

DHAKA BANK

L I M I T E D
EXCELLENCE IN BANKING

**Internship Report on
Credit Management of Dhaka
Bank Limited**

CREDIT MANAGEMENT OF DHAKA BANK LIMITED

10/24/2011
BRAC University

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Letter of Transmittal

Date: October 24, 2011

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Subject: Submission of Internship Report

Dear Ms. Samina Haque

With great gratification I am submitting my internship report on “**Credit Management of Dhaka Bank Limited**” that you have assigned me as an essential requirement of Internship program. It is really an enormous prospect for me to congregate vast information and grasp the subject matter in an appropriate way. I have found the study is quite interesting, beneficial & insightful and tried my level best to prepare an effective & creditable report.

I honestly, not only anticipate that my analysis will assist to provide a clear idea about the overall condition of “Credit Management of Dhaka Bank Limited”, but also optimistic enough to believe that you will find this report’s worth for all the labor I have put in it. I welcome your entire query & take pride to answer them.

Yours Sincerely

Md. Mehedi Hasan

Acknowledgement

In the preparation of this Project Report, I would like to acknowledge the encouragement and assistance given to me by a number of people. I am most grateful to my internship supervisor **Ms. Samina Haque** for providing detailed feedback and support all the time on this report.

I would like to express my gratitude to **Mr. Ashequl Islam** (Principal Officer), **Mr. Assaduzzaman Parves** (Principal Officer) of Dhaka Bank, Uttara Branch and **Mr. Newaz**, Credit in charge, Uttara Centre. Thanks to them for helping me with the relevant information about the credit management of DBL that I needed to prepare this report. Moreover, I would like to thank all the staff of DBL, Uttara Branch for providing me necessary support whenever required. Without their contribution, it would not have been possible for me to conduct this project work.

Besides this, I am also thankful to one of my senior brother named Imran Hossain and one of my friend named Piana Monsur for giving me essential assistance who also done internship in DBL.

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List of Abbreviation

Abbreviation	Full Term
1. DBL	Dhaka Bank Limited
2. HRD	Human Resource Division
3. GB	General Banking
4. FDR	Fixed Deposit Rate
5. DPS	Deposit Pension Scheme
6. PO	Payment Order
7. SAVP	Senior Assistant Vice President
8. CPC	Central Processing Unit
9. LC	Letter of Credit
10. CIB	Credit Information Bureau
11. STL	Short Term Loan
12. CRAB	Credit Rating Agency of Bangladesh
13. SME	Small & Medium Enterprises
14. SOD	Secured Overdraft
15. HO	Head Office
16. EMI	Equal Monthly Installment
17. KYC	Know Your Customer
18. FMDI	Family Monthly Disposable Income

Executive Summary

The report is originated in result of my internship programme which I have done as a requirement of BBA program .This report is completed based on my three months internship in Dhaka Bank Limited. This is an orientation report that contains the real life day to day working experience of different tasks in Credit Department of Dhaka Bank Limited, Uttara Branch.

The objective of this study is to analyze the credit policy, client's perception towards the performance of DBL, financial performance regarding credit etc. To prepare this report both primary and secondary sources of data have been used. Apart from this a questionnaire has been made and did a survey on 25 regular clients. The first section of this report consists of an introductory part which has been developed for the proper execution of the entire report. Second part has explained the working experience of my internship period at different division of DBL. The remaining part consisted of analysis, findings, recommendations and conclusion.

DBL is one of the leading private banks in Bangladesh. To serve the nation Dhaka bank performs some activities for their clients like general banking, loan and advance, capital market operation etc. Bank collects deposit from public and provides it to other business or individual as loan. Bank pays interest to deposit holder and take interest from borrowers. Dhaka bank measure all risk components before sanctioning a loan. When all the formalities completed then respective officer disburse the loan. After disburse the loan it is duty of bank to recover the disbursed loan. This report is based on actual information and working procedure practiced in DBL. The overall credit management of DBL has analyzed to give a clean idea about the policy of DBL and implementation of that policy by various mechanism and process.

After completion of analysis, it is found that DBL credit policy is quite lengthy & service charge is quite high. Banks credit deposit ratio is increasing from previous year. That means bank can invest properly and utilize more funds to maximize their profit. In year 2009 the non performing loan is 5.57% which is not a good sign. Finally it can say that honesty, reliability, thoroughness and willingness to be open to new ideas and new ways of meeting customer needs are most important for success.

CHAPTER- 01:

THE ORGANIZATION

1.1 Introduction

Dhaka Bank Limited is one of the leading private sector commercial banks in Bangladesh offering full range of Personal, Corporate, International Trade, Foreign Exchange, Lease Finance and Capital Market Services. DBL had been widely acclaimed by the business community from small business to large traders and industrial conglomerates, including the top rated corporate borrower for forward looking business outlook and innovative financing solutions. The Bank offers the full range of banking and investment services for personal and corporate customers, backed by the latest technology and a team of highly motivated officers and staff. The Bank has launched Online Banking services (i-Banking), joined a countrywide shared ATM network and has introduced a co-branded credit card. A process is also underway to provide e-business facility to the bank's clientele through Online and Home banking solutions.

Dhaka Bank is making loan and advances in different areas. The bank continues to explore and diversify its loan distribution with the objective of efficient use of resources and take utmost precaution to safeguard it. The main source of profit of Dhaka Bank comes from different types of loan and credit facilities. So the management of DBL should put a lot of effort in credit risk management.

1.2 History

The Dhaka Bank was incorporated as a public limited company on April 06, 1995 under the Companies Act 1994. The Bank started its commercial operation on July 05, 1995 with an authorized capital of Tk. 1,000 million and paid up capital of Tk. 100 million, Aiming at offering commercial banking service to the customers' door around the country, Dhaka Bank Limited established 62 branches up-to this year. This organization achieved customers' confidence immediately after its establishment in domestic and international markets. The Company Philosophy - "Excellence in Banking" has been preciously the essence of the legend of bank's success. The Bank within a period of 15 years of its operation achieved a remarkable success and met up capital adequacy requirement of Bangladesh bank.

1.3 Mission and Vision of DBL

Mission

“To be the premier financial institution in the country providing high quality products and services backed by latest technology and a team of highly motivated personnel to deliver Excellence in Banking.”

Vision

“At Dhaka Bank, we draw our inspiration from the distant stars. Our team is committed to assure a standard that makes every banking transaction a pleasurable experience. Our endeavor is to offer you razor sharp sparkle through accuracy, reliability, timely delivery, cutting edge technology, and tailored solution for business needs, global reach in trade and commerce and high yield on your investments.”

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

1.4 Values of DBL

- Customer Focus.
- Integrity and Honesty
- Quality
- Teamwork.
- Respect for the Individual
- Responsible Citizenship
- Transparency and Accountability
- Environmentally Conscious
- High Morale

1.5 Product/Service Offerings

The product/service offers by Dhaka Bank is shown below in a chart:

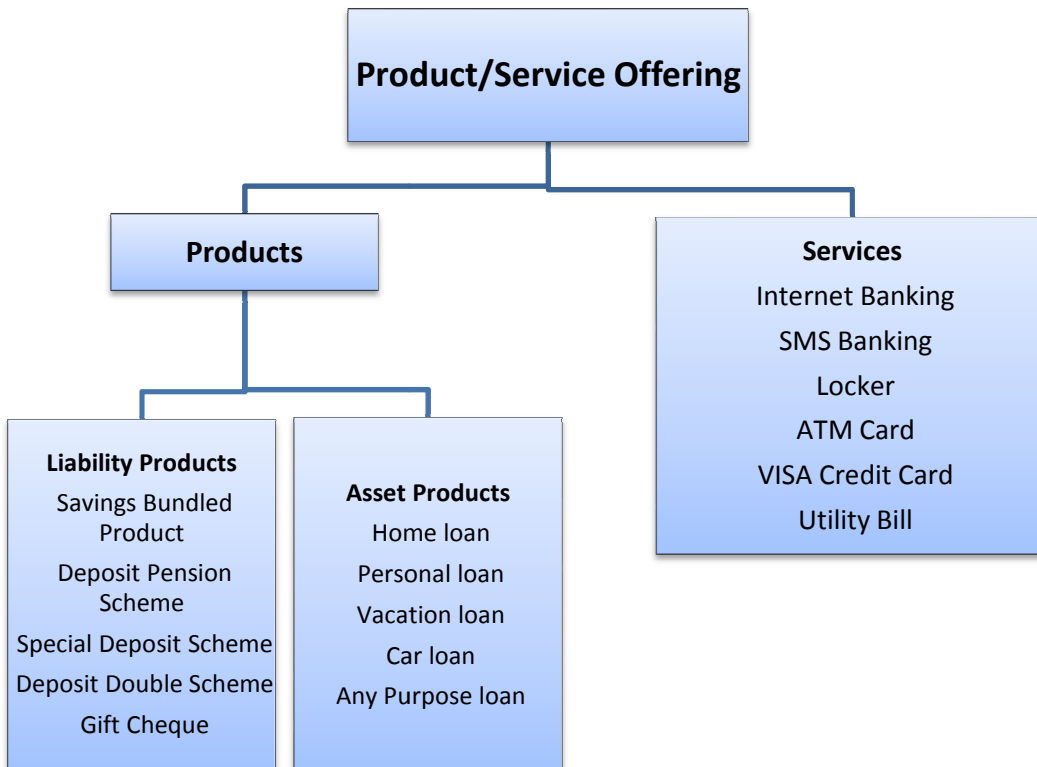


Chart-01: Products/service offering by DBL

Source: www.dhakabankltd.com

1.6 Operational Network Organogram

Organizational Hierarchy is shown below in an ascending order:

Managing Director
Deputy Managing Director
Senior Executive Vice President
Executive Vice President
Senior Vice President
Vice President
Senior Asst. Vice President
First Assistant Vice President
Assistant Vice President
Senior Principal Officer
Principal Officer
Senior Officer
Management Trainee Officer
Junior Officer
Asst. Officer/Asst. Cash Officer
Trainee Asst. Officer/Trainee Asst. Cash Officer
Telephone Operator
Trainee Telephone Operator




Chart-02: Organizational Hierarchy

Source: DBL, Utr. Branch

CHAPTER- 02: JOB RESPONSIBILITIES AND OBSERVATION

I started my internship program at Dhaka Bank, Uttara Branch from 4th July of 2011 and it ended up at 4th September of 2011. Through out this time I have got the opportunity to work with different department of DBL. What sort of responsibilities I was supposed to complete at each division are shown below:

2.1 Job Responsibilities at Different Division

At Credit Division, Most of the time in my intern period I have spent in credit department and that's why I prefer 'Credit Management of DBL' as my internship report topic. Firstly I was assigned in credit dept. more than 1 month under direct supervision of Ashequl Islam, Principal Officer and at that time I have to perform below activities-

- Printing, typing and photocopying different documents related credit.
- I had to organize all the customer files (e.g. car loan, home loan) & keep them at a specific place separately.
- Checking and filling up different loan's forms
- Data entries in the computer.
- Helping clients that where to signature on the form.
- Sometimes helping supervisor balancing credit & debit.

At General Banking (GB) Department, for next 3 weeks I was in GB under Golam Mehedi, Junior Officer. Job activities are-

- Taking signature from Mehreen Islam, SAVP as well as from other department senior officer for different purposes (e.g. FDR, DPS, Pay Order, A/C Opening)
- Helping supervisor by finding out old forms (e.g. Current a/c , saving a/c ,FDR, DPS)
- Aiding customer in the process of A/C opening.
- Authorized Cheque books from SAVP
- Photocopying various documents given by the in- charge.

At Clearing Desk, I worked 1 week under Jannatul Ferdous. In that dept, I had to print memo, counting voucher, putting different seal on cheques, give call to that customer whose cheque is returned and so on.

At Cash Department, Generally intern students are not allowed in cash department but I have the opportunity to work in cash dept. for 1 day. I have assisted them in many ways like counting voucher, photocopying documents.

At Foreign Trade division, I have worked in foreign trade division for 2 weeks under Mr. Rokonzaman, Senior Principal Officer. My tasks were-

- Update every kinds of register
- Filling up the LC & IMP forms
- Putting the LC and IMP into their following registers
- Photocopy & Preparing for CPC (Control Processing Center) papers
- Put different types of seals on the forms

At Remittance & Sanchaypatra Desk, I worked 1 week in this dept. and fills up remittance form, photocopied national ID card of the clients and rearranges the files.

2.2 Observation and Recommendation

Working at DBL, Uttara Branch was a great experience for me. I have learnt many things from them. From my little knowledge what I have observed and some recommendations are as follows:

- Work environment is very friendly and employees are co-operative.
- Employees are active and sincere to their assigned job responsibilities.
- Generally, banking hour is 10.00 am to 6.00 pm but most of time bankers can't leave office before 8 to 9 pm because of work pressure.
- In GB, in case of opening FDR, DPS, making Pay Order etc. sign needed from 2 departments in- charge. One from GB which located in ground floor and other from credit or foreign trade which located in 1st floor. When I was in GB, sometimes I had to go up & again come down almost 30-40 times per day for those signing purpose. So they should design it in such a way that it reduces time as well as pain for the sign taker.
- And finally, IT department is not well developed because most of the day I found that their system was hanged and did not work properly. So they should work on it.

CHAPTER 03: THE PROJECT- CREDIT MANAGEMENT OF DHAKA BANK LIMITED

3.1 Description of the Project

3.1.1 Objectives of the Project

3.1.1.1 General Objective

The prime objective of this report is to analyze the “**Credit Management of Dhaka Bank Ltd.**”

3.1.1.2 Specific Objectives

- To understand the lending procedure of Dhaka Bank Limited.
- To know the various interest rates for different categories of loan and what kinds of securities taken against different size of advances.
- To know the terms and conditions of credit management of Dhaka Bank Limited.
- To revealed the position of Dhaka Bank credit Division in the mind of their regular clients.
- To analyze the work process and monitoring system of credit department.
- To make some recommendations for the successful Credit Operations of Dhaka Bank Ltd.

3.1.2 Methodology

In conducting this study the following methodology was adopted in collecting data & information as well as preparation of the reports.

3.1.2.1 Research Type

This is a Descriptive Research, which briefly reveals the overall activities of the Dhaka Bank Limited and also critically analyzes the “Credit Management” of this bank.

To prepare this report all the necessary information collected from both primary and secondary sources of data.

3.1.2.2 Primary Sources of Data

In the preparation of this report, data was collected from different primary sources. The techniques were used to collect data are:

- Observation while working at credit dept.
- Informal Discussion with employees and clients
- In-Depth interview & Focus Group discussion.

3.1.2.3 Secondary Sources of Data

- **Internal Sources:** Annual Reports of Dhaka Bank, Other published documents of the bank, Dhaka banks Website.
- **External Sources:** Books, Articles, Journals, Newspaper, Web browsing.

3.1.2.4 Questionnaire Design

Questionnaire was prepared with both open and close ended questions. The target population was businesspersons or clients who are enjoying credit facilities of Dhaka Bank. Total sample size was 25. The total sample was clients of Dhaka Bank Limited, Uttara Branch.

3.1.2.5 Data Analysis and Reporting

Both the qualitative analysis (SWOT analysis, Questionnaire analysis) and quantitative analysis (Financial data analysis, Ratio analysis) have been used to collect and analyze the gathered data. Besides this different types of software are used for reporting the gathered information from the analysis, such as- Microsoft Word, Microsoft Excel, SPSS 11, Microsoft PowerPoint.

3.1.1 Limitations

Though I have given utmost effort to prepare this paper but there are some limitations of the study. Such are as follows-

- The main constrain of the study was insufficiency of information. Since credit is very sensitive dept. as a result bank employee can't provide all necessary information due to security and other corporate obligations.
- As Bank's clients were too busy thus they were not interested to fill up the questionnaire. So I can't survey on a large population.
- Since the bank personnel were very busy, they could not provide enough time to talk me.
- Since Bangladesh Bank (BB) regularly changes their policy towards commercial banks. So to adjust with BB, DBL also has changes rules & regulation according to BB. As a result in all cases, I can't collect all update information & strategy.

3.2 Credit Management of DBL

Credit is a contractual Agreement, in which a borrower receives something of value now, with the agreement to repay the lender at some date in the future. One of the basic functions of the bank is to deposit extraction and credit extension. And managing credit operations is the crying need for any bank. The objective of the credit management is to maximize the performing asset and the minimization of the non-performing asset as well as ensuring the optimal point of loans and advances and their efficient management.

The loan and credit department is one of the most important departments of any bank. The money mobilized from ultimate surplus units are allocated through this department to the ultimate deficit unit (borrower). Success of this department keeps a great influence on the overall profit of a bank. Again, Failure of this department may lead the bank to huge losses or even to bankruptcy. Like any other bank Dhaka bank's credit division also tries to do their job perfectly.

3.2.1 Credit Policy of DBL

Lending being the most important function of commercial bank, every bank should have own credit policy. The credit policy of Dhaka Bank Limited has been formulated of the plan of "*ALL NEW LOANS TO BE GOODS LOANS*"; the plan was formed on the basis of the following objectives:

- To maximize the profit of the bank by making sound lending
- To deliver credit to viable borrowing at a reasonable cost
- To provide satisfactory return on investment
- To assist the social and economic development of the country
- To deliver general banking services to the public and credit to viable borrowers at a reasonable cost

But in DBL most of the lending officers are not familiar with their written credit policy or lending guidelines. They have got only some oral instruction from the senior management or in charge of credit. If all the lending officers of DBL thoroughly know and understand their credit policy it will be very helpful for them to do their job more efficiently.

3.2.2 Functions of Credit Division

Money lending is one of the main functions of a commercial bank. In the lending process, selection of borrower is the most crucial and vital job for a banker. Before a customer enjoys credit facilities it is important that the applicant should qualify for five Cs. The five Cs are:

- Character – Intention to pay back the loan
- Capacity – Borrower’s competence in terms of utilizing the fund profitably and generate income
- Capital –Financial strength to Lending cover the risk
- Conditions – General business condition between two parties
- Collateral – Implies additional securities

In addition, objectives of the credit department are managing credit exposure of the bank, maintaining credit risk, compliance of Central Bank Ltd, recovering or collecting dues of retail loans or advances. At present credit division performs following activities:

- Dealing with Corporate & Retail Credit
- Perform Collection and Monitoring Activity
- Support Recovery & Risk Management

Besides this, the activities of this department include managing the financial books of the bank, checking all entries of the book are according to standards, preparing daily reports for Bangladesh Bank, revenue appropriation and calculations, setting the internal pricing rates etc.

3.2.3 Different Types of Credit Facilities

There are different types o credit facilities offered by DBL from which some of are explaining below:

Overdraft

The word overdraft means the act of overdrawing from the Bank account. In other words, the account holder withdraws more money from the Current Account than has been deposited in it. The loan holder can freely draw money from this account up to the limit and can deposit money in the account. The Overdraft loan has an expiry date after which renewal or enhancement is necessary for enjoying such facility. Any deposit in the overdraft account is treated as repayment of loan. Interest is charged as balance outstanding on quarterly basis. Overdraft facilities are generally granted to businessmen.

Bill Discounting

Under this type of lending, Bank takes the bill drawn by borrower on his (borrower's) customer and pays him immediately deducting some amount as discount/commission. The Bank then presents the Bill to the borrower's customer on the due date of the Bill and collects the total amount. If the bill is delayed, the borrower or his customer pays the Bank a pre-determined interest depending upon the terms of transaction.

Term Loan

This type Banks lend money in this mode when the repayment is sought to be made in fixed, pre-determined installments. These are the loans sanctioned for repayment in period more than one year. This type of loan is normally given to the borrowers for acquiring long term assets.

Short Term loan

Term loan extended for short period usually up to One year is term as STL. This type of loan may or may not have specific repayment schedule. However STL with repayment schedule is preferable. Suppose, Short Term Agricultural Loan and Micro Credit are enlisted by Agricultural Credit division of Bangladesh Bank in its 'annual loan program'. Loans disbursed in agricultural sector for a period not more than 12 months are also included in this category. Short term micro credits are the credits not exceeding BDT 25,000/- (taka twenty five thousand) only and repayable within twelve months.

Lease Finance

These types of finance are made to acquire the assets selected by the borrower (lessee) for hiring of the same at a certain agreed terms and conditions with the bank (lessor). In this case bank retains ownership of the assets and borrower possesses and uses the same on payment of rental as per contract. In this case no down payment is required and usually purchase option is not permitted.

Letter of Credit (L/C)

This is a pre-import finance which is made in the form of commitment on behalf of the client to pay an agreed sum of money to the beneficiary of the L/C upon fulfillment of terms and conditions of the credit. Thus at this stage bank does not directly assume any liability, as such the same is termed as contingent liability.

- ❑ **RETAIL:** Retail loans are given for personal usage rather than for business purposes. It includes auto loan, personal loan, home loan and vacation loan.

Personal Loan

The objectives of this loan are to provide essential household durable to the fixed income group (Service Holders) and other eligible borrowers. Car loan, loan for house renovation, vacation loan, marriage loan and loan for household equipment well as entertainment products are governed by personal loan program. Depending on the size and purpose of the loan, the number of installments varies from 12 to 48 months. In DBL the minimum amount one can borrow under this facility is BDT 25,000 and the maximum amount is BDT 500,000. Personal loan is given under personal guarantee of the borrower and another third person known to the borrower. There is also a processing fee of 1.5% taken at the time of disbursement of the loan.

Who can apply: - Salaried Individuals
- Professionals

Age Limit: -Minimum Age of the Applicant: 21 Years
-Maximum Age of the Applicant: 57 Years

Loan Size: -Minimum loan amount : BDT 25,000.00
-Maximum loan amount : BDT 5, 00000.00

Interest Rate: 15.00 % -19.00 %per annum

Other Terms & Conditions: Minimum Gross Family Income: BDT 15,000.00

Car loan

Car loan provide for purchasing customer desired car.DBL provide car loan under following condition.

Who can apply: - Salaried Individuals
- Professionals

Age Limit: -Minimum Age of the Applicant: 21 Years
-Maximum Age of the Applicant: 57 Years

Loan Size: -Minimum : BDT 5, 00,000.00
-Maximum : BDT 20, 00,000.00

Interest Rate: 15.00 % per annum

Other Terms & Conditions:-Minimum Gross Family Income: BDT 50,000.00

- Loan Facility for Brand New or Re-Conditioned Vehicle, not older than 6 Years.
- Vehicle should be for personal use only.

Home Loan

Home Loan is a term loan facility to purchase your desired home/flat. DBL also provide home loan under following situation

Who Can Apply: -Salaried Individuals
-Professionals
-Business Persons

Age Limit: Loans are only available to Bangladeshi nationals:

-Minimum age of eligibility : 21 years
-Maximum age of eligibility : 65 years

Loan Size: -Minimum : BDT 5, 00,000
-Maximum : BDT 75, 00,000

Tenure: Maximum 15 Years depending on the size and credibility.

Interest Rate: Depending on the size and tenure, Dhaka Bank Home Loan interest rates vary from 12% to 13.50%

Security: Registered Mortgage of the House/Apartment

Govt. Charges: As per Government Specification.

Other Terms & Conditions:-Minimum Gross Family Income: BDT 40,000.00

□ CORPORATE

Any loan exceeding 1, 00, 00,000 BDT and issued for business and trade purposes is defined as corporate loan. Such loans mainly serve the purpose of initials for the establishment of industry or large scale factory.

Bank Guarantee

Bank Guarantee is one sort of non funded facility. Bank Guarantee is an irrevocable obligation of a bank to pay a pre-agreed amount of money to a third party on behalf of a customer of a bank. A contract of guarantee is thus secondary contract, the principal contract being between the beneficiary / creditor and the principal / principal debtor themselves to which guarantor is not a part. If the promise or the liability in the principal contract is not fulfilled or discharged, only then the liability of guarantor or surety arises.

Syndicated Loan

These are the loans usually involving huge amount of credit and such to reduce a particular bank's stake. A number of banks / financial institutions participate in such credit, known as loan syndication. The bank primarily approached / arranging the credit is known as the lead or managing bank.

SME (Small & Medium Enterprise) Loans

This type of loan is disbursed for business purposes but the amount loaned does not exceed 1, 00, 00,000 BDT. The amount loaned here serves the purpose of potential (partial) working capital for small and medium business ventures.

3.2.4 Credit Rating Report

Dhaka Bank Limited was rated by Credit Rating Agency of Bangladesh Limited (CRAB) on the basis of Audited Financial Statements as on December 31, 2010. The summary of Rating is represented below:

Status	2009	2010
Long Term	A1	A1
Short Term	ST-2	ST-2

Commercial banks rated A1 in the long term are adjudged to be to be strong banks, characterized by good financials, healthy and sustainable franchises and a first rate operating environment. Commercial banks rated ST-2 in the short term are considered to have strong capacity for timely repayment.

3.2.5 Operational Guidelines for Different Credit Facilities

Broadly, there are two types of loan such as-

- RETAIL LOAN AND**
- CORPORATE LOAN**

For each different types of loan, credit officer have follow different steps to accomplish credit activities appropriately. Each and every step is given below for various purposes of loan.

- RETAIL LOAN:** Retail loan can be classified into different types which are as follows-

1. Secured Overdraft (FO-FDR, DPS)

In case of Fresh loan:

- a) Receiving customer Application (RFCL)
- b) Receiving the Instrument (FDR, DPS) duly discharged by the client
- c) Verification of the Instrument, signature verification & lien marking from General Banking Division
- d) Preparation of Office Note
- e) Preparation of Sanction Advice & get it accepted by the client
- f) Obtain charge documents from the clients
- g) Mail limit request form to Credit Admin, Head Office for limit insertion
- h) Deduct charges
- i) Stamping the charge documents
- j) Entry of Security Documents in the SISO Register
- k) Safekeeping of Security Documents in the Safety Vault.

In case of Renewal:

- a) Receiving customer Application
- b) Preparation of Office Note
- c) Preparation of Sanction Advice & get it accepted by the client
- d) Obtain charge documents from the clients
- e) Mail limit request form to Credit Admin, Head Office for limit insertion
- f) Entry of Security Documents in the SISO Register
- g) Safekeeping of Security Documents in the Safety Vault.

In case of Enhancement:

- a) Receiving customer Application
- b) Receiving new Instrument (FDR, DPS) duly discharged by the client
- c) Verification of the Instrument, signature verification & lien marking from General Banking Division
- d) Preparation of Office Note
- e) Preparation of Sanction Advice & get it accepted by the client
- f) Obtain charge documents from the clients
- g) Mail limit request form to Credit Admin, Head Office for limit insertion
- h) Deduct charges
- i) Stamping the charge documents
- j) Entry of Security Documents in the SISO Register
- k) Safekeeping of Security Documents in the Safety Vault.

In case of Reduction:

- a) Receiving customer Application
- b) Ensure outstanding has brought down (By cash or encashment of FDR)
- c) Preparation of Office Note
- d) Preparation of Sanction Advice & get it accepted by the client
- e) Mail limit request form to Credit Admin, Head Office for limit reduction
- f) Return of Original Instrument (if adjustment by cash)
- g) Entry the release of Instrument in the SISO Register (Take client's signature on the register)

In case of closing the Account:

- a) Receiving customer Application with cheque book (if issued)
- b) Ensure adjustment of outstanding liability (By cash or encashment of FDR)
- c) Mail limit cancellation request form to Credit Admin, Head Office
- d) Close the account
- e) Return of Original Instrument (if adjustment by cash)
- f) Entry the release of Instrument in the SISO Register (Take client's signature on the register)

And Follow-up:

- a) Issue Letters to the clients for renewal before one month of the expiry date.
- b) Call the clients for renewal at least on week before the expiry date.
- c) Issue Letters to the clients for payment of Interest/EOL within one week of each quarter end.
- d) Call the clients for payment of Interest/EOL on regular basis.
- e) Regular update of the spread in line with the change of FDR interest rate
- f) Regular follow up of the EOL SOD Accounts so that outstanding does not exceed the security (encashment) value.
- g) Regular follow up of the Expired SOD Accounts so that it does not become classified.

2. Personal Loan**Application & Disbursement:**

- a) Receiving customer Application in prescribed form along with required documents & Application fee.
- b) Receiving CIB Undertaking for the Applicant & Guarantor along with fee
- c) Scrutinize the Application Form & attached documents carefully
- d) Forward the Application Form & CIB Undertaking to Head Office (if found in order and you are satisfied)
- e) Follow-up the progress of the file in Retail Banking Division
- f) Preparation of Sanction Advice & get it accepted by the client after getting approval from Head Office
- g) Obtain signature on the charge documents from the client
- h) Obtain 3 unfilled Cheques from the client
- i) Ensure deposit of charges by the client in the link account
- j) Disburse the Loan by transferring the amount to client's Savings Account after completion of documentation as per H.O. approval
- k) Stamping the charge documents
- l) Entry of Security Documents in the SISO Register
- m) Safekeeping of Security Documents in the Safety Vault.

Follow-up:

- a) After disbursement, ensure regular payment of monthly installment by the clients
- b) Prepare the overdue list in the first working day of every month
- c) Call all the defaulting borrowers for recovery of overdue installments throughout month
- d) Call the Guarantors if the client is unreachable over phone or if the client breach commitment of payment several times.
- e) Issue 1st reminder letter to client if 1 installment due
- f) Issue 2nd reminder letter to client if 2 installment due
- g) Issue 3rd reminder letter to client & guarantor if 3 installment due and forward the shadow file to Monitoring Unit, Head Office
- h) Visit client's residence if above procedure does not work,

3. Car Loan**Application & Disbursement:**

- a) Receiving customer Application in prescribed form along with required documents & Application fee.
- b) Receiving CIB Undertaking for the Applicant & Guarantor along with fee
- c) Scrutinize the Application Form & attached documents carefully
- d) Forward the Application Form & CIB Undertaking to Head Office (if found in order and you are satisfied)
- e) Follow-up the progress of the file in Retail Banking Division
- f) Preparation of Sanction Advice & get it accepted by the client after getting approval from Head Office
- g) Obtain signature on the charge documents from the client
- h) Obtain 3 unfilled Cheques from the client
- i) Issue Purchase Order in favor of the Car Vendor with other related documents
- j) Obtain all required Car Documents (copy of Registration & Insurance cover note, Original Delivery Challan, Bill, Money Receipt, and Insurance Policy) and cross match those with the sanction & Quotation
- k) Physically verify the vehicle (Reg. No., Engine No. & Chasis No.)
- l) Ensure deposit of charges by the client in the link account
- m) Disburse the Loan vide Pay Order favoring Car Vendor after completion of documentation as per H.O. approval

- n) Stamping the charge documents
- o) Entry of Security Documents in the SISO Register
- p) Safekeeping of Security Documents in the Safety Vault.

Follow-up: Same as Personal Loan

4. Home Loan

Application & Disbursement:

- a) Receiving customer Application in prescribed form along with required documents & Application fee.
- b) Receiving CIB Undertaking for the Applicant & Guarantor along with fee
- c) Scrutinize the Application Form & attached documents carefully
- d) Visit the property to physically verify the possession & ownership and also obtain valuation Report by the Surveyor
- e) Forward the Application Form & CIB Undertaking to Head Office (if found in order and you are satisfied)
- f) Follow-up the progress of the file in Retail Banking Division
- g) Preparation of Sanction Advice & get it accepted by the client after getting approval from Head Office
- h) Obtain all land related documents from the client and get it verified by the lawyer (Vetting the Documents)
- i) Obtain signature on the charge documents from the client
- j) Obtain 3 unfilled Cheques from the client
- k) Execute Tripartite Agreement as per Lawyer's draft
- l) Complete all other documentation formalities as per H.O. approval
- m) Physically verify the
- n) Ensure deposit of all charges by the client in the link account
- o) Disburse the Loan vide Pay Order favoring Car Vendor after completion of documentation as per H.O. approval
- p) Stamping the charge documents
- q) Entry of Security Documents in the SISO Register
- p) Safekeeping of Security Documents in the Safety Vault.

Documentation:

- a) Obtain Charge Documents, Cheques, Tripartite Documents & Land related documents before disbursement,
- b) Follow-up regularly whether registration formalities has been completed or not
- c) Obtain Title Deed, DCR, Mutation, Rent Receipt, DCC Holding Tax Receipt after completion of registration of the Flat
- d) Obtain RAJUK's NOC for Mortgage if RAJUK's property
- e) Obtain Draft of Mortgage Deed from lawyer
- f) Complete Mortgage formalities in the concerned Sub-Registry office
- g) Obtain Certified Copy of Mortgage Deed
- h) Entry of Security Documents in the SISO Register
- i) Safekeeping of Security Documents in the Safety Vault.

Follow-up: Same as Personal Loan

- ❑ **CORPORATE LOAN:** Again Corporate loan can be classified under two types which are as follows-

1. Bank Guarantee

Case to Case:

- a) Receiving customer Application (RFCL)
- b) Receiving the Instrument (FDR) duly discharged by the client (if margin given by FDR)
- c) Verification of the Instrument, signature verification & lien marking from General Banking Division (if margin given by FDR)
- d) Preparation of Office Note
- e) Preparation of Sanction Advice & get it accepted by the client
- f) Obtain charge documents from the clients
- g) Draft the Bank Guarantee as per format & Print it.
- h) Pass issuance Entry in the system (taking required margin & deduct charges)
- i) Stamping the charge documents
- j) Entry of Security Documents in the SISO Register
- k) Safekeeping of Security Documents in the Safety Vault.

Limit Clients:

- a) Receiving customer Application
- b) Draft the Bank Guarantee as per format & Print it.
- c) Pass issuance Entry in the system (taking required margin & deduct charges)

Amendments:

- a) Receiving customer Application
- b) Draft the amendment letter & Print it.
- c) Pass amendment Entry in the system (deduct charges)

Reverse:

- a) Receiving customer Application along with Original Bank Guarantee
- b) Pass reversal/closing Entry in the system (refund the margin)

Follow-up:

- a) After Expiry of the BG immediately inform the client to return the BG or extend time
- b) If the client does not come forward within 1 week, issue 1st Reminder Letter to the beneficiary of BG giving 15 days time
- c) If the beneficiary does not return the BG within 15 days, issue 2nd Reminder Letter to the beneficiary of BG giving 15 days time
- d) If the beneficiary does not return the BG within 15 days, issue 3rd & Final Reminder Letter to the beneficiary of BG giving 15 days time
- e) If the beneficiary does not return the BG within 15 days, reverse the BG without the original one.

2. SME

In case of New Proposal:

- a) Receiving customer Application (RFCL) along with required documents
- b) Receiving CIB Undertaking for the Applicant & owners along with fee
- c) Forward the CIB Undertaking to Head Office
- d) Scrutinize the attached documents carefully
- e) Visit client's business places (office, factory, godown etc.) and proposed mortgage property & prepares visit report
- f) Valuation of proposed mortgage property by enlisted surveyors

- g) Prepare & forward the Proposal to Head Office (if you are satisfied)
- h) Follow-up the progress of the file in SME Unit
- i) Preparation of Sanction Advice & get it accepted by the client after getting approval from Head Office
- j) Obtain land related documents from the client and forward to Lawyer for vetting
- k) If the docs are in order get the draft of Mortgage Deed & other security documents(as per sanction) from the lawyer
- l) Complete the Mortgage formalities in the concerned Sub-Registry office
- m) File charge with RJSC (if limited company)
- n) Obtain Notarized IGPA to sell Hypothecated Stock& Machinery (where applicable)
- o) Obtain signature on the charge documents from the client
- p) Obtain undated Cheques from the clients as per sanction
- q) Obtain Insurance Policy from the clients as per sanction
- r) Obtain Undertaking in 150 Taka stamp paper as per sanction
- s) Collect certified copy of Mortgage Deed
- t) Stamping the charge documents
- u) Entry of Security Documents in the SISO Register
- v) Insert Signboard on the mortgage property/factory and preserve a photograph of that in the file
- w) Send all the Documents to lawyer for obtaining Letter of Satisfaction
- x) Safekeeping of Security Documents in the Safety Vault.
- y) Send Compliance Certificate to Credit Admin, Head Office with copy of LS
- z) Mail limit request form to Credit Admin, Head Office for limit insertion/ Disbursement

In case of Renewal & Enhancement:

- a) Receiving customer Application (RFCL) along with required documents (Stock Report, Renewed Trade License)
- b) Receiving CIB Undertaking for the Applicant & owners along with fee
- c) Forward the CIB Undertaking to Head Office
- d) Scrutinize the attached documents carefully
- e) Visit client's business places (office, factory, godown etc.) and proposed mortgage property & prepares visit report
- f) Prepare & forward the Proposal to Head Office (along with security compliance certificate & LS)
- h) Follow-up the progress of the file in SME Unit

- i) Preparation of Sanction Advice & get it accepted by the client after getting approval from Head Office
- o) Obtain signature on the fresh set of charge documents from the client
- p) Obtain Insurance Policy (renewal) from the clients as per sanction
- r) Stamping the charge documents
- u) Entry of Security Documents in the SISO Register
- v) Safekeeping of Security Documents in the Safety Vault.
- x) Send Compliance Certificate to Credit Admin, Head Office
- y) Mail limit request form to Credit Admin, Head Office for limit insertion/ Disbursement

Follow-up:

- a) Issue Letters to the clients for renewal before one month of the expiry date.
- b) Issue Letters to the clients for payment of Interest/EOL within one week of each quarter end.
- c) Call the clients for payment of Interest/EOL on regular basis.
- d) Regular visit of the clients as per sanction letter prescribed frequency
- e) Collect Stock Report on regular basis from the clients as per sanction letter prescribed frequency
- f) Collect yearly financials from the clients
- g) Regular follow up of the Expired OD Accounts & Term Loans/Leases with overdue installments so that it does not become classified.

Source: Credit Division, Dhaka Bank Ltd., Uttara Branch

3.2.6 Interest Rates for Lending

There are remaining different interest rates for various kinds of lending which are shown in a table.

SI No.	Categories of lending	Interest Rates
1	Agriculture	07.00% p.a (Fixed)
2	Industrial Term Loan <ul style="list-style-type: none"> • Large and medium scale industry • Small scale industry 	13.25%p.a 14.00%p.a
3	Working capital <u>Type 1</u> <ul style="list-style-type: none"> • Pharmaceuticals • Textile • Garments • Chemical • Financial intuitions <u>Type 2</u> <ul style="list-style-type: none"> • Transport and communication • Electronics and allied • Automobiles • Construction • Ship breaking/ steel engineering • Industrial raw materials • others 	13.50%p.a 13.00%p.a 13.00%p.a 13.00%p.a 13.50%p.a 14.50%p.a 13.50%p.a 14.00%p.a 15.00%p.a 14.00%p.a 13.50%p.a 14.00%p.a
4	Other commercial Lending <ul style="list-style-type: none"> • trading • others 	15.00%p.a 13.50%p.a

5	Energy/power	14.00%p.a
6	Telecom	14.00%p.a
7	Urban housing - Residential - commercial	14.50%p.a 15.00%p.a
8	Special program <ul style="list-style-type: none"> • small and cottage industries • other special program 	14.00%p.a 14.00%p.a
9	SME	16.50%p.a
10	Secured against FDR Incise of FDR of DBL, rates is higher (2.5%—3.00%) than the FDR rate of other bank.	14.50%p.a
11	Loan against DPS	14.50%p.a
12	Commercial Bill Discount/Purchase	14.50%p.a
13	Lease against DPS	15.50%p.a
14	Consumer loan	12-15%p.a
15	Credit card	2.50%per month
16	Share margin Account	16.00%p.a

Chart-03: Interest Rates for Different Categories of Lending

Source: Credit Division, DBL, Utr. Branch

3.2.7 Securities against Advances

Generally DBL receives different types of securities against different types of credit facilities from which some of are as follows:

Types of Credit	Securities
House building loan	Primary securities: mortgage of the land or any property
Transport loan	Primary securities: joint registration and comprehensive insurance policy. Two valuable guarantors. Collateral securities: mortgage of land or any property. Any type financial obligation.
Auto loan	Primary securities: joint registration and comprehensive insurance policy. Two valuable guarantors and post dated cheques.
Any purpose loan	Primary securities: two valuable guarantors and post dated cheques.
Payments against documents(PAD)	Pledge or hypothecation of stock-in trade, goods, produce and merchandise, machineries, land or building on which machineries are installed.
Loan against imported merchandise	Pledge of imported merchandise
Loan against trust receipt	Trust receipt in lieu of import document
Local bills purchased	Bill itself
Foreign bill purchased	Shipping documents for exports
Overdraft	Primary securities: hypothecation of book depth Collateral securities: mortgage of landed property and IPA.
Secured overdraft	Primary securities: Lien on any types of financial obligation.
Cash credit	Primary securities: Hypothecation of stock of goods in trade duly insured produce merchandise. Collateral securities: Mortgage of land and building, any financial obligation.

Chart-04: Securities against Advances

Source: Credit Division, DBL, Utr. Branch

3.2.8 Overall Procedure for Sanctioning Loan

The following procedure need to be followed for giving advances to the customer. These are:

- a) Party's application
- b) Filling form-A
- c) Collecting CIB report from Bangladesh Bank
- d) Processing loan proposal
- e) Project appraisal
- f) Head office approval
- g) Sanction letter
- h) Documentation
- i) Disbursement

A. Party's application

At first borrower had to submit an application to the respective branch for loan, where he/she has to clearly specify the reason for loan. After receiving the application form the borrower Bank officer verifies all the information carefully. He also checks the account maintains by the borrower with the Bank. If the official becomes satisfied then he gives form-A (prescribed application form of Bank) to the prospective borrower.

B. Filling Form -A

After satisfying with party's application the applicant need to fill Form-A. It is the prescribed form provides by the respective branch that contains information of the borrower. It contains- Name with its factory location, Official address and telephone number, details of past and present business, its achievement and failures, type of loan needed etc.

C. Collecting CIB Report from Bangladesh Bank

After receiving the application for advance, Dhaka Bank sends a letter to Bangladesh Bank for obtaining a report from there. This report is called CIB (Credit Information Bureau) report. Dhaka Bank generally seeks this report from the head office for all kinds of investment. The purpose of this report is to being informed that whether the borrower has taken loan from any other Bank; if 'yes' then whether the party has any overdue amount or not.

D. Processing loan Proposal

After receiving CIB report from Bangladesh Bank, then respective branch prepare an Investment proposal, which contains terms and conditions of Investment for approval of Head Office. Documents those are necessary for sending Investment proposal are:

Necessary Documents

While advancing money, banks create a lot of documents, which are required to be signed by the borrowers before the disbursement of the loan. Of them some are technically called charge documents. Necessary steps and documents:

1. Loan application form duly signed by the customer.
2. Acceptance of the term and conditions of sanction advice.
3. Trade license.
4. In Case Of Partnership Firm, copy of registered partnership deed duly certified as true copy or a partnership deed on non-judicial stamp of taka-150 denomination duly notarized.
5. In Case Of Limited Company
 - a. Copy of memorandum and articles of association of the company including certificate of incorporation duly certified by Registered Joint Stock Companies (RJSC) and attested by the managing director and accompanied by an up-to-date list of directors.
 - b. Copy of board resolution of the company for availing credit facilities and authorizing managing director/chairman/director for execution of documents and operation of the accounts.
 - c. An undertaking not to change the management of the company and the memorandum and article of the company without prior permission
 - d. Copy of last audited financial statement up to last 3 years.
 - e. Personal guarantee of the directors including the chairman and managing director.
 - f. Certificate of registration of charges over the fixed and floating assets of the company duly issued by RJSC.
 - g. Certificate of registration of amendment of charges over the fixed and floating assets of the company duly issued by RJSC in case of repeat loan or change in terms and conditions of sanction advice regarding loan amount and securities etc.
6. Demand promissory notes.
7. Letter of hypothecation of stocks and goods.
8. Letter of hypothecation of books debts and receivable.

9. Letter of hypothecation of plant and machinery.
10. Personal letter of guarantee.

E. Project Appraisal

It is the pre-investment analysis. Project appraisal in the Banking sector is important for the following reasons:

- To achieve organizational goals
- To recommend if the project is not designed properly
- To justify the soundness of an investment
- To ensure repayment of Bank finance

Techniques of Project Appraisal

An appraisal is a systematic exercise to establish that the proposed project is a viable proposition. Appraising officer checks the various information submitted by the promoter in first information sheet, application for Investment and Investment proposal.

The Head Office (HO) mainly checks the technical, commercial and financial viability of the project. For others, HO is dependent on branch's information. But when the investment size is big, then the HO verifies the authenticity of information physically.

F. Head Office Approval

When Head office receive appraisal from the branch then, Head Office again appraises the project. If it seems to be a viable one, the HO sends it to the Board of Directors for the approval of the Investment. The Board of Directors (BOD) considers the proposal and takes decision whether to approve the Investment or not. If the BOD approves the investment, the HO sends the approval to the concerned branch.

The respective officer of Head Office appraises the project by preparing a summary named "Top Sheet" or "Executive Summary" and then he sends it to the Head Office Credit Division for the approval of the Loan. The Head Office Credit Division considers the proposal and takes decision whether to approve the Investment or not. If the committee approves the investment; the HO sends the approval to the concerned branch.

G. Sanction Letter

After getting the approval of the HO the branch issues sanction letter to the borrower. A sanction letter contains:

- Name of borrower,
- Facility allowed,
- Purpose,
- Rate of interest,
- Period of the Investment and mode of adjustment,
- Security and Other terms and condition.

H. Documentation

If the borrower accepts the sanction letter, the Documentation starts. Documentation is a written statement of fact evidencing certain transactions covering the legal aspects duly signed by the authorized persons having the legal status. The most common documents used by the Dhaka Bank for sanctioning different kinds of Investment are:

- Joint Promissory Note,
- Letter of Arrangement,
- Letter of Disbursement,
- Letter of Installment,
- Letter of Continuity,
- Trust Receipt,
- Counter Guarantee,
- Stock Report,
- Letter of Lien,
- Status Report,
- Letter of Hypothecation,
- Letter of Guarantee
- Documents Relating to Mortgage.

I. Disbursement

After sanction and completion of all formalities the respective officer disburses the loan. The officer writes cheque and provides it to the borrower. For this borrower has to open an account through which he/she can withdraw the money.

Strategies for Recovery: Recovery of loan can be made in the following three methods:

- 1) **Persuasive Recovery:** The first step in recovery procedure is private communication that creates a mental pressure on borrower to repay the loan. In this situation bank can provide some advice to the borrower for repaying the loan.
- 2) **Voluntarily:** In this method, some steps are followed for recovering loan. These are:
 - a. Building Task Force
 - b. Arranging Seminar
 - c. Loan Rescheduling Policy
 - d. Waiver of Interest Rate
- 3) **Legal Recovery:** When all steps fail to keep an account regular and the borrower does not pay the installments and interests then the bank take necessary legal steps against the borrower for realization of its dues. In this case “Artha Rin Adalat Law 2003” plays an important role for collecting the loan.

3.2.9 Credit Administration

The administration function is critical in ensuring that proper documentation and approvals are in place prior to the disbursement of loan facilities. For this reason it is essential that the function credit administration be strictly segregated from relationship management/ marketing in order the possibility of controls being compromised of issues not being highlighted at the appropriate level.

3.2.10 Credit Monitoring

To minimize credit losses, monitoring procedures and systems shall be in place that provides an early indication of the deteriorating financial health of a borrower. At a minimum, systems shall be in place to report the following exceptions to relevant executives in CRM and RM team:

- Past due principal or interest payments, past due trade bills, account excesses, and breach of loan covenants.
- Loan terms and conditions are monitored, financial statements are received on regular basis, and any covenant breaches or exceptions are referred to CRG and the RM team for timely follow-up.
- Timely corrective action is taken to address finding of internal, external or regulator inspection/audit.
- All borrower relationships/loan facilities are reviewed and approved through the submission of a credit proposal at least annually.

CHAPTER- 04: PROJECT ANALYSIS AND FINDINGS

4.1 SWOT Analysis

Through direct observation and discussion with the DBL officials I am able to point out some major strength and weaknesses as well as some threats and opportunities regarding the various issues of the Bank such as –

- Organizational identity
- Service level
- Operational efficiency
- Technology
- Employee efficiency etc. along with many other issues.

<p style="text-align: center;">Strengths</p> <ul style="list-style-type: none"> ➤ Strong corporate identity ➤ Strong employee bonding and belongings ➤ Enthusiastic & empowered work force ➤ Strong financial position ➤ Efficient performance 	<p style="text-align: center;">Weaknesses</p> <ul style="list-style-type: none"> ➤ Discouraging small entrepreneurs ➤ Absence of strong marketing activities ➤ High cost for maintaining an Account
<p style="text-align: center;">Opportunities</p> <ul style="list-style-type: none"> ➤ Country wide network ➤ Experienced managers ➤ Huge population ➤ Usage of efficient software 	<p style="text-align: center;">Threats</p> <ul style="list-style-type: none"> ➤ Upcoming banks ➤ Similar products are offered by other Banks ➤ Industrial downward trend

Chart-05: SWOT Analysis of DBL

4.1.1 Strengths

DBL is one of the leading providers of financial services. With its strong corporate image and identity, it has better positioned itself in the minds of customers. The employees of DBL have a strong sense of commitment towards organization and also feel proud and a sense of belonging towards DBL. They are very enthusiastic as well as self motivated towards their responsibilities. DBL provides hassle-free customer services to its client. Another positive thing is that net profit is gradually increasing over the years.

4.1.2 Weaknesses

DBL provides clean Import Loan to most of its solvent clients. But they usually do not want to finance small entrepreneurs whose financial standing is not clean to them. DBL currently don't have any strong marketing activities through mass media e.g. Television, Radio. Although they do a lot of CSR activities compared to other banks. The account maintenance cost for DBL is comparatively high. In the long run, this might turn out to be a negative issue for DBL.

4.1.3 Opportunities

Bangladesh is a developing country to satisfy the needs of the huge population, so DBL has great opportunity to grab the customer by providing greater services. Besides this, DBL has employed experienced managers to facilitate its operation. There is certain software which enables customers to deposit and withdraw money from any bank with the cheque or deposit of any other bank thus poses as an opportunity for DBL as the number of transactions would drastically increase.

4.1.4 Threats

The upcoming private, local, & multinational banks posse's serious threats to the existing banking network of DBL. Now-a-days different foreign and private banks are also offering similar type of products with an almost similar profit margin like DBL. Besides this industrial downturn trend has seen due to unemployment, inflation which can cause threats to the banking sector.

4.2 Financial Data Analysis

From previous 5 year annual report I have analyzed some important data which is related to credit activities of DBL. The analyzed information is shown below by creating different chart, graphs etc.:

4.2.1 Year wise Deposit

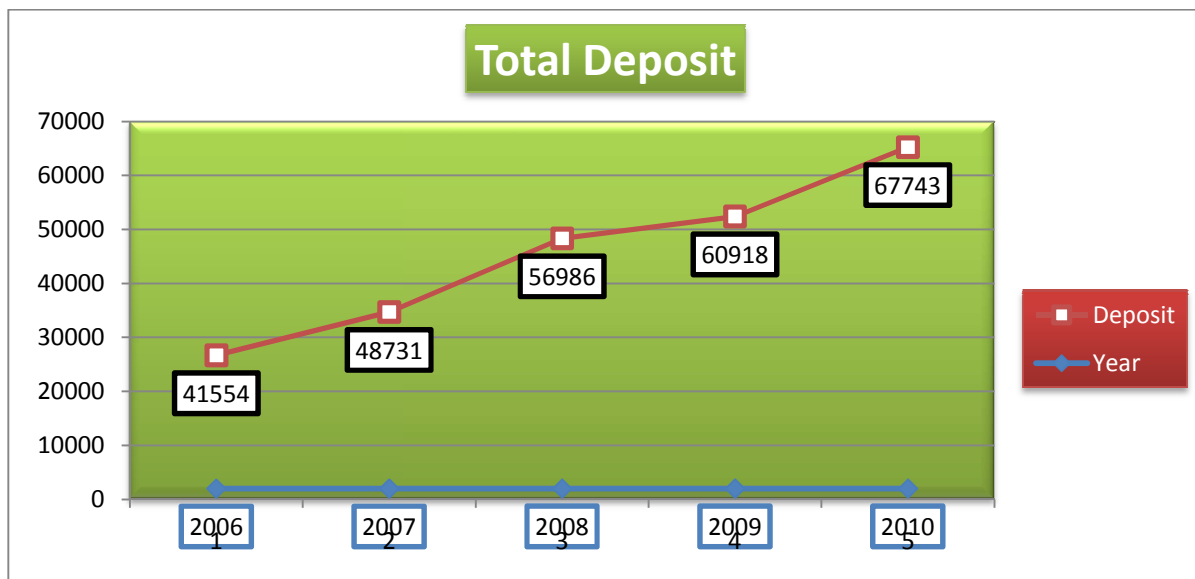


Figure-01: Year wise total deposit (in million)

Sources: Annual Report (2006-2010)

Year wise deposits of DBL is increasing year by year. In 2006 the total deposit was TK. 41,554 million. It was increased to Tk. 67,743 million in 2010. From the graph it is seen that growth rate from year 2009 to 2010 is 11% which indicates positive perception toward DBL from clients point of view .

4.2.2 Year wise Loans & Advances

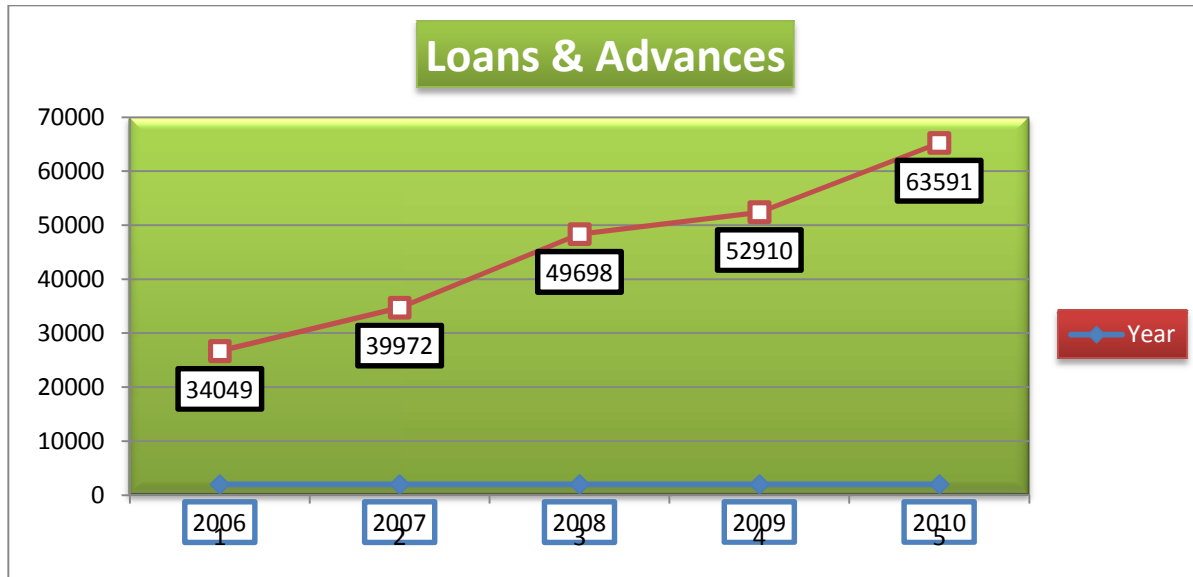


Figure-02: Year wise total loans & advances (in million)

Sources: Annual Report (2006-2010)

Year wise total loans & advances of DBL is also increasing year by year. In 2006 the total loan was TK. 34,049 million. It was increased to Tk. 63,591 million in 2010. From the graph it is seen that growth rate from year 2009 to 2010 is 20% because of their attractive and flexible loan packages.

4.2.3 Sector wise Distribution of Loan and advances

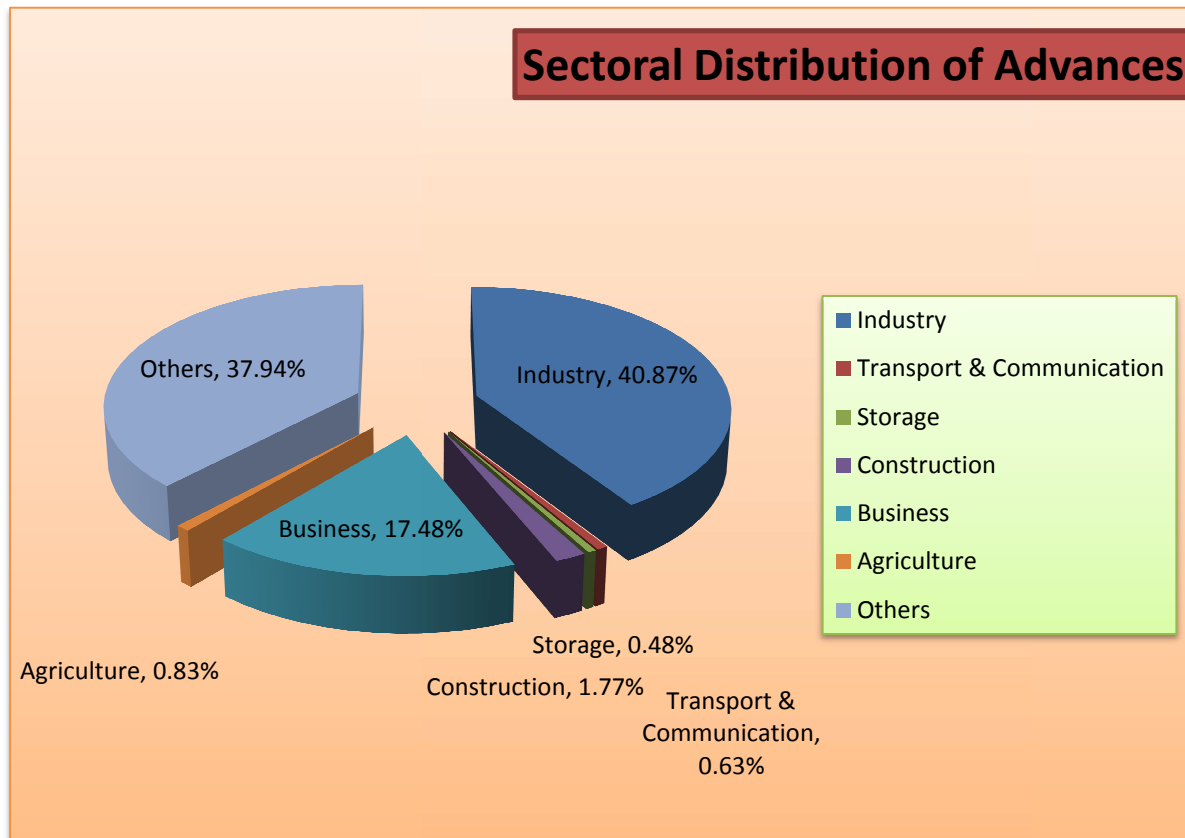


Figure-03: sector wise advances

Sources: Annual Report 2010

From the figure it can easily be said that DBL provides more loan in industry sector, in 2010 it provided 40.87% of total loan and advances to industry sector. But in agriculture sector they discourage to sanction loan because they think this sector is risky, in 2010 it was 0.83%. In Business sector it was 17.48%

4.2.4 Credit to deposit Ratio Analysis

Credit deposit ratio measures the portion of deposit used for credit. The more the ratio the more the bank is capable to uses its deposit as credit.

$$\text{Credit to deposit ratio} = \frac{\text{Total Credit}}{\text{Total Deposit}}$$

(Tk. In million where applicable)

Year	Total Credit	Total Deposit	Credit/deposit Ratio
2008	49698	56986	87.21%
2009	52910	60918	86.85%
2010	63591	67743	93.87%

Source: Annual Report 2008-2010

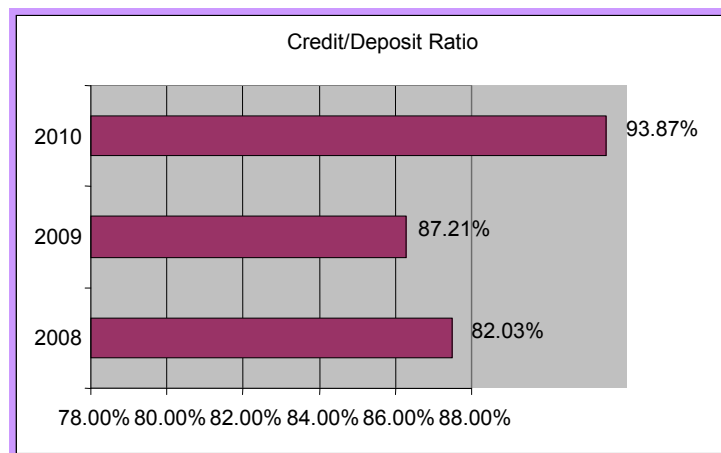


Figure-04: Credit/Deposit ratio

From the figure it can be said that the collection of deposit in increasing year by year that form into loan & advances increasing year by year subsequently. If we noticed that from year 2009 to 2010 credit deposit ratio has increased significantly which is positive sign that the bank is successfully utilizing its deposit collected from the people by the lowest interest rate into in the form of loan and advances which is main source of Bank's income.

4.2.5 Disbursement and Recovery Analysis

(Amount in million)

Year	Disbursement	Recovery	Recovery in %
2006	34,049	33490.59	98.36%
2007	39,972	38712.88	96.85%
2008	49,698	47789.59	96.16%
2009	52,910	49962.91	94.43%
2010	63591	60,621.30	95.43%

Source: Annual Report 2006-2010

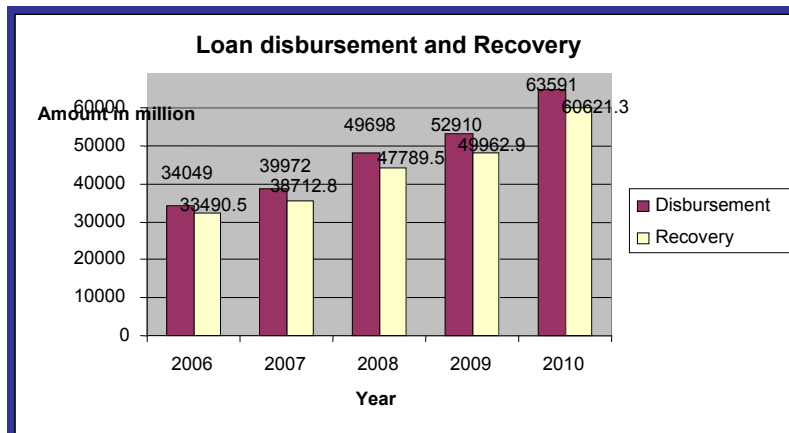


Figure-05: Year wise Disbursement and Recovery of Dhaka Bank

From the graph it is seen that the disbursement amount of Dhaka Bank increases every year. In 2009 disbursement amount was tk. 52,910 million and recovery amount was tk 48,750 million. In 2010 disbursement amount was tk. 63,591 million and recovery amount was tk. 60,621 million. But pessimistic thing is that their % of loan recovery is not increasing as increasing the recovery amount.

4.2.6 Non Performing Loan Analysis

Year	Amount of Non Performing Loan (in million)	% of Non Performing Loan
2006	554	1.64%
2007	1258	3.15%
2008	1908	3.84%
2009	2946	5.57%
2010	2909	4.57%

Source: Annual Report 2006-2010

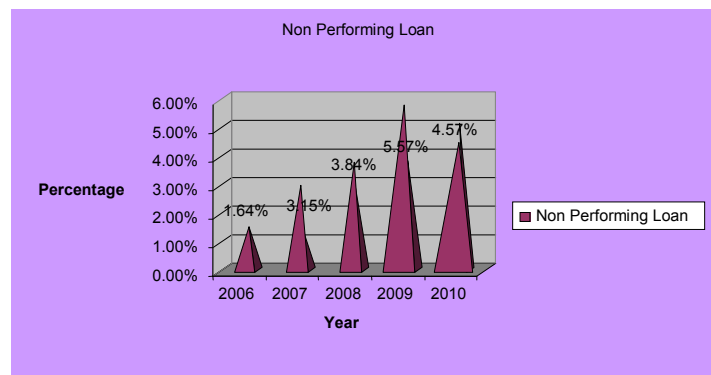


Figure-06: Year wise non performing loan of Dhaka Bank against total loans & advances

From the graph it is seen that % of non performing loan of Dhaka Bank increases every year except 2010. In 2008 non performing loan was 3.84% and in 2009 it stood on 5.57% because a large portion of loan provided to Alam traders goes default as they were fraud. But in 2010 they are became cautious and try to develop their position regarding this matter.

4.3 Questionnaire Survey Analysis

Surveying questionnaire is very important for any kinds of project. It helps to give clear idea regarding the status and findings of the project. Here, questions are designed and asked to respondents to extract specific information. For preparing this report I have used a structured questionnaire and it filled up by 25 clients of Dhaka Bank. From those filled up questionnaire, some of the important analysis and findings are as follows:

4.3.1 Differentiating Factors of DBL

Factors	No. of Respondents	Percentage
Low interest rate	8	32%
Easy loan disbursement	11	44%
SME loan	5	20%
Other privilege	1	4%

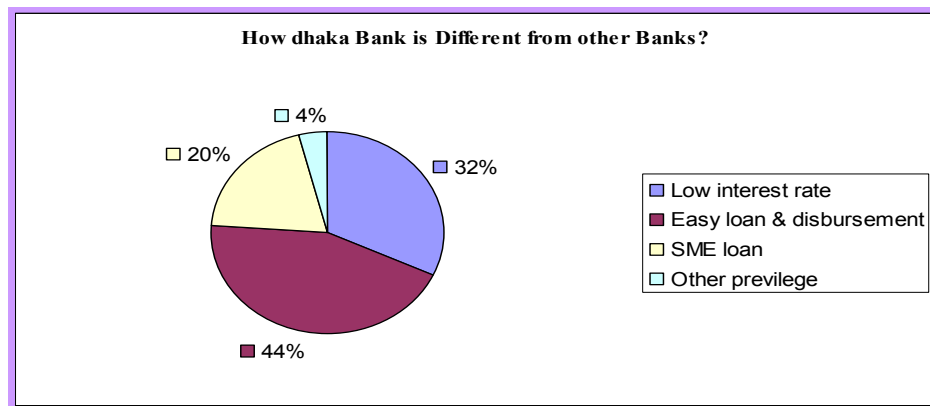


Figure-07: Differentiating factors of DBL

From the graph it is seen that 44% client prefer Dhaka Bank because of their easy loan disbursement. 32% client said that interest rate is low so they prefer this bank. 20% prefer for the SME facility and 4% prefer for the other privilege.

4.3.2 Income Level of Clients per Month

Income level	No. of Respondents	Percentage
10,000-24,999	2	8%
25000-39,999	4	16%
40,000-54,999	7	28%
55,000+	12	48%

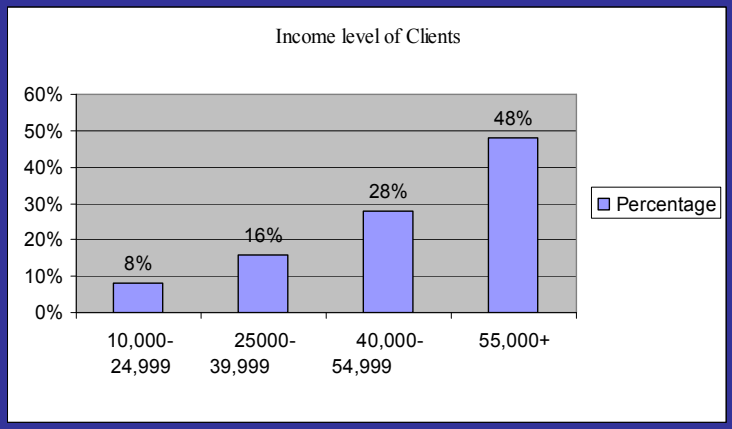


Figure-08: Income level of clients.

From the graph it is seen that most of the clients' income level is above 55,000, which is good for providing loan. Because they are financially solvent so it will be less risky to provide them loan as they can easily pay the interest rate.

4.3.3 Experience of Clients Relating Profession

Experience	No. of Respondents	Percentage
Below 5 Years	5	20%
5-15 years	8	32%
15-25 years	9	36%
Above 25 years	3	12%

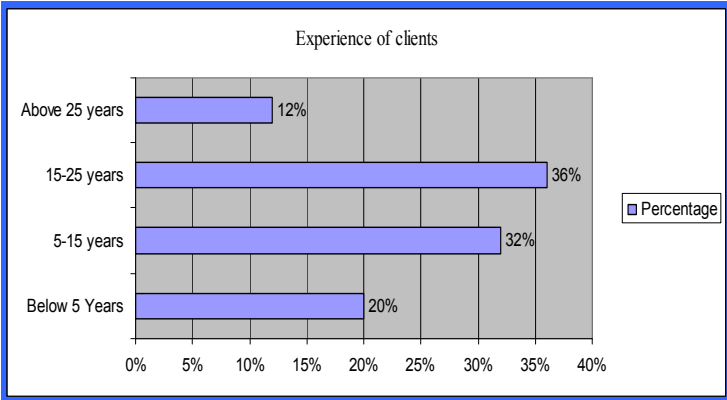


Figure-09: Experience of clients

Experience in business/service is a very important criterion for providing loan. Bank should provide loan to those who are experienced so that there is less possibility of loan default. From the graph it is seen that most of the clients' experience is in between 15-25 years, which is good for providing loan.

4.3.4 Opinion Regarding Service Charge

Opinion	No. of Respondents	Percentage
High	13	52%
Medium	11	44%
Low	1	4%

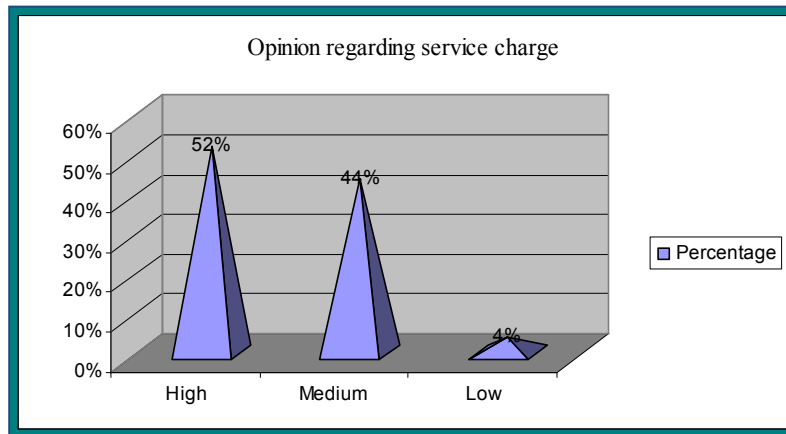


Figure-10: Opinion regarding Service charge.

From the graph it is seen that 52% people said that the service charge of Dhaka Bank is high, 44% said it is medium and 4% said it is low. So bank should work on this factor.

4.3.5 The Loan Processing Time is Lengthy

Opinion	No. of Respondents	Percentage
Agree	12	48%
Fully agree	11	44%
Disagree	2	8%
Fully disagree	0	0%

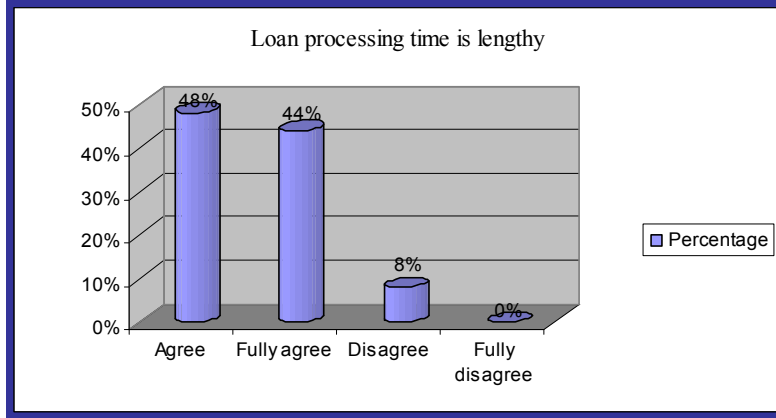


Figure-11: The loan processing time is lengthy

From the graph it is seen that 48% client agree with the statement, 44% fully agree, 8% disagree, and no one is fully disagree with this statement.

4.3.6 Area That Should Take Care of

Opinion	No. of Respondents	Percentage
Interest rate	5	20%
Installment period	3	12%
Service charge	8	32%
Loan processing time	9	36%

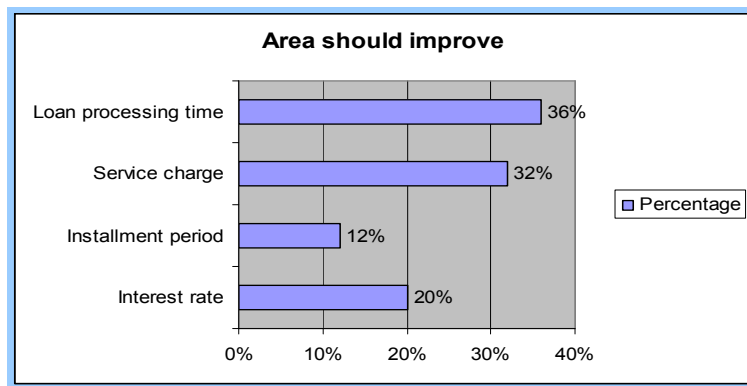


Figure-12: Area should improve

From the graph it is seen that 36% said that the bank should work on their loan processing time, 32% said that service charge should reduce, 12% said installment period should increase and 20% said interest rate should decrease.

4.4 Analysis of Customer Satisfaction Level

Now question is, are the Customers happy with the Performance of Credit Department's practice? Do they have any particular complain? Etc. To analyze this issue Customer feedback has been taken on the following broad dimensions:

- Equitability aspect
- Attractiveness aspect

To get the right picture of the above mentioned broad dimensions a five scale questionnaire has been used from where intensity can also be known.

4.4.1 Equitability Aspect

1	The Overall Performance of DBL is satisfactory?
2	The Credit dept. of DBL upgrades with change in the market?
3	The managers always follow up critical problems?
4	The employees pay enough attention to the customers for lending money?
5	DBL's loan packages are the most effective package in the market?

In response to above questions we can see the following scenario:

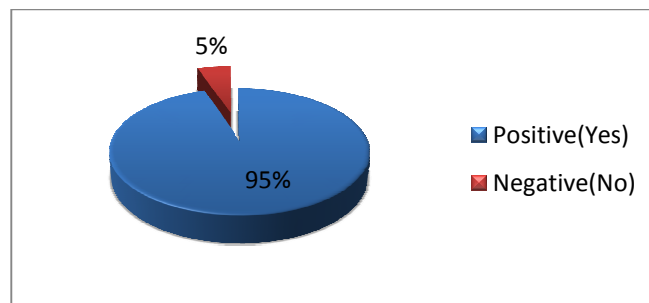


Figure-13: Equitability aspect of Credit Process *(Source: Primary Data)*

So we can see that in 95% of the total respondents consider the Credit package of DBL as equitable. Here even the neutral answer has been considered as 'Negative.'

Degree of Intensity

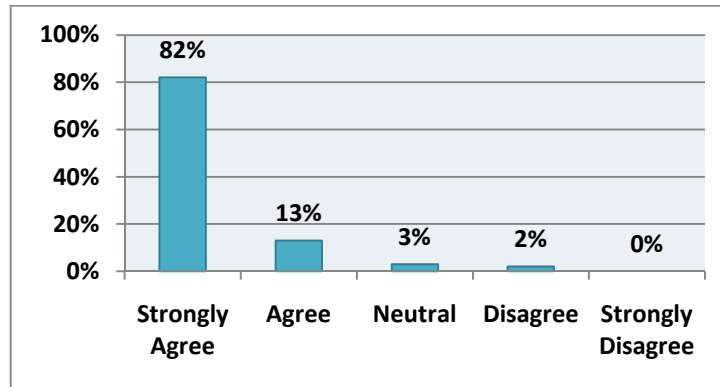


Figure-14: Degree of Intensity- Equitability Aspect (*Source: Primary Data*)

So we can see that 82% respondents strongly agreed in favor of current Credit management practice in terms of equitability and 0% strongly disagreed. That means in terms of equitability customers are happy.

4.4.2 Attractiveness Aspect

1	The loan packages of DBL are attractive?
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In response to above questions we can see the following scenario:

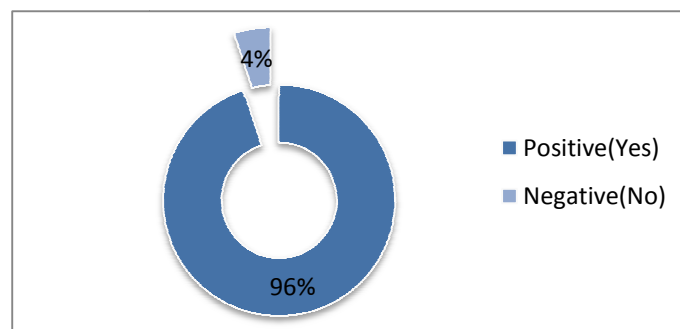


Figure-15: Attractiveness aspect (*Source: Primary Data*)

Here we can see 96% of the respondents think credit package offered by DBL Bangladesh is attractive in the first place. In other words 96% respondents think they got attracted by the credit management practice of DBL Bangladesh.

Degree of Intensity

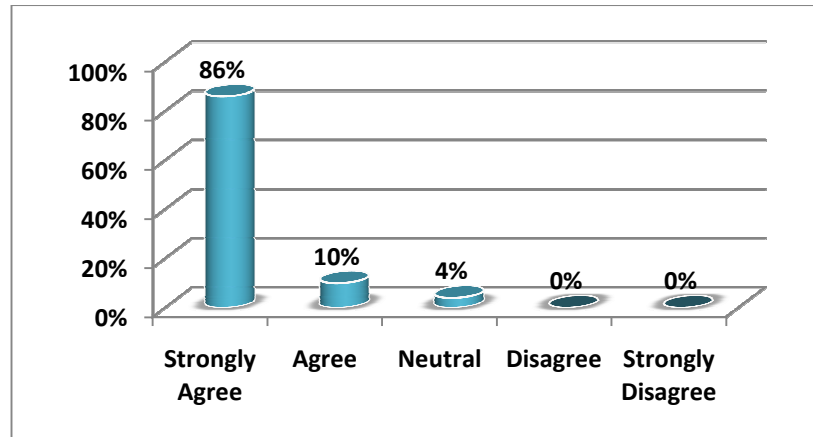


Figure-16: Degree of Intensity- Attractiveness Aspect (Source: Primary Data)

Here the scenario is even better. 86% of the respondents strongly agreed in favor of the attractiveness of credit management practice where “Nobody” responded against it. Only 4% were neutral who were considered to be negative.

CHAPTER- 05: RECOMMENDATION AND CONCLUSION

5.1 Recommendation

As we all know DBL is one of the well known banks in our country. From my little knowledge it's quite hard to give recommendation to such a well established bank. Still from my learning and observation, I am giving following recommendation to follow:

- They should do more marketing activities to improve their presence in the minds of their potential target market. As we see that, Media coverage of DBL is not so strong. To attract new clients, they should go for mass media coverage like TV, Radio etc.
- DBL's both loan processing service charge and loan processing time is quite high compare to their competitors. To attract new customers as well as retain existing clients, they have to set a standard rate and make the process fast.
- As we seen percentage of non performing loan is increasing year by year that means their current strategy regarding recovery of loan is not working appropriately. To exist in the market successfully they have to minimize the non performing loan amount that's why they should take effective steps regarding this.
- Maximum amount of loan is provided to the long-term industrial sectors. They intentionally ignore the agriculture sector because of riskiness and safety issues. But for the overall economic development of the country they should diversify their loans in agriculture as well as SME sectors.
- Significant percentage of revenue comes from Uttara Branch considering Dhaka zone. But there is only three credit officer to handle all primary credit activities. So HRD should send some more employees on that dept.
- The bank can provide a student loan. In many countries bank provide this facility. This may encourage the students to come forward to do something for the economy as well as it will differentiate DBL a bit.
- DBL has only 62 branches all over the country. Since day by day their demand is increasing so it is quite hard to provide full range services with those branches. So they need to put more attention toward the expansion of branch network as well as ATM Booths.

5.2 Conclusion

Despite stiff competition among banks operating in Bangladesh both foreign and local, DBL has achieved satisfactory progress in areas of its operations and earned an impressive operating income over the previous years. The bank hopes to achieve a satisfactory level of progress in all areas of its operations including target of profitability.

Dhaka Bank Ltd. is the preferred choice in banking for friendly and personalized services. Credit Division of Dhaka Bank has a very qualified and dedicated group of officers and staffs who are always trying to provide the best service to the clients. They always monitor the credit in different sectors and their position. Before providing the loan they analyze whether the loan will be profitable and whether the client is good enough to repay the loan within the given period of time.

Finally, it can say that the bank stood out for its strength and operational craftsmanship marketing its position as the potential market leader in all core areas of banking in the country.

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Annual Reports

- Dhaka Bank Bangladesh Limited 2006-2010

Published Document & Banking manual

- Credit Division Manual Of DBL
- Several Booklets from Dhaka Bank Limited
- Other internship reports of DBL

6. The loan processing time is lengthy

- a) Agree
- b) Fully agree
- c) Disagree
- d) Fully disagree

7. What is your opinion regarding interest rate?

- a) Very Satisfactory
- b) Satisfactory
- c) Unsatisfactory
- d) Extremely unsatisfactory.

8. What about your opinion regarding required documentation?

- a) Very easy
- b) Easy
- c) Difficult
- e) Very difficult

9. How did you come to know about the credit facility of Dhaka Bank?

- Newspaper and Magazine Adverts
- From peers
- Billboards
- Internet
- Bank Salesperson
- Others.....

10. In which area(s) do you think that they should take care of?

- a) Interest rate
- b) Installment Period
- c) Service charge
- d) Loan processing time

Thank You for Your Cooperation

Customer Satisfaction level Judgment

Statements (SD = Strongly Disagree, SA = Strongly Agree, D=Disagree, M=Moderate, A=Agree)		SD	D	M	A	SA
EQUITABILITY ASPECT						
1	The Overall Performance of DBL is satisfactory	1	2	3	4	5
2	The Credit dept. of DBL upgrades with change in the market	1	2	3	4	5
3	The managers always follow up critical problems	1	2	3	4	5
4	The employees pay enough attention to the customers for lending money	1	2	3	4	5
5	DBL's loan packages is the most effective package in the market	1	2	3	4	5
ATTRACTIVENESS ASPECT						
1	The loan packages of DBL is attractive	1	2	3	4	5

Five-year overview

Taka in million where applicable

	2006	2007	2008	2009	2010	Growth%
Income Statement						
Interest Income	4,342	5,636	7,171	7,466	7,405	(1)
Interest Expense	3,380	4,049	5,214	5,556	4,944	(11)
Net Interest Income	962	1,587	1,958	1,910	2,461	29
Non Interest Income	1,110	1,582	1,929	2,175	3,095	42
Non Interest Expense	889	1,159	1,353	1,275	1,715	34
Net Non Interest Income	221	423	576	900	1,380	53
Profit before Tax & Provision	1,183	2,010	2,533	2,810	3,841	37
Provision for Loans & Assets	233	479	669	675	924	37
Provision for Tax (including Deferred Tax)	370	827	1,025	1,176	1,239	5
Profit after Tax	580	704	839	959	1,679	75
Balance Sheet						
Authorized Capital	2,650	6,000	6,000	6,000	10,000	67
Paid up Capital	1,289	1,547	1,934	2,128	2,660	25
Reserve Funds & Other Reserve	1,262	1,578	2,065	2,838	3,920	38
Shareholders' Equity (Capital & Reserve)	2,551	3,125	4,000	4,966	6,580	33
Deposits (Base & Bank excluding Call)	41,554	48,731	56,986	60,918	67,743	11
Loans & Advances	34,049	39,972	49,698	52,910	63,591	20
Investments	5,378	5,972	7,239	8,660	8,443	(2)
Fixed Assets	217	291	387	424	977	130
Total Assets (excluding off-balance sheet items)	47,594	57,443	71,137	77,767	90,141	16
Foreign Exchange Business						
Import Business	46,277	49,496	65,737	46,160	69,606	51
Export Business	23,268	31,081	39,038	33,305	36,924	11
Guarantee Business	6,473	6,523	7,887	6,462	7,416	15
Inward Foreign Remittance	16,764	10,609	11,834	9,786	11,097	13
Capital Measures						
Core Capital (Tier I)	2551	3126	3964	4634	6,123	32
Supplementary Capital (Tier II)	373	554	844	1000	2,839	184
Tier I Capital Ratio	8.23	8.80	9.77	9.30	6.89	(26)
Tier II Capital Ratio	1.20	1.56	2.08	2.01	3.20	59
Total Eligible Capital	2,924	3,680	4,808	5,634	8,962	59
Total Capital Ratio	9.43	10.36	11.84	11.31	10.09	(11)
Credit Quality						
Volume of Non-performing loans	554	1,258	1,908	2,946	2,909	(1)
% of NPLs to Total Loans & Advances	1.64	3.15	3.84	5.57	4.57	(18)
Provision for unclassified Loans	372	465	620	625	742	19
Provision for Classified Loans	172	439	825	1,488	1,481	-

Highlights on the overall activities of the Bank

SL No.	Particulars	2010	2009	Change in %
1	Paid up Capital	2,659,597,800	2,127,678,163	25
2	Total Capital	9,474,618,696	5,799,765,059	63
3	Capital surplus / (deficit) (Note - 15.8)	968,748,509	652,185,034	49
4	Total Assets	90,140,874,134	77,767,413,094	16
5	Total Deposits	67,742,518,136	60,918,374,023	11
6	Total Loans and Advances	63,591,387,406	52,909,814,017	20
7	Total Contingent Liabilities and Commitments	33,450,710,506	23,899,128,932	40
8	Credit Deposit Ratio (%)	93.87	86.85	8
9	Percentage of classified loans against total loans and advances	4.57	5.57	(18)
10	Profit after tax and provision	1,678,976,188	959,372,816	75
11	Amount of classified loans during the year	2,908,586,000	2,946,138,271	(1)
12	Provisions kept against classified loans	1,481,392,000	1,488,012,719	(0)
13	Provision surplus / (deficit)	-	-	-
14	Cost of fund [deposit cost & overhead cost] (%)	9.25	10.94	(15)
15	Interest earning Assets	74,431,235,918	67,012,111,357	11
16	Non-interest earning Assets	15,709,638,216	10,755,301,737	46
17	Return on Investment (ROI)	14.53	11.58	26
18	Return on Assets (ROA)	2.00	1.29	55
19	Incomes from Investments	1,242,612,630	920,155,479	35
20	Earning per Share (Taka)	6.31	36.07	-
21	Net Income per Share (Taka)	6.31	36.07	-
22	Price Earning Ratio (Times)	12.09	10.72	13