

Report On
Financial Performance Analysis of Dutch-Bangla Bank Limited

By

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An internship report submitted to the BRAC Business School in partial fulfillment of the requirements for the degree of Master of Business Administration

BRAC Business School
Brac University
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Declaration

It is hereby declared that

1. The internship report submitted is my/our own original work
2. The report does not contain material previously published or written by a third party, except where this is appropriately cited through full and accurate referencing.
3. The report does not contain material which has been accepted, or submitted, for any other degree or diploma at a university or other institution.
4. I/We have acknowledged all main sources of help.

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Letter of Transmittal

Mahmudul Haq
Associate Professor,
BRAC Business School
BRAC University
66 Mohakhali, Dhaka-1212

Subject: Submission of Internship report

Dear Sir / Madam,

It is my pleasure to submit my internship report regarding “Cloud computing and its effects on Banking and financial institutions like Dutch-Bangla Bank Limited”, which I was appointed by your direction.

I have attempted my best to finish the report with the essential data and recommended proposition in a significant compact and comprehensive manner as possible.

I trust that the report will meet the desires.

Sincerely yours,

Mohammad Samman Hossain
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BRAC Business School
BRAC University
Date: April 25, 2022

Acknowledgment

At the beginning, I would like to begin by expressing gratitude toward Almighty Allah for giving me the ability to carry out my daily job and the internship report at Dutch-Bangla Bank Limited.

I would like to express my heartiest gratitude to my supervisor, Mr. Mahmudul Haq, Associate Professor, BRAC Business School, for his continuous guidance, encouragement, and patience, and for giving me the opportunity to do this work. His valuable suggestions and guidance made it possible for me to prepare a well-organized report.

I am indebted to Mr. F.M. Ashik Mahamud, Assistant Vice President, IT Operation Division-1, who gladly gave me much of their valuable time in providing me with support and knowledge. I am grateful to work at Dutch-Bangla Bank as a Senior Officer, IT Operation Division – 1, from 26th November 2017 till now.

Executive Summary

This report is prepared for the partial fulfillment of the course of internship for the degree of Master of Business Administration from BRAC Business School, BRAC University, Dhaka. This report reflects years of working experience at Dutch-Bangla Bank Limited. DBBL is one of the most popular banks in Bangladesh. They serve more than 40000000 customers and their IT division handles more than 4500 ATMs. With 220 branches all over Bangladesh, DBBL is considered one of the biggest banks in Bangladesh. Dutch Bangla Bank was Bangladesh's first totally automated bank. The Electronic-Banking Division was founded in 2002 with the goal of implementing rapid automation and bringing current banking services to this industry. In 2003, full automation was accomplished, introducing plastic money to the Bangladeshi people. Dutch Bangla Bank also operates the nation's largest ATM fleet, reducing consumer prices and fees by 80 percent. In this report, I tried to show the financial position of Dutch-Bangla Bank. Most of the I gathered from their annual report. Then, I analyzed the performance of the similar performing competitor banks against Dutch-Bangla Bank Limited. I, with my very limited knowledge, tried to give recommendations for performing better in the upcoming years.

Keywords: ITOD, DBBL, ATM

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List of Acronyms

DBBL Dutch-Bangla bank Limited

ITOD IT Operation Division

ITDD IT Development Division

BB Bangladesh Bank

ATM Automated Teller machine

NID National Identification

KPI Key Performance Indicator

POS Point of Sale

Chapter 1

Overview of Internship

1.1 Student information

Name: Mohammad Samman Hossain

ID: 18364103

Program: Master of Business Administration

Major: Finance

1.2 Internship Information

Period, Company Name, Department, Address

Period: November 26, 2017 – Present

Company name: Dutch-Bangla Bank Limited.

Department: IT Operation Division – 1

Address: 47 Motijheel Commercial Area Dhaka-1000

Internship Company Supervisor Information

Name: F.M. Ashik Mahamud

Position: AVP, ITOD-1

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Job Description

In general, a job description refers to the obligations and duties that must be fulfilled for a job. As a Senior Officer of ITOD-1, I was under the supervision of my supervisor at the department, where for the last 3.5 years my task was and is to lead the NexusPay operation team. Dutch-Bangla Bank's NexusPay is Bangladesh's first entirely cardless financial solution. NexusPay accepts all major credit cards, including Visa card, DBBL's own Nexus cards, MasterCard, DBBL Rocket and Agent Banking. Customer can access most of the banking service using NexusPay, right now this application has more than 400000 users. I am tasked to make sure the application is running smoothly for 24/7 and help other departments to resolve any and all dispute issues, find solutions for any technical problems.

1.3 Internship Outcomes

Contributions to the company

Being a Senior Officer at Dutch-Bangla Bank for last 4 years I have been working closely with the NexusPay application. For the first 1.5 years, I worked at the IT Development Division working closely with the development team. After the primary development completed, I was transferred to IT Operation Division along with the application. All the servers of the application came under my supervision. Many features were updated in the application in these times. Main development was done by vendor and IT development Division while I was in charge of incorporating the upgrades into live environment. eKYC update, other bank transfer (BEFTN, NPSB) was introduced in the application in these time. Also, me and my team has to monitor all the server and the application every day of the year, in all the holidays too. I report directly to my supervisor about the daily summery about the application.

Benefits to the student

I joined the bank right after my graduation. So, this job made me who I am in this corporate sector. From monitoring customer calls, doing small development works this job made me a responsible person. As this is a permanent position, I also got job experience for these years. Working as an IT specialist in bank, I have been able to experience the working conditions and working process of different divisions of a bank very closely. In daily work, normally I have to communicate with 4-5 divisions along with call center, with greatly increased my communication skill. Also, working at a bank in normal and roster duty, made me more attentive towards time management.

Challenges/ Problems

When I first got the full responsibility of the NexusPay application, it meant that I have to be responsible for the application 24/7. Which can lead to midnight working hours, holiday working hours. As a student I never thought working in odd hours, so my mind was set into thinking that life is all about working 9-5. So, it took me a long time to get used to odd hours. That time of my life was very difficult. Even in peak covid-19 restrictions, I has to reach office at 9 pm/ 2 am/ 7 am because there was some problem with the application. So, I was adjusted to this lifestyle after 7-8 months. Nowadays this odd hour office does not disrupt my life because I learned to manage my family time, working time.

Chapter 2

2.1 Dutch-Bangla Bank Limited

Introduction

In order to complete their graduate program, BBS students at Brac University must participate in an internship program. This program aims to improve students' abilities to cope with the working environment in the future or to provide them with real-life work experience.

As I was already working in Dutch-Bangla Bank even before I started doing my MBA, I based my report on my workplace. I work in IT Operation Division – 1 of Dutch-Bangla Bank (Head Office). This report is based on my entire work life on DBBL.

2.2 Overview of DBBL:

Dutch-Bangla Bank Limited (DBBL) is a Bangladeshi bank. M Sahabuddin Ahmed (Founder & Chairman) established DBBL as a planned joint venture private commercial bank between local Bangladeshi stakeholders and the Dutch corporation FMO. In Bangladesh, DBBL was created under the Bank Companies Act of 1991 and incorporated as a public limited company under the Companies Act of 1994. DBBL began formal operations on June 3, 1996. The Dhaka Stock Exchange Limited and the Chittagong Stock Exchange Limited both lists the bank. It has 220 branches along with 4500 ATM and more than 40000000 customers. As of 2022, total authorized capital of DBBL is 36,966,361,801 which was 32,256,652,674 in 2021.

The bank's initial concentration was on financing high-growth industrial firms in Bangladesh. The reasoning is that the manufacturing sector exports Bangladeshi goods all over the world. As a result of financing and focusing on this industry, Bangladesh is able to accomplish the required growth.

Another area of emphasis for Dutch Bangla Bank is corporate social responsibility (CSR). While CSR has become a cliched topic, Dutch Bangla Bank was a pioneer in this industry, referring to the contribution simply as 'social responsibility.' Dutch Bangla Bank has become one of the largest contributors and the largest bank donor in Bangladesh as a result of its investment in this industry. Distinctive approach as a socially responsible bank has allowed the bank to received various international honors.

Dutch Bangla Bank was Bangladesh's first totally automated bank. With a goal of bringing current banking service to the industry and implementing rapid automation The Electronic-Banking Division was founded in 2002. Dutch Bangla Bank also operates the nation's largest ATM fleet, reducing consumer prices and fees by 80 percent. Furthermore, many critics have been startled by Dutch Bangla Bank's decision to pursue a low-profitability strategy in this industry. Dutch Bangla Bank sought mass automation in banking as a CSR initiative, with no intention of profiting from this area. As a result, it now offers unequaled banking technology to all of its customers. As a result of this approach, most local banks have joined the Dutch Bangla Bank banking infrastructure rather than developing their own.

2.3 Vision:

Dutch-Bangla Banks vision as they stats is, “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 society based on morality and ethics make all our lives worth living. DBBL’s essence and ethos rest on a cosmos of creativity and the marvel-magic of a charmed life that abounds with sprit of life and adventures that contributes towards human development.”

2.4 Mission:

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

2.5 Management Practices:

DBBL's management is one of its most significant assets. Its managerial strategies have allowed it to grow steadily throughout the years while providing nice customer service. DBBL's management is separated into departments, each of which operates independently. Management is in charge of operations like training, recruitment, and employee benefits. Because DBBL prioritizes its clients above all else, the management socializes customers in such a way that they become potential clients in the future. Management often recruits people that are dynamic and self-motivated and have the potential to become future leaders.

2.6 Recruitment:

Recruitment in the bank is done by following certain procedure that requires the candidates to apply for the position. From the application, candidates are shortlisted and chosen for the written test. Candidates who pass the written tests are then asked to attend an interview.

2.7 Employee Benefits at DBBL

- Bank ensures health and safety of the employees while at the bank.
- Provident fund for all permanent employees.
- Yearly bonus

- Two festival bonuses for the employees
- Gratuity for the long-term employees.
- DBBL provides career development and training program for its employees

Dutch-Bangla Bank has created the products and services that it provides with the country's diverse population in mind.

The corporate software of the bank is primarily composed of five applications, and they are Core Banking Ssystem also known as CBS, popular mobile banking system which is known as Rocket, Agent Banking for areas where bank branches are not available or hard to find, Switching software, and the crown jewel of DBBL, NexusPay, which is a popular app.

2.8 Core Banking Software

First bank in Bangladesh which offered true online banking service in all the delivery channel is Dutch-bangla Bank. Flexcube, the first completely online core banking software, has been in use since 2004, and it was updated to Flexcube Universal Solution in 2012 (FCUBS). Meanwhile, the number of clients, accounts, Automated Teller Machine (ATM), Point of Sales (POS) terminals, cards, and other items has increased dramatically. The software was designed to fulfill the requirements of the bank's products and services. With such modifications, bank is now able to provide 24-hour client care.

2.9 Internet Banking Service

Internet banking allows a customer of the bank to access his or her account without coming to branch via internet connection. Back in 2004, the bank was one of the first to introduce Internet Banking system in Bangladesh. Internet banking is provided to customers for free of cost. This system also allows fund transfers between banks via Bangladesh Bank's BEFTN and NPSB channels. Customers can now initiate Interbank BEFTN or NPSB transactions from the comfort of their home or office.

2.10 SMS and Alert Banking Service

As the availability of mobile phones has increased tremendously, For the convenience of the customers, Dutch-Bangla bank has implemented SMS and Alert banking. Currently, over 8 million consumers are set up for sms alert so they can receive alerts for every transactions made by their accounts. After each transaction, customers receive an SMS with their account balance.

2.11 E-Commerce Payment Gateway (Nexus Payment Gateway)

Since June 2010, DBBL has been offering an e-Payment gateway and like in many other aspects of banking, they were the first in Bangladesh to offer this. This enables a customer to make purchases over the internet, utility bills also can be paid using this, and so on. Most crucially, the individual who are using this facility need not be a Dutch-Bangla Bank account holder.

2.12 Sub-Branches

DBBL is opening a number of sub-branches in the near future to offer banking services to people's homes. Sub-Branches offer these types of services, account opening along with depositing cash of cheques in their accounts, also withdrawing cash from accounts is also available.

2.13 Switching Software

A considerable portion of DBBL transactions are processed through the Automated Teller Machines (ATM) which is also the most popular.

As ATM's are running using switching software it is very important to have solid switching software which can handle diverse as well as huge number of transactions. In light of this, DBBL has also changed its switching software. The updated software offers a better and smoother response to transactions, and it can also handle EMV transactions.

EMV is supported by all ATMs and POS terminals.

To ensure safe card transactions, Europay, MasterCard, and VISA collectively implemented the EMV security policy. DBBL is again the only bank in the country which provides such protection to their customers. DBBL is the first entity in Bangladesh to issue EMV compatible chip-based VISA and MasterCard cards, which are two of the most secure cards in the financial area of the world.

ATM/POS network of DBBL accepts the cards mentioned below:

1. Any EMV chip card from any banks all over the world.
2. Non-EMV Visa and MasterCard cards from all banks worldwide
3. DBBL also accepts Dinners Plus, Discover and Unionpay cards

4. Nexus cards which are exclusive to DBBL's customer base

2.14 E-KYC

e-KYC allows for speedy customer onboarding by validating NID card of the customer with their information, like name, address and their face using software, which normally saves time and provide convenience for the client and the institution. In their guidelines Bangladesh Bank dictates of how to implement eKYC, according to the guideline Dutch-bangla bank Limited already effectively initialized e-KYC procedure and adding newer customer by using their finger print of face matching.

2.15 Electronic Toll Collection (ETC) System

Electronic toll collection is a technique that allows for fast and effective toll collection by deducting money from the customer's account rather than stopping at the toll plaza. DBBL is Bangladesh's first bank to offer electronic toll collection services. Toll collection is now available on the Meghna bridge, Gomti bridge and many others. DBBL account, rocket or card holder can avail this service.

The ETC solution was successfully created by the bank's IT Development Division. Bangabandhu and Muktapur Bridge effectively implemented toll collection in 2020.

2.16 Document Management System

In Bangladesh's financial sector DBBL is the first bank to begun implementing paperless banking which is being developed by IT Development Division of the bank. In this regard, company have already developed module-based solutions to automate all of its paper-based company operations and administrative procedures in order to improve service delivery and day-to-day activities. The Retail Loan Management system is currently operational and working smoothly from its Retail Department and Branches.

2.17 Remittance Management System

The banking remittance management system was created by the IT Development Division. Decentralization of Agent Point Cash Pickup by 2020 Prior to this, all payments were handled centrally by the Rapid Pass Fast-Track Document Management System.

Various exchange houses are being connected to remittance system to improve customer service.

2.18 Banking Automation

Since its inception, Dutch-Bangla Bank Limited has strived to provide world-class financial services, and satisfaction to its customers, thereby they are trying to set a precedent in the country's banking sector. DBBL has been a leader and a model for others in several areas of financial service.

By the end of 2020, country's largest ATM network will have been established by DBBL, consisting of more than 4,862 ATMs. For the first time in the country, DBBL has implemented Fast Tracks to provide a better and broader choice of services to its valued clients.

2.19 Tier-4 Near Live data Center (NDC)

DBBL has always given importance to protecting consumer data. Fro this reason, Dutch-Bangla Bank constructed a Near Live Data Center (NDC) in outskirts of the capital Dhaka to protect customers' data and assure system availability. All necessary hardware and software are prepared to operate independently in the event that the Data Center fail. ANSI/TIA-942 Site Certification has been granted to the bank. According to the certificate granting body, data center was physically inspected to make sure it is following to the guidelines of ANSI/TIA-942.

2.20 Automated Teller Machine (ATM)

In 2004, DBBL launched its ATM/POS service and quickly rose to prominence. Other players in the country are baffled by the ever-expanding DBBL ATM network.

The bank's ATM count was 4,862 in 2020, up from 4,837 in 2019.

2.21 Fast Track

For the first time in the country, the Bank has created Fast Tracks (FT) to deliver speedier service and bring banking services to our valued clients' doorsteps. ATMs, Customer service help desks, Deposit Kiosks consists of these FTs. DBBL will have 1,190 Fast Tracks in 2020.

2.22 POS (Point of Sales) Merchants

The POS financial department gains new retail sites (POS Merchants) and places POS machines. EMV-readable POS terminals accept DBBL Nexus, VISA, MasterCard, Union Pay, Discover, and Diners Club cards. Year after year, the number of POS merchants and transactions has expanded. Number of POS merchants increased from 10389 in 2019 to 12297 in 2020. Transaction increased from 20870 million taka to 22503 million taka.

2.23 NexusPay

The most recent advancement in payment technology is host card emulation (HCE). Because of its high security and rapid transaction capabilities, the solution is gaining favor in industrialized countries. In 2017, DBBL officially launched the smartphone app "NexusPay" as an App service. Users can use token to import their debit and credit card info, Agent banking card details, and Rocket banking information to their smartphones, able to make transactions in-store, in-app, and online within a dedicated app without revealing actual card information. Other bank customers who have a MasterCard or a Visa can also use NexusPay.

NexusPay is Bangladesh's first entirely token based cardless option. NexusPay accepts all major credit cards, including but not limited to Visa, MasterCard, Nexus, Agent Banking, and Rocket Mobile Banking. At the end of 2020, the number of QR merchants accepting NexusPay was 17,913. At the end of 2021, there were 4,039,152 DBBL NexusPay users.

2.24 Mobile Banking

DBBL's mobile - banking system, the first such in Bangladesh, was extended in 2017 to include the entire country. To boost exposure and customer-centricity, the payment system was updated in 2016 with the 'Rocket' logo. Mobile banking services are now available across the country.

The products were developed to connect the country's financially excluded disadvantaged people, who are devoid of banking services and live mostly in rural and remote areas, to the banking and finance network via mobile phone.

Mobile banking services are closer to clients' homes, easier to use (may be run without writing a check or using a card but merely with a pin number), and very convenient for quick transmission of money from overseas or within the country to any remote site within the country.

2.15 Agent banking

Agent banking services were introduced in 2015. DBBL branches offer this deposit-based service. The purpose is to bring small rural depositors into the banking system's protection.

Agent banking services, which began in 2015, were expanded in 2020 to reach even the most remote areas of the country as a further expansion of bank for the general population.

By the end of December 2020, 4,414 Agent outlets encompassing 486 Upazilas within 64 Districts would be operational to serve agent banking customers. In order to ensure the smooth operation of client service, 502 Master Agents were appointed to provide re-balancing service to the Agent outlets.

2.26 SME Financing

Village, Micro, Small, and Medium Businesses (CMSMEs) growth in Bangladesh can be considered as a crucial tool for poverty reduction and rapid modernization.

DBBL has worked relentlessly to strengthen the country's CMSME business since its inception.

DBBL has a well-organized and highly operational SME Division with an efficient team and is actively assisting this industry via its nationwide network.

2.27 Agricultural Financing

Bangladesh Bank's Agricultural and Rural Credit Policy and Program emphasizes improving food production and alleviating regional disparities by expanding the scope of agricultural lending and financial inclusion, leading to increased capital flow in rural areas. In addition to the agricultural loan, the program has given suitable credit for two other key sub-sectors, notably Fisheries and Cattle, as well as revenue-generating and alleviating poverty efforts in remote regions.

Bangladesh Bank has set a goal of Taka 4,780.0 million for rural and agricultural credit distribution for fiscal year 2020-2021. It's indeed important to note that, as of June 30, 2020, DBBL had released Taka 4,196.29 million of the goal amount of Taka 4,260.00 million for fiscal year 2019-2020. DBBL is aggressively financing agriculture, fishery, poultry, and animal businesses, according to Bangladesh Bank standards, with crops accounting for the majority of finance.

Chapter 3

Project part

3.1 Introduction

The banking industry is one of our country's most promising industries. The sector's importance is demonstrated by its contribution to the country's economic growth. This sector stimulates economic growth by transferring funds from the excess unit to the deficit unit.

Because of technological innovation and the diverse needs of its consumers, the banking industry is undergoing fast change. As the pace of globalization quickens, competition in the banking sector heats up. Banks are becoming more customer-oriented, offering high-tech customized products to their target markets in order to maintain market share. Our central bank constantly monitors bank performance. Individual banks must also evaluate their own performance in order to satisfy the parties involved in their growth.

2.2 Problem Statement

This paper will evaluate the financial performance of Dutch-Bangla bank Limited. Intention of the paper is to find out significant factor of financial performance of the bank.

3.3 Objective of the study

1. To get an overview of Dutch-Bangla Bank Limited
2. To get an idea of principal activities of the Dutch-Bangla bank Limited
3. Evaluate performance of Dutch-Bangla Bank Limited

3.4 Methodology

Both primary and secondary data will be used in this report

1. Primary data was gathered while working in Dutch-bangla bank limited
2. Secondary data was collected from DBBL website, DBBL annual report 2020

3.5 Limitations

In every activity there are many constraints. The issues I have faced while working on this is:

1. Time was a big constraint as I had to juggle daily office and MBA classes while preparing this report
2. Insufficient data was also a limitation

3.6 Financial Performance of DBBL

3.6.1 Operating Profit

Despite a 9.0 percent lending interest rate cap and the unfavorable impact of the Covid-19 epidemic's second wave in 2021, the bank's operating profit has increased in 2021. The share of operating income increased due to a growth in net interest income and international trade income, as well as good deposit mix management, loan portfolio diversification, 16.9 percent loan increase, use of surplus fund, and effective administration of treasury operations.

Deposits increased by 10.7% from Taka 362,611.0 million in 2020 to Taka 401,500.3 million in 2021, bank loans increased by 16.9% from Taka 273,382.9 million in 2020 to Taka 319,448.1 million in 2021, and the bank's export and import business increased by 43.6 percent and 39.8 percent, respectively. Operational profit increased by 10.5 percent in 2021, rising from Taka 10,501.3 million to Taka 11,607.2 million, while net profit after tax improved by 1.1 percent, rising from Taka 5,498.7 million to Taka 5,561.1 million. Revenue income climbed by 6.0 percent while net interest income increased by 9.9 percent.

Real expense growth is a result of the increment of the branch, sub-branch, Fast Track, and ATM network; mobile and agent banking operations, the function of a sturdy IT platform and online banking, tactical marketing events, and enhanced customer services offered to millions of customers through multiple delivery channels.

3.6.2 Net Interest Income

Net interest income of the bank increased by Taka 1,394.5 million (9.9 percent) to Taka 15,524.2 million in 2021, rising from Taka 14,129.7 million the prior year. Net interest income grew in 2021, thanks primarily to lower deposit costs. Loan and advance yield fell by 0.5 percent to 7.7 percent in 2021 from 8.2 percent in the previous year, owing to the above said unsustainable lower interest on loans and advances trends in the economy with huge liquidity surplus, resulting in reduced lending interest rates in the market, which reduced interest yield and interest margin. The cost of capital in 2021, however, was 1.6 percent, down from 1.9 percent the previous year. The key reason for the increase in net interest income is the lower cost of funds.

3.6.3 Investment Income

Investment income at the bank increased by Taka 207.5 million to Taka 7,351.3 million in 2021, up from Taka 7,143.9 million the previous year. Investment income has increased in 2021, owing mostly to increasing investments in the portfolio of government treasury bills and bonds over the previous year.

3.6.4 Total Operating Expenses

In 2021, the bank's total operating expenses rose by Taka 482.9 million, or 3.0 percent. In order to sustain the bank's long-term growth goal, general company operations, and client service in 2021, higher operating expenses were required. Expenditure had to be raised to fund capacity building, distribution system expansion, and different delivery routes. Twelve new branches and 76 sub-branches were established in 2021, along with 152 new Fast Tracks and 55 ATM machines, and mobile and agent banking services were expanded across the country.

3.6.5 Profit before taxes

Earnings before taxes at the bank declined by Taka 1,528.1 million (-15.8 percent) in 2021 to Taka 8,132.7 million, falling from Taka 9,660.8 million the prior year. This negative trend was mostly caused by higher loan and advance provision in 2021.

3.6.6 Net Profit after Taxation:

The profit after tax increased by Taka 62.3 million (+1.1 percent) from Taka 5,498.7 million the previous year to Taka 5,561.1 million. The increased after-tax profit is attributable to a lower tax provision.

3.6.7 Total Assets

The bank's total assets were Taka 514,399.8 million as of December 31, 2021, increased from Taka 472,355.4 million in 2020, representing an increase of Taka 42,044.3 million, or 8.9 percent. The largest component of assets is loans and advances, followed by investments.

3.6.8 Balance with other banks and financial institutions

After meeting the requirement to finance the loan portfolio, any extra funds are placed with other financial institutions and banks as term deposits in order to maximize the bank's profit. The amount owed to other banks and financial institutions climbed from Taka 13,256.6 million at the end of 2020 to Taka 13,360.4 million at the end of 2021.

3.6.9 Investments

The bank's investments was at Taka 116,681.3 million at the end of 2021, increasing from Taka 112,589.8 million in 2020.

Govt bonds accounted for Taka 107,955.0 million (92.5 percent) of overall investments held to cover SLR requirements and Bangladesh Bank's mandatory devolvement of treasury bonds/treasury bills. Furthermore, investment was arranged to ensure appropriate liquidity and flexibility in treasury operations while also increasing investment income and the bank's overall profitability.

3.6.10 Total Liabilities

Outside liabilities (excluding shareholders' equity) of the bank climbed by 8.5 percent to Taka 477,433.1 million as of December 31, 2021, up from Taka 440,098.8 million at the end of 2020.

The largest component of liabilities, deposits, accounted for 84.1 percent of total liabilities as of December 31, 2021, up from 82.4 percent at the preceding year's end.

3.6.11 Deposits

In 2021, deposits climbed by Taka 38,889.3 million, from Taka 362,611.0 million to Taka 401,500.3 million, a 10.7 percent rise. The company's growth was assisted by the development of the distribution system, which included the opening of 12 new branches, 76 sub-branches, 55 new ATM units, and 152 Fast Tracks in various rural and urban locations across the country. The deposit composition of DBBL will be substantially better in 2021. Customers' trust in DBBL has increased as a result of internet banking, an expanded ATM network, and customized goods and services. As a consequence, the quantity of savings and current accounts, as well as deposits, will increase dramatically in 2021. By 2021, the proportion of cost-free or low-cost deposits will have risen to 84.1 percent of total deposits (83.2 percent in 2020).

Savings deposits at the bank increased by Taka 20,996.6 million to Taka 191,210.2 million from Taka 170,213.6 million the prior year, marking a 12.3 percent increase. High-cost deposits declined to 15.4 percent of the overall deposits in 2021, down from 16.8 percent in the previous year, but fixed deposits increased by Taka 895.2 million in absolute terms.

3.6.12 Shareholders' equity

According to regulatory standards, the bank must have a capital-to-risk-weighted-asset ratio (CRAR) of 12.5 percent or Taka 4,000.0 million, whichever one is greater. The equity of DBBL's stockholders increased by Taka 4,709.7 million (+14.6 percent) to Taka 36,966.4 million as of December 31, 2021, up from Taka 32,256.7 million in 2020. The increase was driven mostly by an after-tax profit of Taka 5,561.1 million. At the end of 2021, the bank's paid-up share capital was Taka 6,325.0 million.

3.6.13 Import-Export business

DBBL's import business was worth Taka 178,831.7 million in comparison to Taka 127,924.6 million, a 39.8 percent increase, while export business was worth Taka 156,652.4 million in comparison to Taka 109,085.5 million, a 43.6 percent increase.

3.7 Comparative analysis with two other banks

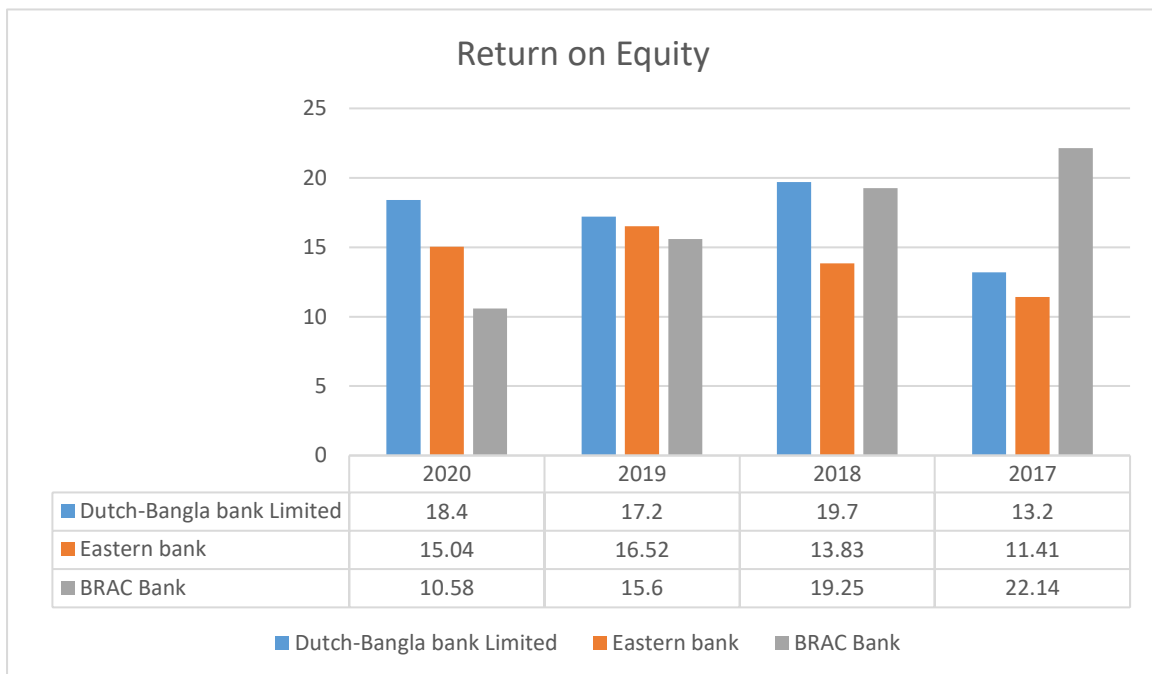
One of the main objectives of this report is to compare the financial performance of DBBL with two other banks. For this report I have chosen BRAC Bank and Eastern Bank Limited as these two banks are close competitors of DBBL.

BRAC Bank has an authorized capital of BDT 20,000 million. It has a paid up capital of nearly BDT 13000 million. Operating profit was BDT 8194 Million while total asset was BDT 397,502 million.

Eastern bank has an authorized capital of BDT 12,000 million. It has a paid up capital of nearly BDT 8117 million. Operating profit was BDT 7895 million while total asset was BDT 339,508 million.

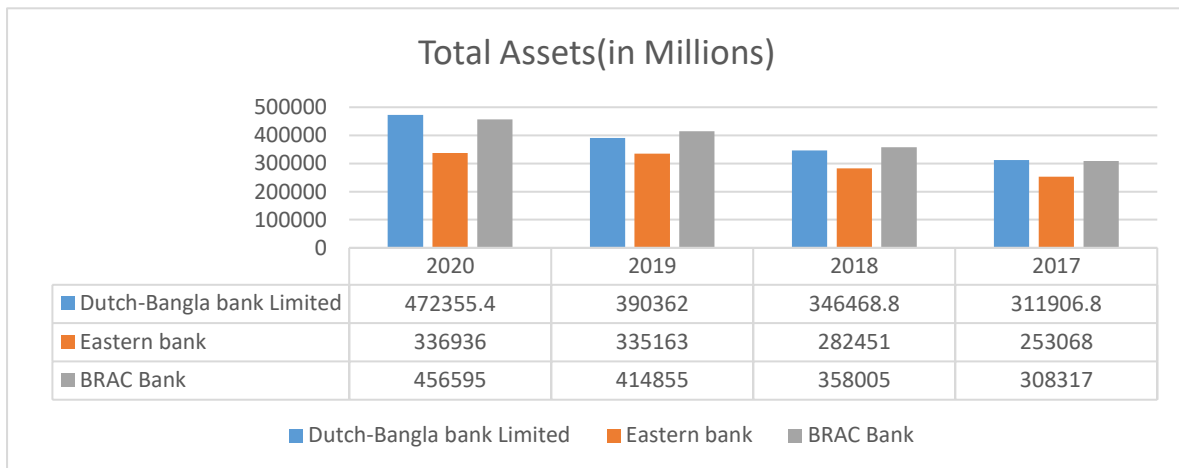
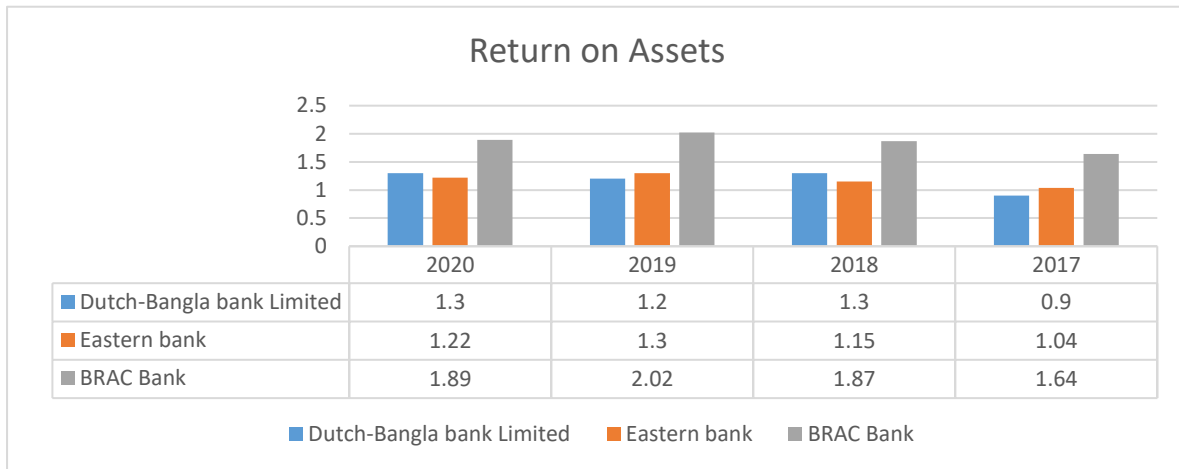
Dutch Bangla Bank limited has an authorized capital of BDT 15,000 million. It has a paid up capital of nearly BDT 5500 million. Operating profit was BDT 10,501.3 million while total asset was BDT 471,355 million.

3.8 ROE



Return on equity of BBL fell to 10.58 which was lowest in this 4-year scenario, they achieved it in 2020. Highest ROE in these 4 years was BRAC bank on 2017 with 22.14. In recent years DBBL has been outperforming both of its competitors with 17.2 and 18.4 ROE.

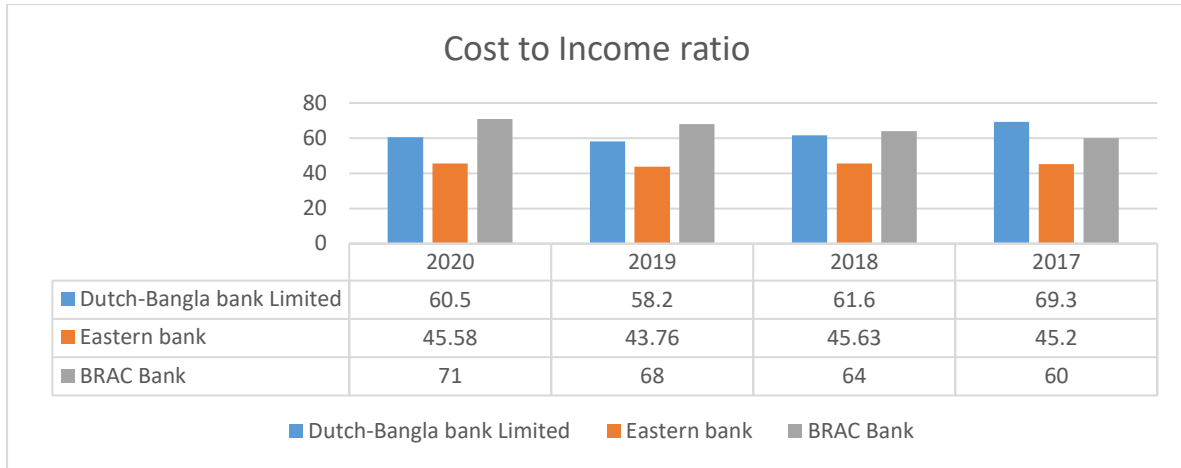
3.9 ROA and Total Assets



For these four years return on asset was comparatively better for BRAC Bank, even if we compare total assets, this performance was better than DBBL, as DBBL and BBL has had nearly similar Total Assets in these four years.

3.10 Cost to income ratio

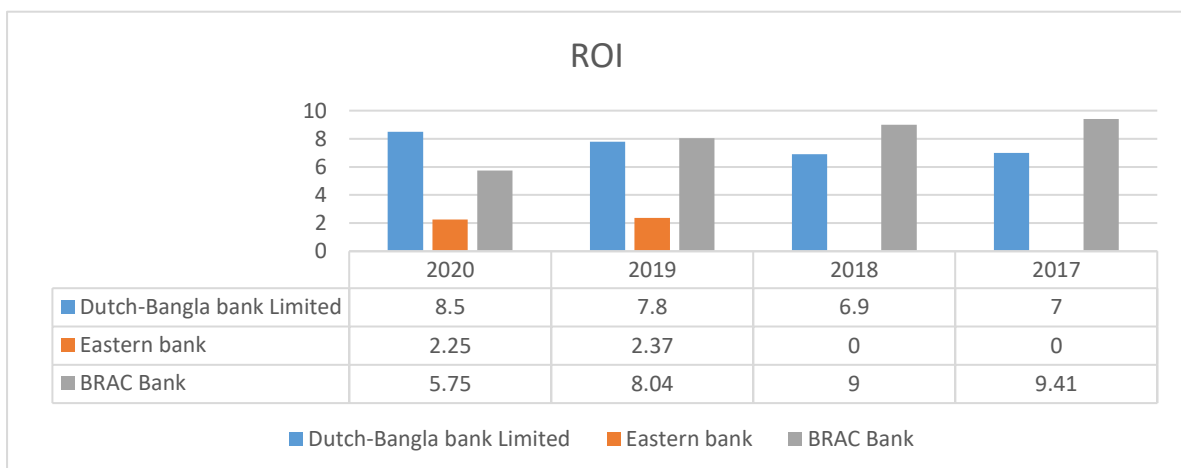
To calculate cost to income ration, we need to divide the operating cost by operating profit and then multiply the result with 100. So, lower is better performance indicator.



As per cost to income ratio, we see that EBL has been performing better than other two banks as per this metric. BRAC bank is doing somewhat worse than DBBL. In 2017, it was the opposite. DBBL has been having steady near 60 cost to income ratio in 2020,2019,2018.

3.10 Return on Investment

Return on investment, often known as return on costs, is a ratio of net income to investment. A high ROI shows that the benefits outweigh the costs of the investment. ROI is a performance indicator that is used to assess the efficiency of investments or to compare the effectiveness of several investments.



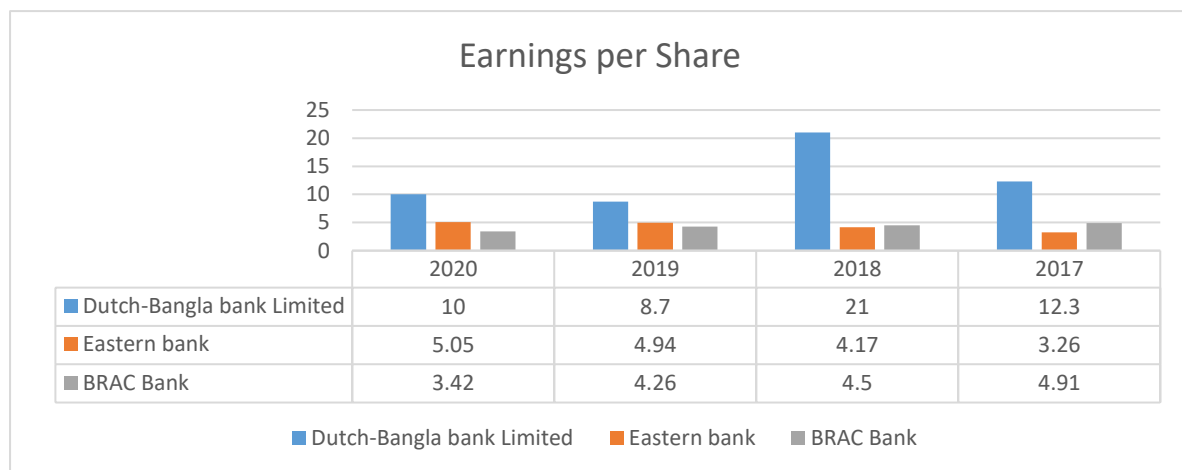
Comparing with DBBL and BBL, EBL has lower ROI in 2020, 2019. I could not find EBL's ROI for 2018 and 2017.

Between DBBL and BBL in 2017 and 2018, BRAC bank had better ROI, in 2019 they had comparable ROI. But in 2020 DBBL had better performance than BRAC Bank.

3.11 Earnings per share

Earnings per share (EPS) is calculated by dividing a company's profit by the number of outstanding common stock shares.

The resulting value is used to calculate the profitability of a business.



Among the examined banks, Dutch-Bangla Bank looks to be the most effective in terms of maintaining stable earnings per share. In 2018, DBBL had best performance regarding EPS. Although EBL's EPS has been constantly rising. While BRAC Bank's earnings per share has been lowering over the four years.

Chapter 4

Findings, Recommendations and Conclusion

4.1 Findings and analysis

In terms of financial state, it is difficult to obtain an accurate image of the organization because banks were created at different times and operate effectively in different sectors. Because financial facts are vital in judging a company's overall performance, the following concluding remarks are assumptions about how the picture might seem. This comparison is fairly limited in scope because only a few key financial factors have been considered.

In terms of authorized capital DBBL has BDT15000 million though BRAC bank has BDT20000 million which is highest among the three banks.

Return of Investment is highest for Dutch-Bangla Bank Limited in 2020, and their ROI has been increasing year by year. We can say that DBBL has been doing well in this metric.

Profitability demonstrates a business's overall efficiency and performance. In recent years, DBBL has had the largest operational profit of any of the three banks. EBL has a lower operational profit, indicating that the bank's main business is less profitable than those of other banks.

4.2 Recommendations

- Bangladesh today has a plethora of banks, giving customers numerous options. As a result, a bank should do all possible to keep its customers.
- So that idle money does not linger in the bank, more efficient capital management and investment analysts should be appointed. This is a recommendation because as per DBBL official, amount of idle money is highest right now in DBBL in all time.
- Although they have the highest number of ATM's, they should maintain a close eye on the ATM machines in each booth to ensure that they are operational and have enough cash.

- There should be additional service stations for withdrawing and depositing money in DBBL branches to reduce client waiting time.
- DBBL should enhance branch office space as they have one of the largest client bases and also open new branches in various parts of the country to expand.
- The large number of ATM booths and Fast Tracks has an impact on their profitability. These ATM booths are located in close proximity in some locales, increasing their costs over time. As a result, they must strike a balance between rising costs and an increasing number of ATMs.
- The large number of staff was unable to significantly contribute to increased profitability, indicating that the bank is losing efficiency. As a result, they must look for ways to boost the bank's profitability through these personnel. An increase in staff productivity can assist them in reaching efficiency and thus profit.

4.3 Conclusion

In the financial business, Dutch Bangla Bank has been a successful private commercial bank. Its primary purpose is to expand steadily and safely. Over the years, the bank has practiced conservative banking. As a result, it has implemented new technologies to make every aspect of the bank more transparent to central administration. Processes that used to take hours to complete are now completed in minutes. Dutch Bangla Bank is also constantly growing its client offers and services. Again, its social causes activities help the bank's image among shareholders.

According to the research, this bank's performance is satisfactory. In this study, numerous financial metrics were analyzed to evaluate this bank's financial performance, and DBBL was

discovered to be a fast-developing bank that was also operating well in practically all areas. To maintain this rate of growth and improvement, they must now be more attentive to what their customers desire and more cautious when making loans to consumers in order to lower the defaulter rate.

Since its founding, the bank has been profitable. However, in 2020, the banking sector faced new issues such as rising non-performing loans, excess liquidity, decreased capital adequacy, covid-19, and so on. These difficulties eventually had an impact on the bank in some form. As a result, the bank did not fare well in comparison to past years.

Nonetheless, the bank is well capable of recouping the losses. They must be aware of their limitations and take steps to improve their current situation. Dutch-Bangla Bank was an early adopter of automation. Its extensive experience in several financial areas has also made the bank trustworthy among its large number of clients. As a result, concentrating on the areas that need to be improved or upgraded will finally assist them in achieving continual growth.

Bibliography

Annual Report

Dutch-Bangla Bank Limited - Annual Report 2017-2020

Eastern Bank Limited – Annual Report 2017 – 2020

BRAC Bank Limited – Annual Report 2017 - 2020

Appendix A.

Particulars	2020	2019	2018	2017
Authorized capital	15,000,000,000	15,000,000,000	4,000,000,000	4,000,000,000
Paid up share capital	5,500,000,000	5,000,000,000	2,000,000,000	2,000,000,000
Total assets	472,355,400,000	390,362,000,000	346,468,800,000	311,906,800,000
Total loans and advances	273,382,900,000	256,239,700,000	231,553,900,000	207,257,400,000
Total deposits	362,611,000,000	302,159,200,000	262,467,700,000	233,796,400,000
Total shareholder's equity	32,256,700,000	27,443,300,000	23,086,000,000	19,482,200,000
Total Revenue	34,679,600,000	34,705,800,000	29,215,500,000	23,550,500,000
Total Expenses	24,178,300,000	23,445,800,000	20,522,500,000	17,867,000,000
Net profit after taxation	5,498.7 million	4,341.4 million	4,201.4 million	2,455.2 million