

Internship Report on

**“Analysis of Credit Department of
Dhaka Bank Limited”**



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Letter of Transmittal

May 10th, 2010

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Dear Sir and Madam,

With great pleasure I submit this internship report that I have been assigned to us as an important requirement of BBA program at BRAC University. I have found the study to be quite interesting, beneficial and knowledgeable. I have tried my level best to prepare an effective & creditable report.

This report is about the Credit Analysis of the Credit Department of Dhaka Bank Limited.

I also want to thank you for your support and patience with me and I appreciate the opportunity provided by BRAC University and Dhaka Bank Limited to work on this wonderful project.

Yours sincerely,

Emran Hussain (ID – 06204025)

Acknowledgement

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Executive Summary

This report is based on the Credit Analysis of Dhaka Bank Limited (DBL).

Internship program is the pre-requisite for the graduation in BBA. Classroom discussion alone cannot make a student perfect in handling the real business situation; therefore, it is an opportunity for the students to know about the real life situation through this program. A report has to be built for the university and organization requirement. The topic of the report is “Credit Analysis of Dhaka Bank Limited”. The main purpose of the report becomes very clear from the topic of the report. The report discusses about the different credit facilities, approval process, monitoring and performance.

This report is broadly categorized in six different parts. At First there is prefatory where I describe the banking sector and Bangladesh’s economy along with introduction, objective, scope, limitation and methodology.. The main objectives of the report are identifying the credit approval and monitoring and their overall performance in the last few years. Part one narrates the company profile including Dhaka Bank’s history, their vision, mission and strategy, products and services, activities and performances. Part 2 describes the different aspects of my job at DBL Uttara. Part three forces on the literatures behind banking credit. It includes services of banking sector, different loan categories, and credit analysis, loan review and handling default loans. It also describes in details about the procedure of sanctioning credit, loan documentation, and execution, stamping witness and other legal formalities. It also describes the issuance of different bank guarantees. Findings and analysis of the information are in Part five of the report. It includes outstanding, recovery, and classified loan ratios. Difference between the outstanding and the classified loans in different sectors over the last four years are also analyzed. It also includes the summery of findings. Findings of the report say about the prior and neglected sectors of the credit facilities. It also contains the outstanding, recovery and classified loan status in different sectors over the past few years. The last part ends with competitive analysis, SWOT Analysis, recommendations and conclusions.

Prefatory

History of Banking

Bangladesh inherited its banking structure from the British regime and had 49 banks and other financial institutions before the Partition of India in 1947. The Dhaka Bank established in 1806 was the first commercial bank in the Bangladesh region of British India. Bengal Bank, the first British-Patronized modern bank established in India in 1784, had opened its two branches in 1873 in Sirajganj and Chittagong of Bangladesh region. Later in 1862, the Bengal Bank Purchased the Dhaka Bank and opened its first branch in Dhaka in the same year by reconstituting and merging the Dhaka Bank. Thereafter, another branch of Bengal Bank was opened in Chandpur in 1900. A number of other branches of Bengal Bank were opened in this region and some branches had been closed in Course of time. There were six other branches of Bengal Bank in operation in the territory of Bangladesh until the Partition of British-India in 1947 and these branches were at Chittagong (1906), Mymensing (1922), Rangpur (1923), Chandpur (1924), and Narayanganj (1926).

Following the emergence of Pakistan in 1947, Stat Bank of Pakistan, the Central Bank of the country, came into being in July 1948. Later, the National bank of Pakistan, a strong commercial bank was set up in 1949. In all, 36 scheduled commercial banks were in operation in the whole Pakistan until 1971. Pakistanis owned most of these banks and only three of them namely, National Bank of Pakistan, Habib Bank Ltd. and the Australasia Bank Ltd, had one branch of each in East Pakistan in 1949. During 1950-58, there other Pakistani-owned banks, Premier Bank Ltd., Bank of Bhowalpur Ltd. and Muslim Commercial Bank, had Opened their branch in East Pakistan. Four Pakistan-owned banks, the United Bank Ltd., Union Bank Ltd., Standard Bank Ltd. and the commerce Bank Ltd. Conducted banking business in the Province during 1959-1965. But all of them Had their headquarters in west Pakistan. East Pakistan had only two banks Owned by local business groups white headquarters in Dhaka. These were the Eastern Mercantile Bank Ltd. (Presently Pubali Bank Ltd.) and Eastern Banking Corporation Ltd. (Presently Uttara Bank Ltd.) established in 1959 and 1965 respectively.

In the beginning of 1971, there were 1130 branches of 12 banks in operation in East Pakistan. The foundation of independent banking system in Bangladesh was laid through the establishment of the Bangladesh Bank in 1972 by the Presidential Order No. 127 of 1972 (which took effect on 16th December, 1971). Through the Order, the eastern branch of the former State Bank of Pakistan at Dhaka was renamed as the Bangladesh Bank as a full-fledged office of the central bank of Bangladesh and the entire undertaking of the State Bank of Pakistan in, and in relation to Bangladesh has been delivered to the Bank.

Bangladesh Bank has been entrusted with all of the traditional central banking functions including the sole responsibilities of issuing currency, Keeping the reserves, formulating and managing the monetary and credit policy, regulating the banking system, stabilizing domestic and external monetary value, preserving the par value of Bangladesh Taka, fostering economic growth and development and the development of the country's market.

The Bangladesh Banks (Nationalization) Order enacted in 1972 nationalized all banks except foreign ones. Six nationalized banks were formed through merging the existing banks of the period.

The rate of growth and development of banking sector in the country was extremely slow until 1983 when the government allowed to establish private banks and started denationalization process: initially, the Uttara Bank in the same year and thereafter, the Pubali Bank, and the Rupali Bank in 1986. Growth pattern of banks during the period 1973-1983.

Economic history shows that development has started everywhere with the banking system and its contribution towards financial development of a country is the highest in the initial stage. Schumpeter (1933) regarded the banking system as one of the two main agents (other being entrepreneurship) in the whole process of development. Keynes also emphasized the role of banking services in the process of economic development of a country, while SHE was addressing the House of Lords regarding International and

Monetary System (quoted in Sharma 1985). Moreover Alexander Gerashchenko (1962) in his popularly known “Gerschenkron’s Hypothesis” explained the banking system as the key role player at certain stage of the industrialization process.

Modern banking system plays a vital role for a nation’s economic development. Over the last few years the banking world has been undergoing a lot of changes due to deregulation, technological innovations, globalization etc. These changes in the banking system also brought revolutionary changes in a country’s economy. Present world is changing rapidly to face the challenge of competitive free market economy. It is well recognized that there is an urgent need for better, qualified management and better-trained staff in the dynamic global financial market. Bangladesh is no exceptions of this trend. Banking Sector in Bangladesh is facing challenges from different angles though its prospect is bright in the future.

History of Private Banks in Bangladesh

There were no domestic private commercial banks in Bangladesh until 1982; When the Arab-Bangladesh Bank Ltd. commenced private commercial banking in the country. Five more commercial banks came up in 1983 and initiated a moderate growth in banking financial institutions. Despite slow growth in number of individual banks, there had been a relatively higher growth of branches of nationalized commercial banks (NCBs) during 1973-83. Their number had increased from 1512 in 1973-74 to 4603 in 1982-83.

Financial sector reforms to strengthen the regulatory and supervisory framework for banks made headway in 2006 although at a slower than expected pace. Overall health of the banking system showed improvement since 2002 as the gross Non-performing Loans (NPL) declined from 28 percent to 14 percent while net NPL (less Provision) reduced to 8 percent from 21 percent. This led significant improvement in the profitability ratios. Although the Private Commercial Banks (PCB) NPL ratio registered a record low of 6 percent, the four Nationalized Commercial Banks (NCB) position are still weak and showed very high NPL at 25 percent. The NCBs have large capital shortfalls with a risk-

weighted capital asset ratio of just 0.5 percent (June 2006) as against the required 9 percent. For the PCBs risk-weighted capital asset ratio stood at 10 percent. Bangladesh Bank issued a good number of prudential guidelines during the year 2006 and the first quarter of 2007 which among others relate to:

- rationalization of prudential norms for loan classification and provisioning,
- policy for rescheduling of loans,
- designing and enforcing an "integrated credit risk grading manual",
- credit rating of the banks, and
- Revisions to the make-up of Tier-2 capital.

Besides, recent decision of the Government to corporative the remaining three NCBs along with the initiative to sale the Rupali Bank are bound to usher in changes in the banking sector competitiveness aspect. Bangladesh Bank has also taken up the task of implementing the Basel II capital accord. Further, the recent enactment of the Micro-credit Regulatory Authority Act (MRAA) for the regulation of the Micro Finance Institutions (MFI) has been a major development in the year 2006. Since 1998 CAMEL rating of banks gradually improved and in 2006 Bangladesh Bank updated this rating model by incorporating the market risk and the new Model is known as CAMELS.

Modern banks play an important part in promoting economic development of a country. Banks provide necessary funds for executing various programs underway in the process of economic development. They collect savings of large masses of people scattered through out the country, which in the absence of banks would have remained idle and unproductive. These scattered amounts are collected, pooled together and made available to commerce and industry for meeting the requirements. Economy of Bangladesh is in the group of world's most underdeveloped economics. One of the reasons may be its underdeveloped banking system. Government as well as different international organizations have also identified that underdeveloped banking system causes some obstacles to the process of economic development. So they have highly recommended for

reforming financial sector. Since, 1990, Bangladesh government has taken a lot of financial sector reform measurements for making financial sector as well as banking sector more transparent formulation and implementation of these reform activities has also been participated by different international organization like world Bank, IMF etc.

Current Structure of Banks in Bangladesh

Bangladesh Bank (BB) has been working as the central bank since the country's independence. Its prime jobs include issuing of currency, maintaining foreign exchange reserve and providing transaction facilities of all public monetary matters. BB is also responsible for planning the government's monetary policy and implementing it thereby.

The BB has a governing body comprising of nine members with the Governor as its chief. Apart from the head office in Dhaka, it has nine more branches, of which two in Dhaka and one each in Chittagong, Rajshahi, Khulna, Bogra, Sylhet, Rangpur and Barisal. Following is the country's banking system as on 29th April, 2010

Nationalised Commercial Banks (NCBs)

Name
1. Sonali Bank
2. Janata Bank
3. Agrani Bank
4. Rupali Bank

Local Private Commercial Banks (PCBs)

1. Pubali Bank
2. Uttara Bank
3. National Bank Ltd.
4. The City Bank Ltd.
5. United Commercial Bank Ltd.
6. Arab Bangladesh Bank Ltd.
7. IFIC Bank Ltd.
8. Islami bank Bangladesh Ltd.
9. Al Baraka Bank Bangladesh Ltd.
10. Eastern Bank Ltd.

11.National Credit & Commerce Bank Ltd.
12.Prime Bank Ltd.
13.South East Bank Ltd.
14.Dhaka Bank Ltd.
15.Al-Arafah Islami Bank Ltd.
16.Social Investment Bank Ltd.
17.Dutch-Bangla Bank Ltd.
18.Mercantile Bank Ltd.
19.Standard Bank Ltd.
20.One Bank Ltd.
21.EXIM Bank
22.Bangladesh Commerce Bank Ltd.
23.Mutual Trust Bank Ltd.
24.First Security Bank Ltd.
25.The Premier Bank Ltd.
26.Bank Asia Ltd.
27.The Trust Bank Ltd.
28. Shah Jalal Bank Limited (Based on Islamic Shariah)

Foreign Banks

1.American Express Bank
2.Standard Chartered Grindlays Bank
3.Habib Bank Ltd.
4.State Bank Of India
5.Credit Agricole Indosuez (The Bank)
6.National Bank of Pakistan
7.Muslim Commercial Bank Ltd.
8.City Bank NA
9.Hanvit Bank Ltd.
10.HSBC Ltd.
11.Shamil Islami Bank Of Bahrain EC
12.Standard Chartered Bank

Development Banks

1.Bangladesh Krishi Bank
2.RajshahiKrishiUnnayan Bank
3.Bangladesh Shilpa Bank
4.Bangladesh Shilpa Rin Sangstha
5.Bank of Small Industries & Commerce Bangladesh Ltd.

Other

1. Ansar VDP Unnayan Bank
2. Bangladesh Samabai Bank Ltd. (BSBL)
3. Grameen Bank
4. Karmasansthan Bank

Bangladesh Economy 2009

As the world is getting out of the impact of the global financial meltdown, the investors of our Bangladesh would also feel encouraged to initiate new ventures. Moreover, our main export industry, i.e. RMG and Textile sector also managed to absorb the shock of the global financial crisis and it had a 6% growth in loans and advances in 2009 and expects this figure to rise in 2010.

Real GDP growth attained in 2009 is estimated by BBS at 5.9% against 6.2% growth of 2008, subsequently revised downward as the global downturn started impacting export growth and investment momentum. Agriculture sectors performed strongly. But growth in industry and Services weakened mainly due to weakening of export demand.

Banking Sector 2009

The banking sector especially the private sector banks made significant progress and growth in terms of significant market share of deposits and advances through improved customer service, introduction of new products and switching over to online banking keeping pace with the globalization process. The 30 banks in the private sector posted a 24% in operating profits in 2009 over the previous year.

Bangladesh Bank has been playing an important role for bringing out discipline and dynamism in the banking sector of the country. Due to stringent supervision and control exercised by the central bank, there had been a continuous progress in the reduction of percentage of classified loans in the banking sector with the recovery of default loans.

Introduction

The purpose of this study is to find and analyze the Credit facilities (its outstanding, recovery, classified loans etc), approval and monitoring process of Dhaka Bank Limited, Local office. It will also include the performance of credit facilities in recent years. Find out different credit facilities that Dhaka Bank is providing for their customers. Also to give an idea about the securities behind the loan facilities and issuing different bank guarantees.

Objectives

The objectives of this report are:

- To identify the credit approval, their securities and monitoring process of Dhaka Bank Limited
- Identify the lending activities at DBL
- To identify the recovery rates of the loans in different sectors in last 4 years and have a comparison among them.

Scope

The scope of this report is the Head office and Uttara Branch of DBL and their operations throughout the country. The report also touches the banking industry and its trends and competitors of DBL.

Methodology

I have used mainly secondary data sources for this report. But primary data has been collected in the form of interviews with various employees especially ATM Obaidullah (Credit In-charge).

The interviews were based on informal discussion. I asked questions based on the discussion and he shared relevant information.

He discussed different strategies relating to strengths, weaknesses, opportunities and threats. He also talked about the banking sector in Bangladesh and the banking policies set forth by Bangladesh Bank. But mostly he shared information about credit appraisal at DBL.

I used the following sources for information:

- Dhaka Bank Annual Report 2009
- Their website
- Their regular circulars
- Bangladesh Bank Credit Policy
- Office files
- Working papers

Limitations

Some limitations of the report are:

- Time span – 3 months was not very sufficient for a report of this magnitude
- Less time to work on as I came back from office at 9 pm.
- Lack of electricity – affected my work as well as my morale to do work
- Hesitance to share all types of information on the part of the Bank
- Lack of availability of sufficient data

Part 1

Organization Overview

1.1 Overview of Dhaka Bank Limited

Bangladesh economy has been experiencing a rapid growth since the '90s. Industrial and agricultural development, international trade, inflow of expatriate Bangladeshi workers' remittance, local and foreign investments in construction, communication, power, food processing and service enterprises ushered in an era of economic activities. Urbanization and lifestyle changes concurrent with the economic development created a demand for banking products and services to support the new initiatives as well as to channelize consumer investments in a profitable manner. A group of highly acclaimed businessmen of the country grouped together to responded to this need and established Dhaka Bank Limited in the year 1995.

The Bank was incorporated as a public limited company 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. The paid up capital of the Bank stood at Tk 1,547,402,300 as on December 31, 2007. The total equity (capital and reserves) of the Bank as on December 31, 2007 stood at Tk 3,125,688,713. The Bank has 41 branches and 1 Business Center including 2 Offshore Banking Units across the country and a wide network of correspondents all over the world. The Bank has plans to open more branches in the current fiscal year to expand the network.

The Bank has a total number of 50 branches and 1 Off Shore Banking Unit at DEPZ Savar Dhaka, 7 SME Service Centers, 1 Kiosk (Business Center) and 1 Central Processing Centre as of March 2010. and plans to open more by the end of 2010 to expand its network.

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.

1.2 Organizational Overview of Dhaka Bank Limited, Uttara Branch

Dhaka Bank Limited Uttara Branch started on 31st Decenmber, 1999. The First Branch Manager Back the was Kazi Mamun-or Rashid. It was originally situated in Sector 4 of Uttara but later moved to a more strategic location in Sector 1 in Jashimuddin Road which was very visible to people entering Uttara and also it had a lot of potential customers surrounding that area. Any other information about history was unobtainable as all the employees has changed since then.

Dhaka Bank Ltd. is the preferred choice in banking for friendly and personalized services, cutting edge technology, tailored solutions for business needs, global reach in trade and commerce and high yield on investments.

1.3 Mission of the Dhaka Bank Limited

“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 of the Dhaka Bank Limited

“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 the Dhaka Bank Limited:

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

1.5 Visions for 2010

They expect higher growth of business in 2010. The growth will presumably generate from the diversified corporate sector, personal banking, money market operations, structured financing, Visa debit and pre paid card, ATM network and Export oriented initiatives. New innovative products like Capital Market, Bundled Savings Account, Refurbished Home Loan etc has been introduced to increase profitability.

Strategies Objectives of DBL:

- Their objectives are to conduct transparent and high quality business operation based on market mechanism within the legal and social framework.
- Their greatest concerns are to provide their customers continually efficient, innovative and high quality products with excellent delivery system.
- Their motto is to generate profit with qualitative business as a sustainable ever-growing organization and enhance fair returns to the shareholders

- Establish DBL as one of the top five successful Private Commercial Banks by 2010
- Be committed to the community as a corporate citizen and contribute towards the progress of the nation
- Build a strong deposit base
- Introduce new products & services and upgrade existing products & services at comparatively low cost in order to assure quick respond to the changing demands in the market
- Promote the well being of the employees and raise their morale
- Strengthen corporate identity and values
- Fullfillment of their responsibility to the government by paying taxes and abiding by other rules
- Bring the entire system under a very advanced IT platform
- Socialize and present the bank to the community as a corporate partner
- Encouraging and motivating the new entrepreneurs to establish industries and business in line with development of national economy.
- Enhancing savings tendency of the people by offering attractive and lucrative new savings scheme.
- Financing the foreign trade of the country both Export and Import.
- Enhancing the mobilization of savings both from urban and rural area.

The prime objective of DBL is to deliver a quality that demonstrates a true reflection of their vision-Excellence in Banking. Improve the quality of lone and services, and diversify the sources of revenue.

- Focus on Current, Savings & Short Term Deposit Accounts to reverse the ratio (26:74) with Fixed Deposit Receipt.
- Take immediate action required to reverse the rise of Cost of Fund.
- Increase fee based income: increase volume & fee of Letter of Credit & Guarantee, increase export and exchange earnings.
- Reduce operating cost by at least 20%.

1.6 Corporate Social Responsibility

Dhaka Bank is committed to their corporate responsibility toward the community. They allocate 2% of their tax profit for CSR practices each year. They have also taken numerous initiatives towards social welfare and community development. They also donated-

- Anti-Drug Campaign in Chittagong
- Donation to Prime Minister's Relief Fund for bereaved family members of the Army Officers during the recent carnage at BDR Head Quarter, Peelkhana, Dhaka on March 10, 2009 of taka 25 Lac.
- Donaton to Prime Minister's Relief Fund for bereaved family members of the Army Officers during the recent carnage at BDR Head Quarter, Peelkhana, Dhaka on April 1, 2009 of taka 9.60 Lac.
- Donation to BIRDEM Hospital in 2009 of taka 24 Lac.
- Donation to Center for Women & Child Health Hospital in 2009 of taka 24 Lac.
- Contribution to Bangladesh Tennis Federation (BTF) as sponsorship of 23rd Bangladesh International Junior Tennis Championships 2009 of taka 5 Lac.
- Financial assistance for Shahidbagh Jame Mosque, Dhaka of taka 50 Lac.
- Financial assistance for Kapatatia Jame Mosque, Hossainpur, Kishoreganj of taka 20 Lac.
- Donation to Bangladesh Hockey Federation for sponsorship of Jawharlal Nehru Cup Hockey Tournament of taka 10 Lac.
- Donation for the Aila Cyclone Victims of taka 10 Lac.
- Donate 2 unit of Ambulances to be used by the Highway Police of taka 48.86 Lac.
- Donation to the Players and Officials of National Hockey Team for winning 3rd AHP Cup Tournament held in Singapore of taka 2 Lac.
- Donation to Bangladesh Athletic Federation Sponsorship of 25th National Junior Athletic Championships 2009 of taka 8 Lac.
- Sponsorship of Air Ticket an international player to participate in International Chess Tournament to be held in Hungary of taka 0.80 Lac.

- Donation to Bangladesh Olympic Association for sponsorship of BOA Sports Development Lottery 2009 of taka 10 Lac.

1.7 Corporate Information:

Name of the Company:	Dhaka Bank Limited
Legal Form:	A public limited company incorporated in Bangladesh on April 06, 1995 under the Companies Act 1994 and listed in Dhaka Stock Exchange Limited and Chittagong Stock Exchange Limited
Date of Commencement:	July 05, 1995
Registered Office:	Biman Bhaban (1 st Floor) 100 Motijheel C/A Dhaka – 1000, Bangladesh
Telephone:	+880 2 9554514
Telefax:	+880 2 9556584, 9571013, 9565011
SWIFT Code:	DHBLBDDH
E-Mail:	info@dhakabank.com.bd
Web Page:	www.dhakabankltd.com
Auditors:	ACNABIN Chartered Accountants
Tax Consultant:	Howlader, Yunus & Co. Chartered Accountants
Managing Director:	Khondker Fazle Rashid From February 24, 2009
Company Secretary:	Arham Masudul Huq

1.8 Departments of DBL

Dhaka Bank maintains the jobs in a proper and organized considering their interrelationship that are allocated in a particular department to control the system effectively. Different departments of DBL are as follows:

Human Resources Division

Dhaka Bank Limited recognizes that a productive and motivated work force is a prerequisite to leadership with its customers, its shareholders and in the market it serves. Dhaka bank treats every employee with dignity and respect in a supportive environment of trust and openness where people of different backgrounds can reach their full potential.

The bank's human resources policy emphasize on providing job satisfaction, growth opportunities, and due recognition of superior performance. A good working environment reflects and promotes a high level of loyalty and commitment from the employees. Realizing this Dhaka Bank limited has placed the utmost importance on continuous development of its human resources, identify the strength and weakness of the employee to assess the individual training needs, they are sent for training for self-development. To orient, enhance the banking knowledge of the employees Dhaka Bank Training Institute (DBTI) organizes both in-house and external training.

The major responsibilities of HR are as follows:

- Employee recruitment
- Posting
- Transfer
- Increment
- Established yearly performance bonus
- Provident fund
- Confirmation
- Training

- Travel policy
- Telephone policy

Personal banking Division

The personal banking department deals with the consumer credit schemes such as the personal loan, car loan, education loan, tax loan, personal secured loan that are tailored to meet the demand of individual customers. The manager of DBL credit who approves and administers all the activities heads this department. The approval officer mainly rejects or approves the credit requests. After being checked by the approval officer, the credit requests go to the processing officer for further processing of the application.

Treasury Division

Their main job is to take decisions regarding purchase and sell of foreign Currency. The purpose of Treasury's operations is to utilize the funds effectively and arrange funds at a lowest possible rate of interest, through maintaining effective relationship with other banks and following the Government rules and foreign exchange regulations

Computer and Information Technology Division

This department gives the software and hardware supports to different departments of the bank. As Dhaka Bank is engaged in online banking, the role of IT is very crucial for the bank. This department is the most active department of DBL where employees always stand by to solve any problems in the system. The managers and executives of IT division work continuously to develop the total IT system of DBL so that it can be operated with ease, accuracy, and speed. Since its journey as commercial Bank in 1995 Dhaka Bank Limited has been laying great emphasis on the use of improved technology. It has gone to online operation system since 2003. The main softwares that DBL uses are:

- Flexcube
- DBCube
- SWIFT Manager

- Word
- Excel
- El Dorado
- Dhaka Bank Server
- Nikash
- UNIX
- Western Union
- Dhaka Bank Foreign Trade

Credit Division

The borrowing capacity provided to an individual by the banking system, in the form of credit or a loan. The total bank credit the individual has is the sum of the borrowing capacity each lender bank provides to the individual. Credit Policy Committee is composed of the managing director, the general manager, the Chief Risk Officer and the assistant general manager responsible for credits. Committee meets every other week, evaluates the banks overall lending portfolio and determines principles and policies regarding portfolio management.

Operation Division

This is an integral and vital part of the bank. The services department ensures smooth operation and functioning within and between all the departments of DBL. It also provides continuous support to the core banking activities of DBL. The Manager of Services heads the department who formulates and manages various critical issues of the services function of DBL. He is followed by a group of executives who are the heads of various subsidiary divisions that operate within the services department. The Services Department is considered as the backbone of all other departments.

Card Division

DBL is the first domestic commercial bank in Bangladesh to introduce Visa Electronic and Visa Credit Card at the same time. DBL is also the only bank in Bangladesh to introduce Visa ATM Acquirer along with POS Acquire, which opened the opportunity for all the Visa Cardholders (domestic and international) to use the ATMs.

Finance & Accounts Division

This is considered as the most powerful department of DBL. It keeps tracks of each and every transaction made within DBL Bangladesh. It is headed by Manager of FCD who ensures that all the transactions are made according to rules and regulation of DBL group. Violation of such rules can bring serious consequences for the lawbreaker. The functions of FCD are briefly discussed below along with an organ gram of the department.

Audit & Risk Management Division

The Risk Management Division is responsible for measuring risks that the Bank might face in the course of its operations, developing corporate risk management policies and ensuring that risks remain within the limits in which the Bank prefers to bear such risks in line with its own strategic targets and risk appetite. The primary goal of risk management is to provide capital to businesses in line with their risks (economic capital), maximize risk-adjusted return and increase the added value.

The risk management function consists of Market Risk, Credit Risk and Operational Risk Management Units. Bank Risk Committee, Asset-Liability Committee (ALCO), Credit Policy Committee, and Operational Risk Management Committee are the other risk management bodies.

Risk Management Unit

During the 3rd quarter of the year 2009 the Management of the Bank has set up a Separate Risk Management Unit (RMU) in line with Bangladeshi Bank directives. The RMU functions under direct supervision of the Managing Director, who is assigned by the Deputy Managing Director (Risk Management). The Risk Management Unit supervises and monitors independently and consistently the management of following Main Risks:

1. Credit Risk
2. Asset- Liability Risk
3. Foreign Exchange Risk
4. Internal Control & Compliance
5. Anti Money Laundering
6. Information and Communication Technology
7. Balance Sheet Risk
8. Operational Risk
9. Market Risk
10. Liquidity Risk
11. Reputational Risk
12. Insurance Risk
13. Sustainability Risk

The main purpose for establishing the RMU is to prevent the Bank from taking too much risk and build up a Capital Adequacy, which is more risk sensitive. The RMU tends to take necessary measures and find out strategy against financial crisis, unusual market condition, and different investment vulnerabilities.

1.9 Organizational Structure of Dhaka Bank Ltd

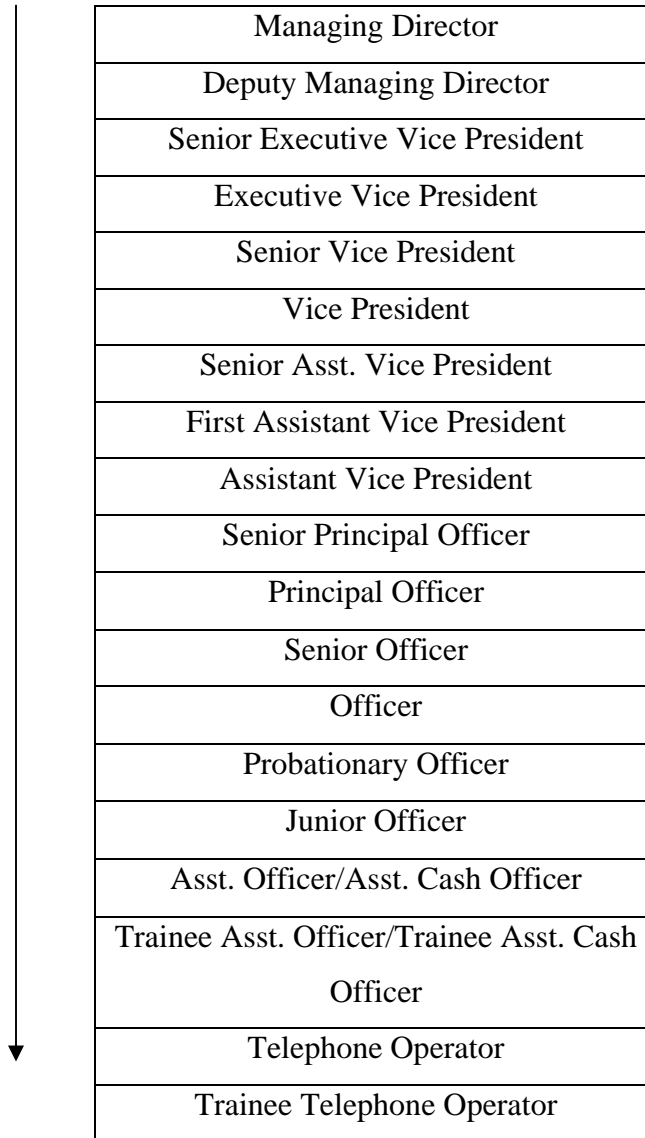
There are four different wings to consist the organizational structure of DBL. They are:

- Board Directors
- Executive Committee
- Audit Committee

- Management Committee

See Appendix A for detailed information

1.10 Organizational Hierarchy



Organogram of Uttara Branch:

See the Separate file for this diagram

Products and Services of DBL...

1.12 Products of DBL

Different banking products and services are being offered exclusively to the Non Government Organizations and international projects in Bangladesh and its staff, both local and expatriate, based in Bangladesh. With the assistance of the Marketing Team, who have prior experience of serving diplomatic missions with other multinational banks, the Bank has tailored a list of products to address the NGO / International Organization's unique banking requirements in Bangladesh. Dhaka Bank Limited is committed to developing and delivering to the corporate relationships total banking solutions while ensuring a level of service that exceeds customer expectations.

1) Retail Banking:-

In 2001 DBL. introduced its personal banking program responding to the market demand for a complete range of modern banking products & services. Last year they introduced a new product called Savings bundles Product. Designed exclusively for the salaried executives, Excel Account offers a packaged solution to companies and organizations in processing their employees' salaries and funding employees' loans.

Retail Banking consists of the following products:

Liability Products-

- Savings bundled Products
- Deposit Pension Scheme
- Special Deposit Scheme
- Deposit Double Scheme
- Gift Cheque

Asset Products-

- Home Loan
- Personal Loan
- Vacation Loan
- Car Loan
- Any Purpose Loan

Services-

- Internet Banking
- SMS Banking
- Locker
- ATM Card
- VISA Credit Card
- Utility Bill/Tuition Fee Collection
- Letter of Credit
- Western Union and other money transfers like Placid, Rupali etc (Note: they do not provide MoneyGram Services)

Savings Bundle Product

Dhaka Bank Saving Bundle Product is the first of its kind in Bangladesh. A unique blend of all flexibilities of a current account and provision high interest on daily balance and monthly interest paid savings account in three schemes, namely-

- Dhaka Bank Silver Account
- Dhaka Bank Gold Account
- Dhaka Bank Platinum Account

Dhaka Bank Savings Bundle product is another landmark to our commitment – Excellence in Banking

Customer will get the following benefits for opening any of the above account

- Lifetime annual fee Free ATM card
- Lifetime annual fee Free Credit Card
- 0.5% less interest on Retail Loan
- Free Cheque Book i.e. 50 leaves in Silver Account, 100 leaves in Gold account & 150 leaves in Platinum Account.
- Free SMS & Internet Banking

Deposit Pension Scheme

Dhaka Bank is well poised to be the leading Personal Banking business amongst the local private banks. Bank's conscious efforts in brand building, introducing and supporting new packaged products, developing PB organization along with non-traditional delivery channels have resulted in good brand awareness amongst its chosen target markets.

Installment based savings schemes are a major category of saving instruments amongst mid to upper middle-income urban population. DPS is an installment based savings scheme (Deposit Pension Scheme) of Dhaka Bank for individual clients. The key differentiators of the product will be –

- **Amount of monthly deposit** - The scheme offers the clients the flexibility of tailoring the amount of monthly deposit based on his monthly cash flow position. The minimum monthly deposit will be BDT 500.00 The client will have the option of depositing any amount in multiples of BDT 500.00 subject to a maximum of Tk 20,000.
- **Flexible tenor of the scheme**- The client has flexibility of deciding on the tenor of the scheme in-terms of number of months. However, the minimum tenor would be 48 months and the maximum would be 144 months.
- **Flexibility to open any number of DPS Account**- A client can open maximum five DPS accounts in client's name, in his/her spouse's name or in the name of his/her children or in joint names with any of his/her family members.

- **Bonus point** - if the client continues the scheme up-to maturity then at maturity, the client will be awarded a bonus 1% on the total deposit amount. However, to qualify for the bonus point, client may default in paying maximum 2 installments within the tenure of the DPS.
- **Premature encashment** – if any client closes the deposit account before one year, s/he will not be entitled to any interest. Account running more than a year will be eligible for the prevailing interest offered in the savings account.
- **Late payment fee** – Clients failing to deposit any installment will pay 5% late payment fee on the deposit installment amount as late payment fee, which will be realized at the time of depositing the next deposit Installment.
- **Payment through Account** – Clients will have to open an Account with Dhaka Bank Limited and a standing instruction will be executed for auto-debit to effect the monthly installment.
- **OD Facility against DPS** - Clients will have the option of taking advance upto 90% of the deposited amount at the time of application. However, to be eligible for the OD facility, the account must be at least 2 years old or the minimum ticket size of the advance will be Tk 20,000.00.

Deposit Double

Deposit Double is a time specified deposit scheme for individual clients where the deposited money will be doubled in 6 years. The key differentiators of the product will be:

- **Amount of deposit** - The minimum deposit will be BDT 50,000.00 (either singly or jointly). The client will have the option of depositing any amount in multiples of BDT 10,000 subject to a maximum of Tk 20, 00,000 in a single name and Tk 35, 00,000 in joint name.
- **Tenure of the scheme** - The tenure of the scheme will be 6 years.
- **Premature encashment** – If any client chooses to withdraw the deposit before the tenure, then she/he will only be entitled to prevailing interest rate on savings

account in addition to the initial deposit. However, withdrawal of the deposited amount before one year will not earn any interest to the depositor(s).

- **OD Facility against Deposit** - Clients will have the option of taking advance upto 90% of the initial deposited amount. The lending rate will be tied up with the interest rate offered on the deposit.

Product Features	
Deposited Amount	Min Tk 50,000 (singly or jointly) with multiples of Tk 10,000 Max Tk 20,00,000 (in single name) Tk 35,00,000 (in joint name)
Initial Deposit date	Any day of the month
Tenure	6 years

- **Govt. Charges** – The matured value is subject to taxes and other Govt. levies during the tenure of the deposit.

Income Unlimited

The management of Dhaka Bank Limited is pleased to launch Special Deposit Scheme, a new liability product on May 04, 2005.

- **Product Name-** Special Deposit Scheme
- **Products Features**

Deposit Amount	In multiples of Tk 50,000 However the minimum deposit will be Tk 1,00,000 (singly or jointly) and the maximum Tk 50,00,000 (singly/Jointly).
Interest Due	One month after the initial deposit date the interest will be credited to the savings/current account.
Tenure	3 Years
Monthly income on Tk 100,000	Tk 1,000 subject to 10% Income Tax

Rate of Interest	12% (simple)
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Excel Account

Excel Account has been tailored in the manner of having both asset and liability characteristics blended into a single product for salaried individuals employed in any institution. On virtue of this product, prospective clients receive a credit interest based on the credit balance available in the account. The clients will also be required to pay the bank OD interest if the balance of the account becomes overdraft.

The tenure of the account will be for 3 years maximum, having renewal facility for every year until the client resigns from the institution. OD facility is a pre-embedded feature of the Excel Account. An OD limit is given to the account up to the amount of the salary of the individual employed at the institution. For a credit balance this facility provides an interest rate of 4.5% p.a. based on the daily balance of the account. If in the case, the account is utilized for an OD limit, the debit balance will be subject to a debit interest rate of 16% p.a.

Salary Account

Dhaka Bank has launched a special package of savings account for employees belonging to institutions with which Dhaka Bank has a corporate agreement. With this package salaried employees of these institutions enjoy interest on a daily balance. The key features of the Salary Account are:

- Interest to be calculated on a daily balance basis
- No Periodic Service Charge
- ATM Card Facility
- Credit Card Facility
- On-line Banking Facility
- Internet & SMS Banking Facility

Smart Plant

Smart Plant offers the opportunity to multiply initial cash to 10 times in 6 years. The customer deposits at least Taka 10,000 or multiple of it to avail the opportunity. In single name one can deposit maximum Taka 50, 00,000. Dhaka Bank shall contribute 4 times of your deposited amount to build up a fund for issuance of Smart Plant. Maturity period of the Smart Plant is 6 years.

The total Smart Plant amount (customer's deposit + Bank Contribution) will double in 6 years. For example; if you deposit Taka 10,000, bank shall contribute Taka 40,000, altogether the Smart Plant amount will be Taka 50,000. On maturity (after 6 years) the Smart Plant amount will be Taka 1, 00,000. You will repay the bank contribution amount in 72 equal installments. After repayment of all installments the matured value will be credited in your savings account.

Gift Cheque

Dhaka Bank has recently refurbished its Gift Cheque. The features of the gift cheque are as follows:

- Can be encashed at any branch even if the encashing branch is not the issuing branch of the instrument.
- Interest will be applicable only if the instrument is encashed after three months from the date of issue in the following manner:
 1. No Interest if encashed before three months from the date of issue.
 2. 6% if encashed after three months and before twelve months from the date of issue.
 3. 7.25% if encashed after twelve months from the date of issue.
- The gift cheque may be encashed using either of the two modes, (a) cash or (b) Fund Transfer. Encashment of gift cheque is not allowed over clearing.
- Dhaka Bank Limited issues gift cheques in three denominations of Tk.100, Tk.500 and Tk.1000

Personal Loan

As part of establishing a personal banking franchise of Dhaka Bank Limited, the bank has successfully launched Personal Loan. The product is a term financing facility to individuals to aid them in their purchases of consumer durables or services. The facility becomes affordable to the clients as the repayment is done through fixed installments commonly known as EMI (equal monthly installment) across the facility period. Depending on the size and purpose of the loan, the number of installments varies from 12 to 48 months.

Target Market-

- a. **Salaried employees** of institutions in the Dhaka, Chittagong and Sylhet markets.
- b. **Professionals** who are self employed and have at-least 3 years of independent practice in the area of profession.
- c. **Businessmen** who are permanent residents of Dhaka, Chittagong and Sylhet metropolis with at least 3 years of continued operation in the line of business.

Restrictions and client eligibility

- Loans are restricted to Bangladeshi nationals falling in the categories mentioned below. The minimum age for any borrower will be 25 years and the maximum age 52 years with a minimum verified Gross Family Monthly Income of BDT 10,000.

Loan amount limits under the program	Type of Loan	Minimum loan amount	Maximum loan amount
		Personal	BDT 25,000

Car Loan

As part of establishing a personal banking franchise of Dhaka Bank Limited, the bank has successfully launched Car Loan. The product is a term financing facility to individuals to

aid them in their pursuit of has a car of their dream. The facility becomes affordable to the clients as the repayment is done through fixed installment s commonly known as EMI (equal monthly installment) across the facility period. Depending on the size and purpose of the loan, the number of installments varies from 12 to 60 months. In case of brand new cars the loan tenure will be maximum 72 months.

Target Market

- a. **Salaried employees** of institutions in the Dhaka, Chittagong and Sylhet markets.
- b. **Professionals** who are self employed and have at-least 3 years of independent practice in the area of profession.
- c. **Businessmen** who are permanent residents of Dhaka, Chittagong and Sylhet metropolis with at least 3 years of continued operation in the line of business.

Restrictions and client eligibility

- Loans are restricted to Bangladeshi nationals falling in the categories mentioned below The minimum age for any borrower will be 25 years and the maximum age 52 years with a minimum verified Gross Family Monthly Income of BDT 45,000.

Loan amount limits under the program	Type of Loan	Minimum loan amount	Maximum loan amount
	Car	Not specified	Tk 20,00,000

Vacation Loan

As part of establishing a personal banking franchise of Dhaka Bank Limited, the bank has successfully launched Vacation Loan. The product is a term financing facility to individuals to aid them in their pursuit of spending a vacation in the country or abroad. The facility becomes affordable to the clients as the repayment is done through fixed installment s commonly known as EMI (equal monthly installment) across the facility period. Depending on the size and purpose of the loan, the number of installment varies from 12 to 48 months.

Target Market

- a. **Salaried employees** of institutions in the Dhaka, Chittagong and Sylhet markets.
- b. **Professionals** who are self employed and have at-least 3 years of independent practice in the area of profession.
- c. **Businessmen** who are permanent residents of Dhaka, Chittagong and Sylhet metropolis with at least 3 years of continued operation in the line of business.

Restrictions and client eligibility

- Loans are restricted to Bangladeshi nationals falling in the categories mentioned below The minimum age for any borrower will be 25 years and the maximum age 52 years with a minimum verified Gross Family Monthly Income of BDT 10,000.

Loan amount limits under the program	Type of Loan	Minimum loan amount	Maximum loan amount
	Vacation	BDT 25,000	BDT 500,000

Home Loan

The product is a term financing facility to individuals to aid them in their purchases of apartment or house or construction of house. The facility will become affordable to the clients as the repayment is done through fixed installment as commonly known as EMI (equal monthly installment) across the facility period. Depending on the size of the loan, the maximum period of the loan would be 180 months (15 years).

Target Market

The target market for Home Loan will be mainly focused in Dhaka and Chittagong . However, strong recommendation from branches operating in other areas will also be facilitated with the major concentration on the following category –

- **Salaried employees** of institutions with minimum 3 years continuous service
- **Self-employed Professionals** who are self employed and have at-least 5 years of independent practice in the area of profession. (Example: Doctors, Dentists, Engineers, Chartered Accountants, Architects who are members of their professional institutes.)
- **Businessmen** who are permanent residents of Dhaka, Narayangonj, Chittagong and Sylhet with at least 5 years of continued operation in the line of business.

Restrictions and client eligibility

1. Loans are restricted to Bangladeshi nationals falling in the categories mentioned below: The minimum age for any borrower will be 21 years with a maximum age 50 years (at the time of application). The minimum verified Gross Family Monthly Income of the applicant should be BDT40,000. The family income will include only the income of the applicant and spouse.
2. The maximum permitted Equal Monthly Installment (EMI) paid by the borrower should be no more than the **33%** of the Family Monthly Disposable Income (FMDI) of the borrower per month.
3. In calculating FMDI, we propose to use the following industry standard formula: Proven income of obligor **PLUS** proven income of spouse (if the spouse is working) **LESS** current monthly loan obligations (if any), other monthly fixed obligations (rent, children’s education, monthly food expenses, etc).

Loan amount limits under the program	Minimum loan amount	Maximum loan amount
	BDT 500,000	BDT 3,500,000

4. The maximum loan tenor for different amount of loan is proposed to be as following

Loan Amount	5 lac to less tan 10 lac	10 Lac to 35 lac
Max Tenure	5 yrs	10-15yrs (negotiable)*

5. * The tenor will be decided at the discretion of the management.

Any Purpose Loan

Any Purpose Loan is a term financing facility to individuals to meet their immediate requirements. The facility becomes affordable to the clients as the repayment is done through fixed installments commonly known as EMI (Equal Monthly Installment) across the facility period. Depending on the size and purpose of the loan, the number of installments varies from 12 to 48 months.

This facility is available for Salaried Employees, Self Employed / Professionals or Businessmen. Loans are restricted to Bangladeshi Nationals within 21 years to 57 years age limit with a minimum verified Gross Family Monthly Income of BDT 10,000. The amount of loan may vary from BDT 25,000 to 5,00,000 depending on the applicants requirement and repayment capability.

2) Corporate Banking

Corporate Banking business was performed fairly well in 2002 despite a sluggish credit demand in the market. This year priority has been given to expand business in low risk sectors. Besides we have designed a comprehensive risk management system to monitor and control our asset quality. Letter of Credit, Guarantee, Import & Export Finance, Syndicate Loan, Project Financing, Leasing, Working Capital Financing etc. all are Corporate Banking Products.

Securitization of Assets

A powerful and effective means of generating funds for a certain category of institutions, Securitization of Assets is still in its infancy in The need however for such a service is great and there is a lot of support from multilateral financial institutions, such as the World Bank and the Asian Development Bank, for such activities to be developed further in this country.

Dhaka Bank intends to take up this challenge and play a significant role in ensuring that Securitization of Assets becomes a normal part of the range of financial instruments available for organizations who can count on a steady, but piecemeal, flow of revenue and want to translate this stream into cash resources with which to carry out further lending activities to new customers. Some practical issues still need to be settled such as those concerning pricing, or the legal framework, but it is expected that, as Dhaka Bank and other institutions pursue more such securitization activities these will be resolved.

Finance & Advisory Services

Given the needs of its large and varied base of corporate clients Dhaka Bank will be positioning itself to provide investment banking advisory services. These could cover a whole spectrum of activities such as Guidance on means of raising finance from the local Stock markets, Mergers and Acquisitions, Valuations, Reconstructions of Distressed companies and other expert knowledge based advice. By this means Dhaka Bank hopes to play the role of strategic counselor to blue-chip Bangladesh companies and then move from the level of advice to possible implementation of solutions to complex financing problems that may arise from time to time.

Syndication of Fund

There has been a surge in the number of syndication deals closed in the last few years. 2004 was an exceptionally good year for syndicated deals for the local commercial banks also for the foreign banks. The total number of syndications in 2004 exceeded 10 totaling over Tk. 10 billion. This rise in the number of syndications can be primarily attributed to the prudential lending guidelines of the Bangladesh Bank. A commercial bank may provide funded facilities up to a maximum of 25% of its equity. Due to this reason, projects with sizeable costs need to approach more than one bank for their debt requirements and therefore the demand for syndications exist. Credit risk diversification has led many international companies to introduce credit derivatives that are actively

being traded. Securitization of assets is one such credit risk derivative that allows financial institutions to diversify their portfolios.

At Dhaka Bank Limited, the Syndications and Structured Finance unit was setup on October 30, 2004. This unit successfully closed two syndicated deals in the first and second quarters of 2004. The Syndications and Structured Finance team as a business unit soon followed up by closing another deal totaling Tk 2.10 billion for a large local corporate. The year (2004) being the first full year of operation for the team ended on a high note as we were able to close three syndicated deals as the Lead Bank, two deals as the Co-Arranger and several other deals as a participant.

1.13 Services of DBL

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 service, joined a countrywide shared ATM network and has introduced a co-branded credit card.

Dhaka Bank Limited offers various types service. Those are:

- Corporate Banking
- Personal Banking
- Islamic Banking
- Capital Market Services
- SME
- ATM Card Services
- Credit Card Services
- Locker Services

Corporate Banking

Providing a tailored solution is the essence of our Corporate Banking services. Dhaka Bank recognizes that corporate customers' needs vary from one to another and a customized solution is critical for the success of their business.

Dhaka Bank offers a full range of tailored advisory, financing and operational services to its corporate client groups combining trade, treasury, investment and transactional banking activities in one package.

Whether it is project finance, term loan, import or export deal, a working capital requirement or a forward cover for a foreign currency transaction, our Corporate Banking Managers will offer you the right solution. You will find top-class skills and in-depth knowledge of market trends in our corporate Banking specialists, speedy approvals and efficient processing fully satisfying your requirements - altogether a rewarding experience.

Loan Syndication

DBL participates in a number of loan syndication arrangements involving foreign investment has been highly acclaimed. The projects that they have handled as the lead arranger or co-arranger with other banks and financial institutions include production and export oriented ventures in power generation, cement production, food processing and a large undertaking in leisure and amusement

Floating of Public Issues

The Bank assists companies to underwrite public issues. Dhaka Bank has successfully participated in a number of issues.

Personal Banking

Amongst Private Sector bank's, Dhaka Bank has already made its mark in the personal banking segment. The promotions like "Baishakhi Offer", a strategic tie up with Electra International Limited, distributor of Samsung brand products, and "Freeze the Summer Campaign" a strategic tie-up with Esquire Electronics Limited, distributor of Sharp/General Brand electrical appliances saw Dhaka Bank to experience more than a reasonable growth on the personal banking business in 2008.

Islamic Banking

Dhaka Bank Limited offers Shariah based Islamic Banking Services to its clients. The bank opened its First Islamic Banking Branch on July 02, 2003 at Motijheel Commercial Area, Dhaka. The second Islamic Banking branch of the bank commenced its operation at Agrabad Commercial Area, Chittagong on May 22, 2004. Dhaka Bank Limited is a provider of on line banking services and any of its clients may avail Islamic Banking services through any of the branches of the bank across the country.

Dhaka Bank Islamic Banking Branches offer fully Shariah based, Interest free, Profit-Loss Sharing Banking Services. Dhaka Bank Shariah Council is closely monitoring its activities. Besides, Dhaka Bank is an active member of Islamic Banking Consultative Forum, Dhaka and Central Shariah Board of Bangladesh.

Capital Market Services

Capital Market Operation besides investment in Treasury Bills, Prize Bonds and other Government Securities constitute the investment basket of Dhaka Bank Limited. Interest rate cut on bank deposits and government savings instruments has contributed to significant surge on the stock markets in the second half of 2004, which creates opportunities for the Bank in terms of capital market operations. The Bank is a member of Dhaka Stock Exchange Limited and Chittagong Stock Exchange Limited.

ATM Card Services

- Cash Withdrawals – up to Tk.1 Lac per day
- Utility payments – T&T, Mobile phones, DESA, etc.
- Multi-account access
- Fund Transfers
- Mini Statements
- PIN change

Credit Card Services

Dhaka Bank Limited brings you Your Everyday Credit Card in the shortest possible time. We recognize that you need your card every day. That is why we have developed processes to guarantee delivery of your card in just 7 days when you apply for a fully secured card; for an unsecured card it will be ready in just 10 days.

Locker Services

A client could use the locker facility of Dhaka Bank Limited and thus have the option of covering your valuables against any unfortunate incident. DBL offer security to our locker service as afforded to the Bank's own property at a very competitive price.

Online Banking Services

Dhaka Bank Limited introduces Net Banking and intends to maintain the lead with enhanced facilities through this media. Client can get access to real time account information through the Internet. Transfer money from his/her account, utility bill payment and more. Through on-Line Banking Services, clients can deposit to and

withdraw from his/her account held with a particular branch up to a limit of Tk: 10,000.00 through any branch of Dhaka Bank Limited

Internet Banking Services

Through Internet banking the client can access the account to view and print the balance account statement for last 20 (twenty) transactions.

1.14 Other Products and Services

Global Trade Services (GTS)

Global Trade Services (GTS), Head Office consists of two units- Financial Institutions or FI and Remittance Unit. FI arranges correspondent banking network, credit lines and other facilities required for 15 Authorized Dealer (AD) branches and one Offshore Banking unit of DBL. With a vast network (320+) of correspondents throughout the globe, Dhaka Bank Limited is one of the banks in Bangladesh enjoying credit line facility from International Finance Corporation (IFC) under its Global Trade Finance Facilitation Program (GTFP) for conformation of the L/Cs issued by itself. Dhaka Bank Ltd. provides the following services:

- Import Letter of credits
- Export Letter of credits, negotiation & documentary collection
- Local guarantees against counter guarantees

Small and Medium Enterprises

Dhaka Bank has come forward to extend its services towards Micro and Small & Medium Enterprises. Since inception, the Dhaka Bank has held socio-economic development in high esteem and was among the first to recognize the potentials of SMEs. Recognizing the SME segment's value additions and employment generation capabilities quite early, the Bank has pioneered SME financing in Bangladesh in 2003, focusing on

stimulating the manufacturing sector and actively promoting trading and service businesses.

It should be noted that there are products not mentioned here like special service, different types of the same product. I learned that during my internship there.

How will the customer know about these products? They would have to discuss with the CSO or the Branch Manage.

Part 2

**My Job at DBL, Uttara
Branch**

My internship at Dhaka Bank Limited started on January 17th, 2010 and it ended on April 20th, 2010. During these 3 months I was assigned at the Uttara Branch. I had a lot of fun, but more importantly I finally understood working by actually being there. This practical orientatin is necessary for the development and preparation of a person in the job world. The things that I have learned at Dhaka Bank are:

- Meaning of responsibility
- Necessity of commitment
- Punctuality and regularity is very important
- Ability to interact with different sorts of people

Dhaka Bank has a prepared internship program for internees. Although it is rarely followed, it served as a guide for me. I was rotated across all 4 different department in the past 3 months.

2.1 The Nature of the jobs and my Specific Responsibilities

The first week I was in the Cash Department. Banks don't usually put interns in this department but I was lucky to see firsthand what happens behind the counter. I did not have much responsibility in that department as I was not to mess with their hectic and hasty transactions, but they eventually did give me some work. My responsibilities in this department were just to assist them in any small way possible. I learned the following from this department:

- Counting money in various ways
- Use the counting machine
- Use the photocopy machine
- Counting the vouchers

- Checking the individual EOD (End of day Journal report) of each cashier
- Learn about Flexcube – the software used to verify all forms of deposits and withdrawals.
- Learned to become more free among the other employees
- Learned about the Money Laundering Act

Although these activities were small, they helped me understand the nature of the work.

Then I was assigned to GB (General Banking). I spent the next 5 weeks here. It was very arduous, but very fruitful. I was under Mehreen Islam (AVP), who was very intellectually intriguing.

I had a wide variety of responsibilities at GB:

- Bringing out the cheque books for the customers, verifying them, receiving them from the courier.
- Writing and later on printing pay orders
- Sometimes I did the FD (Fixed Deposits) and DPS (Deposit Pension Scheme), but it was under strict supervision.
- Counting the voucher of GB
- Finding the FD, DPS and old account opening forms
- Opening account for new customers and aiding them in the process
- Opening FD and DPS for new customers
- Putting 5 different types of seals for clearing
- Numbering shares and putting seals on them during IPOs
- Checking the EOD
- Preparing the bill for the branch's expenditure for that day
- Inputting information onto the DB Cube.
- Making solvency certificates
- Typing other documents given by my incharge

- Keeping things in order and at arm's length

The work was really hard at GB. I also had to hear a lot of complaints from the customers. At first I was demoralized. But later on I learned how to deal with it.

I was in the Credit Department for the next 2 weeks. Although much work was not assigned to me, I did assist this department in whatever way possible.

- I had to rearrange all the customer files
- Help out when the audit came
- Checking and filling up CIB forms
- Printing, typing and photocopying documents

The last 4 weeks I was posted in the foreign trade department. I did not have to deal with the customers that much but there were a lot of responsibilities that I had. Such as:

- Processing a new LC (Letter of Credit)
 - Fill up the LCAF Forms
 - Calculating the VAT, commission, margin etc
 - Printing the SWIFT message
 - Filling up the CF-7 Forms
 - Putting seals
 - Taking signatures
 - Numbering the LCs
 - Learned about The Foreign Regulation Act 1947
- Doing the similar things for BTB (Back-to-Back) LCs and Local LCs
- Preparing the LC for CPC (Control Processing Center)
- Filling up the IMP forms
- Putting the LC and IMP into their following registers
- Learning to put different types of seals

- Printing Cover Letters, letters etc
- Picking up the phone, calling up customers for missing information
- Preparing T&M (Travel and Miscellaneous) for Bangladesh Bank
- Taking necessary papers from customers such as taking photocopy of National ID card, Passport, Trade License etc
- Photocopying was a major activity in this departments
- Learned how to receive mail and send out mail via courier
- Learning the basics of these softwares – Flexcube Corporate, Western Union, DBCube, Dhaka Bank Foreign trade (for other remittancies other than Western Union)
- Counting vouchers
- Giving out Western Union forms to customers

2.2 Observation

It was very interesting working at Dhaka Bank. The people there are really nice and talented. The things that I have noticed and observed are:

- Work is never left pending for the next day unless it is absolutely necessary
- The work process could be made faster with better computers and operating systems.
- A good job performance is rarely praised, hence lacking motivation of the employees
- There is always a rush of customers so there is no standard on what the employees do throughout the day. The work activities of an employee is set, but what to do when varies along the day
- The work activities are always set and divided for each of the employees. This is the way it should be, but when I saw it first hand it was remarkable. Each and every employee has a certain set of responsibilities. He/she carries out those responsibilities throughout the day. It is also easy to assign duties that way. Even though this is the case, I often saw other staff members helping each other out.

Part 3

**Credit Department of
Dhaka Bank Limited**

3.1 Introduction

The loan and credit department is a very important department of a bank. The money mobilized from ultimate surplus units are allocated through this department to the ultimate deficit unit (borrower).the success of this department keeps a great influence over the profit of a bank. Failure of this department may lead the bank to huge losses or even to bankruptcy. Loan and credit department receive application from client in a prescribed application form supplied by the Dhaka Bank Limited, Uttara branch.

The Bank implemented the system of credit risk assessment and lending procedures by stricter separation of responsibilities between risk assessment, lending decisions and monitoring functions to improve the quality and soundness of loan portfolio. The Bank recorded a 6% growth in advances with a total loans and advances portfolio of BDT 52,910 million at the end of December 2009 compared to BDT 49,698 million at the end of December 2008.

As of 31 December 2009, 94.43% of the Bank's loan portfolio was regular while only 5.57% of the total portfolio was non- performing as compared to 3.84% of 2008. Bank made required provision as of 31 December against performing and non- performing loans as per rate and classification norm provided by Bangladesh Bank. The volume of non- performing loans stood at BDT 2,946 million in 2009 from BDT 1,908 million in 2008. Of the total loan provision of BDT 2,113 million, BDT 625 million was general provision, which was 30% of the total provision. The rest BDT 1,488 million was against the classified accounts.

3.2 Credit Rating Report

Dhaka Bank Limited was rated by Credit Rating Agency of Bangladesh (CRAB) on the basis of audited financial statements as on December 31, 2009. The Summary of the Ratings is as follows:

Status	2009	2008
Long Term	A1	A+
Short Term	ST-2	ST-2

Commercial Banks rated A1 in the long term are strong banks backed up by good financials and timely payments of financial commitments. ST-2 in the short term for commercial bank characterizes commendable position in terms of liquidity, internal fund generation and timely repayments.

3.3 Functions of the Credit Department

Lending money 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 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:

- Credit Approval Process:

- Corporate Credit
- Retail Credit
- Collection and Monitoring Activity:
- Recovery
- Risk management

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.

Loan is an asset to any financial institution. That is why it is very much necessary to ensure that a loan does not become bad. The first step in ensuring that is to ask for proper documentation of the loan applicant. A default loan might be very hard to recover due to lack of proper charge documents. This is where the asset operation department of the bank comes into action. Asset operation department of the bank acts as a last frontier to mitigate all loan related risks before disbursement of a loan.

The functions of asset operation department can be broadly categorized under two heads. The first one is the disbursement and monitoring of loans. In this case the department disburses loans after obtaining clean CIB reports of the clients, checking all documents and collecting securities after proper lien and charges creation after terms of approval. This department also periodically review conditions of past due loans, limit, expiry and document deficiency.

The next operation of the department is to act as custodian and compliance of the charge documents and prepare various MIS reports for the central bank and other audit authorities.

The documents that are required by asset operation department (AOD) can be classified into three parts. First one is the business verification and related documents of the

applicant. Second one is the basic charge documents like demand promissory note, letter of continuity, letter of pledge letter of hypothecation and some other documents. The third documents that asset operation department need to disburse loan is the security documents like post dated cheque, undated cheque for unsecured loan, fixed deposit or title deed for secured loan.

3.4 Overall Credit Policy of DBL

Lending being the most important function of commercial bank, every bank should have own credit policy. Credit policy generally aims at (a) creating healthy loan assets to ensure goods interest earning for the bank (b) ensuring ultimate safety through judicious selection of based on its salability.

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

3.5 Types of Loans and Advances

When an advance is made in a lump-sum repayable either in fixed monthly installments or in lump-sum and no subsequent debit is ordinarily allowed except by way in interest and incidental charges etc. is called a loan.

Loan is allowed for a single purpose where the entire amount may be required at a time or in a number of installments within a period of short span.

After disbursement of the entire loan amount, there will be only repayment by the borrower. A loan once repaid in full or in part, cannot be drawn again by the borrower.

- Personal Loan
- Car Loan
- Vacation Loan
- Home Loan
- Any Purpose Loan

(Described in details in the previous part)

- Overdraft
- Import Financing
- Export Financing
- Bank Guarantee

3.6 Overdraft (O.D.)

Overdraft is an arrangement between a banker and customer by which the latter is allowed to withdraw over and above his credit balance in the current up to an agreed limit.

This is only a temporary (usually for one year) accommodation usually granted against sufficient security. This facility is renewable after expiry. The borrower is permitted to draw and repay any number of times, provided the total amount overdrawn does not exceed the agreed limit. The interests charged only for the amount drawn and not for the whole amount sanctioned.

O.D. AGAINST HYPOTHECATION OF GOODS:

O.D facility is also extended against hypothecation of goods/stocks. In this case both the ownership and physical possession remain with the borrower. The borrower binds himself to surrender the hypothecated goods to the bank as and when called upon to do so. The bank only acquires a right over the goods. Therefore, the bank insists upon the borrower to give other secondary securities. Overdraft facility against hypothecation of goods is allowed only to trustworthy and prudent clients.

O.D. AGAINST PLEDGE OF GOODS:

Overdraft facilities may be provided to the borrowers against pledge of raw materials or finished goods as security. In this matter the borrower surrenders the physical possession of the goods, under effective control of the bank. The ownership of the goods however, remains with the borrower. In case of default by the borrower in repayment of the credit, the bank has the authority to sell the pledged goods and realize the due loan with interest.

But the bank has to give a notice to the borrower before attempting to sell the goods. The following things must be considered while allowing O.D. facilities against pledge of goods or stocks

- The quality and quantity of the goods,
- The goods are readily sellable and have a stable demand in the market,
- The borrower has an absolute title to the goods,
- Goods must be checked regularly by the authorized representative of the bank,
- The lock of the godown is to be sealed and keys are to be kept in the branch.

3.7 Import Financing

Pre-import financing:

- 1) Letter of credit (non-refunded)

b) *Post import financing:*

- 1) Payments against Documents (PAD)
- 2) Loans against Imported Merchandise (LIM)
- 3) Loans against Trust Receipt (LTR)

Loans against Imported Merchandise (LIM):

Loan against the merchandise imported through bank maybe allowed pledge of goods retaining margin prescribed on their landed cost. The branch shall also obtain letter of undertaking and indemnity from the customer before getting goods cleared through L.I.M. account. Clearing should be taken by approved clearing agent of the bank. Merchandise should be insured with specific risk clauses.

The following matters must consider while allowing L.I.M. against secured of goods. The landed cost of the merchandise is measured before the goods are delivered the client against proportionate payments. The landed cost is determined by taking following items:

- Invoice value if the merchandise including freight
- Customs duty
- Sales tax
- Warfare
- Derange agent's charges
- Railway freight
- Insurance premium
- Other charges

Loans against Trust Receipt(LTR)

Advances against a Trust receipt obtained from the clients are allowed when the documents covering an import shipment are given without prior payment. This type of facility is given only to first class and reliable clients.

The customer holds the goods or their sale proceeds in trust for the bank till the loan allowed against Trust Receipt is fully paid off.

The Trust receipt is a document which creates the banker's lien on goods and practically amounts to hypothecation of the proceeds of sale in discharge of lien. The period of Trust receipt may be 30, 45, 60, 90 days. The loan is adjustable within the period. Sale proceeds of goods held in trust must be deposited in the bank by the borrower irrespective of the period of the trust receipt.

3.8 Export Financing

Export finance can be allowed in two types or stages, namely-

Pre-shipment;

Packing credit

Back to Back L/C.

Post- shipment.

Through negotiation of documents;

Through purchase of foreign bill.

PACKING CREDIT:

Packing credit is a short-term credit granted by a bank to exporter to help him to purchase, process, pack and ship the goods. Generally, for the movement of goods from hinterland areas to the port of shipment, the bank provided interim facilities by way of packing credit.

BACK TO BACK CREDIT:

It is nothing but a secondary letter of credit by the advising bank in favor of a domestic/foreign supplier on behalf of the beneficiary of original foreign L/C.

NEGOTIATION OF DOCUMENTS:

Negotiation of documents under letter of credit is the usual method of financing exports at the port shipment stage. In this system, after the shipment of goods the export presents the relative documents to the Negotiating bank for negotiation. Normally, an exporter is required to submit following documents drawn in terms of the credit to the bank for negotiation of the bills:

- Bill of exchange or draft
- Bill of lading/Airway Bill
- Invoice
- Packing list
- Certificate of origin
- Insurance policy
- Inspection certificate
- Shipping advice
- Other documents as per terms of Letter of Credit.

PURCHASE OF EXPORT BILL:

The second and one of the most widely used methods of bank finance in export trade is the purchase of an export bill at the post shipment stage. Here the bank extends financial accommodation to the concerned exporter by allowing him to enjoy F.B.P (Foreign Bill Purchase) limit with prior approval of Head office, where necessary. The bank allows the export taka equivalent of the foreign bill amount after deducting its discount, commission and charges as per existing rule.

An export bill may be drawn either at sight or usance basis. In the case of purchase of an export bill the bank carefully scrutinize the exports credit worthiness, business integrity of the drawee bank and nature of goods exported. Further, the bank will meticulously scrutinize all the export documents as to check that the documents are not at all discrepant.

3.9 Bank Guarantee

Bank guarantee is nothing but giving a guarantee (commitment) to a certain organization by a bank on behalf of its client stating that if the client of the bank fails to perform certain contractual obligation, the bank will settle the liability of the client to that organization (beneficiary). Commission is realized from the bank's client for issuing such guarantee.

Bank guarantee is of two types:

- Bid Bond Guarantee,
- Performance Guarantee.

Bid Bond Guarantee:

Bid Bond Guarantee is issued by the bank on behalf of banks client favoring the beneficiary (the company which has request the bids) for the purpose of submitting Tender schedule by the client.

Performance Guarantee:

When a company (client of the bank) is awarded a contract, then the company (beneficiary of bank guarantee) who awarded the contract will request the contractor

(bank's client) to submit a Performance Guarantee. On request of the bank's client the bank will issue a Performance bank Guarantee favoring beneficiary.

3.10 Impaired Asset Management Department

This department of the bank looks after the default loans and tries to recover them. It is said that the less job load this department has, the better it is for the bank itself. The head of IAM directly reports to the Managing Director of the Bank and this division is an administrative division of the bank. This department of the bank has two wings. One wing looks after the impaired assets of SME wing and another wing looks after the impaired assets of retail business. Normally if a loan installment is six months over due, then the credit department hands over the file to IAM for recovery. IAM first issues a letter in soft language. Then if it does not work, IAM issues further three letters to the defaulter. If it does not work either, then IAM files a case against the defaulter. Usually this case filing is done in the 11 month of the default.

Loan Admin - The posting is done in the system in the Asset Operations Department. Then Loan Admin sends requisition to Fin Admin.

Fin Admin: Fin Admin take care of the other expenses.

Recovery: Recovery Dept. prepares an overdue report and informs the TM. Recovery dept. keeps track of the money. Legal notices are given to the defaulters.

MIS: MIS dept. keeps the total record of loan from its sanction to repayment.

3.11 Ratings of clients/obligors of Dhaka Bank

Dhaka Bank recognizes the fact that capital requirement increases for the Bank if it holds risky assets and decreases significantly if it holds safer portfolios and counterparty credit

rating is the primary driver to ensure risk sensitive portfolio. Dhaka Bank is consistently pursuing its clients for credit rating.

As per Bangladesh Bank BRPD Circular No. 05 dated April 29, 2009 Dhaka Bank has nominated two recognized External Credit Assessment Institute (ECAI) namely

- (1) Credit Rating Information & Services Ltd. (CRISL) and
- (2) Credit Rating Agency of Bangladesh (CRAB)

3.12 Credit assessment

The evaluation process is carried out based on ‘Lending Guideline’ described in this Policy and the clauses and documents checklist as per the PPG. The detailed credit risk assessment should be conducted prior to the approving of any loans. The Credit Risks are detailed in the Risk Management Chapter of this policy.

3.13 Risk grading

Bank shall formulate a separate risk-grading matrix customized for SME financing on the basis of expert opinion taking into consideration the experience of the Bank in lending the SMEs for last few years.

3.14 Reporting to business unit

A monthly summary of all new loans approved, renewed, enhanced, and a list of proposals declined stating reasons thereof shall be reported by Credit Team to the Business Head.

3.15 Rejection database

A rejection database is to be maintained listing the businesses and owners/sponsors to ensure that businesses and owners/sponsors with bad history, dubious integrity and high delinquency rate do not get loan from banks.

3.16 Automation

Bank has already automated the approval process, Risk Grading check, Rejection Database, reporting, compliance with PPG etc. and implementing it phase by phase.

3.17 - The Process of Giving Credit

3.17.1 Loan Sanction Activities

The respective unit office sanctions loan to the clients if it is between 2 & 5 lacs and then send the sanction letter including all necessary charge documents to the asset operation division for disbursement the loan. If the amount is higher than 5 lacs then the respective unit office sends the proposal to SME head office for sanction. The head of SME sanctions the loan and sends the sanction letter including all documents to the AOD for disbursement and inform the respective unit office regarding sanction of the loan.

Select potential enterprise: For loan, in this step the CRO conduct a survey and identify potential enterprise. Then they communicate with entrepreneurs and discuss the loan program.

Loan Presentation: The function of CRO is to prepare loan presentation based on the information collected and provided by the entrepreneur about their business, land property (Where mortgage is necessary).

Collect confidential information: Another important function of a CRO is to collect confidential information about the client from various sources. The sources of information are suppliers regarding the client's payment, customers regarding the delivery of goods of services according to order, various banks where the client has account which shows the banks transactions nature of the client.

Open client's accounts in the respective bank: When the CRO decided to provide loan to the client then he/she help the client to open a bank account where Dhaka bank has a STD.A/c. Dhaka bank will disburse the loan through this account. On the other hand the client will repay by this account. Although there is some exception occur by the special permission of the authority to repay by a different bank account.

Fill up CIB form: CRO gives a CIB form to the client and the client fill and sign in it. In some case if the client is illiterate then the CRO fill the form on behalf of the client. Then CRO send the filled and signed form to the SME, head office.

Sending CIB to Bangladesh Bank: The SME, head office collects all information and sends the CIB form to Bangladesh Bank for clearance. Bangladesh Bank return this CIB form within 10-12 days with reference no.

CIB report from Bangladesh Bank: In the CIB report Bangladesh Bank uses any of the following reference no:

- NIL: if the client has no loan facility in any bank or any financial institution then BB (Bangladesh Bank) use 'NIL' in the report
- UC (Unclassified): if the client has any loan facility in any bank or financial institution and if the installment due 0 to 5.99 then BB use UC in the report
- SS (Substandard): if the client has any loan facility in any bank or financial institution and if the installment due 6 to 11.99 then BB use SS in the report
- DF (Doubtful): if the client has any loan facility in any bank or financial institution and if the installment due 12 to 17.99 then BB use DF in the report
- BL (Bad lose): if the client has any loan facility in any bank or financial institution and if the installments due for more than 18 or above months then BB use BL in the report. This report indicates that the client is defaulter and the bank should not provide loan the client.

3.17.2 CIB Obtaining Process

CIB is a regulatory requirement for Loan Documentation. Credit Information Bureau (CIB) of Bangladesh bank has a central database for all the lenders of Bangladesh. It contains the total credit history of a client and act as the most dependable source to analyze the credit worthiness of a prospective client. Obtaining the CIB clearance is a

precondition of fund disbursement and all type of Retail, SME and corporate loan require CIB report before disbursement. For some retail unsecured assets, BBL obtains post-facto CIB clearance. However, in most cases AOD obtains the CIB for a client before disbursement of fund.

To obtain a CIB report, AOD fills up the following Bangladesh bank prescribed forms for each loan application:

- Inquiry Form: CIB – 1A: For each individual/ institution
- Inquiry Form: CIB – 2A: Owner information if borrower is institution
- Inquiry Form: CIB – 3A: Group/ related business information of borrower
- CIB Undertaking form “KA”: For each individual/proprietor/director/partner

These forms are filled up by the business units and sent to the CIB segment of AOD. CIB segment maintains a central database for all the CIB inquiry forms. Each form is registered under a Head Office serial number and a Branch/ Unit office serial number. Therefore AOD prepares a forwarding letter with reference to 20 such inquiry forms, and sent them to Credit Information Bureau of BB once in a day. Usually the CIB reports are received within 7-10 working days.

After receiving the reports from BB, AOD prepares a summary of the report and put that as reference in the loan file along with the photocopy of the CIB inquiry forms, undertaking and copy of the original CIB report. For any mistakes made in the forms, writing wrong spelling, incomplete name of individuals or institutions, CIB report may show error as mismatch exists there. Those CIB inquiry forms require to be sent again correcting the facts. CIB reports are usually updated quarterly and half-yearly. Therefore most updated CIB reports are required to be obtained and CIB report is also require for the same client for repeat loan. All forms need to be supported by the Applicant’s Undertaking and all the forms are signed by designated officers of the business division:

- Relationship manager for Corporate Application
- Sales Manager for Retail Application

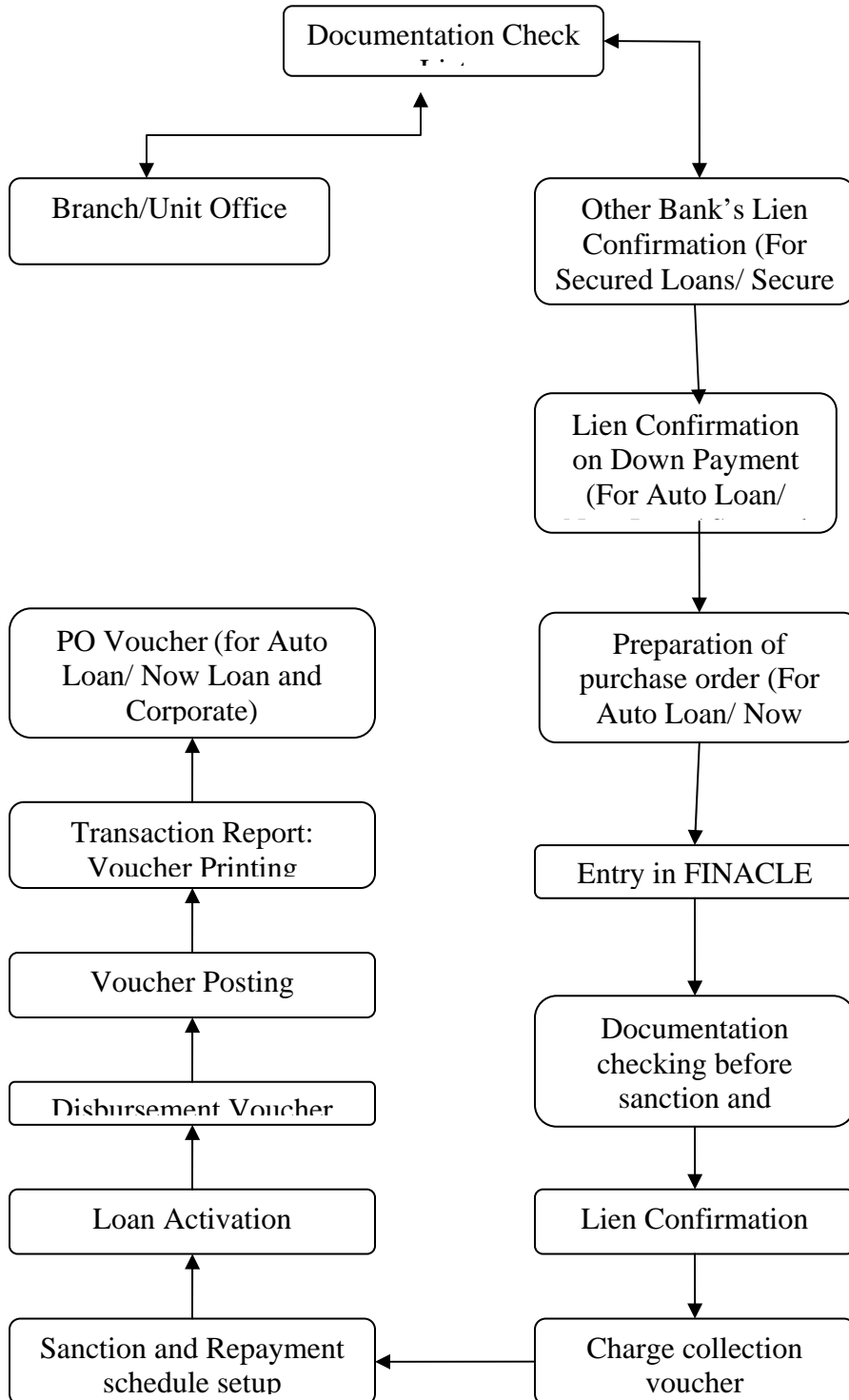
3.17.3 Sanction letter

All letters addressed to the borrowers sanctioning credit facilities should be prepared in duplicate and signed by two authorized officers of the Bank. Among the two authorized Officer one must be a Manager of the Credit Team. If the terms and conditions of loan sanction letter are acceptable to him the borrower should return the duplicate copy duly signed.

Client's information & Loan details is matched with the Credit approval then loan is sanctioned & a Loan Sanction Number is auto generated.

3.17.4 Disbursement of Loan

Process Flow for Loan Disbursement



3.17.5 Loan Account Opening and Activation

Using the “Loan Advance Module” of MYSIS, AOD opens a new “Loan Account” for a specific SME loan application and link the “Customer ID No.” and “Link Account information (Which is in JB, AB, RB, PBL, BKB, CBL and BBL)”. All SME unit offices have a “mother account” in any of the 6 banks mentioned above. A client has to open the “Link Account” in that branch of the Bank. Before fund Disbursement AOD checks whether the voucher for fee received from the respective unit office and payment voucher from client’s link account for loan processing fee, documentation fee along with VAT and data verification charges against the loan are received with the loan application. The loan applicants also pay Insurance Premium along with other fees. After opening the loan account, the officer authorized to sanction a loan “Sanctions” the approved amount and a “Repayment Schedule” is prepared. After the Sanctioning, the Loan is then “Activated” by the authorized officer. After the activation of the loan account, details of the securities provided for this facility, are entered in MYSIS. When the loan account is activated a disbursement instruction is sent to the central “NOSTRO Account” of the respective Bank (Any of the 6 banks). After the disbursement, AOD fill up the security and guarantors’ information in MYSIS.

3.17.6 Pre Disbursement Activities

Prepare loan file: Receiving all documents, Loan Administration Division prepare a loan file with all documents received from the unit office.

Charge documents checking: The loan administration division checks all charge documents. Following charge documents are checked:

- Money receipt (Risk fund)
- Sanction letter
- Demand promising note (With stamp of Tk 20/=)

- Letter of arrangement (With stamp of Tk 150/=)
- General loan agreement (With stamp of Tk 150/=)
- Letter of undertaken (With stamp of Tk 150/=)
- Letter of stocks and goods (With stamp of Tk 150/=)
- Letter of hypothecation book debt and receivable (With stamp of Tk 150/=)
- Letter of disbursement
- Photocopy of trade license (attested by CRO)
- Insurance (Original copy)
- Blank cheque with signature (one cheque for full amount and others same as no of installment on Favor of Dhaka Bank, no date, no amount)
- Two guarantors (one must be Spouse/parents)
- If the loan provide for purchase of fixed assets or machineries and if the loan amount is over Tk 50,000/= then the stamp of a certain amount is require)

For all SME Loans, Applications are received from the following sources:

- From Zonal / TM Offices – For loans up to their approval limit
- From SME Credit department- For loans exceeding the limit
- From Credit Committee - For any Loan exceeding the PPG Limit

“Approved” Applications are received everyday and a list of documents received is prepared everyday especially for the Loan Applications received from SME Unit Offices via GIS (Dispatch section). Ref. No are unique for the applications. Any repeat loan application requires AOD to bring the previous loan documents and process depending on the previous documents also.

AOD checks the documents from various aspects as described for the retail loan applications. Besides, some other documents are checked like:

Prepare disbursement list: The loan administration division lists all new sanctioned clients’ details and send a request to the treasury through internal mail.

Disbursement of the amount: Sending the list to the treasury of Dhaka Bank for disburse the amount, the treasury disburse the amount to the client through the mother account of the clients bank. Dhaka Bank disburse amount through any of the following banks corporate branch nearer the Dhaka Bank head office and the corporate branch of the respective bank send the amount to the client account in the respective branch. These banks are:

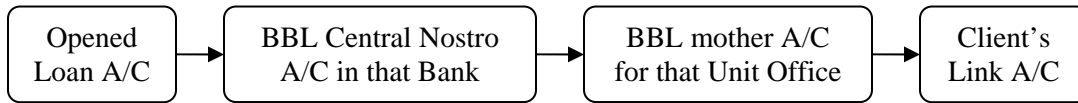
- Dhaka Bank Limited
- The City Bank Limited
- Janata Bank
- Bangladesh Krishi Bank
- Pubali Bank and Agrani Bank etc.

After the loan documents are checked by AOD, complete and OK files are sent for disbursement. All the files in AOD have a checklist attached and the officers who check the documents initial the files and approve them for disbursement clearance. Disbursement process for retail, SME and corporate are different as discussed below:

Client ID is created in the AOD and details customer information are filled in client information module. Repeat applicants have the same client ID but a new Loan Account number. After the client ID creation, a list of clients is created where the following information are entered:

- Client ID
- Name of the business
- Bank information (Rupali, Agrani, Janata, Pubali, City, BKB, and BBL)
- Accounts information (Branch, A/C No.)
- Approved Loan amount
- Unit Office & CRO information
- Disbursement date (As per the Loan application)

The senior officers check this file and after loan account activation, disbursement is made to clients' link account, which is mentioned in loan application. Disbursement process flow is:



3.17.7 Post Disbursement Activities

- Repayment Schedule Sent to Business Unit
- Loan details MIS entry
- Loan files sent to Central Archive

3.17.8 Recovery Activities

- Receive & print SMS/ Fax for installment deposits (SME)
- Check SMS data in MYSIS & resolve problems
- Post recovery checking with unit office/ branch statement
- Repayment schedule checking
- Inter branch Account- Other Bank's Cheque clearing (for corporate)

Completing the disbursement, loan administration division sent to the respective Customer Relationship Officer informing the disbursement of the sectioned loan.

3.17.9 Documents deficiency and problem resolving:

If there is any error found then it informed to the respective CRO. If the application form is not filled properly then the file is sent to the CRO to fill the application properly. If any

document error is found then the loan administration division asks the CRO to send the required documents and the file stored to the loan administration division.

3.18 Approval process

Loan Applications in the prescribed format shall be received at Credit Approval unit recommended by sales team along with annexure that covers comprehensive LPF information detailed in the Prudential Guideline advised by Bangladesh Bank.

The sales team is responsible for loan sales and should be the owner of the customer relationship, and must be held responsible to ensure the accuracy of the loan application submitted for approval. They should be familiar with the bank's Credit Policy and PPG and should conduct due diligence on new borrowers, purpose of the loans and guarantors. During recommending for a client it is expected that the respective Officer has adhered to Know Your Customer (KYC) and Money Laundering guidelines.

Credit Approval Sheet should have, as a minimum, the following details:

- Amount and type of loan(s) proposed.
- Purpose of loan(s)
- Loan Structure (Tenor, Covenants, Repayment Schedule, Interest)
- Security (if any)

The following diagram shows the flow chart of the loan disbursement procedure.

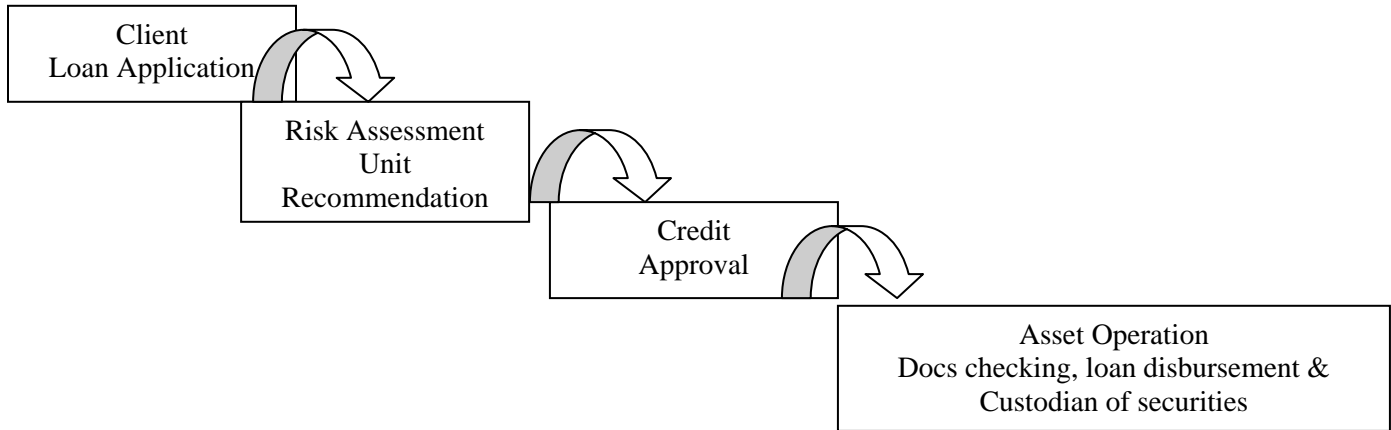


Fig 3: Loan Approval Process

Approvals must be evidenced in writing, or by electronic signature. Approval records must be kept on file with the Credit Applications. Loans and advances on becoming inoperative / stuck up should not be renewed and / or re-scheduled without getting prior approval from the Credit Committee.

In case of loan take over from any bank/financial institution, then any correspondence should be made with the bank/financial institution directly, such as security takeover.

3.19 Approval authority

Lending Authority is delegated to officers related with approval individually by the Managing Director in writing. Records of such authority are retained with Head of Credit. Copies of all Delegation of Lending Authorities are also retained by Loan Administrations Department. Any breaches from Lending Authority should be reported to the Managing Director, Head of Credit and Head of Risk Management.

The executives charged with approving loans shall have relevant training and experience to carry out their responsibilities effectively. As a minimum, approving executives should have 5 years experience working in Branch / Sales team as a relationship manager or account executive. However experience can be compromised to some extent if it is sufficiently compensated by the following:

- Training and experience in financial statement, cash flow and risk analysis.
- A good working knowledge of Accounting.
- A good understanding of the local market.

3.20 Registered Mortgage

In case of the loan files where registered mortgage is a requirement, AOD checks the following land documentation:

- Original Title deed for the entire mortgaged property.
- Bia Deeds/ Duplicate of Bia Deeds to support the Title Deed.
- Mutation of the Mortgaged Property by the concerned AC Land
- Original Khatians
- Revisional Survey (R.S) - most important one
- Bangladesh Survey (B.S) –if done and issued
- State Acquisition (S.A) & Catetal Survey (C.S) – If there
- Up to Date Duplicate Carbon Receipt for the property after mutation.
- Non Encumbrance Certificate issued by the Sub-Registrar’s Office for the past 12 years.
- Up to date Rental Receipt for the property.
- Mortgage deed between AB Bank Limited and the enterprise.
- Notarized Memorandum of Deposit of Title Deeds.
- Legal Opinion
- Power of Attorney in Favour of Dhaka Bank Ltd

- If the business is situated in land owned by Parents/ Siblings/ Spouse –
- Mortgage given by third party (For Registered Mortgage)
- MDTD sign by all land owner (For Equitable Mortgage)
- PG or NOC (Non objection certificate by third party)
- Ward commissioner's (warission) certificate in case of clients parent's death

If any documentation deficiency is found, the concerned CRO, ZO is informed for resolving the deficiency. After checking the required fees submission for Loan Documentation, the application is sent for Insurance Premium Checking.

3.21 Insurance Premium Checking Risk issues while checking Loan Documentation:

- No Fluid or overwriting should be there
- Missing of seal and sign (Check all Pages)
- Missing of Signature verification by CRO
- Lack of witness CRO and Guarantor
- Missing of any clause of charge documents
- Missing Guarantors sign in Guarantee page
- Mismatch in Client's Name, Business Name, Addresses and business type
- Incomplete documentation for registered mortgaged property
- Validity of licenses and deeds
- Bank's name, client's name, seal, signature and number of undated cheques

Besides, some particular licenses are required for categorized enterprises, like:

- Drug license (Medicine Business)
- BSTI (Food Business)
- Diesel / LP gas / Petrol (Fire license from Directorate of explosives)
- Saw Mill (Permission from District Forest Department)

Part 4

Analysis and Findings

4.1 SWOT Analysis

Strengths

- **Strong corporate identity**

According to the customers, DBL is the leading provider of financial services identity worldwide. With its strong corporate image and identity, it has better positioned itself in the minds of the customers. This image has helped DBL grab the personal banking sector of Bangladesh very rapidly.

- **Strong employee bonding and belongings**

DBL employees are one of the major assets of the company. The employees of DBL have a strong sense of commitment towards organization and also feel proud and a sense of belonging towards DBL. The strong organizational culture of DBL is the main reason behind its strength.

- **Efficient Performance**

It has been seen from customers' opinion that DBL provides hassle-free customer services to its client comparing to other financial institutions of Bangladesh. Personalized approach to the needs of customers is its motto.

- **Young enthusiastic workforce**

The selection & recruitment of DBL emphasizes on having the skilled graduates & postgraduates who have little or no previous work experience. The logic behind is that DBL wants to avoid the problem of 'garbage in & garbage out'. And this type of young & fresh workforce stimulates the whole working environment of DBL.

- **Empowered Work force**

The human resource of DBL is extremely well thought & perfectly managed. As from the very first, the top management believed in empowering employees, where they refused to put their finger in every part of the pie. This empowered environment makes DBL a better place for the employees. The employees are not suffocated with authority but are able to grow as the organization matures.

- **Hospitable Working Environment**

All office walls in DBL are only shoulder high partitions & there is no executive dining room. Any of the executives is likely to plop down at a table in its cafeteria & join in a lunch, chat with whoever is there. One of the employees has said,

- **Strong Financial Position**

It has been seen that the net profit has been gradually rising over the years. Furthermore, DBL is not just sitting on its previous year's success, but also taking initiatives to improve.

Weaknesses

- **High charges of L/C**

Presently DBL charges same rates for all types of import L/C. But for import L/C of exports-oriented industry, DBL should reduce the charge of L/C. As a result, exporter will be benefited and the country will earn more foreign exchange. The commission often even rises up to 30%.

- **Discouraging small entrepreneurs**

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.

- **Absence of strong marketing activities**

DBL currently don't have any strong marketing activities through mass media e.g. Television. TV ads play vital role in awareness building. DBL has no such TV ad campaign. Although they do a lot of CSR activities compared to other banks.

- **Not enough innovative products**

In order to be more competitive in the market, DBL should come up with more new attractive and innovative products. This is one of the weaknesses that DBL is currently passing through but plans to get rid of by 2010.

- **Diversification**

DBL can pursue a diversification strategy in expanding its current line of business. The management can consider options of starting merchant banking or diversify it to leasing and insurance. As DBL is one of the leading providers of all financial services, in Bangladesh it can also offer these services.

- **Lack of Proper Motivation**

The salary at DBL is very decent, but it lacks other sorts of motivation. Incentives such as bonuses are given for acquiring a particular figure, but all in all these are the only motivational factors.

- **High Cost for maintaining account**

The account maintenance cost for DBL is comparatively high. Other banks very often highlight this. In the long run, this might turn out to be a negative issue for DBL.

- **Outdated Software and Hardware at DBL Uttara**

Some of the PCs in this branch have very outdated hardware which is very slow and affects the customers and hence the performance of the bank as a whole. The softwares themselves are pretty old – Flexcube is from 2003, Microsoft Office XP is used. All of these prevent smooth operations.

Opportunities

- **Distinct operating procedures**

Repayment capacity as assessed by DBL of individual client helps to decide how much one can borrow. As the whole lending process is based on a client's repayment capacity, the recovery rate of DBL is close to 100%. This provides DBL financial stability & gears up DBL to be remaining in the business for the long run.

- **Country wide network**

The ultimate goal of DBL is to expand its operations to whole Bangladesh. Nurturing this type of vision & mission & to act as required, will not only increase DBL's profitability but also will secure its existence in the long run.

- **Experienced Managers**

One of the key opportunities for DBL is its efficient managers. DBL has employed experienced managers to facilitate its operation. These managers have already triggered the business for DBL as being new in the market.

- **Huge Population**

Bangladesh is a developing country to satisfy the needs of the huge population, a large amount of investment is required. On the other hand, building EPZ areas and some Govt. policies easing foreign investment in our country made it attractive to the foreigners to invest in our country. So, DBL has a large opportunity here.

- **El Dorado Program**

It is software which enables customers to deposit and withdraw money from any bank with the cheque or deposit of any other bank. Although a select few has implemented this program, this poses as an opportunity for DBL as the number of transactions would drastically increase.

- **Bigger Market**

Although the GDP per head decreased a bit in 2009 from 2008, there is a huge untapped market that requires loans and intends to deposit also.

- **BASEL II**

Implementation of BASEL II would definitely provide benefits. But it requires a lot of monitoring. For this DBL has formed BIU (BASEL II Implementation Unit). BASEL II is basically a framework set forth by Bangladesh Bank to reduce credit risk, operational risk and market risk. This would definitely aid DBL if it is stringently followed.

Threats

- **Upcoming Banks/Branches**

The upcoming private, local, & multinational banks posse's serious threats to the existing banking network of DBL: it is expected that in the next few years more commercial banks will emerge. If that happens the intensity of competition will rise further and banks will have to develop strategies to compete against and win the battle of banks.

- **Similar products are offered by other banks**

Now-a-days different foreign and private banks are also offering similar type of products with an almost similar profit margin. So, if all competitors fight with the same weapon, the natural result is declining profit.

- **Default Loans**

The problem of non-performing loans or default loans is very minimum or insignificant. However, this problem may rise in the future thus; DBL has to remain vigilant about this problem so that proactive strategies are taken to minimize this problem.

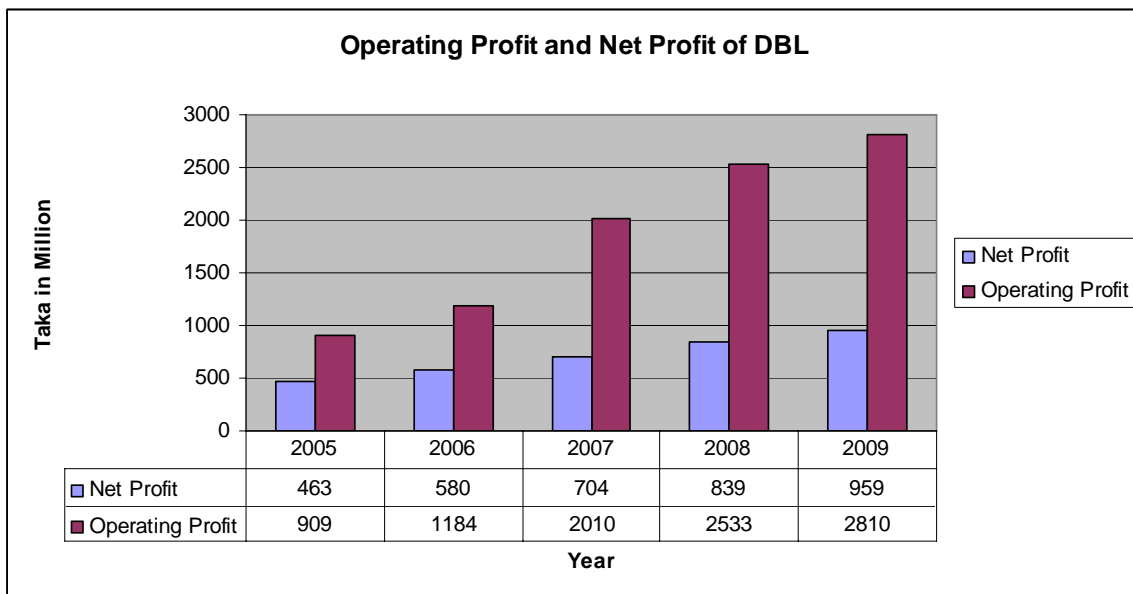
- **Industrial Downturn**

Bangladesh is economically and political unstable country. Flood, draught, cyclone, and newly added terrorism have become an identity of our country. Along with inflation, unemployment also creates industry wide recession. These caused downward pressure on the capital demand for investment.

- **Financial Crisis**

Although people have recovered a bit from the shock, it may still pose as a threat. People are still hesitant to take loans or even deposit them.

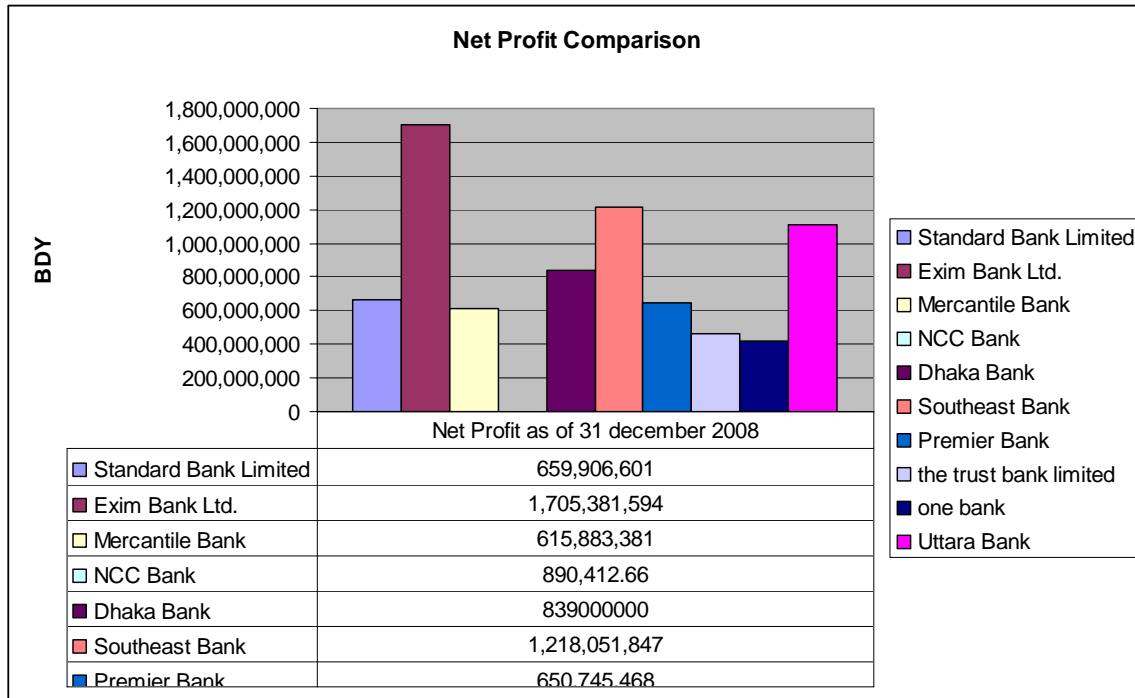
4.2 Financial Highlights of DBL at a Glance – Performance Analysis



4.3 Competition Analysis

Item	Figure in BDT	Percentile Growth
Operating Profit	2,810 million	10.9%
Increase in Bank's Deposit (excluding call deposits)	60,918 million	7%
Loans and Advances	52,910 million	6%

I have compared all the companies in the B Class Category by the CAMELS Rating.



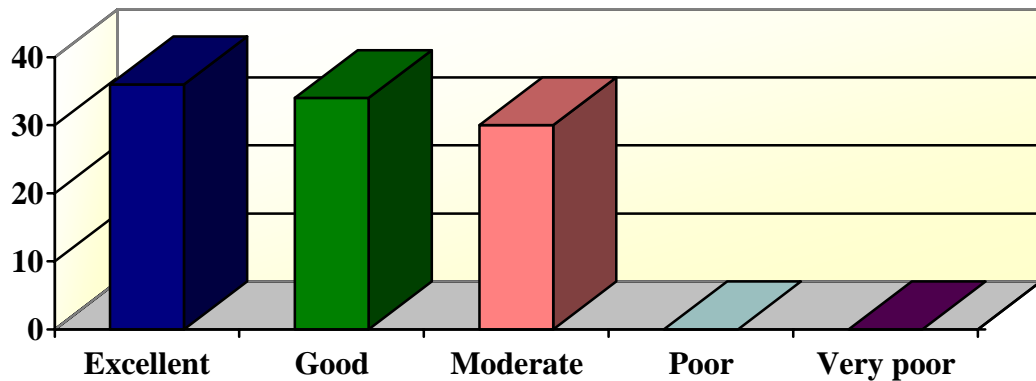
Although there are a number of other competitors, this serves as a basic competitors for Dhaka Bank Limited. For Uttara Branch, it seemed the competitors are the surrounding banks.

4.4 Customer Satisfaction

I have done a questionnaire method and face-to face interview plus secondary information to collect the following data.

How do you rate the quality of services of Dhaka Bank Limited?

Result	Frequency	Percent	Cumulative percent
Excellent	18	36.0	36
Good	17	34.0	70
Moderate	15	30.0	100
Poor	-	00.0	-
Very poor	-	00.0	-
Total	50	100.0	

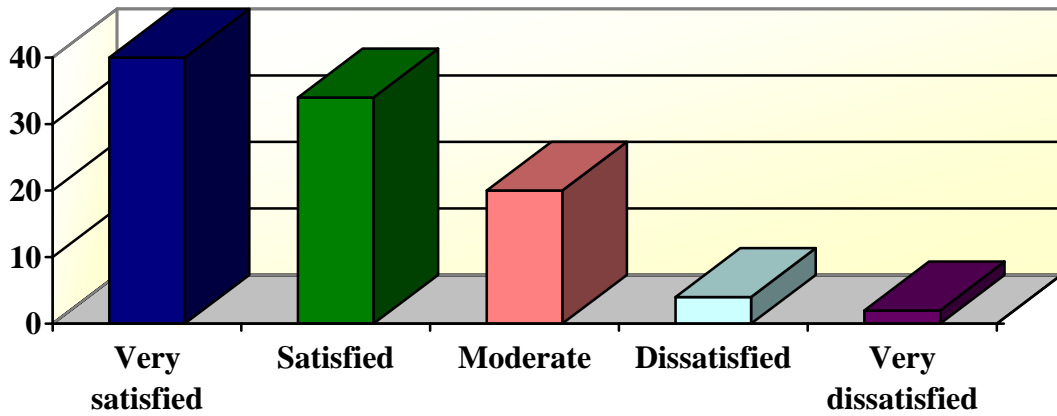


Analysis:

From the survey, I found that out of 100 percent 36 percent of the total sample size said that the overall quality of DBL is excellent, 34 percent good and 30 percent moderate.

How satisfied you are by the Loan Department of Dhaka Bank Limited?

Result	Frequency	Percent	Cumulative percent
Very satisfied	20	40.0	40
Satisfied	17	34.0	74
Moderate	10	20.0	94
Dissatisfied	2	4.0	98
Very dissatisfied	1	2.0	100
Total	50	100.0	



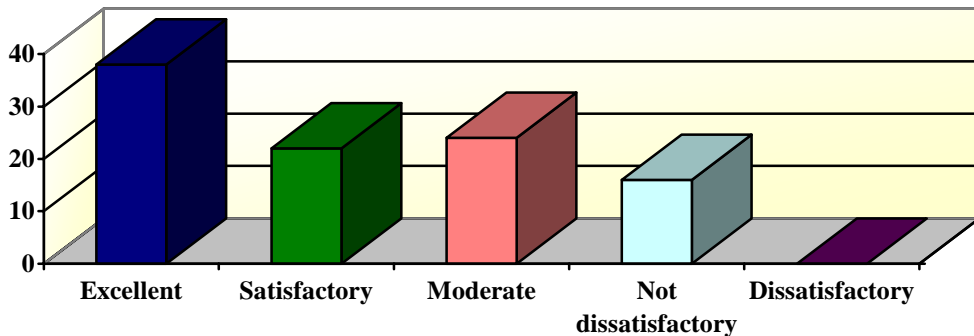
Analysis:

Here I find that among 50 (100%) clients 20 (40%) are very much satisfied with the loan department of Dhaka Bank Ltd where as only 1 (2%) is very dissatisfied with the

performances. But average percent is good. Here we can see that 2 clients are dissatisfied and 1 is very dissatisfied. The reason that he was dissatisfied was because he wanted more time to pay his installments. But DBL did not allow this.

How would you rate the quality of The Credit Department service of Bank Limited?

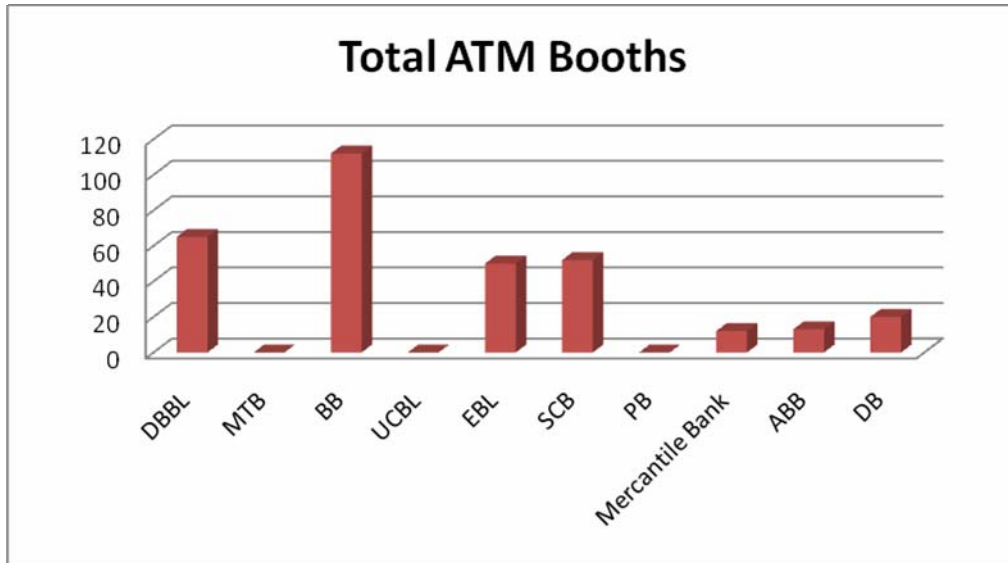
Result	Frequency	Percent	Cumulative percent
Excellent	19	38.0	38
Satisfactory	11	22.0	60
Moderate	12	24.0	84
Not dissatisfactory	8	16.0	100
Dissatisfactory	-	0.0	-
Total	50	100.0	



Analysis:

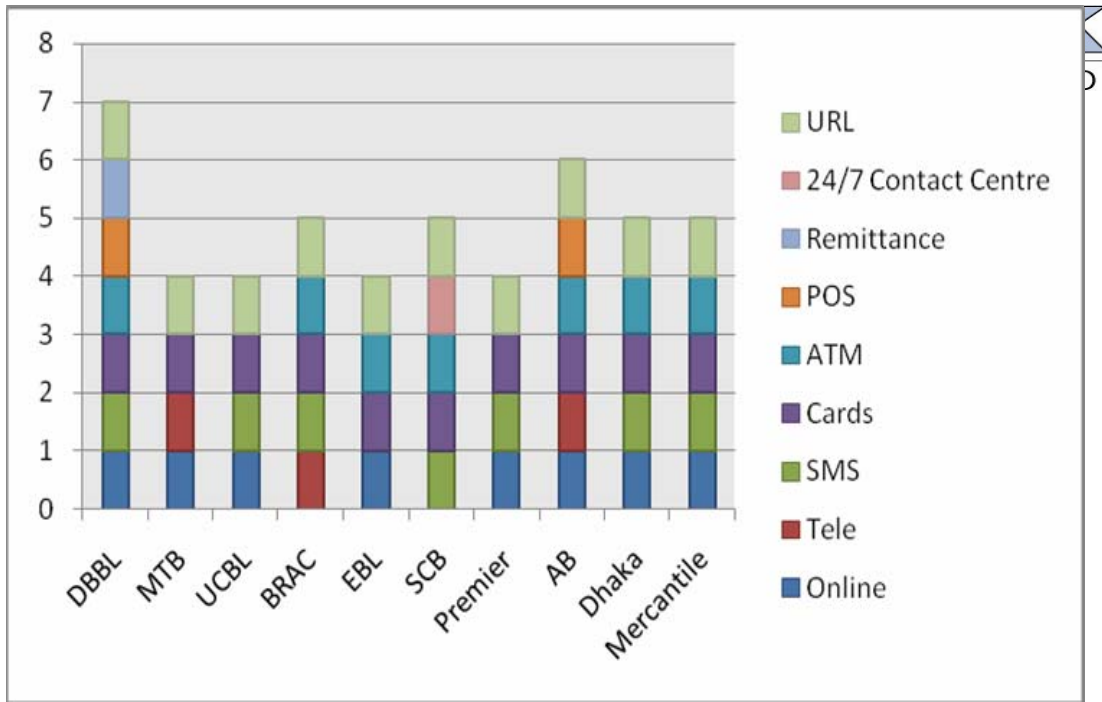
From the survey, I found that out of 100 percent 38 percent of the total sample size said that the overall quality of lending service of Dhaka Bank Ltd is excellent, 22 percent

satisfactory and 24 percent moderate and only 16 percent is not dissatisfactory. It means the overall opinion of clients is positive about the quality of customer care service of Dhaka Bank Ltd.



Analysis:

Here in the graph we can see BRAC Bank have maximum ATM booths around 120, next we have DBBL who have total of 65 ATM booths. EBL and SCB have almost equal number of ATM booths. Mercantile Bank, AB Bank and Dhaka Bank have least ATM booth in different division in Bangladesh. Surprisingly MTB and UCBL don't have any ATM booth, in order to meet up with customer requirements they have co branding with DBBL for providing ATM service.



In the graph we can see that DBBL has maximum offerings for e banking, after that AB bank and SCB has the almost same and equal offerings in e baking. MTB, UCBL, EBL, Premier bank has least offerings in e baking. DBL also offers a decent amount of offerings. But it needs to introduce new products and create its own ATM Network.

Part 5

**Recommendations and
Conclusion**

Recommendations

- DBL should increase their LTR interest on the document retirement then their import business can be increase. Their LTR interest is 13% to 16%. If they decrease LTR interest on 14% then their import business can be increase.
- If DBL increases number of employee they can provide more satisfactory service to the customers.
- DBL should increase the number of PCs with updated hardware and software
- To create better client the bank should increase the amount of consumer loans in a short-term basis.
- The bank can provide a loan, which may be student loan. Though in other countries many bank provide this facility. This may encourage the students to come forward do something for the economy.
- DBL should fix their margin of decrease their margin; if they fix their margin into 35% to 45% then their import business can be increase.
- If anybody wants to import then he must have an account. But in DBL if any body wants to open an account in DBL that time he must have an introducers which was doing anything in the DBL or employee of DBL. For that reason they lost many client or deposit.
- Most of Dhaka Bank's loans are in the large sector. If the performance of that sector crash then the bank will fail to continue though the profit is very high. So,

the bank should provide more loans of small scale in different sectors though it will decrease the profit a little. But it will be very safe.

- Maximum number of the loan is provided in the long-term industrial loans. Bank's clients are also limited. So, they can't serve the economy of the country that much. So, they should diversify their loans more in agriculture, new industries etc for better economic growth of the country.
- Improve and maintain a consistent relationship with customers, especially at retailing.
- In a competitive financial market, their products & services need to be focused more on customer needs than simply offering what the customer is offering.
- They should do more marketing activities to improve their presence in the minds of the target market and also the 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.
- DBL has 52 branches all over the country. It is very hard to provide full range services with those branches. They already are but they need to pay more attention toward the expansion of the branch network. The latest branch that was opened was Barisal Branch.
- Even though DBL is running online business very successfully they should open more ATM booths to meet customer needs and to meet the competition.

Conclusion

The last 3 months was quite intriguing to do my internship at Dhaka Bank Limited, Uttara Branch. I found out about the nature of actually working in a professional environment.

Credit policy is a very convenient banking tool for the business world. The value of this service is immense. It has gathered such a position in the banking sector that people at developed and also developing countries are very much depended on this service. In Bangladesh credit facilities or loans started to become very attractive in recent periods. But still lots improvements in services and facilities have to be made in this department.

The study of the report refers to the fact that people are aware of loan facilities in our country but they are not fully aware of the services or features of the loan process and its rules and regulations especially in case of individual or consumer loans. From the study it seems that Dhaka Bank focuses on the corporate sectors for the credit facility. But in case of consumer loans there are lots of restrictions created by the bank.

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.

Credit department diversified their loans in different sectors classified by them. Among the sectors they don't provide any loans in the agricultural side. The reason they showed is that this sector is very risky and depends on natural climate and they still didn't expand their service in the rural side. They also didn't provide any loan in the small & cottage industry. The reason is that the return from this sector is not very good and also the sector is very uncertain. They provide most of the credit facility in term loan mainly in long-

term loans. Return from short-term loan is very good and also proves to be very safe to finance.

The main competitive advantage DBL is enjoying that it has online banking where as other local commercial bank can not yet achieve that advantage. But all the commercial banks are now trying to achieve this. In this bank the employees are highly motivated by their remunerations and other benefits. Here, all the employees are very much cooperative with their customers, colleagues and simply visitors.

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- Their website
- Their regular circulars
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- Working papers
- www.dhakabankltd.com
- Annual Reports of other Banks
- CSE and DSE Listings

Appendix

Appendix A - Dhaka Bank Limited Organogram

Board of Directors:

Chairman

Mr. Reshadur Rahman

Vice Chairman

Mr. Mohammed Hanif

Directors

Mr. Abdul Hai Sarker
Mrs. Afroza Abbas
Mrs. Rokshana Zaman
Mr. Khondoker Monir Uddin
Mr. Md. Amirullah
Mr. Aminul Islam
Mr. Reshadur Rahman
Mr. Abdullah Al-Ahsan
Mr. Khandaker Mohammad
ShahjahanMr. M.N.H. Bulu
Mr. Tahidul Hossain Chowdhury
Mrs. Kamala Khatun
Mr. Jashim Uddin
Mr. Khondoker Jamil Uddin
Mr. Abdul Wahed
Mr. Mohammad Ali Sarker
Mrs. Rakhi Das Gupta
Mr. Suez Islam

Director (Group - B)

Mr. G M Shameem Hussain

Managing Director (Ex-officio)

Mr. Khondker Fazle Rashid

Company Secretary

Arham Masudul Huq

Executive Committee:

Chairman

Mr. Reshadur Rahman

Vice Chairman

Mr. Mohammed Hanif

Members

Mr. Abdul Hai Sarker
Mrs. Afroza Abbas
Mrs. Rokshana Zaman
Mr. Khondoker Monir Uddin
Mr. Md. Amirullah
Mr. Reshadur Rahman

Managing Director (Ex-Officio)

Mr. Khondker Fazle Rashid

Audit Committee:

Chairman

Mr. Abdul Hai Sarker

Members

Mrs. Rokshana Zaman
Mr. Mohammed Hanif

Company Secretary

Arham Masudul Huq

Management Committee:

Managing Director

Mr. Khondker Fazle Rashid

Mr. Imran Ahmed

Deputy Managing Directors

Mr. Tanweer Rahim

Mr. Kaiser Tamiz Amin

Mr. Neaz Mohammad Khan

Senior Assistant Vice President In-charge, Global Transaction Services

Mr. Syed Faisal Omar

Senior Executive Vice President Head of Credit & Re-Engineering Division

Mr. M.M. Haikal Hashmi

Senior Assistant Vice President In-charge, SME Unit

Mr. Md. Shaukat Ali Khan

Executive Vice President Company Secretary

Mr. Arham Masudul Huq

First Assistant Vice President Information Technology Division

Mr. Saiful Momin

Executive Vice President Head of Operations Division

Mr. Md. Sirajul Hoque

Senior Principal Officer In-charge Treasury Division

Mr. K. M. Faisal Faruqui

Vice President In-charge, Retail Banking

Mr. Shah Azizul Islam

Vice President Head of Human Resources Division

Ms. Alkona K. Choudhuri

Vice President Head of Finance & Accounts Division

Mr. Darashiko Khasru

Vice President & In-charge, Operations Division

Mr. Md. Munzoor Mursheed

Senior Assistant Vice President In-charge, Audit & Compliance Division

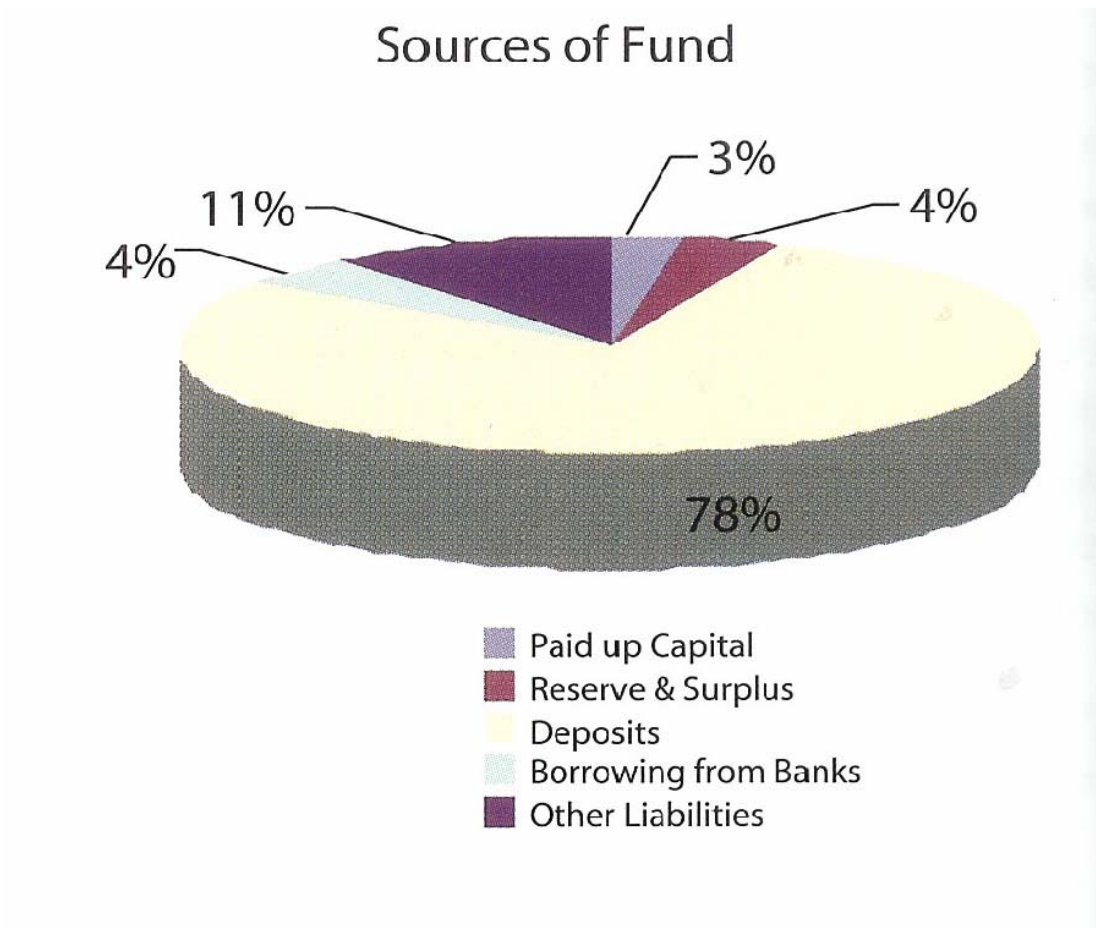
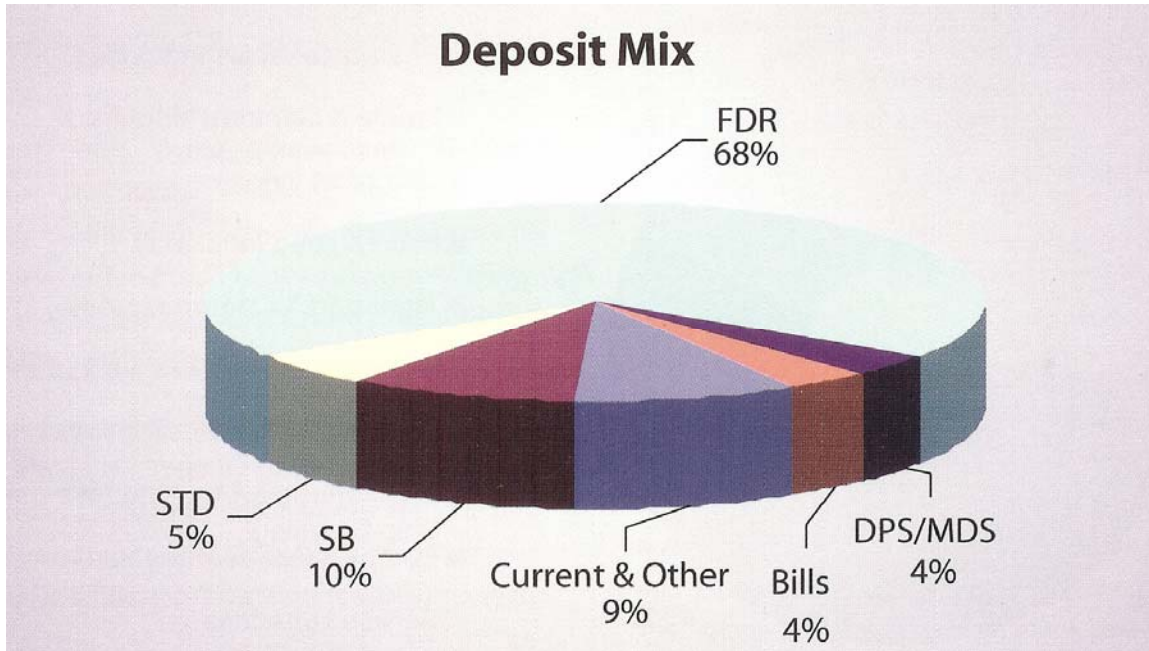
Appendix B – Financial Highlights

5-YEAR FINANCIAL HIGHLIGHTS

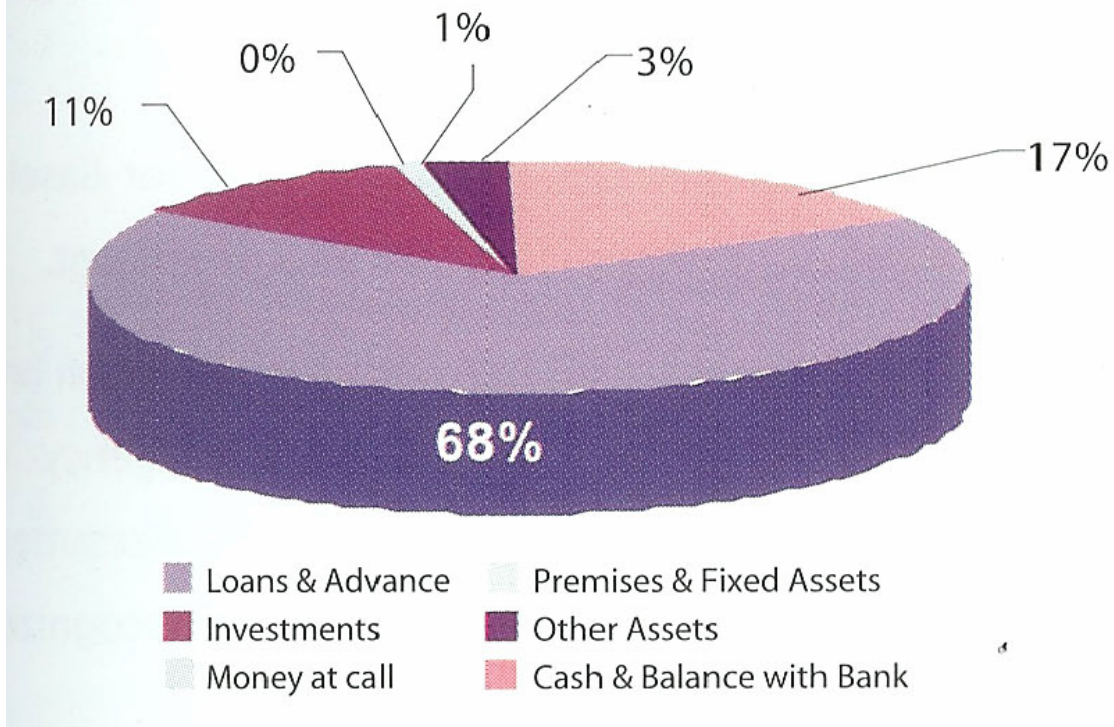
	2005	2006	2007	2008	Figure in Million	
					2009	Growth %
Income Statement						
Interest Income	2,897	4,342	5,636	7,171	7,466	4
Interest Expense	2,149	3,380	4,049	5,214	5,407	4
Net Interest Income	748	962	1,587	1,958	2,060	5
Non Interest Income	739	1,110	1,582	1,929	2,175	13
Non Interest Expense	594	889	1,159	1,353	1,424	5
Net Non Interest Income	145	221	423	576	751	30
Profit before Tax & Provision	893	1,183	2,010	2,533	2,810	11
Provision for Loans & Assets	125	233	479	669	675	1
Provision for Tax (including Deferred Tax)	305	370	827	1,025	1,176	15
Profit after Tax	463	580	704	839	959	14
Balance Sheet						
Authorize Capital	2,650	2,650	6,000	6,000	6,000	-
Paid up Capital	1,228	1,289	1,547	1,934	2,128	10
Reserve Funds & Other Reserve	988	1,262	1,578	2,065	2,838	37
Shareholders' Equity (Capital & Reserve)	2,216	2,551	3,125	4,000	4,966	24
Deposits (Base & Bank excluding Call)	28,439	41,554	48,731	56,986	60,918	7
Loans & Advances	23,372	34,049	39,972	49,698	52,910	6
Investments	3,926	5,378	5,972	7,239	8,660	20
Fixed Assets	122	217	291	387	424	10
Total Assets (excluding off-balance sheet items)	33,072	47,594	57,443	71,137	77,767	9
Foreign Exchange Business						
Import Business	30,213	46,277	49,496	65,737	46,160	(30)
Export Business	13,505	23,268	31,081	39,038	33,305	(15)
Guarantee Business	6,099	6,473	6,523	7,887	6,462	(18)
Inward Foreign Remittance	3,377	16,764	10,609	11,834	9,786	(17)
Capital Measures						
Core Capital (Tier I)	2,216	2,551	3,126	3,964	4,634	17
Supplementary Capital (Tier II)	237	373	554	844	1,000	18
Tier I Capital Ratio	9.94	8.23	8.80	9.77	9.30	(5)
Tier II Capital Ratio	1.06	1.2	1.56	2.08	2.01	(3)
Total Eligible Capital	2,453	2,924	3,680	4,808	5,634	17
Total Capital Ratio	11.00	9.43	10.36	11.84	11.31	(4)

Figure in Million

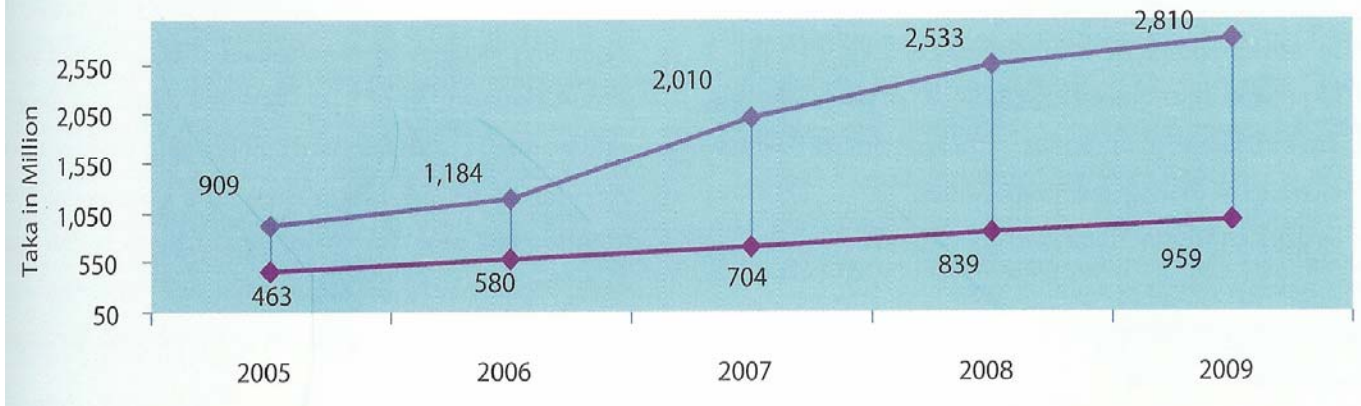
	2005	2006	2007	2008	2009	Growth %
Credit Quality						
Volume of Non-performing loans	351	554	1,258	1,908	2,946	54
% of NPLs to Total Loans & Advances	1.51	1.64	3.15	3.84	5.57	45
Provision for unclassified Loans	236	372	465	620	625	1
Provision for Classified Loans	103	172	439	825	1,488	80
Share Information						
Number of Shares Outstanding	12.28	12.89	15.47	19.34	21.28	10
Earning per Share (Taka)	43.99	45.00	46.06	39.42	45.09	4
Book Value per share (Taka)	180	198	202	207	233	13
Market Price per share (Taka)	469	466	706	361	484	34
Price Earning Ratio (Times)	10.66	10.32	15.33	9.15	10.72	29
Price Equity Ratio (Times)	2.60	2.35	3.49	1.74	2.07	19
Dividend per Share:						
Cash Dividend (%)	20	10	-	15	-	-
Bonus Share	1:20	1:5	1:4	1:10	1:4	-
Operating Performance Ratio						
Net Interest Margin	3.43	3.77	4.54	4.60	4.56	(1)
Credit / Deposit Ratio (%)	82.18	81.94	82.03	87.21	86.85	(0)
Current Ratio (Times)	1.33	1.24	1.38	1.28	2.10	64
Return on Equity (ROE) %	20.89	22.74	22.53	20.97	19.32	(8)
Return on Assets (ROA) %	1.40	1.22	1.23	1.18	1.29	9
Cost of Deposit (%)	8.13	9.15	8.97	9.40	8.68	(8)
Cost / Income ratio in operating business (%)	75.44	78.14	72.15	72.16	70.85	(2)
Other Information						
Number of Branches	29	37	41	45	50	11
Number of CMS Unit	1	2	4	5	6	20
Number of SME Business Center	-	-	-	3	6	100
Number of Employees	688	786	842	898	924	3
Number of Shareholders	3,677	4,187	5,340	8,198	10,530	28
Number of Foreign Correspondents/Banks	406	350	350	350	350	-



Uses of Fund



Operating Profit vs Net Profit



Consolidated Balance Sheet

as at 31 December 2009

	Notes	2009 Taka	2008 Taka
PROPERTY AND ASSETS			
Cash	03	5,035,699,739	3,797,376,032
Cash in Hand (including foreign currencies)		546,917,770	508,308,936
Balance with Bangladesh Bank & Sonali Bank (including foreign currencies)		4,488,781,969	3,289,067,096
Balance With Other Banks & Financial Institutions	04	8,224,866,995	7,566,847,030
In Bangladesh		7,277,224,162	6,805,881,557
Outside Bangladesh		947,642,833	760,965,473
Money at Call and Short Notice	05	269,800,000	199,900,000
Investments	06	8,659,565,948	7,239,437,583
Government		8,440,481,806	7,134,620,224
Others		219,084,142	104,817,359
Loans & Advances	07	52,909,814,017	49,697,705,621
Loans, Cash Credit & Over Draft etc.		51,343,861,849	47,709,856,197
Bills Discounted and Purchased		1,565,952,168	1,987,849,424
Premises and Fixed Assets	08	424,462,708	386,594,140
Other Assets	09	2,243,203,687	2,206,581,614
Non-Banking Assets	10	-	42,400,000
Total Assets		77,767,413,094	71,136,842,020
LIABILITIES & CAPITAL			
Borrowings from other banks / financial Institutions and agents	11	3,489,759,326	3,614,567,300
Deposits and Other Accounts	12	60,918,374,023	56,985,924,645
Current Accounts & Other Accounts		5,552,769,281	5,926,486,159
Bills Payable		2,151,455,682	2,123,586,864
Savings Bank Deposits		5,881,201,270	5,015,235,168
Term Deposits		47,332,947,790	43,920,616,454
Other Liabilities	13	8,393,597,775	6,536,838,019
Total Liabilities		72,801,731,124	67,137,329,964
Capital / Shareholders' Equity			
Paid-up Capital	14	2,127,678,163	1,934,252,875
Statutory Reserve	15	1,970,287,116	1,543,198,507
Other Reserve	16	3,438,685	21,016,806
Revaluation Reserve on Investment	16 (a)	331,993,799	35,058,770
Surplus in Profit and Loss Account	17	532,284,207	465,985,098
Total Shareholders' Equity		4,965,681,970	3,999,512,056
Total Liabilities & Shareholders' Equity		77,767,413,094	71,136,842,020

Consolidated Profit & Loss Account

for the year ended 31 December 2009

	Notes	2009 Taka	2008 Taka
Operating Income			
Interest / Profit Income	20	7,466,348,667	7,171,329,773
Interest / Profit paid on Deposits & Borrowings	21	5,406,545,979	5,213,697,657
Net Interest Income		2,059,802,688	1,957,632,116
Income from Investment	22	920,155,479	664,473,023
Commission / Fees, Exchange Earnings & Brokerage	23	1,061,326,669	1,077,458,400
Other Operating Income	24	193,493,307	186,800,312
TOTAL OPERATING INCOME (A)		4,234,778,143	3,886,363,851
Operating Expenses			
Salary & Allowances:	25	722,019,707	652,989,727
Rent, Taxes, Insurance, Lighting etc.	26	165,779,070	134,696,933
Legal & Professional Expenses	27	5,531,948	3,777,479
Postage, Stamp, Telecommunication etc.	28	41,479,236	47,052,444
Stationery, Printing, Advertisement etc.	29	81,096,575	96,133,707
Chief Executive's salary & allowances	30	7,212,500	7,615,322
Directors' Fee & Meeting Expenses	31	2,131,656	1,634,674
Audit Fee		500,000	550,000
Charges on loan losses	32	517,422	2,002,962
Depreciation of Bank's Assets	33	62,778,905	47,416,007
Repair & Maintenance of Bank's Assets	34	35,632,364	32,385,785
Other Expenses	35	299,771,898	326,783,458
TOTAL OPERATING EXPENSES (B)		1,424,451,281	1,353,038,498
Profit / (Loss) Before Provision (C) = (A - B)		2,810,326,862	2,533,325,353
Provision for loan	36	674,883,819	545,948,977
Provision for Off Balance Sheet Exposure	37	-	119,479,000
Provision for diminution in value of investments	38	-	4,000,000
Provision for Dhaka Bank Foundation	39	-	-
Total Provision (D)		674,883,819	669,427,977
Total Profit / (Loss) before Tax (C - D)		2,135,443,043	1,863,897,376
Provision for Current Tax (Note-13.5)		1,176,070,227	1,025,132,803
Provision for Deferred Tax		-	-
Net Profit / (Loss) after Tax		959,372,816	838,764,573
Distribution:			
Statutory Reserve		427,088,609	372,779,475
General Reserve		-	-
Dividend etc.		-	-
Retained surplus		532,284,207	465,985,098
Earning per Share (EPS)	40	45.09	39.42

Consolidated Cash Flow Statement

for the year ended 31 December 2009

	Notes	2009 Taka	2008 Taka
Cash Flow From Operating Activities			
Interest / Profit receipts		7,542,077,472	6,984,225,132
Interest / Profit payments		(5,111,402,791)	(4,639,960,770)
Dividend receipts		2,004,272	882,400
Fee and commission receipts		625,633,314	770,691,334
Recoveries on loans previously written off		914,709	1,263,778
Payments to employees		(722,019,707)	(652,989,727)
Payments to suppliers		(128,607,759)	(147,513,630)
Income taxes paid		(889,049,549)	(708,933,737)
Receipts from other operating activities	41	439,741,485	342,215,173
Payments for other operating activities	42	(511,044,910)	(505,119,134)
Operating profit before changes in current assets & liabilities		1,248,246,536	1,444,760,819
Increase / Decrease in operating assets and liabilities:			
Statutory deposits		-	-
Purchase / Sale of trading securities		(1,008,963,153)	(1,745,230,298)
Loans and advances to other banks		-	-
Loans and advances to customers		(3,212,108,396)	(9,725,802,381)
Other assets	43	9,029,894	(280,760,555)
Deposits from other banks		(2,650,227,914)	808,258,914
Deposits from customers		6,582,677,292	7,446,989,409
Other liabilities account of customers		3,735,486	14,470,343
Trading liabilities		-	-
Other liabilities	44	517,351,369	(389,145,095)
Net cash flow from operating activities (A)		1,489,741,114	(2,426,458,844)
Cash Flow From Investing Activities			
Proceeds from sale of securities		917,795,651	663,133,123
Purchase of securities		(114,266,783)	512,344,434
Purchase of property, plant & equipment		(100,647,473)	(142,750,937)
Sale of property, plant & equipment		184,400	653,206
Purchase / sale of subsidiary		-	-
Net cash used in investing activities (B)		703,065,795	1,033,379,826
Cash Flow From Financing Activities			
Borrowing from other banks		(124,807,974)	3,084,153,800
Receipts from issue of ordinary shares		-	-
Dividends paid		(290,137,931)	-
Net cash flow from financing activities (C)		(414,945,905)	3,084,153,800
Net increase / (Decrease) in cash (A+B+C)		1,777,861,004	1,691,074,782
Effects of exchange rate changes on cash & cash equivalent		188,346,068	149,435,221
Opening cash & cash equivalent as at 1 January		11,566,811,462	9,726,301,459
Closing cash & cash equivalent as at 31 December		13,533,018,534	11,566,811,462
Closing cash & cash equivalents			
Cash in Hand		546,917,770	508,308,936
Balance with Bangladesh Bank & Sonali Bank		4,488,781,969	3,289,067,096
Balance with other banks & Financial Institutions		8,224,866,995	4,565,897,030
Money at call & Short Notice		269,800,000	3,200,850,000
Prize Bond (Investment, Note - 6.1)		2,651,800	2,688,400
Total		13,533,018,534	11,566,811,462