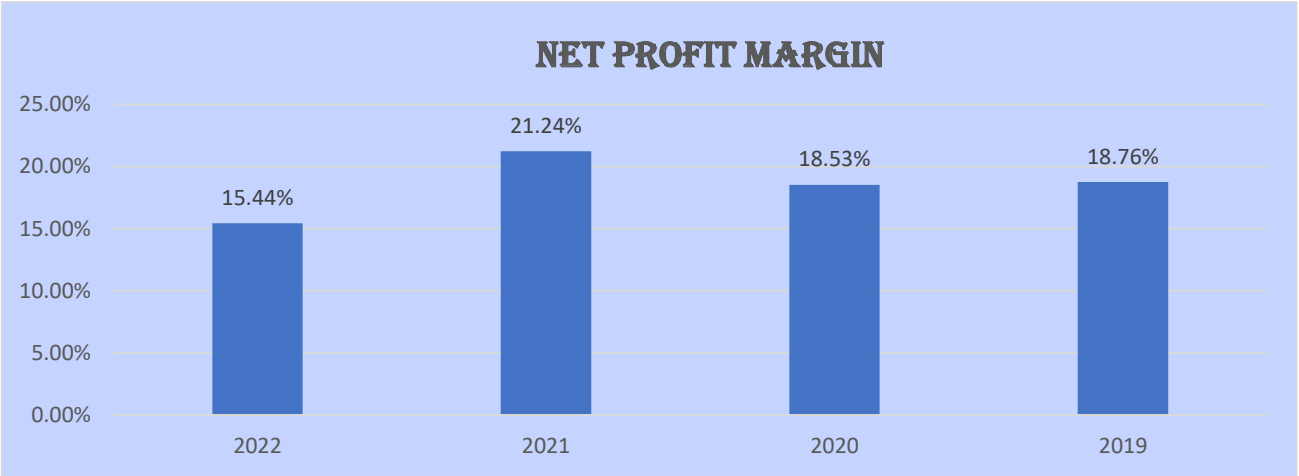
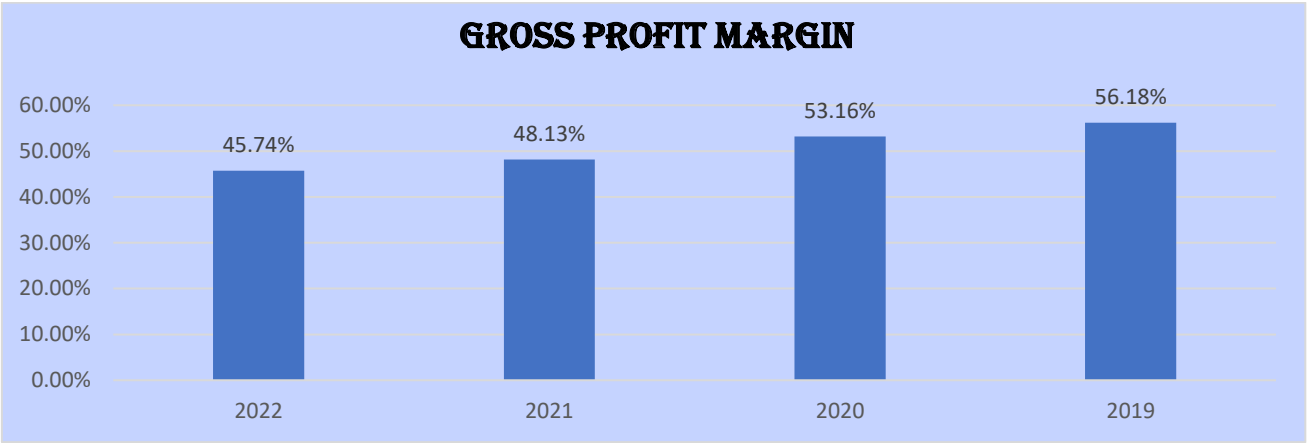
DUTCH BANGLA Bank Limited For The Year Ended December 2022-2018 Balance Sheet					
Particulars	2022	2,021	2020	2019	2018
	Amount	Amount	Amount	Amount	Amount
Property and assets					
Cash	3,305,757,720	2,538,200,944	2,215,363,255	1,884,675,202	1,768,403,635
Balance with other Banks and financial institutions	51,823,193,140	34,412,081,536	29,938,791,976	26,427,954,516	31,774,499,574
Balance with other Banks and financial institutions:					
In Bangladesh	1,518,226,977	322,000,146	619,512,161	3,247,737,562	3,044,585,155
Outside Bangladesh	3,785,033,451	4,585,751,956	3,682,939,558	1,641,217,076	2,708,363,389
Payments with other banks and FI			-	-	-
Investment in Shares and securities:					
Government	26,190,201,038	24,278,021,038	27,514,051,038	11,014,051,038	13,014,051,038
Others	17,308,800,744	15,116,877,721	15,658,479,586	13,516,271,756	859,133,622
Investment :					
General Investment	412,855,417,129	382,584,041,885	328,910,778,149	288,548,642,307	241,187,520,723
Bills Purchased and discount	15,349,494,500	10,335,620,646	14,376,620,590	16,487,432,812	13,845,649,270
Fixed assets including premises	5,538,414,081	5,540,649,767	5,643,033,289	5,485,809,411	5,575,571,211
Others assets	3,803,373,822	3,526,474,392	3,381,268,944	2,743,600,905	11,882,653,739
Non Banking assets			-	-	-
Total property and assets	541,477,912,602	484,743,509,683	431,940,838,546	370,997,392,585	333,892,609,356
LIABILITIES AND CAPITAL					
LIABILITIES :					
Borrowings from other banks, financial institutions and	47,816,166,976	27,934,546,559	16,610,353,506	18,383,739,831	959,733,500
Deposits and other accounts:					
Saving deposit	37,015,329,099	31,002,767,511	26,184,704,789	26,184,704,789	19,817,048,338
Term deposit	196,577,411,131	183,166,997,954	174,174,422,538	158,382,767,965	140,705,201,781

Other deposit	143,493,63 4,325	142,212,54 4,233	124,408,40 7,562	88,358,653 ,196	81,823,472 ,454
Current and other deposit	42,152,995 ,577	36,336,938 ,388	28,722,650 ,971	29,850,558 ,613	37,570,406 ,913
Bills payable	2,461,614, 747	2,589,087, 739	2,326,333, 829	1,752,410, 915	3,727,829, 052
Subordinated bond	13,900,000 ,000	10,200,000 ,000	11,500,000 ,000	6,000,000, 000	6,500,000, 000
perpetual bond	4,550,000, 000				
Other liabilities	22,284,544 ,364	20,768,582 ,535	18,855,652 ,186	17,686,362 ,909	15,138,548 ,261
Total Liabilities	510,256,69 6,219	454,211,46 4,919	402,782,52 5,382	342,856,72 7,390	342,856,72 7,390
Shareholders Equity :					
Paid up capital	14,475,573 ,440	14,122,510 ,680	14,122,510 ,680	14,122,510 ,680	14,122,510 ,680
Statutory Reserve	12,519,512 ,696	11,760,069 ,452	10,705,987 ,616	9,720,951, 493	
Other Reserve	26,306,546 ,666	2,380,546, 666	2,130,546, 666	2,130,546, 666	8,885,463, 506
Retained Earnings	1,595,583, 581	2,268,917, 966	2,199,268, 202	2,166,656, 356	2,130,546, 666
Total Shareholder Equity	31,221,216 ,383	30,532,044 ,764	29,158,313 ,164	28,140,665 ,195	2,514,674, 223
Total liabilities and Shareholder Equity	541,477,91 2,602	484,743,50 9,683	431,940,83 8,546	370,997,39 2,585	333,892,60 9,356

Ratio Analysis

Ratio name		2022	2021	2020	2019	2018
Current Ratio	<u>Current Asset</u> Current Liabilities	1,936,069,143	1,961,386,604	1,664,156,628	2,403,669,873	3,673,286,761
		1,401,240,213	1,401,240,213	1,159,189,551	868,667,057	1,381,059,329
		1.38	1.39	1.43	2.76	2.65
Activity ratio	sales Total asset turnover	12337158958	13116561715	13016530369	12217890704	10890420128
		541477912602.0	484743509683	431940838546	370997392585	333892609356
		0.02	0.02	0.03	0.03	0.032
Debt ratio	<u>Total liabilities</u> Total assets	510256696219.0	454211464919.0	402782525382.0	342856727390.0	342856727390
		541477912602.0	484743509683	431940838546	370997392585	333892609356
		94.23%	93.70%	93.25%	92.41%	102.70%
Time interest earned ratio	<u>EBIT</u> Interest	5,643,632,986	6,313,610,523	6,919,965,365	6,863,863,670	5,856,515,511
		1846416766	1043201343	1994784751	2686423736	661251869
		3.05653257	6.05214953	3.46902861	2.55501899	8.8567092
Gross profit margin	<u>Gross profit</u> sales	5643632986	6313610523	6919965365	6863863670	5856515511
		12337158958	13116561715	13016530369	12217890704	10890420128
		45.74%	48.13%	53.16%	56.18%	53.78%
Operating profit margin	<u>Operating profit</u> Sales	3797216220	5270409180	4925180614	4177439934	5195263642
		12337158958	13116561715	13016530369	12217890704	10890420128
		30.78%	40.18%	37.84%	34.19%	47.70%
Net profit margin	Net profit /Sales	1904244086	2785982668	2429899037	2292210338	3193947062
		12337158958	13116561715	13016530369	12217890704	10890420128
		15.44%	21.24%	18.53%	18.76%	29.33%
Return on assets(ROA)	Net income/Total assets	1904244086	2785982668	2429899037	2292210338	3193947062
		541477912602.0	484743509683	431940838546	370997392585	333892609356
		0.35%	0.57%	0.56%	0.62%	0.96%
Return on Equity(ROE)	Net Income/Shareholders Equity	1904244086	2785982668	2429899037	2292210338	3193947062
		31,221,216,383	30,532,044,764	29,158,313,164	28,140,665,195	27,650,369,057
		6.10%	9.12%	8.33%	8.15%	11.55%





Ratios Analysis Details

We analyze Liquidity Ratios, Activity Ratios, Debt Ratios, Profitability Ratios.

In Current Ratio including the liquidity ratios We see that in 2018. 2.66 that is increase the next years 2019 is 2.77. But after the next following years current ratio gradually decreases and year 2022 its 1.38. Higher current ratio indicates greater degree of liquidity. So, decreasing the current ratio is also decreasing the company Obligations pay to current liabilities. In the activity ratios, total asset turnover in 2018 is 0.0326165 and next year increase but following remaining year decreasing in 2022 is 0.022784. Total Asset Turnover indicates the efficiency with which firm uses its assets to generates profits. Higher Total assets turnover is better.

Debt ratio in 2018 highest the in that time 102.68% but others years decreasing this ratio respectively 92.41%, 93.25%, 93.70% and 94.23%. This Values Indicates that the company has financed its assets with debt. The higher this ratio, the greater the firms degree of indebtedness. Interest Earned Ratio is a value of at least 3.0 and preferably closer to 5.0 its suggested. We see in the year 2022 and 2020 is preferable range.

Profitability ratio including Gross profit margin, operating profit margin, net profit margin, ROA and ROE. Gross profit margin in year 2018 is 53.78% and last year 2022 is 45.74%. Higher gross profit margin is better, but here firm gross profit margin is decreasing its worse.

Operating profit margin and net profit margin is also higher is better. But the firm gradually decreasing that means firms fewer pay profits their owner.

ROE and ROA is higher for better here firm in year 2022 lower than year 2018 .

Reference:

- 1) Dutch Bangla Bank annual report (2018-22).
- 2) Dutch Bangla Bank Website and information from internet