

Report On  
Operational Activities Analysis of Credit Department at Dhaka  
Bank PLC

By

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

BRAC Business School  
Brac University  
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## **Declaration**

It is hereby declared that

1. The internship report that was turned in is both my and our team's first piece of writing from when we were BRAC University students.
2. The report doesn't include any content that has already been published or authored by a third party unless it is properly referenced with complete and correct details.
3. Nothing in the report has been submitted or accepted for credit toward any other degree or certificate from a university or other organization.
4. I/We appreciated all primary sources of support.

**Student's Full Name & Signature:**

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Student ID: 18204035

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**Riyashad Ahmed**

Assistant Professor

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BRAC University

## **Letter of Transmittal**

Riyashad Ahmed

Assistant Professor,

BRAC Business School

BRAC University

Progati Sarani, Merul Badda, Dhaka 1212

Subject: Submission of internship report on ‘Operational Activities Analysis of Credit Department at Dhaka Bank PLC.’

Respected Sir,

I have the opportunity to share with you my internship report on Analysis Regarding Credit Division at Dhaka Bank PLC. The purpose of writing this report was to complete BUS400, the last requirement for our Bachelor of Business Administration program.

While putting this report together, I tried my best to take into account the guidance and recommendations you provided. I want to say thank you for spending the time to give me sound guidance. Preparing this report would have been exceptionally challenging without your help, therefore I truly feel privileged to have had the chance to have you serve as my supervisor for my last course requirement at BRAC University.

Sincerely yours,

Nafisa Tanjim

18204035

BRAC Business School

BRAC University

Date: June, 2024

## **Non-Disclosure Agreement**

This agreement is made and entered into by and between Dhaka Bank PLC and the undersigned student of BRAC Business School, BRAC University.

1. At every point, I commit to maintaining the privacy of any information regarding the bank, throughout as well as following my internship.
2. Without permission from my supervisor, I won't remove, copy, or disseminate any private information or documents from the bank.
3. Before submitting the report to my university, I have to give it to my supervisor at the bank.

I commit to follow the previously specified guidelines.

---

Nafisa Tanjim

18204035

## **Acknowledgment**

The efficient completion and final result of this study required guidance and support from several people, and I count myself very lucky to have had this during the report's preparation. I want to thank Almighty Allah for granting me the opportunity to work in one of Bangladesh's most prominent banks in a dignified and courteous manner. I would like to sincerely thank my supervisor, Riyashad Ahmed, for all of his help and support in finishing my report. I could not have completed the report without his help and advice. He was always prepared to answer my questions and provide shrewd feedback, and he always provided me with clear guidelines and expectations. I also wish to recognize Saif Hossain, my co-supervisor, for making sure the report was completed in compliance with the set standards and guidelines. In addition, I would like to thank Dhaka Bank PLC staff and my coworkers for their assistance during my internship. They helped me understand the bank's internal procedures and politely answered my questions. Furthermore, I want to thank my family from the bottom of my heart for being my biggest supporters throughout my life and on this journey.

## **Executive Summary**

Leading financial organization Dhaka Bank PLC is dedicated to providing exceptional banking services, promoting economic expansion, and increasing value to shareholders. Since its founding in 1995, Dhaka Bank PLC has grown to become a reputable brand in Bangladesh's banking industry by offering a wide range of goods and services to meet the demands of its varied clientele. Focusing on innovation and client satisfaction, Dhaka Bank PLC works tirelessly to surpass expectations by introducing cutting-edge technology and individual alternatives. Integrity, reliability, and moral behavior are ensured in all aspects of our business operations by our strong emphasis on corporate governance. Balanced profitability, typified by long-term prosperity, cautious risk management, and effective utilization of assets, is the cornerstone of Dhaka Bank PLC's success. Our adherence to regulations and maintenance of a robust capital base provides a sense of security in the face of fluctuating marketplace circumstances. As part of its commitment to commercial corporate social responsibility, Dhaka Bank PLC actively supports programs for improving the community, encouraging equitable growth, and promoting social prosperity. As the financial environment in Bangladesh changes, Dhaka Bank PLC is committed to providing value to its stakeholders and seizing growth and innovation possibilities. We hope to maintain our position as a leading financial institution by forming smart alliances and adopting a customer-first philosophy, enabling people and companies to prosper in a globally integrated marketplace.

**Keywords:** Credit Department; Loan; Borrower; Account; Sanction letter; Fee; Interest Rate.

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## List of Acronyms

PLC	Public Limited Company
ATM	Automated Teller Machine
AOD	Asset Operation Department
TIN	Tax Identification Number
NID	National Identity
VPN	Virtual Private Network
BB	Bangladesh Bank
EMI	Equated Monthly Installment
RTGS	Real Time Gross Settlement
CIB	Credit Information Bureau
GB	General Banking
SME	Small and Medium Enterprises
OTP	One Time Password
OD	Overdraft
LC	Letter of Credit
ECRL	Emerging Credit Rating Ltd
VAT	Value-Added Tax
SWIFT	Society for Worldwide Interbank Financial Telecom

## **Glossary**

- Credit:** The capacity to lend funds with the promise of repaying the loan later is known as credit. Repayment terms are usually included in credit commitments; these include the dates on when repayments are expected as well as any interest or other costs. A person's credit history also includes their debt-borrowing and debt-repayment patterns.
- Credit Information Bureau:** The Credit Information Bureau is an entity that gathers, preserves, and gives lenders access to credit data and ratings to evaluate applicants' creditworthiness.
- Khatian:** Another name for it is the register of rights. It is a land-identifying document. Khatian is the word for survey-prepared documents used to establish title, possession, and assess property taxes.
- Sanction letter:** A sanction letter is a letter from the lending institution confirming your eligibility for what amount of credit you have requested. It contains all the pertinent information on the lending transaction and serves as proof that you have been approved for the money being borrowed.

# **Chapter 1**

## **Overview of Internship**

### **1.1 Student Information**

**Name:** Nafisa Tanjim

**ID:** 18204035

**Program:** Bachelor of Business Administration

**Major:** Finance and Human Resource Management

### **1.2 Internship Information**

#### **1.2.1 Period, Company, Department, Address**

**Period:** 3 months, 11<sup>th</sup> September, 2023 – 10<sup>th</sup> December, 2023

**Company Name:** Dhaka Bank PLC

**Department:** General Banking

**Address:** Plot No. 01 (1st & 2nd. Floor), Road No. 05, Block# A, Section # 10, Mirpur, Dhaka 1216.

#### **1.2.2 Internship Company Supervisor's Information**

**Name:** Rashed-Ul-Momen

**Position:** First Vice Precedent & Manager Operations

#### **1.2.3 Job Scope**

As an intern in the general banking division, I was supervised by the operation manager. I was given various responsibilities to give me actual work experience in the banking industry. Some of my tasks and obligations were as follows:

- Getting a client's passport or driver's license, TIN certificate, company's certification, and customer's National Identification Card to input the details into a particular document. Name, account number, Unique Customer ID, National Identification Number (NID), Taxpayer Identification Number (TIN), contact information, address, and any relevant nominee information are included in this process.
- Keeping track of every transaction handled by the Remittance procedure in a specific document. It used to be necessary to specify the Sender A/C number, Receiver A/C number, date, time, customer name, the volume of money to be transmitted, as well as additional relevant information.
- The operation of establishing a bank account is made easier with the help of a simple design and n-screening methods that improve privacy and security. Within an application process, I used to verify applicants' NID, input all information of users and produce an NID mismatch Excel report that bank personnel may quickly resolve. I also opened Easy account (using their Dhaka Bank Easy account apps) that that simply required the nominee's passport-sized photo and an applicant's copy of their NID.
- Sometimes I delivered debit cards and cheque book to the customers. At end of the day, balancing cheque book and debit cards was my responsibility.

## **1.3 Internship Outcomes**

### **1.3.1 Contribution to the company**

Even though my experience was not as in-depth compared to that of the full-time employees, I always made an effort to help the company by staying willing to learn new things and ready to contribute what I knew. While the workers' hours of operation were from 10:00 am to 6:00 pm, Dhaka Bank PLC 's transaction hours were from 10:00 am to 3:30 pm. Staff members used to be quite busy responding to clients' service inquiries, managing operations, and considering important financial choices during transaction hours. In an effort to reduce the workload of senior staff members, I completed basic job duties involving input of data, delivered checkbooks and debit cards to customers, and assisted them with filling out bank account opening papers so they could focus on more difficult activities. Additionally, I collaborated with the supervisors of the General Banking (GB) department and made contributions to the credit department. I have created about 200 CBI (Credit Information Bureau) batches of consumers for the credit department. A credit information bureau is a collection of data that

gathers and keeps track of financial-related data on people and companies. By giving financiers access to credit rankings and states that it evaluates creditworthiness and assists customers with making well-informed judgments on loan acceptance. Because they lower credit risks and encourage responsible borrowing, these bureaus are essential to the financial sector.

### **1.3.2 Benefits to the student**

I had an incredible chance to learn and was able to combine my academic background and skills with real-world job expertise during my internship at Dhaka Bank PLC. I enjoyed the honor of working as an intern at a banking institution to gain real-world financial skills. This knowledge will come in very handy in the years to come when pursuing financial services employment, as employers often favor candidates with similar experiences. Participating in an actual-life setting allowed me to gain a deeper grasp of the intricacies of the financial service industry, therefore motivating me to seek employment in banks in the future. Besides enhancing my hands-on expertise, my soft skills—such instance time management and organization, adaptability, problem-solving, as well as teamwork—were significantly improved. Throughout my internship, I obtained the chance to improve my professional skills. It made it possible for me to communicate with other individuals professionally and comprehend workplace etiquette. I learned how to greet and converse with my bosses and fellow employees. I also had the chance to develop relationships and visit those working in the banking fields according to my internships within the bank.

### **1.3.3 Problems faced during the internship period**

Although my supervisor's greatest attempts to ensure that my internship was flawless, I had several challenges at the banking institution that eventually reduced my productivity. A major problem I had at a bank was that there was never sufficient instruction. There were additional times when I got assigned a task lacking any clear guidelines or instructions since the workforce personnel were too busy in their work. There were times when it was challenging to understand the tasks and do them despite clear instructions. Also, a lot of those who worked there had hectic routines and couldn't provide frequent input, making it challenging for me to decide if I required more responsibility. Besides that, I was not allowed to utilize bank software systems or other resources as normal workers while I was an intern. For example, one of the biggest problems that the interns had was that they were lacking or desks. I was forced to perform tasks while seated on the customer-only couch. Being involved in papers in particular was pretty challenging absent a working surface, and spending extended periods on my couch hurt my



neck and shoulders. The internship period is regrettably restricted to the set amount of weeks that the institution has stated, which renders it difficult to achieve objectives, meet objectives for learning, and build capabilities. Three months was not long enough to have a thorough grasp of every aspect of ordinary banking operations.

### **1.3.4 Recommendations to the company on future internships**

Dhaka Bank PLC may put the following ideas into practice to enhance their internship program:

- The bank has given its interns straightforward directions and guidelines about what is expected of them. Interns will find it simpler to understand expectations and the processes required to perform well in their current role as a result. Interns are likely to receive a brochure from the banking institution that serves as a reference, explaining the requirements in an approachable and motivating way and providing answers to typical inquiries.
- Frequent progress evaluations and comments will enhance interns progress and also, they will get an enhanced comprehension of their job accomplishment along the means to rectify it.
- The bank care about present possibilities for growth and education so that the interns will help themselves grow in knowledge and abilities. The upper management of the bank can discuss information, experience, and perspectives with the interns.
- Rather than giving interns menial assignments, Dhaka Bank PLC will supply them with important and demanding assignments that the company might importance. As a consequence, interns are going to become far more motivated and engaged as well as substantially more likely to produce exceptional achievements.
- It will be better if the bank provides furnish for new interns with their workstations and chairs. As a result, they will find themselves more relaxed and able to work more productively and efficiently.
- If the bank has final discussions with the interns following their internship, they will have the opportunity to offer their insights, observations, and suggestions for enhancing the internship scheme.

## **Chapter 2**

### **Organization Part**

#### **2.1 Introduction**

The country was reaching the halfway point of its life cycle, and the people's love of culture, history, and fast food combined to create a potent force promoting improvements in the commercial sector. In the wake of the 1990s financial services improvements, various young aspirations flourished mainly due to the present generation's decision. Dhaka Bank is one of these dreams, widely dispersed, offering cutting-edge banking opportunities with a strong bond to its local community and customs. A group of forward-thinking business associates, motivated by a futuristic boss, embarked on a massive commercial journey that mirrored the rapid advancement of innovation within Bangladesh's core. On April 6, 1995, Dhaka Bank was established as a public limited company following the Companies Act of 1994. On July 5, 1995, Dhaka Bank PLC started its banking activities. Dhaka Bank possesses real values and highlights Bangladesh's and Dhaka's past events, from the Mughal colony to the contemporary capital. Bank's dedication to this connection is evident in the majority of its presentations, materials promotional activities, distribution tactics, and financial expressions. Currently, the Bank is well known for its outstanding service, ease of use, location, and innovative service method. operational skill establishing its place as a potential business participant in each of the nation's major financial services industries. In 2000, it was listed on the DSE and CSE. Dhaka Bank has established a strong connection with the business sector and expanded its nationwide presence by establishing an enormous number of branches, ATMs, ADMs, SME channels, and SMS banking. Dhaka Bank maintained an effective presence as of the end of 2022, with 113 branches nationwide, featuring 2 Islamic banking branches, 25 subbranches, 3 SME service centers, 81 ATMs, 15 ADMs, 1 customer service center, and 2 offshore lending units. To meet the demands of the financial sector, the bank founded Dhaka Bank Security Limited, a subsidiary with six branches around the nation. Based in the center of Bangladesh, we hope to become a more powerful force in the marketplace we service. To develop into seasoned bankers, we remain dedicated to our objectives of generating superior returns for our shareholders via our pursuit of outstanding performance.

### **2.1.1 Vision**

The stars of the future serve as a motivation to us at Dhaka Bank. We aim to provide a level of service that renders each banking interaction enjoyable. Our goal is to provide our clients with the best possible service by using precision, dependability, prompt delivery, innovative technology, customized solutions for your company's demands, commerce and trade across borders accessibility, with a significant return on the money you have invested.

Our personnel, goods, and procedures are all in line to satisfy the needs of our extremely discriminating clientele. To get a clear foresee is our aim. Delivering a product that accurately reflects our vision of outstanding performance in banks is our main goal.

### **2.1.2 Mission**

To emerge as the most esteemed financial institution in the nation, offering top-notch products and solutions supported by cutting-edge technology and a staff of exceptionally driven employees to provide excellence in banking.

### **2.1.3 Corporate Values**

Clients of Dhaka Bank receive benefits from this organization. Excellent offerings and products are what the trade is all about, and each person expects them. It has now become Dhaka Bank's thirteenth year of operation in the finance industry. Amidst the festivities, Dhaka Bank discussed its significance. They are:

- Emphasis on the Customer
- Being honest
- Superiority
- Working together
- Courtesy toward the individual
- Conscientious Nationality

## **2.2 Overview of the company**

### **2.2.1 About Dhaka Bank PLC**

The economic system of Bangladesh has started expanding quickly during the early 1990s. A period of growth in the economy was ushered in by the expansion of the farming and industrial sectors, global commerce, and the influx of remittances from Bangladeshi expatriates, including local and foreign investments in energy, interaction building, manufacturing of food, and service segments. In tandem with the growth of the economy, modernization and modifications in lifestyles led to a preference for banking services and goods to finance new ventures and efficiently direct household expenditures. In response to this demand, a few of the nation's most well-known businesspeople came along with founded Dhaka Bank PLC in 1995. The banking institution began conducting business on July 5, 1995, per the Company Act of 1994, with Tk. 1,000 million in authorized funding and Tk. 100 million in capital that had been paid out. The Bank's current approved capital amount is Tk 20,000 million. As of June 30, 2023, the Bank had Tk 10,066 million in paid-up capital. According to June 30, 2023, the Bank's total equity (capital and reserves) was Tk. 21,475 million. Through 252 supply locations, the Bank is still growing and offering consisting banking services. Dhaka has established an impressive presence in 114 sites nationwide, involving 2 Islamic banking branches, 2 offshore banking units, 3 SME service centers, 26 sub-branches, 87 ATMs, and 20 ADMs. These offices have opened several doors for freedom in finance and activities. To meet the demands of investors, the bank founded "Dhaka Bank Securities Limited," a wholly-owned company with six office locations around the nation. The establishment of a second business under the label of "Dhaka Bank Investment Limited" is intended to conduct trade banking operations. Clients are both individual and business-related, and are assisted by equipment and a group of exceptionally driven experts. Dhaka Bank currently provides the whole spectrum of real-time digital banking services using all of its branches, ATMs, ADMs, and online payment networks as a fundamental component of our ongoing dedication to excellence in banking. With an excellent return on Spending worldwide influence in commercial and trade transactions, advanced technology, specialized and cheerful assistance, and customized products to meet industrial requirements, Dhaka Bank is the bank of preference for customers.

### 2.2.2 Company Profile

Company Name	Dhaka Bank PLC
Registered Office	Biman Bhaban (1st Floor) 100 Motijheel C/A, Dhaka- 1000, Bangladesh.
Date of Incorporation	April 06, 1995
Authorized Capital	20,000 million
Company Registration No.	C-28146 (1992)/95
Bangladesh Bank License No.	BCD (D) 200/57-421/95
Paid-up Capital	100 million
Number of Branches	107(Information According to 2019)
Total number of DPS	28,957(as of December, 31, 2022)
Employee per Branch	18
Total Number of Employees	1,960 (Information According to 2019)
Total number of Shareholdings	209,743,556
SWIFT	DHBLBDDH
Chairman	Mr. Abdul Hai Sarker
FAX	+8802 5831 4419
E-mail	info@dhakabank.com.bd
Help-line	16474
Website	<a href="https://dhakabankltd.com/">https://dhakabankltd.com/</a>

*Table 1: Company Profile of Dhaka Bank PLC*

### 2.2.3 Strategies of Dhaka Bank PLC

Presenting an excellent product that accurately reflects Dhaka Bank PLC's aim of excellence in banking is their top priority. Enhance the standard of goods and offerings while broadening the income streams:

1. Their targets are to operate in the context of law and society while conducting translucent, top-notch company operations that utilize market mechanisms.
2. Their top priorities are to consistently offer their clients superior, inventive, and productive items with first-rate delivery assistance.
3. Their mission statement is to increase equitable dividends to shareholders while generating profit via quality businesses as a long-term, continuously expanding company.
4. Strengthening the company's brand and morals and Fulfilling their obligations to the administration by making payments for taxes and following other rules
5. Bringing the entire organization under an exceedingly progressed IT platform as well as Socializing and presenting the bank to the general public as an organization partner
6. Being committed to serving the commonality as a corporate citizen and contributing to the advancement of the nation as a whole and building a substantial make a payment base
7. Introducing novel offerings and upgrading their current offerings at relative low cost to assure quick responsibilities
8. Enticing and motivating aspiring company owners to launch sectors and ventures that are in keeping with the growth of the national economy.
9. Encouraging individuals to save more by introducing an alluring and profitable new investment plan and also supporting the nation's trade-in and importation of goods abroad.

#### **2.2.4 Product of Dhaka Bank PLC**

Dhaka Bank is aware that every Institutional User has different demands, and it knows that their organization's sustainability depends on an individualized solution. Major business firms, commercial banks, and micro-credit order institutions may all find the finance services and goods that they require from Dhaka Bank PLC Corporation Banking.

1. PROJECT FINANCE (LONG, MID & SHORT TERM): Massive operations business initiatives are being financed through the creative and efficient use of project funding. It

involves learning the justification for funding projects, creating an economic plan, evaluating risks, and creating the financing mix, including raising capital. Dhaka Bank provides a comprehensive array of goods and services to entrepreneurs undertaking a project's execution, such as finance structure establishing, risk reduction, and construction advisory services.

**Products offered under Project Finance –**

Term Loan – Machineries

Term Loan – Construction

Lease Finance (Machineries)

Foreign Currency Loans

We have extensive expertise in a variety of businesses and industry sectors with funding projects. Our knowledge in all of these areas is really useful: Textile, Ready Made Garments, Cement, Steel & Engineering, Paper & Packaging, Jute Industry, Telecom, Media and Technology, Power Sector, Glassware, Edible Oil and Consumer Products, Energy and Infrastructure, Chemicals and Pharmaceuticals, Construction, Renewable Energy (Solar Energy), Ship-building, Aviation, Healthcare.

2. **WORKING CAPITAL FINANCE:** The vital component of any freshly founded organization is working capital. Working capital loans from Dhaka Bank come in a variety of forms, tailored to the specific needs of various business and industry sectors. By the kind of resources, our working capital finance services and items can be divided into the following categories:

**Non – Funded Facilities**

Letter of Credit (Cash LC, BTB LC, UPAS, EDF etc.)

Bank Guarantee (BB, PG, APG, Payment Guarantee, FC)

**Funded Facilities**

Short Term Loan (3, 6, 9 months)

Overdraft – Others

Overdraft – Work Order

Cash Credit (Hypothecation, Pledge)

Loan against Trust Receipt (LTR)

Time Loan

3. TRADE FINANCE: Foreign Trade has been established as a significant branch of modern banks as "Business" has moved past national borders. We have set up a solid foundation for providing a broad variety of trade finance-related goods and services to encourage our clients' enterprises. These are: Export LC (Advising & Transfer), Export Bill Negotiation/Collection, Import Finance, Import Bill Handling, Shipping guarantee, EDF Loan, OBU Financing.
4. CASH MANAGEMENT SOLUTIONS: Payment & collection solution, Bulk cheque Processing, Utility Bill collection, Vendor/Salary Payment, Cash pickup & Delivery, Hajj Remittance Processing, Managing IPOs as Lead Bank, Act as Banker to the issue of IPOs.



## 2.2.5 Organogram of Dhaka Bank PLC

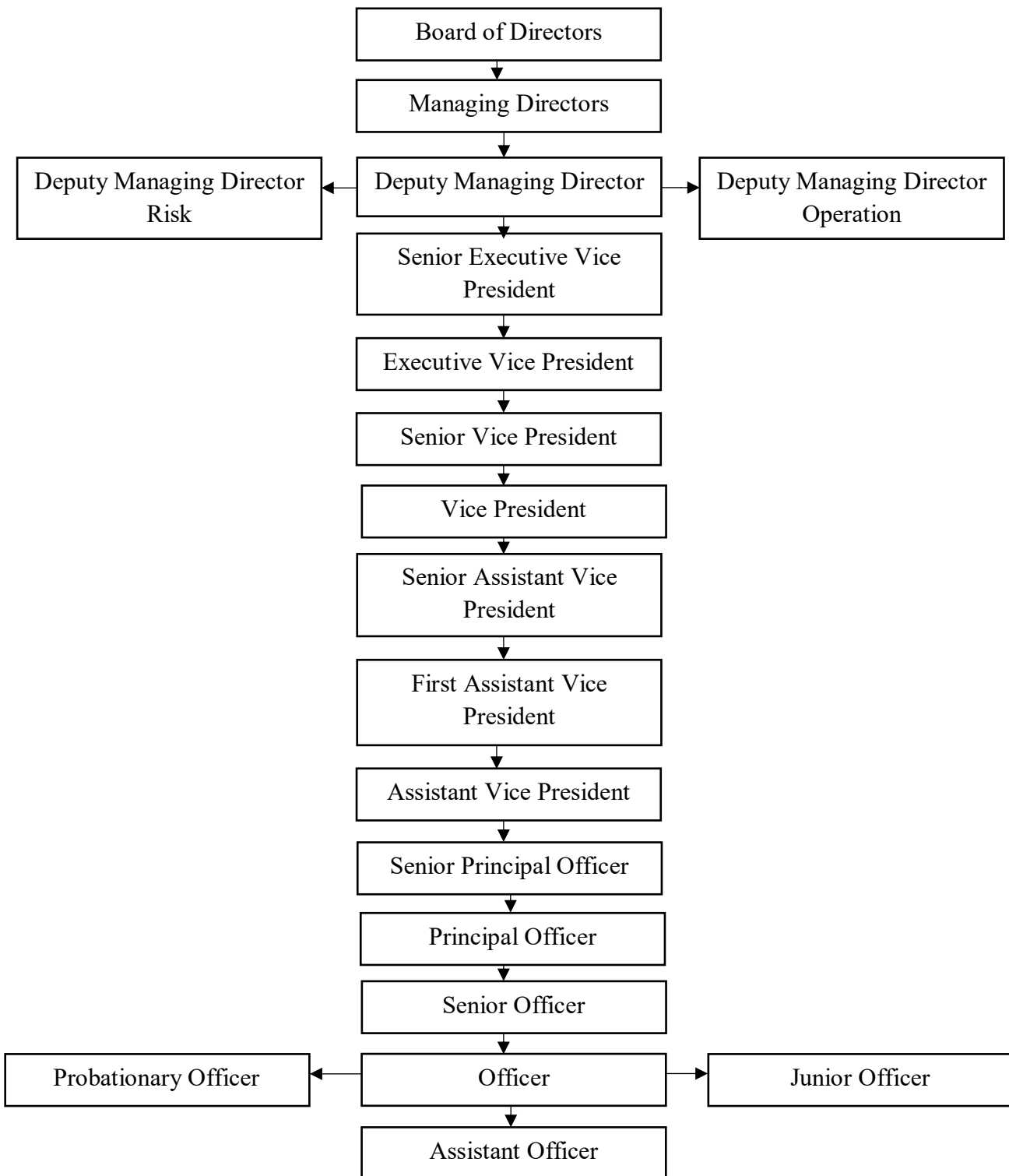


Figure 1: Organogram of Dhaka Bank PLC

## **2.3 Management Practices**

Dhaka Bank Ltd. is adamant that the foundation for growth is a trained workforce. As a result, Dhaka Bank Ltd. has a functioning Human Resources Department across the board for the bank's whole organization to achieve performance and competent workers. Thus, Dhaka Bank offers its employees generous perks and salaries in addition to a straightforward career trajectory, even while it leads the campaign. The Dhaka bank worker service handbook, which includes all the requirements for the related administration of health care workers, was introduced in response to the bank's succeeding.

### **2.3.1 Leadership Approach**

The leadership of Dhaka Bank PLC probably highlights how vital it is for the company to have a unique mission and strategy. By laying out an appealing long-term plan for the bank and uniting the workforce around shared objectives, administrators can stimulate and encourage their staff members. The leadership style of Dhaka Bank PLC is exemplified by its creative direction, strategic insight, and unwavering dedication to focusing on clients. The managers of the company place a high value on creating a community of creativity and adaptation because they understand how critical it is to keep ahead of current market conditions and satisfy changing client expectations. Morality and righteous conduct continue to be fundamental principles that direct authorities' duty, accountability, and openness in decision-making processes. Leadership and employee development are prioritized, and executives actively participate in mentoring, guidance, and creating a culture of lifelong learning. To accomplish shared goals, supervisors support working together across functions and cooperative problem-solving, which fosters teamwork as well as cooperation. The value placed on participative choice-making, appreciating other viewpoints, and enabling staff members at all levels to play a role in the financial institution's development set apart Dhaka Bank's leadership method. In Bangladesh's changing banking environment, Dhaka Bank PLC maintains its reputation as a reliable commercial bank by fostering long-lasting development and providing value to its stakeholders via inventive management, innovative planning, and an unwavering adherence to moral standards.

### **2.3.2 Process of recruiting and selecting personnel**

Dhaka Bank PLC adheres to a methodical hiring and selection procedure to guarantee its recruitment of competent applicants who share the goals and values of the lender. Human Resources managers and pertinent departments work together to decide on personnel

requirements and define job criteria before starting the hiring procedure. The bank's web page, job portals, and social media platforms are among the outlets used to publicize job openings to draw in a wide range of applications. After proposals are received, a comprehensive filtering process—which frequently includes reviewing resumes and cover letters—is carried out to select individuals based on their competencies, qualifications, and talents. Those who made the initial selection could be invited to interview, which might involve a few rounds with several interviewees to determine each candidate's fit for the position and the organization as a whole. In certain instances, applicants could also go through scenarios or assessing exams to gauge their skills and knowledge pertinent to the role. Final decisions are taken after discussions and evaluations, taking into account many variables such as information, interviews how well they perform, and compatibility with the bank's traditions and culture. Candidates who succeed get interviews after being chosen, which include details on the terms and circumstances of the position, such as pay, perks, and start dates. Justice, openness, and accessibility are given top priority during the process, and Dhaka Bank PLC complies with any and all applicable laws and regulations regulating hiring and hiring decisions in Bangladesh.

### **2.3.3 Compensation Scheme**

Dhaka Bank PLC has an organized wage plan that is intended to draw in and keep exceptional workers while upholding equity and market dominance. The bank establishes wage levels by evaluating package deals in light of many aspects, including employment positions, duty, abilities, and market benchmarking. Personnel may be qualified for productivity-based compensation, benefits, and other benefits alongside to basic pay, depending on their private and company success. Integrity is a top priority for Dhaka Bank when it comes to its pay policies. Personnel are given full disclosure regarding the elements of the salaries they receive and the standards that are applied when awarding incentives. The bank evaluates and modifies the way it compensates staff to stay competitive in the financial services industry and comply with evolving regulatory and legal demands. In addition, Dhaka Bank could supply broad fringe benefits that include pensions, medical services, and other advantages to promote the general happiness and mental wellness of its staff.

### **2.3.4 Initiatives for training and development**

To improve the capabilities and expertise of its staff, Dhaka Bank PLC concentrated on putting comprehensive developmental and training initiatives into place. To determine issues that could use enhancement across each division and positions across the business, an extensive

review of training requirements was conducted as part of the evaluation procedure. After that, specially created training curricula encompassing subjects like banking laws, exceptional client service, and technology developments were created to meet these demands. Numerous delivery channels, such as direct seminars, virtual courses, and chances for on-the-job training, were used to provide these training programs. Dhaka Bank sought to enable its staff to respond to modifications in the industry and provide clients with superior customer service by placing a strong priority on continual growth and education. This approach was intended to contribute to the bank's profitability and expansion.

### **2.3.5 Mechanism of performance appraisal**

Evaluations of achievement by Dhaka Bank PLC are conducted annually and compare staff effectiveness and efficiency to a predefined set of standards. This banking institution uses a 360-degree feedback evaluation technique, which examines a worker's work ethic via input from those in that worker's area of effect, comprising consumers, peers, and branch managers. Utilizing self-assessment, the employee takes part in this evaluation as well. Considering that the bank's basic banking segment works directly with consumers, customer feedback is essential. Information from customers helps to eliminate bad behaviors, encourage positive behavior, and make it easier for employees to accomplish their goals.

## **2.4 Marketing Practices**

Dhaka Bank PLC uses a variety of promotional techniques to increase revenue, draw attention to its products and services, collaborate with important companies, build partnerships, draw in new clients, cultivate existing ones, create a brand, and employ media channels to expand globally. It is an essential instrument, especially given the present climate of intense rivalry in Bangladesh's banking industry. The financial sector is unsure of how to draw in new clients and keep existing ones. Communications that just air on the network or in newspapers with wide messaging are no longer sufficient to monopolize the audience and neglect to take into account people's choice requirements. This global trend may be examined along three different dimensions. In actuality, Dhaka Bank sets itself entirely apart from other media outlets by focusing on community objectives. The virtual world, networks of friends, and corporate gatherings are examples of the new possible places of communication. Bankers are gradually using these fresh ways of interacting in their plans to attract the interest of younger individuals. In addition to mere exposure, however, modern ways to interact provide avenues for direct client interaction.

### **2.4.1 Marketing Strategies**

The firm's advertising activities across a broad spectrum of connections and media are outlined in Dhaka Bank PLC 's marketing strategy, which is thorough and organized properly. The bank's marketing strategy covers every tactic used to draw in prospective consumers and win them over as actual ones. Several tactical measures are part of Dhaka Bank PLC's marketing approaches:

1. Using survey data to analyze and measure market patterns for comparable goods and services to determine why the bank needs that particular goods or services.
2. Come up with new financial services or modify previous ones according to the needs and needs of clients.
3. Determining the best methods for reaching out to potential customers to tell them approximately what services or products are available and persuade them to select those.
4. Creating marketing strategies based on an examination of the best methods for establishing connections with consumers and Confirming customer ties via loyalty programs and follow-up advertising campaigns.

### **2.4.2 Target audience, positioning strategy, and targeting**

Dhaka Bank PLC engages five distinct types of prospective consumers with its marketing programs. They comprise valuable resources, medium-value, low-value, and future clients as well as previous clientele. The low-value clientele is further split into two groups. those in the first segment have modest assets and a limited need for bank services, whereas those in the reverse group spread their money among various organizations. Furthermore, there are two types of medium-value individuals: those who have deposited most of their money with banks, and those who prefer to mix up their assets, just like low-value consumers do. Banks benefit financially from having high-value clients since they have large deposits or current credit. Potential consumers are individuals who are still waiting to establish an account with Dhaka Bank PLC and those who are currently clients of other banks. Since most banks offer a similar, or even similar, variety of items and amenities, differentiating a bank grows increasingly important and difficult. Three fundamental principles serve as the foundation for Dhaka Bank PLC's primary selling techniques: exceptional operations, superior relationships with consumers, and higher quality of products and services. Additional components include Islamic Wallet, green financing, and social responsibility programs. The bank's Islamic Wallet, an

electronic financial option based on Shariah, allows individuals who wish to preserve the Islamic Shariah banking platform to access savings accounts via a smartphone or tablet.

### **2.4.3 Marketing Channels**

Oversees all aspects of the marketing strategy and communications, both within and outside the Bank. From global and national advertising to grassroots initiatives and integrated promotions that include online advertisement, a sponsor, and events, you name it. Dhaka Bank has established itself as a distinguished name in Bangladesh's banking sector since the day it was established. A vibrant group of individuals discovered this Financial Brand back in 1995, intending to advance the nation's economy both in the larger and smaller sectors. With that goal in mind, Dhaka Bank's brand covenant, "Excellence in Banking!" is carried out constantly. These days, creating communication and marketing plans is crucial, particularly for banking-related commercial endeavors. To seize new, cutting-edge prospects, financial institutions must adopt a more inventive strategy in light of the current, severely competitive economic environment. The majority of banks have decided to assess their dissemination tools and modify their marketing strategies in light of the significant changes in the industry. It is easier to swiftly incorporate change and adjust company to new objectives and patterns of consumer behavior when one anticipates such behavior alterations.

### **2.4.4 Development of new products and competitive pricing**

Development of ideas, modification and selection, prototyping, assessment, service or good creation, evaluation of the market, and profitability are the seven stages that occur in Dhaka Bank PLC's process for creating new goods or services. Development of ideas includes developing novel approaches to enhance present goods in addition to creating whole new ones. During the selection process, the service growing group determines what proposals have a better possibility of surviving in the competitive marketplace. It must choose an idea and then create a prototype or early creation of the proposed product. Throughout the analysis stage of the product creation process, authorized staff examine market research. The final item or product can be built when the outcomes are incorporated into the prototype. Prior to having become accessible to a wider audience, goods or services are frequently introduced to an even more specialized client or customer focus group. After any necessary changes have been made in response to market study results, a good or service is subsequently made available to a wider audience.

### **2.4.5 Branding initiatives**

To increase the company's market visibility, Dhaka Bank PLC launched many branding efforts. They demonstrated their dedication to building their brand by devoting a sizeable amount of their budget—roughly 5% of their yearly revenue—to advertising campaigns. They used this money to start many digital marketing efforts and television ads to raise brand recognition within their target demographic. Utilizing agreements with reputable organizations and endorsements on important occasions, Dhaka Bank also concentrated on improving the perception of the company's name. It also invested in updating its corporate design and logo to better represent their contemporary outlook and dedication to innovation. The bank actively engaged with clients and promoted their company's message using social media platforms as well as increasing their spending for advertisement on social media by 30% over the past year. Additionally, they gave priority to client comments and endorsements, showcasing their commitment to client happiness in their promotional materials.

### **2.4.6 Strategies for promotion and advertising**

Advertisements for both digital and print channels are two of the primary kinds of advertising used by Dhaka Bank PLC. Print media, such as newspapers, magazines, and trade magazines, may easily target specific audiences who are frequently harder to reach in various avenues. To fulfill its advertising and promotional goals, Dhaka Bank PLC also uses web-based marketing. Even though the bank has accounts on many social media platforms, it only utilizes Facebook given it has about 607k followers. The images, videos, and announcements shared on the bank's official Facebook profile and through advertising on Facebook and YouTube to attract certain kinds of people. Moreover, they went to the career fair on February 10th, 2024 to participate in promotional events.

### **2.4.7 Key marketing shortcomings and discrepancies**

Even with excellent services and goods on offer, and inadequate advertising causes banks to lose business. The fact that Dhaka Bank PLC only uses Facebook or Instagram to advertise its company on social media sites presents a serious promotional disadvantage. It is highly improbable that every member of their demographic of choice uses only one interpersonal network. They cannot employ a variety of media; thus, they are losing out on important target groups by using their advertisements. Through the use of many networks, banks may reach a diverse clientele and capitalize on their unique selling points. Numerous banks in the nation have run a lot of marketing initiatives over the years to increase brand awareness.

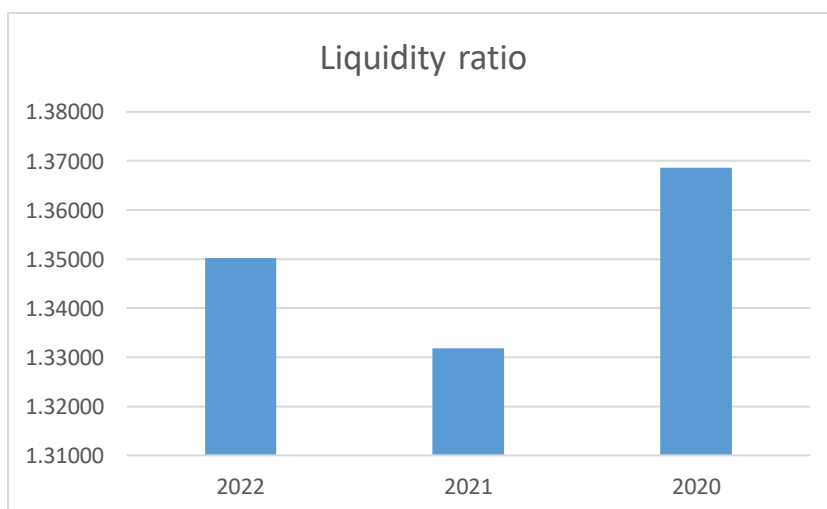
Comparatively speaking, nonetheless, Dhaka Bank PLC gives advertising initiatives less weight than another bank. To maintain its viability in Bangladesh's highly regulated financial services sector, the bank must improve its methods of advertising to differentiate itself from rivals.

## 2.5 Financial Performance and Accounting Practices

### 2.5.1 Financial Performance

Dhaka Bank's financial performance is demonstrated by indicators like return on assets, net profit margin, and liquidity ratio, which show how well it uses all of its assets to make revenue. The corporation demonstrates the desire to provide value to shareholders by seeking to achieve the highest returns on equity while maintaining healthy profits per share (EPS) through an appropriate use of financial leverage. The Bank aims to maximize total wealth for shareholders and attain sustainable development by maximizing these important economic indicators.

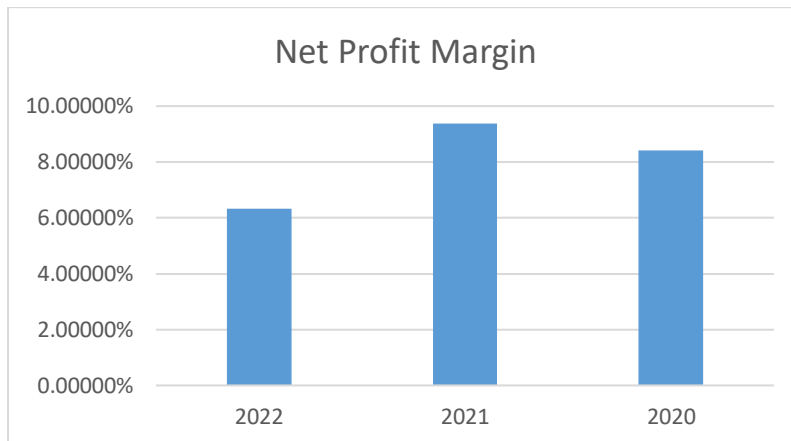
**Liquidity Ratio:** Over the last three years, Dhaka Bank's liquidity ratio has been comparatively consistent, ranging from 1.33185 in 2021 to 1.36868 in 2020, with a minor decline to 1.35022 in 2022. This demonstrates that the business has kept a solid ratio of current assets to liabilities, guaranteeing its capacity to pay short-term debts. Although there was a slight variation in 2022, the general pattern indicates that liquidity was well managed for the three years.



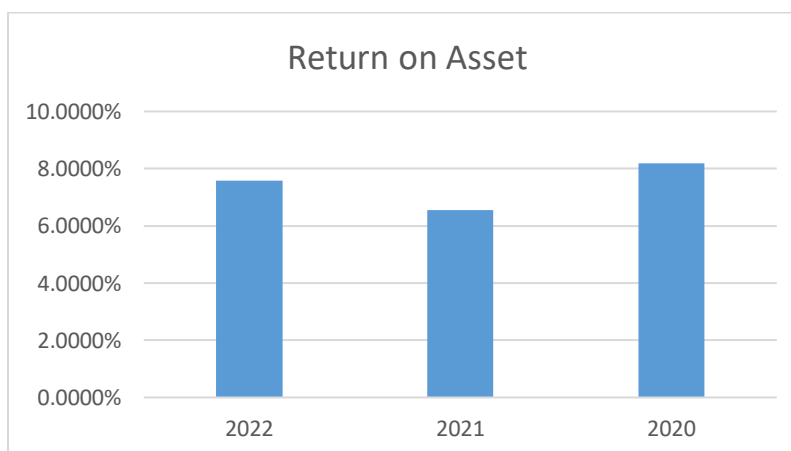
**Net profit margin:** Over the last three years, Dhaka Bank's net profit margin has fluctuated, going from a modest gain of 8.40197% in 2020 to a substantial decline from 9.36546% in 2021



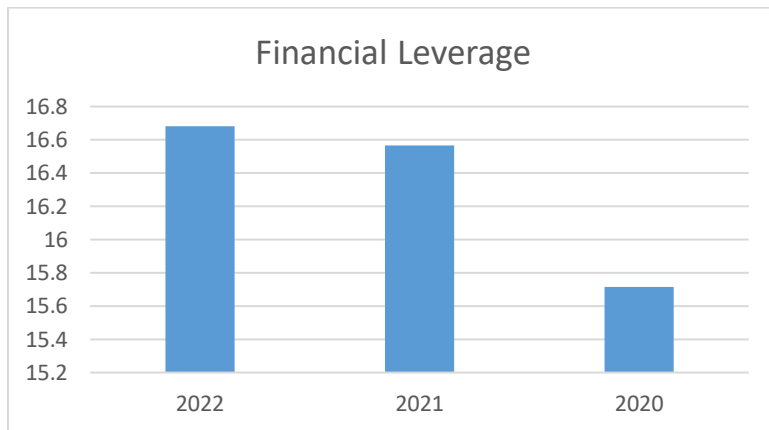
to 6.31827% in 2022. The differences point to possible adjustments to the Bank's financial arrangements, revenue-generating tactics, or efficiency at work. Even with the recent decline, it's crucial to precisely determine the underlying causes of these swings to determine the company's overall financial health and profitability patterns.



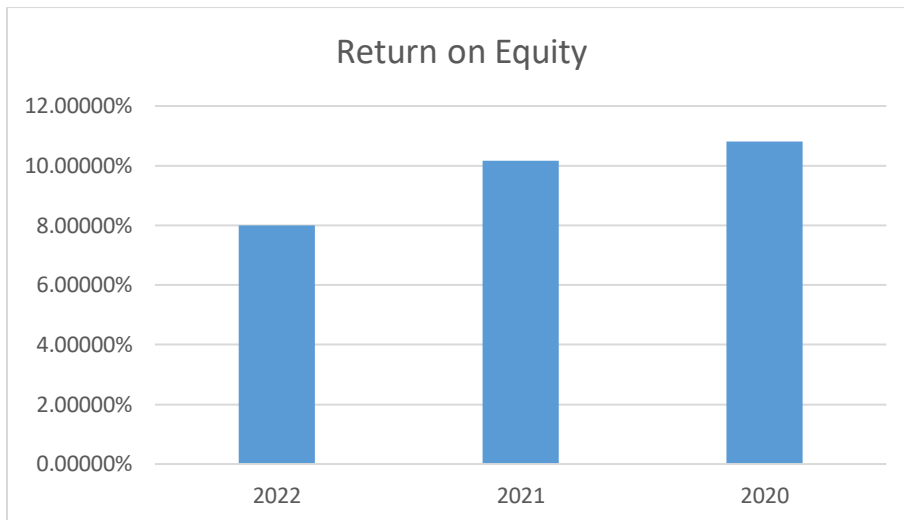
**Return on asset:** Over the last three years, Dhaka Bank's return on assets (ROA) has fluctuated, falling from 8.1808% in 2020 to 6.5463% in 2021 and then rising to 7.5812% in 2022. Such variations point to possible changes in the business's capacity to turn revenue into its asset base. Even though ROA has recently increased, more research is required to fully comprehend the underlying causes of this trend and how it affects the economic viability and operational effectiveness of the business.



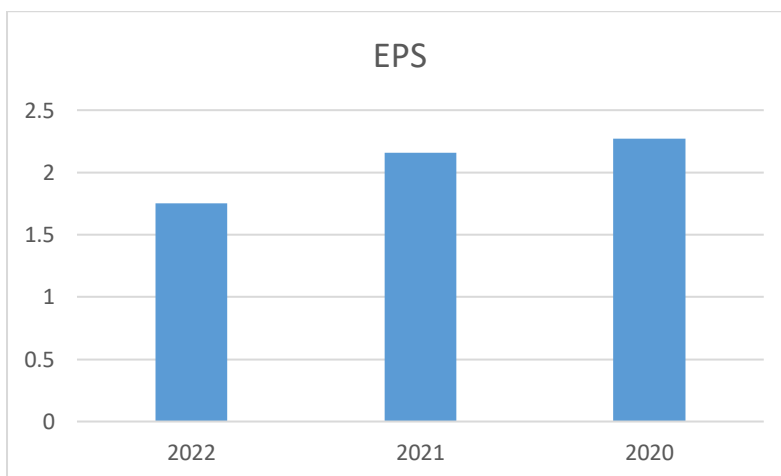
**Financial Leverage:** Over the previous three years, Dhaka Bank's financial leverage has gradually increased, showing values of 15.7161 in 2020, 16.5671 in 2021, and 16.6830 in 2022. This means that the Bank's activities and expenditures are becoming more and more dependent on debt funding. The firm must carefully handle its debt levels to reduce financial exposure and guarantee long-term viability, even if modest increases in financial leverage can boost returns on equity.



**Return on equity:** Over the previous three years, Banks's return on equity (ROE) has decreased, going from 10.80247% in 2020 to 10.15710% in 2021 and then to 7.99114% in 2022. Such a declining trend raises the possibility of difficulties in turning a profit in proportion to shareholder equity. To pinpoint opportunities for increasing productivity, revenue, and total shareholder value, it is imperative to examine the underlying causes that are propelling this current pattern.



**EPS:** Over the last three years, Dhaka Bank's earnings per share (EPS) has been on the decline, falling from 2.27 in 2020 to 2.16 in 2021 and then to 1.75 in 2022. This raises the possibility of difficulties sustaining or enhancing earnings per share. To find ways to boost profits and win back investor trust in the company's financial performance, it is critical to analyze the causes behind this fall.



### 2.5.2 Accounting Practices

The Bangladesh Bank oversees the accounting practices of Bangladeshi banks. As a result, Dhaka Bank PLC is required to abide by the guidelines established by the Bangladesh Bank as well as the International Financial Reporting Standards (IFRS) and International Accounting Standards (IAS). They also provide financial data in line with IFRS regulations. These documents include the balance sheet, statements of cash flows, and statements of income.

Dhaka Bank PLC uses the double-entry bookkeeping system to manage its accounting documents. This technique requires that each expenditure be recorded twice, once as a credit followed by another as a debit.

The bank uses accrual accounting, which essentially means that income and costs are captured as soon as they are acquired, regardless of when the money is received or disbursed. The bank receives a far more reliable picture of a company's current financial status when accounting for accrual is used. The bank's financial records are annually audited by third-party auditors. The audit verifies that the financial statements remain accurate and compliant with all applicable legal and accounting norms. When it comes to foreign exchange operations, Dhaka Bank PLC also follows the guidelines set out by the Bangladesh Bank. These regulations cover the processing of deals in foreign currencies in accounting, especially the conversion of balances from foreign to local currencies. Dhaka Bank PLC employs the straight-line depreciation method to calculate the fixed asset depreciation. The straight-line approach distributes the price of a product evenly across the course of its useful life. This means that during the duration of the asset's existence, a particular sum of depreciation expense is spent.

## **2.6 Operations Management and information System Practices**

### **2.6.1 Operations Management**

The operating leadership of Dhaka Bank Ltd. is fair. A high-ranking officer analyzes all tasks performed one last time in each branch, makes any necessary modifications, and asks staff members to explain how they work so that the whole thing is verified. Additionally, the uppermost manager makes sure that the staff members meet the goals that the office's administrator assigns them. To optimize profits, Dhaka Bank PLC has created its day-to-day control to be as efficient as practicable. The operations manager's goal is to ensure that the bank converts resources—such as personnel, factors and technologies—into results as quickly as possible. Since Dhaka Bank PLC 's main objective is satisfying clients, bankers must identify all processes that include dealings with customers and directly affect overall client satisfaction.

### **2.6.2 Information Systems**

The data policies and procedures of Dhaka Bank PLC are accountable for providing the accessibility of the data to all employees as well as relevant parties. All levels in a company can use systems for managing information, even though information technologists and chief technologists are frequently the ones who choose which ones to use. There are two main

software applications utilized by Dhaka Bank PLC. The Dhaka Bank Corporate Portals and Docudex are those. Employees may easily finish most banking operations since these systems are simple to set up and manage.

### **Dhaka Bank Corporate Portals**

The majority of Dhaka Bank PLC 's financial products and services are managed through its corporate website. This software, often known as central banking applications, allows the banking institution to link to other kinds of software, thereby the interbank market, and linking with various branch operations. This organization the website contains many features, such as:

- Controls intricate banking processes and handling operations
- Support for several payments for all commodities and services transaction remittance services.
- Improves in handling financial responsibilities by projecting repayments on loans.
- A digital mechanism for distributing profits and earnings.
- Capable of providing extensive reports and records for the company's needs and mandatory reporting responsibilities.
- The capacity to distribute payments automatically based on the priority of consumer transactions and to identify users via several levels and tracking performance at the individual branch and bank-wide sectors.
- Opening new accounts and keeping those that already exist open.
- Delivers bank statements to clients via DBCUBE software also it maintains RTGS and many more operations in the branches.

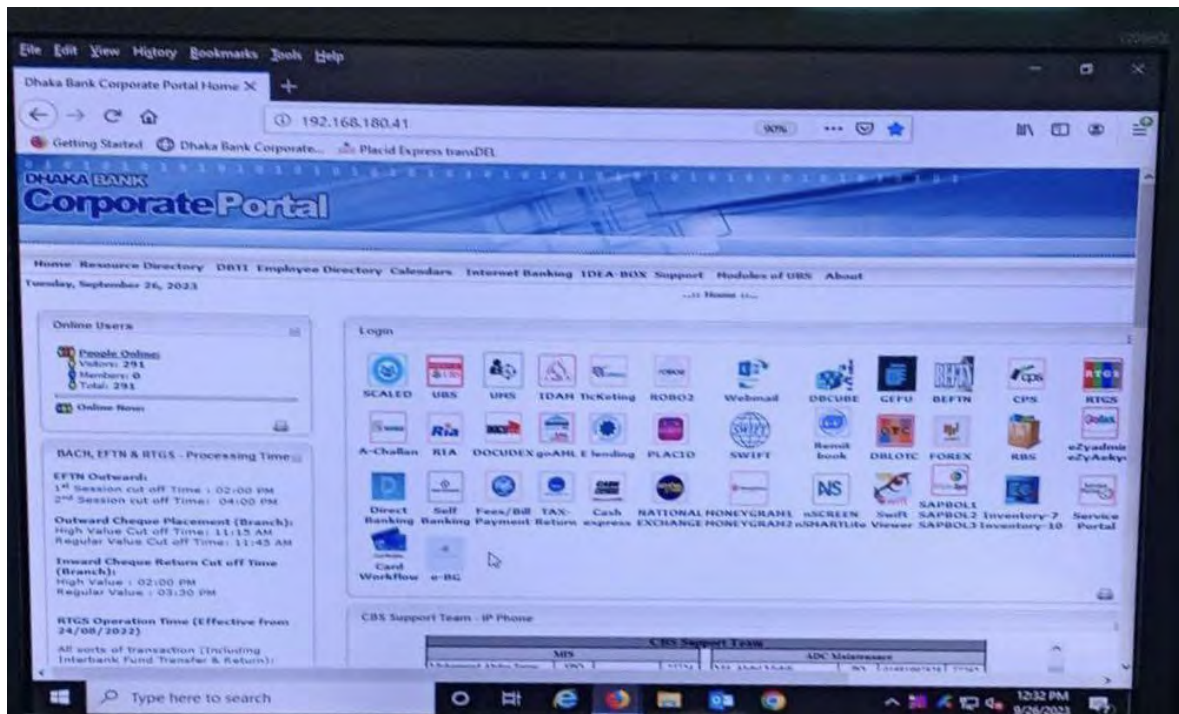


Figure 1: Dhaka Bank Portals

## Docudex Software

Many papers of various sizes and origins are created daily during financial operations. This is a lengthy process that requires these papers to be exchanged, enrolled, further evaluated, and sorted. Dhaka Bank PLC maintains its documents in a central Docudex file cabinet. Docudex software does far more than lessen the amount of space required for newspaper retention. The file containing data is always instantly accessible by designated bank employees. This kind of computer program for banking streamlines all the processes associated with obtaining letters, and company and managerial records, legal files, incoming and outgoing applications, and so on. Docudex may be used to compile, organize, and maintain track of anything about customers, financial affairs, and other bank operations. One of the main advantages of Docudex is that it may drastically reduce the length of time spent on administrative duties. The Docudex technology greatly enhances the process of choice and task-execution activities. It encourages adaptability and security and makes it easier to manage how quickly suggestions are carried out.

## **2.7 Industry and Competitive Analysis**

### **2.7.1 SWOT Analysis**

Dhaka Bank PLC can apply a SWOT review and create plans that capitalize on opportunities, address weaknesses, and reduce threats.

#### **Strengths**

- Dhaka Bank pays its staff an adequate wage. This explains why there is an extremely low staff turnover rate at Dhaka Bank.
- Dhaka Bank has seen significant ups and downs in the banking industry, giving them the confidence to take a proactive approach as opposed to a reactive approach.
- Dhaka Bank PLC has a skilled team that includes qualified lenders, specialists in technology, and administration workers. Employees at Dhaka Bank PLC strive to improve the efficiency of the banking process and offer services to meet the evolving needs of their consumers.
- Dhaka Bank offers instruction and information acquisition to its workers through its instructional center. This is to provide year-round training for their staff.
- The Dhaka Bank is a solid business, supported by the vast resources of the parent corporation, the Rangs group. People are therefore at ease doing business with the organization. Additionally, its profit is increasing quickly every year.
- Dhaka Bank enjoys excellent relationships with its clientele. Despite the bank being closed after 3.30 PM, they continue to serve those who frequent them after that time.
- The only goals of Dhaka Bank's administration at all levels are to uphold an organizational culture that prioritizes improving the standard of service and building a strong commercial brand in the marketplace through a system of communication that is open and long-term organizational strategy.
- Dhaka Bank makes use of cutting-edge technologies to guarantee reliability in both quality and function. The corporate head office has access to SWIFT, which Dhaka Bank uses for processing software. The SWIFT system is likewise installed in each of the other branches.

## **Weaknesses**

- Dhaka Bank's workforce resources are insufficient to effectively service its enormous client base.
- The advertising strategy for Dhaka Bank's upcoming services is being neglected. Because of this, the clients are unaware of their complete range of offerings.
- Dhaka Bank has relatively small personnel available for personal selling operations and does not devote adequate attention to other methods of marketing.
- Banks must adhere to a lot of regulations, which may be expensive and time-consuming. Bangladesh Bank's new regulations may require Dhaka Bank PLC to alter its business practices and increase its expenditures.
- The cost of establishing accounts and upkeep can render it more difficult for Dhaka Bank PLC to entice and retain customers. This might make an institution less appealing to potential customers. This might result in lower earnings and a decrease in market share for the bank.

## **Opportunities**

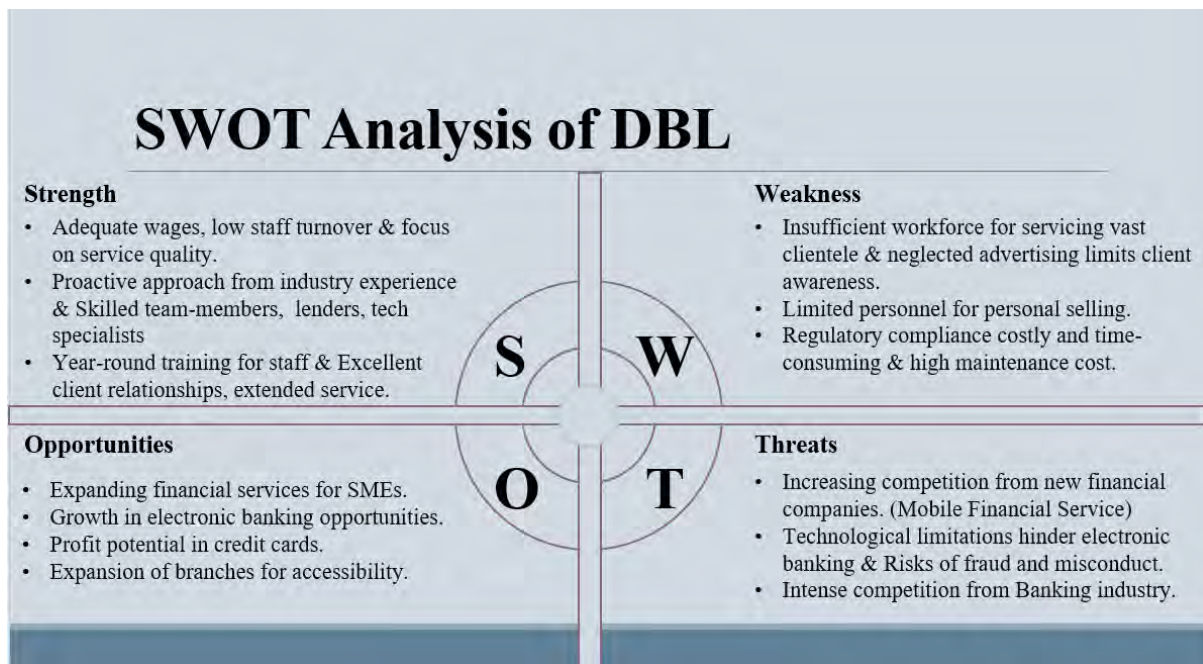
- Dhaka Bank is expanding daily and offers a wide range of financial services across the nation. Small and medium-sized enterprises (SMEs) are one of the many business areas that Dhaka Bank constantly covers.
- The expansion of electronic banking would give Dhaka a greater opportunity to connect with customers in the local and international financial markets. For them, the introduction of online branch banking is a fantastic opportunity.
- Dhaka Bank's credit card section would enable the company to earn an important profit soon, as they mostly conduct credit commerce-related activities.
- To stronger compete, the Bank can provide more cutting-edge and contemporary consumer offerings and also, they can also provide both small and specific companies with micro loans.



- To provide the Bank's offerings to remote areas, several branches can be created. The Bank can hire skilled, competent, and informed personnel because it provides a nice setting to work and an appealing pay arrangement.

## **Threats**

- The financial system is having difficulties because of the recent upheaval and turbulence that the nation has experienced.
- A growing number of financial companies are opening up shop in the nation as a result of strong consumer interest. Numerous banks are joining the financial services sector with innovative and profitable offerings. These days, buyers control the majority of the sales for banking sectors. Bank will be facing severe rivals in the near future if it cannot provide buyers with appealing financial solutions.
- As was already said, electronic technology is developing quickly worldwide. Despite Dhaka Bank's efforts to keep up with the times, our nation's inadequate technological systems and infrastructure make it impossible to accomplish the purpose.
- Focus is being brought about by the worldwide increase of banks mergers and acquisitions. Both this sector and its rivals are becoming more powerful in their areas of expertise.
- The finance sector within Bangladesh is very competitive, with both local and international banks vying for market share and clients. Bangladeshi banks are facing intense technical concurrence from emerging fintech firms and electronic platforms that provide cutting-edge financial solutions and services.
- Frauds hacking of machines, and economic negligence, such as monetary laundering and financing of terrorism, are commonplace in Bangladeshi institutions. These acts can cost the bank money, incur fines from authorities, and damage its reputation.



*Figure 3: Dhaka Bank SWOT analysis*

### 2.7.2 Porter's Five Forces

Porter's five-force model is an essential resource for financial institutions as it facilitates the development of effective competitive approaches and an awareness of the industry's environment of rivalry.

#### **Threat of new entrants**

The Bangladesh Bank is in charge of all 60 financial institutions in the country that have been granted registration under the 1991 business act (Bangladesh Bank, 2020). This indicates that the financial sector in Bangladesh is expanding and doing well. The bulk of clients are drawn to electronic finance in this day and age of the internet. Nowadays, the majority of individuals do bank transactions while using them. Furthermore, banking is crucial for individuals as well as companies in particular. Because of this, they continue to be a significant danger from new competitors because there is a desire from consumers.

#### **Bargaining power of customers**

In the Bangladeshi finance sector, borrowers have a lot of negotiating power. Individuals can readily switch companies if they are dissatisfied with the fees or the goods or services rendered. Banks need to focus on offering superior client support if they want to differentiate themselves from rivals.

### **Suppliers' bargaining power**

Bangladesh's banking industry has expanded significantly, and there are many vendors available in this market. For instance, Secure Bangladesh provides ATM cards and chequebooks, while Flora Financial Services operates as Dhaka Bank's software partner. The power of the provider is minimal in this situation since there are an adequate number of suppliers accessible.

### **Threat of substitution**

There are other options for bank products and services, which include electronic payments like Bkash, Nagad, Rocket, and others, and mobile device money transfer services. The rising rivalry may result in standard financial institutions being less profitable.

### **Competitive rivalry**

In the very dynamic field of banking, several commercial banks have been competing for their share of the market. The financial sector is being transformed by financial technology and large digital businesses, and this is also becoming a greater challenge to established financial institutions. Banks that can differentiate themselves via these ways are more likely to succeed in this setting of intense competition.

## **2.8 Summary and Conclusions**

Throughout its founding, Dhaka Bank has grown and changed, but it has remained committed to these two guiding values. These days, Dhaka Bank assumes that if people are given financing, they will be able to start their businesses and move up on the ladder of society. Because of this, Dhaka Bank is unique among social justice initiatives in that it cannot offer its impoverished clientele complete rehabilitation training initiatives. Rather, Dhaka Bank Ltd. allows its clients to pursue greater opportunities by making the most use of the abilities they currently possess. If Dhaka Bank PLC is dedicated to continuously enhancing its operations, products, and solutions, it will have a greater chance of prospering and growing in the Bangladeshi difficult banking industry.

## **2.9 Recommendations**

- Dhaka Bank PLC can increase efficiency, reduce waste products, and expedite procedures by implementing agile production concepts. This might entail streamlining

processes, eliminating pointless steps, and motivating employees to enhance activities even more.

- By adopting sustainable methods like cutting the amount of paper used and switching to clean power resources, Dhaka Bank PLC might encourage ecological sustainability. This may improve the bank's standing, attract environmentally conscious clients, and save expenses.
- Dhaka Bank PLC can improve its promotional efforts increase consumer awareness and attract new customers. Using a variety of social media channels, developing focused marketing campaigns, and enhancing the bank's website's rank in search engines might all be helpful in this regard.
- Dhaka Bank PLC may prioritize in line by adhering to legal requirements, creating efficient enforcement processes, and carrying out regular risk assessments. This can help prevent hefty penalties, costly judicial bills, and reputational harm.
- Dhaka Bank PLC can advise its consumer base about finances with seminars, meetings, and online resources. Through achieving this, the bank may strengthen its relationships with its customers and promote responsible financial behavior and knowledge about finance.
- Dhaka Bank PLC should create a plan for disaster restoration to ensure that a financial institution can recuperate quickly from unforeseen occurrences like system outages, computer hacking, or shortages of liquidity. It might be able to maintain company viability, protect data about clients, and lessen financial losses by taking this action.

## **Chapter 3**

# **Operational Activities Analysis of Credit Department at Dhaka Bank PLC**

### **3.1 Introduction**

Dhaka Bank PLC's credit division remained an essential aspect of the bank's activities, enabling financial assistance to be extended to many economic sectors. Working within strict legal guidelines and cautious borrowing methods, the institution fulfilled its responsibility to evaluate client creditworthiness and efficiently manage the corresponding hazards. It used strong approaches to risk evaluation and carefully examined requests for funds to make well-informed financing possibilities. The financial services division persisted in its dedication to effectively distributing loans while upholding strict obedience to internal regulations and legal obligations. It also kept a close eye on borrower's activity after release to reduce default risk and guarantee on-time installments. A legal contract known as credit involves the borrowing party receiving anything valuable now in exchange for an afterward repayment obligation to the lenders. Credit extensions and account harvesting are two of the bank's primary duties. And every bank has an urgent requirement to manage credit transactions. In addition to guaranteeing the ideal point of advancements and loans and their effective administration, credit management aims to increase operating assets and minimize assets that do not perform well. The most crucial division of every financial institution is the lending and credit department. This section sends the funds raised from terminal surplus units to the actual deficit unit (the applicant). The entire earnings of a bank are greatly impacted by its performance in this section. Once more, if this department fails, the banking company might suffer substantial damages or perhaps declare bankruptcy. The credit section of Dhaka Bank strives to perform flawlessly, just like other financial institutions. To maximize profits and reduce risks, Dhaka Bank PLC 's credit section also took the initiative of handling portfolios by spreading lending operations across a range of sectors and businesses. The emphasis was on working together with various bank departments to improve performance and eliminate procedures. In addition, the department cultivated enduring partnerships with customers by providing customized finance options to bolster their expansion goals. Furthermore, enhancing the bank's standing as a dependable and trustworthy entity in the lending sector was its persistent dedication to upholding strict credit quality criteria.

### 3.1.1 Literature Review

Dhaka Bank's credit unit is essential to Bangladesh's banking industry and its economic growth economically. By consulting pertinent academic journals, government publications, and business data, this research effort seeks to investigate the duties, difficulties, and standard procedures of Dhaka Bank's credit department. As a credit card is a necessary tool for our everyday existence, according to "Credit card issuance grows at faster pace," 2023" article, Bank credit card distribution increased more quickly in 2022 than it did in 2021, as more consumers were interested in using digital financial advantages, with the value of no-interest borrowing for up to 1.5 months. According to figures issued previously week by Bangladesh Bank, the number of credit cards creation hit a four-year high of 2.82 lakh this past year, up 15% from 1.93 lakh in 2021 and as a result of this increase, as of December 2022, this country offered 21.15 lakh credit cards to consumers ("Credit card issuance grows at faster pace," 2023). However, an approaching liquidity crisis is indicated by rising imports and rising loan demand. According to numerous higher-ups, institutions will face a liquidity bottleneck as a result of an increase in trade borrowing and a rise of commercial loan demand as economic activity stabilizes and in response to the coronavirus pandemic-induced downturn in the economy, excess liquidity has remained at extremely elevated rates as of June, but the upward trend began to reverse ("Liquidity crunch looms as imports, credit demand on the rise," 2021). Besides that, Dhaka Bank PLC was granted a rating from Emerging Credit Rating Ltd. (ECRL) effective April 07, 2024. There is a quick summary of the rating provided by the financial information and valid till April 07, 2024.

Year 2022	Year 2023	Interpretation
Long Term AA	Long Term AA	A commercial banking institution with an "AA" rating is highly capable of meeting its financial obligations and is often able to endure unfavorable changes in its working environment, financial markets, and other outside events. Generally speaking, the bank has an excellent reputation and no obvious flaws.
Short Term ST-2	Short Term ST-2	The "ST-2" rated commercial banks is highly capable of fulfilling their financial responsibilities on time, but it is also somewhat vulnerable to unfavorable changes in their operating environment, economic indicators, and other external influences.

Table 2: Interpretation of Credit Rating of Dhaka Bank PLC

Through facilitating access to capital and encouraging venture capital, Dhaka Bank's credit bureau is integral to fostering economic growth. Dhaka Bank may surmount the obstacles it faces, which include credit risk management, regulation compliance, and technology constraints, by putting industry standards in place for credit administration, improving regulation obedience, and prioritizing managing client relationships. Dhaka Bank might boost its loan operations and support the long-term expansion of Bangladesh's banking industry by solving these issues.

### **3.1.2 Objectives**

- To be understanding of the several interest rates charged by various loan types and the types of investments held against varying loan amounts.
- To become familiar with Dhaka Bank PLC 's credit process
- To be aware of Dhaka Bank PLC's credit division handling regulations and limitations.
- To examine the credit departmental workflow and monitoring setup.
- To offer some suggestions for Dhaka Bank Ltd.'s credit operations to ensure its achievement.

### **3.1.3 Significance**

During 2023, Dhaka Bank PLC's credit unit continued to be extremely important to the bank's operation as a whole. Its main responsibility was to facilitate the supply of lending assistance to a wide variety of individuals and businesses while ensuring proper handling of credit-related risks. By use of stringent appraisal procedures, the finance department was instrumental in protecting the bank's resources and upholding its fiscal soundness. Through precise assessment of borrowers' reliability, the risk of debt defaults and non-performing assets was reduced. Furthermore, the credit departmental tactical significance was underscored by the way its judgments affected the bank's overall profitability and efficiency. Furthermore, maintaining the highest levels of openness was essential in building trust in among stakeholders, such as shareholders, regulators, consumers and honesty in the way it does business. The bank's standing as a trustworthy investment company was greatly enhanced by the department's activities in efficiently controlling its risk of bankruptcy. Additionally, its systematic approach to portfolio management—which consisted of tracking and diversification—helped increase profits and reduce possible losses. Cooperation with different bank divisions guaranteed improved efficiency in operations and reduced procedures. The

importance of the credit unit ultimately rested in its capacity to uphold good risk-control procedures in a fast-paced and demanding business setting, all while supporting the bank's expansion goals.

## **3.2 Methodology**

The corresponding methodology was used to collect the information and obtain data, for report writing. For the purpose of preparing the report, I utilized both primary and secondary data. For Primary data, I gather data by working and observing in the credit department and carefully observe casual discussions with customers and employees. For secondary data, I gather data by Internal sources (Annual Reports of Dhaka Bank PLC, Dhaka Bank PLC Website, and other published documents of the bank) and External sources (Journals, Newspaper, Web browsing, Articles). I have also analyzed assessments, including financial ratio analysis, SWOT analysis, and Porter's five forces in Chapter 2 (Company's Overview).

## **3.3 Findings and Operational Activities Analysis of Credit Department at Dhaka Bank PLC**

### **3.3.1 Functions of the Credit Department**

When it comes to a commercial bank's primary duty is making loans. The bank's most vital task in the lending procedure is choosing the applicant for the loan. Before using credit facilities, a client must be eligible for five Cs. The following five Cs are the following: Character: Willingness to repay the loan; Capacity: Ability of the customer to use the funds profitably and produce revenue; Capital: The ability to pay for the risk financially Conditions: Standard terms of commerce involving the two parties; Collateral: implies further security. The credit department's other goals include controlling the bank's credit the contact, preserving credit risk, ensuring Central Bank of Bangladesh. Regulation, and recovering or collecting payments owed on developments or retail loans. Currently, the credit division carries out the following tasks:

1. Credit Approval Process
2. Collection and Monitoring Activity
3. Recovery



4. Corporate Credit
5. Retail Credit
6. Risk management

These responsibilities consist of supervising the bank's financial records, ensuring that each record is compliant with criteria, creating periodic updates for the bank, allocating plus calculating income, establishing internal market rates, and more. Any banking institution's loan is an asset. For this reason, taking precautions to make sure a loan fails to go bad is crucial. Asking the loan application for appropriate documents is the fundamental step in making sure of everything. Inadequate charged documentation might make it extremely difficult to reclaim a defaulted debt. This is when the bank's capital operations staff steps in. When a loan is disbursed, the bank's asset operating unit operates as the last line of defense against the risks associated with investment. There are two major categories under which the asset operation the department tasks might be placed. The first is loan distribution and supervision. In this instance, the division sends loans following the acquisition of the clientele' good CIB reports, the review of all documentation, the collection of securities following the appropriate establishment of liens and fees, and any conditions of approval. Additionally, this section reviews limits, expiration dates, past-due loans, and documents flaws. Next task is to maintain charge of the charge papers, ensure complying with it, and create a variety of reports from the management information for the Bangladesh Bank (Central Bank) and other auditing institutions. There are three categories for the documentation that the asset operation department (AOD) requires. The potential applicant's organization identification and associated documentation come initial step. The second type is the basic cost for documentation, which includes the requirement promissory note, the letter of continuity, the letter of pledge, the letter of hypothecation, and several more. Security records, such as a postdated or extended check for a loan with no collateral, a fixed-term deposit, or a recording of title for a loan with collateral, are the third type of documentation required by the asset operating department to release funds.

### **3.3.2 Loan Account Opening and Activation**

AOD's "Loan Advance Module" is used to connect the " The consumer ID No." and "Link Accounts info" while creating an additional "Loan Account" for a particular loan application. Every person or entity at an institution has a "mother account." A customer must open a "Link

Account" at any specific Bank branch. Before disbursing funds, the AOD verifies that the loan proposal is accompanied by a voucher for fees that were provided by the appropriate department's department and a reimbursement voucher from the borrower's link account used to pay the loan review fee, documenting fee, VAT, and data validation charges against the loan. In addition to other expenses, the loan seekers also pay the cost of insurance premiums. A lender with the authority to sanction a loan opens the loan account, "sanctions" the sanctioned amount, and creates a "repayment schedule." The designated official then "activates" the loan following the approval. Following the loan account's activation process, details regarding the collateral that was given for the financing are input into the software, thereby and AOD completes the collateral's and guarantors' forms.

### **3.3.3 Credit Policy of Dhaka Bank Ltd**

One of the primary functions of each business bank is making advances and lending money. The approval and creation of loans generate significant interest revenue for banks. Thus, a bank's credit function is its most crucial division. The excess capital is utilized in the deficit sector, particularly individual deposits. The lenders' profit is represented by the distinction between each of these percentages of interest. Credit policy is significant. More severe credit guidelines may result in lower loan disbursements and a lower percentage of NPL rates. Once more, a liberal credit strategy may result in a high loan disbursement and default rate. Credit policies serve as a kind of road map for all kinds of advances and loans. Credit policy is also in place at Dhaka Bank. The basic goals of Dhaka Bank PLC's credit policy are to:

1. Sanction stable loan assets to guarantee that the banking institution earns income.
2. Assuring security by choosing banks thoughtfully.

### **3.3.4 Types of Loans and Advance**

A financial loan is defined as a growth that is provided in a single payment and due through predetermined regular payments or in a large total with no further debit typically permitted other than income and other incidental costs. A financial commitment may be taken out for a specific purpose, for which the full amount may be needed all at once or in several smaller payments over a brief. The borrowing party will be solely required to pay off the loan's principal when the whole amount has been disbursed. A debt that has been fully or partially repaid cannot be taken out again by the one who borrowed the money.

#### **Personal Loan**

Personal Loans have been effectively introduced by Dhaka Bank PLC as a component of the establishment of a Retail Banking division. This service is a term loan program designed to help people finance their acquisition of consumption goods or services. Because the payback is made throughout the facility duration through set repayments known as EMIs (equated monthly installments), the clients can afford the length of the loan. The length of the financial commitment and its purpose determines how many installments are required, which might range from 12 to 48 months. Requirements for loan being eligible are citizens of Bangladesh, ages 21 to 57 require as well as 10,000 BDT is the minimum verifiable gross family monthly income. Loan amount limit is BDT 25,000 to BDT 500,000. A range of groups comprise eligible borrowers: First, university-educated permanent paid employees stationed in Sylhet, Dhaka, Chittagong, or other locations where Dhaka Bank conducts business and who have at least a year of stated work. Second, professionals with at least three years of experience working in the Chittagong, Sylhet, and Dhaka districts that Dhaka Bank serves, such as engineers, medical professionals, and chartered accountants, among others, must be members of professional institutes. Thirdly, entrepreneurs are eligible if they have been in business for at least three years, belong to trade associations, and have lived in Dhaka, Chittagong, Sylhet,

or any other area that Dhaka Bank has served consistently for at least five years. The approval price for loans ranges based on the kind of borrower: professionals and salaried persons pay 1.5% of the total transaction fee, while businessmen pay 2%. Businessmen pay 20% interest for loans up to 2 Lac and 20.5% interest for summed beyond 2 Lac, while professionals and salaried persons pay 18.5% and 18% interest for loans of the same amount, respectively. The maximum loan amount for each category is 5 Lac, guaranteeing consistency in the suitability of borrowing sizes.

### **Car Loan**

A car loan is a type of finance available to people to help them achieve the objective of owning the vehicle in their dreams. Because the repayment is made for the facility period in set repayments, often known in equal monthly installments, or EMIs, the service becomes more accessible for consumers. The length of the loan and its purpose determine how many installments are required, with options ranging from 12 to 60 months. For brand-new autos, the longest acceptable loan term is 72 months. Eligibility criteria same as personal loan. With an authorized ceiling of Tk 50,000,00, the auto credit service allows customers to purchase vehicles with varied loan amounts. For professionals, businesses, and overall clients, the processing fee is set at 1%. Interest costs vary from 15.5% to 17% based on the loan-to-value ratio (LTV), which can be as high as 85% for business leaders on a waged basis and as high as 75% for companies and landlords/ladies. Terms of repayment are limited to five years for cars six years or older.

### **Vacation Loan**

Similar to the vehicle loan, the vacation loan offered by Dhaka Bank PLC is a short-term loan designed to help people finance their desire to travel domestically or outside. Because the repayment is made throughout the borrowing duration in set repayments, often known as equal

monthly installments, or EMIs, the capacity grows more accessible for consumers. The length of the loan and its purpose determine how many installments are required, which might range from 12 to 48 months. Eligibility criteria are same as personal and car loan. The vacation loan concept allows borrowers to finance their trip arrangements, with a BDT 25,000 minimum loan value and a BDT 5,00,000 maximum limit. The fees for processing are different depending on the kind of borrower: professionals and salaried persons pay 1.5% of the total, whilst company owners pay 2%. Interest rates also vary: business owners pay 20% for loans up to 2 Lac and 20.5% for loans over 2 Lac, while individuals and salaried workers pay 18.5% and 18% for loans of the same quantity, respectively. The maximum quantity of loans that can be obtained by any borrower is 5 Lac.

### **Home Loan**

With payments made possible by fixed monthly installments (EMI) spread over an aggregate of 180 months (15 years), the term finance program is intended to help people buy homes, and flats, or build new ones. The market for this product is mainly Dhaka and Chittagong, with other areas taken into account depending on section suggestions from others. It focuses on salaried employees with at least three years of ongoing service, self-employed workers with at least five years of experience, and entrepreneurs who have operated their businesses for five years and are long-term inhabitants of particular cities. With a minimum term of five years and a maximum term of fifteen, the maximum loan amount authorized is 70% of the asset value, up to Tk. 75.0 Lac. The costs of processing can vary from 1.25% to 1.50%, and interest rates are dependent on the loan size, with professionals and salaried persons benefiting from cheaper rates. Consumers are permitted to make full or partial early returns with associated costs; however, their monthly Installment cannot be greater than 50% of their Family Monthly Disposable Income (FMDI). Furthermore, it is the responsibility of the borrowing to arrange

coverage with insurance, pay the premiums, and provide the banking institution with policy copies periodically.

### **Any Purpose Loan**

With payment schedules that include fixed equal monthly installments (EMIs) spread out over terms of 12 to 48 months, the Any Purpose Loan provides borrowers with affordable financing options to meet their urgent demands. Bangladeshi nationals between the ages of 21 and 57 who meet the eligibility standards and have a verifiable gross family monthly income of BDT 10,000 or more are eligible. The value of the loan can vary between BDT 25,000 and BDT 5,00,000 depending on the applicant's circumstances and capacity to pay back the debt. Candidates with eligibility include self-employed professionals and entrepreneurs, as well as salaried employees. The costs of processing are 1.5% and 2%, respectively, for professional and business owners and salaried persons, with adjustable rates of interest up to a maximum loan amount of 5 Lac.

### **SME Loans**

Since its founding, Dhaka Bank PLC has served in the forefront of SME financing in Bangladesh, having seen the sector's opportunities for growth in the economy. Using programs like lending money to groups that weave, the bank has effectively enabled SMEs, especially in industries like light engineering and textiles. The bank's SME Unit works with foreign agencies including the World Bank, IFC, USAID, and SEDF to offer SMEs all-inclusive assistance in assessing their companies and generating the required paperwork. SME qualifying requirements for Dhaka Bank's Cash Credit and Overdraft goods include two years of commercial qualifications, good credit reports, and an evaluation of company's financial standing and entrepreneurial skills. These offerings seek to address the various financial needs of small and medium-sized enterprises (SMEs) while supporting their development and

sustainability. They provide favorable conditions with a maximal length of 12 months, stable interest rates, and risk-based pricing methodologies.

### **Overdraft (O.D.)**

An overdraft is a contract that allows a client to use implement their present the amount of credit in addition to their existing credit amount, according to the terms of the agreement. This is merely a short-term (often one year) accommodations that is given in opposition to adequate safety. After it expires, the opportunity can be renewed. As long as the total amount overdrawn stays within the predetermined limit, the person taking out the loan is allowed to take out and refund the loan as many times as needed. Interest is only assessed on the amount drawn, not the total amount authorized.

**Overdraft AGAINST HYPOTHECATION OF GOODS:** The O.D. service is further offered in opposition to the hypotheses of assets or goods. In this instance, the person who borrowed it retains both legal and actual possession. The applicant agrees to turn over the hypothecated items to the bank at the appropriate time. All that the Dhaka bank gains are a claim over the products. As a result, the band demands more secondary security from the borrower. The overdraft capacity for assets hypothecation is restricted to individuals who are reliable and responsible.

**Overdraft Associated with GOODS PLEDGE:** Applicants may be granted access to credit lines in exchange for the promise of the final product or raw materials as collateral. The borrower in this case gives up the actual ownership of the products, effectively in the bank's hands. However, the person borrowing them is still the one who owns the items. Dhaka Bank has the right to sell the pledged items to recover the outstanding loan balance plus interest if the applicant defaults on the credit. However, while seeking to sell the goods, Dhaka Bank must notify the borrower. The following has to be taken into account when granting O.D. facilities

against a pledge of inventory or products. The collateral commodities must be of a sufficient number and quality, with guaranteed demand from the marketplace. The products must be owned by the person borrowing them and subject to routine inspections by the bank's authorized agent. If storage is not available, safe storage procedures must be followed.

## **Import and Export Financing**

**Import Financing:** A financial arrangement known as import finance gives companies money to buy products or services from suppliers abroad. There are 2 steps of import financing.

First step is the pre-import financing via a non-refundable letter (Letter of Credit) of credit that makes the purchase of products easier by guaranteeing the exporter's initial funding.

Second step are included:

- i. Payments against Documents (PAD): Payments against documents is a post-import credit option in which the bank distributes repayment to the importer against papers that the importer obtains upon delivery of goods, such as the bill of delivery, enabling the importer to take administration of the items. With this approach, the importer may postpone repayment to when the items have been acquired, providing discretion for overseeing cash flow and guaranteeing that the supplier is paid on time.
- ii. Loans against Imported Merchandise (LIM): Pledges of products with a margin set on their landed cost may be permitted as collateral for loans secured by commodities that are imported and obtained through bank channels. Before clearing items through the L.I.M. account, the branch must furthermore get a contract and indemnification from the buyer. The Dhaka bank authorized clearing agency should handle clearing. Certain risk terms might need to be included in item insurance. When permitting L.I.M. over secured items, the following considerations must be



made. Whenever the items get shipped to the patients, the landing cost of the merchandise is calculated within the appropriate payments. The following components are used to calculate the landing cost: Customs duty, Sales tax, Warfare, Insurance premium, Invoice value if the merchandise including freight and so on.

- iii. Loans against Trust Receipt (LTR): Where the documentation on an import cargo is provided any demand for payment in advance, borrowing over a trust certificate that the customers have provided is permitted. Such a type of service is only provided to exclusive and trustworthy customers. Until the loan authorized against the trust document is entirely repaid, the purchaser retains the items or the earnings from the auction in trust in Dhaka Bank. A trust receipt is a legal instrument that establishes a banker's lien on products and, in essence, hypothesizes the sale profits to satisfy the lien. Trust receiving periods range from 30, 45, 60, and 90 days. The financial commitment might be adjusted throughout that time.

**Export Financing:** A financial service known as export finance helps companies get the money, they need to sell products and services to clients abroad. There are also 2 stages in export financing.

- Pre-shipment:
  1. Packing credit: A financing institution will offer the exporter packing credit, which is a short-term loan to assist with the cost of purchasing, processing, storing, and shipping the products. Usually, the bank offered packaging money as a temporary facility for the transportation of products from remote areas to the port of distribution.

2. Back-to-Back L/C: To facilitate smooth trade operations, back-to-back credit entails providing a supplier with a letter of credit based on the security of another letter of credit obtained from the customer. By giving both sides financial assistance, this strategy enables Dhaka Bank to simplify import and export transactions and improves confidence and dependability in cross-border commercial deals. Back-to-back credit is a tool that Dhaka Bank uses to bolster its reputation as a trustworthy banking operator and build jointly profitable connections with customers who are engaged in international trade.
- Post- shipment:
    1. Through negotiation of documents: The procedure by which the bank reviews and confirms that the exporter's shipping papers are under the conditions of the financing letter is known as "document negotiation." The bank ensures seamless and safe trade operations by processing payment to the exporter following successful confirmation. When negotiating papers, Dhaka Bank maintains rigorous respect for global trade standards and guidelines, which builds customer confidence and trustworthiness and promotes effective worldwide commerce. To negotiate bills by the terms of the loan, exporters usually provide the bank with an extensive assortment of papers, which includes the bill of exchange, bill of lading or airway bill, invoice, packing list, certificate of origin, insurance policy, inspection certificate, shipping advice, and every additional document mentioned in the particulars of the Letter of Credit.
    2. Through purchase of foreign bill: Buying an export bill during the post-shipment process is the following, and arguably the most popular, the way that banks fund exporting commerce. In this instance, the bank provides the particular exporter with finance accommodations by enabling him to take advantage of the F.B.P. (Foreign

Bill Purchase) limit, if required, with the head office's prior consent. Dhaka Bank, under current regulations, permits the export of the taka equivalent of the foreign bill quantity after subtracting its commission, discount, and other costs. Export bills can be drawn on a use basis or at sight.

### **3.3.5 Dhaka Bank's Comprehensive Financial Solutions**

#### **Bank Guarantee**

A bank guarantee entails an assurance (determination) made to an individual or entity by a bank in support of its consumer that the bank would satisfy its customer's debt to that institution (beneficiary) if that customer fails to fulfill a specific contractual agreement. For providing such a guarantee, the bank receives a charge from the consumer it serves. There are 2 types of bank guarantee.

1. **Bid Bond Guarantee:** To facilitate the submission of the the consumer's auction time frame, the bank issues a bid bond guarantees in favor of the person receiving the proceeds, or the firm that requested the bids.
2. **Performance Guarantee:** Regarding the announcement of the award of a contract to a firm (the bank's client), that organization (the recipient of the bank guarantee) will ask the provider of services (the bank's client) to provide a Performance Guarantee. The bank will provide a beneficiary-favoring Performance Bank Guarantee upon requested from its customer.

#### **Credit assessment, Risk grading, Rejection database & Automation**

**Credit assessment:** The "Lending Guideline" as outlined in the Policy, and the provisions and papers required under the PPG serve as the basis for the review approach. It is best to perform a thorough credit risk evaluation before issuing any sort of loan. The policies have as their risk mitigation Chapter contains a thorough description of the risks related to credit.

**Risk grading:** Based on expert advice and the bank's expertise given to SMEs over the previous few years, the lender will create a unique risk-grading structure specifically for financing smaller businesses.

**Rejection database:** For the reason that to guarantee that companies and owners/sponsors with a poor track record, questionable moral character, and considerable rates of default are not

granted bank loans, a rejection database must be kept up to date with the names of these companies and suppliers.

**Automation:** The credit division has automated as well as is progressively adopting the acceptance procedure, reporting, risk scoring check, rejecting database structure, and obedience to PPG.

### **3.3.6 Impaired Asset Management Department**

The bank's financial institution division manages the unpaid loans and makes an effort to get them back. It's been stated that the lender benefits more from this area having fewer jobs. IAM is an administrative division of the financial institution, and its head is reporting to the bank's managing director. There are two parts to this the financial institution department. The damaged possessions of the department store company are handled by one wing, while the SME wing's problematic creditors are handled by a different one. Typically, the credit division sends the information to IAM for recovering if a loan installment is six months past due. IAM initially sends down. If it still doesn't work, IAM sends the default setting three more correspondences. IAM opens a case towards the defaulted if that doesn't work either. The matter is typically filed within 11 months following the payment plan's default. Loan Administration: The posting procedure is completed in the Asset Operations Department's system. Next, the Fin Admin receives a request from the Loan Admin. The Fin Admin handles the remaining costs. The Recovery Department notifies the TM and writes a missed report. The recovery department manages the funds. The people who default get legal notifications and the department that maintains all loan records, from approval to payback, is called MIS.

### **3.3.6 The Operation of Giving Credit**

#### **3.3.6.1 Loan Sanction Activities**

If the amount being borrowed is between two and five lacs, the relevant unit office approves it for the benefit of the consumer. The assets operation department receives the sanction letter together with all required fee documentation to process the loan's approval. The funding request is sent to the SME head office for approval by the appropriate division's department if the sum exceeds 5 lacs. The head of SME sanctions the loan's repayment, notifies the

appropriate unit administration of the loan's sanction, and submits the sanction letter as well as any supporting documentation to the AOD for payment.

**Choose possible businesses:** The CRO (Chief Risk Officer, A leader who oversees the corporation's risk management) surveys potential enterprises to evaluate them for loans. After that, they speak with business owners and go over the financing scheme.

**Loan Proposal:** The CRO's job is to put up loan presentations using the data that the entrepreneur has gathered and supplied on their company and real estate (if a mortgage is required).

**Gather important data:** Gathering sensitive client data from a variety of sources is one of a CRO's other key responsibilities. Suppliers about the client's payment, consumers about the supply of items or services they purchase agreement, and different banks where the client has an account that demonstrates the client's banking activities are the sources of facts.

**Establish accounts for customers at the appropriate bank:** After the CRO chooses to lend money to the customer, he or she assists that individual in opening an account with Dhaka Bank that has a Short Notice Deposit. Dhaka Bank will use this account to distribute the loan. However, the consumer will use this account to reimburse. Even so, there are several exceptions made possible by the authority's unique ability to repay using an entirely distinct bank account.

**Complete the CIB form:** The customer fills up and signs a form provided by the CRO. When a customer lacks literacy, the CRO may fill out the form on their behalf. The completed and signed form is then sent by the CRO towards the SME's corporate office.

**Transferring the CIB form to Bangladesh Bank:** After gathering the necessary data, the company's office in charge submits the CIB form to Bangladesh Bank for approval. Within ten to twelve days, Bangladesh Bank returns this CIB form with the reference number.

**CIB report, Bank of Bangladesh:** Bangladesh Bank makes use of any of the particular identifiers within the CIB report:

- **NIL:** Bangladesh Bank (BB) will use "NIL" in the assessment if the borrower does not have a borrowing agreement with any bank or financial organization.
- **UC (Unclassified):** BB uses UC in the report to determine if the customer has an unsecured loan with a financial institution other than a bank and the amount of the payment is between 0 and 5.99.
- **SS (Substandard):** BB utilizes SS in the assessment if the customer has an unsecured loan with a financial institution like a bank and the payment is between 6 and 11.99.
- **DF (Doubtful):** BB uses DF in the report if the borrower has a borrowing agreement with a financial institution, such as a bank, and if the payment is due between 12 and 17.99.
- **BL (Bad Loss):** BB uses BL in the report if the customer has a loan facility with any financial company or bank and if the installments are past due for more than 18 months. According to this report, that customer is in delinquency and the bank shouldn't give them the funds.

### **3.3.6.2 CIB Gathering Procedure**

A required prerequisite for documentation of loans is called CIB. All of Bangladesh's bankers are included in a single record maintained by the Credit Information Bureau (CIB) of Bangladesh Bank. It is an especially trustworthy resource for determining a potential the customer good credit because it includes the entirety of their financial record. Whether any funds can be disbursed, a CIB assessment is required for all types of loans—retail, SME, and corporate—and securing CIB authorization is one of the prerequisites (71). BBL receives post facto CBI authorization for many retailers distressed instruments. Nonetheless, AOD often

secures the CIB on behalf of a customer prior to money delivery. For every loan implementation, AOD completes the following Bangladesh bank-required papers to receive a CIB report:

Forming of Inquiry: CIB-1A: For every person or organization

Forming of Inquiry: CIB-2A: If the lender is an institution, details about the owner

Forming of Inquiry: CIB-3A: Group and associated business data of the creditor

CIB Initiative form "KA": For every person, directorship administrator, or partner

The company's organizational units complete the documents and submit them to AOD's CIB division. All of the CIB inquiry forms are kept in a single database managed by the CIB section. Every form has a serial number that is assigned to it by both the Head Office and the Branch/Unit offices. As a result, AOD drafts a forwarding letter referencing 20 of these inquiry forms, which it sends daily to the BB Credit Information Bureau. The CIB assessments are typically delivered around seven to ten business days. Following receipt of the investigative findings from BB, AOD compiles an analysis abstract and attaches it to the lending file as well as a printout of the proposal, the CIB inquiry forms, and an initial CIB report. Any number of errors, misspellings, or insufficient names of people or organizations might result in an oversight being displayed in the CIB statement due to a discrepancy. It is necessary to send the CIB inquiry forms afresh with the facts corrected. Typically, CIB assessments are revised every six months and every quarter. As a result, it is necessary to receive the most recent CIB data, and subsequent loans involving the same customers also need CIB reports. Every form must have the backing of the applicant's commitment and be authenticated by authorized management division authorities:

- Sales Manager for Retailer Application
- Relationship managers for Commercial Applications

### **3.3.6.3 Sanction letter**

Every correspondence sent to debtors approving funding needs to be composed in two versions and signed by two designated Bank executives. One of the two designated personnel needs to be the Credit Team Supervisor. The borrowing party must submit another copy of the finance sanction letter, properly approved, if its provisions and limitations are satisfactory to the individual. When the information supplied by the client and the loan's specifics meet the standards of credit confirmation, loan is approved and an automatic Loan Sanction Number is created.

## The Operation of Giving Credit

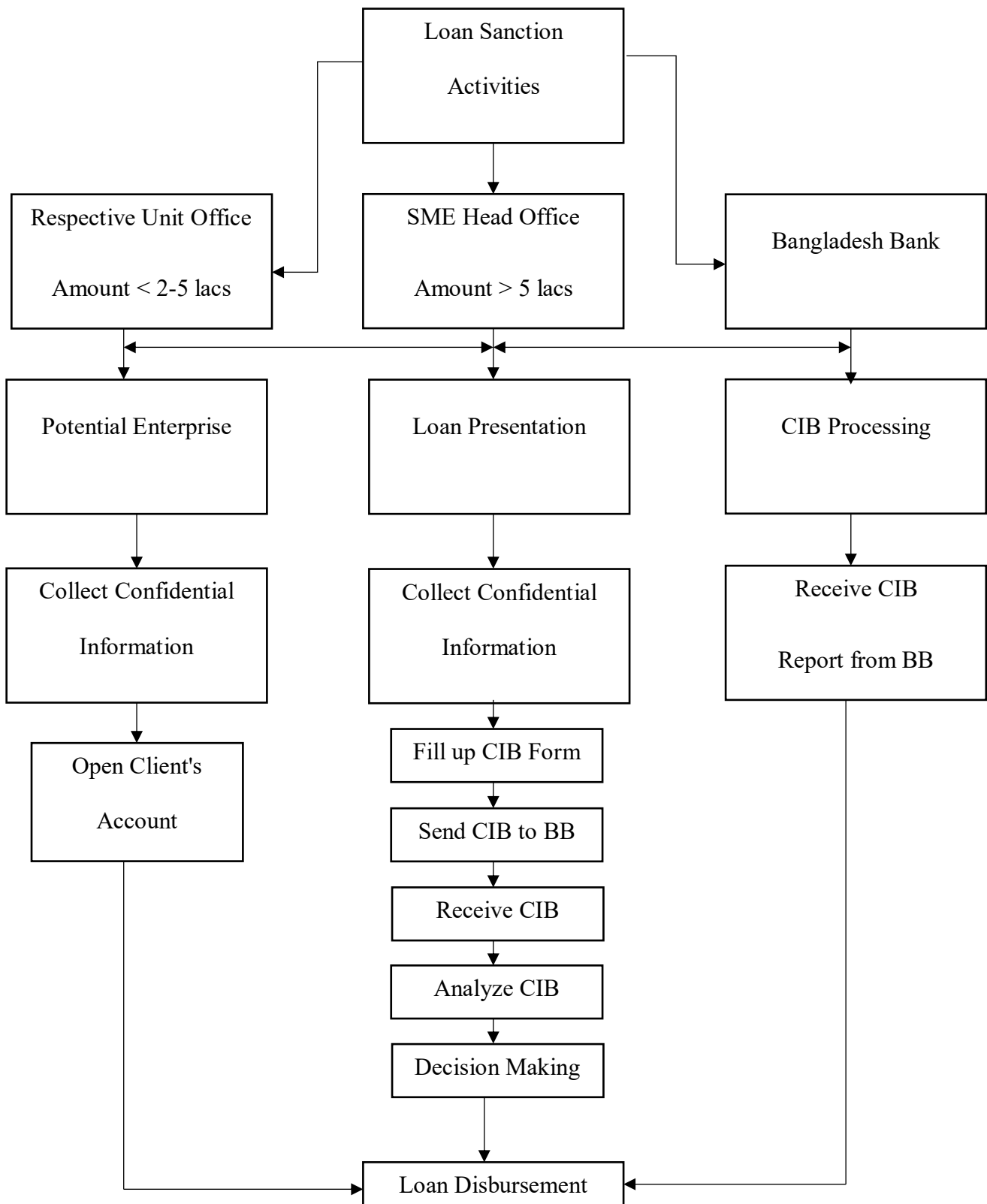


Figure 4: The Operation of Giving Credit



### 3.3.7 Disbursement of Credit

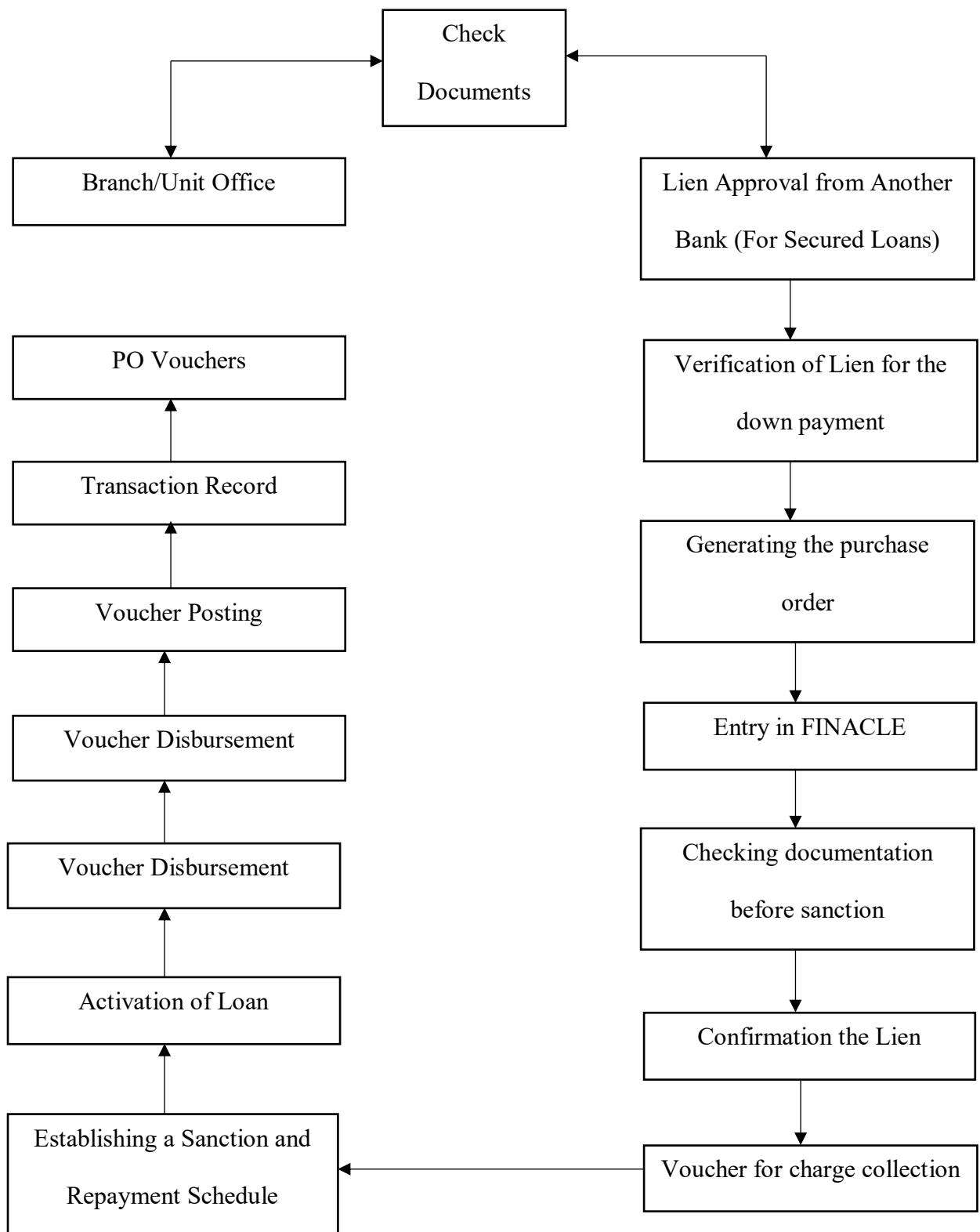


Figure 5: Disbursement of Credit

The verification check procedures include assessing documentaries from the branch/unit office, checking loans with collateral (particularly vehicle loans), and checking liabilities from other banks. Obtaining lien verification for the initial investment is part of this. PO vouchers are created for new borrowings, auto loans, corporation dealings, and other loans. Financial documents are kept accurate with the use of transaction reports, which include voucher printing and publishing. Vouchers for disbursements make it easier for money for authorized loans to be transferred smoothly. Setting up loan activation and payback plans is essential to good budgeting. Purchase orders are carefully drafted, especially regarding new and vehicle loans. The purpose of entries in the financial program FINACLE is to keep records current. To guarantee integrity and reduce risks, thorough paper audits are carried out before loan authorization and lien validation. Here is the process of disbursement of credit/loan.

### **Pre-Disbursement Activities**

After obtaining all required documentation, the Credit Administrative Department painstakingly compiles a thorough lending file using documentation from the department's office. A thorough examination follows as the department carefully goes over all the charges paperwork. Such crucial procedure guarantees that all necessary charge papers are carefully examined for legality and correctness, reducing potential threats and protecting the security of the loan approval procedure. "Sanctioned" On an ongoing basis, applications get received, and a database of documents obtained is generated specifically for loans that are received from SME Unit Offices. References. Numbers are specific to each entry. AOD must present the prior loan documentation for each subsequent loan application since the processing of the loan will also be based on the prior documentation.

AOD examines the documentation in light of the criteria outlined for consumer financing requests. Make a list of payments: The loan control section sends an internal mail inquiry to the Treasury, including all newly sanctioned borrowers' data.

Completed and approved forms are forwarded for repayment of loans once AOD has reviewed all the loan documentation. Every AOD file has a checklist included, but the officials who review the paperwork initial each file and give their approval for payment clearing.

Retailing, SME, and corporation payout procedures are distinct, as will be covered below:

Details about the customer are entered into the client's profile unit and a client ID is generated in the AOD. Recurring applicants receive a new Loan account designation along with the same

customer ID. Following the generation of the client ID, subsequent details are added to a list of clients:

- Customer ID
- Name of the Organization
- Bank and Account details
- Accepted loan amount
- Unit the Office & CRO details
- Distribution date (per loan application)

The file is reviewed by senior personnel, and upon the loan account's activation, funds are sent to the customers' link accounts as specified in the loan applications.

### **Post Disbursement Activities**

Forwarding the payback plan to the company's operations unit, putting data regarding loans into the Management Information System (MIS), and forwarding the loan documents to Central Archives for storage and reference later on are examples of post-disbursement actions that post the disbursement of a loan.

## **3.3.8 Approval Process & Authority**

### **Approval Process**

Loan inquiries with the form needed must be submitted to the Credit Authorization unit at the sales organization's recommendation, coupled with an attachment that contains thorough LPF, which stands for data as outlined in Bangladesh Bank's Policy & Regulation.

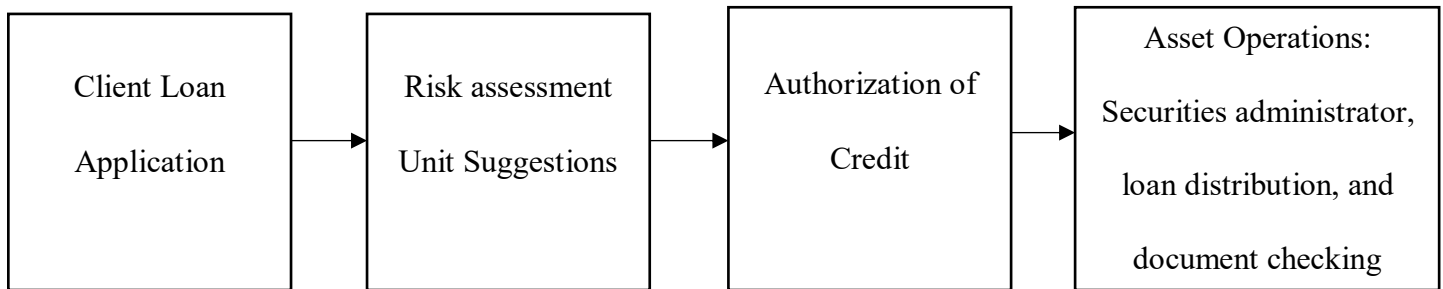
In addition to being in charge of the client's connection and loan business, the group in charge of sales also has to guarantee that all loan applications filed for processing are accurate. They should do investigations on fresh clients, the objective of the loans, and guarantors in addition to being conversant with the bank's Credit Policy and Guidelines.

It is anticipated that the officer making the recommendation has complied with Know Client (KYC) and Money Laundering regulations.

The Credit Acceptance Document ought to include the following information, at the very least:

- The amount and kind of the suggested loan(s).
- The loan's intended use
- Loan Arrangement (Interest, Tenor, Covenants, and Repayment Plan)
- Safety (if any)

The diagram for the loan payout process is displayed in the following diagram.



*Figure 6: Loan Approval Process*

Written confirmation of permits or electronically signed documents is required. Loan applications need to be filed with authorization reports. When advances and payday loans stop working or become unresponsive, they shouldn't be extended or modified without first receiving the Credit Committee's permission.

Any correspondence, including a secure merger, about a loan acquisition from a financial company or bank should be handled directly with that bank or entity.

### **Approval Authority**

Personnel who are connected are granted authority to lend money with written permission from the manager of the company. Documentation of this authorization is kept by the Head of Credit. The Loan Administrators Department also keeps copies of each allocation of lending authority. The Head of Credit, the Head of Risk Management, and the Managing Director should all be notified of any violations of the Borrowing Authority.

For success in carrying down their duties, the executives tasked with loan approval must possess the appropriate education and experience. Administrators who approve should, at the very least, have five years of work history as customer executives or managing relationships in the branch or sales team. Knowledge, however, may be somewhat jeopardized if it is amply offset by the following:

- Knowledge and expertise in risk analysis, cash flow, and financial statements.
- Solid practical understanding of financial reporting.
- A solid grasp of the regional trade.

### **3.3.9 Documents deficiency and problem resolving**

If a mistake is discovered, the relevant CRO is notified. The paperwork is forwarded to the CRO to complete the submission correctly if it is not filled out correctly. The loan administrator department requests that the CRO provide the necessary papers as well as the preserved file to the loan administration division if any type of file error is discovered.

Besides, there are some recovery activities:

- Get and generate SMSs or faxes for SME periodic installments
- Verify SMS information in MYSIS and fix issues
- Verifying the installment plan
- Verifying the post-recovery with the component's offices or branch statement or repay statements

After the segmented loan was fully disbursed, the loan administrative department notified the relevant client relations Manager.

### **3.3.10 Mortgage Registered**

When a registered mortgage is required for a loan filing, AOD verifies the necessary land paperwork:

- Original Title deed for the whole asset that is mortgaged
- Bia Deeds or Bia Deed Duplications in Supporting of the Title Deed.
- The involved AC Land altered the mortgaged property.
- The Khatians in the original
- The most crucial survey is the Revisional Survey (R.S).
- Bangladesh Survey (B.S.)—if completed and published
- The property's most recent replica carbon receipt following the mutation.
- The Non-Encumbrance Certificate for the last twelve years, provided by the Sub-Registrar's Office.

- The most recent lease receipt for the asset.
- Memorandum of Deposit of Title Deeds verified.
- Legal Approach
- Power of Attorney in Dhaka Bank Ltd.'s Favor
- If the company is located on property that your parents or siblings or Spouse own
- Third-party mortgages (for registered mortgage)
- Each owner of land must sign the MDTD (For Equitable Mortgage).
- PG or NOC (third-party non-objection certificate)
- A certificate of death from the ward commissioner (warission) if a client's parent pass away

If a record-keeping gap is discovered, the relevant CRO is notified so that the gap may be fixed. Following verification of the loan document costs submitted, your request for insurance rate verifying is delivered.

### **3.4 Summary and Conclusion**

Over the last three months, I have been able to gain insight into the workings of a professional workplace by interning at Dhaka Bank PLC's Mirpur Branch. Credit regulation is a highly useful tool for the company, and the impact it has is massive. Individuals in industrialized as well as developing nations rely heavily on this support, as evidenced by its established status in the financial service industry. In Bangladesh, lending opportunities and loans have recently become more appealing, however, there still remains much room for enhancements in terms of services as well as facilities. The Credit Department of Dhaka Bank PLC has a highly skilled and committed team of managers and staff members who constantly work to give customers the most excellent possible quality. They consistently keep an eye on their standing and ratings in various industries. Prior to granting the funding, they perform the profitability of the loan's repayment and the client's ability to fulfill the terms of the loan throughout the allotted time frame.

### **3.5 Recommendations**

Dhaka Bank PLC is one of the most recognized banks in our nation, as is common knowledge. It's difficult, based on the limited information I know, to suggest such a reputable bank. Continuing with what I have learned and seen, I advise you to do what is suggested below:

- Dhaka Bank PLC has relatively expensive loan processing expenses and lengthy loan approval processes. Organizations may establish a uniform fee and expedite the procedure to draw in new business and keep hold of current clientele.
- Loan for students could be offered by this lending institution. This convenience is offered by banks in several nations. These will set Dhaka Bank PLC apart from the others and perhaps inspire pupils to take action to improve the economy.
- Dhaka Bank lends money mostly to major businesses. Despite the fact the bank is making an enormous amount of money, it is going to collapse if a particular sector's profitability collapses. It is thus recommended this financial institution supply additional smaller-scale loans to various industries, even if doing so would somewhat reduce profits. But it will be quite secure.
- Long-term manufacturing loans have the largest loan amount available also the bank has a small clientele as well. They are able to thus not contribute much to the nation's wealth. Thus, for greater national development, they might consider putting their financial support more into new businesses.
- Enhance and preserve a continuous connection with consumers loans or business loan and services, particularly in the commerce and extremely competitive finance industry, where services and goods might be a great priority in meeting the demands of customers.

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## Appendix

### Calculations

Liquidity ratio	
	Formula= Current asset/current liabilities
Year	
2022	1.35022
2021	1.33185
2020	1.36868



Net profit margin		
year	Formula= Net profit/Total Revenue	
2022		6.31827%
2021		9.36546%
2020		8.40197%

Return on asset		
Year	Formula= Total revenue/total asset	
2022		7.5812%
2021		6.5463%
2020		8.1808%

Financial Leverage		
	Formula= Total asset/Total Equity	
year		
2022		16.68300197
2021		16.56708823
2020		15.7161026

Return on equity		
Year	Formula= Net Profit/Equity	
2022		7.99114%
2021		10.15710%
2020		10.80247%

EPS		
Year		
2022		1.75
2021		2.16
2020		2.27

## Screen-shot of Annual Report of Dhaka Bank PLC

# 5-YEAR FINANCIAL HIGHLIGHTS

(BDT in million unless mentioned otherwise)

	2018	2019	2020	2021	2022	% change over 2021
<b>INCOME STATEMENT</b>						
Interest Income	18,985	21,590	17,714	14,914	16,210	9%
Interest Expense	13,409	17,040	13,996	10,394	12,801	23%
Net Interest Income	5,577	4,550	3,718	4,520	3,409	-25%
Investment Income	2,200	2,568	3,554	3,446	3,885	13%
Commission, Exchange and Brokerage	2,900	3,421	2,699	3,336	5,949	78%
Total Revenue	24,286	27,840	24,161	21,953	26,273	20%
Operating Income	10,877	10,800	10,165	11,558	13,472	17%
Operating Expenses	4,313	4,701	4,958	4,931	6,576	33%
Operating Profit (profit before provision and tax)	6,564	6,099	5,207	6,628	6,895	4%
Provision for Loans, Investments and other Assets	3,621	2,998	2,025	2,514	3,000	19%
Profit Before Tax	2,944	3,101	3,182	4,114	3,895	-5%
Tax Including Deferred Tax	1,585	1,529	1,152	2,058	2,236	9%
Profit After Tax	1,359	1,571	2,030	2,056	1,660	-19%
<b>BALANCE SHEET</b>						
Authorized Capital	10,000	10,000	10,000	10,000	20,000	100%
Paid-up Capital	8,126	8,532	8,959	9,496	9,496	0%
Shareholders' Equity	16,616	17,211	18,792	20,242	20,773	3%
Deposits	197,189	204,530	205,667	230,417	243,427	6%
Borrowings	26,680	27,725	32,999	44,565	35,385	-21%
Loans & Advances	180,626	195,635	198,660	215,459	239,686	11%
Investments	27,620	36,682	39,445	49,124	53,370	9%
Fixed Assets	4,906	5,080	9,021	8,955	8,942	0%
Earning Assets	223,630	242,137	247,418	283,026	292,171	3%
Net Current Assets/ (Liabilities)	(35,498)	(41,796)	(55,727)	(64,241)	(69,681)	8%
Total Assets	273,976	285,009	295,337	335,351	346,556	3%
Long Term Liabilities/ Current Liabilities	21.98%	23.08%	21.32%	17.58%	18.17%	3%
Total Liabilities	257,360	267,799	276,545	315,109	325,784	3%
Total Off-balance Sheet Items	136,871	132,383	130,877	191,377	169,316	-12%
<b>FOREIGN EXCHANGE BUSINESS</b>						
Import Business	158,344	151,121	124,010	221,940	206,317	-7%
Export Business	125,167	130,156	95,335	140,480	168,673	20%
Inward Foreign Remittance	12,176	10,385	15,804	25,367	43,910	73%
Guarantee Business	37,731	38,640	48,487	43,770	37,274	-15%
<b>CAPITAL MEASURES</b>						
Risk Weighted Assets	210,240	193,398	199,837	213,899	224,907	5%
Core Capital (Tier-I)	15,402	16,503	17,713	19,433	21,395	10%
Supplementary Capital (Tier-II)	13,692	14,669	11,304	11,902	10,370	-13%
Total/Regulatory Capital	29,094	31,172	29,016	31,334	31,764	1%
Statutory Capital (paid up capital and statutory reserves)	15,133	16,159	17,222	18,583	18,992	2%
Capital to Risk Weighted Assets (CRAR) Ratio	13.84%	16.12%	14.52%	14.65%	14.12%	-4%
Tier-I Capital Ratio	7.33%	8.53%	8.86%	9.08%	9.51%	5%
RWA to Total Assets	77%	68%	68%	64%	65%	2%

(BDT in million unless mentioned otherwise)

	2018	2019	2020	2021	2022	% change over 2021
<b>CREDIT QUALITY</b>						
Volume of Non-Performing Loans	9,009	9,278	6,227	7,145	12,188	71%
NPL to Total Loans and Advances (%)	4.99	4.74	3.13	3.32	5.08	53%
Provision for Unclassified Loans	4,636	6,936	5,522	6,704	7,011	5%
Provision for Classified Loans	4,252	4,601	7,493	7,341	8,894	21%
<b>SHARE DISTRIBUTION</b>						
Earnings Per Share (Taka)	1.59	1.75	2.27	2.16	1.75	-19%
Number of Shares Outstanding	812.58	853.21	895.87	949.62	949.62	0%
Number of Shareholders	26,819	25,083	23,017	21,988	19,230	-13%
Net Assets Value (NAV) Per Share (Taka)	19.47	19.21	19.79	21.32	21.87	3%
Market Price Per Share (Taka)	14.20	12.00	11.90	14.00	13.20	-6%
Price Earning Ratio	8.91	6.84	5.57	6.47	7.55	17%
Price Equity Ratio	0.69	0.62	0.60	0.66	0.60	-8%
Dividend Per Share						
Cash Dividend (%)	5%	5%	6%	12%	6%	-50%
Bonus Share (%)	5%	5%	6%	0%	6%	
Dividend Cover Ratio	1.67	1.84	1.89	1.80	1.46	-19%
<b>PROFITABILITY &amp; PERFORMANCE RATIO</b>						
Net Interest Margin (NIM)	3.79	3.06	2.97	2.81	2.54	-10%
Credit to Deposit Ratio	82.79	84.97	83.28	84.34	87.38	4%
Gross Profit Ratio	45%	39%	42%	53%	51%	-3%
Return on Capital Employed	10%	10%	11%	13%	12%	-7%
Cost to Income Ratio	40	44	49	43	49	14%
Cost of Fund	7.85	9.28	7.85	6.25	6.42	3%
Return on Assets (ROA)%	0.54	0.56	0.70	0.65	0.49	-25%
Return on Equity (ROE)%	8.18	9.28	11.28	10.53	8.09	-23%
Current Ratio	0.83	0.81	0.76	0.76	0.75	-2%
Cash Reserve Ratio (at the close of the year)	5.78	5.57	4.29	5.00	4.21	-16%
Statutory Liquidity Ratio (at the close of the year)	13.6	16.01	18.20	24.83	21.15	-15%
Operating Profit Per Employee(mn)	3.42	3.11	2.75	3.29	3.49	6%
Operating Profit Per Branch	64.99	59.21	49.59	60.81	61.02	0%
Net Current Assets/ Working Capital/ Current Ratio	0.83	0.81	0.76	0.76	0.75	-1%
Efficiency Ratio	1.29	0.97	0.75	0.92	0.52	-40%
Debt Equity Ratio	15.49	15.56	14.72	15.57	14.62	-6%
<b>OTHER INFORMATION</b>						
Number of Branches	101	103	105	109	113	4%
Number of Sub-Branches	0	2	12	21	25	19%
Number of ATMs	56	60	63	75	83	11%
Number of ADMs	20	20	20	20	20	0%
Number of Deposit Accounts	505,286	540,493	565,152	560,651	631,372	13%
Number of Loan Accounts	30,081	29,284	29,485	26,592	26,739	1%
Number of Employees	1,917	1,960	1,890	2,012	1,975	-2%
Number of Foreign Correspondents/Banks	523	475	472	480	475	-1%