Thesis Report

on

(Credit Risk Management of Dhaka Bank Limited)



Submitted To

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Date of Submission: 05th May, 2021

Letter of Transmittal

05th May, 2021

Abul Kalam
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Subject: Submission of Thesis Report.

Dear Sir,
It is my great pleasure to submit the report on "Credit Risk Management of Dhaka Bank Limited" as a part of my thesis program. I have tried to make the report a comprehensive one within the given three months of time. I earnestly thank you for your guidance during the preparation of this report. Any sort of suggestion regarding the report will be greatly acknowledged and I will be gratified if my report serves its purpose.

I therefore, request you to accept this report and give me proper suggestion to work in my professional life. I am very much glad that you have given me the opportunity to prepare this report for you and hope that this report will meet the standards of your judgment.

Sincerely yours,

Asma Alam Shima
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Acknowledgement

I am pleased to get this opportunity to give special thanks to the persons whose ideas, views and supports have provided fluency to prepare this report and also enriched this report. I am grateful to all officials and staffs of Dhaka Bank Limited for their cooperation.

I am greatly appreciated and inspired by Abul Kalam, Associate Prof. of Sonargaon University (SU) to write this thesis report on "Credit Risk Management of Dhaka Bank Limited". My special thanks go to Mr. Md. Shofiur Rahman and Ms. Nujhat Sharmin from Dhaka Bank Limited Corporate Office. I would also like to express my gratitude to all the employees of Dhaka Bank Limited, for supervising me at the time of my thesis attachment with their best efforts.

At all I am greatly thanking to the persons whose enrich books, journals and working papers on international financial management have provided a guideline to me in preparing this report. Moreover, I am very much grateful to all officials of Dhaka Bank Limited. This report would not be possible without the cooperation of all the persons of Dhaka Bank Limited. Finally, I would like to thank all others whose strong support makes me able to complete this report.

Executive Summary

This thesis report is based on my thesis program and financial statements of 2015, 2016, 2017, 2018 and 2019 of Dhaka Bank Limited. In my thesis period, I worked in HR Division in Corporate Office. It was a great opportunity to experience and gather knowledge about different types of banking operations. My faculty supervisor helped me to choose the topic- "Credit Risk Management of Dhaka Bank Limited".

Dhaka Bank Limited is a listed commercial bank having the aim of serving the community. Dhaka Bank focuses on a wide range of financial products and services comprising commercial banking through conventional and Islamic mode, brokerage services, SME agriculture, consumer banking, credit card and offshore banking. The bank has established leadership in corporate banking with growing focus on SME and consumer business. It also plays a leading role in syndicated and structured financing. DBL has almost all banking products in its stock from student banking to Business banking.

The study not only focuses on the activities of Dhaka Bank Limited but also highlights the credit management system of the bank. It also contains information about all credit proceedings. In the introduction chapter background, rationales, scope, objective of the study, the methods used for collecting information, limitations has been discussed. Moreover, I have focused on the overview of banking industry in Bangladesh as well as overview of Dhaka Bank Limited and its performance. The mission, vision, objectives, products and services have also been reflected in this report. Then, I emphasized on my thesis topics, that covering credit risk analysis, how credit risk is measured and the models and tools available to evaluate it. I have discussed about loans and advances of DBL.

Then, I focused on credit sanctioning system, norms of credit sanction, supervision and monitoring of credit and the present changes in credit approval system.

I have conducted in depth interview with various officials of the banks to collect necessary information. The findings show that to reduce the non-performing loans, the bank should select borrowers in respect of their credit worthiness, capability to repay the loans; credit rating report of the borrower has a vital role in selection of borrower.

In the context of Bangladesh, most of the banks use CRG with few supplementary tools and their personal judgment to evaluate risk. The study was conducted to know the credit sanctioning system of DBL. The banking sector of Bangladesh is passing through a tremendous reform under the economic deregulation and opening up economy.

Currently, this sector is extremely competitive with the arrival of multinational banks, technological infrastructure, effective credit management, higher performance level and utmost customer satisfaction. Dhaka Bank Limited followed the credit policy and practices set by the management and the guideline set by the Bangladesh Bank. As a result, they are performing well in reducing the high classification rate and achieving the profit target of the bank.

As a part of my RMBA program, I have spent 12 weeks in DBL, Head Office 71, Purana Paltan Lane, Dhaka- 1000 and learning the activities of HR Division. I have analyzed the financial statements of Financial Performance Analysis of Dhaka Bank Limited to find out its ratios by using its past and current records. After preparing this report I came to know that analysis of financial statements through ratios helps to overcome the past flaws and make the future decisions and strategies. Therefore, it is very necessary for every organization whether the company's size is to make financial statement and to analyze it by ratios.

TABLE OF CONTENTS

EXECUTIVE SUMMARY 4

CHAPTER 01

INTRODUCTION

INTRODUCTION 09

ORIGIN OF THE REPORT 10

BACKGROUND OF THE REPORT 10

OBJECTIVES OF THE REPORT 11

SCOPE OF THE REPORT 11

LIMITATIONS OF THE REPORT 11

METHODOLOGY 12

CHAPTER 02

OVERVIEW OF BANKING INDUSTRY IN BANGLADESH

HISTORY OF BANKING IN THE WORLD 13

BANKING SYSTEM 13

LIST OF BANKS IN BANGLADESH 14

CHAPTER 03

ORGANIZATIONAL BACKGROUND

OVERVIEW OF DHAKA BANK LIMITED 15

BACKGROUND 15

CORPORATE INFORMATION 16

VISION, MISSION 16

CORPORATE VALUES 17

STRATEGIC OBJECTIVES 17

SWOT ANALYSIS 17

MANAGEMENT ASPECT 20

CSR ACTIVITIES 22

BRANCHES 23

PRODUCTS and Services OF DHAKA BANK LIMITED 23

CORPORATE BANKING 24

DEPOSITS 25

INVESTMENTS, TOTAL ASSET, TOTAL LIABILITY 26-27

CHAPTER 04

CREDIT RISK MANAGEMENT

TYPES OF CREDIT RISK 28
CREDIT POLICY 29
CREDIT RISK MANAGEMENT 29
FUNCTIONS OF CREDIT DEPARTMENT 31
CREDIT RISK ANALYSIS 32
CREDIT RATING REPORT 33
CREDIT FACILITIES 34

CHAPTER 05

CREDIT SANCTIONING SYSTEM

PRELIMINARY SCREENING OF CREDIT PROPOSAL 36
APPROVAL OF CREDIT BY HIGHER AUTHORITY 37
NORMS OF CREDIT SANCTION 38
DISBURSEMENT OF CREDIT 38
CREDIT MONITORING POLICY 39
CREDIT ADMINISTRATION AND FILE MAINTENANCE 40
PRICING OF LOAN 40
REASONS OF LOAN DEFAULTED 40
LOAN RECOVERY OF DBL 41
CORRECTIVE MEASURES 42
DIVERSIFICATIONS OF CREDIT OF DBL 43

CHAPTER 06

FINDINGS RECOMMENDATIONS & CONCLUSION

FINDINGS 45
RECOMMENDATIONS 46
CONCLUSION 48
REFERENCES 49
ABBREVIATIONS 50

Table of Figures:

SL. No.	Topic	Page No.
1	SWOT Analysis	18
2	Levels of Management	21
3	CSR Activities Percentage of DBL	22
4	Products and Services of DBL	23
5	Total Deposit	25
6	Total Investment	26
7	Total Asset	26
8	Total Liability	27
9	Credit Management Process	30
10	Activities of Credit Risk Department	32
11	Different Credit Facilities	34

Chapter 1
Introduction

Generally by the word “bank” we can easily understand that the financial institution dealing with money. The whole scenario of the economy of a country can be ascertained by examining the condition of the banking sector. Banking sector has a vital role to play in the economic activities and development of any country. There are different types of banks like Central Banks, Commercial Banks, Savings Banks, Investment Banks, Industrial Banks, and Co-operative banks etc. But when we use the term “bank” without any prefix or restriction, it refers to the Commercial Banks. Commercial Banks are the primary contributors to the economy of a country like Bangladesh. In Bangladesh, the commercial banks are dominating the financial sector and macroeconomic management largely depends on the performance of the commercial banks as well as banking sector. Banking grew primarily in the public sector with main emphasis on restructuring of the financial system and development needs of the war-torn economy with gradual liberalization in subsequent years. It was increasingly felt that banks should be allowed in the private sector for giving a fillip to development process on the basis of private initiative. In the 80’s for the first time a number of banks in the private sector were allowed. Dhaka Bank is one of them. Today the banking concept is not continuing inside the branches or the cabin of the branches. The bankers are now practicing the non-cabin banking. The assurance of the availability of the service provider is main factor in bank service. As a result, it has become essential for every person to have some idea on the bank and banking procedure. At present, there are 56 scheduled banks operating all over the country. Out of these, 9 are state-owned (including five specialized banks), 38 are private commercial banks and the rest 9 are foreign commercial banks.

Even though banking sector in Bangladesh is going through a radical change, it still suffers from chronic inefficiency. The biggest problem of Bangladesh banking system is the bank loan default problem. Various initiatives have been undertaken to tackle the loan default problem in Bangladesh. One of them is to have a credit policy and procedures guideline mandated by the Bangladesh Bank.

Origin of the report:

Thesis Program of Sonargaon University is a Graduation requirement for the RMBA students, which is also a partial requirement of the Thesis program of RMBA curriculum. The main purpose of thesis is to get the student exposed to the job world. Being an intern the main challenge was to translate the theoretical concepts into real life experience.

The thesis program and the study have following purposes:

- To get and organize detail knowledge on the job responsibility.
- To experience the real business world.
- To compare the real scenario with the lessons learned in the University
- To fulfill the requirement of RMBA Program.

To accomplish the thesis, I was placed at Dhaka Bank Limited, Head Office 71, Purana Paltan Lane, Dhaka - 1000, under the guidance of Abul Kalam, Associate Prof. of Sonargaon University, my academic supervisor. The report topic was approved by the supervisorto satisfy the organizational requirements and fulfillment of the thesis program. As a requirement of the completion of the thesis program, I had to submit this report, which includes an overview of the organization and Credit Risk Management of Dhaka BankLimited.

Background of the Report:

The main purpose of thesis program is to expose the students to the real world situation. This report is prepared for the thesis program consisting of a major in depth study of totalbanking business of Dhaka Bank Limited. The goal of this analysis is to expose the studentsin the organizational work situation and also to provide an opportunity for applying classroom learning in practice. The thesis in the final of the program gives the way to practice what we have learnt. It enables students to apply their conceptual knowledge in the practical situation and to learn the art of conducting study and presenting its findings in a systematic manner. The report has been prepared on the basis of experience obtained throughout the thesis period.

Objectives of the Report:

The objective of the report can be viewed as:

- General Objective
- Specific Objective

General Objective: This thesis report is prepared primarily to fulfill the Regular Masters of Business Administration (R.M.B.A) degree requirement under the Department of Sonargaon University. The general objective of this report is to understand the importance of the credit and the performance of the Dhaka Bank Limited.

- To fulfill the requirement for the completion of RMBA program.
- To observe and learn the Credit Process & Risk Management of Dhaka Bank Limited.

Specific Objective: More specifically, this study entails the following aspects:

- To identify the procedure of loans and advances.
- To identify the main factors of credit risk and computation of credit risk grading of Dhaka Bank Limited.
- To identify the financial performance by analyzing ratios.
- To observe the working environment in Dhaka Bank Limited.

Scope of the Report:

The report plots a chronicle outline of Dhaka Bank Limited and its operation. The information consists of the observation and the job experience acquired throughout thethesis period. The report concerns about the Credit Division of DBL. DBL investedunder the guidelines of the central bank framed for the banking system as a whole and for bank of individual sector to achieve the objective of the study. The report also particularizes the thesis research focus, financial performance of Dhaka Bank Limited. This report has been prepared according to extensive analysis of financial statements, credit operating system and procedures of loan supervision.

Limitations of the Report:

Banking contains a huge volume of operation and it is quite impossible to gain knowledge about all activities during a research period. The major limitations of the study faced in preparing this report on disclosure procedure of Dhaka Bank Limited are:

- Getting the information and interpreting it, on the basis of my understanding and then implementing it.
- Being public limited company, the private commercial banks like Dhaka Bank Limited keep some information restricted like the actual amount of classified loans.
- Financial statements only portray the figures or numbers and their break down but do not clarify the justifications in most of the time.
- Some essential data could not gather because of confidentially concerns.
- Many procedural matters were conducted directly in the operations by the top management level, which may also give sort of restrictions.
- For credit risk analysis Dhaka Bank Limited mainly focuses on personal judgment about the borrower and Credit Risk Grading (CRG) manuals is followed in risk analysis.

Methodology:

In order to generate this report both primary and secondary data has been used. The sources that have been used to gather and collect data are given below.

I. Primary Sources: Primary sources of the report are given below-

- Face to face conversation with officers.
- Face to face conversation with clients and vendors.
- Personal diary that contains everyday's experience in bank while undergoing practical presentation.

II. Secondary Sources: Secondary sources of the report are given below-

- Annual reports of Dhaka Bank Limited from 2016 to 2019.
- Different written document of Dhaka Bank Limited.
- Credit Risk Grading Manual, published by Bangladesh Bank.
- Website.
- Articles.

Chapter 02

Overview of Banking Industry In Bangladesh

History of Banking in the World:

When money became an accepted medium of exchange, the need arose to keep the money safe. In addition, some people needed to borrow money. These needs led to the development of banks. The earliest banking records, dated around 2000 B.C., indicate that Babylon had a highly developed banking system. Babylonian banks were not unlike the banks of today, except that you might say they had a monopoly. Many years later, in the sixth century B.C., the first private bank emerged-the Igibi bank.

Like today's bank, it accepted for deposit money on which it paid interest. It also lent money to persons who needed the money for worthwhile purposes and who repaid the borrowed funds with interest. By the fourth century B.C. Greece was the dominant nation in the world. Private and city-state-owned banks existed in the outlying lands of the Greek Empire, but only privately owned banks were allowed in Greece. Government to a great extent regulated these banks; however, Rome then became the dominant empire. Under early Roman law, banks could only be privately owned, but they were regulated by law. With the fall of the Roman Empire, banking became essentially illegal until the third century A.D. By the fourteenth century, when trade routes were being developed, privately owned banks were once again allowed. And by the fifteenth century, banks were needed to advance the huge sums of money required to send out ships to bring back valuable commodities such as spices; silk, and gold. At this time in history, banking was big business.

Banking System in Bangladesh:

The banking system of Bangladesh has undoubtedly made significant strides during the last years. Banking network now covers the entire country. Commercial banks play a very important role in our economy; in fact, it is difficult to imagine how our economic system could function efficiently without many of their services. They are the heart of our financial structure since they have the ability, in co-operation with Bangladesh bank to add to the money supply of the nation and thus create additional purchasing power. This characteristic sets commercial Banks apart from other financial institutions. In addition to issuing deposits

payable in demands, they accept time deposits. By Lending and investing these resources and by transferring funds throughout the nation and even between countries, they make possible a more complete utilization of the resources of the nation. Although banks create no new wealth, their lending, investing and related activities facilitate the economic processes of production.

After the nationalization of banks in 1972, it was expected that the banks would play their due role for protecting social interest and in the economic development process of the country and thus reverse the trend as set in before liberation. Though Bangladesh Banks (Nationalization) Order, 1972 did not specifically spell out the objectives of the nationalization of banks, but considering the discontentment prevailing during Pakistan period and the basic principles of the country which were constitutionally established in 1972, the following major objectives of the nationalization of commercial banks might be discerned:

1. Expansion of bank branches for extension of bank services into rural areas.
2. Mobilization of domestic savings, particularly rural savings more effectively.
3. Providing of adequate credit to priority sectors such as agriculture, small industries,
4. Ensuring balanced regional development.
5. Removal of control of banks by few individual.

List of Banks in Bangladesh

The commercial banking system dominates Bangladesh's financial sector. Bangladesh Bank is the Central Bank of Bangladesh and the chief regulatory authority in the sector. The banking system is composed of four state-owned commercial banks, five specialized development banks, thirty private commercial Banks and nine foreign commercial banks.

Chapter 03

Organizational Background

Overview of Dhaka Bank Limited (DBL)

Dhaka Bank Limited is the brainchild of a host of committed entrepreneurs and farsighted dreamers of banking excellence. Established in July 5, 1995, the Bank is now an admired provider of financial services and has positioned itself as a strong brand in the mind of customers. `Excellence in Banking' is our motto and to become the best performing bank in the country is the bank's mission. As a leading private commercial bank in Bangladesh, the eminence is backed by quality products and services, superior technology and highly motivated personnel to realize the dream. Dhaka Bank Limited is recognized for good governance practices, compliance with regulatory guidelines, and flexibility to growing needs and also adaptability to the changing world.

Background of Dhaka Bank Limited

The nation was just halfway of its age; the passion for history and heritage and an obsession for faster pace exerted a powerful force for change in the business world. Dhaka Bank was incorporated as a Public Limited Company on April 6, 1995 under Companies Act, 1994. The company commenced banking operations on July 5, 1995. The Bank has stood out for its financial strength and operational craftsmanship marking its position as the potential market player in all core areas of banking in the country. It got listed in DSE and CSE in 2000. Alongside a lasting bond with the corporate world, DBL has got hold of a countrywide reach through a larger network of Branches, ATMs, SME channels, agricultural outreach and mobile banking. The Bank is now expanding far and wide tohigher market share and big surge in assets. A great total of 439,544 customers' accounts now we serve and seek to make them better-off as best as we can. Strong with 164 delivery centers, the Bank is still going strong with more expansion and inclusive banking programs. Opening many gateways for financial freedom and services, DBL has made its vibrant presence at 107 locations including 6 Islamic Banking Branches, 5 Offshore Banking Unit, 4 SME Service Centers, 1 Business Kiosk, 19 ADMs and 64 ATMs across the country. Catering to the needs of Capital Markets, the Bank has established a subsidiary company named `Dhaka Bank Securities Ltd.' having 6 countrywide Branches. Another subsidiary inthe name of 'Dhaka Bank Investment Limited' is yet to start operation. This has strengthened its capital base to TK.25, 408 million with a capital adequacy ratio of 10.46%.

Sailing past all odds and uncertainties in 2019, DBL-posted an operating profit of Tk.5,504 million. DBL expect to rise from the heart of Bangladesh as a stronger force in the market that the bank serve.

Corporate Information:

Name of the Bank	**Dhaka Bank Limited**
Status:	**Public Limited Company**
Date of Incorporation:	**April 06, 1995**
Date of commenced:	**July 05, 1995**
Head Office:	**71, Puranpaltan Lane, Dhaka-1000**
Phone:	**+8802 5831 4424-30, 5831 4624-8**
Fax:	**+8802 5831 4419**
Swift Code:	**DHBLBDDH**
E-mail:	**info@aAabnk.com.bd**
Web Page:	**www.dhakabankltd.com**

The Vision of Dhaka Bank Limited:

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

Our people, products and processes are aligned to meet the demand of our discerning customers. Our goal is to achieve a distinct foresight. Our prime objective is to deliver a quality that demonstrates a true reflection of our vision- Excellence in Banking.

The Mission of Dhaka Bank Limited:

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

The Corporate Values of Dhaka Bank Limited:

- Customer Focus
- Integrity
- Quality
- Team Work
- Respect for the individual
- Responsible Citizenship

The Strategic Objectives of Dhaka Bank Limited:

Our objectives are to conduct transparent and high quality business operation based on market mechanism within the legal and social framework spelt in our mission and reflected in our vision.

- Our greatest concerns are our customers to provide them continually efficient, innovative and high quality products with excellent delivery system.
- Our motto is to generate profit with qualitative business as a sustainable ever-growing organization and enhance fair returns to our shareholders
- We are committed to our community as a corporate citizen and contributing towards the progress of the nation as our corporate social responsibility.
- Our employees are our backbone. We promote their well being through attractive compensation package, promoting staff morale through training, development and career planning.
- We strive for fulfillment of our responsibility to the government through paying entire range of taxes and duties and abiding by the other rules.

SWOT Analysis:

SWOT analysis is done for a company to find out its overall strength, weaknesses, threats and opportunities leading to gauging the potential of the company. The SWOT analysis enables a company to recognize its market standing and adopt strategies accordingly. Here SWOT analysis of Dhaka Bank Limited is made to understand the positioning of Dhaka Bank Limited.

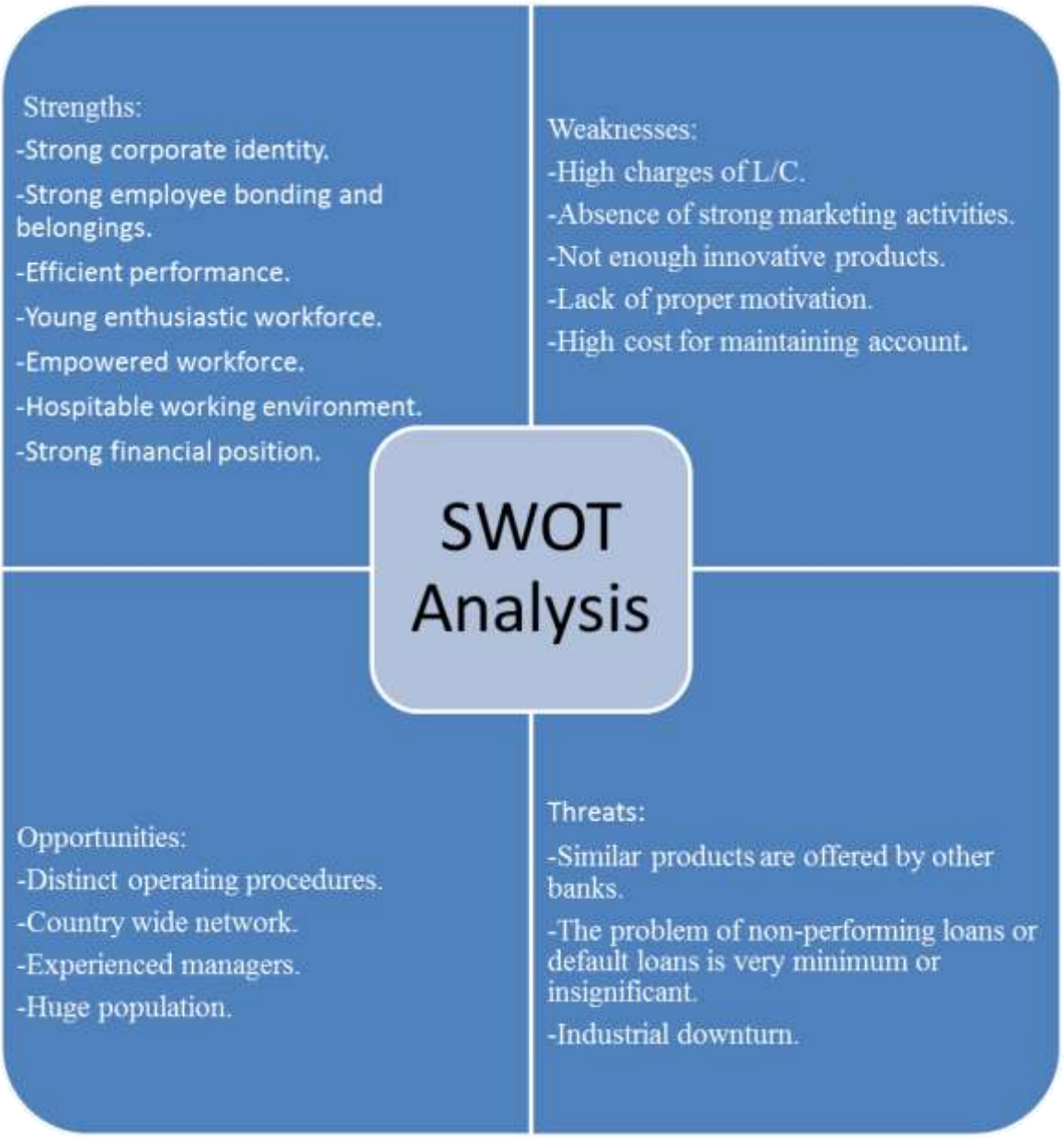


Fig: SWOT Analysis of Dhaka Bank Limited

Strengths:

- **Strong Corporate Identity:** According to the customer, DBL is the leading provider of financial services identity worldwide. With its strong corporate image and identity, it has better positioned itself in the minds of the customers. This image has helped DBL grab the personal banking sector of Bangladesh very rapidly.
- **Strong Employee bonding and Belongings:** DBL employees are one of the major assets of the company. The employees of DBL have a strong sense of commitment towards organization and also feel proud and a sense of belongings towards DBL.
- **Efficient Performance:** DBL provides problem free customer services to its clients comparing to other financial institutions.
- **Young Enthusiastic Workforce:** The selection and recruitment of DBL emphasizes on having the skilled graduates and postgraduates who have little or no previous workexperience.
- **Empowered Workforce:** The HR of DBL is extremely well thought and perfectly managed. The empowered environment makes DBL a better place for the employees.
- **Hospitable Working Environment:** The working environment of DBL is really good and comfortable.
- **Strong Financial Position:** DBL is not just sitting on its previous year's success but also taking initiatives to improve.

Weaknesses:

- **High charges of L/C:** Presently DBL charges same rates for all types of import L/C. But for import L/C of exports oriented industry, DBL should reduce the charge of L/C. As a result, country will be benefited and the country will earn more foreign exchange.
- **Absence of strong marketing activities:** DBL does not have any strong marketing activities through mass media and television. Although DBL does lots of CSR activities compared to other banks.
- **Not enough innovative products:** In order to be more competitive in the market, DBL should come up with more attractive and innovative products.
- **Lack of proper motivation:** The salary at DBL is very decent, but it lacks other sorts of motivation such as: incentive bonuses.

- **High cost for maintaining account:** The account maintenance cost for DBL is comparatively high. As a result, this might turn out to be a negative issue for DBL.

Opportunities:

- **Distinct operating procedure:** Repayment capacity by DBL of individual clients helps to decide how much one can borrow. So, the recovery rate helps DBL to be remaining in the long run.
- **Country wide network:** The ultimate goal of DBL is to expand its operations to whole Bangladesh. So, by holding the mission and vision DBL can secure its existence in the long run.
- **Experienced Manager:** One of the key opportunities for DBL is its efficient managers. DBL has employed experienced managers to facilitate its operation.
- **Huge population:** Bangladesh is a developing country. So to satisfy the needs of the huge population, a large amount of investment is required. The foreign investment in our country made it attractive to the foreigners to invest in our country.

Threats:

- **Similar products are offered:** Nowadays different foreign and private banks are alsooffering similar types of products with an almost similar profit margin.
- **Default loans:** The problem of default loans or non-performing loans is very minimum or significant. For this reason, some proactive measures should be taken to minimize this position.
- **Industrial downturn:** Unemployment may create industry wide recession. On the other hand, inflation also may create downward pressure on the capital demand for investment.

Management Aspect:

Like any other business organization, all the major decision in Dhaka Bank Ltd. is made by the top management. The boards of directors being at the higher level of organizational structure play an important role in policy formulation. The board of directors is not directly concerned with the day- to -day operation of bank. They have delegated this duty to the management committee. The board mainly establishes the objectives and policies of the bank. There are two committee of the board for different purposes:

- Executive committee comprising of 18 member of board.
- Audit committee comprising of 3 member of board.

The chief executive officer, who is assisted by executive vice presidents (EVPs), looks after the day-to-day affairs of the bank. Human resource department, MDs secretariat and audit and compliance department are under direct control of the CEO. The EVPs are in charge of operations, credit and corporate banking respectively. They control the affairs of departments through the managers who are in charging of various departmentsunder these divisions. Mid and low level employees get the direction and instruction from the top executives about the duties and tasks they have to perform. Management of Dhaka Bank Limited assumes that employees are member of the team, who actively participate in accomplishing the organizational goals. The chief executive provides the guideline and board direction to the managers and employees but delegatesresponsibility for determining how tasks and goals are to be accomplished.



Fig: Level of Management

CSR Activities of Dhaka Bank Limited:

Every business has three major goals: sustaining profit, sustaining the brand and sustaining the staff. And a business has to strive for earning profit as it is essential for its survival and growth as an enterprise. Socially responsible business practices reduce a company's financial profit but could potentially enhance its value. Sustainable Corporate Social Responsibility (CSR) initiatives are embedded in the viable business strategy of organization. The role of CSR, especially from the viewpoint of company, is important in bridging the economic divide that exists in the country. DBL actively embraces its role as a corporate citizen. It regards CSR not as a charity, but an investment in society and in its own future. Dhaka Bank Limited's goal as a responsible corporate citizen is to build social capital.

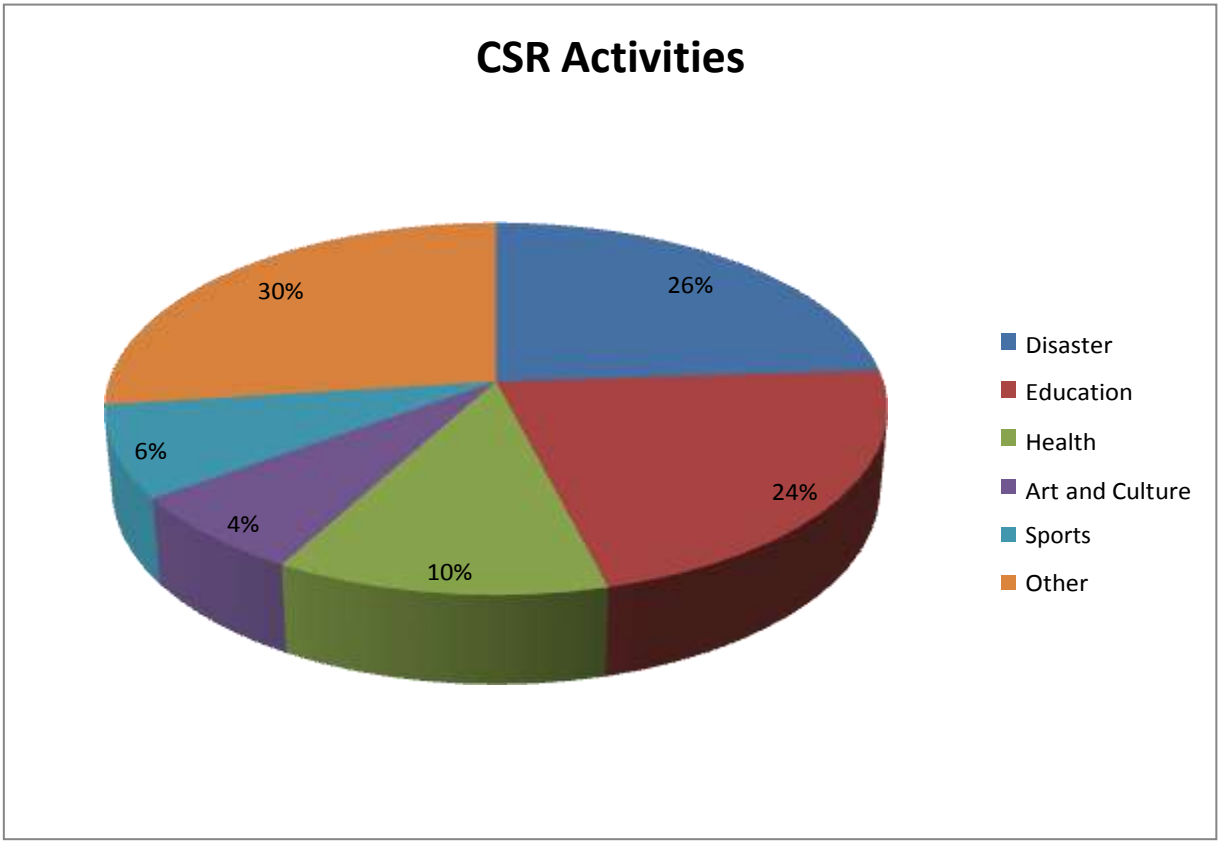


Fig: CSR Activities Percentage of Dhaka Bank Limited

Total Branches of Dhaka Bank Limited in Bangladesh:

According to the "Annual Report 2019" there are 107 branches all over Bangladesh which includes 56 urban and 31 rural branches an offshore banking unit.

Year	No. of Branches
2016	**61**
2017	**72**
2018	**90**
2019	**107**

Products and Services of DBL:

Dhaka Bank Limited has provided the following products.

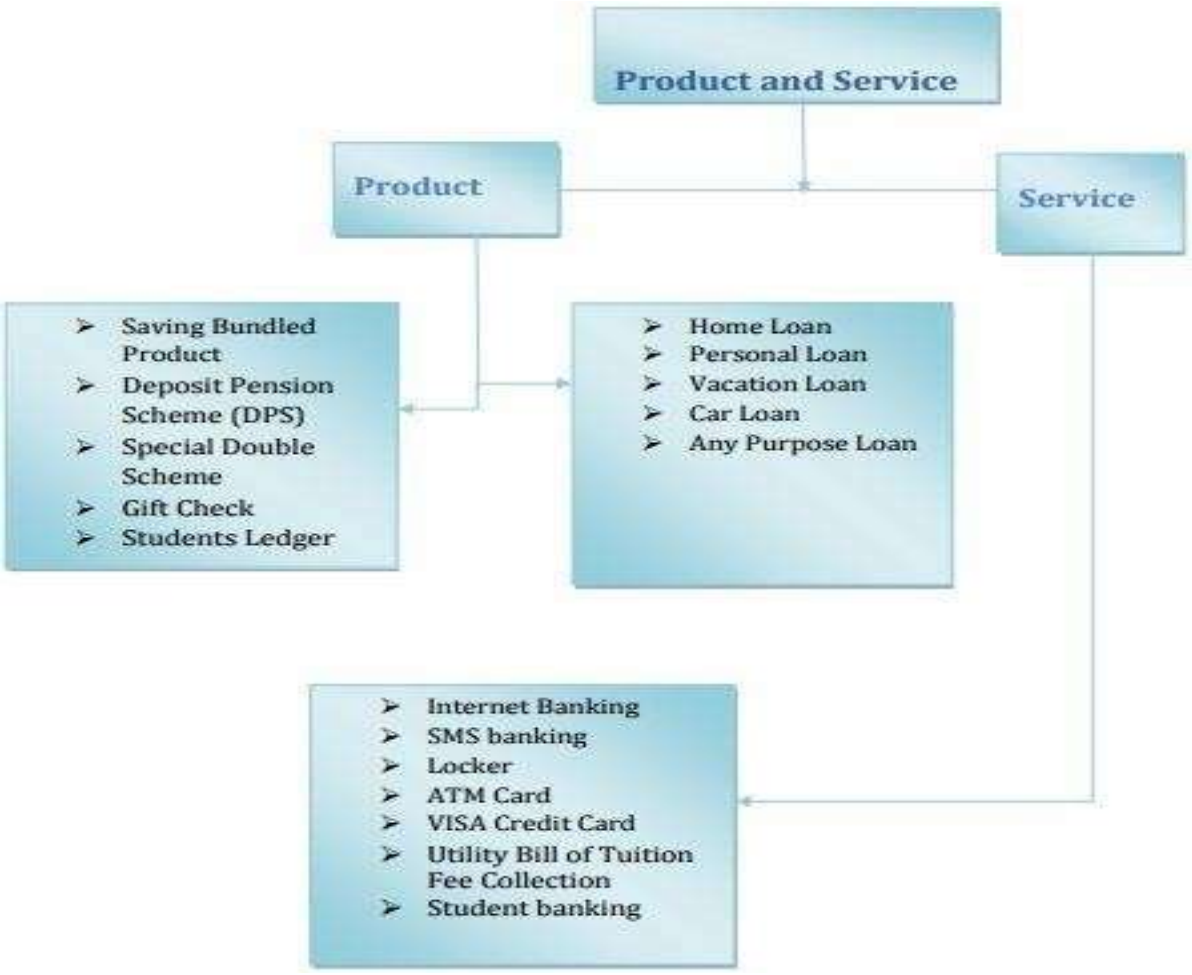


Fig: Products and Services of Dhaka Bank Limited

Corporate Banking:

Dhaka Bank recognizes that Corporate Customers' needs vary from one to another and a customized solution is critical for the success of their business .Dhaka Bank offers a full range of tailored advisory, financing and operational services to its corporate client groups combining trade, treasury, investment and transactional banking activities in one package. Whether it is a Project Finance, Term Loan, Import or Export Deal, Working Capital Requirement or Forward Cover for a Foreign Currency Transaction, Corporate Banking Managers will offer the right solution.

- **Securitization of Assets:** Dhaka Bank play a significant role in ensuring that Securitization of Assets becomes a normal part of the range of financialinstruments available for organizations who can count on a steady, but piecemeal, flow of revenue and want to translate this stream into cash resources with which to carry out further lending activities to new customers. Some practical issues still need to be settled such as those concerning pricing, or the legal framework, but it are expected that, as Dhaka Bank and- other institutions pursue more such securitization activities these will be resolved.
- **Finance** & **Advisory Services:** Given the needs of its large and varied base of corporate clients Dhaka Bank will be positioning itself to provide investment banking advisory services. These could cover whole spectrum of activities such as Guidance on means of raising finance from the local Stock markets, Mergers and Acquisitions, Valuations, Reconstructions of Distressed companies and other expert knowledge based advice. By this means Dhaka Bank hopes to play the role of strategic counselor to blue-chip Bangladesh companies and then move from the level of advice to possible implementation of solutions to complex financing problems that may arise from time to time. This would be an extra service that would complement the normal financing activities that Dhaka Bank already offers to corporate business houses.
- **Working Capital Finance:** Dhaka Bank caters to the working capital needs of the client taking into account the current asset requirement of the client. Dhaka bank extends different types of working capital facility like Back-to- Back LC, Loan against Trust Receipt (LTR), Cash Credit (CC), Overdraft (OD) facility, Short Term Loan (STL), Bank Guarantee, etc. to facilitate the business operation of the client.

- **Online Banking:** Convenience is the key feature of DBL service. DBL's aimis to provide every customer easy access to his/her account from any branch and ultimately from anywhere. Recognizing the need of customers DBL has networked all of its branches all over the country to permit its valued customers to carry out transactions from any branch. Cash withdrawal or deposit or any type of personal banking transactions can be performed using the any Branch office.

Deposits of Dhaka Bank Limited:

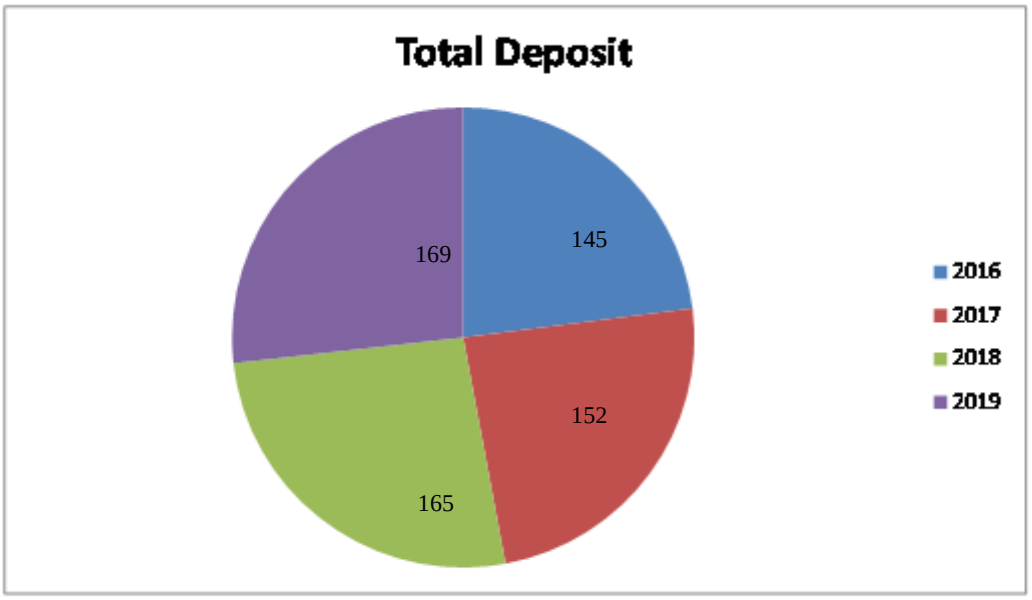
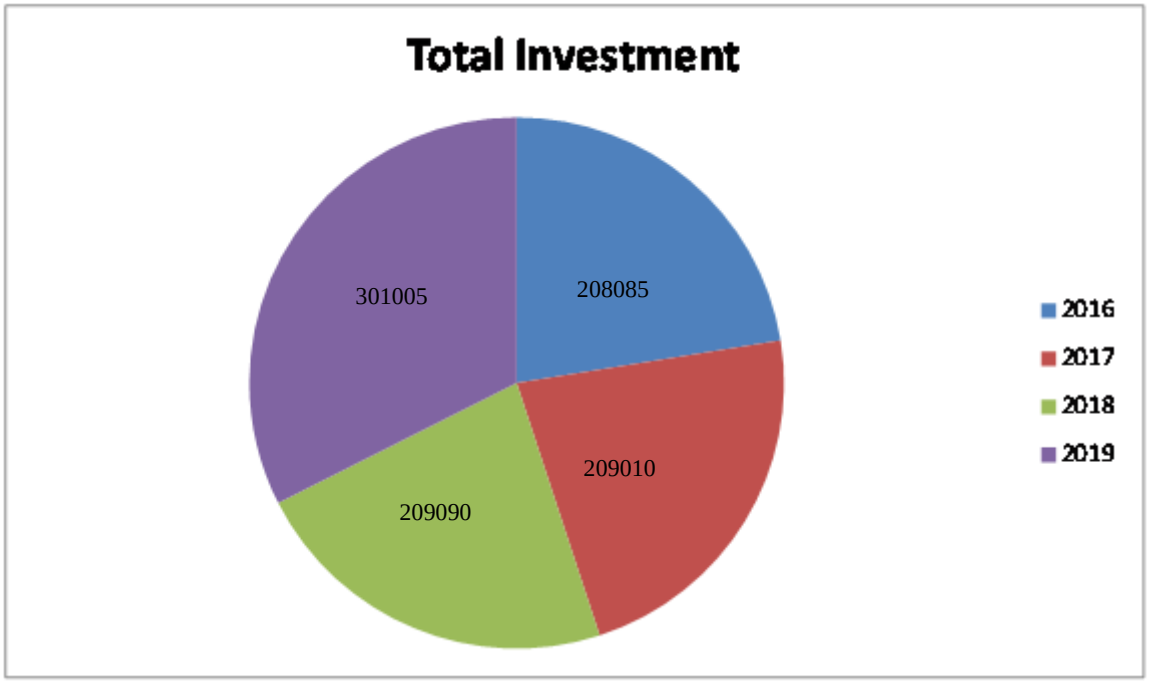


Fig: Total Deposit

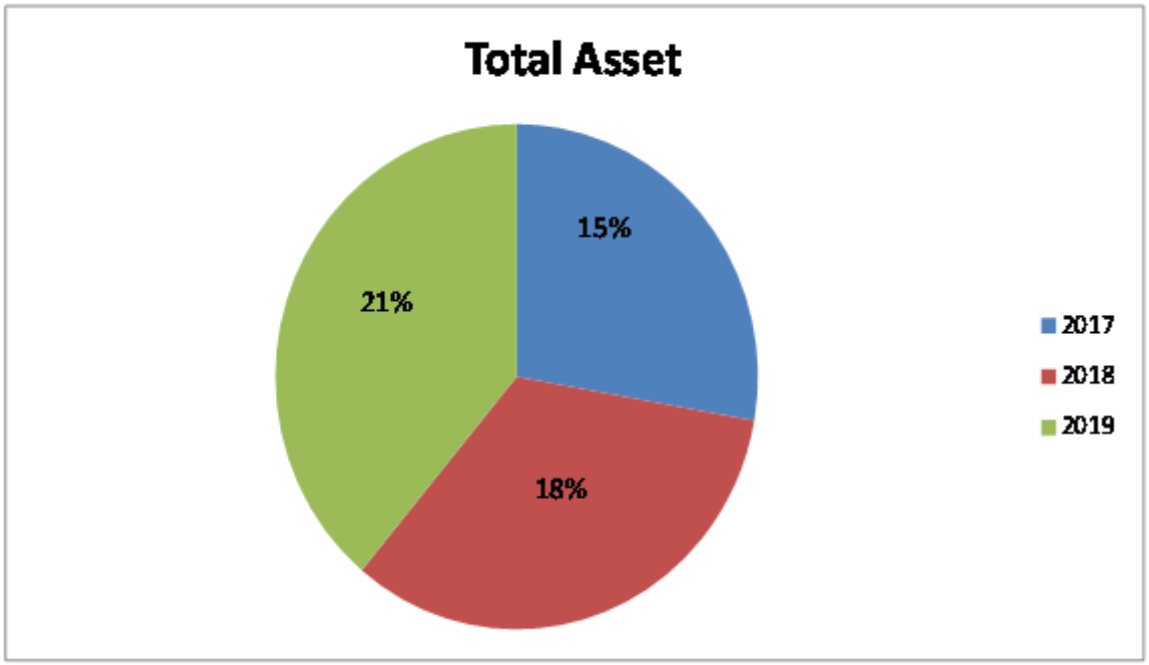
According to the graph, it has been said that the deposit growth has been increased in 2019 compared to the previous years. In 2016, 2017 and 2018 the deposits of Dhaka Bank were not so high. The growth of deposits was used for funding credit growth and holding of securities for SLR purpose.

3.15 Investment of Dhaka Bank Limited:



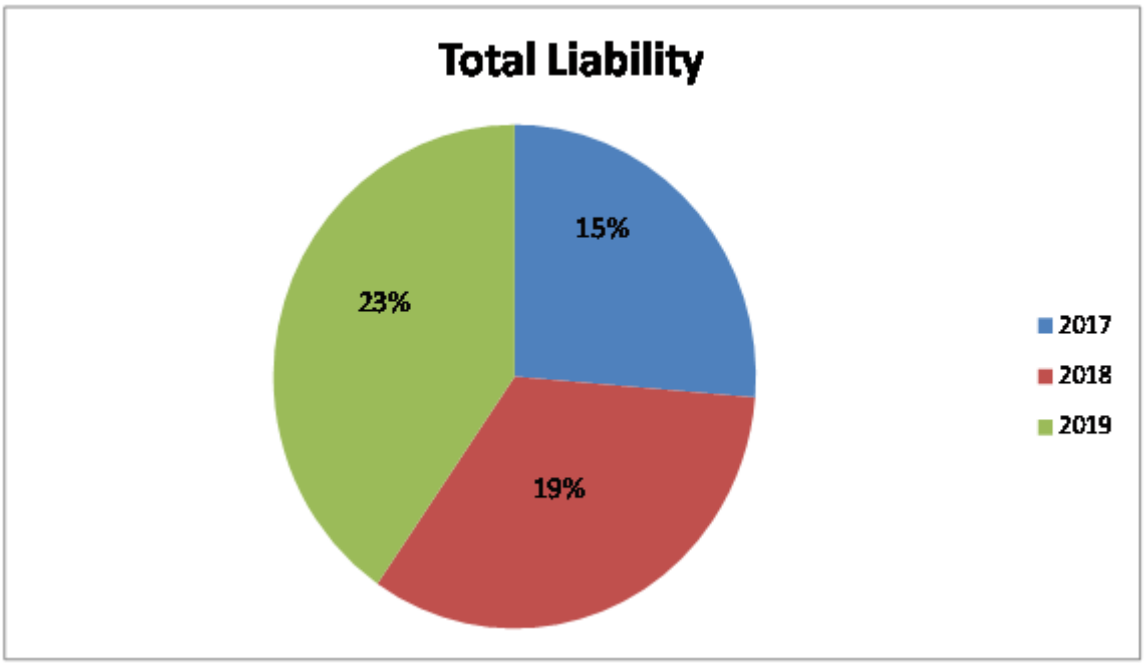
From the above graph, it has been seen that the total investment of Dhaka Bank Limited has been increased in 2019 compare to the previous year's which is a good sign for the bank.

Total Asset of Dhaka Bank Limited:



According to the graph, the total asset of the graph indicates that the total asset of DBL in 2016 to 2017 it was increasing 15%, from 2017 to 2018, it was increasing 18% and from 2018 to 2019 it was increasing 21% that is a good sign for the DBL. The asset growth was mainly funded by growth of deposits and equity.

Total Liability of Dhaka Bank Limited:



From the above graph, it can be said that the total liability from 2016 to 2017, it was increasing 15%, from 2017 to 2018, it was increasing 19% and from 2018 to 2019, it was increasing 23% which indicates bad sign for DBL because they used more debt in their operations.

Chapter 04

Credit Risk Management

Credit is the ability to command goods or services of another in return for promise to pay such goods or services at some specified time in the future .For a bank, it is the main source of profit and on the other hand, the wrong use of credit would bring disaster not only for the bank but also for the economy as a whole. Credit risk is most simply defined as the potential that a bank borrower or counterparty will fail to meet its obligations in accordance with agreed terms and conditions. The objective of Credit Risk management of Dhaka Bank Limited (DBL) is to minimize the risk and maximize banks risk adjusted rate of return by assuming and maintaining credit exposure within the acceptable parameters. The Credit Risk Management department is responsible for upholding the integrity of the Bank's risk/return profile. It ensures that risks are properly assessed, and that risk/return decisions are made accurately and transparently. The overall success in credit management depends on the banks credit policy, portfolio of credit, monitoring, supervision and follow-up of the loan and. advance. Therefore, while analyzing the credit risk management of Dhaka Bank Limited (DBL), it is required to analyze its credit policy, credit procedure and performance regarding credit risk management.

Types of Credit Risk

A credit risk can be of the following types:

1. **Credit Default Risk:** "The risk of loss arising from a debtor being unlikely to pay its loan obligations in full or the debtor is more than 90 days past due on any material credit obligation; default risk may impact all credit-sensitive transactions, including loans, securities and derivatives.
2. **Concentration Risk:** The risk associated with any single exposure or group of exposures with the potential to produce large enough losses to threaten a bank's core operations. It may arise in the form of single name concentration or industry concentration.
3. **Country Risk:** The risk of loss arising from a sovereign state freezing foreign currency payments (transfer/conversion risk) or when it defaults on its obligations (sovereign risk); this type of risk is prominently associated with the country's macroeconomic performance and its political stability.

Credit risk is the risk that a borrower will not make full and timely payment of debt service once a borrower falls behind in debt servicing; credit risk also involves the relative size and probable duration of default. It is one of the significant risks a bank is exposed to. Each of the risk areas requires be evaluating and aggregating to arrive at an overall risk grading measure.

The Credit Policy that DBL has followed

In order to minimize the credit risk, Dhaka Bank Limited has formulated a comprehensive credit policy according to Bangladesh Bank Core Risk Management guidelines. Credit policy of the Bank provided for the separation of the credit approval function from business, marketing and loan administration function. Credit policy of DBL recommended through credit assessment and risk grading of all clients at the time of approval and portfolio review. The credit policy of DBL has been formulated of the plan of "All New Loans to Be Goods Loans". To form the plan there are some objectives. The objectives are:

- To maximize the profit of the bank by making sound lending
- To deliver credit to viable borrowing at a reasonable cost
- To provide satisfactory return on investment
- To assist the social and economic development of the country
- To deliver general banking services to the public and credit to viable borrowers at a reasonable cost Credit policy of DBL also provides the guidelines of required information for credit assessment, marketing strategy, approval process, loan monitoring, credit recovery, NPL account monitoring, NPL provisioning and write off policy etc.

The Credit Risk Management of DBL

The loan and credit department is a very important department of a bank. The money mobilized from ultimate surplus units are allocated through this department to the ultimate deficit it (borrower).the success of this department keeps a great influence over the profit of a bank. Failure of this department may lead the bank to huge losses or even to bankruptcy. Loan and credit department receive application from client in a prescribed application form supplied by the Dhaka Bank Limited. The Bank implemented the system of credit risk assessment and lending procedures by stricter separation of responsibilities between risk assessment, lending decisions and monitoring functions to improve the quality and soundness of loan portfolio. The Bank recorded a 14% growth in advances with a total loans and advances portfolio of BDT 17,249,109,680 BDT at the end of December 2018 compared to BDT 17,895,955,569 BDT at the end of December 2019.

Considering the key elements of Credit Risk, the Dhaka Bank Ltd. has segregated duties of the officers/ executives involved in credit related activities. Separate division for Corporate, SME, Retail and Credit Cards have been formed which are entrusted with the duties of maintaining effective relationship with the customers, marketing of credit products, exploring new business opportunities etc. According to DBL credit policy, for transparency in the operations during the entire credit year four teams have been set up. Those are:

- Credit Approval Team
- Asset Operations Department
- Recovery Unit
- Impaired Asset Management

A credit management process has been made that helps the credit risk department to deal with the customers and employees. The process is given below.



Fig: Credit Management Process

This arrangement has not only ensured segregation of duties and accountability but also helps in minimizing the risk of compromise with quality of the credit portfolio.

Functions of the Credit Department

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

4. **Character**- Intention to pay back the loan
5. **Capacity**- Borrower's competence in terms of utilizing the fund profitably and generate income
6. **Capital**- Financial strength to cover the risk
7. **Conditions**- General business condition between two parties
8. **Collateral**- Implies additional securities

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

- Credit Approval Process
- Corporate Credit.
- Retail Credit
- Collection and Monitoring Activity
- Recovery
- Risk management

Besides this, the activities of Credit Risk Department that are maintained in their working process are given below.

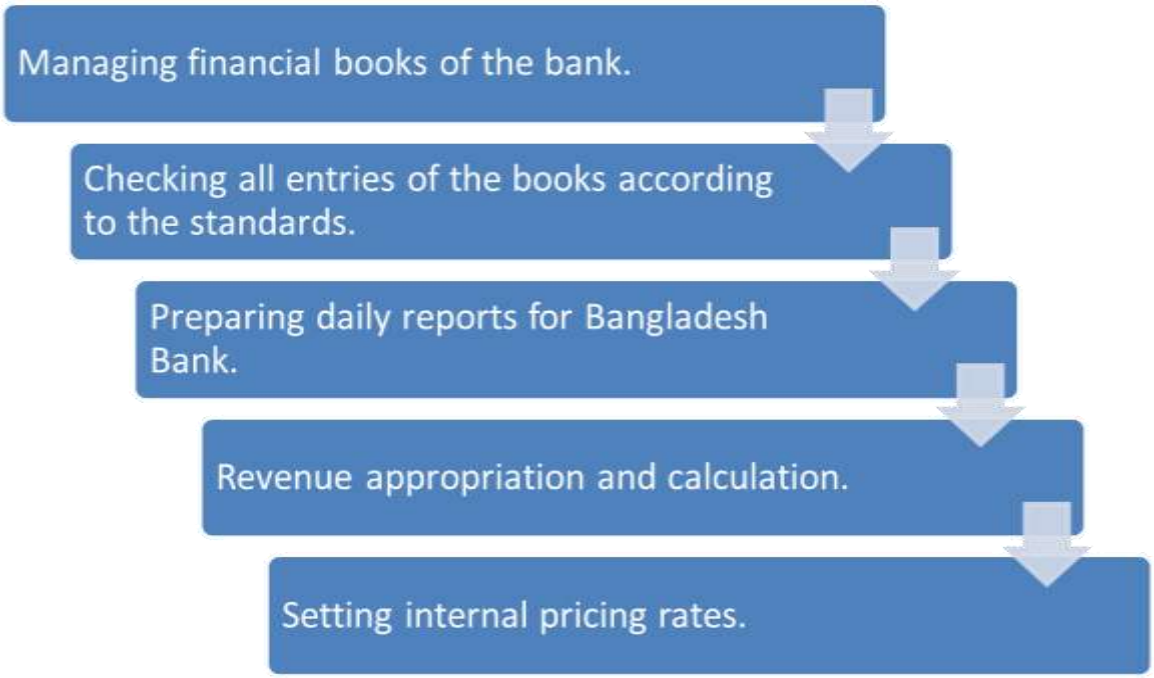


Fig: Activities of Credit Risk Department of DBL

Credit Risk Analysis of DBL

The Dhaka Bank Limited has a term for credit analysis. Credit analysis include credit scoring, it is more commonly used to refer to process that entail human judgment. Credit professionals in banks review the client's balance sheet, income statement, recent trends in its industry, the current economic environment, etc. from this they can also assess the exact nature of an obligation. Based on this analysis, the credit manager assigns the client a credit rating, which can be used for making credit decision.

From the observation of Credit Risk Department's working process, it can be said that the credit risk of DBL arises from the following issues:

a) Financial Risk
b) Business/Industry Risk
c) Management Risk
d) Security Risk
e) Relationship Risk

Each of the above mentioned key risk areas require be evaluating and aggregating to arrive at an overall risk grading measure.

- **Evaluation of Financial Risk:** Financial analysis of leverage, liquidity, profitability and interest coverage ratios will help to analyze the risk that borrower might fail to meet obligation due to financial distress.
- **Evaluation of Business/industry Risk:** Analyzing the business outlook, size of business, industry growth, market completion and barriers to entry or exit to understand the industry situation or unfavorable business condition that might have an impact on borrower's capacity to meet obligation. This capitalizes on the risk of failure due to low market share and poor industry growth.
- **Evaluation of Management Risk:** Due to poor management skill, experience of the management, its succession plan and teamwork might cause the borrower to default.
- **Evaluation of Security Risk:** Risk that the bank might be exposed due to or quality or strength of the security in case of default. This may involve the strength of security and collateral, location of collateral and support.
- **Evaluation of Relationship Risk:** These risk areas cover evaluation of limits utilization, account performance, conditions/covenants compliance by the borrower and deposit relationship.

Credit Rating Report of DBL

Dhaka Bank is managing Credit Risk through a powerful process that enables the bank to manage loan portfolios proactively in order to minimize losses and earn an acceptable level of return for shareholders. Dhaka Bank Limited was rated by Emerging Credit Rating Limited (ECRL) on the basis of audited Financial Statements as on December 31, 2014. The summary of DBL's Rating is presented below:

Status	2016	2017	2018	2019
Long Term	AA-	AA-	AA-	AA
Short Term	ECRL-2	ECRL-2	ECRL-2	ECRL-2
Outlook	Stable	Stable	Stable	Stable

Emerging Credit Rating Limited (ECRL) rated `AA' indicates a very strong ability to repay principal and pay interest on a timely basis, with limited increment risk compared to issues rated in the highest category. Emerging Credit Rating Limited (ECRL) rated

`AA-' in the Long Term are adjudged to have a-very strong capacity to meet their financial commitments, and is generally in a position to withstand adverse developments in the economy, and in business and other external conditions. Emerging Credit Rating Limited rated 'ECRL-2' in the short term are considered to have a strong capacity to meet its financial commitments in a timely manner.

The Outlook "Stable" indicates that a rating is likely to remain unchanged.

Credit Facilities in Dhaka Bank Limited

I have noticed that the CRM department has different types of loan facilities to its borrowers. The credit facilities that are offered by DBL in Credit Risk Department are given below.

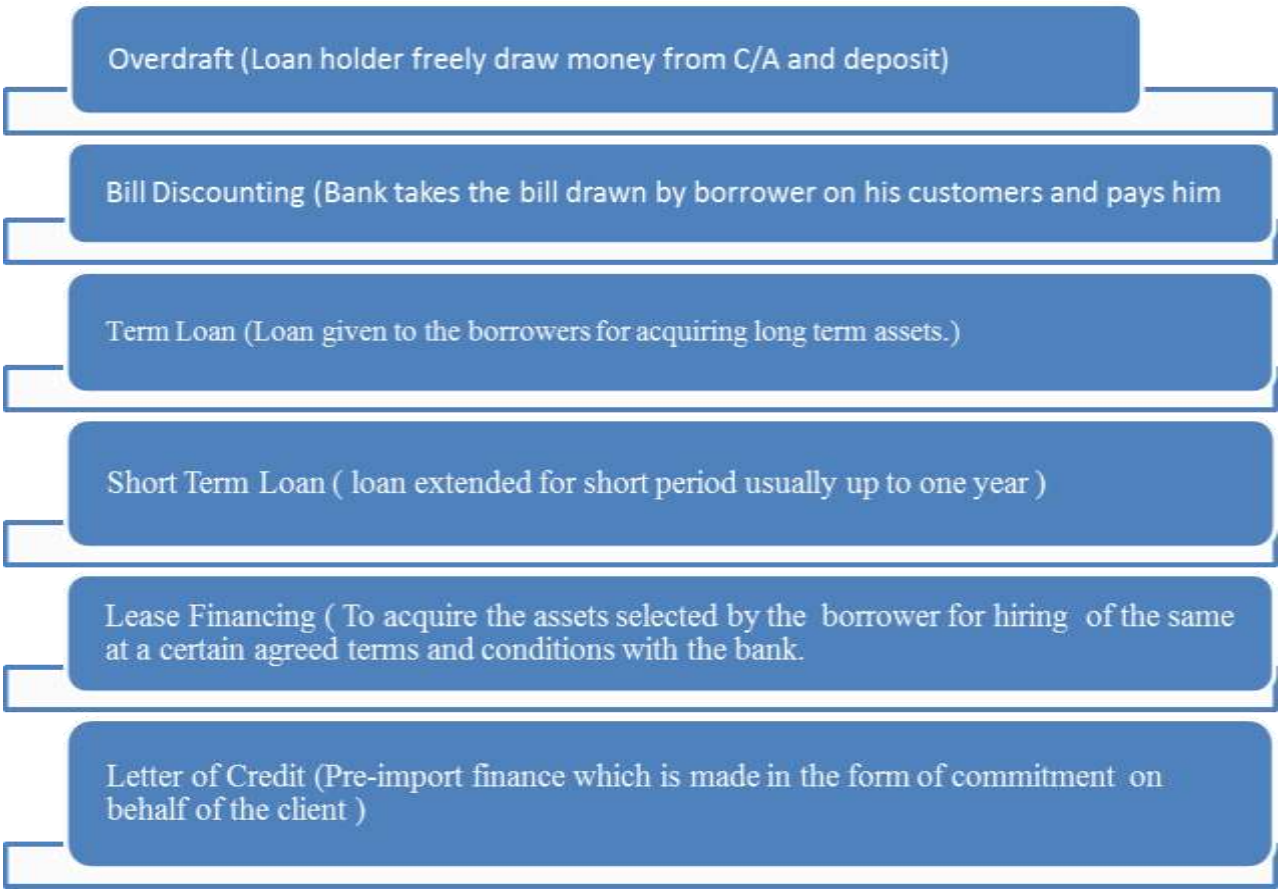


Fig: Different Credit Facilities

There are some other loans that the Credit Risk Department of DBL provides itsborrowers. They are:

1. **Personal Loan:** This type of loan is to provide to its fixed income group and other eligible borrowers. Car loan, marriage loan and loan for household income are fall under personal loan. Depending on the size of the loan, the installments vary from 12 to 48 months.

The person who can apply for the loan:

-Professionals

-Salaries individuals.

Loan Size:

-Minimum Loan Amount: Tk. 25,000

-Maximum Loan Amount: Tk. 5,000,000

2. **Car Loan:** The Credit Risk Department provides car loan mainly for purchasingcars that customers want to purchase.

The person who can apply for the loan:

- Professionals

-Salaries individuals.

Loan Size:

-Minimum Loan Amount: Tk. 500,000

-Maximum Loan Amount: Tk. 2,000,000

3. **Home Loan:** DBL also provide home loan to its borrower by the following situation.

The person who can apply for the loan:

-Professionals

-Salaries individuals.

Loan Size:

-Minimum Loan Amount: Tk. 500,000

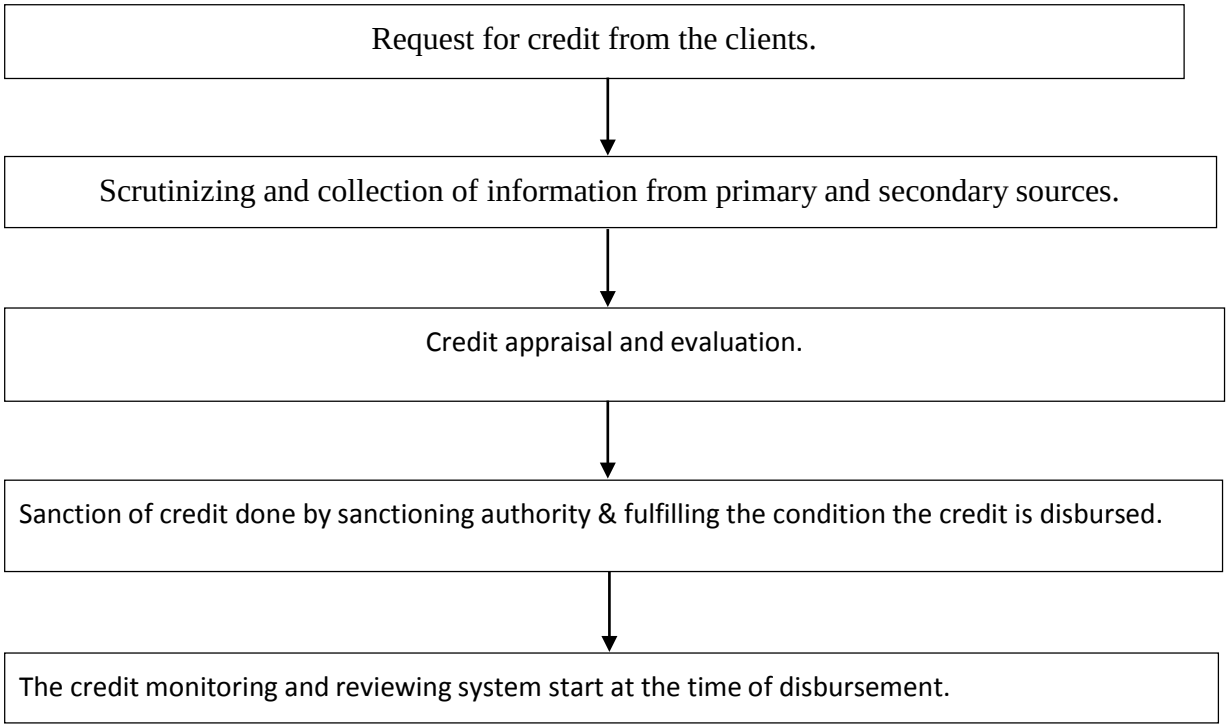
-Maximum Loan Amount: Tk. 7,500,000

Chapter 05

Credit Sanctioning System

There is no hard and fast procedure of managing credit; it should follow the instructions of the Bangladesh Bank, Central Bank of Bangladesh and the Circular of Head Office from, time to time.

The steps that have been followed for proceeding credit are:



Preliminary Screening of a Credit Proposal in DBL

Screening means critical diagnosis of a credit proposal at the very initial stage. At the time of screening of a credit proposal the preliminary screening is done on the following aspects.

- Quality of management and the entrepreneurial background of the sponsors
- Equity strength the own capital positions
- Position of assets & properties
- Line of business, it's future prospects and the existing position of the respective industry
- Required technology, machinery, equipment and their availability
- Location, whether the infrastructural facilities are available
- Potential contribution to the overall economic development of the country
- Security proposed to be given and the genuinely of the title of documents

Analyzing the above matters, it is to be convinced that the credit proposal of DBLsatisfies all the key elements of a lending policy such as:

- Safety of fund
- Security
- Liquidity
- Profitability
- Diversity
- National Interest

Approval of Credit by Higher Authority in DBL

Branch credit committee to be headed by the Branch Manager, other members is selected by the manager in consultation with Head Office of Dhaka Bank Ltd.

a) **Head Office Committee:** Dhaka Bank Limited Head office credit committee works in accordance with authority established and delegated by the Board of Directors. Their functions are as follows:

- Reviewing, analyzing and approving extension of credit in accordance with authority is established and delegated by the Board of Directors.
- Evaluation of the quality of tending staff in the bank & take appropriate steps to improve upon.
- Recommending credit proposal to the Executive Committee Board of Directors which are beyond the delegated authority.
- Ensuring, that all elements of Credit application i.e. Forms, Analysis of statements and other papers have been obtained and are in order.
- Confirming that the transaction is consistent with existing loan policy and Bangladesh Bank guidelines & if not the Committee may prepare a recommendation from an exception to or change in policy for consideration by the Executive Committee Board of Directors.

b) **Executive Committee:** Approving credit facilities as delegated by the Board of Directors. Supervising the implementation of the directives of the Board of Directors. Reviewing of each extension of credit approval by the Head Office Credit Committee/Managing Director. Keeping Board of Directors informed covering all these aspect.

c) **Board of Directors:** Establishing overall policies and procedures for approving and reviewing credits. Delegating authority to approve and review credits. Approvingcredit for which authority is not delegated. Approving all extensions of credit which are contrary to bank's written credit policies

Norms of Credit Sanction in DBL:

Most important step of providing credit facility is the sanctioning of credit. In this step all the documentation is completed and the customer is sent an advice letter for the credit facility along with all the terms and conditions.

Norms maintained in sanctioning of credits are described below:

- Credit will be sanctioned and disbursed strictly in terms of the approved CreditOperating Manual of the Dhaka Bank Ltd. Head Office Circulars issued from time to time.
- All norms informed through the Circulars of Credit Division in particular and all other relevant circulars in general, which are to be followed meticulously while exercising power.
- Credits will be subject of Bangladesh Bank restriction.
- The party to whom credit will be allowed should be as far as possible within the command area
- No Sanctioning Officer can sanction any credit to any of his/her new relations and to any firm/company where his/her relations have financial -interest. Such cases should be sent to the DBL Head Office.
- All Sanctioning Officers maintain a Sanction Register for recording serially all the credits sanctioned by him/her.
- All approval of credit facilities must be conveyed under dual signature. Ideally both the signatories must have the required lending authority. If, however, two lending officers of the required lending are not available, one of the signatories must have the required authority.

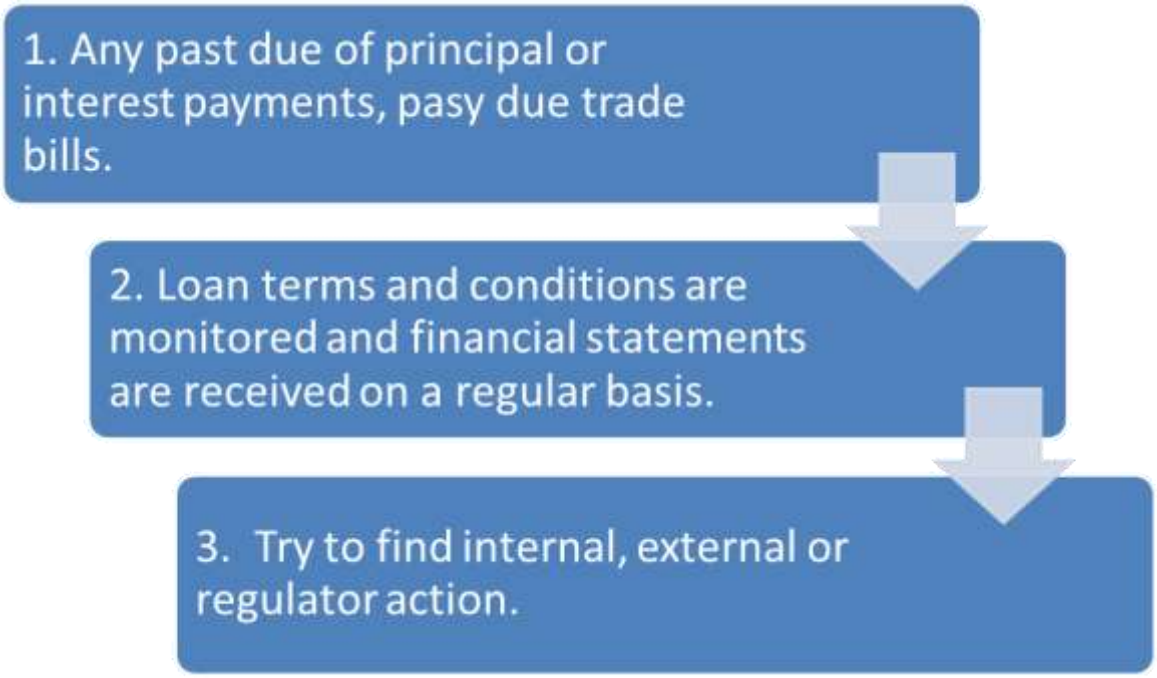
Disbursement Process of Credit in DBL:

Disbursement of credits requires observance of all norms and procedures, which are conveyed through different Circulars of Dhaka Bank Limited Head Office, issued from time to time. The processes of disbursement of Credit in Credit Risk Department are:

- All standard and security documents are prepared in accordance with approval terms.
- Documentation checklist has been prepared.
- Credit administration department has duly authorized the disbursement.
- Disbursement authorization form is documented as an evidence of document.
- A proper of back up of all the documents is maintained in the computer system.
- Exceptions should be referred to legal counsel for advice based on authorization froman appropriate executive in CRM.
- Disbursements under loan facilities are only be made when all security documentation is in place.
- CIB report should include the name of all the lenders with facility, limit & outstanding.

Credit Monitoring Policy in DBL:

To minimize credit losses, DBL tries to maintain credit monitoring process. The process of credit monitoring is given below.



The Credit Administration & File Maintenance of DBL

The credit file for each facility shall contain all information necessary to facilitate ready monitoring of that facility. It should contain a thorough history of file customer relationship to help credit officer to track any problem, assist a newly assigned credit officer in understanding the customer and make the lending process transparent, primary items are given below-

- **Credit application and Credit approval notes/analysis:** Evidence of credit approval and data upon which approval was granted together with any continents,if appropriate.
- **Copy of sanction and loan agreement:** A checklist along with copies of all legal & banking documents obtained/to be obtained. Details and six-monthly updated information of all related facilities to the name customer.
- All supporting data such as financial statements and analysis, references, credit investigation results, CIB & other Banks' reports and notes of all discussions with the borrower and other relevant parties with paper clipping.
- Correspondences, call reports, site visit reports, stock reports etc. Each credit file shall be maintained in a secured location and where access restricted to authorize personnel's only. Copies of the information may be kept where regular access is required.

Pricing of Loan

Pricing of loan is a great important element in banking business. Because through pricing, bank usually create margin/profit so it is determined carefully. In pricing, four` components are needed to create a definite loss for the bank. The components that Dhaka Bank Limited used are given below:

- Interest Expense or Cost of Fund
- Administrative Cost
- Cost of Capital
- Risk Premium

The Reasons behind loans to be defaulted

During my thesis period, I have noticed that sometimes the loans are defaulted. The loan borrowers came and asked for the suggestions why their loans are being defaulted. Then, I asked the employees what are the reasons behind this issue. By asking questions, I found some reasons for which sometimes Credit Risk Department are defaulting borrowers loan.

The reasons are:

- Some borrowers are usually predetermined that he will take loan from bank and will not repay it.
- Borrowers take loan by stating one purpose and then use it for another purpose thus proper investment is not made and loan defaults.
- Borrowers exploit the loan. For example, a borrower of Garments factory took loan to purchase materials but bought an imported car thus exploited the loan.
- If borrower dies unexpectedly and family members does not have the circumstancesto repay the loan then the loan defaults.
- If the ship on which the goods were coming suddenly drowns then default case arises.
- If the product on the basis of which loan was taken looses the market demand then the borrower faces a huge loss in the market and thus becomes unable to make payment.
- Default case arises if there is fire damage to the factory, equipments, warehouse, offices etc.
- Natural disasters such as earthquakes or flood.

Loan Recovery of Dhaka Bank Limited

1. **Special Asset Management and Retail Banking:** SAM deals with Bank' non-performing loans through legal persuasion/procedure and facilitates external and internal recovery forces to maintain Bank's portfolio at risk (PAR) at a steady position. SAM department deals with the legal actions regarding mitigation of bad portfolio under SME & Retail Banking Division.
2. **File Transfer:** Files transfer to SAM from SME when the loan reaches at DPD 180. SAM receives the file from Retail when the loan reaches at DPD 360.
3. **Legal Notice:** SAM-S&R would arrange to serve 1st legal notice for warning the default borrower to adjust the total outstanding and 2nd legal notice would be served after bouncing the cheque or before litigation. 1st legal notice served centrally across the country and 3rd party recovery agencies are working with retail defaulters.
4. **Write-off Management:** Dhaka Bank has a specific Write-off policy developed based on Bangladesh Bank circulars. SAM takes initiative to write-off bad portfolios as per policy if following criteria satisfied,

- Classification status will be Bad/Loss (BL)
- 100% provided
- Litigated (under any kind of Law of the land)

5. **Case Withdraw:** SAM withdraw the case when a litigated defaulter adjusts outstanding amount in full with updated interest, legal costs and other expenses if any, and/or upon amicable settlement SAM withdraws the case against such defaulters on receipt of clearance certificate from Operations.
6. **External 3rd Party Agency Management:** SAM hands over the files to 3rd party recovery agency after one month of issuance of 1st legal notice. Only the retail loan files, which are delinquent, are handed over to outsource. SAM takeover the files from 3rd party recovery agency after 90 days.

Business department is split up from the Corporate CRM to maintain and ensure appropriate recovery strategies are implemented as per policy guideline. The department functions under three major areas which are as follows:

- Credit Inspection through File and Field level area
- Early Alert Account
- Legal Procedure

7. **Non Performing Loans Account Monitoring:** Nonperforming loans (NPLs) refer to those financial assets from which banks no longer receive interest and installment paymentsas scheduled. As the account is handed over to SAM, the account is assigned to an account manager within SAM, who will review all documentation, meet the customer with RM and prepare a Classified Loan Review (CLR) report. The CLR must be approved by the Chief Credit Officer and copied to the Head of Corporate Banking.

Corrective Measures Not To Default Loan

- Legal review of documents & situation.
- Workout strategy & action.
- Stay or leave decision & reclassification
- Continuous visits to the client (Defaulter).
- Negotiation versus court action.
- Obtain support- senior management, legal counsel and specialist; legal, business, and government.

Diversification of Credit of DBL:

As per Bangladesh Bank rule on credit, Dhaka Bank can extend 80% of its deposits. Dhaka Bank extends credit in four sectors which are organized under a board sector:

- Agriculture Loan
- Commercial Lending
- Export Financing
- Consumer Credit Scheme
- Small and Medium Enterprise
- Staff Loan
- Others

The last four years (2016, 2017, 2018 and 2019) loan amount in different sectors are given below.

Loan	2016	2017	2018	2019
Agriculture Loan	545,749,021	1,694,224,767	794,199,999	568,067,536
Commercial Lending	73,548,157,735	62,021,821,819	65,949,793,278	59,588,243,925
Export Financing	8,108,727,876	7,224,769,131	1,571,599,470	2,202,046,310
Consumer Credit Scheme	1,367,751,687	1,306,557,535	1,466,864,436	2,115,806,088
Small and Medium Enterprise	12,218,670,366	10,648,851,988	8,790,565,184	4,770,133,267
Staff Loan	684,472,899	714,351,851	555,090,364	549,802,689
Others	21,193,296,896	19,369,684,887	20,323,214,719	20,238,129,911

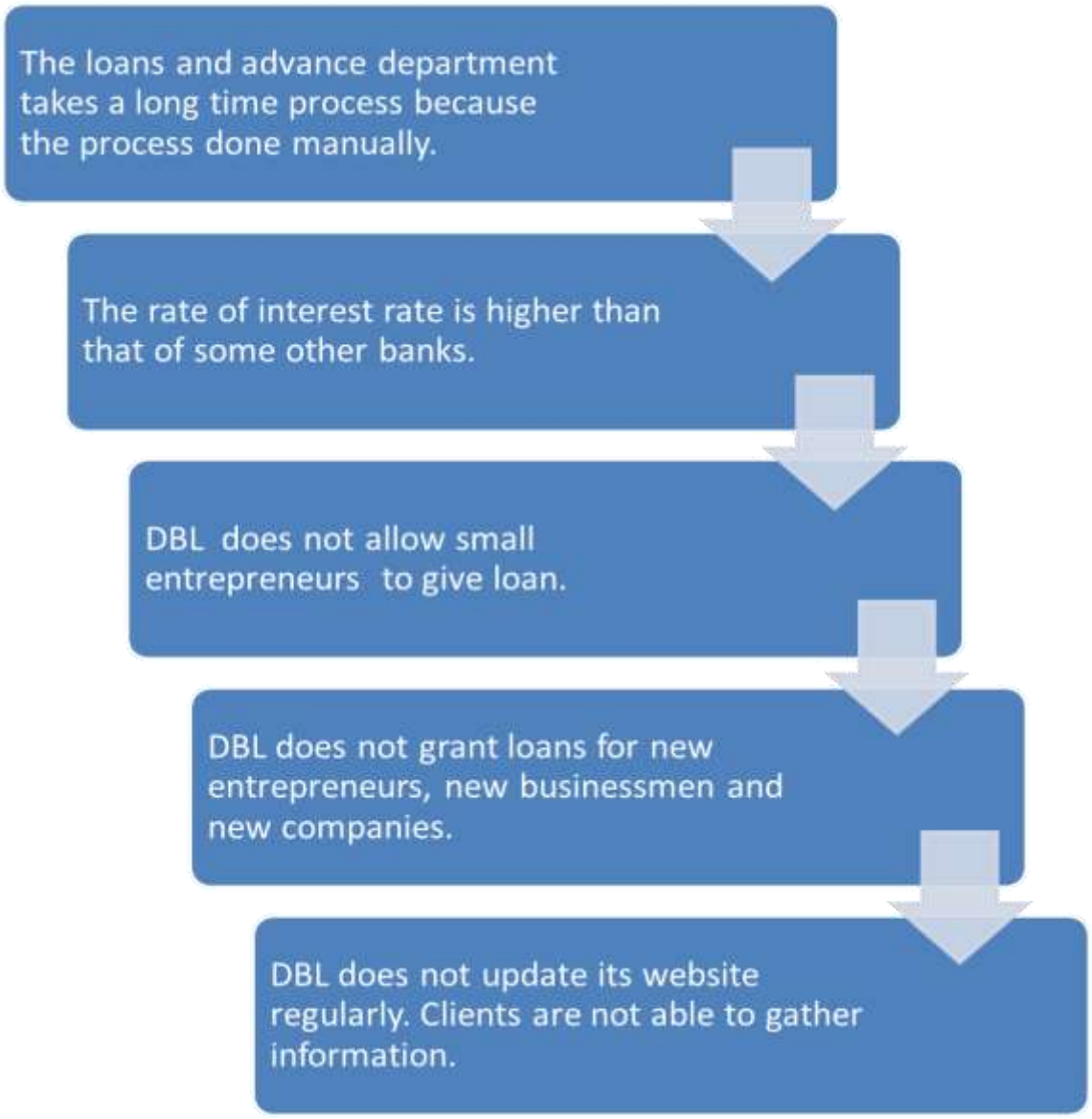
Name	2016-17	2017-18	2018-19			
Agriculture Loan	40%	113%	-68%			
Commercial Lending	11%	-6%	19%			
Export Financing	-29%	360%	12%			
Consumer Credit Scheme	-31%	-11%	5%			
Small and Medium Enterprise	84%	21%	15%			
Staff Loan	1%	29%	-4%			
Others	0%	-5%	9%			

Chapter 06

Finding, Recommendations & conclusion

Findings of Credit Risk Department

Though I started my thesis program in HR Division but I got the chance to work in the Credit Risk Department for two weeks. During my thesis period, I found some lacking in Credit Risk Department of DBL. They are given below.



Moreover, there are some other issues for which Credit Risk Department of DhakaBank Limited are lagging behind compare to the other banks. The other reasons are:

1. Installment period and installment time duration is relatively low. For this reason, sometimes the borrower cannot utilize their debt facility properly for profit maximization.
2. Not enough innovative products have been used in Credit Risk Department.
3. Online banking facilities, ATM services and mobile banking facility are notavailable.
4. Maximum amount of loans are provided in the long term industrial loansector.
5. The loan and advance activities of Credit Risk Department of DBL are not appropriate enough to survive in the market.

Recommendations

DBL is one of the well known banks in our country. From my little knowledge itis quite hard to give recommendation to such a well established bank. But from my learning and observation, I am giving some recommendations. The recommendations are given below.

6. The procedure of loan sanctioning should be automated to make sanctioning of loan less time consuming and reducing the risk of losing documents of disbursed loans.
7. To create better client the bank should decrease the rate of interest ondifferent sector such as: Small business loan.
8. The bank should provide student loan and also increase the amount of personal loan.
9. The credit risk management (CRM) employees should be given training for better evaluation of all loan applications in a structured and scientific way and select only those applications, which has a sound creditworthiness and repayment capability.
10. The CRM should be strict to see that all the procedures of loan evaluation and monitoring are followed before giving any new loans.
11. If the client fails to make timely repayment, pressure should be created on him to make the payment urgently and no further credit should be allowed to him unless he pays back the previous dues.
12. Installment period and installment time duration should be increased so that the borrower can utilize their debt facility properly for profit maximization.
13. The bank should provide more loans of small scale in different sectors though it will decrease the profit a little.
14. Strong promotional activities should be increased to motivate its present potential loans related clients. More loans can be granted for new entrepreneurs, new companies.
15. The procedure of credit sanctioning should be automated to make sanctioning of loan less time consuming and reducing the risk of losing documents of disbursed loans.

16. The bank should decrease the rate of interest on different sector to create better client.
17. Develop more customized parameters for credit approval process under the general guideline of BB to increase its market.

Conclusion

Credit policy is a very convenient banking tool for the business world. The value of this service is immense. It has gathered such a position in the banking sectors that people at developed and also developing counties are very much depended on this service. The study of the report refers to the fact that people are aware of loan facilities in our country but they are not fully aware of the services or features of the loan process and its rules and regulations especially in case of individual or consumer loans. From the study it seems that Dhaka Bank focuses on the corporate sectors for the credit facility. But in case of consumer loans there are lots of restrictions created by the DBL.

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

Credit department diversified their loans in different sectors classified by them. Among the sectors they don't provide little loans in the agricultural side. The reason they showed is that this sector is very risky and depends on natural climate and so they reduce to expand loan in agricultural sector. They provide lower loan in the micro level & cottage industry. The reason is that the return from this sector is not very good and also the sector is very uncertain. They provide most of the credit facility in term loan mainly in long- term loans. Return from short-term loan is very good and also proves to be very safe to finance.

So, from the report and also from my short experience it seems that the credit management and performance of Dhaka Bank is quite good and acceptable though it is a second-generation bank and established in 1995. There credit approval and monitoring process and its performance increased very rapidly and still trying their best to improve more and more. So, within a very short period they earned the respect and acceptance from the customers and now it is one of the leading private commercial bank of the country.

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List of Abbreviations:

DBL	**Dhaka Bank Limited**
BB	**Bangladesh Bank**
CIB	**Credit Information Bureau**
SAM	**Special Asset Management**
SME	**Small and Medium Enterprise**
CRM	**Credit Risk Management**
MD	**Managing Director**
DMD	**Deputy Managing Director**
C/A	**Current Account**
ATM	**Automated Teller Machine**
CRG	**Credit Risk Grading**
HR	**Human Resource**
CSR	**Corporate Social Responsibility**