

**ADMAS UNIVERSITY**  
**FACULTY OF BUSINESS**  
**DEPARTMENT OF ACCOUNTING AND FINANCE**



**ASSESMENT OF FINANCIAL PERFORMANCE ANALYSIS IN DASHEN BANK S.C THE  
CASE OF HEAD OFFICE**

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**ARESEARCH PAPER SUBMITTED TO DEPARTMENT OF ACCOUNTING AND  
FINANCE FOR PARTIAL FULFILLMENT OF THE REQUIREMENT OF BA DEGREE IN  
ACCOUNTING AND FINANCE**

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## Declaration

We declare that this paper titled as “Assessment of financial performance analysis in Dashen Bank S.C the case of Head office”, submitted by the researcher to the award of B.A. Degree in Accounting to Admas university at Addis Ababa Megenagna Square Compass, We have produced it independently except for the guidance and suggestion of the research advisor.

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## **Statement of Certification**

This is to certify that we have completed our senior case study entitled “assessment of financial performance analysis in Dashen Bank S.C the case of Head office” under our guidance. In our opinion this work is suitable for the partial fulfillment of the required end of the award of Bachelor Degree in Accounting.

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## LIST OF ACRONYM

NA:	Net asset
NPM:	Net profit margin
ROE:	Return on equity
TA:	Total asset
TL:	Total liability
DB:	Dashen bank
AU:	Asset Utilization
EM:	Equity Multiplier
DER:	Debt equity ratio
CR:	Coverage ratio
ROA:	Return on Asset
CE:	Capital employed
EBIT:	Earnings before interest and Tax
CB:	Commercial Bank
CAMELS:	Capital Asset Management Equity Liquidity Sensitivity



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## **Abstract**

*This research aims the financial performance analysis of Dashen bank head quarter. The research targets the years 2014-2018. The information used in this research is basically a secondary data. The sampling techniques used was purposive and the data analysis mainly followed by descriptive approach like ratio and percentage, in addition the data presented by using graph and table. The profitability potential of the company measured by using different ratios such as ROA, ROE, AU, NPM. The finding of the study shows this ratio show the company profitability potential low, and liquidity potential of the company by using CR ratio this ration shows the company has less ability to cover short term obligation. The finally we see the company loan potential by using different ratio such as DER, ODR, EM, and CR so this ratio show the bank is highly dependent on the fund granted from creditors . Through the analysis done in this research the profitability, liquidity, efficiency in utilization of the asset and loan potential Of Dashen bank has been assessed by making use of variety of ratio. These rations were found to be a manifestation of the scarce capital of the bank.*

*Key world: profitability, liquidity, efficiency in utilization asset and loan.*

# **CHAPTER ONE**

## **INTRODUCTION**

### **1.1 Background of the study**

Financial performance refers to the act of performing financial activity. In broad sense financial performance refers to the degree to which financial objective is being or has been accomplished. It is the process of measuring the result of a firm policies and operations in monetary terms. It is used to measure firms over all financial health over a given period of time and can also be used to compare similarly other firms across the same industry or to compare industries or sectors in aggregation. (Davood ,mohammed , hamed and arshad 2014)

Financial performance of financial institution is well advanced in its measurement within the field of finance and management .and this financial institutions are constitute of good financial system and assist the investors to obtain capital and money market in a country (munir et al,2008).

According to Ginevicius et al 2011 financial performance analysis is the process of determining the operating and financial characteristics of a firm from accounting and financial statement. Financial analysis involves the use of financial statements. Financial statement is collection of data that is organized according to logical and consistent accounting procedure. It is to convey an understanding of some financial aspect of business. It may show a position of periods of time as in case of balance sheet or may reveal a series of activity over a given period of time as in the case of an income statement. Thus the term “financial statement” refers to basic statements such as the balance sheet and the income statement. Balance sheet is a summary of bank financial position on a given date that shows total asset equal to total liability plus owner equity. Income statement is summary of bank business revenues and expense over specific periods ending with net income or loss for the period.

Analysis is the process of breaking down complex set of facts and figures into simple elements such as external analysis which is performed by outsider to the bank such as creditors, stake holders and investment analysis. It makes use of existing financial statements and limited access to confidential information in a bank and Internal analysis is performed by the corporate finance and accounting departments and is more detailed than external analysis (Askoldas, P. 2011).

## **1.2 Background of the study area**

Dashen bank was founded by 11 visionary shareholder and veteran bankers with initial capital of birr 14.9 million in September 1995. Up on securing license from the national bank of Ethiopian Dashen bank open its doors for service on the 1<sup>st</sup> of January 1996 with fully fledged branch of its operation through a network of more than 370 branches. 10 dedicated for example bureaus, 305 ATM and 812 plus point of sales (POS) terminals spread across the length and breadth of the nation. It has established correspondent banking relationship with 462 banks covering 70 countries and 170 cities across the world after the 20 years ago the capital arrival 1.5billion birr.

## **1.3 Statement of the problem**

To justify why we select the title financial performance of a company, being one of the major characteristics, define competitiveness, potentials of the business, and economic interests of the company's management and reliability of present or future contractors. Therefore, financial performance analysis and identification of their weakness and strengths using financial performance indicators has its contribution to the management, shareholders, and the customers of the bank, the government, the financial sector, and the economy as a whole.

The objective of the financial statement is to provide information about financial position, performance, and changes in financial position of an enterprise that is useful to a wide range of users in making economic decision. Owners and managers require financial statement to make important business decision that affect it's continue operations.

Performance indicators collect and restate financial data to provide use full information about evaluating the statement and indicate financial performance of Dashen Bank would be used .Each financial ratio planning different roles in explaining different sorts of information regarding the performance and financial condition of the bank.

Although some studies might have been made before some years in relation to the financial performance analysis in different banks, the time/year gap itself shows the bank to have different performance. Here in this study as to the researcher knowledge, there is no research conducted which is published and unpublished in evaluating the financial performance of Ethiopian banks using financial indicators such as profitability ratio, liquidity ratio and activity ratio in recent years data in the case of Dashen bank through a descriptive way of research design. Therefore, this study is conducted to fill such gap by expanding and evaluating the financial performance of Dashen bank using profitability ratio, liquidity ratio, activity ratio, and analyzing trends of various elements of financial statement of Dashen bank for the recent five.

## **1.4 Research Questions**

By answering the following question

- What about the liquidity position of the bank?
- How did Dashen Bank financially sustainable?
- How the debt burden of the Dashen bank was performed?
- What was the profitability of Dashen Bank?
- What does seem the asset management practice of the bank?

## **1.5 Objective of the study**

### **1.5.1 General Objective**

The general objective of this study was to assess the financial performance of Dashen bank through financial statement analysis of five year audited financial statement.

### **1.5.2 Specific objective**

- Evaluated the liquidity position of the bank.
- Checked the financial sustainability of the bank.
- Evaluated debt burden of the bank.
- Evaluated the profitability of the bank.
- Evaluated the asset management practice of the bank.

## **1.6 Significance of the study**

This study was useful in highlighting the strength and weakness with respect to its financial performance of Dashen bank. Furthermore, its gives insight about the current situation and performance of banks to the regular body shareholder, investor and manager. The studies are initiating other researchers in the area for future study. The studies are also help to understand the theoretical aspect of performance analysis in the bank and it is also aided the other researcher to develop skill in the financial analysis. It will assist the regulators in making appropriate rules and regulation and mitigates the optional risk of failures and take corrective action.

The main significance of this research that is worth mentioning from all the other significances is the fact that this research is the first research that used the new accounting standard IFRS (International financial reporting standard) to assess the financial status of one of the most popular and dominant banks of Ethiopia, Dashen bank.

## **1.7 Scope of the study**

This scope of the study was to determining the financial performance of Dashen bank on head office at Beherawi which focuses on only how financial performance analysis took place for five years. In addition to this study used various ratio such as liquidity ratio, current ratio, leverage

ratio, profitability ratio and activity ratio. However the study utilize only five year (2014-2018) of audit annual financial statement in order to make the analysis.

### **1.8 Limitation of the study**

There were so many limitations to complete the project

- Difficult to inspect all aspect of the company.
- Lack of transparency in the employees by misunderstanding of the objectivities.
- The major problem of the study was lack of willingness of head office department to give information.
- Lack of cooperation from the Dashen bank Head quarter office around Beherawi.

### **1.9 Organization of the study**

This study was organized in five main chapters. The **first chapter** includes introduction, background of the study, scope and limitation of the study, statement of the problems, objective of the study and significance of the study. The **second chapter** also presents literature review which includes related theoretical and empirical literature review. In this chapter concepts that are related with financial performance analysis are review. The **third chapter** deals about research methodology; like research design, sources of data and collection methods, sampling design, sampling techniques and data analysis method. The **fourth chapter** is data analysis and interpretation in which the secondary data is analyzed through statistically descriptive method. The **last chapter** includes recommendation, conclusion and finding of the study.

# **CHAPTER TWO**

## **Review Literature**

### **2.1 THEORETICAL LITERATURE**

#### **2.1.1 Financial Performance Analysis**

The analysis of financial statement is the process of evaluating the relationship between the component parts of financial statement of to obtain a better understanding of the firm's position and performance. This analysis can be undertaken by management of the firm or outside parties namely, owner, creditor, and investors. Thus financial analysis helps to high light the facts and relationship concerning managerial performance, corporate efficiency, financial strength and weakness, and credit worthiness of the company (keiso et al 2012:1549)

According to Drake (2010), financial Performance analysis is the selection, evaluation, and interpretation of financial data, along with other pertinent information, to assist in investment and financial decision making. Moreover, it is also the process of identifying financial strengths and weakness of the firm by properly establishing relationship between the items of the balance sheet, the profit and loss account.

#### **2.1.2 Financial Analysis**

Financial analysis is the process of determining the significant operating and financial characteristics of bank from accounting data and financial statement. The goal of such analysis is to efficiency and performance of the bank management as reflected in the financial records and reports. The analyst is attempting to measure the banks liquidity, profitability and other indication that business is conducted in a rational and ordinary ways. If bank does not achieve financial norm for its industries or relationship among data that seem reasonable. The analyst not the deviation. The burden of explaining the apparent problems may be placed up on management (Hampton, 2003)

Financial statement provides summarized view of the financial position and operation of an enterprise. Therefore, much can be learnt about an enterprise from a careful examination of its financial statement, considered as invaluable document or performance report. The analysis of financial statement is thus, an important aid to financial analysis.

The process of analysis is related to the object or purpose that the analyst has in mind. The banker would like to use the technique of analyst primarily for assessing the sustainability or other wise of ending proposition and in that context for ascertaining the financial position and the liquidity of the enterprise, it's profitability and the quality of its management.

An analyst of single set of financial statement has very limited value that the result of analysis can be useful only if this is compared with past result and to the corresponding result of other enterprise or the industry trade itself.

Comparison with past result indicates the trend of the results. Likewise comparisons with other similar unit in the same industry or with the result of industry as a whole are useful for judging the relative efficiency of an enterprise. (R.BHASKARAN, 2005, 308)

We recognize two viewpoints in receiving and evaluating financial data

**1. External analysis** is performed by outsider to the bank such as creditors, stock holders or investment analyst. It makes use of existing financial statement and involves limited access to confidential information on a bank.

**2. Internal analysis** is performed by a corporate finance and accounting department and is more detailed than external analysis. These departments have available more detailed and current information than is available to outsider. They are able to prepare performed statement and are able to produce a more accurate and timely analysis of the banks strength and weakness (Hampton 2003)

### 2.1.3 Technique of financial analysis

Analytical procedure may be used to compare item on current statement which is related to earlier statement for example cash on current balance sheet may be compared with cash of on the balance sheet earlier. Also widely used to examine relationship within a financial statement there are a number of common analytical measures. The measures are not ends in themselves.

There are only giddies evaluating financial and operating data. Many other factors such as trend in industry and general economic condition should also be considered.

**1. Horizontal analysis** is analysis of increase and decrease in related items in comparative financial statement are called horizontal analysis.

The percentage change =  $\frac{100\% * \text{amount of change}}{\text{Base}}$

Base year amount

**2. Vertical analysis** is done at one particular point of time, generally the account closing day. It gives the structural relationship of various items in the financial statement. It gives an insight into the structural balance and financial soundness of an organization. It is a good complementary of horizontal analysis. (Sujitsikider and H.cGautam)

### 2.1.4 Nature of Ratio Analysis

Ratio analysis is the process of determining and interpreting numerical relationship based on financial statements. It is the techniques of interpretation of financial statement with the help of accounting ratios derived from the balance sheet and profit and loss account (Sujitsikider and H.cGautam)



### 2.1.5 Types of Ratio

According to Fraser and omission there are four categories of ratios used in financial statement analysis. Such as Liquidity ratio measure the firm's ability to meet current obligation

$$\text{Current ratio} = \frac{\text{current asset}}{\text{Current liability}}$$

Current asset include cash and those assets which can be converted to cash within a year such as marketable security, inventory, etc.

$$\text{Quick ratio} = \frac{\text{current asset} - \text{inventory}}{\text{Current liability}}$$

Quick ratio establishes relationship between quick or liquid asset and current liability .an asset is liquid if it can be converted into cash immediately or reasonably soon without a less of value.

Interval measure liquid asset to average daily operating cash out flow. The daily operating expense will be equal to cost of goods sold+ securities

$$\text{Interval measure} = \frac{\text{current asset} - \text{inventory}}{\text{Average daily operating expense}}$$

Leverage ratio Show the proportions of debt and equity in financing the firm's asset. It is calculated to measure the financial risk and the firm's ability of using debt to shareholders advantage. Leverage ratio may be calculated from the balance sheet items to determine the proportion of debt in total financing.

Debt ratio may be used to analyses the long term solvency of a firm.

$$\text{Debt ratio} = \frac{\text{total debt}}{\text{Net asset}}$$

Debt equity ratio is clear that from the total debt ratio.

$$\text{Debt equity ratio} = \frac{\text{Total debt}}{\text{Net worth}}$$

Capital employed to net worth ratio is yet another alternative way of expressing the basic relationship between debt and equity.

Other debt ratio includes current liabilities (non- interest bearing current obligations) are generally excludes from the competition of leverage ratios.

$$\text{TL-to-TA Ratio} = \frac{\text{Total liability}}{\text{Total asset}}$$

Equity multiplier is a measure of leverage or financial policies; source chosen to fund the financial institution (debt or equity).

$$\text{Equity multiplier} = \frac{\text{Total asset}}{\text{Total equity capital}}$$

Coverage ratio includes debt ratios described about are static in nature. It used to test the firms debt servicing to capacity.

$$\text{Interest Coverage} = \frac{\text{Earnings before income tax}}{\text{Interest}}$$

Activity Ratios are employed to evaluate the efficiency with which the firms manage and utilize its asset. This ratio are also called turnover ratio. Activity ratios, thus, involve a relationship between sales and assets. Debt turnover ratio is firm sales goods for cash and credit.

$$\text{Debt turn over} = \frac{\text{Credit sales}}{\text{Average debt}}$$

Asset turnover ratio is a firm should manage its asset efficiently to maximize sales and relationship between sales and asset.

$$\text{NA turnover ratio} = \frac{\text{Sales}}{\text{NA}}$$

Profitability ratio measure overall performance and effectiveness of the firm.

Net profit margin is obtained when operating expenses, interest and taxes are subtracted from the gross profit.

$$\text{NPM} = \frac{\text{Net income}}{\text{Total operating income}}$$

Return on equity may be distributed to shareholders or retained in the business

$$\text{ROE} = \frac{\text{Profit after tax}}{\text{Total equity capital}}$$

Return on asset is primarily an indicator of managerial efficiency; it indicates how capable management has been in converting asset in to net earnings.

$$\text{Return on asset} = \frac{\text{net income}}{\text{Total asset}}$$

Asset utilization is a measure of portfolio management policies, specially the mix and yield on asset.

$$\text{Asset utilization} = \frac{\text{total operating income}}{\text{Total asset}}$$

## 2.2 Empirical study

Previous research on bank performance shows that the measurement of bank performance particularly on bank is well researched and has received increased attention over the past years (seiford, L .and Zhu,J. 1999).There have been a large number of empirical studies on banks performance around the world.

There are two broad approaches used to measure bank performance, the accounting approach, which makes use of financial ratios and econometric techniques which incorporates non-financial measurements .Berger, A, and Humphrey,D.(1997) asset that the whole idea of measuring bank performance is to separate banks that are performing well from those which are doing poorly by single selected financial ratios. They further indicated that, evaluating the performance of financial institution can inform government policy by assessing the effect of deregulation, mergers and market structure on efficiency. Bank regulators screen banks by evaluating banks liquidity, solvency and overall performance to enable them to intervene when there is need and to gauge the potential for problems (casuet al.2006).On a micro level, by identifying best and worst practices associated with high and low measured efficiency bank performance measurement can also help improve managerial performance.

According to the study done by Hempel et al.(2011) rating of banks based on financial performance information taken from major rating agency did not prevent investors who invested in bank capital from losses during bank failure.

As per the researcher's knowledge, there is no study done in DB related with assessment of financial performance analysis. Therefore by taking the above theories in to consideration the study try to assess the financial performance of DB by using appropriate ratio measurement from previous study. The study assesses the financial performance of DB in terms of four performance measurements, by utilizing the profitability ratio, liquidity ratio, leverage ratio and activity ratio.

Below are a summary of previous Empirical studies on financial performance analysis in the context of different countries.Hempel and Simonpson (1998) have made a study on bank's financial performance and to evaluate interbank performance of the study.

AbdusSamad (2004)in his paper examines the comparative performance of Bahrain's Interest-free Islamic banks and the interest-based conventional commercial banks during Thepost Gulf War period 1991-2001. Using nine financial ratios in measuring the Performances with respect to profitability, liquidity risk, and credit risk, and Applying Student's t-test to these financial ratios,

the paper concludes that there exists a significant difference in credit performance between the two sets of banks. However, the Study finds no major difference in profitability and liquidity performances between Islamic banks and conventional banks.

Ahmad and Hassan (2007) analyzed the asset quality, capital ratios, and operational ratios Such as net profit margin, net interest income, income to asset ratio, non-interest income to asset ratio and liquidity ratios for seven years from 1994 to 2001. Islamic banks on an Average were the preeminent performer in terms of lowest non-performing to gross loan ratio, capital funds to total asset ratio, capital funds to net loans ratio, capital funds to Short-term loan ratio, capital funds to liabilities ratio, non-interest expense to average Asset ratio and most of the liquidity ratios. Therefore, it can be concluded that Islamic Banks are outperforming others in capital adequacy and adequate liquidity. Except Return on Equity Ratio, Islamic Banks were at par with the industry in all other cases.

Saleh and Rami (2006) in order to evaluate the Islamic banks' performance in Jordon examine and analyze the experience with Islamic banking for the first and second Islamic bank, Jordan Islamic Bank for Finance and Investment, and Islamic International Arab Bank in Jordon. The study also highlights the domestic as well As global challenges being faced by this sector. Conducting profit maximization, capital Structure and liquidity tests as performance evaluation methodology, the paper finds several interesting results. First, the efficiency and ability of both banks have increased and both banks have expanded their investment and activities. Second, both banks have played an important role in financing projects in Jordan. Third, these banks have focused on the short-term investment. Fourth, Bank for Finance and Investment is found to have high profitability. Finally, the study concludes that Islamic banks have High growth in the credit facilities and in profitability.

Nimalathasan, B. (2008) assess and compare the financial performance of banking sector in Bangladesh by using CAMELS frame work, which involves analysis and evaluation of the six crucial dimensions of banking operations. CAMELS frame work incorporates five measurement areas namely capital Adequacy, asset quality, management capability, earnings analysis, and liquidity analysis. Finally they conclude that CAMELS frame work as a means of performance measures and rating of banks give a comprehensive view in related with financial performance of commercial banks.

Also Tabassum, N. (2010) asses and analyzes the performance of commercial banks in India using CAMEL Model. It is highlighted that the position of the banks under study is sound and satisfactory so far as their capital adequacy, asset quality, management capability and liquidity is concerned.

Mabwe.K and Robert.W (2010) investigates the performance of South Africa's commercial banking sector by employing financial ratios to measure the profitability, liquidity and credit quality performance of five large South African based commercial banks. The study uses ROA, ROE, and cost to income ratio in order to evaluate the profitability performance and in order to evaluate liquidity performance of banks in South Africa. Besides, it uses loan loss reserve to

gross loan as a variable to measure the asset quality performance of CBs in South Africa. Finally the study found that the previous variables are good measurement in order to assess and conclude profitability performance, liquidity performance and asset quality performance CBs in general.

Dejene.M and Asres.A (2008) evaluated the financial performance of Construction and Business Bank of Ethiopia by taking eight years audited annual reports. The study employs asset utilization ratios, deposit mobilization, loan performance, liquidity ratio, leverage ratio, profitability ratios, solvency ratios and coverage ratio as a measurement indicator of performance. The study recommends that timely observation of financial performance measure by responsible financial experts and remedial actions to the outcomes are two important components for improvement in financial performance of CBs.

## **CHAPTER THREE**

### **RESEARCH METHODOLOGY**

#### **3.1 Research design**

The research would be designed in enabling way to answer the questions posted and attained the general and specific objective of the research. This study used descriptive types of data analysis method to analyze the financial performance of Dashen bank. The purpose of using the descriptive research method is to acquire accurate, factual, systematic data that can given an actual picture of the data set for this study.

#### **3.2 Source of data and collection methods**

This study used the quantitative data type and the research would predominantly conduct on secondary source of data. For conducting an effective scientific research accurate and reliable data are very important, so data collected from secondary source would be collected from website of Dashen bank procedure manual and published audited financial statement including income statement and balance sheet for the period of five years.

#### **3.3 Sampling design**

Dashen bank was established before 20 years ago. From this year the researcher was select recent five years because of the availability of audited financial statement. Due to the advancement of technology, Dashen bank uses core banking system, mobile banking service, internet banking, payment card service through ATM and POS network and offer full-grown international bank service. Thus, this study uses the recent five years audited financial statement as a sample.

#### **3.4 Sampling techniques**

In this study, purposive sampling technique was used to get detail and accurate information. Purposive sampling is selected based on the knowledge of a population and the purpose of the study. Therefore, five years financial statement that considered as representatives are selected purposively based on the recent years audited report available.

#### **3.5 Method of data presentation and analysis**

Audited financial statement was used to analyze and understand the financial performance of the bank. The study employed simple descriptive statistics such as ratios, percentages and averages. Moreover the data was presented in the form of graphs and tables.

## CHAPTER FOUR

### DATA PRESENTATION AND ANALYSIS

Under this section the researchers presented and analyzed the data which have been gathered from the company's secondary source of data. Hence the data presented here have been presented in the form of tables and graphs; they are expressed in percentages, interpreted with the statements. The studies apply selected financial ratio from a framework of different researchers of various studies related with financial performance evaluation of Dashen bank. As applied in this study, financial ratios as measures of financial performance were grouped in to four performance measurements as profitability ratio, activity ratio, leverage ratio and liquidity ratio. The banking industry is subjected to this ratio, and expected outputs were presented below with respect to management opinion regarding the outcome of the study.

#### 4.1 Profitability ratio

The profitability performance of DB is assessed based on return on equity framework. The researchers believed that ROE frameworks as a tool for measurement of bank performance is appropriate better to assess the profitability of DB. These are for Profitability ratio. These are ROE, ROA, AU and NPM.

##### 4.1.1 Return on Equity

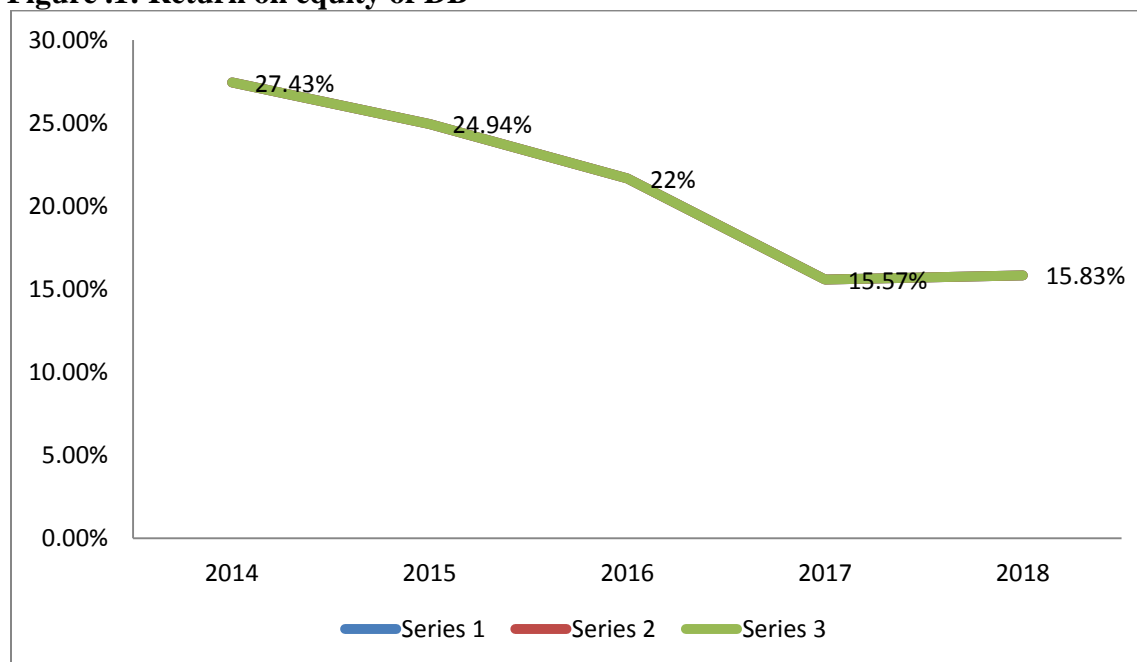
ROE is a measured of financial performance calculated by dividing net income by shareholders' equity. Because shareholders, equity is equal to a company asset minus its debt, ROE could be thought of as the return on net asset. Taking the data from the financial statements ROE of DB would be presented and interpreted as follow.

**Table 4.1: Return on Equity ratio of DB**

Description	Year				
	2014	2015	2016	2017	2018
Profit after tax	712,484,276	729,133,970	727,049,906	814,816,000	928,954,000
Total Equity capital	2,597,625,196	2,923,893,980	3,357,826,341	5,230,420,000	5,866,611,000
ROE ratio	27.43%	24.94%	21.65%	15.57%	15.83%

Source: *Annual Reports of DB (2014-2018)*

**Figure .1: Return on equity of DB**



Source: *Annual report of DB*

The data in the table 4.1 and the figure 4.1 shows that the ratios of ROE decrease that consistently occurred in 2015, 2016, 2017 and 2018. Of course there is an insignificant amount of increase from 2017 to 2018 but that is really negligible as compared to the enormous amount of decrease that was displayed on the previous consecutive years. This implies that there is ineffective analysis of financial performance in the organization. As it can be seen from financial statement of the bank the reasons for fluctuations were the less proportional of growth observed in the owner equity and continuous reduction on the net income of the bank.

#### 4.1.2 Return on Asset

ROA is a financial ratio that shows the percentage of profit a company earns in relation to its overall resource. Which shows the conversion of banks asset in to profit, is presented as follow:

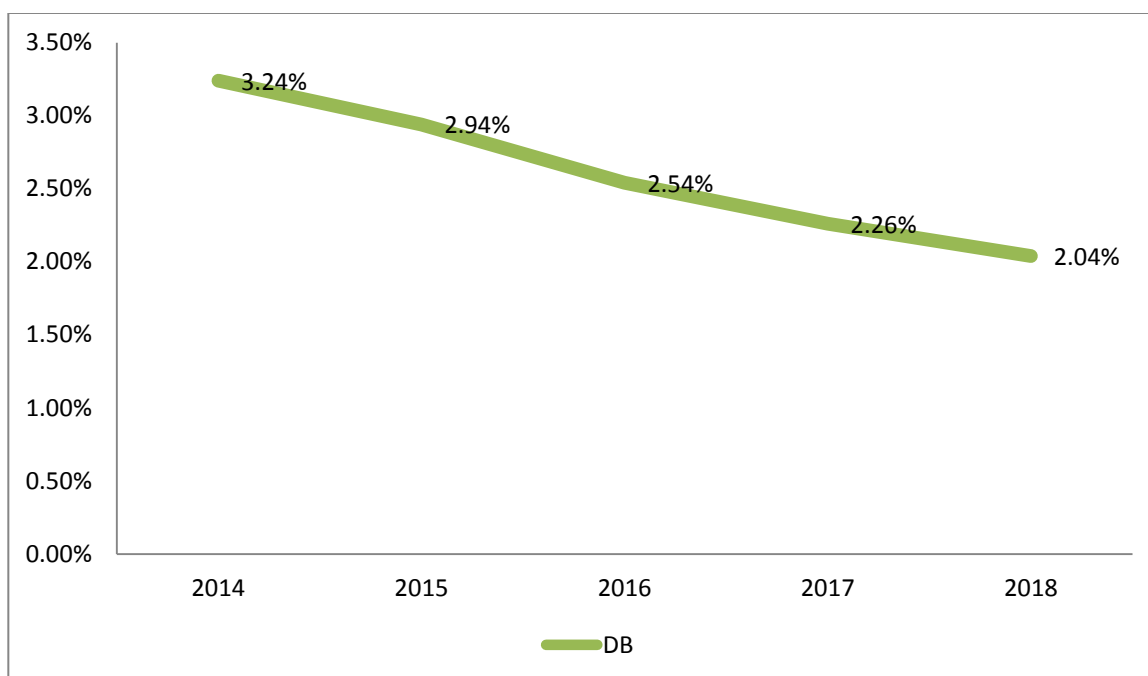
**Table 4.2: Return on Asset ratio of DB**

Description	Year				
	2014	2015	2016	2017	2018
Net income after tax	712,484,276	729,133,970	727,049,906	814,816,000	928,954,000
Total Asset	21,962,202,063	24,763,885,516	28,576,433,848	36,000,366,000	45,425,378,000
ROA Ratio	3.24%	2.94%	2.54%	2.26%	2.04%

Source; *Annual Reports of DB (2014-2018)*

**Figure 4.2: Return on Asset ratio of DB**





Source; *Annual Reports of DB (2014-2018)*

The data in the table 4.2 and the figure 4.2 shows that the ratios of ROA decrease from year to year. This shows that the ROA become low due to the weakness of performance of the management. The asset of a bank is not supposed to be set in the bank without any activity. It is supposed to be moved around and make profit for the bank. Unless that happens, the net earnings of the bank will highly decrease and the whole banking financial system and security will lead to a catastrophic decrease.

#### 4.1.3 Asset Utilization (AU)

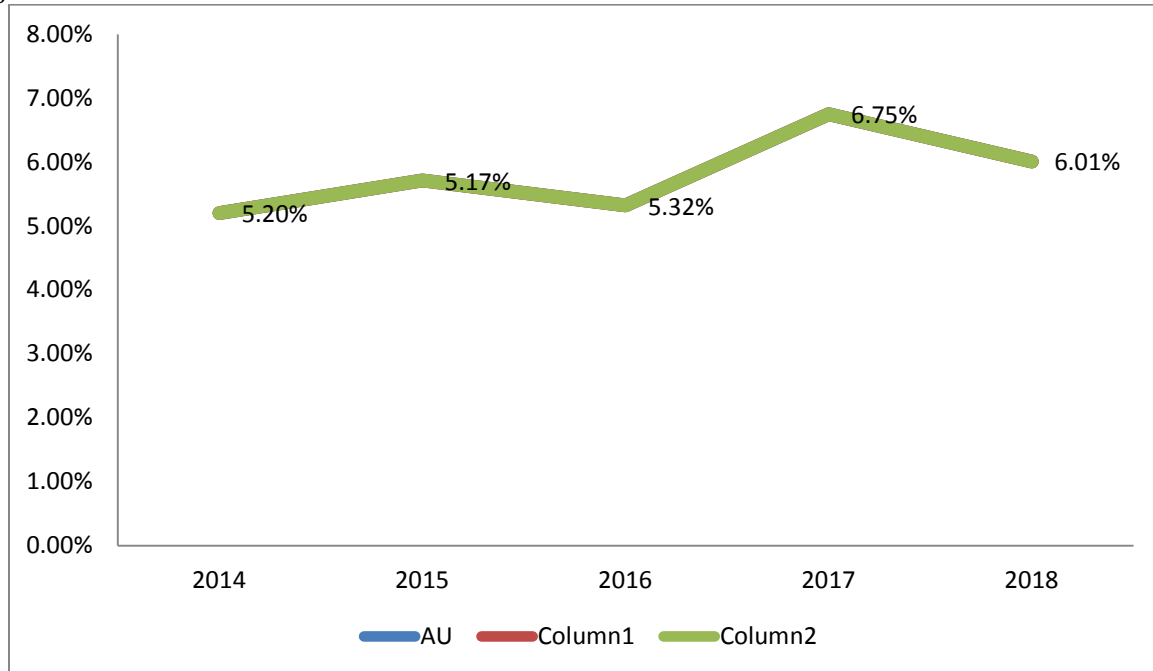
For suitability of the study the researchers break down AU, which is the banks management ability to generate income from its assets.

**Table 4.3: Asset Utilization of DB**

Description	Year				
	2014	2015	2016	2017	2018
Total operating income	1,140,821,933	1,414,219,716	1,521,640,472	2,432,656,000	2,733,833,000
Total Asset	21,962,202,063	24,763,885,516	28,576,433,848	36,000,366,000	45,425,378,000
AU Ratio	5.2%	5.71%	5.32%	6.75%	6.01%

Source; *Annual Report of DB (2014-2018)*

**Figure 4.3: Asset Utilization of DB**



Source; *Annual Report of DB (2014-2018)*

The data in the table 4.3 and the figure 4.3 shows that the ratios of AU increase in 2015 and 2017, decrease in 2014, 2016 and 2018, it's not be constant this shown this company mostly invested on idle asset. The contribution of the assets to the total profit of the bank is not showing progress which implies that there are assets which are contributing nothing for the profit of the company. Therefore, the management of the bank has to make those assets which are idle to contribute for the profit of the company, it is not possible to do so the idle assets have to be disposed of and reinvesting the fund in other profitable investments.

#### **4.1.4 Net Profit Margin (NPM)**

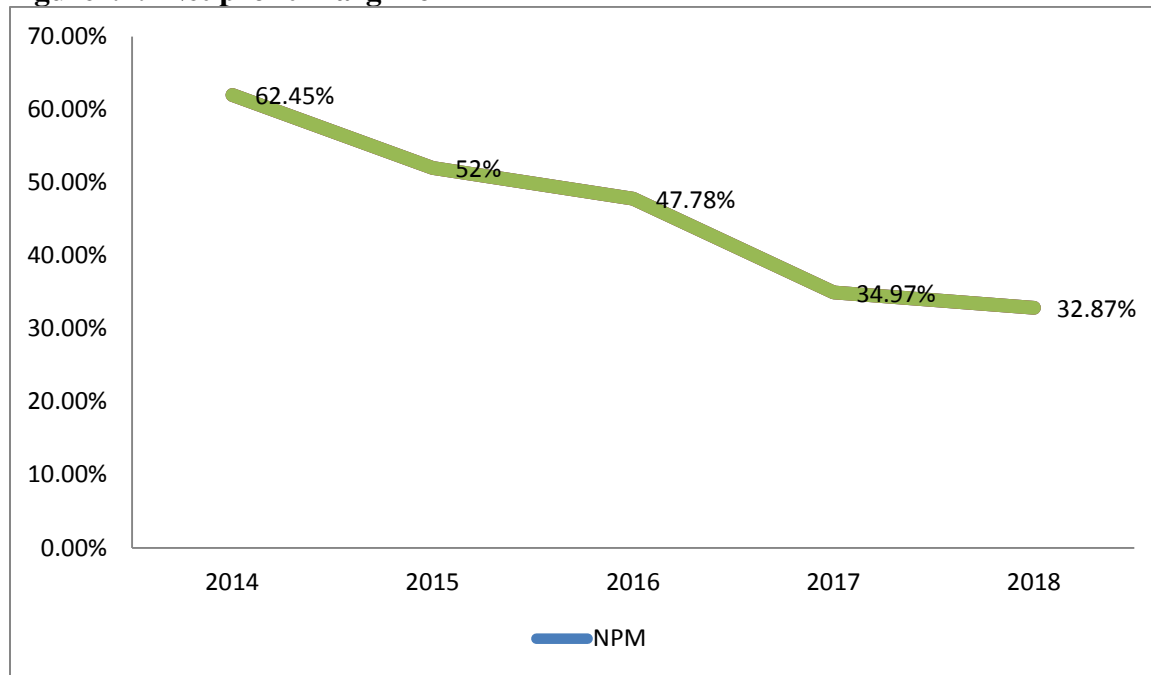
NPM is financial ratio used to calculate the percentage of profit a company produces from its total revenue. Profitability ratio gives the final answer to how effectively the organization is being managed.

**Table 4.4: Net profit Margin of DB**

Description	Year				
	2014	2015	2016	2017	2018
Net income	712,484,276	729,133,970	727,049,906	814,816,000	928,954,000
Total operating income	1,140,821,933	1,414,219,716	1,521,640,472	2,329,604,000	2,825,521,000
NPM ratio	62.45%	52%	47.78%	34.97%	32.87%

Source; Annual Report of DB (2014-2018)

**Figure4.4: Net profit Margin of DB**



Source; *Annual Report of DB (2014-2018)*

NPM is financial ratio used to calculate the percentage of profit a company produced from total revenue. The data in the table 4.4 and the figure 4.4 shows that the ratios of NPM decrease year to year. This company having low NPM indicates inefficient management, high cost (expense) and weak price strategies. Above all, high value of expense ratios produces a decrease in the bank's profit; it may be an indication of a problem condition in the bank

## 4.2 Liquidity Ratio

### 4.2.1 Current Ratio

The current ratio is liquidity ratio that measures a company's ability to pay short term obligation or those due within one year. The current ratio measures the DB ability to pay its current liability from its current asset.

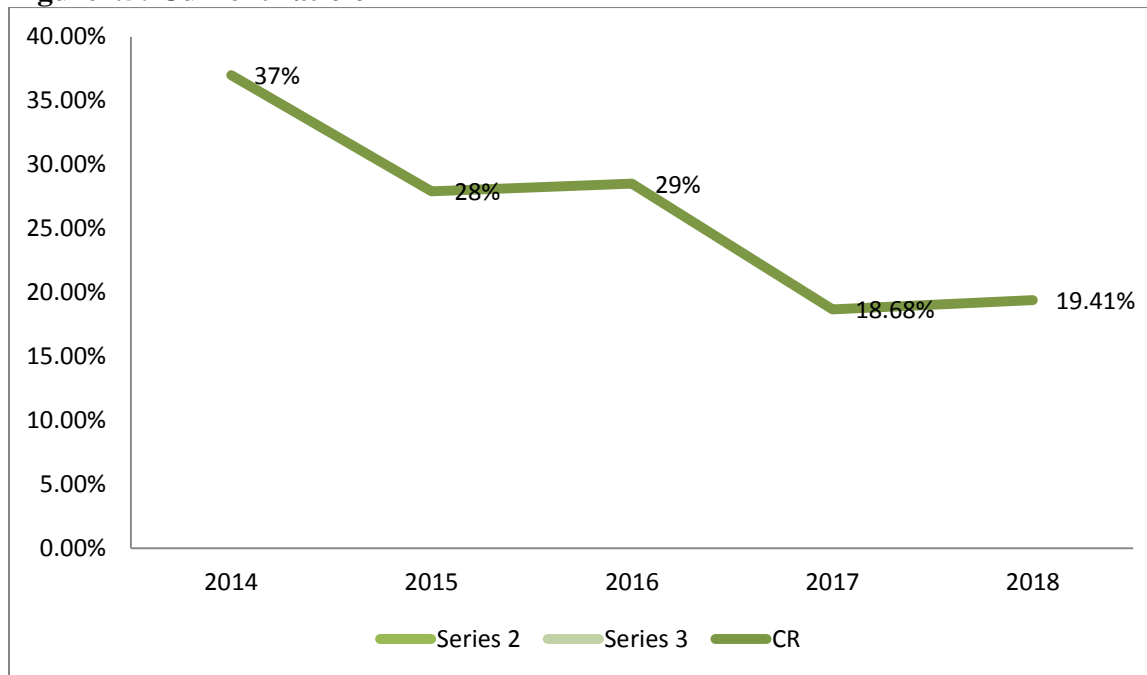
**Table 4.5: Current ratio of DB**

Description	Year				
	2014	2015	2016	2017	2018
Current Asset	6,542,817,642	5,529,911,511	6,488,887,322	5,254,860,000	7,041,058,000
Current Liability	17,681,343,166	19,814,707,850	22,758,500,968	28,123,514,000	36,268,127,000
Current	37%	27.91%	28.51%	18.68%	19.41%

ratio					
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Source; *Annual report of DB (2014-2018)*

**Figure4.5: Current ratio of DB**



Source; *Annual report of DB (2014-2018)*

The data in the table 4.5 and the figure 4.5 shows that the ratio of current asset decreased in 2015, 2017 increased in 2016, 2018. As seen in 2016 and 2018, the company is having insignificant increase current ratio compare with other year. This indicates that the company is intermediate able to meet its short term obligation. In 2015 and 2017 the company shows low current ratio which could suggest problem with ineffective or lax standard for collection receivable or an excessive cash burn rate. Generally, this graph showed not constantly, Due to fluctuate in total current asset. This graph is not shown by strong current ratio. So, company has less ability to cover short term obligation.

## 4.3 Leverage Ratio

### 4.3.1 Debt Equity Ratio (DER)

A high debt to equity ratio could indicate that the company may be overleveraged, and should look for ways to reduce its debt. Equity and debt are two key figures on a financial statement, and lenders or investors often use the relationship of these two figures to evaluate risk. The ratio

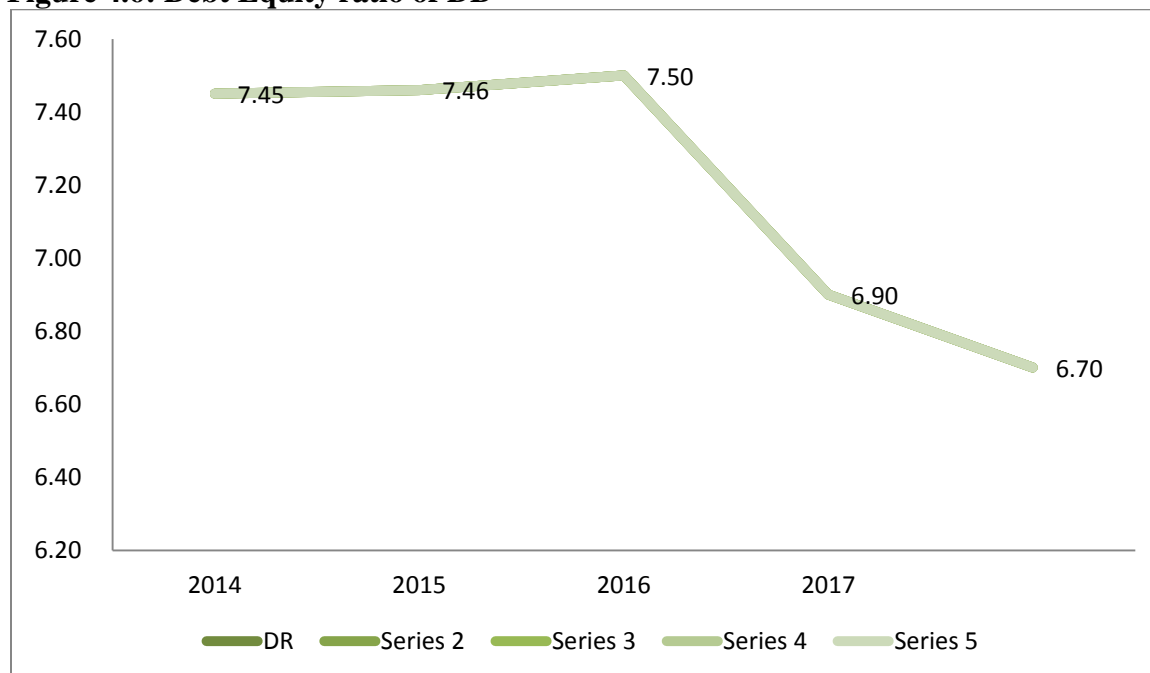
of your business' equity to its long term debt provides a window into how strong its finances are. Equity will include goods and properties your business owns, plus any claims it has against other entities. Debts will include both current and long-term liabilities.

**Table 4.6: Debt Equity ratio of DB**

Description	Year				
	2014	2015	2016	2017	2018
Total Debt	19,364,576,867	21,839,991,636	25,218,607,507	36,000,366,000	39,558,767,000
Net Asset	2,597,625,196	2,923,893,980	3,357,826,341	5,230,420,000	5,866,611,000
Debt ratio	7.45	7.46	7.5	6.9	6.7

Source; *Annual report of DB (2014-2018)*

**Figure 4.6: Debt Equity ratio of DB**



Source; *Annual report of DB (2014-2018)*

The data in the table 4.6 and the figure 4.6 shows that the ratio of debt from 2014 up to 2016 increase. This show the company may not be able to generate enough cash satisfaction. It also shows that it has a lot of debt obligation. This implies that the bank is highly depending on the fund generated from creditors or it is highly leveraged.

In 2017 and 2018, low debit equity ratio as compared with other years, may also indicate that the company is not taking advantage of increased profit that financial leverage may bring. This will eventually drag the company down and the profitability and sustainability of the company's financial system will droop.

### 4.3.2 Other debt ratio (ODR)

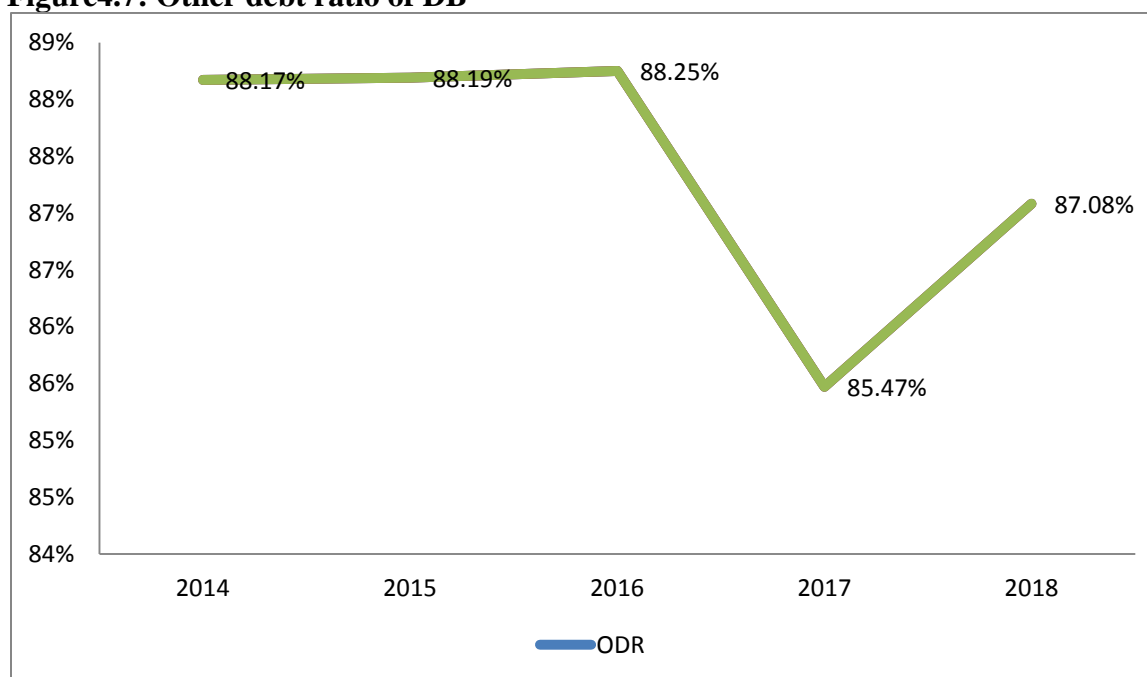
Other debt ratio is solvency ratio that tells us what percentage of a company's asset consists of debit. Other debt ratio measures the extent of business leverage.

**Table 4.7: Other debt ratio of DB**

Description	Year				
	2014	2015	2016	2017	2018
Total liability	19,364,576,867	21,839,991,536	25,218,607,507	30,769,946,000	39,558,767,000
Total Asset	21,962,202,063	24,763,885,516	28,576,433,848	36,000,366,000	45,425,378,000
TL-to-TA ratio	88.17%	88.19%	88.25%	85.47%	87.08%

Source; *Annual Report of DB (2014-2018)*

**Figure4.7: Other debt ratio of DB**



Source: *Annual report of DB*

The data in the table 4.7 and the figure 4.7 shows that the ratio of increase from 2014 up to 2016. Then there was a decrease in 2017 but then there was an increase in 2018. In 2017, the lower ODR than other years, this shows that the burden is small compared from other years. As it can be seen from the financial statement of Dashen bank, the proportion of creditor's contribution to the bank's total assets is showing continuous upward trend as and this implies that the bank's performance is showing a declining trend i.e., the Bank is highly dependent on the fund granted from creditors.

### 4.3.3 Equity Multiplier (EM)

This is a ratio that is applied to make a detailed analysis of a certain company's debt and equity financing strategy. A Higher Equity Multiplier indicates more assets were funding by debt than by equity.

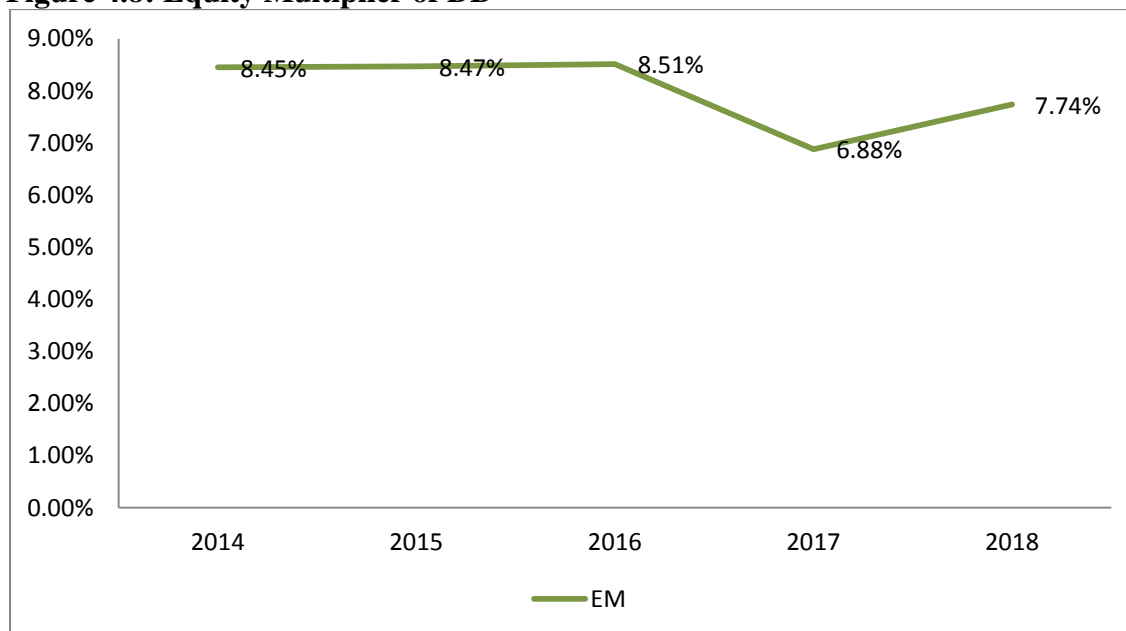
The table below presents the EM of DB as per the balance sheet of bank.

**Table 4.8: Equity Multiplier of DB**

Description	Year				
	2014	2015	2016	2017	2018
Total Asset	21,962,202,063	24,763,885,516	28,576,433,848	36,000,366,000	45,425,378,000
Total Equity Capital	2,597,625,196	2,923,893,980	3,357,826,341	5,230,420,000	5,866,611,000
Equity Multiplier Ratio	8.45%	8.47%	8.51%	6.88%	7.74%

Source; *Annual Report of DB (2014-2018)*

**Figure 4.8: Equity Multiplier of DB**



Source; *Annual Report of DB (2014-2018)*

The data in the table 4.8 and the figure 4.8 shows that the ratio of EM increase 2014-2016, decrease 2017 and increase 2018. Equity multiplier measures a company financial leverage by using a ratio of the company total asset to its shareholder equity. In 2017 other than the other

years, lower EM was displayed. This time, the company uses less debt to finance its asset. 2014, 2015, 2016 and finally 2018, the company has higher EM. This indicates that the company used more debit from creditor. This shows that the management of the bank has to work hard in reducing the debt amount through maximizing the bank's profit, increasing the efficiency of the workers, and using the idle assets in generating profits.

#### 4.3.4 Coverage ratio (CR)

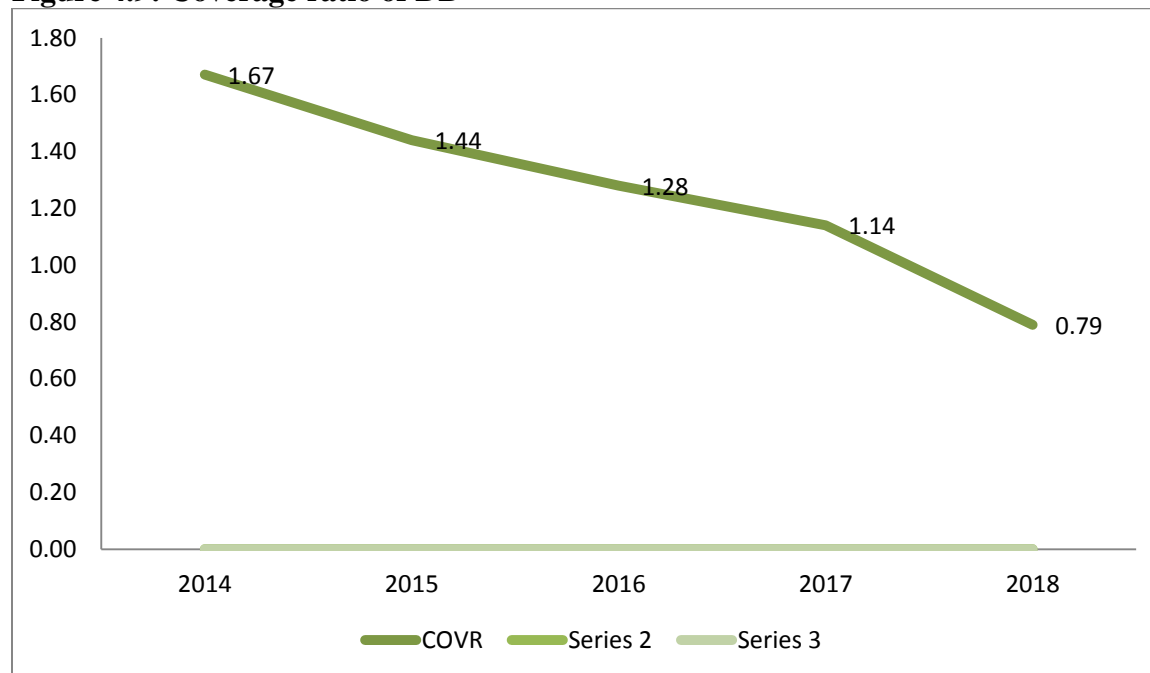
Is a group of measures of a company's ability to service its debt and meet its financial obligation such as interest payment and dividend.

**Table 4.9: Coverage ratio of DB**

Description	Year				
	2014	2015	2016	2017	2018
EBIT	957,589,717	963,809,696	950,609,670	1,055,975,000	1,143,410,000
Interest	573,158,251	667,291,082	740,816,834	921,257,000	1,432,797,000
Coverage ratio	1.67	1.44	1.28	1.14	0.79

Source; *Annual report of DB (2014-2018)*

**Figure 4.9: Coverage ratio of DB**



Source: *Annual report of DB*

The data in the table 4.9 and the figure 4.9 Shows that the ratio of CR slightly declined route which shows from 2014-2017 implying that DB's weak ability to meet its annual interest charge or interest cost that is converted by a low margin of safety in that year. Generally, high interest coverage ratio is preferable because it assure of the bank operating income to cover its annual



interest. The interest coverage ratio is used to determine how the company can pay interest expense on outstanding debt. This graph shows low Coverage ratio implies the company is burdened by debt expense also it indicates this company may be unable to pay its debit in the future. However, it's difficult to accurately predict a company's long term financial health with any ratio or metric.

## **CHAPTER FIVE**

### **SUMMARY OF MAJOR FINDINGS, CONCLUSION, AND RECOMMENDATION**

#### **Summary**

This chapter presents the findings, conclusion and recommendations of the results. It has three Parts: the first part presents summary of major findings of the study, the second part presents the conclusion and the last part presents the recommendation part of the study.

#### **5.1 Major findings**

Based on the frame work designed to assess the five specific objectives, the researchers found the following major findings from analysis and interpretation of data in chapter four.

- Higher ROE is recorded on the year 2014 which is 27.43% and it was at minimum on the year 2017 which is 15.75%. This is because of low income generation in the bank.
- The ROA of DB remains favorable during 2014 whereas the ratio becomes deteriorated during 2018. This is due to weakness of performance management.
- The trend in EM ratio shows in the year 2016 is 8.51% which is maximum and decreased in 2017 and increased from period to period after 2014, as a result its solvency risk also decreased.
- Higher NPM was recorded on the year 2014 which is 62% and it was at minimum on the year 2018 which is 32.87%. NPM indicates that how the organization is being effectively managed. As clearly shows in the data on the time dimension the bank have not effective management.
- The higher Equity Debt ratio was recorded on the year 2016 which is 7.5 and the minimum of the year 2018 which is 6.7. The trend the Debt equity ratio shows there is no continues improvement, it is fluctuated.
- The trend in the asset utilization ratio shows the higher AU was recorded in 2017 which is 6.75% and the lower AU recorded in 2014 which is 5.2%. The asset utilization trend shows increment except 2016 and 2018.
- Liquid asset to total current liability proportion was indicating reduction in proportion of liquid assets which leads to declining in liquidity position of DB within the study period. Based on major findings in the previous section the researchers conclude the following points regarding financial performance of DB with in previous performance measurement areas.

## 5.2 Conclusion

To improve return on asset of the bank must constantly find a way to reduce asset cost and to increases income to keep return on asset as much as possible.

Bank to keep attract on the asset return over ratio. This ratio helps the company to need measure how productive the business is and how much revenue is generated from its investment in assets. A high asset rerun ratio is assign of a better and efficient management of asset on hand. So the company need to analysis and improve their asset turnover ratio at regular intervals.

The trend in the asset utilization ratio shows the higher AU was recorded in recent time with relative to compare the early asset utilization trend that means the asset utilization trend shows fluctuation from time to time due to low management efficiency, less distribution of idle cash and weak collection of receivable.

Generally, asset return over ratio could be low because of inefficient use of asset. The Bank analyzed how the assets are used and way to improve the productivity of each asset. The output should increase without any significant increase in any other expenses.

## 5.3 Recommendation

As the profitability ratio Bank of Dashen has decreased enormously and alarmingly. Therefore, the company is advised to be more tactical and wise in order to increase the profit of the company. Some of the techniques suggested by researchers in order to improve the profit of Dashen bank are the following

- Treasury Bill
- Improving the existing services provided by the bank and also adding more services
- Increasing the market share ...etc.

When we take a deep look at the liquidity position of Dashen Bank, the liquidity position is not assured and the amount is not well defined. Due to this fact, the bank will face difficulty in returning the debt that it owes in time with the right requirements. Therefore, by improving the liquidity position, the bank should work on capital grows and expand its business.

The Leverage ratio of Dashen bank calculated by the DER, ODR, EM and CR, indicates that the bank has a habit of making use of debt instead of it owner equity. This exposes the bank to a very dangerous risk. Therefore, in order to minimize the debt amount of the bank, the capital of the bank should be increased in all possible ways. Using the bank's own capital minimizes the financial risk of the company. Thus, this takes the level of the bank to a higher level.

Some of the recommendations suggested by researcher are to increase the capital of the company are as:

- Collect Interest from customer debt
- Timely collection of debts from the customer
- Use the new technology and modern application to serve the customer
- Focus on procedures and strategies to maintain and increase its profit margin.
- Distribute idle cash to holder effectively to increase company's profit and boost its return on equity.

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# APPENDIX

## DASHEN BANK S.C. STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME FOR THE YEAR ENDED 30 JUNE 2018

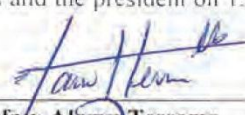
	Notes	30 June 2018 Birr'000	30 June 2017 Birr'000
Interest income	5	3,243,903	2,329,085
Interest expense	6	(1,432,797)	(921,257)
<b>Net interest income</b>		<b>1,811,106</b>	<b>1,407,828</b>
Fee and commission income	7	815,060	743,134
Fee and commission expense	7	(159,075)	(102,655)
<b>Net fees and commission income</b>		<b>655,985</b>	<b>640,479</b>
Other operating income	8	266,742	384,349
<b>Total operating income</b>		<b>2,733,833</b>	<b>2,432,656</b>
Loan impairment charges	9	104,887	(99,795)
Impairment losses on other assets	10	(13,199)	(3,257)
<b>Net operating income</b>		<b>2,825,521</b>	<b>2,329,604</b>
Employee benefits expense	11	(1,094,810)	(806,602)
Other operating expenses	12	(587,301)	(467,027)
<b>Profit before tax</b>		<b>1,143,410</b>	<b>1,055,975</b>
Income tax expense	13	(214,456)	(241,159)
<b>Profit after tax</b>		<b>928,954</b>	<b>814,816</b>
<b>Other comprehensive income (OCI) net on income tax</b>			
<i>Items that will not be subsequently reclassified into profit or loss:</i>			
Remeasurement gain/(loss) on retirement benefits obligation	24	(35,172)	2,664
Deferred tax (liability)/asset on remeasurement gain or loss		10,552	(799)
Other comprehensive income for the year		(24,620)	1,865
<b>Total comprehensive income for the</b>		<b>904,334</b>	<b>816,681</b>
Basic & diluted earnings per share (in Birr)	26	430	425

The accompanying notes are an integral part of these financial statements.

The financial statements were approved and authorised for issue by the board of directors and the president on 15 November 2018 and were signed on its behalf by:

  
Neway Beyene Mulatu  
Chairman



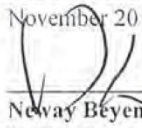
  
Asfaw Alemu Tessema  
President

**DASHEN BANK S.C.**  
**STATEMENT OF FINANCIAL POSITION**  
**AS AT 30 JUNE 2018**

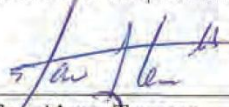
	Notes	30 June 2018 Birr'000	30 June 2017 Birr'000	1 July 2016 Birr'000
<b>ASSETS</b>				
Cash and balances with banks	14	7,041,058	5,254,860	6,899,470
Loans and advances	15	23,057,535	17,890,544	12,586,348
Investment securities:				
- Available for sale	16	54,848	35,014	30,318
- Loans and receivables	16	10,175,047	8,347,163	6,532,982
Other assets	17	1,325,633	1,172,299	1,054,723
Investment properties	19	813,896	827,924	842,116
Intangible assets	20	125,617	49,983	62,568
Property and equipment	21	2,813,599	2,422,579	1,906,874
Deferred tax assets	13	18,145	-	-
<b>Total assets</b>		<b>45,425,378</b>	<b>36,000,366</b>	<b>29,915,399</b>
<b>LIABILITIES</b>				
Deposits from customers	22	35,986,800	27,848,323	22,803,649
Current tax liabilities	13	281,327	275,191	250,156
Other liabilities	23	3,166,886	2,564,692	2,248,786
Deferred tax liabilities	13	-	7,681	14,289
Retirement benefits obligation	24	123,754	74,059	63,901
<b>Total liabilities</b>		<b>39,558,767</b>	<b>30,769,946</b>	<b>25,380,781</b>
<b>EQUITY</b>				
Share capital	25	2,226,734	1,927,141	1,492,331
Retained earnings	27	1,656,888	1,676,950	1,658,617
Legal reserve	28	1,731,004	1,498,765	1,309,739
Special reserve	29	100	100	10,469
Regulatory risk reserve	30	274,329	125,429	63,359
Other reserves	31	(22,444)	2,035	103
<b>Total equity</b>		<b>5,866,611</b>	<b>5,230,420</b>	<b>4,534,618</b>
<b>Total equity and liabilities</b>		<b>45,425,378</b>	<b>36,000,366</b>	<b>29,915,399</b>

The accompanying notes are an integral part of these financial statements.

The financial statements were approved and authorised for issue by the board of directors and the president on 15 November 2018 and were signed on its behalf by:

  
**Neway Beyene Mulatu**  
Chairman



  
**Asfaw Alemu Tessema**  
President

## Balance SHEET

<b>ASSETS</b>	<b>Notes</b>	<b>2015</b>	<b>2014</b>
<b>Cash and balances with other banks</b>			
Cash on hand	3	1,568,430,690	1,424,518,771
Deposits with local commercial banks	4	227,231,733	331,468,130
Deposits with foreign banks		1,506,365,946	2,304,804,350
Deposits with National Bank of Ethiopia	5	<u>2,227,883,142</u>	<u>2,482,026,391</u>
		5,529,911,511	6,542,817,642
Investments	6	5,858,682,322	4,120,435,322
Items in course of collection from other banks	7	85,063,750	109,295,635
Loans and advances to customers	8	11,333,085,838	9,429,628,139
Other assets	9	1,274,607,645	1,161,080,528
Fixed assets	10	<u>682,534,450</u>	<u>598,944,797</u>
<b>TOTAL ASSETS</b>		<b><u>24,763,885,516</u></b>	<b><u>21,962,202,063</u></b>
<b>LIABILITIES AND SHAREHOLDERS' FUNDS</b>			
<b>Liabilities</b>			
<b>Customers' deposits</b>			
Demand		4,761,552,597	4,602,875,760
Savings		13,594,967,837	11,906,048,899
Fixed		<u>1,457,587,416</u>	<u>1,172,418,507</u>
		19,814,107,850	17,681,343,166
Margin held on letters of credit		807,305,058	627,984,326
Other Liabilities	11	983,902,902	810,143,934
Provision for tax	17	<u>234,675,726</u>	<u>245,105,441</u>
<b>Total Liabilities</b>		<b><u>21,839,991,536</u></b>	<b><u>19,364,576,867</u></b>
<b>Shareholders' Funds</b>			
Share Capital	12	1,238,691,000	1,064,118,000
Legal reserve		1,127,976,930	945,693,438
Special reserve	18	10,468,505	-
Retained earnings	19	<u>546,757,545</u>	<u>587,813,758</u>
<b>Total Shareholders' Funds</b>		<b><u>2,923,893,980</u></b>	<b><u>2,597,625,196</u></b>
<b>TOTAL LIABILITIES AND SHAREHOLDERS' FUNDS</b>		<b><u>24,763,885,516</u></b>	<b><u>21,962,202,063</u></b>

**DASHEN BANK S.C.**  
**PROFIT AND LOSSACCOUNT**  
**FOR THE YEAR ENDED 30 JUNE 2015**

Currency: Ethiopian Birr

<b>INCOME</b>	<b>Note</b>	<b>2015</b>	<b>2014</b>
<b>Interest income</b>	<b>s</b>		
Loans and advances		1,388,088,649	1,125,099,795
Fixed deposits		25,657,353	15,364,623
Foreign deposits		<u>473,714</u>	<u>357,515</u>
		1,414,219,716	1,140,821,933
<b>Interest expense</b>			
Interest paid on deposits		<u>(667,291,082)</u>	<u>(573,158,251)</u>
		746,928,634	567,663,682
Less: Provision for doubtful loans and advances		<u>(13,329,738)</u>	<u>-</u>
		<u>733,598,896</u>	<u>567,663,682</u>
<b>Other income</b>			
Service income	13	195,217,221	178,234,614
Letters of credit opening charges		169,131,507	156,143,061
Commission		224,975,181	172,992,449
Gain on foreign exchange		299,054,415	321,169,185
Investment income	14	161,520,419	129,595,368
Sundry income	15	<u>51,153,081</u>	<u>46,038,271</u>
		<u>1,101,051,824</u>	<u>1,004,172,948</u>
<b>EXPENSES</b>			
Salaries and benefits		501,119,795	313,540,471
Rent		93,660,362	64,356,020
General and administrative	16	179,697,122	148,130,219
Depreciation		95,301,630	87,242,126
Board expenses		544,615	503,077
Audit fee and expenses		<u>517,500</u>	<u>475,000</u>
		<u>(870,841,024)</u>	<u>(614,246,913)</u>
<b>PROFIT BEFORE FOR TAX</b>		<b>963,809,696</b>	<b>957,589,717</b>
<b>PROVISION</b>			
Provision for tax	17	<u>(234,675,726)</u>	<u>(245,105,441)</u>
<b>NET PROFIT AFTER FOR TAX</b>		<b>729,133,970</b>	<b>712,484,276</b>
<b>PROVISION</b>			
Transfer to legal reserve		<u>(182,283,493)</u>	<u>(178,121,069)</u>
<b>TRANSFERTORETAINED EARNINGS&amp;SPECIALRESERVE</b>	<b>19</b>	<b><u>546,850,477</u></b>	<b><u>534,363,207</u></b>
<b>Earnings per share</b>	<b>20</b>	<b><u>589</u></b>	<b><u>670</u></b>



Currency: Ethiopian Birr

<b>ASSETS</b>	<b>Notes</b>	<b>2016</b>
<b>Cash and balances with other banks</b>		
Cash on hand	3	1,857,847,138
Deposits with local commercial banks	4	240,268,086
Deposits with foreign banks		1,813,029,307
Deposits with National Bank of Ethiopia	5	<u>2,959,492,683</u>
		6,870,637,214
Investments	6	6,488,887,322
Items in course of collection from other banks	7	111,416,193
Loans and advances to customers	8	12,478,656,382
Other assets	9	1,827,360,089
Fixed assets	10	<u>799,476,648</u>
<b>TOTAL ASSETS</b>		<b><u>28,576,433,848</u></b>
<b>LIABILITIES AND SHAREHOLDERS' FUNDS</b>		
<b>Liabilities</b>		
Customers' deposits		
Demand		5,939,392,178
Savings		15,227,247,207
Fixed		<u>1,591,861,583</u>
		22,758,500,968
Margin held on letters of credit		1,186,874,921
Other Liabilities	11	1,049,671,854
Provision for tax	17	<u>223,559,764</u>
<b>Total Liabilities</b>		<b><u>25,218,607,507</u></b>
<b>Shareholders' Funds</b>		
Share Capital	12	1,492,331,000
Legal reserve		1,309,739,407
Special reserve	18	10,468,505
Retained earnings	19	<u>545,287,429</u>
<b>Total Shareholders' Funds</b>		<b><u>3,357,826,341</u></b>
<b>TOTAL LIABILITIES AND SHAREHOLDERS' FUNDS</b>		<b><u>28,576,433,848</u></b>

[Teka Asfaw](#)  
Board of Chairman

Currency: Ethiopian Birr

<b>INCOME</b>	<b>Note</b>	<b>2016</b>
<b>Interest income</b>	<b>S</b>	
Loans and advances		1,508,762,051
Fixed deposits		12,556,397
Foreign deposits		<u>322,024</u>
		<b>1,521,640,472</b>
<b>Interest expense</b>		
Interest paid on deposits		<u>(740,816,834)</u>
		780,823,638
Less: Provision for doubtful loans and advances		<u>(29,100,862)</u>
		<b><u>751,722,776</u></b>
<b>Other income</b>		
Service income	13	210,354,336
Letters of credit opening charges		165,698,985
Commission		233,393,617
Gain on foreign exchange		287,919,185
Investment income	14	202,958,626
Sundry income	15	<u>111,313,066</u>
		<b><u>1,211,637,815</u></b>
<b>EXPENSES</b>		
Salaries and benefits		569,037,459
Rent		121,060,742
General and administrative	16	198,604,996
Depreciation		123,022,686
Board expenses		461,538
Audit fee		<u>563,500</u>
		<b><u>1,012,750,921</u></b>
<b>PROFIT BEFORE PROVISION FOR TAX</b>		<b>950,609,670</b>
Provision for tax	17	<u>(223,559,764)</u>
<b>NET PROFIT AFTER PROVISION FOR TAX</b>		<b>727,049,906</b>
Transfer to legal reserve		<u>(181,762,477)</u>
<b>TRANSFERTORETAINEDEARNINGS&amp;SPECIALRESERVE</b>	<b>19</b>	
		<b>545,287,429</b>
<b>Earnings per share</b>	<b>20</b>	<b><u>487</u></b>