

AN APPRAISAL OF DHAKA BANK LIMITED

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INTERNSHIP REPORT

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MOHAKHALI, DHAKA – 1212

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Subject: Submission of Internship Report.

Sir

Thank you to assign me to prepare a report on “AN APPRAISAL OF DHAKA BANK LIMITED” which is a part of Internship Program. I tried my level best to make the report authentic and worth reading.

I get more knowledge about banking sector practically while doing internship. I will be pleased further clarification on this report whenever necessary.

Thank you.


Sincerely

Md. Shamsuddin Badrul
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Acknowledgement

I would like to express my gratitude to my course instructor Dr. Tanbir Ahmed Chowdhury, Associate Professor of Finance. His advice helped me a lot to prepare a complete report and he never hesitate to give me his valuable time while preparing the report whenever I needed.

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Executive Summary

Bank is a financial intermediary accepting deposits and granting loans. Banks offer a widest menu of services of any financial institution. 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. 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. 531.07 million as on 31 December 2003. The total equity (capital and reserves) of the Bank as on 31 December 2003 stood at Taka 1209.97 million including the sponsor's capital of Tk. 338.58 million. Service provided by Dhaka Bank Limited are - Corporate Banking, Personal Banking, International Trade and Foreign Exchange, Lease Finance, and Capital Market Service. Dhaka Bank Limited offers its customers five different types of deposit accounts, they are – Current Account, Saving Account, Short Term Deposit Account, Fixed Deposit Account, and Excel Account. Dhaka Bank Limited offers E – cash ATM card with all of their deposit accounts. To get ATM card they have to apply separately while opening an account. They have a joint venture with E – cash and they offer this card with help of them.

The credits facilities offered by Dhaka Bank Limited are Over Draft, Cash Credit (Hypo), Cash Credit (Pledge), Payments Against Documents, Loan Against Trust Receipt, Foreign Document Bill Purchase, and Bank Guarantee. After completing all the necessary steps for sanctioning loans bank will create a loan account by the name of the party and deposit the money to that account. Dhaka Bank offers Lease Financing for acquiring of capital machineries, equipments and other items. The scheme is flexible and can provide full funding for a business venture. Personal loan offers installment loan. Immediate need cash to purchase of consumer durables, house renovation, travel; Dhaka Bank Limited's personal loan provide the great opportunity to fulfill these needs. It's been a long and cherished desire to have a car of your own choice. The Dhaka Bank "Car Loan" program will fulfill your dreams. Dhaka Bank Limited brings you "Your Everyday Credit Card" in the shortest possible time.

International Trade forms the major business activity undertaken by Dhaka Bank Ltd. The Bank with its worldwide network of correspondents and close relationships with key financial institutions provides an extensive trade services network to handle your transactions efficiently. When you travel abroad for business, holiday or any other purpose you can obtain your foreign currency and travelers cheques permissible under Government regulation without any hassle from their branches. Dhaka Bank Phone Banking service allows you to conduct a variety of transactions by simply making a phone call from anywhere. You can enquire about the balance in your account, check transaction details or request for your account statement by fax or mail. Convenience is the key feature of our Personal Banking programmed. Recognizing the need of their customers they have recently networked all our branches in Dhaka, Narayanganj, Chittagong and Sylhet to permit our 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 Banking service.

Dhaka Bank Limited opened its first Islamic Banking Branch on July 02, 2003 at Motijheel Commercial Area, Dhaka. The Islamic banking operations are completely separate from that of the conventional banking. The bank is maintaining a separate set of accounts for Islamic Banking Branch, which is completely different from conventional banking to conform to the standard by adopted by Financial Accounting and Auditing organization for Islamic Financial Institutions. The capital Adequacy ratio is 10.88% as on December 31,2003, which exceeds the stipulated requirement for banks in Bangladesh. The core capital ratio is 9.85% against the standard of 4.50 % and supplementary Capital 1.03%. The reserved fund increase to Tk 678.90 million in 2003 registering a growth of 31.54% than last year. Bank has also made 1%general provision of Tk 125.13 million against the unclassified loan and advance, which will be treated as supplementary capital. In the year 2003 the net income (after tax) is 269.01 million, which show an upward slop of net income.

In the present competitive world of banking sector every bank has to innovative in order to survive. Because this sector is highly customer oriented, and customers test changes every now and then. Dhaka Bank has continued its efforts in creating highly motivated outstanding group of professionals though organizing extensive training programs in banking operations, international trade, risk management, etc.

Chapter 01

Introduction

1. Introduction:

In our four years BBA program in EAST WEST UNIVERSITY, BANGLADESH it is mandatory for students of Business Administration to do either BUS – 498, “Project Work” or BUS – 499, “Internship” to complete BBA. I chose internship program to complete my BBA program. Internship means doing work with any organization for a particular period of time to gather some practical knowledge about business world. I did my Internship under the supervision of DR. TANBIR AHMED CHOWDHURY. At the beginning of Fall 2004 semester I get internship in Dhaka Bank Limited. After working there I acquired practical knowledge about business world and the work performed in a bank. Internship program help a business student in many ways, it gives some working experience, some knowledge about that organizations working policy, improve communication skills because in organization he/she have to communicate with lots of people, improve punctuality etc.

Bank is a financial intermediary accepting deposits and granting loans. Banks offer a widest menu of services of any financial institution. Banks are among the most important financial institutions in the economy. They are the principal source of credit and they take deposit from people. The leading private sector banks 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. 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. 531.07 million as on 31 December 2003. The total equity (capital and reserves) of the Bank as on 31 December 2003 stood at Taka 1209.97 million including the sponsor's capital of Tk. 338.58 million. The Bank has 22 branches across the country and a wide network of correspondents all over the world. In their 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.

1.1. Origin of the Report:

As a requirement of BBA program of East West University, I have to complete Internship course and this report is a part of this course. My Internship report is “An Appraisal of Dhaka Bank Limited”.

1.2. Objective of the Report:

- i. To Present an Overview of Dhaka Bank Limited.
- ii. To Appraise the Principal Activity of Dhaka Bank Limited.
- iii. To Appraise the Financial Performance of Dhaka Bank Limited.
- iv. To Identify the Problems of Dhaka Bank Limited.
- v. To Suggest Policy Implication for Dhaka Bank Limited.

1.3. Methodology:

The report has been written on the basis of information collected from primary as well as secondary sources. The primary information has been collected from personal observation, discussion with employees, experts’ opinions and comments, and work in different sector. The secondary data has been collected from Dhaka Bank annual reports, websites, and manual and publications.

1.4. Scope of the Report:

This report provides the banking services offered by the Dhaka Bank Limited. This report also contains the Dhaka Bank Limited’s organizational overview, background, mission, vision, goals, growth and prospects etc.

1.5. Limitation of the Report:

This report is “An Appraisal of Dhaka Bank Limited”. But there are some lacks of information due to some limitations. To appraise a big organization like Dhaka Bank Limited three months time is very short. Bankers spend very busy time during office hours and it is very difficult for them to find time for me to give briefs about banking norms. But they have given me practical ideas whenever they get free time. I am not avail to collect all my required data because load of work place was the barrier to collect sufficient data and overall data are available only in Head Office.

With all these limitations I tried my best to make this report authentic and worth reading.

Chapter 02



Bank Overview

2.1. Bank:

Bank is a financial intermediary accepting deposits and granting loans. Banks offer a widest menu of services of any financial institution. Banks are among the most important financial institutions in the economy. They are the principal source of credit and they take deposit from people. They do transaction on behalf of people and give people safety in transacting their money. Banks perform an intermediation role between surplus units and deficit units because they take deposit from surplus units and make them available for deficit units by providing them loans. They also carry the payments for goods and services on behalf of their customers. Banks perform many important roles for economy, so bank is a very important financial institution in every economy.

2.2. History of Bank:

The science of language and the study of the origin of words suggest an interesting story about banking's origins. Both the Old French word **banque** and the Italian word **banca** were used centuries ago to mean a **bench** or **moneychanger's table**. This describes quite well what historians have observed concerning the first bankers, who lived more than 2000 years ago. The first bankers probably used their own capital to fund their activities, but it was not long before the idea of attracting deposits and securing temporary loans from wealthy customers become an important source of bank funding. Most of the early banks of any size were Greek in origin. The banking industry gradually spread outward from the classical civilizations of Greece and Rome into northern and western Europe. The development of new overland trade routes and improvements in navigation in the 15th, 16th and 17th centuries gradually shifted the center of world commerce from the Mediterranean region toward Europe and the British Isles, where banking become a leading industry. The adoption of mass production methods required a corresponding expansion in global trade to absorb industrial output, requiring new methods for making payments and credit available. Banks that could deliver on these needs grew rapidly. To solve times requirements at that time bank develop. 19th century began, however, state governments in the United States began chartering banking companies. The Federal government becomes a major force in U.S. banking during the Civil War. The Office of the Comptroller Of the Currency (OCC) was established in 1864, created by Congress to charter national

banks. This divided bank regulatory system, with both federal government and the states playing key roles in the control and supervision of banking activity.

2.3. History of Banking:

The early bank in Europe were places for safekeeping of valuable items such as gold and silver bullion, as people came to fear loss of their assets due to war, theft, or expropriation by government. Merchants shipping goods across the sea found it safer to place the gold silver and they were paid at the nearest bank rather than risking its loss to pirates or to storms at sea. Then banks offer services such as carrying out currency exchanges, discounting commercial notes and making business loans, offering savings deposits, safekeeping of valuables and certification of value, supporting government activities with credit, offering checking accounts and offering trust services.

2.4. Services Banks have Develop More Recently:

- Granting customer loans,
- Financial advice,
- Cash management,
- Offering equipment leasing,
- Making venture capital loans,
- Selling insurance service,
- Selling retirement plans,
- Dealing in securities,
- Offering mutual funds and annuities, and
- Offering merchant banking services.

2.5. DHAKA BANK LIMITED:

The leading private sector banks 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. 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 channelise consumer investments in a profitable manner. A group of highly acclaimed businessmen of the country grouped together to responded to this need and established Dhaka Bank Limited in the year 1995. The Bank was incorporated as a public limited company under the Companies Act. 1994. The Bank started its commercial operation on July 05, 1995 with an authorized capital of Tk. 1,000 million and paid up capital of Tk. 100 million. The paid up capital of the Bank stood at Tk. 531.07 million as on 31 December 2003. The total equity (capital and reserves) of the Bank as on 31 December 2003 stood at Taka 1209.97 million including the sponsor's capital of Tk. 338.58 million.

The Bank has 22 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 their 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 investments.

2.6. Mission of Dhaka Bank Limited:

To be the prime financial institution in the country providing the high quality products and services backed by largest technology and team of highly motivated personnel to deliver Excellence in Banking.

2.7. Vision of Dhaka Bank Limited:

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

Dhaka Bank's people, products and processes are aligned to meet the demand of their discerning customers. Their goal is to achieve a distinction like the luminaries in the sky. Their prime objective is to deliver a quality that demonstrates a true reflection of their vision- Excellence in Banking.

2.8. Dhaka Bank Limited On A Shining Path:

2003, yet another year of sound and solid performance from Dhaka Bank. During the year Dhaka Bank's quest for excellence in banking took it to newer heights of success. Like the previous years accuracy, reliability, timely delivery, cutting edge technology, tailored solutions for business needs, global reach in trade and commerce and high yield on investment remained the hallmarks of Dhaka Bank's services.

Today a shining path to a even brighter future beckons us. And into that future we shall carry forth our proud tradition of Excellence in Banking.

2.9. Values of Dhaka Bank Limited:

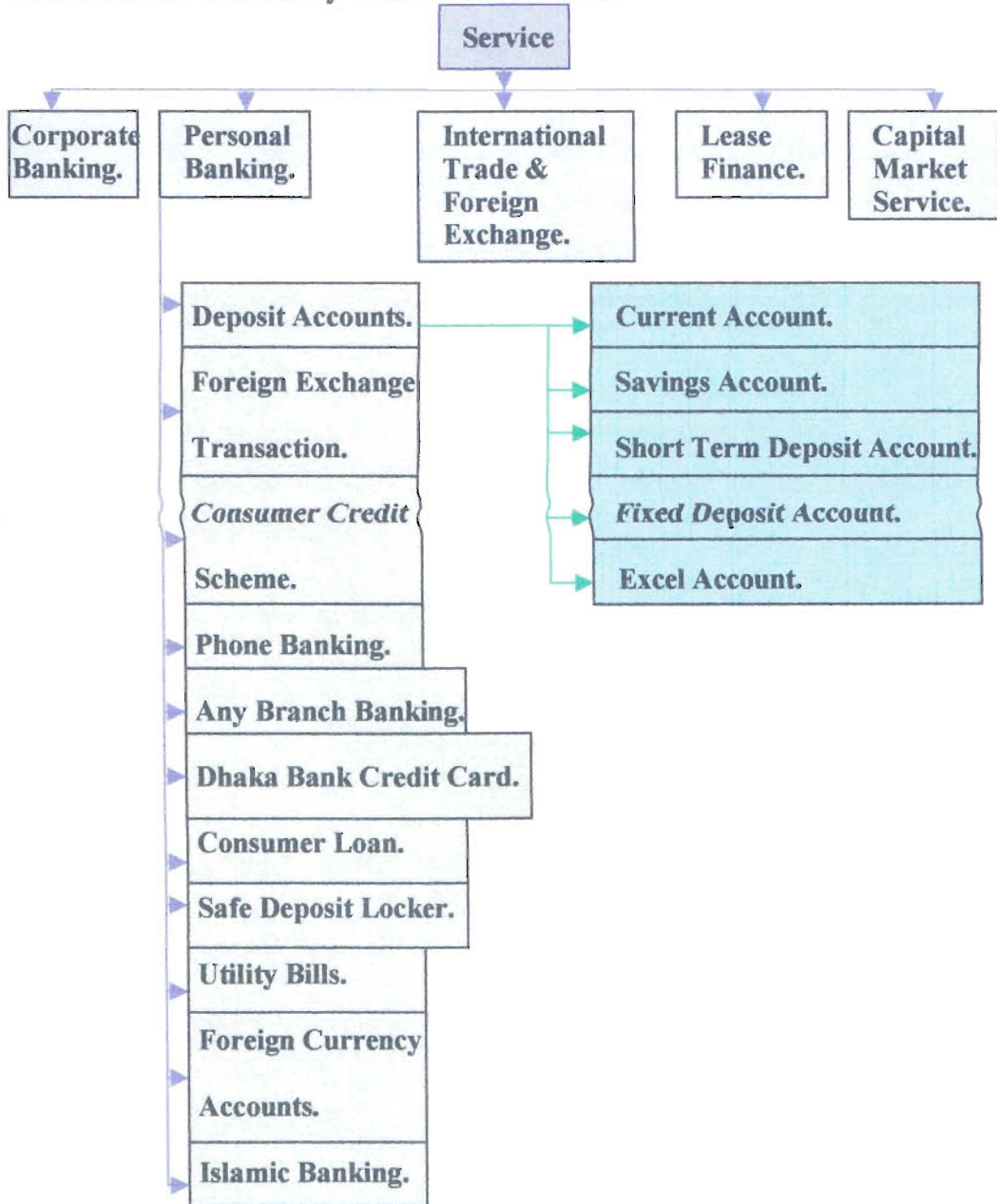
- ◆ Customer Focus.
- ◆ Integrity.
- ◆ Teamwork.
- ◆ Respect for the Individual.
- ◆ Quality. And
- ◆ Responsive Citizenship.

2.10. Dhaka Bank Limited' Philosophy:

The philosophy of the bank is "Excellence in Banking." Whether in personal, corporate, a treasury or trade transaction Dhaka Bank Limited is committed to provide the best. Meeting the demand of the bank's discerning customers is not the sole objective. The Bank endeavor to deliver a quality that makes every transaction a

pleasurable experience. Dhaka Bank feels that, if they can meet maximum clientele requirements in less time with efficiency, then they will be able to accomplish a successful business in the world of banking. Their main objective is – they want to provide every single customer service available in today’s banking procedure for their clientele. Thus they can guarantee the excellence in banking to their valuable customers.

2.11. Services Provided By Dhaka Bank Limited:



2.12. Corporate Banking:

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

Dhaka Bank offers a full range of tailored advisory, financing and operational services to its corporate client groups combining trade, treasury, investment and transactional banking activities in one package. Whether it is project finance, term loan, import or export deal, a working capital requirement or a forward cover for a foreign currency transaction, their Corporate Banking Managers will offer corporations the right solution. Corporation will find top-class skills and in-depth knowledge of market trends in their corporate Banking specialists, speedy approvals and efficient processing fully satisfying corporation's requirements - altogether a rewarding experience.

Dhaka Bank has experiences in handling Corporate Banking business cover a wide span of businesses and industries. Corporation can leverage on their expertise in the following sectors particularly:

- Telecom, Media and Technology
- Textile, Ready Made Garments
- Edible Oil, Consumer and Diversified Industries
- Shipping, Ship Breaking, Steel and Engineering
- Energy, Chemicals and Pharmaceuticals
- Cement and Construction
- Financial Institutions

2.13. Personal Banking:

Under personal banking Dhaka Bank Limited provide following services:

2.13.A. Deposit Account:

Dhaka Bank Limited offers its customers five different types of deposit accounts, they are:

- Current Account:
- Savings Account:
- Short Term Deposit Account:
- Fixed Deposit Account:
- Excel Account:

2.13.B. Foreign Exchange Transaction:

Foreign exchange for travel, medical treatment, education abroad, etc.

When traveler travels abroad for business, holiday or any other purpose he/she can obtain his/her foreign currency and travelers cheques permissible under Government regulation without any hassle from their branches. Please note that issuance of foreign exchange requires submission of some documents.

2.13.C. Consumer Credit Scheme:

Higher Purchase Scheme has been introduced for individuals with regular monthly income to facilitate purchase of household items including computers, VCD, Cassette Players or even a car of your dream with minimum equity participation. Borrower can choose repayment schedule from the options ranging from 12 months to 48 months depending on his/her convenience and budget. The loan under the scheme is to be repaid by monthly installments.

2.13.D. Phone Banking:

Dhaka Bank Phone Banking service allows accountholder to conduct a variety of transactions by simply making a phone call from anywhere. Accountholder can enquire about the balance in his/her account, check transaction details or request for accountholder's account statement by fax or mail.

2.13.E. Any Branch Banking:

Convenience is the key feature of Dhaka Bank's Personal Banking program. Their aim is to provide every customer easy access to his/her account from any branch and ultimately from anywhere.

2.13.F. Dhaka Bank Credit Card:

Dhaka Bank Limited brings you *Your Everyday Credit Card* in the shortest possible time. They recognize that customer needs his/her card every day. That is why they have developed processes to guarantee delivery of customer's card in just 7 days when applicant apply for a fully secured card.

2.13.G. Safe Deposit Lockers:

You could use the locker facility of Dhaka Bank Limited and thus have the option of covering your valuables against any unfortunate incident.

2.13.H. Foreign Currency Account:

Most branches of Dhaka Bank Limited have Authorized Dealers license to deal in transactions in foreign currency and open private foreign currency accounts. Current or Fixed Term accounts in US Dollar or Pound Sterling.

2.13.I. Islamic Banking:

Dhaka Bank's Islamic banking branch introducing a system which is being practiced successfully in the developed Muslim and non-Muslim nations. He reckoned the initiative as a step forward in providing a complete array of financial services through both conventional and Islamic banking systems across all segments of customers.

2.14. International Trade and Foreign Exchange:

International Trade forms the major business activity undertaken by Dhaka Bank Ltd. The Bank with its worldwide network of correspondents and close relationships with key financial institutions provides an extensive trade services network to handle your transactions efficiently.

2.15. Lease Financing:

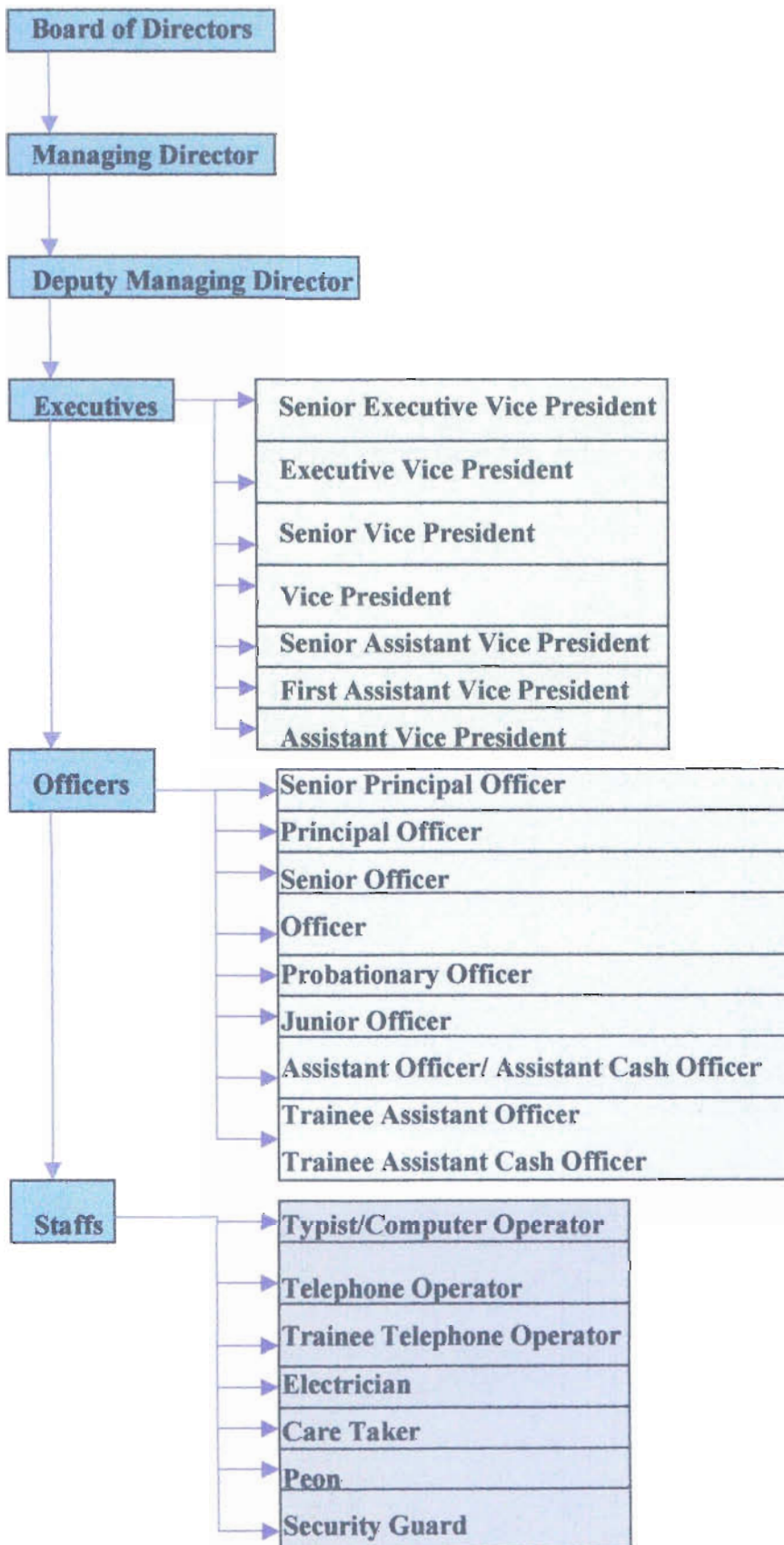
Dhaka Bank offers Lease Financing for acquiring of capital machineries, equipments and other items. The scheme is flexible and can provide full funding for a business venture. Their Lease Financing scheme is simple, convenient and is backed by prompt service from a team of dedicated personnel. On the other hand, rental payable under lease financing is treated as revenue expenditure, which, as such, is deductible for tax purposes.

2.16. Capital Market Services:

Dhaka Bank Limited has a significant presence in the country's capital market operations. A specialized unit of the Bank, the 'Investment Division', deals in the sale and purchase of shares in the stock market and manages the Bank's own portfolio.

Dhaka Bank Limited is a member of the two leading bourses of the country - Dhaka Stock Exchange and Chittagong Stock Exchange. The Bank actively participates in the screen-based On-Line Trading of both the Stock Exchanges to purchase and sell shares and debentures on behalf of its clients. Investment Division offers clients the latest updates on the stock prices and trading of stocks. The facility may be availed by maintaining an account with the Investment Division. A minimum balance is required to be maintained in the account whilst a Commission is charged for undertaking the trade deals.

2.17. Organizational Structure of Dhaka Bank Limited:

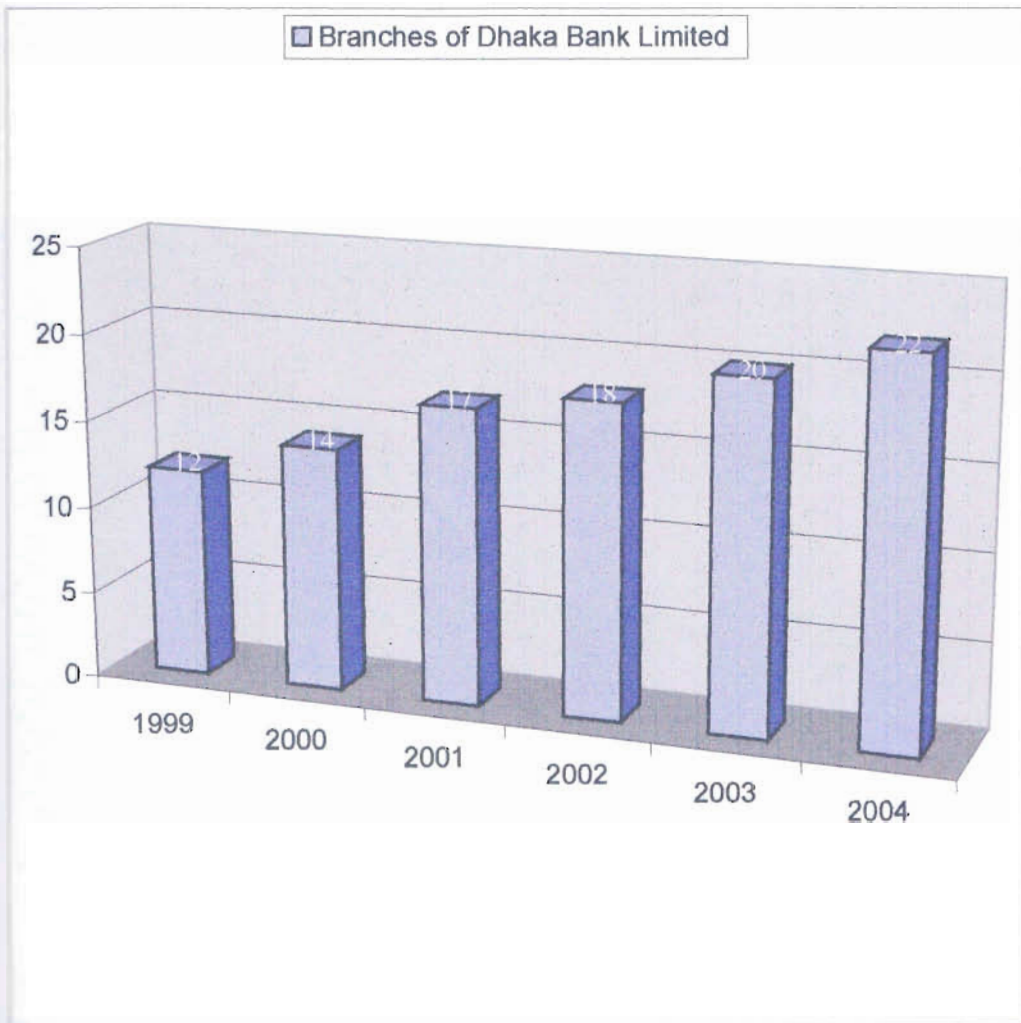


2.18. Branches of Dhaka Bank Limited:

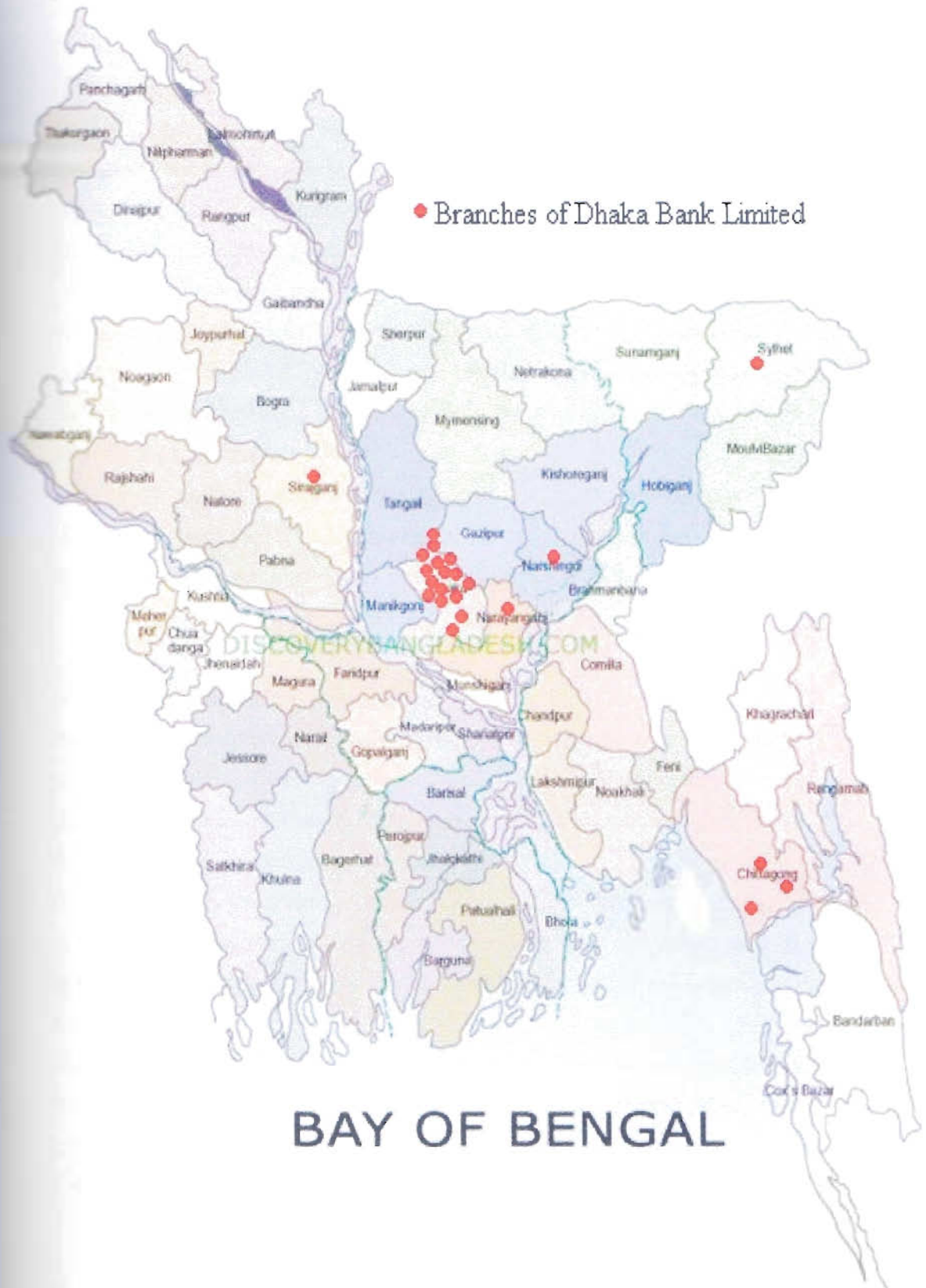
Dhaka Bank Limited wanted to provide their customer better service and they try to provide service in the door of their customer. That's why every year with the expansion of business they increase the number of their brunches. Dhaka Bank opens their new branches in the place where the customer most need it. In this way at present Dhaka Bank Limited have twenty-two (22) branches all over Bangladesh.

Chart No: 01

Branch expansion of Dhaka Bank Limited for last six years:



Branches of Dhaka Bank Limited:



2.19. Technology of Dhaka Bank Limited:

Dhaka Bank is set to shift to world class banking software – Flexcube developed by iFlex an Indian software development organization and enters into the platform of the state-of-the-art technology recognizing that in the age of technological advancement, the bank must attain highest level of efficiency to secure unqualified customer satisfaction. Installation of this world class banking software will enable us to expand and diversify the delivery channels, introduce new products and services covering e-commerce and internet banking.

In the meantime, all branches of Dhaka Bank Limited have been networked to provide customer any branch banking; 24 hours banking services through E – Cash ATM Network and Tele Banking service from selected branches have also been introduced for service convenience.

Dhaka Bank Limited plans for leapfrogging from the legacy system to the modern era of computing will provide customers with higher levels of service, automate manual processes, manage risks better and achieve operating efficiency.

2.20. Environmental Management Policy:

Sustainable economical, ecological and social development of the surroundings is a key element of the bank business decisions. The Bank promotes sustainable development to meet the needs of the present without compromising the ability of the future generations to meet their own needs.

The Bank's environmental management policy stipulates adherence with environmental health and safe regulations to meet their own needs, assessing and mitigating risks concerning environment, health and safety issues in business that the bank undertake.

The policies with regard to safety, health and environment management are being observed in our leading decision several measure have also been introduce within the bank ranging from declaring all Dhaka Bank branches and offices as smoking free zones.

Chapter 03

An Appraisal of the Principal Activities of Dhaka Bank Limited

3. An Appraisal of the Principal Activities of Dhaka Bank Limited:

The motto of Dhaka Bank Limited is Excellence in Banking and they try to give their customers highest level of satisfaction. That's why they provide all most all services available in banking industry. Dhaka Bank Limited provides deposits accounts, consumer credit scheme, foreign exchange transaction, consumer loan, islamic banking etc services. Here some of the principal activities of Dhaka Bank Limited are discussed.

3.1. Management of Dhaka Bank Limited:

The bank attaches highest importance to the management of risks. In this regard, during the year under review, the bank has recognized the Treasury Department segregating the Front Office and Back Office, the other business units to segregate processing operatives from sales and marketing. Additionally, risk reviews by credit Committee, Management committee, Assets and Liabilities Committee (ALCO) and an audit Committee of the Board has been introduced. Steps have also been taken to monitor business performance and risk parameters through various MIS reports. Furthermore, the Bank has implemented Management of five-core risk recommended by Bangladesh Bank, which are Foreign Exchange Risk Management, Asset – Liability management, Prevention of Money Laundering, Credit Risk Management, and Internal Control and Compliance.

3.2. Deposit Skims of Dhaka Bank Limited:

Dhaka Bank Limited offers its customers five different types of deposit accounts, they are:

3.2.A. Current Account:

Depositor can enjoy maximum flexibility and convenience when depositor open a Current account with Dhaka Bank Limited. This account offers depositor:

- ✦ Any number of transactions a day.
- ✦ No minimum balance fee.
- ✦ Statement of account at depositor desired frequency.
- ✦ Free chequebook.
- ✦ Any branch banking facility.
- ✦ Phone banking.
- ✦ Statement by Fax on demand.
- ✦ E-Cash 24 Hour banking.

Any person, corporation, company, institution, club, society can open this account. No interest paid on this account. They charge yearly Tk 200 as their service charge. Client can withdrawal any amount of fund as many time they want in a day with in banking hours.

3.2.B. Savings Account:

Any person, institution, club, society can open this account. The Savings account allows depositor to have interest income on depositor deposit whilst the account can be used for accountholder's transaction purposes. Depositor can draw a maximum number of two cheques per week; exceeding this number will forfeit the interest for the month. Dhaka Bank Limited offers a competitive interest rate (6%) on the account. Also there is no requirement for a minimum balance to be maintained in the account to be eligible for the interest. Interest is applied to the account on half yearly rests. They charge yearly Tk 100 as their service charge. Interests on Savings Account calculate at the end of every month on the lowest balance held in the particular account but interest are posted on the account after every six months. Dhaka Banks Savings Accounts offers:

- No minimum balance fee.
- Statement of account at desired frequency.
- Free cheque book.
- Any branch banking facility.
- Phone banking.
- Statement by Fax on demand.
- E-Cash 24 Hour banking.

3.2.C. Short Term Deposit Account:

Any person, corporation, company, institution, club, society can open this account. Dhaka Bank's Short Term Deposit Account is a unique blend of flexibility and high return on depositor deposit. Account holder can use this account like a current account whilst he/she earn interest at rate of 04% on the account when the stipulated minimum balance is maintained in the account. They offer a very competitive interest rate and the interest is calculated on a daily product basis. They charge yearly Tk 200 as their service charge. In addition to these depositor will also enjoy:

- ❑ No limit to the number of withdrawals
- ❑ No minimum balance fee
- ❑ Statement of account at desired frequency
- ❑ Free chequebook
- ❑ Any branch banking facility

- Phone banking
- Statement by Fax on demand
- E-Cash 24 Hour banking

3.2.D. Fixed Deposit Account:

Any person, corporation, company, institution, club, society can open this account. Depositor can open Fixed Deposit accounts for 1 months, 3 months, 6 months, and 1 year or for longer term. Dhaka Bank Limited offers competitive interest rates. Account holder can place his/her deposit under lien with us and take a loan, buy shares or open an overdraft account to meet his/her cash requirements. Interest rates on deposits vary from time to time.

3.2.E. Excel Account:

Excel Account is the first of its kind in Bangladesh. A unique blend of all the flexibilities of a current account and provision for interest on daily balance, Excel Account also offers an overdraft facility to meet Depositor's urgent cash need. Designed exclusively for the salaried executives, Excel Account offers a packaged solution to companies and organizations to process employee salaries and funding employee loans. Excel Account is yet another addition to their commitment Excellence-in-Banking. Special features of Excel Account are:

- Interest on Daily Balance: Depositor can earn interest on his/her Excel Account. Interest is calculated on daily balance to provide account holder the maximum benefit.
- Overdraft Facility: In order to meet depositor's urgent cash needs Dhaka Bank offer depositor an Overdraft facility equal to one month's gross salary. To avail this facility his/her salary must be at least Tk 10,000/- and it should be credited to Depositor's account with Dhaka Bank every month.

- No Restriction On Withdrawal: Depositor may conduct transactions on his/her account as many times as he/she wish. There is no restriction on number of withdrawals, nor there will be any charges or interest forfeiture due to the number of transactions.
- No Minimum Balance Requirement: Excel Account does not have any minimum balance requirement.
- Free ATM Card: Excel Account offers a free ATM card It allows depositor to access his/her account for cash withdrawal, utility bill payment and other banking transactions 24 hours a day. Dhaka Bank's ATM network is conveniently located at business districts, commercial and residential areas.
- Phone Banking Facility: Depositor can now access his/her bank account over the telephone. Depositor can get information about his/her account at the touch of a button.

3.3. Documents Required Opening an Account:

An account opening form prescribed by the Bank must be completed in all cases including following documentation. Please note that in some cases additional documents may be required; their branches will assist depositor in this regard.

General (for all types of accounts):

- Two copies of photograph of each Account holder duly attested by the introducer.
- Account to be introduced by a person known to the Bank, usually an account holder of that bank.
- Each signatory along with necessary instructions must properly sign authorized Specimen signature Selection.
- Initial deposit should preferably be as per minimum requirement of Dhaka Bank Limited.
- Attested photocopy of valid trade license.

- Photocopy of Passport of the Authorized Signatory or Commissioner's Certificate of Authorized Signatory or Any Bills Copy paid on the name of Authorized Signatory.
- One copy of photograph of Nominee – attested by the applicant(s) is must.
- Declaration of maximum amount withdrawal or deposit per transaction and the maximum amount withdrawal or deposit per year is required as per instructions of Bangladesh Bank under Money Laundering Prevention Act 2002.

Club / Society Account:

- Certified copy of Registration Certificate.
- Certified copy of Charter/ Bye – Laws and Regulations/ Constitution of the relevant organization.
- Copy of Resolution of Managing Committee/ Executive Committee for opening Account with Dhaka Bank Limited and operation of account – duly certified by the Chairman/ Secretary.
- List of Members of the Managing Committee/ Executive Committee – duly certified by the Chairman/ Secretary.

Private or Public Limited Companies:

- Memorandum & Articles of Association duly certified by the Registrar of Joint Stock Companies and Firms.
- Certificate of Incorporation – duly certified by the Registrar of Joint Stock Companies and Firms.
- Board Resolution – duly certified by the Chairman/ Secretary of the Company.
- Certificate of Commencement of Business duly certified by the registrar of Joint Stock Companies and Firms (only in case of Public Limited Company).
- Form XII and Schedule X – duly certified by the registrar of Joint Stock Companies and Firms.

Educational Institutions / Government & Non-Government Organizations:

- Up to date list of Governing Body / Managing Committee.
- Copy of Resolution of the Governing Body / Managing Committee authorizing opening and operation of the account at Dhaka Bank Limited – duly certified by a Gazetted Officer.
- List of the Governing Body / Managing Committee – duly certified by a Gazetted Officer.

Partnership Account:

- Copy of Notarized Partnership Deed certified by all the Partners or Registered Partnership Deed (registered with the registrar of Joint Stock Companies and Firms) – duly certified by the Registrar of Joint Stock Companies and Firms.
- Partnership Resolution signed by all the partners to open account with Dhaka Bank Limited indicating type of account made of operation.

Corporation Account:

- Certified Copy of the relevant Presidential Order/ Act of parliament establishing the corporation.
- Resolution of Board Of directors/ Competent Authority to open account with Dhaka Bank Limited.
- Certified List of Board of Directors (if any).

Local Authorities, City Corporation etc.:

- Certified copy of the statute/ any other Law by which the body is created and governed.
- Resolution of Municipal Committee/ Managing Body (if any) to open account with Dhaka Bank Limited – duly certified by Chairman/ Mayor/ Competent Authority.

- List of Members of such Committee/ Body – duly certified by Chairman/ Mayor/ Competent Authority.

3.4. Terms and Condition to Continue an Account:

- ◆ The law, rules, regulations of Bangladesh, customs and procedures applicable to the scheduled bank in Bangladesh shall apply to and govern the conduct of accounts opened with the Bank.
- ◆ Any person opening an account shall be deemed to have read, understood and accepted the rules governing the account.
- ◆ Each account shall be given one account number. This number is to be properly quoted on all letter and/ or documents addressed to the Bank and on all deposit slips. The Bank shall not be responsible for any loss or damage occurring as a result of wrong quotation of account number.
- ◆ Interest/ Commissions/ Service or Maintenance of account charges shall be levied by the Bank as determined by the Bank from time to time and as per Bangladesh Bank Regulations.
- ◆ The fund available in any of the account holder's account with the Bank shall be considered by the Bank to be a security for any commitment(s) and/or obligation(s) present and future of the Bank. In the event of dishonor or non-fulfillment of such commitment(s) and/or obligation(s), the Bank is entitled without giving prior notice to the customer to utilize such funds against the commitment(s) and/or obligation(s) of the customer to the Bank.
- ◆ Any statement of account dispatched to the customer shall be considered as approved by the customer unless discrepancy(s) are notified in writing to the Bank within fifteen (15) days from the date of dispatch. After considering the written notice given by the customers with regard to the Statement of Account, the Bank takes shall be final and conclusive and binding upon the customer. The Bank shall not be responsible for delays or non-delivery due to mail problems. Statements of Accounts to be picked shall be considered as approved by the customer even if not picked – up fifteen (15) days after the date they are

produced. Statements of Accounts are not produced when there is no operation during the month. Those can be obtained on special request.

- ◆ Account holders must provide maximum security to the Cheque Books in their possession and the Bank shall not be responsible for any loss occurring due to inadequacy of security. Any Cheque Book loss or misuse must be immediately reported to the Bank following by a written confirmation without any delay. The Bank shall not be responsible for any loss or misuse of any Cheque Book of the customer.
- ◆ When cheque deposited are payable by other Banks or outstation they are available after clearing or collecting.
- ◆ There shall be a Service charge in account on yearly basis or as changed by the Bank from time to time as and when required.
- ◆ The Bank reserves the right to close any account without giving prior notice if the conduct of the account is unsatisfactory in the opinion of the Bank or for any other reason(s) whatsoever.

3.5. Interest Provided by Dhaka Bank Limited:

Table No: 01

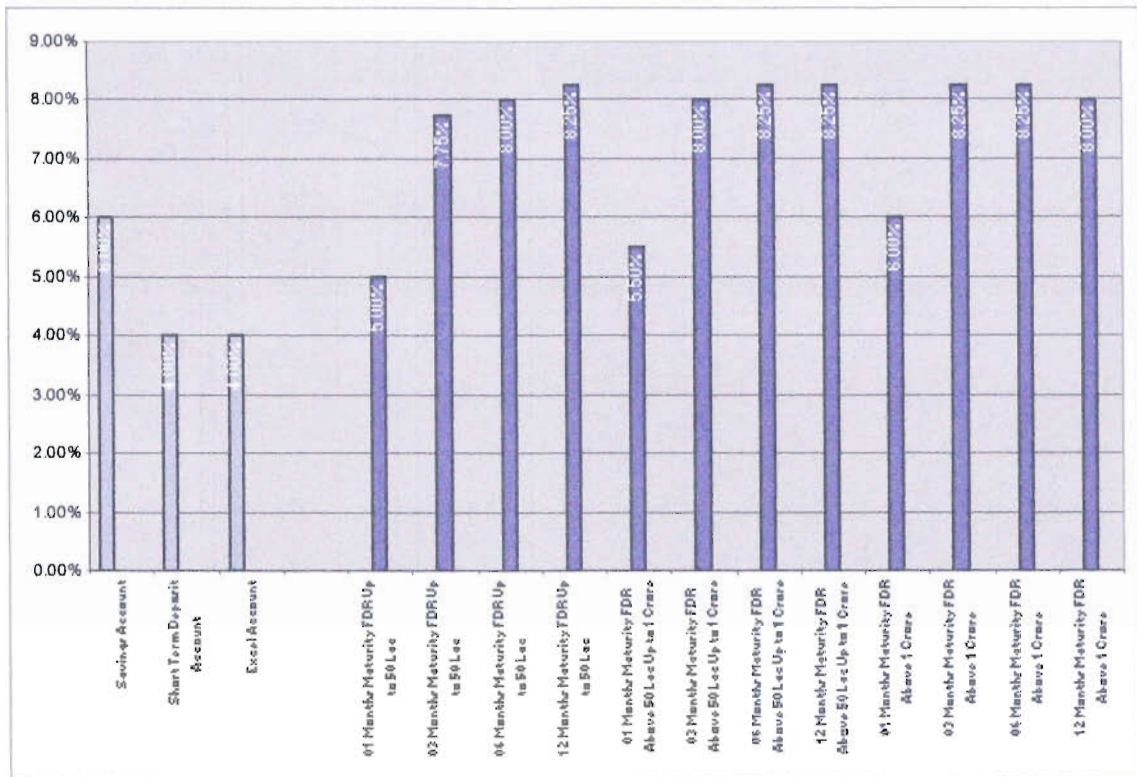
Interest Provided by Dhaka Bank Limited on its Different Deposit Accounts are:

Deposit Account	Rate of Interest (Percentage)		
	Savings Account	06.00%	
Short Term Deposit Account	04.00%		
Excel Account	04.00%		
Fixed Deposit Account	Up to 50 Lac	Above 50 Lac Up to 1 Crore	Above 1 Crore
01 Months Maturity	05.00%	05.50%	06.00%
03 Months Maturity	07.75%	08.00%	08.25%
06 Months Maturity	08.00%	08.25%	08.25%
12 Months Maturity	08.25%	08.25%	08.00%

Effected from 01 October 2004

Chart No: 02

Interest Provided by Dhaka Bank Limited on its Different Deposit Accounts are:



Effected from 01 October 2004

From the chart and table it is found that Dhaka Bank Limited offer an attractive rate of interest to attract customers. Before first October 2004 they offer higher rate than this to their customer. That is the way they try to attract more deposit every year.

3.6. Deposits in Different Deposit Account of Dhaka Bank Limited:

Dhaka Bank Limited offers different attractive deposit account to their customers with an attractive interest rate and others facilities. Every year their deposits increase. Here the deposits in different accounts are discussed.

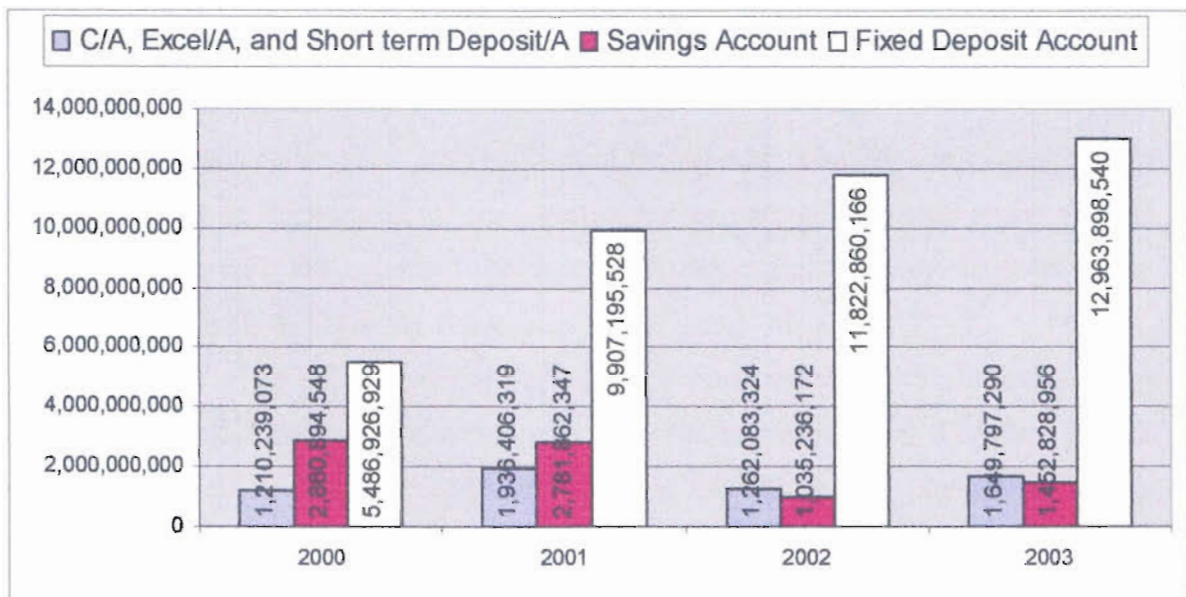
Table No: 02

Deposits in Different Deposit Account of Dhaka Bank Limited for Last Four Years:

Deposit Account Name	2000	2001	2002	2003
C/A, Excel/A, and Short term Deposit/A	1,210,239,073	1,936,406,319	1,262,083,324	1,649,797,290
Savings Account	2,860,894,548	2,781,862,347	1,035,236,172	1,452,828,956
Fixed Deposit Account	5,486,926,929	9,907,195,528	11,822,860,166	12,963,898,540

Chart No: 03

Deposits in Different Deposit Account of Dhaka Bank Limited for Last Four Years:



From the table and chart it is found that from the year 2000 to 2002 the amount of deposit in savings account, current account, excel account and short term deposit goes down but in the year 2003 the amount of deposit increase little bit comparing with the year 2002. The amount deposit in fixed deposit account increase every year, this is a signal of hope, except this all other accounts' deposited amount is not satisfactory. The management of Dhaka Bank Limited has to take quick action to improve their deposited amount in different deposit accounts.

3.7. ATM Card:

Dhaka Bank Limited offers E – cash ATM card with all of their deposit accounts. To get ATM card they have to apply separately while opening an account. They have a joint venture with E – cash and they offer this card with help of them. If an account holder have ATM card with his or her account then Dhaka Bank hold a fixed amount of that account after concerning with the customer that hold amount only can withdrawal by ATM card. At a time a cardholder can withdrawal Tk 5000.00 (five thousand) and as many time he or she want but not more than the hold amount.

3.8. Terms and Condition of ATM Card:

- At the applicant’s request, the Bank may issue the cardholder a Cards and PIN (Personal Identification Number) if the Applicant is a depositor of the Bank and maintains an account at any branches in Bangladesh. The Bank reserves the right to refuse an application for the issuance and/or renewal of a card and/or PIN. If separate cards are issued of a joint account, then each cardholder shall be jointly and severally liable to the Bank.
- The card is the property of the Bank and must be returned to the Bank on request or on cancellation or termination of the Card and/or agreements. The Card is to be used solely by the Cardholder, and must not be transferred or pledged as security under any circumstances.
- The cardholder will collect and safeguard the PIN and/or Card issued to him, and observe every procedural, security and other requirement of the Bank and /or Electronic Transactions Network (ETN) regarding their use. The cardholder undertakes to notify the Bank and/or ETN immediately if (a) the PIN is lost or disclose to any person, (b) the Card is lost or damaged or used by any other person, (c) if any other event occurs which would, under the terms of the agreement, allow the bank to cancel the use of the card. After receipt of any such notice purporting to come from the cardholder, the Bank may cancel the cardholder’s use of the card at any time.

- The cardholder will be responsible for all Transactions made by the Card by any person purporting to be the Cardholders, with or without cardholder's authority, and may not claim against the Bank in respect of any such use.
- The cardholder will pay such charges and fees for the provision of Card and/or PIN as the Bank may prescribe from time to time, whether or not the cardholder in fact make use of card and/or PIN. If VAT is payable, the Cardholder will pay such VAT in addition to all sums payable and indemnify the Bank against any payment the Bank is required by law to collect and make in respect of such VAT.
- All transactions including utility bill payment initiated by the use or purported use of the Card and/or PIN, whether electronically or otherwise, will be debited from the cardholder's designated account. The records of Transactions of the bank and/or ETN, generated electronically or otherwise, will be conclusive and binding on the Cardholder except in the case of computation and/or manifest error. The amount displayed on the ATM screen and/or printed on the ATM transaction receipt will not be taken as conclusive of the state of the cardholder's Designated Account(s) with the Bank.
- The Cardholder undertakes to pay the following charges and fees for the provision of the Card PIN; and utility bills payments (if any availed)
 - a. Taka 1,500.00 annual fee for each Card.
 - b. Taka 200.00 for replacement of each lost, stolen, or damaged card.
 - c. Taka 500.00 annual fee per card for bill payments to the first 3 utility companies.
 - d. Taka 100.00 annual fee per card for any additional utility bill payment.

Table No: 03
Features of Different Deposit Account:

Characteristics	Current Account	Excel Account	Short Term Deposit Acc	Savings Accounts	Fixed Deposit Account
Account Holders	Any person, Corporation, Company, Institution, Club, & Society	Any person, Corporation, Company, Institution, Club, & Society	Any person, Corporation, Company, Institution, Club, & Society	Any person, Institution, Club, & Society	Any person, Corporation, Company, Institution, Club, & Society
Main Purpose	Transaction & Savings	Transaction, Overdraft, & Savings	Transaction & Savings	Savings	Savings
Withdrawal	Unlimited	Unlimited	Unlimited	Two cheques per week.	Not applicable.
Interest rate	Not applicable.	4%	4%	6%	01 Months Maturity: 5% up to 50lac, 5.50% above 50lac up to 1 crore, 6% above 1 crore. 03 Months Maturity: 7.75% up to 50lac, 8% above 50lac up to 1 crore, 8.25% above 1 crore. 06 Months Maturity: 8% up to 50lac, 8.25% above 50lac up to 1 crore, 8.25% above 1 crore. 12 Months Maturity: 8.25% up to 50lac, 8.25% above 50lac up to 1 crore, 8% above 1 crore.
Interest Calculated	Not applicable.	Daily	Monthly on stipulated minimum balance	Monthly	On Maturity
Minimum Balance	Not Required	Not Required	Not Required	Not Required	Not applicable.
Service Charge	Tk 200	Tk 500	Tk 200	Tk 100	Not applicable.
ATM Service	Available	Available	Available	Available	Not applicable
Other Facilities	Free Cheque book, free statements, any branch banking.	Free Cheque book, free statements, any branch banking.	Free Cheque book, free statements, any branch banking.	Free Cheque book, free statements, any branch banking.	Free statement.
Account Closig Charge	Tk 250	Tk 250	Tk 250	Tk 150	Not applicable.

3.9. Credit:

Credit is the very similar word for the Bank. It contains a huge meaning. A bank's main earning source is credit. If banks credit management is not good then the bank will never achieve its desired goals. The proper goals for Banks are profit maximization. The fundamental nature of credit is that elements of trust exist between buyer and seller whether of goods or money. The main use of bank fund is to collect money from surplus unit and lend it to deficit economic unit.

3.10. Types of Credits Offered by Dhaka Bank Limited:

Modern banking operation touches almost every sphere of economic activity. The extension of bank credit is necessary for expansion of business operations. Bank credit is a catalyst bringing about economic development. Without adequate finance there can be no growth or maintenances of a stable output. Bank lending is important to the economy, for it makes possible the finance of commercial and industrial activities of a nation. The credits facilities offered by Dhaka Bank Limited are

- **Over Draft (OD):** Over draft is one kind of advance. In this case, the customer can over draw from their account. There is a limit of overdraw, which is set by the Bank. A customer can with draw that much amount of money from their account. This facility does not provide for everyone, the bank will provide only those who will fulfill the requirement. It means that only real customer can get this kind of facilities. The facility is offered against lien over these types of securities: Fixed Deposit in local or foreign currency held with Bank, Sanchaya Patra or any other savings instruments / bonds issued by the Government of Bangladesh, Shares of listed companies, etc. Accountholder can avail a credit limit up to 90% of borrower's deposit or Government Savings Certificate or Bonds current encashment value. Benefits those borrower can get: Accountholder can meet emergency cash contingencies or short-term commitments without encasing his/her long-term investment, Accountholder have the option to repay the loan in 12, 24, 36 or 48 months in equal monthly installments, Installments will be auto

debited from his/her personal accounts held with their bank, The loan is offered at a very competitive rate, The minimum loan amount must be Tk. 100,000.

- **Cash Credit (Hypo):** It allows to individuals or firm for trading as well as whole – sale or to industries to meet up the working capital requirements against hypothecation of goods as primary security fall under this type of lending. It is a continuous credit. It allowed under two categories: a. Commercial Lending, and b. Working Capital.
- **Cash Credit (Pledge):** Financial accommodation to individual / firm for trading as well as whole sale purpose or to industries as working capital against pledge of goods primary security falls under this head of advance. It also a continuous credit and like the above under the categories.
- **Payment Against Documents (PAD):** Payment made by the bank against lodgment of shipping documents of goods import though LC falls under this type head. It is an interim type of advance connected with import and is generally liquidated shortly against payments usually made by the third party for retirements of documents for release of import goods from the customer authority. It falls under the category commercial lending.
- **Loan Against Trust Receipt (LTR):** Advance allowed for retirement of shipping documents and release of goods import through LC without effective control over the goods delivered to the customer fall under this head. The goods are handed over the importer under trust with arrangement that sales proceed should be deposited to liquidated the advances within a given period. This is also temporary advance connected with import that is known post import finance under category “commercial lending”.
- **Foreign Documents Bill Purchase (FDBP):** Payment made to a party through purchase of foreign documentary bills fall under this head. This temporary advance is adjustable from the process of negotiable shipping/export documents. It falls under category “export credit”.

- **Local Documents Bill Purchase (LDBP):** Payment made to a party through purchase of local documentary bills fall under this head. This temporary liability is adjustable from process of the bill.
- **Bank Guarantee (BG):** A guarantee is a promise made by the person/organization (or guarantor) to the other person/organization that he would pay the present or future debt in case of default by the principal debtor. So the guarantor is undertaking to repay the debt in case the principal debtor does not pay it. By issuance of different types of guarantees the Bank earns commission with out involving any fund, but they take a great risks and responsibility if the guarantees are invoked for failure of performance. Bank charge 0.30% to 0.90% commission for issuance of a bank guarantee. To get a bank guarantee customer have to deposit 25% to 05% cash or marketable securities to Bank as margin. This is another income source for Bank. Different types of bank guarantee are:
 - a. Bid – Bond Guarantee.
 - b. Performance Guarantee.
 - c. Advance Payment Guarantee.
 - d. Shipping Guarantee.
 - e. Investment Bank Guarantee.
 - f. Guarantee on Account of Foreign Correspondent.

3.11. Mechanism of Credit Distribution:

The primary factor determining the quality of the bank's credit portfolio is the ability of each borrower to honor, on a timely basis. All credit comities made to the bank. The authorizing credit personnel prior to credit approval must accurately determined this. If the report of the project appraisal is very satisfactory to approve the loan proposal, then the following steps furnish the approval procedure:

- ▶ Make a proposal by the client to the bank.
- ▶ Give all necessary documents.

- ▶ Bank will send the parties statement to the Bangladesh Bank, their CIB (Credit Information Bureau) will inquiry that whether the party is defaulter or a new one.
- ▶ Bank will take the collateral from the party and analysis that how much it will cover the total loans.
- ▶ Bank will send this proposal to the head office. In the head office the Management will approve the loan.
- ▶ Head office will send the approval to the branch office.
- ▶ Branch office will give the sanction letter to the party.
- ▶ Bank will take the security and make it in their favor.

3.12. Loan Disbursement:

After completing all the necessary steps for sanctioning loans bank will create a loan account by the name of the party and deposit the money to that account. Bank will give chequebook to the party and advise them to draw the money and use it as soon as possible.

✓

3.13. Lease Finance:

Dhaka Bank offers **Lease Financing** for acquiring of capital machineries, equipments and other items. The scheme is flexible and can provide full funding for a business venture. Their **Lease Financing** scheme is simple, convenient and is backed by prompt service from a team of dedicated personnel. On the other hand, rental payable under lease financing is treated as revenue expenditure, which, as such, is deductible for tax purposes

3.14. Items Eligible for Lease Financing Scheme:

- Capital machinery (imported/local) required for setting up new of existing import substitute / export oriented / indigenous technology based industrial units.
- Medical equipments required for Doctors chamber clinic, viz. Ophthalmic, Dental, Imaging, Cardiac, Hospital, Anesthesia equipments, etc.

- ✘ Air conditioner (split/window), lift, standby generator, etc.
- ✘ Photocopier, overhead projector, spiral binding M/C and laminating M/C, etc.
- ✘ Video equipments for production of package programmed, ad film etc.
- ✘ Vehicles like luxury coach, bus, mini-bus, truck, closed body van and 3-wheeler delivery van.
- ✘ Others if deemed fit.

3.15. Lease Terms:

Lease terms may vary to suit leaseholder's need but not exceeding the period as detailed below:

- ✘ Capital machinery/equipments: Maximum 5 years (for computers/medical equipments - generally 3 years lease validity).
- ✘ Automobiles: Maximum 4 years (new), 3 years (reconditioned.) lease validity.
- ✘ Fees and charges: Risk fund, supervision and monitoring charges are applicable on each item under lease. Additionally, project examination/inspection fees are levied in related cases. The rates however vary according to items.
- ✘ Insurance for leased items: Leased items are duly insured under the Bank's clauses throughout the lease term. In case of automobiles, a comprehensive insurance with RSD clause is required covering the entire lease term and the vehicle are registered in the sole name of the Bank. In all cases, insurance premium is borne by the lessee.
- ✘ Leaseholder's choice in the procurement and installation of the leased items: The Bank accepts his/her choice of equipments and installation covered under the lease agreement.
- ✘ Availability of fund for procurement and installation of leased items: Fund is made available after execution of lease agreement and firm purchase order is placed with the manufacturer/supplier in conformity with the terms of the agreement. In case of imported item, the Bank will open irrevocable L/C in its own name.

- ✎ Responsibility for repair and maintenance of leased items: The lessee is responsible for the maintenance and repair of leased items. The Lessee is obliged to operate the leased item with optimum care and prudence.
- ✎ Security required for the lease finance: Security requirements vary according to the nature of the asset and legal status of the lessee. The requisites for a particular lease item or a project can be ascertained by contacting their branches or the Investment Division.
- ✎ Advance deposit required for the lease: An amount equal to 1 to 3 months lease rentals is required to be deposited before execution of the lease Agreement. The amount of the advance rental is refundable without interest on successful termination of the lease agreement, subject to necessary appropriation of salvage value and other charges, if any.
- ✎ Ownership of the asset after successful termination of the agreement: The Lessee may have an option to purchase the leased item at a nominal value. The Bank may also agree to transfer the ownership of leased item to the Lessee before expiry of Lease Term, on being approached by the latter, on payment of up to date outstanding in the lease finance account plus 5% of the acquisition cost.

3.16. Personal Loan:

Personal loan offers installment loan. Immediate need cash to purchase of consumer durables, house renovation, travel; Dhaka Bank Limited's personal loan provide the great opportunity to fulfill these needs.

3.17. Documents Required From Applicant:

Common Documents Required From Applicant:

- ☞ Application fee receipt Tk 500.00 non refundable.
- ☞ Passport size photographs 3 copies.

- ☞ Completed savings account opening form if applicant is not a Dhaka Bank's account holder.
- ☞ Photocopy of passport or voter ID card.
- ☞ Income tax receipt or TIN certificate.
- ☞ One personal guarantee from spouse.
- ☞ One passport size photograph of the guarantor's.
- ☞ Accepted quotation from a reputed vendor in favors of Dhaka Bank Limited.

Salaried Individual:

- ☞ Salary certificate in the form of letter of introduction.
- ☞ Latest bank statements for at list 3 months.

Self Employed:

- ☞ Authentication copy of professional certificate.
- ☞ Latest Bank statements for at list one year.
- ☞ Proof of professional association membership.

Business Person:

- ☞ Copy of maiden and latest Tread License.
- ☞ Latest Bank statements for at list one year.
- ☞ Copy of memorandum and articles of association.
- ☞ Form xii – list of Directors.
- ☞ Copy of certificate of incorporation.
- ☞ Extract of Resolution of Board.
- ☞ Partnership deed.
- ☞ Proof of membership of Business Association.

Additional Income Source:

- ☞ Spouse income, salary income certificate.
- ☞ Latest Bank statements of spouse's account.

- ☞ Copy of Lease deed or Rent receipt and Municipal tax payment copy for property income.
- ☞ Copy of bond and FDR certificate for interest income.

3.18. Financial Aspect of Personal Loan:

In the following section the financial implications of personal both for the Bank and the Customer are discussed.

From Bank's Aspect:

- ⊕ Personal loan will help to diversify the credit portfolio and expand the landing base of the Bank.
- ⊕ Matching of medium – term deposits with medium -- term lending there by increasing the spread of earning.
- ⊕ Minimization of risk as the recovery rate is perceived to be higher in case of small loans.
- ⊕ The scheme with minimum cost will enhance overall product package.
- ⊕ Maximize the interest earning with prudent fund management.
- ⊕ Enhance favorably the corporate image of Bank.

From Customer's Aspect:

- ⊕ People with higher/middle income group will be able to obtain consumer durable by paying in monthly installment.
- ⊕ People can build their assets gradually.
- ⊕ Attractive lending products will help the family budget process.
- ⊕ People can buy computer and other accessories to keep pace with the modern world.
- ⊕ The scheme will improve the living standard of the customers to a desired level.
- ⊕ The scheme is flexible and will suit the disposable income of different income brackets.

3.19. Loan Amount:

Scheme A – For Service Holders and Self-Employed Professionals: Minimum Tk 50,000.00 to maximum Tk 3,00,000.00 only.

Scheme B – For Business Person and People with Property Income: Minimum Tk 50,000.00 to maximum Tk 1,00,000.00 only.

Table No: 04

Personal Loan Monthly Repayment Schedule:

Loan Amount (Tk)	Number of Installments		
	12	24	36
75,000	6,912	3,781	-
100,000	9,216	5,041	-
150,000	13,824	7,562	-
200,000	18,432	10,082	7,332
300,000	27,647	15,132	10,997

3.20. Loan Repayment:

Borrower's monthly installment will be debited from his/her savings account with Dhaka Bank against the post-dated cheques or auto-debit instruction obtained at the time of loan disbursement.

3.21. Early Settlement:

Early settlement of the loan is allowed after six months and there is no penalty for such pre-payments. Partial pre-payment of the loan is not allowed.







3.22. Fees:

2% of the loan amount will be realized in cash as processing fee prior to disbursement of the loan with a non-refundable verification fee of BDT 500 at the time of applying for the loan.

3.23. Car Loan:

It's been a long and cherished desire to have a car of borrower's own choice. The Dhaka Bank "Car Loan" program will fulfill dreams.

Requirements For Apply:

-  To apply for the car loan applicant should be a Bangladeshi national.
-  At least 25 years of age.
-  A minimum monthly family verified income of BDT 15,000.00.
-  Salaried employees with at-least 12 months of confirmed service.
-  Self Employed Professionals having at least three years of continued practice in the area of profession.
-  Businessmen with at least 3 years of continued operation in the line of business.

3.24. Terms and Conditions:

Just call or visit nearest branch of Dhaka Bank in Dhaka, Chittagong or Sylhet. Borrower may also call Dhaka Bank's sales team.

- **Loan Amount:**

Scheme A - For Service Holders and Self Employed Professionals: Maximum 70% of the car price ranging from Tk. 100,000 to Tk. 700,000. Registration, insurance and other expenses will be borne by the applicant.

Scheme B - Business Person and People with Property Income: 100% of the car price ranging from Tk. 100,000 to Tk. 10,00,000 and guess what, borrower will also get 1% deduction in the interest rate. Borrower have to provide Sanchay Patra or FDR amounting to 40% of the loan amount as security. Registration, insurance and other expenses will be borne by the applicant.

- **Loan tenor:** Borrower can repay the loan in equal monthly installments (EMI) with the flexibility of choosing his/her loan tenure from 12, 24, 36, 48 and 60

installments. However maximum repayment installments allowed under the scheme is 48 for reconditioned cars and 60 for brand new cars.

- Loan repayment: His/her monthly installment will be debited from his/her savings account with Dhaka Bank against the post dated cheques or auto-debit instruction obtained at the time of loan disbursement.
- Early Settlement: Early settlement of the loan is allowed after six months and guess what - there is no penalty for such pre-payments. Partial pre-payment of the loan is not allowed.
- Fees: 2% of the loan amount will be realized in cash as processing fee prior to disbursement of the loan with a non-refundable verification fee of BDT 500 at the time of applying for the loan.



3.25. Dhaka Bank Credit Card:

Dhaka Bank Limited brings to cardholder “Your Everyday Credit Card” in the shortest possible time. They recognize that a person needs his/her card every day. That is why they have developed processes to guarantee delivery of cardholder’s card in just 7 to 10 days when applicants apply. Everything cardholder would expect from a credit card. Cardholder can use it at all the merchant locations that display the Vanik Card sticker. Dhaka Bank Limited has a joint venture with Vanic Bangladesh Limited in terms of credit card. Cardholder can also use it at all the locations that display the Card sticker. And that's a whopping 1,700 merchants and more than 50 products and services. What's more, they are always increasing their merchant locations. His/her spouse needs a card too for everyday use. That is why they offer a card to his/her spouse absolutely free. His/her spouse can enjoy the same facilities as cardholder does. So, cardholder won't have to worry about whether either of cardholder is carrying enough cash. Unlike other cards, all branches of Dhaka Bank Ltd. can accept his/her bill payments and handle his/her card service requests. Cardholder may open an account as well with any of these branches to conduct all his/her banking and card service requirements under one roof. Dhaka Bank Credit Card offers cardholder credit facility absolutely free up to a

maximum of 45 days. Cardholder gets 15 days time from the date of statement to repay his/her dues. Cardholder can pay in full within 15 days (and save money; no interest accrued, no payout) or in part. The minimum amount required to pay is $\frac{1}{12}$ th of the total amount or Tk. 200 (whichever is higher). The revolving credit line of his/her card allows cardholder to select payment terms to suit his/her other financial commitments. If cardholder's card has been lost or stolen, don't worry. A replacement will be sent to cardholder within a couple of days. But remember to report the loss as soon as cardholder have detected it. Once reported, there will be no liability on fraudulent charges.

3.26. Credit Cards Services and Their Charges:

➤ Subscription Fees:

Gold Card	Tk 30000.00
Plastic Card	Tk 1500.00
Spouse Card	Tk Free

➤ Renewal Fees:

Gold Card	Tk 2000.00
Plastic Card	Tk 1000.00
Spouse Card	Tk Free

➤ Supplementary Card Fees:

Gold Card	Tk 30000.00
Plastic Card	Tk 1500.00

➤ Card Replacement Fee:

Gold Card	Tk 1000.00
Plastic Card	Tk 500.00

➤ Card Invalidation Fee:

Gold Card	Tk 1000.00
Plastic Card	Tk 500.00

➤ Required Minimum Payment:

1/12 of total outstanding or minimum
Tk 200 (whichever is higher).

➤ Late Payment Charge:

0.15% per day of required minimum
payment or Tk 200.

- Interest Per Month: 2.5% on credit forward amount.
- Excess Limit Charge: 5.0% on Excess amount.
- Check Return Fee: Tk 200.
- Fuel Facility: 3.0% on each withdrawal amount.
- Out Standing Check Collection: Tk 100.
- Validity of Card: One from the issue date.

3.27. Interest Charged by Dhaka Bank Limited:

Table No: 05

Interest Charged by Dhaka Bank Limited on its Different Advancement Accounts are:

No	Types of Advancements	Fixed Rate	Mid Rate
01	Agriculture	07.00%	-----
02	Industrial Term Loan	-----	-----
	Large and Medium Seale Industries	-----	11.50%
	Small Seale Industries	-----	10.50%
03	Working Capital	-----	-----
	Pharmaceutical	-----	11.50%
	Textile	-----	11.50%
	Electronics	-----	12.50%
	Automobiles	-----	12.50%
	Garments	-----	11.50%
	Chemicals	-----	11.50%
	Financial Institution	-----	11.50%
	Constructors	-----	12.50%
	Ship Breaking/ Steel & Engineering	-----	12.00%
	Industrial Raw Materials	-----	12.00%

	Others	-----	12.50%
04	Export	07.00%	-----
05	Other Commercial Lending	-----	-----
	Trading	-----	12.50%
	Others	-----	12.50%
06	Energy/Power	-----	11.50%
07	Urban Housing	-----	12.50%
08	Special Programs	-----	-----
	Small & Cottage Industries	-----	10.50%
	Other Special Programs	-----	11.50%
09	Secured Against FDR	-----	-----
	FDR with Dhaka Bank Limited interest rate to be (2%-3%) higher than the FDR rate.	----- ----- -----	11.50%
	FDR with Other Banks	-----	12.50%
10	Consumer Loan	-----	16.50%
11	Commercial Bill Discount/purchase	-----	12.50%
12	Lease Financing	-----	13.50%
13	Credit Card	02.50%	-----

Effected from 01 October 2004

Dhaka Bank Limited charged a very competitive interest rate on their loans and advances. They reduce all interest rates after Bangladesh Bank's declaration. According to Bangladesh Bank they keep fixed interest rate for agricultural sector and export oriented industries. Other than these they offer mid rate for other loans which's rates are vary according to customer's creditworthy ness. A reputed client get loan lower than this rate and a marked client sometime get loan at higher than these rate. Overall they offer loans at a competitive rate to attract customers and they invested their money clients projects.

3.28. Sector Wise Loan Disbursement of Dhaka Bank Limited:

Table No: 06

Sector Wise Loan Disbursement of Dhaka Bank Limited in the year 2003 and 2002:

Particulars	Total Amount (2003)	% Of Sector Wise Loan Disbursement (2003)	Total Amount (2002)	% of Sector Wise Loan Disbursement (2002)
Overdrafts	26588211010	20.63	2008682472	17.91
Demand Loan	9062917	0.07	21019206	0.18
Cash Credit	741497427	5.75	783446943	6.98
House Building Loan	377146190	2.92	333642783	2.97
Transport Loan	101068832	0.78	104928984	0.93
Term Loan	2778191312	21.55	2685319787	23.95
Loan Against Trust Receipt	4157653403	32.26	3206179151	28.59
Payment Against Documents	646708641	5.01	741692588	6.61
Loan Against Imported Merchandise	343141861	2.66	325455144	2.90
Loan Against Accepted Bills	988191705	0.76	164523190	1.46
Packaging Credit	30019041	0.23	33092724	0.29
Lease Financing	468875795	3.63	450044806	4.01
Credit Card	66735824	0.51	36891532	0.32
Personal Loan	106850593	0.82	316474475	2.82
Others Loan	302723917	2.34	316474475	2.82
Total	12886688559	100	11211393785	100

From the table it is found an overview of sector wise loan disbursement of Dhaka Bank Limited. In the total loan portfolio loan against trust receipt, term loan, and overdraft

contributes 32.26%, 21.55%, and 20.63% respectively which is highest compare to others loans account. It is also found that 70.83% of total loan portfolio is based on short-term loan, 24.67% loans are midterm and only 4.50% loans are long term. To achieve more investment Dhaka Bank Limited have to take care other accounts which may be profitable for them.

3.29. Outstanding Advances of Dhaka Bank Limited:

Table No: 07

Outstanding Advances of Dhaka Bank Limited for the Year 2002 to 2003:

Year	Outstanding Advances (TK)	Percentage Change
2002	6962854816	
2003	7734189916	11.08%

From the table it is found that in the year 2003 the amount of outstanding advance increased by 11.08% compare with the year 2002. This is not a good symbol so Dhaka Bank Limited has to take a close eye on this side.

3.30. Amount Recovery of Dhaka Bank Limited:

Table No: 08

Amount recovery of outstanding advances by Dhaka Bank Limited for the Year 2002 to 2003:

Year	Amount of Recovery (Tk)	Percentage Change
2002	6186431863	
2003	5710884311	(7.69)%

From the table it is founded that in the year 2003 the amount of recovery of outstanding advance goes down by (7.69)%. If the recovery rate goes down then the amount of default loan will increase which will also increase the Bank's liability. So Dhaka Bank Limited should take care of this recovery activity carefully.

3.31. International Trade and Foreign Exchange:

International Trade forms the major business activity undertaken by Dhaka Bank Ltd. The Bank with its worldwide network of correspondents and close relationships with key financial institutions provides an extensive trade services network to handle client's transactions efficiently. Personnel experienced in International Trade Finance staff their key branches in Dhaka, Narayanganj, Chittagong and Sylhet. These offices are the focal point for processing Import and Export transactions for both small and large corporate customers. Dhaka Bank Limited offers a complete range of Trade Finance services. Their professionals will work with client to develop solutions tailored to meet his/her requirements, through mobilizing their full range of trade services locally, and drawing on their global resources. Dhaka Bank can offer client professional advice on all aspects of International Trade requirements, namely:

- ❏ **Documentary Credits:** Having a worldwide network of correspondents and a team of experienced trade professionals, Dhaka Bank Ltd. is uniquely poised to establish Documentary Credits in most currencies and can provide for drawings at sight or at a term to suit his/her financing requirements. The Bank can also arrange confirmation of Documentary Credit - an additional undertaking given by their correspondent banks providing for payment to the exporter 'without recourse' for documents presented in strict compliance with the terms and conditions of the Documentary Credit. The Bank also deals in all types of Export letters of credits. Each day, the Bank advises a large number of export credits, and arranges opening of back-to-back letters of credit. SWIFT is used for all their documentary credit operations.
- ❏ **Forward Exchange Cover:** The Bank can arrange forward exchange cover to provide protection against fluctuation in exchange rates. Supported by REUTERS Dealing System, their FOREX Dealers are able to provide to client the most competitive solution for his/her foreign exchange requirements.
- ❏ **Pre-shipment and Post-shipment Finance:** The terms of payment desired by the importer/exporter may differ at times, e.g. sight payment required by exporter, but

180 day terms required by importer. Dhaka Bank Ltd. can tailor provision of finance to suit the importers needs. Pre-shipment Finance can be made for export of goods for the period between receipt of orders and the time of shipment. Post-shipment Finance is available from the time between the shipment date and receipt of payment. These forms of finance preserve the importers and exporters working capital.

- ❑ **Negotiation / Purchase or Discounting of Bills:** Dhaka Bank offers negotiation, purchasing or advancing funds against shipping documents drawn on the overseas buyer and crediting the exporter immediately with the proceeds, less bank charges and interests. The exporter has the option of receiving the proceeds in local currency or in the currency of the bill of exchange. The Bank offers facility to open Exporters' Retention Quota account to retain export proceeds in a foreign currency account as permissible under regulations. If shipment is being effected under a Documentary Credit calling for a term or sight bill of exchange with charges for account of the beneficiary. Dhaka Bank Ltd, upon request, will discount the bill of exchange and credit the exporter immediately, provided documents presented are in strict compliance with all stipulated terms and conditions of the Documentary Credit. Full recourse is preserved against the drawer of a bill of exchange and in the event of non-payment the Bank will look to the exporter to reimburse the full amount of the transaction.
- ❑ **Bills for Collection:** Dhaka Bank arranges the forwarding of documents on his/her behalf and collection of proceeds being received following payment by the overseas party.
- ❑ **Insurance Cover:** Their trade professionals assist customers to satisfy that the goods have been insured to cover all the risks involved. This is a complimentary service provided by Dhaka Bank's Trade Team.

Dhaka Bank Ltd. makes every effort to ensure that client's trade flows are efficiently transacted, well managed and securely financed. Their trade solutions are customized to meet his/her trade demands with full satisfaction.

3.32. Foreign Exchange Transactions:

Foreign exchange for travel, medical treatment, education abroad, etc. When a person travels abroad for business, holiday or any other purpose he/she can obtain his/her foreign currency and travelers cheques permissible under Government regulation without any hassle from their branches. Please note that issuance of foreign exchange requires submission of some documents. In case of a visit abroad for holiday or tourism, when foreign exchange required will not exceed usual annual entitlement, valid visa and confirmed air ticket is required for visits concerning a workshop, conference or medical treatment, etc.

- **Student File** - Foreign Exchange Remittance for education abroad. The Bangladesh Government allows remittance of tuition fees and living expenses for Bangladeshi Students undertaking studies abroad. Outgoing students intending to avail this facility require opening a file with the authorized dealers. Their branches have dedicated personnel to assist students in this regard. For efficient handling of the periodic remittances under the scheme students can fully rely on them. Any student cannot purchase foreign currency for Language Course in abroad, but if Language Course is pre requisite for any other program then he/she can purchase foreign currency. A student cannot purchase foreign currency for school level education, but due to transfer of parents if he/she face problem then they can purchase foreign currency. Students have to open a file with Bank providing all duplicate certificate, offer letter from the educational institution etc. After cheque all the paper Bank can issue FDD or Travelers cheque to the student equal or less than one year's expense. After one year Bank have to cheque the students progress report before issue second years expense. Bank is not able to sell cash foreign currency to the student; they have to sell FDD or Travelers cheque to the students.
- **Travel and Medical Treatment:** To travel in side the SAARC countries and Myanmar the traveler will not get more than U.S.\$1,000.00 with in a year. If

he/she travels to India by road then he/she will get U.S.\$ 500.00 with in a year and if he/she travels to India by Air then he/she will get U.S.\$ 1,000.00 with in a year. To travel other than these countries traveler will not get more than U.S.\$3,000.00 with in a year, but he/she will not get 3,000.00 cash dollar. A traveler can get 3,000.00-traveler cheque or 1500.00 cash and 1500.00-traveler cheque but he/she will not get more than U.S.\$ 1500.00 in cash. A traveler cannot able to carry more than BDT 500.00 while he/she cross Bangladesh border.

- **International Credit Card:** Through international credit card one individual cannot get more than U.S.\$4,000.00 with in a year. During every bill payment of credit card his/her passport should be endorse by the Bank and his/her passport is not able to get more than U.S \$ 4,000.00 with in a year.

3.33. Phone Banking:

Dhaka Bank Phone Banking service allows accountholder to conduct a variety of transactions by simply making a phone call from anywhere. Accountholder can enquire about the balance in his/her account, check transaction details or request for his/her account statement by fax or mail. Accountholder can also talk to an Officer to discuss his/her loan requirement or any other transaction details. Phone Banking is available to all customers who have account with Dhaka Bank Limited. Non-customers may also avail the service to obtain general information and enquire about Dhaka Bank's products and services.

✕ 3.34. Services Available Through Phone Banking:

The following services are available through Phone Banking:

- Ⓜ Balance inquiry.
- Ⓜ Balance on a particular date.
- Ⓜ Deposit details.
- Ⓜ Last 5 transactions by voice.
- Ⓜ Statement by fax.

- Ⓜ Statement by mail.
- Ⓜ Cheque inquiry.
- Ⓜ Voice mail service.
- Ⓜ Talk to an Officer.
- Ⓜ Change Personal Identification Number (PIN).

3.35. Phone Banking help:

Phone Banking service helps accountholder to obtain his/her account details from anywhere by simply making a phone call. Accountholder don't have to visit his/her branch or wait in the queue to obtain his/her account related information. Accountholder can conduct a variety of transactions from the comfort of home, office or his/her car.

3.36. Phone Banking Ensure Confidentiality:

A unique Personal Identification Number (PIN) is given to every customer that ensures the confidentiality of his/her transactions. The PIN is his/her secret password to access his/her account related information. The PIN can be changed any time to assure its secrecy and prevent unauthorized access to his/her account information.

3.37. Any Branch Banking:

Convenience is the key feature of Dhaka Bank's Personal Banking programmed. Their aim is to provide every customer easy access to his/her account from any branch and ultimately from anywhere. Recognizing the need of their customers they have recently networked all their branches in Dhaka, Narayanganj, Chittagong and Sylhet to permit their 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 Banking service. All transactions under Any Branch Banking are absolutely free of charge. The following services are available under Any Branch Banking:

- ✱ Cash withdrawal from depositor's account from any branch of the Bank.
- ✱ Cash and Cheque deposit into depositor's account from any branch of the Bank.

- ✱ Cash and Cheque deposit in other's account from any branch of the Bank.
- ✱ Transfer of money from depositor's account with any branch of the Bank.
- ✱ Cash withdrawal by self (any amount subject to availability of balance.)
- ✱ Cash withdrawal by third party/bearer (per transaction Tk. 100,000 only.)
- ✱ Cash deposit/transfer (unlimited.)

3.38. Safe Deposit Locker:

Depositor could use the locker facility of Dhaka Bank Limited and thus have the option of covering his/her valuables against any unfortunate incident. They offer security to Dhaka Bank's locker service as afforded to the Bank's own property at a very competitive price. They would be at depositor's service from Saturday through Thursday from 9:00 am to 4:00 pm.

3.39. Human Resource and Training:

The driving force behind Dhaka Bank Limited has always its employees. The bank recognizes that professional development of its people is vital to establishing workers as a provider of quality service. In this regard, The Bank have expended its training facilities and set up a full – fledged training institute at Uttara. In 2001, the institute has conducted 24 courses attended by 488 participants. Besides, 5 Executive Development programs were held during the year and 8 Officers had attended overseas programs on invitation.

3.40. Islamic Banking:

Dhaka Bank Limited opened its first Islamic Banking Branch on July 02, 2003 at Motijheel Commercial Area, Dhaka. The Islamic banking operations are completely separate from that of the conventional banking. The bank is maintaining a separate set of accounts for Islamic Banking Branch, which is completely different from conventional banking to conform to the standard by adopted by Financial Accounting and Auditing

organization for Islamic Financial Institutions. The performance of Islamic Banking Branch during the year 2003 is given bellow:

❖ Deposits	1,043,703,603 Tk.
❖ Investments	379,993,706 Tk
❖ Profit	5,787,128 Tk

Table No: 09

Islamic Banking Branch, Balance Sheet as at 31.12.2003:

Account Title	Amount in Tk
Assets	
Cash and Bank Balance	2,372,521
Investment	379,993,706
Fixed Assets	24,925,000
Other Assets	648,233,663
Total Assets	1,055,524,890
Liabilities	
Deposits	1,043,655,531
Bill Payable	48,072
Other Liabilities	6,034,159
Net Profit for the Year 2003	5,787,128
Total Liability	1,055,524,890

Chapter 04

An Appraisal of the Financial Performance of Dhaka Bank Limited

4.1. Capital:

Dhaka Bank Limited Started its operation on July 05, 1995 as a private sector bank with an authorized capital of Tk. 1000.00 million and paid up capital of Tk 100.00 million.

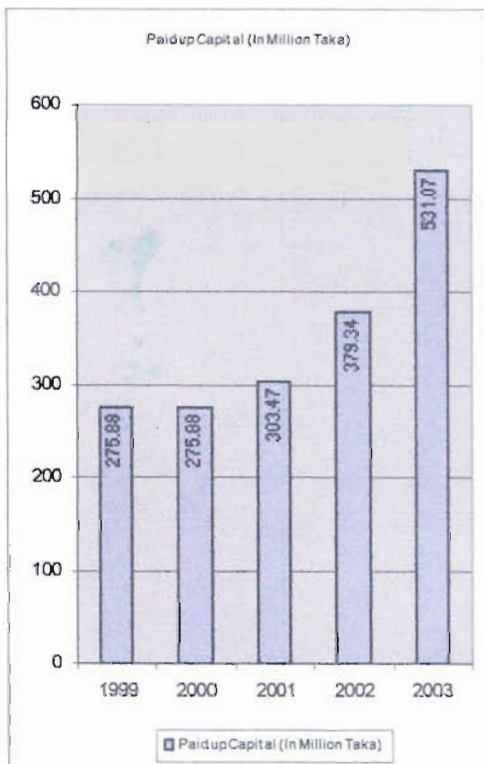
Table No: 10

Paid up Capital of Dhaka Bank Limited for Last Five Years:

Year	Paid up Capital (In Million Taka)
1999	275.88
2000	275.88
2001	303.47
2002	379.34
2003	531.07

Chart No: 04

Paid up Capital of Dhaka Bank Limited for Last Five Years:



The Paid up Capital of Dhaka Bank Limited amounted to Tk 531.77 million as on December 31, 2003. The total equity (Capital & Reserve) of the Bank as on December 31, 2003 stood as Tk 1209.97 million including sponsor capital of Tk 338.58 million. Bank has also made a 1% general provision of Tk 125.13 million against the unclassified loans and advances, which will be treated as supplementary capital. The issued, subscribed and paid up capital of the bank amounted to 3,793,350 ordinary shares of Tk 100.00 each issued for cash and 1,517,340 ordinary shares of Tk 100.00 each issued as right & bonus shares. The capital Adequacy ratio is 10.88% as on December 31, 2003, which

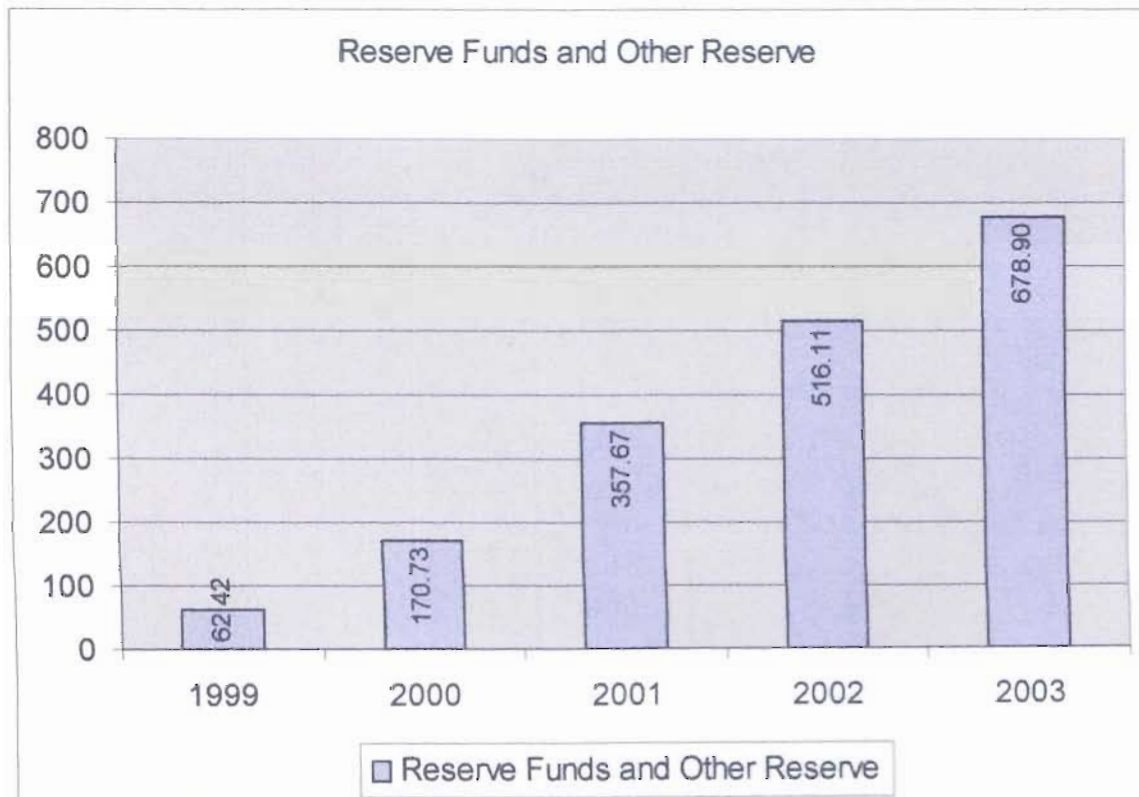
exceeds the stipulated requirement for banks in Bangladesh. The core capital ratio is 9.85% against the standard of 4.50 % and supplementary Capital 1.03%.

4.2. Reserved Fund and Others:

The reserved fund increase to Tk 678.90 million in 2003 registering a growth of 31.54% than last year. Bank has also made 1% general provision of Tk 125.13 million against the unclassified loan and advance, which will be treated as supplementary capital.

Chart No: 05

Reserved Fund and Others for last five years of Dhaka Bank Limited:

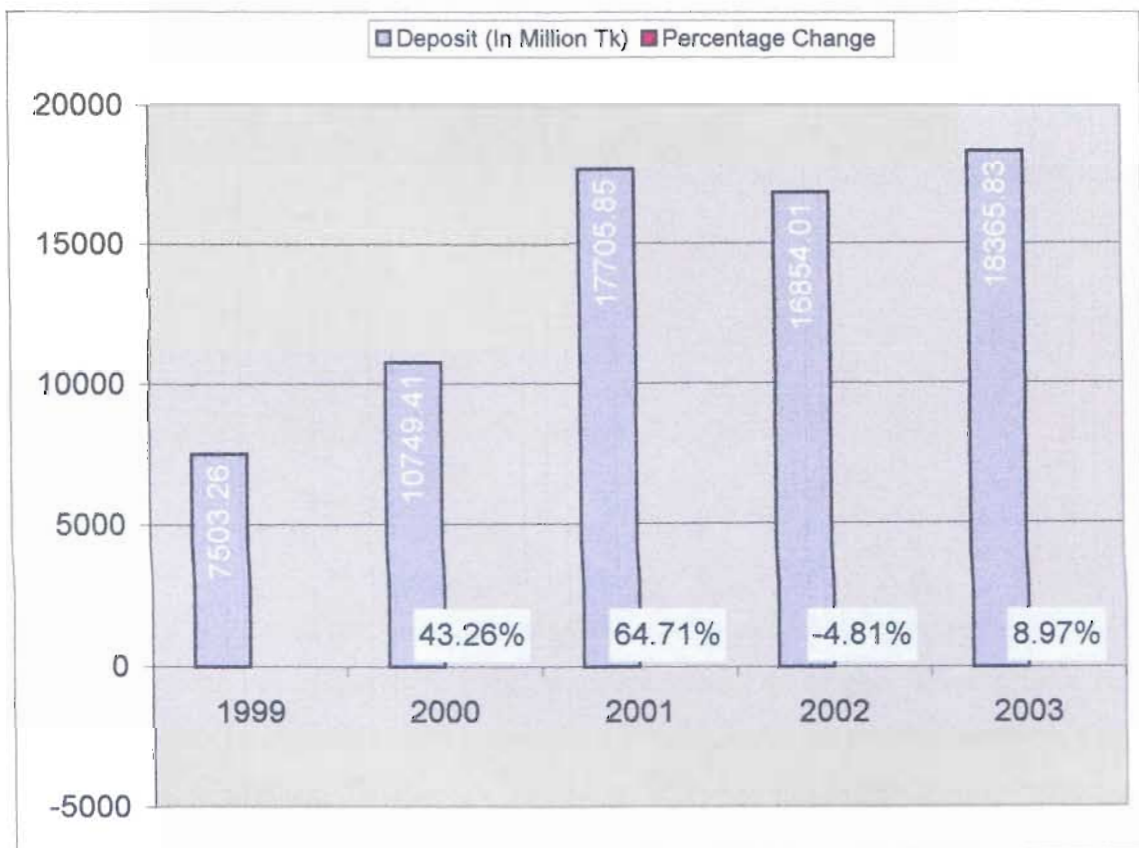


4.3. Deposit of Dhaka Bank Limited:

In the year 2003 the deposit of The Dhaka Bank Limited stood at Tk 18365.83 million from the Tk 16854.01 million as recorded in the year 2002. Compare with the year 2002 the deposit increase 8.97% in 2003. In the year 2003 they're emphasized on lowering the rate of interest on the deposits to achieve a lower cost of fund. The initiative is intended to encourage investment at lower rate of interest.

Chart No: 06

Deposit of Dhaka Bank Limited and Percentage Change for Last Five Years:



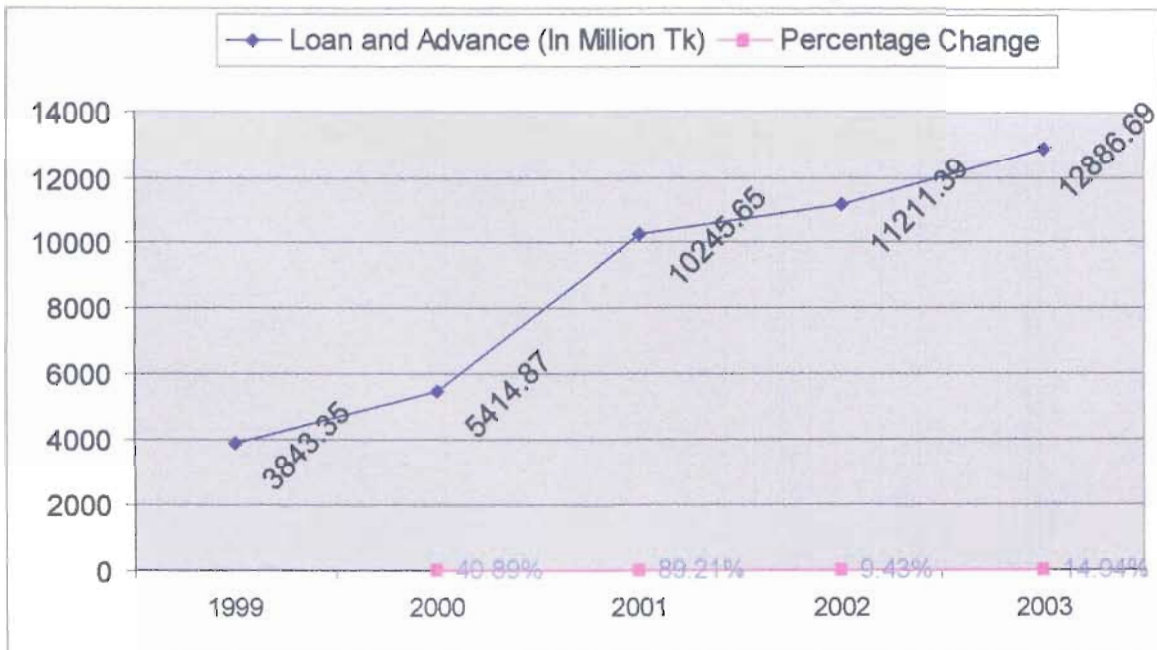
In the chart it is showed that from the year 1999 to 2001 amount of Deposit increase in a rapid way but in the year 2002 the amount of deposit goes down. Again in the year 2003 Dhaka Bank Limited able to increase the amount of deposit.

4.4. Loans and Advance of Dhaka Bank Limited:

In the year 2003 total loan and advance of Dhaka Bank is Tk 12886.68 million which is 14.94% higher than the year 2002, in 2002 total loan and advance of Dhaka bank limited was Tk 11211.39 million.

Chart No: 07

Loan and advance of Dhaka Bank Limited and Percentage Change for Last Five Years:



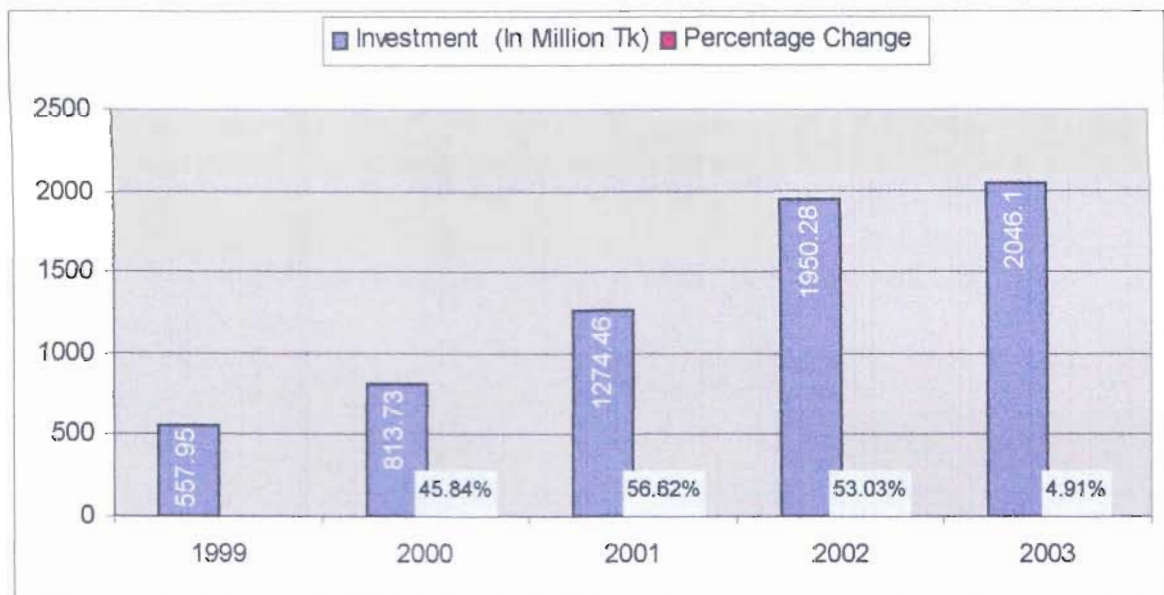
In the chart it is shown that the loan and advance of Dhaka Bank increase every year but in the year 2002 the rate of increase goes down comparing with other years. Dhaka Bank Limited extended their credit in these sectors - Textile and Readymade Garments, Edible oil, Telecom, Media and Technology, Shipping, Steel and Engineers, Energy, Chemical, Fertilizer, Pharmaceutical, Cement, Personal loan, Consumer credit scheme etc. High concentration sectors are engineering, Basic Metals and products for Tk 1038.79 million, Trading business for Tk 4823.17 million, Construction for Tk 1696.44 million, Textile Sector for Tk 471.43 million as at the end of December, 2003.

4.5. Investment of Dhaka Bank Limited:

The investment portfolio in 2003 of Dhaka Bank Limited stood Tk 2046.10 million from Tk. 1950.28 million in 2002, indicating an increase of 4.91% percent. The investment portfolio made up of government securities and shares and debenture of different listed companies. Lease finance, hire purchase, and capital market operation besides investment in Treasury Bills, and prize bonds constitute the investment bank of Dhaka Bank Limited.

Chart No: 08

Investment of Dhaka Bank Limited and Percentage Change for Last Five Years:



From the chart it is found that every year the investment of Dhaka Bank Limited has increased. The rate of increase is very fast during the year 1999 to 2001 but it become slower during the year 2001 to 2003.

4.6. Net Income:

Net income of an organization can indicate the performance of an organization whether it is doing well or it needs some support for doing well. Here we discuss about Dhaka Bank Limited's Net Income for last seven years to discuss its financial performance.

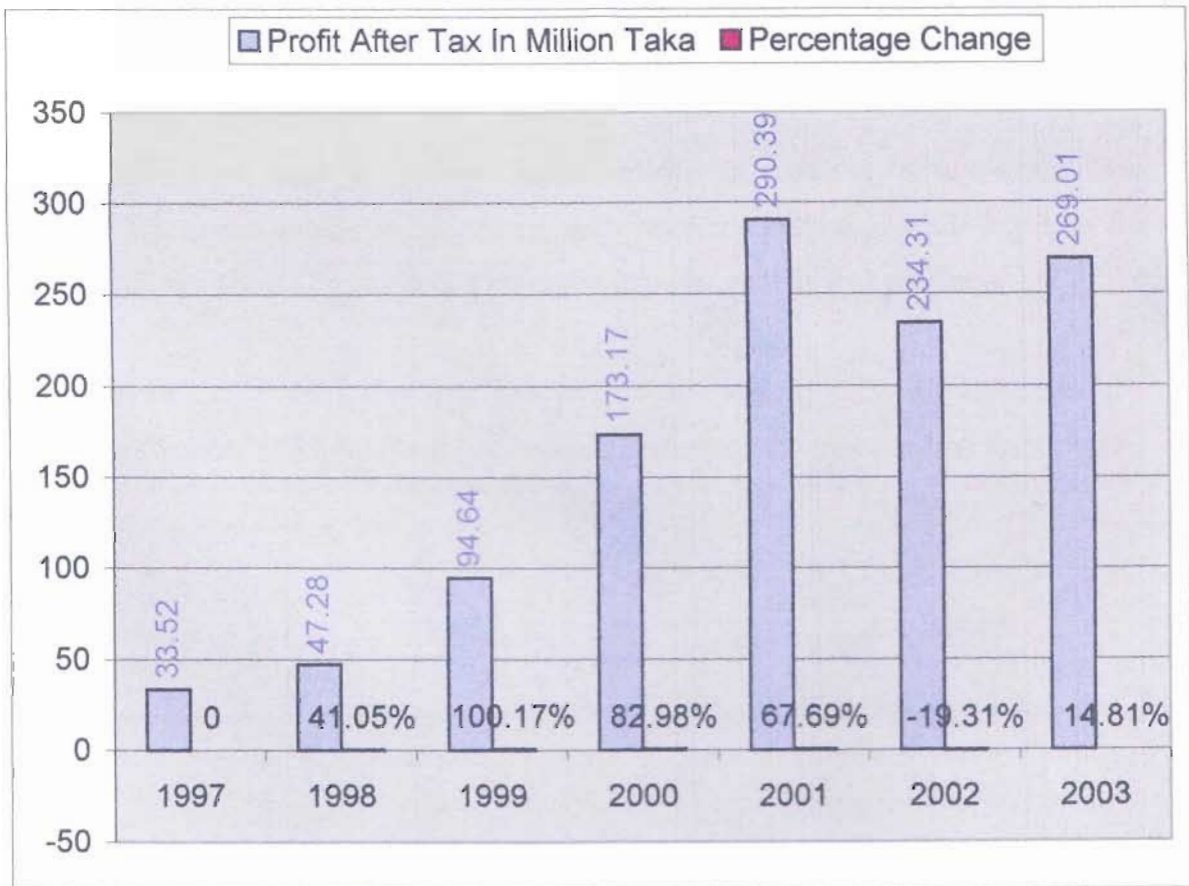
Table No: 11

Net Income and Percentage Change for last seven years of Dhaka Bank Limited:

Year	Profit After Tax (In Million Taka)	Percentage Change
1997	33.52	-----
1998	47.28	41.05%
1999	94.64	100.17%
2000	173.17	82.98%
2001	290.39	67.69%
2002	234.31	(19.31%)
2003	269.01	14.81%

Chart No: 09

Net Income and Percentage Change for last seven years of Dhaka Bank Limited:



In the table and chart we see that in 1997 Dhaka Bank Limited has a net income (after tax) of 33.52 million and in 2001 it is 290.39 million it shows an up ward slop of net income which means Dhaka Bank's Net Income has increased every year. In the year 2002 the net income (after tax) is 234.31 million, which show a down ward slop in net income of Dhaka Bank Limited. In the year 2003 the net income (after tax) is 269.01 million, which show an upward slop of net income. After going through the table and the chart it is clearer that Dhaka Bank performing well because over all their net income increasing day by day and this one of the good symbols of become a financial sound organization.

4.7. Operating Expense:

Every organization have to incurred some expense to maintain its operations these expenses are known as operating expense such as salary expense, rent, utility bills etc. Here we discuss about Dhaka Bank's operating expense for last five years are:

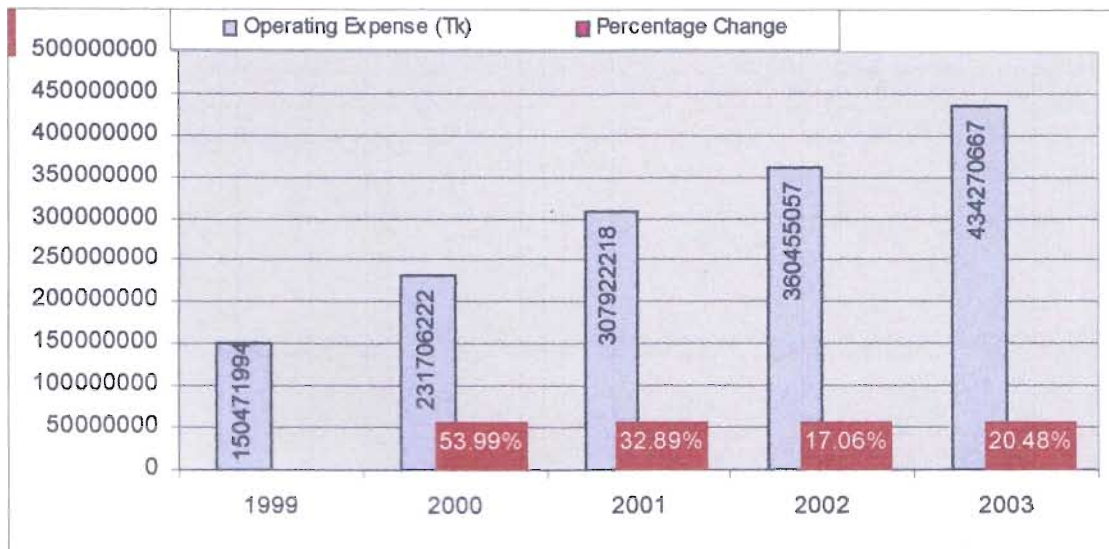
Table No: 12

Operating Expense of Dhaka Bank Limited and Percentage Change for Last Five Years:

Year	Operating Expense (Tk)	Percentage Change
1999	150471994	
2000	231706222	53.99%
2001	307922218	32.89%
2002	360455057	17.06%
2003	434270667	20.48%

Chart No: 10

Operating Expense of Dhaka Bank Limited and Percentage Change for Last Five Years:



From the table and chart it is found that the operating expenses of Dhaka Bank Limited increases every year these are happen only because of their expansion of branches. Every year they open new branches with that branch number of employee increase and other expenses also increase that's why every year their operating expense increase not because of lack in operation management. Their operational activity is good so with the operating expense their operating income also increase.

4.8. Operating Profit:

Profit that is earn from operation that is known as operating profit. Operating income minus operating expense gives us operating profit. Dhaka Bank's operating income comes from income from interest, interest from investment etc. Here we discuss about operating profit of Dhaka Bank Limited for last five years.

Table No: 13

Operating Profit of Dhaka Bank Limited and Percentage Change for Last Five Years:

Year	Operating Profit (In Million Tk)	Percentage Change
1999	230.15	
2000	330.75	43.71%
2001	561.69	69.82%
2002	628.21	11.84%
2003	632.55	0.69%

Chart No: 11

Operating Profit of Dhaka Bank Limited and Percentage Change for Last Five Years:



From the table and chart it is founded that every with the expansion of branches Dhaka Bank's operating profit increases. From the year 1999 to 2001 the operating income increased at a rapid way after that from 2001 to 2003 the growth of operating profit become little bit slower. In the chart it is found that from the year 1999 to 2001 Dhaka Bank pass their growth stage and from the year 2001 to 2003 they are in maturity stage.

4.9. Return on Equity (ROE) of Dhaka Bank Limited:

Return on equity is a financial ratio, which help to analyze an organization's performance. It measures the profitability of owner's investment. It is a percentage value, which indicates after using Tk 100.00 amount of capital that an owner gets return.

Table No: 14

Return on Equity of Dhaka Bank Limited and Percentage Change for Last Five Years:

Year	Return on Equity (%)	Percentage Change
1999	27.98	
2000	38.77	38.56%
2001	43.92	13.28%
2002	26.17	(67.82%)
2003	22.23	(17.72%)

From the above table it is found that return on equity has increased during the year 1999 to 2001. And the return on equity of Dhaka Bank Limited has decreased during the year 2001 to 2003.

4.10. Return on Asset (ROA) of Dhaka Bank Limited:

Table No: 15

Return on Asset of Dhaka Bank Limited and Percentage Change for Last Five Years:

Year	Return on Asset (%)	Percentage Change
1999	0.99	
2000	1.49	50.50%
2001	1.52	2.01%
2002	1.23	(23.57%)
2003	1.29	4.87%

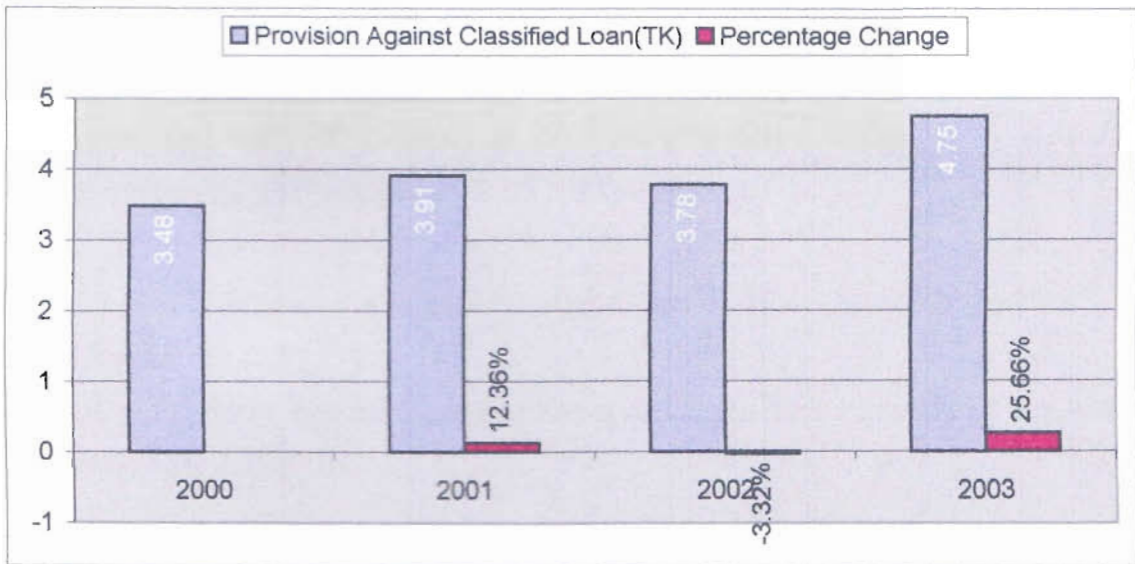
From the table it is found that from the year 1999 to 2001 the return on asset increase but in the year 2002 it goes down again in the year 2003 return on asset increase. Return on asset gives us the value in percentage form.

4.11. Price Earnings Ratio (P/E Ratio) of Dhaka Bank Limited:

Price earning ratio measures the ratio of the market price per share to earnings per share. It gives the ratio of return that an investor can get by investing in a particular share.

Chart No: 12

Price Earnings Ratio of Dhaka Bank Limited and Percentage Change for Last Five Years:



From the chart it is found that the price earnings ratio of Dhaka Bank Limited has increased every year except year 2002. The average price earnings ratio is four for Dhaka Bank Limited, which is a good ratio.

4.12. Earnings Per Share (EPS) of Dhaka Bank Limited:

Earnings Per Share (EPS) means the amount that a shareholder received from after tax net income. It is the value that a shareholder received for holding the share for one year and investing money in the organization.

Table No: 16

Earnings Per Share of Dhaka Bank Limited and Percentage Change for Last Five Years:

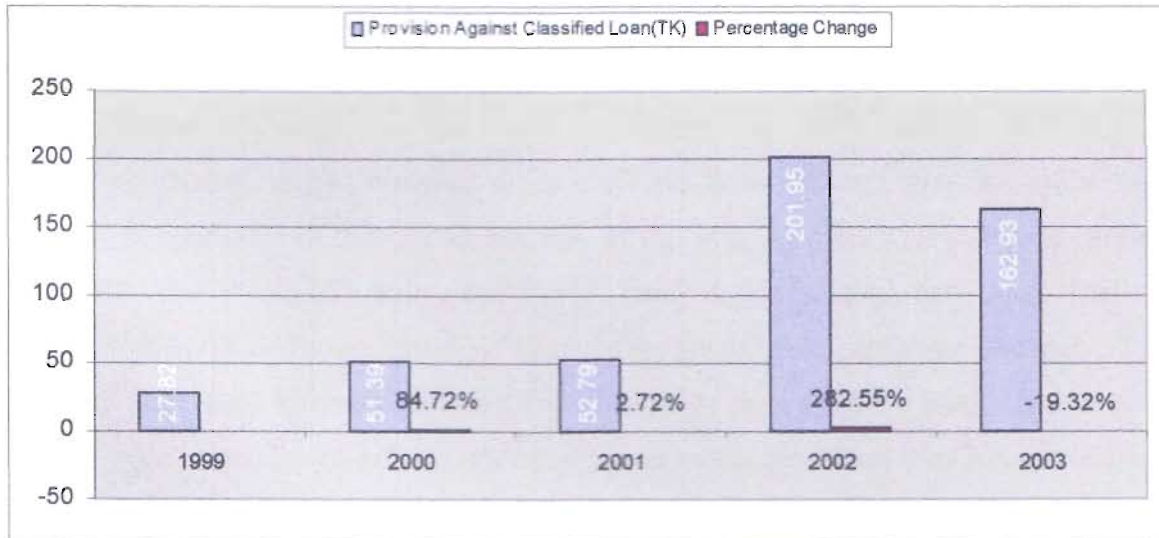
Years	Earnings Per Share (TK)	Percentage Changes
1999	34.30	
2000	62.77	83.00%
2001	106.04	68.93%
2002	69.89	(34.10%)
2003	52.86	(24.37%)

From the table it is found that from the year 1999 to 2001 earnings per share increase but in the year 2002 and 2003 the earnings per share goes down. It gives us the indication that the company's profit goes down from last two years.

4.13. Amount of Provision Against Classified Loans of Dhaka Bank Limited:

Chart No: 13

Amount of Provision Against Classified Loans of Dhaka Bank Limited and Percentage Change for Last Five Years:



In the chart it is found that the provision amount of classified loans is Tk 27.820 million in 1999 and it increases to Tk 51.39 million and Tk 52.79 million in the year 2000 and 2001 respectively. It increases further Tk 201.95 million in 2002 but come down to TK 162.93 million in the year 2003. Dhaka Bank Limited has to take better management of loans otherwise it creates a great problem for the progress.

4.14. Amount of Provision Against Unclassified Loans of Dhaka Bank Limited:

Table No: 17

Amount of Provision Against Unclassified Loans of Dhaka Bank Limited and Percentage Change for Last Five Years:

Year	Provision Against Unclassified Loans	Percentage Changes
1999	37.02	
2000	52.95	43.03%
2001	100.80	90.37%
2002	108.96	8.10%
2003	125.13	14.84%

The amount of unclassified loans is 37.02 million in 1999 and it increases to Tk 50.95 million and Tk 100.95 in the year 2000 and 2001 respectively. Again it increases to Tk 108.96 million in 2002 and Tk 125.13 million in 2003. Increasing means they have high back up for loans it is good sign for the bank.

4.15. Findings:

After going through all the financial ratios of Dhaka Bank Limited, it is found that the financial performance of them is satisfactory in the year 2003 but it is not good in the year 2002. The managers' ability and Bank's profitability increase than 2002. Dhaka Bank Limited provided more classified loan so they should take care about that sight. On the other hand their unclassified loans increasing that means Dhaka Bank Limited are trying to tight control over loans. They have proper management but they have to utilize it to get better or best result.

Chapter 05



Conclusion

5. Conclusion:

Dhaka Bank Limited started its journey on July 05, 1995 with a motto “Excellence In Banking”. Till to day they are trying to maintain their quality and satisfy their customers by providing them better service. For this they come up with new product every now and then. In the year 2003 Dhaka Bank concentrated its efforts in developing a stable customer base through various personal banking schemes, expansion of network strategically important business locations, and opening Islamic banking branch to attract a significant segment of client.

Most of the products being new, but these are highly demanded by the customers. To make these even more successful, the concerned authority has to keep a constant watch on their root level implementation. In the year 2003 their successful step is changed their software and take flex cube to provide customer online banking, and any branch banking facilities. The concerned authority must take clear to all about the benefits of the newly launched products both for the banks and the customer so that each and everyone in the implementation phase works sincerely to achieve the desired goal. In Bangladesh banking sector is highly competition oriented, because there are some foreign bank operate in our economy and their products are highly technology oriented. Their marketing strategy is very effective that they can easily attract customer for them. So Dhaka Bank Limited’s authority has to aware to protect the flow of their products.

In the present competitive world of banking sector every bank has to innovative in order to survive. Because this sector is highly customer oriented, and customers test changes every now and then. Dhaka Bank has continued its efforts in creating highly motivated outstanding group of professionals though organizing extensive training programs in banking operations, international trade, risk management, etc. The Bank already enjoys considerable reputation in the Banking Sector. Its new products will undoubtedly take to the number one position and they can become Excellence in Banking.

Chapter 06

Problems and Policy Implication for Development of Dhaka Bank Limited

6. Problems and Policy Implication for Development of Dhaka Bank Limited:

Now a days Dhaka Bank Limited perform better in the banking sector but if they take following steps they can become the best in this sector. After three months working with Dhaka Bank Limited as an Intern I found these problems.

It is reflected from deposit statistics (table no: 02) that in the last four years bank's deposit amount in Current, Excel, Short Term Deposit, and Savings account goes down and the deposit amount in FDR account goes up. So it is found that overall total deposit increase every year. But these are increase through FDR, which provided the customer highest interest rate. That is increase bank's cost of fund and bank's lending rate of interest.

So they should take steps to increase deposit in Current, Excel, Short Term Deposit, and Savings accounts and add some new features that's these are able to attract customers and collect low cost deposit amount.

It is reflected from recovery statistics (table no:08) that in the year 2003 the amount of recovery of outstanding advance goes down by (7.69)%. For this reason the amount of classified loan increased every year.

Dhaka Bank Limited should increase the amount of recovery of outstanding loans; in this way the amount of classified loan will not increased in every year.

It reflected from the earnings per share statistics (table no: 16) that in the year 2002 and 2003 the earnings per share goes down. This is a negative signal for investor.

The management has to increase the amount of net profit so that the earnings per share may increase.

From the return on equity statistics (table no: 14) it is found that the return on equity of Dhaka Bank Limited has decreased during the year 2001 to 2003.

It shows the management is not trying hard to earn more profit because with the increase of equity they are not able to increase the profit. So the management has to work hard to increase the amount of profit compare to the previous year.

It is reflected from the amount provision against unclassified statistics (table no: 17) it is found the provision amount increase every year which increase the liability of bank every year.

Management has to take proper steps to increase the loan recovery amount, and while proving loan they should collect all information about borrower so that the loan cannot become a bad loan.

Dhaka Bank's HR Department controls its branches centrally from the head office. That's why they don't know what is going on in the branches. In branches some officers are not feel comfort to work with they're in chargers but they have to work with them so their productivity goes down, or employee turnover goes up. If an employee does not fell comfort to work then he/she will find out another sweet able work place for his/her. Having new officer will increase cost of training.

So their HR Department should visit all branches after a particular time so that they can know and solve their employees' problems.

According to the Maternity Benefit Act 1941 a women will get 16 weeks or 4 months leave, but Dhaka Bank Limited provided them only 6 weeks which creates problems. Female worker of Local Office apply to the Human Resource department to increase this leave. They should increase this leave because happy work forces provide effective work.

They should change the culture of doing work after the office time. It becomes a trend that bankers have to work after office time. But in reality this is not applicable, because with out Cash and IT department if all other department do their work efficiently then their all works will be complete with in office time, except some important business day. I observed in some branches that they are now providing the bank quantity time not quality time. Every day they come to the office at 8:45 am have a gossiped for half an hour then they go their desk read the newspaper and start work at 10:00am and finished their work at 6:45pm in side this working time they have launch, snakes, and tea. If the bank wants quality time from them then they are not able to do so. They will start their work at 9:00 am and finish at 5:00pm only having launched and snakes with out

gossiped. Then they should not have work left to do after the office time. So this culture should be changed.

If the management of Dhaka Bank Limited take care these things than the bank can perform best in the privet-banking sector of Bangladesh. Because bank is such a sector with out it no countries economy can survive. That is why the management of Dhaka Bank Limited should take care of these things.

Chapter 07



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Prospectus of different products and services distributed by the Head Office.

Leaflets of different products given out by the bank’s own publication department from

time to time.