

# Analysis of commercial bank operation and regulation-case study on dhaka bank lim...

[Business](#)



Bangladesh economy has been experiencing a rapid growth since the '90s.

Industrial and agricultural development, international trade, inflow of expatriate Bangladeshi workers' remittance, local and foreign investments in construction, communication, power, food processing and service enterprises ushered in an era of economic activities. Urbanization and lifestyle changes concurrent with the economic development created a demand for Banking products and services to support the new initiatives as well as to channel's consumer investments in a profitable manner. A group of highly acclaimed businessmen of the country grouped together to responded to this need and established Dhaka Bank Limited in the year 1995. The Bank has 55 branches across the country and a wide network of correspondents all over the world. The Bank has plans to open more branches in the current fiscal year to expand the network.

The Bank offers the full range of Banking and investment services for personal and corporate customers, backed by the latest technology and a team of highly motivated officers and staff. In our effort to provide Excellence in Banking services, the Bank has launched fully automated Phone Banking service, joined a countrywide-shared ATM network and has introduced a co-branded credit card. A process is also underway to provide e-business facility to the Bank's clientele through Online and Home Banking solutions. Dhaka Bank Ltd. is the preferred choice in Banking for friendly and personalized services, cutting edge technology, tailored solutions for business needs, global reach in trade and commerce and high yield on

Backed by the latest technology and a team of highly motivated officers and staff, he Bank offers full range of Banking and investment services for <https://assignbuster.com/analysis-of-commercial-bank-operation-and-regulation-case-study-on-dhaka-bank-limited/>

personal and corporate customers. Responding to the market demand, Dhaka Bank has a complete array of personal Banking products and services, which includes: current, savings ; FD accounts, ATM card, Excel accounts Dhaka Bank credit card, Locker Service, Any branch banking, phone Banking foreign currency account, personal Loans etc.

Some of the corporate Banking products of the Bank include Letter of credit, guarantee Import and Export Finance Syndicated loan, Project Financing Leasing, working capital financing. Under its capital market service, Dhaka Bank provides undertaking of initial public offering, advising ; safe custody of share for the investors etc. 1. 1Origin of the Report This report is assigned by Zakir Ahamed Zakir, Instructor, MBA Division, Bangladesh University of Professionals. The report is a group assignment as a part of the course, Financial Institute ; Market (F-604), for the students of Masters of Business Administration. 1.

2 Objectives of the report The objectives of the present study are as follows: ? Broad Objective : The broad objective is: Analysis of Commercial Bank Operation and Regulation on the basis of Dhaka Bank Specific Objective: There are some specific objectives of this study. These are as follows- ? To know the commercial banking procedure. ? To make a bridge between the theories and practical or real world. ? To understand the terms that has been taught in the class ? To know about commercial banking regulation ? To know various products and service that offered by commercial bank ? To be apprehended in organizational environment, behaviors, cultures and intra-relationship 1. 3 Scope of the Report The

present study covers only the operation and regulation of Commercial Banking Systems. For this purpose we only focus on Dhaka Bank Ltd not others bank.

There are various financial institutions in Bangladesh e. g. leasing Firm, special type of Bank, Mutual Funds and others. We do not focus on those; we only focus Commercial Bank in Bangladesh. As, there are many commercial bank in our country, we select Dhaka Bank Ltd.

1. 4 Methodology The information used in writing this report has been collected from both primary and secondary sources. 1. 4. 1 Primary Sources The primary source includes interviews with the people of Dhaka Bank Ltd. 1.

4. 2 Secondary Sources The secondary source includes: Company annual reports, brochures, written policies, text books. •Website: [www. dhakabank. com](http://www.dhakabank.com)

1. 5 Limitations of the study •We have faced difficulty to collect data because of the excessive nature of confidentiality maintained by the officials of the firm.

• Unavailability of relevant data and information •Time constraints. Chapter Two 2. 0 An Overview of Dhaka Bank Limited (DBL) Dhaka Bank Limited is the leading private sector bank in Bangladesh offering full range of Personal, Corporate, International Trade, Foreign Exchange, Lease Finance and Capital Market Services. Dhaka Bank Limited is the preferred choice in banking for friendly and personalized services, cutting edge technology, tailored solutions for business needs, global reach in trade and commerce and high yield on investments, assuring Excellence in Banking Services. 2.

1 Background of Dhaka Bank Limited Dhaka Bank Limited is a scheduled bank that was incorporated under the Companies Act 1994, started its operation on July 1995 with a target to play the vital role on the socio-economic development of the country. Aiming at offering commercial banking service to the customers' door around the country, the Dhaka Bank limited established 55 branches up-to this year. This organization achieved customers' confidence immediately after its establishment. Within this short time the bank has been successful in positioning itself as progressive and dynamic financial institution in the country. This is now widely acclaimed by the business community, from small entrepreneur to big merchant and conglomerates, including top rated corporate and foreign investors, for modern and innovative ideas and financial solution . 2 Scenario of banking sector after Liberalization The banking sector was reshaped after the separation of India and Pakistan in 1947.

Only a few state-owned banks had their activities in East Pakistan (now Bangladesh) with a huge concentration in Dhaka. Some Bengali entrepreneurs established the now Pubali Bank in 1959, to support their fellow businesses with loans. The banking sector had to start a fresh journey in the war-ravaged Bangladesh after independence in 1971. The government took over all banks under a nationalisation order in 1972. The sector got a new and dynamic shape after the government took up the privatisation policy in 1983 Pubali Bank and Uttara Bank were denationalized and the sector opened up to the private sector.

By 1985, a dozen new banks hit the market under private ownership. Now 49 banks operate in the country, of which, Out of the 49 banks, four are Nationalized Commercial Banks (NCBs), 28 local private commercial banks, 12 foreign banks and the rest five are Development Financial Institutions (DFIs). All of these banks counted profits in 2009 when big banks in his country collapsed due to the global economic meltdown. Sonali Bank is the largest among the NCBs while Pubali is leading in the private ones. Among the 12 foreign banks, Standard Chartered has become the largest in the country. Besides the scheduled banks, Samabai (Cooperative) Bank, Ansar-VDP Bank, Karmasansthan (Employment) Bank and Grameen bank are functioning in the financial sector.

The number of total branches of all scheduled banks is 6, 038 as of June 2000. Of the branches, 39. 95 per cent (2, 412) are located in the urban areas and 60. 05 per cent (3, 626) in the rural areas. Of the branches NCBs hold 3, 616, private commercial banks 1, 214, foreign banks 31 and specialized banks 1, 177. Bangladesh Bank (BB) regulates and supervises the activities of all banks.

The BB is now carrying out a reform program to ensure quality services by the banks. 2. 3 Capital Base The Bank started its commercial operation on July 05, 1995 with an authorized capital of Tk. 1, 000 million and paid up capital of Tk. 100 million. The paid up capital of the Bank stood at Tk.

212 core as on 31 December 2009. The total equity of the Bank as on 31 December 2009 stood at Taka 496. 581 core 2. 4 Mission Statement To be the premier financial institution in the country providing high quality

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products and services backed by latest technology and a team of highly motivated personnel to deliver Excellence in Banking. 2. 5 Vision Statement Dhaka Bank, draw inspiration from the distant stars.

The team of the bank is committed to assure a standard that makes every banking transaction a pleasurable experience. Bank's endeavor is to offer customer razor sharp sparkle through accuracy, reliability, timely delivery, cutting edge technology, and tailored solution for business needs, global reach in trade and commerce and high yield on their investments. . 6 Slogan Excellence in Banking 2. 7 Motto The Bank will be a confluence of the following three interests: Of the Bank : Profit Maximization and Sustained Growth.

Of the Customer : Maximum Benefit and Satisfaction. Of the Society : Maximization of Welfare. 2. 8 Objectives •To be one of the best banks of Bangladesh. •Achieve excellence in customer service next to none and superior to all competitors.

•Cater to all differentiated segments of Retail and Wholesale Customers. •Be a high quality distributor of product and services •Use state-of the art technology in all spheres of banking. . 9 Values • Customer focus • Integrity • Team Work •Respect for individual • Quality • Responsible citizenship 2. 10 Branches Dhaka Bank limited has 55 conventional Branches.

The registered office (Head Office) of Dhaka Bank Limited is at Biman Bhavan, 100 Motijheel C/A, Dhaka-1000 2. 11 Management Information System Since its journey as commercial Bank in 1995 Dhaka Bank Limited

has been laying great emphasis on the use of improved technology. It has gone to online operation system since 2003. And the new Banking Software Flex cube is under process of installation. As a result the bank will able to give the services of international standards

## 2. 12 Correspondent Relationship

The Bank established correspondent relationships with a number of foreign banks, namely American Express Bank, Bank of Tokyo, Standard Chartered bank, Mashreq Bank, Hong Kong Shanghai Banking Corporation, CITI Bank NA-New York and AB Bank Ltd.

The Bank is maintaining foreign exchange accounts in New York, Tokyo, Calcutta, and London. The bank has set up letter of credit on behalf of its valued customers using its correspondents as advising and reimbursing Banks. The Bank maintains a need based correspondent relationship policy, which is gradually expanding. The number of Foreign Correspondents is 406

## 2. 13 Organization Structure

14 Departments of DBL If the jobs are not organized considering their interrelationship and are not allocated in a particular department it would be very difficult to control the system effectively. If the departmentation are not fitted for the particular works there would be haphazard situation and the performance of a particular department would not be measured. Dhaka Bank Limited has does this work very well. Different departments of DBL are as follows:

- ? Human Resources Division
- ? Personal banking Division
- ? Treasury Division
- ? Operations Division
- ? Computer and Information Technology Division
- ? Credit Division
- ? Finance; Accounts Division
- ? Financial Institution



Division ? Audit; Risk Management Division 2. 15 Product and Services The product and services that are currently available are given below: 2.

15. 1 Depository Product Dhaka Bank Limited is now offering different types product for mobilizing the savings of the general people. •Deposit Product •Current Deposit •Saving deposit Account •STD Account •Fixed Deposit Excel Account •Foreign Currency Deposit Account •NFC Non Resident Foreign Currency Account 2. 15. 2 Interest Rate paid to different Deposit liabilities: 1. 1SerialApplicationUp-to Tk.

50 Lac50 Lac ; above 1FDR for 1 months5. 50%5. 50% 2FDR for 3 months8. 25%8. 50% 3FDR for 6 months8. 50%8.

75% 4FDR above 1 year8. 75%9. 00% 5STD Account4. 50%4. 50% 6Savings Account6.

00%6. 00% 2. 15. 3 Loan Product The Dhaka bank is offering the following loan and advance product to the client for financing different purpose that fulfill the requirements of the bank and have good return to the investment as well as satisfy the client. The loan and advance products are: •Personal Loan Scheme •Lease Finance •Term Loan •Small ; Medium Enterprise loan •Working Capital Financing •Import Financing •Export Financing •Syndicate Loan •Industrial Financing 2.

15. 4 Personal Banking Products •ATM Card Service • Credit Card Services •Excel Account for Executives Chapter Three 3. 1 General Banking General banking creates a vital link between customer and bank. It's really crucial department for the progression of the bank. It is the introductory department

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of the bank to its customer. The Dhaka bank has all the required section of general banking.

Every day it receives deposits from customer and meets their demand for cash by honoring instruments. General banking department is that department which is mostly exposed to the maximum number of bank customer. •Account opening section •Cash (receive and disbursement) section •Clearing and collection section •Remittance section •A. T. M 3.

1. 1 Account opening: A person is treated as a client when he/ she open an account on the bank. Then it becomes a contractual relationship between bank and client. The account opening section of Dhaka bank Ltd is very important section. This section takes care of all the relevant duties related to the opening of account.

There are different types of account facilities provided by this branch. These are: 01Current deposit (CD) 02Saving deposit (SB) 03Fixed deposit (FDR) 04Short term deposit (STD) 05Pension Saving Scheme (PSS) 06Education Saving Scheme (ESS) 07Marriage Saving Scheme (MSS) 08Bearer certificate deposit (BCD) Step 1Receiving filled up app. Form in bank's prescribed form monitoring what type of a/c is desired to open. Step 2App. orm is filled up by the applicant himself /herself.

Two copies of passport size photograph from individual are taken, in case of firm photo of all partners are taken. Application must submit with required document. Introducer must sign application. Card must bear specimen signature. Step 3Authorized officer accepts the application.

Step 4 Minimum balance is deposited-only cash is accepted. Step 5 Account is opened and a cheque book and pay-in-slip book is given. 3. 1. 1.

1 Closing of an account: A customer may close out his/her account at any time by submitting an application to the branch. The customer should be asked to draw the final cheque for the amount standing to the credit of his account less the amount of closing (Tk. -50/- in DBL) and other incidental charges and surrender the unused leaves of the chequebook. In case of joint account all the joint account holders should signed in the application for closing the account. On receipt of the application the following steps are taken: a) The signature of the account is verified.

b) The number unused leaves of the chequebook shall be noted thereon. c) The manager will approve the application. ) Incidental charge should be debited the account. e) The account holder is advised to draw the remaining balance from the a/c 3. 1. 1.

2 Cheque: A cheque is treated as an important document in the branch.

Cheque is an instrument in printed form containing an unconditional order signed by the a/c holder directing a certain person to pay a certain amount of money only to or to the order of a certain person or to the bearer of the instrument. Issue of a cheque book: ? The in charge of the department stock of the chequebook will get to know and to allow entering the DCBIR

(Department cheque book issued register) ? Separate folios of the register are allotted for CD A/C of cheque book of 100 leaves and 10, 15, 25. 50 for SB A/c ? At the time of opening an A/C the customer is required to sign a cheque book requisition slip (No. S. F.

-73) if the A/c opening form is found complete in all respect a cheque book is issued to the client. ? The account number is written in each page of the cheque book and its requisition slip. ? The name and account number of the client is also entered in the CBIR ? The requisition slip should be preserved as voucher. 3. 1.

1. 3 Loose cheque: Loose cheque is the customer in that situation requires an instrument that is delivery by the banker when he might on be having his original cheque book with him. Loose cheques are issued to the customer form a new full cheque book reserved by the department for this purpose. Before issuing the loose cheques entries are made in the CBR (Cheque book requisition) and in the computer as well with the concerned officer's initial. Loose cheque is issued if.

.. ? The party requires a loose cheque has the loose check requisition slip supplied to him by the bank. ? An officer who personally knows him attests the requisition slip. The officer in charge deposit department verifies the signature of the account holder.

? The approval of the manager has been obtained to issue that loose cheque.

? The name of the account holder, his account number, date of the loose cheque issued and the amount to be drawn is written of the cheque and its counterfoil. ? A stamp bearing the bearing the title LOOSE CHEQUE is affixed on the face of the cheque at top under authorized signature. 3. 1. 2

Remittance section: Remittance means transfer of money from one place to another.

In banks it is done in the form of DD (Demand Draft), TT (Telegraphic Transfer) or pay order. The details are as Follows... 3. 1.

2. 1 Demand Draft (D. D. ) Demand draft is that kind of instrument which is payable on demand. A branch issues it to another branch containing an order to pay a certain amount of money to a certain person.

To issue a D. D. the sender of the D. D should have an A/C With that Issuing Branch. D.

D. can be sent from one branch to another by cash or cheque. Every bank charges a certain amount as commission for issuing a D. D. the commission is 15% of the worth of DD+VAT (commission\*15%) +Telex-Taka 40 The Flow chart of the total procedure of issuing Demand Draft is as follows: - .

1. 2. 2 Pay Order: If any person wants to transfer money within the local areas where the bank is located then the transfer can be made by ' Pay Order' Deference between ' Pay Order' and ' Demand Draft' is in terms of place only. Pay order is issued for remitting money within the city whereas D. D. is issued for within the country.

? Issue of pay-Order: To issue a ' Pay-Order' the party should maintain an A/C. with the bank. The bank also allows special customers without A/C for Pay-Order in special circumstances. The main feature of pay-Order is that in the place where (That is in which branch) the P. O. is issued the party should encash the money from the same branch.

3. 1. 2. 3 Telegraphic Transfer (T. T) This is the most usable instrument in remittance section.

In local office, T. T. is generally done by telex, telephone is also used necessary. Issue of T. T: To issue a T.

T the party should maintain an A/C with that issuing Bank then. a. The customer is asked to complete an application that is also treated as credit voucher for head office account (Branch concern) b. Telegram charges are also recovered from the customer and are credited to income account telegram charges covered a credit voucher is prepared for the customer. . Text of telegram is written and handed over.

d. Then the message is typed on the form. e. The original telegram & confirmation is sent to the dispatch department. f.

IBCA is prepared in duplicated. A Separated register is maintained for T. T. Issue. Telegraphic transfer is one of the fastest means of transferring money form one branch to another or from one place to another. The TT issuing bank instrument is given for T.

T both parties should have accounted, as money is transferred. 3. 1. 3 Clearing Clearing is one of the most important functions of general banking. Mainly clearing is an arrangement held in Bangladesh bank where daily representative of the member bank gather to clear their cheques and instruments. The bank receives many such instruments during the from the A/C holders.

May of these instruments is draw payable at other banks. When the bill is within the range of the clearinghouse it is sent for collection through clearing section. As far as safety is concerned customers get crossed cheque for the transaction crossed check can't be encashed form the counter, rather it has to be collected through banking channel i. e. , clearing. If a client of DBL received a check of another bank which is located within the clearing range and deposit the instrument in his account at DBL then DBL will collect the money through clearing house.

After received the check DBL will credit client account. However, the amount is credited in the customer A/C but he will no get the money until the check is honored. 3. 1. 3.

1 Procedures for clearing: a. Received seal is stamped on the cheque. b. Crossing of the cheques are don. c.

“ Payee's A/C Credited” endorsement is given. d. Entries are given in the Outward clearing Register. e. Clearing seal is given. f.

Cheques are sorted bank wise and entries are given to the computer g. Entries age given in the clearing House Register before dispatching to the clearing house. After that, a debit voucher is prepared. 3. 1. 3.

2 Function in the Clearing House: a. The clearinghouse is an assembly of the locally operating scheduled banks for exchange of checks, drafts, and other demand instruments drawn on each other and received form their respective customers for collection. b. The house meets at the appointed hour on all

working days under the chairmanship of the central bank. The clearing house lists twice in a working day.

c. The Member submits the claimable checks in the respective desks of the banks and vice-versa. d. Consequently, the debit and credit entries are given. e. At the end, the debit summation and the credit summation are calculated.

Then the banks clear the balances through the check of Bangladesh Bank. f. The dishonored checks are sorted and returned with return memo. g. If the instruments are dishonored then they are sorted again and sent back to the returning house along with their return memo. h.

Later on all the instruments of DBL which were claimed by other banks are sorted and delivered to respective branches. i. If the instruments are honored the treatment is: 3. 1. 4 Collection: When the bills are supposed to be drawn on any bank, which is out of range of clearing house of Bangladesh bank this instrument are sent for collection not clearing. These bills are of two types.

They are inward bill for collection and outward bills for collection. We can see a brief scenario about these two types of bill as below: Inward bills for collection: When instruments received from other branches or other banks, they are treatment as inward bills for collection. In practices instruments of other banks or branches are cleared through clearinghouse. For those instruments form other branches of and other banks outside clearinghouse come under the bill collection procedure. Outward Bills for Collection When



the OBC is received from the other bank's branches, which are treated as outward bills for collection. This collection procedure occurs in two different situations.

3. 1. 5 ATM Services: Dhaka bank along with other banks has introduced a new horizon in the banking through ATM services the debit card issued by Dhaka bank along with other banks holds the following classic as well as vivid features: •Reliability Safety •Security •Utility bill payment •Affordable yearly charge Features of Debit card: 24 hours services Maximum withdrawal Tk 20000 per day Minimum withdrawal per transaction Tk 1000 Maximum withdrawal per transaction Tk 5000 3. 2 Loan In case of loan the banker advances a lump sum for a certain period at an agreed rate of interest. The entire amount is paid on an occasion either in cash or by crediting in his current account, which he can draw at any time.

The interest is charged for the full amount sanctioned whether he withdraws the money from his account or not. The loan may be repaid in installments or at expiry of a certain period. Loan may be demand loan or a term loan.

Eligibility: loans are normally allowed to those parties who have either fixed source of income or who desire to pay it in lump sum Interest Rate: 12%-15% per annum (Quarterly paid). 3. 2.

1 Loan Structure in Dhaka Bank Ltd A brief overview of the loan structure of the bank is presented below: 1. Operational Categories of Loan: For operational purpose loans are broadly defined as: ? Continuous Loan: These loans have no definite repayment schedule, but a ceiling and an expiry date.

Within the life of the loan a borrower can draw, make repayments and

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redraw money within a ceiling limit. Such loans serve the purpose of short term financing. Examples: overdrafts, cash credits etc.

? Demand Loan: These loans become payable when bank's demand. It results from a contingent liability that the maker of a loan incurs. The risk is high for the borrower but profitable for the bank. Example: forced LIM, PAD, FBP, IBP etc. ? Fixed term Loan: These loans are payable within a fixed period as per a fixed payment schedule. For these type of loans, the bank determines the payment schedule in accordance with the volume and risk of the loans.

? Short term agricultural Loan and Micro Credit: These loans are short term credits enlisted by Agricultural Credit division of Bangladesh Bank in its ' annual loan program'. Loans disbursed in agricultural sector for a period not more than 12 months are also included in this category. Short term micro credits are the credits not exceeding BDT 25, 000/- (taka twenty five thousand) only and repayable within twelve months. 2. Application based Categories of Loan: Based on the purpose of the loan, loans are classified as follows: ? Corporate Loans: Any loan exceeding 1, 00, 00, 000 BDT and issued for business and trade purposes is defined as corporate loan. Such loans mainly serve the purpose of initials for the establishment of industry or large scale factory.

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

loans are given for personal usage rather than for business purposes. It includes auto loan, personal loan, vacation loan, and home loan 3. 2. 2.

Managing Default Loans in Dhaka Bank Ltd If a single installment of a term loan is missed, if the payment of continuous loan is not made on the due date, if the money borrowed as demand loan is not repaid on demand, the loan will be classified as defaulted in each case respectively. In case of managing default loan Dhaka Bank involved monitoring and nursing of loan. Monitoring involves pursuing the borrower and necessary follow up to ensure regular payments. Any irregularity in repayment is identified and the necessary follow-up is taken. Loan nursing involves guiding the borrower to properly use the loan. If the client uses the loan for reasons other than mentioned in the loan agreement, the bank will either pursue the client to rectify the mistake or recall the loan.

3. 3 Credit Ratification Authority of DBL: Credit decisions are heart of all credit works. Generally branch manager and the credit in-charge of a branch are held responsible for appraising of a loan proposal. The customer request for credit limit and the credit officer prepares a credit memo and send it to the head office, credit division. After taking all the relevant information from the branch the head office credit division sent the credit memo to the credit committee. Credit committee of DBL is comprised of Managing Director and other top-level executives, that is, DMDs and EVPs.

If credit committee is convinced about the merit of the proposal then it is sent the board of directors. The board is final authority to approve or decline

a proposal. The whole process takes a month or more. In DBL broad meeting occurs once in every week. .

3. 1 Credit Evaluation Principles Some principles or standards of lending are maintained in approving loans in order to keep credit risk to a minimum level as well as for successful banking business. The main principles of lending are given below: 3. 3. 1.

1 Liquidity: Liquidity means the availability of bank funds on short notice. The liquidity of an advance means its repayment on demand on due date or after a short notice. Therefore, the banks must have to maintain sufficient liquidity to repay its depositors and trade off between the liquidity and profitability is must. 3. 3.

1. 2 Safety: Safety means the assurance of repayment of distributed loans. Bank is in business to make money but safety should never be sacrificed for profitability, To ensure the safety of loan. The borrower should be chosen carefully. He should be a person of good character & capacity as well as bank must have to maintain eligible number of security from borrowers. 3.

3. 1. 3 Profitability: Banking is a business aiming at earning a good profit. The difference between the interest received on advances and the interest paid on deposit constitutes a major portion of the bank income, besides, foreign exchange business is also highly remunerative. The bank will not enter into a transaction unless a fair return from it is assured. 3.

3. 1. 4 Intent: Banks sanction loans for productive purpose. No advances will be made by bank for unproductive purposes though the borrower may be free from all risks. 3.

3. 1. 5 Security: The security offered for an advance is an insurance to fall bank upon incases of need. Security serves as a safety value for an unexpected emergency. Since risk factors are involved, security coverage has to be taken before a lending. 3.

3. 1. 6 National interest: Banking industry has significant roll to play in the economic development of a country. The bank would lend if the purpose of the advances can contribute more to the overall economic development of the country. 3.

3. 1. 7 Pre-disbursement Compliance When the credit proposal are approved the credit officer must have to be ensured that the disbursement of the credit facilities must comply with the directions written in the credit policy and circular made by time to time along with checking all the following terms and conditions. ? The officer of Loan Administration must collect the acceptance of the customer's of the terms and conditions on the duplicate copy of the sanctioned advice. They will thoroughly examine and ensure that the subject credit facility does not contradict to any law, rules and regulation of the country according to the policy of Bangladesh Bank. ? Deed of the Mortgage and power of the Attorney to be drafted and executed under the Supervision of the Bank's Legal Advisor.

? Lawyers certificate to the effect that all the legal formalities (Equitable/ Registered Mortgaged) has been properly created on the land and building in favor of the bank & bank has acquired the effective title of the property. ? Registered power of attorney has been collected from the borrower (contractor) assigning the work order favoring the DBL and the power of attorney has been registered with the work order given agency and they have agreed that they will issue all the cheques favoring DBL. The legal documents of the vehicle have been obtained. ? ? Collection of the satisfaction certificate in respect of all the documents both legal and banking from the lawyer. ? Entry has been made in the Safe -in and Safe-out register and the documents are preserved. ? After being satisfied all the above terms and conditions the credit in-charge will disburse the loan amount to the client.

3. 4 Camel Rating Position of DBL  
 The Capital, Asset, Management, Earning, Liquidity and Sensitivity (CAMELS) Rating of different commercial banks in 2008 were done recently by the regulatory authority. The serial is made on the basis of performance of 2007 and local banks first, then foreign banks.

Stronger A-class bank	Satisfactory or B-class banks	Fair or C-class banks
Marginal or D-class banks	Unsatisfactory or E-class banks	Primer Bank

Ltd  
 Standard Bank Limited First Security Bank Sonali Bank Ltd  
 Bangladesh Commercial Bank Ltd Shahjalal Islami Bank Limited Exim Bank Ltd  
 IFICB Bank Jannata Bank Ltd Commercial Bank of Ceylon Bank Asia  
 AB Bank Bangladesh Shilpa Bank Ltd State Bank of India Jamuna Bank  
 United Commercial Bank Bangladesh Krishi Bank Standard Chartered Bank  
 BRAC Bank Al-Arafah Islami Bank Rajshahi Krishi Unnayan Bank Citibank N. A. Dhaka Bank Agrani

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Bank Ltd One Bank So, Dhaka Bank is Satisfactory or B-class banks Chapter Four 4.

0 Bank regulation/ Regulatory Authority The Bank was incorporated as a public limited company under the Companies Act. 1994. The Bank is regulated by the Central Bank that is Bangladesh Bank. 4. 1 Bangladesh Bank Regulatory Reviews Bangladesh Bank as a regulatory body imposes some rules and regulations on the loan default management of Dhaka Bank Ltd. The guidelines Dhaka Bank Ltd, has to follow are of the following two categories: 4.

1. 1 Policy Guidelines These are the guidelines that dictate the boundary of the entire credit and loan default policy of Dhaka Bank Ltd. These fundamental credit risk management guidelines have three important parameters: 4. 1. 2 Lending Guidelines Dhaka bank has some lending guidelines approved as per the consent of Bangladesh Bank.

These have to be approved by the Managing Director/ CEO and the Board of Directors so that there will not be any avoidance of the approvals. These guidelines actually set up the criteria for purpose preference, sector preference, personality preferences etc. 4. 2Credit Assessments and Risk Grading As per the rules of Bangladesh Bank, each and every credit proposal will be assessed by Relationship Manager/ account officer and then approved by the Credit Risk Management Department. 4.

2. 1 Approval Authority According to the rules of Bangladesh Bank, Dhaka Bank has to delegate the whole authority of credit approval to senior credit

executives by the Managing Director/ CEO. The credit approval authority is delegated on the basis of the executives' technical expertise. 4. 2.

2 Procedural Guidelines This section outlines the main procedures that are needed to ensure compliance with the policies containing the guidelines stated above. These guidelines contain the following major fundamentals:

- Approval Process: This initial process of credit approval must be done by the co-operation of Relationship management and Credit Risk Management of Dhaka Bank Ltd. Caution must be adopted when reviewing credit proposals in terms of their credit risk coverage. Credit Administration This step consists of activities of loan disbursement and its other considerations such as preferential judgment for any compliance request, modification of the entire loan giving process, and compliance requirements.
- Credit Monitoring Dhaka Bank has to impose early alert process in accordance with the Bangladesh Bank regulations so as to make sure that any loan default can be traced within the shortest possible time.

- CREDIT RECOVERY This side is mainly concerned with the recovery of the disbursed and defaulted loans. The activities of notification, seeking permission from Head Office for necessary judgments, claiming on suit etc are covered in this side.

4. 3 Corporate Governance in Bank Management Board of directors and management of a bank should comprise of the competent and professionally skilled persons with a view to ensuring good and corporate governance in the bank management. It is also inevitable to have specific demarcation of responsibilities and authorities between these controlling bodies over bank's affairs. In absence of specific division of



responsibilities and authorities, even in spite of these bodies' are being  
ormed with skilled and efficient persons, the desired goals of an institution  
cannot be achieved due to lack of transparency and accountability of all  
concerned.

Such kind of situation is more undesirable in an institution like bank-  
company as it deals with huge public money and interests of the depositors.

Responsibilities and authorities of the board of directors (a)Work-planning  
and strategic management (b)Lending and risk management (c)Internal  
control management: (d)Human resources management and development  
(e)Financial management (f)Formation of supporting committee

(g)Appointment of CEO 4. Disclosure Requirement for Bank It has been  
decided to amend the forms of financial statements and directives for  
preparation thereof with a view to bringing in more disclosure in the financial  
statements of the bank companies. The forms of the first schedule of the  
Bank Companies Act, 1991 as amended under sub-section 38(4) of the act  
have been annexed herewith. The financial statements to be prepared as per  
the amended forms and instructions taking effect from the last working day  
of the year will help the users of the statements get adequate and  
transparent idea about the concerned bank company.

Balance Sheet Form Balance Sheet As at ..... 20 ..... NoteCurrent  
year (TK)Previous year (TK) PROPERTY AND ASSETS Cash\*: Cash in  
hand(Including foreign currency) Balance with Bangladesh Bank and its  
agent bank(s) (Including foreign currency) Balance with other banks and  
financial institutions In Bangladesh Outside Bangladesh Money at call on

short notice Investments: Government Others Loans and Advances: Loans,  
 Cash Credit, Overdrafts etc. Bills purchased ; discounted Fixed assets  
 including premises, furniture and fixtures Other assets Non-banking assets  
 01 02 03 04 05 06 07 08 09 Total Assets: LIABILITIES AND CAPITAL Liabilities:  
 Borrowings from other banks, financial institutions and agents Deposits and  
 other accounts: Current Accounts and other Accounts Bills Payable Savings  
 Bank Deposits Fixed Deposits Bearer Certificates of Deposit Other Deposits  
 Other liabilities 10 11 12 Total Liabilities: Capital/Shareholders' Equity Paid  
 up Capital Statutory Reserve Other Reserve Surplus in Profit and Loss A/C 13  
 14 15 16 Total Shareholders' Equity\*\* Total Liabilities and Shareholders'  
 Equity Off-Balance Sheet Items Note Current year (TK) Previous year (TK)  
 Contingent liabilities: Acceptances & Endorsements Letters of Guarantee  
 Irrevocable Letters of Credit Bills for Collection Other Contingent Liabilities  
 17 Total: Other commitments: Documentary credits and short term trade-  
 related transactions Forward assets purchased and forward deposits placed  
 Undrawn note issuance and revolving underwriting facilities Undrawn formal  
 standby facilities, credit lines and other commitments Total: Total Off-  
 Balance Sheet items including contingent liabilities: Profit and Loss Account  
 Form Profit & Loss Account for the year ended as on ..... 20 .....

Note Current year (TK) Previous year (TK) Interest income Interest paid on  
 deposits and borrowings etc.

19 20 Net interest income Investment income Commission, exchange and  
 brokerage Other operating income 21 22 23 Total operating income Salary  
 and allowances Rent, taxes, insurance, electricity etc. Legal expenses  
 Postage, stamp, telecommunication etc. Stationery, Printings,

Advertisements etc. Chief Executive's salary and fees Directors' fees  
Auditors' fees Charges on loan losses Depreciation and repair of bank's  
assets Other expenses 24 Total operating expenses Profit/Loss before  
provision Provision for loan Provision for diminution in value of  
investments Other provisions 25 26 27 Total provision Total Profit/Loss before  
taxes Provision for Taxation Net Profit after Taxation Appropriations:  
Statutory Reserve General Reserve Dividends etc. 28 Retained surplus  
Earning per share (EPS) Cash Flow Statement For the year ended as on .....  
20 ..... Current year (TK) Previous year (TK) Cash flows from operating  
activities Interest receipts in cash Interest payments Dividends receipts Fee  
and commission receipts in cash Recoveries on loans previously written off  
Cash payments to employees Cash payments to suppliers Income taxes paid  
Receipts from other operating activities (item-wise) Payments for other  
operating activities (item-wise) Operating profit before changes in operating  
assets and liabilities Increase/Decrease in operating assets and liabilities  
Statutory deposits Purchase/sale of trading securities Loans & advances to  
other banks Loans & advances to customers Other assets (item-wise)  
Deposits from other banks Deposits from customers Other liabilities account  
of customers Trading liabilities Other liabilities (item-wise) Net cash from  
operating activities Cash flows from investing activities Proceeds from sale of  
securities Payments for purchase of securities Purchase/sale of property,  
plant & equipment Purchase/sale of subsidiary Net cash from investing  
activities Cash flows from financing activities Receipts from issue of loan  
capital & debt security Payments for redemption of loan capital & debt  
security Receipts from issue of ordinary share Dividends paid Net cash from

financing activities Net increase/decrease in cash Effects of exchange rate changes on cash and cash-equivalent\* Cash and cash-equivalents at beginning period Cash and cash equivalents at end of period Statement of Changes in Equity For the year ended ..... 20 .....Paid-up CapitalStatutory ReserveGeneral ReserveProfit and LossTotal Balance as at 01 January 20 .... Changes in accounting policy Restated balance Surplus/deficit on account of revaluation of properties Surplus/deficit on account of revaluation of investments Currency translation differences Net gains and losses not recognized in the income statement Net profit for the period Dividends Issue of share capital Balance as at 31 December 20 ... Liquidity Statement Asset and Liability Maturity Analysis) As at ..... 20 ..... upto 01 month1 – 3 months3 – 12 months1 – 5 yearsmore than 5 yearsTotal Assets: Cash in handBalance with other banks and financial institutions Money at call on short notice Investment Loans and Advances Fixed assets including premises, furniture and fixtures Other assets Non-banking assets Total Assets Liabilities: Borrowings from Bangladesh Bank, other banks, financial institutions and agents Deposits Other accounts Provision and other liabilities Total Liabilities Net Liquidity Gap 4. 5 Regulation of Securities Exchange Commission Capital Market Operation besides investment in Treasury Bills, Prize Bonds and other Government Securities constitute the investment basket of Dhaka Bank Limited. Interest rate cut on bank deposits and government savings instruments has contributed to significant surge on the stock markets in the second half of 2004, which creates opportunities for the Bank in terms of capital market operations. The Bank is a member of Dhaka Stock Exchange Limited and

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Chittagong Stock Exchange Limited. As the bank is a member DSE and SEC SO they follow all the Rules and regulation that is assigned by SEC.

The investment portfolio of the Bank made up of Government Securities and Shares and Debentures of different listed companies stood at Tk. , 078 million as of December 31, 2004 indexing a 50% increase over Tk. 2, 046 million in the previous year. Income from investment stood at Tk. 146 million in 2004 registering a 10% growth over the previous year. Chapter Five 5.

0 Performance Evaluation Dhaka Bank Ltd, a leading private commercial bank (PCB). This bank makes further strengthen its operation in stock market. The target of Dhaka Bank is to be one of the top five brokerage houses in the stock market very soon and it is now well positioned in offering services in the securities market. It is now among the top ten. Financial Performance of DBL The Dhaka Bank Limited is one of the most successful private sector commercial bank in our country, though it started its operation only nine years back.

It has achieved the trust of the general people and made reasonable contribution to the economy of the country by helping the people investing allowing credit facility. Profit Dhaka Bank Limited registered profit after tax Tk. 95. 9372 core as of 31 December, 2009, in 2008 the profit after tax was 83. 8764 core Capital Dhaka Bank Limited commenced its operation with an authorized capital of Tk. 1, 000.

0 million with paid up capital of Tk. 100. 00 million. The paid up capital of the bank amounted to tk 212 coreas on December 31, 2009 and it was 193 core in 2008. The total equity of the bank as on December 2009 stood at Tk. 496.

581 core and it was 399. 95 core on December 20 5. 1 Financial Statement of the Dhaka Bank Limited Financial Highlights Last 2 YEARS FINANCIAL HIGHLIGHTS Off Balance Sheet Chapter Six 6. 1 Findings 1. Dhaka Bank is increasing the Corporate Clients 2. Good communication network.

3. If higher liability pricing are provided it is possible to mobilize a good volume of deposit. . Technology support improve service standard. 5. Providing new products 6.

Adequate Human Resources 7. Satisfactory performance. 8. Good reputation in locality. 9. Providing better services in comparison to that of other PCBs.

10. Suitable location. 11. Interior Design and Decoration is good enough. 12.

Suitable environment. 13. Import business 14. Online banking. 6. 2

Recommendation With a view to ensure exciting services and opening up the new window of progression as well as uplift, we should like to present the Dhaka Bank Ltd. with several recommendations like: Formalities in getting ATM card should be simple. ? Introducing the “ customer Day” or “ Care U” week and new advertisement on different TV channels. ? More skilled persons are needed for reducing busyness. ? Should have separate ATM booth.. ? More persons are needed for instant service. ? Some qualified officers should be promoted properly. Without it they become demoralized. ?

Sending the assistant officers and officers to BIBM for better view over

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pragmatic knowledge they know what they doing but don't know how and why they are adopting different banking practice. Motivating employee with special bonus and tour to foreign country ? Should be developing more interpersonal relation. ? Arranging the Dhaka Bank Ltd. Inter College Debate Contest and quiz test for children. ? Offering scholarship for the Varsity Students and School goers. ? Offering pre shipment and post shipment finance. These initiatives will ensure healthy sales volume as well as well progression for the Dhaka Bank Ltd. And a new door of possibility will open up.

6. 3 Conclusion The education or study is then effective when it is related with practical. Students are very much practical oriented in the department of science because they are laboratory room oriented. In the business world the study also must be related with practical field. The principles, operations whose we read and memorize from various books, we should know whether it implemental in practical field. There has no alternative to make the business study effective. Though the books are available in the syllabus of business administration was written according to the operation of generally recognized industries but in implementation of those theoretical principals, procedures are not same in every industry. Especially in the environment of Bangladesh there has a lot of deviation is seen. Why this deviation how to overcome from that deviation, try to find out the reason and try to give solution and recommendation. Bibliography <http://www.oppapers.com/subjects/performance-of-dhaka-bank-limited-page1.html>