Internship Report

On

Loan Disbursement & Recovery Performance Analysis of Dutch-Bangla Bank PLC.

<u>SUBMITTED TO</u>

Professor Mohammad Rokibul Kabir, PhD
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<u>SUBMITTED BY</u>
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Date of Submission: 4th November, 2024

Letter of Transmittal

Date: 4th November, 2024

Professor Mohammad Rokibul Kabir, PhD
Director, HRDI &
Head, Department of Accounting
Faculty of Business & Entrepreneurship
Daffodil International University

Subject: Submission of Internship Report on Loan Disbursement & Recovery Performance Analysis of Dutch-Bangla Bank PLC.

Sir,

This is my pleasure that I have completed my internship report and hereby ready to submit my report on **"Loan Disbursement & Recovery Performance Analysis of Dutch-Bangla Bank PLC."** According to the instruction I have worked on the actual Loan Disbursement & Recovery Performance Analysis of Dutch-Bangla Bank PLC. I have really enjoyed the working environment of the Dutch-Bangla Bank PLC, Head Office. I have tried my best to present all those things that I have experienced over there while preparing my report.

I have thoroughly enjoyed the overall work during my internship period which is carrying vast description of practical knowledge. This report along with all kinds of necessary information regarding the internship is being submitted to you for your evaluation. I sincerely hope that you will appreciate my effort.

Sincerely yours,

Nadia Chowdhury.

Nadia Chowdhury

ID: 221-14-380

Major: Accounting (MBA)

Department of Business Administration

Daffodil International University

Student's Declaration

This statement certifies that my supervisor supervised the preparation of the internship report on "Loan Disbursement & Recovery Performance Analysis of Dutch-Bangla Bank PLC." that was turned in order to obtain a Master of Business Administration (MBA) degree.

Under the supervision of **Professor Mohammad Rokibul Kabir, PhD,** Director, HRDI & Head, Department of Accounting, Faculty of Business & Entrepreneurship, Daffodil International University. This paper is finished for my academic purposes. I've done everything in my power to ensure that this report is accurate and educational. The knowledge and experience I gained from my internship at DBBPLC helped me finish this report.

Yours Sincerely,

Nadia Chowdhury.

Nadia Chowdhury
ID: 221-14-380
Major: Accounting (MBA)
Department of Business Administration
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Approval Certificate

It is hereby verified that Nadia Chowdhury, ID number 221-14-380, MBA (major in Accounting, is a regular student at Daffodil International University's Department of Business Administration, Faculty of Business & Entrepreneurship. After completing her internship at Dutch-Bangla Bank PLC, she trained under my close supervision in preparation for this internship. "Loan Disbursement & Recovery Performance Analysis of Dutch-Bangla Bank PLC." is the topic of her internship report.

After reading the report, I believed it was well-written. She finished the report all by herself. I hope the best for her.

Professor Mohammad Rokibul Kabir, PhD
Director, HRDI &
Head, Department of Accounting
Faculty of Business & Entrepreneurship
Daffodil International University

Acknowledgement

First of all, I am expressing my heartfelt gratitude to the Almighty Allah, the most Merciful and the Benevolent, for his special kindness to give me the opportunity to complete the internship successfully and prepare internship report timely.

I would like to express my gratitude to the authority of Daffodil International University and to our honorable Supervisor **Professor Mohammad Rokibul Kabir, PhD,** Director, HRDI & Head, Department of Accounting, Faculty of Business & Entrepreneurship, Daffodil International University for his continuous guidance, individual suggestions, continuous encouragement and unfailing enthusiasm throughout the process of completion of this report.

I would like to extend my deepest appreciation to all my faculty members of Department of Business Administration, Daffodil International University for their individual contribution and cooperation in advancing this report and hereby completing my MBA program successfully. I would also like to express my special thanks to the staffs of the University for their excellent administrative supports.

I am also thankful to the Head of Retail Business Division of Dutch-Bangla Bank PLC for giving me the opportunity to do the internship in their organization, and specially Mr. Md. Tarekul Islam, Assistant Vice President, Collection & Monitoring Unit for his sincere advice, encouragement and support in my internship program as my organization's supervisor. I also thankful my beloved collogues at Dutch-Bangla Bank PLC, who gave me a sense of belongings which help me to get acquainted with the culture of the Bank and encourage me to complete my internship successfully.

Finally, I am very grateful to my entire family members especially to my Father and Mother for their respective support and inspiration to accomplish my study.

Executive Summary

This report offers an analytical examination of the loan disbursement and recovery performance of Dutch Bangla Bank PLC (DBBL) across a five-year period from 2019 to 2023. The objective of the investigation is to evaluate the efficacy of DBBL's credit management strategies and to pinpoint the obstacles encountered during loan recovery.

The analysis indicates that DBBL has consistently increased loan disbursement, with substantial allocations to the manufacturing sector. The Dhaka division is the geographic location where the preponderance of loans are concentrated. Nevertheless, the bank's loan recovery ratio has shown a downward trajectory, declining from 88.88% in 2019 to 83.46% in 2023, despite the consistent increase in loan disbursement. The inefficiencies in the bank's loan recovery processes are underscored by this decline.

The investigation identifies numerous obstacles that contribute to deficient loan recovery, including inadequate collateral valuation, improper loan documentation, and external pressures such as political influence and legal constraints. The report suggests that the loan portfolio be diversified, risk management practices be improved, and loan recovery mechanisms be optimized.

In summary, DBBL has demonstrated positive growth in loan disbursement; however, it is imperative that the bank priorities the enhancement of its loan recovery processes to guarantee long-term financial stability and profitability.

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CHAPTER-1

INTRODUCTION

1.1 Origin of the Report

It is commonly stated that theory without practice lacks direction, but practice without theory is pointless. An internship connects academic understanding with practical application. The primary goal of this study is to examine a bank's credit management system, with a particular focus on Dutch Bangla Bank PLC, a publicly traded Bangladeshi bank. This report was created utilizing data collected during the internship at the bank. The report is titled, "Analyzing Loan Disbursement and Recovery Performance of Dutch Bangla Bank PLC."

This report is produced as a prerequisite for the MBA program at Daffodil International University, where practical orientation is an integral component of the curriculum. As a student of Daffodil International University, this subject will hold considerable significance in my practical life.

The internship program is crucial for all MBA students as it enables them to acclimatize to real-life situations. Banking is a crucial financial institution; hence, I have chosen Dutch Bangla Bank PLC, a state-owned commercial bank in Bangladesh. The data for this study has been rigorously obtained from secondary and tertiary sources to guarantee precision. Following eight weeks of rigorous research and analysis, the paper is delivered as a comprehensive and private academic resource. I really value the assistance and encouragement from all participants, which was crucial in the preparation of this thorough and informative report. Consequently, I have compiled my research on "analyzing Loan Recovery Performance of Dutch Bangla Bank PLC."

1.2 Background of the Study

The work environment becomes more complex with each passing day. Without appropriate practical experience, comprehending the complexities of business can be difficult, if not impossible. Commerce is the driving force behind global connections and has an enormous effect on national economic growth. In this constantly shifting landscape, practical experience is a vital means for connecting people with the realities of the corporate world. This internship allows you to get useful knowledge and a better understanding of the different operating techniques used by Dutch-Bangla Bank PLC, notably in the field of Financial Institutional Services.

1.3 Objectives of the Study

The aim of the research is to evaluate loan distribution and recovery performance at Dutch-Bangla Bank PLC.

The specific goals are as follows:

- To explain the credit management procedure of DBBL PLC.
- To describe the work in process and monitoring system of loan & recovery.
- To examine the loan disbursement & recovery performance of DBBL

1.4 Research Methodology

The study's focus is on description. I conducted quantitative evaluations for both analytical and descriptive research.

Method for gathering Data

Data were mostly gathered from secondary sources in order to complete this study.

Secondary Data Source

- Annual report of Dutch Bangla Bank PLC.
- Banks annual performance report.

Data Collection Period

Date for this steady include five years range starting from 2019 to 2023.

Data Processing &Analysis

The collected data have been processed & complied with the statistical tools. Necessary tables & figures have been prepared on the basis of collected data and various statistical techniques have been applied to analysis on the basis of collected information. Along with descriptive statistics like mean, percentage and growth rate, ratio analysis has been done to assess the performances.

1.5 Scope of the Study

Dutch Bangla Bank PLC which is ranked only second to the biggest commercial bank in Bangladesh currently possesses 908 branches, out of which four are situated in foreign countries. While being there, I aimed at gaining more realistic experience regarding some aspects of credit management. This entailed familiarization with credit management instruments, loan recovery process, issues experienced in recovery process, and an assessment of the performance of the bank in managing recovery of loans. The above yielded conclusions were critical with regard to the findings of the analysis carried out on loan recovery management overlaying a summary of the findings with reference to guidelines stipulated under the provision of the Bank Companies Act 1991 alongside an elaborate discourse of recommendation.

1.6 Limitations of the Study

To prepare a report on the topic like this in a short duration is not easy task. In preparing this report some problems and limitations have encountered which are as follows:

- The first limitation of the study was when there was insufficient information needed for the study. However, not all of the necessary data were included to accomplish that because of security considerations and other corporate responsibilities.
- Lack of opportunity to access to internal data is another limitation.
- Again, due to time limitation, many of the aspects could not be discussed in the present study.

CHAPTER-2

Overview of DUTCH-BANGLA BANK PLC

2.1 About DBBL

Dutch-Bangla Bank started operation as Bangladesh's first joint venture bank. The bank was an effort by local shareholders spearheaded by Md. Sahabuddin Ahmed (founder chairman) and the Dutch company FMO.

The bank has always prioritized funding Bangladesh's rapidly expanding industrial sectors. The manufacturing industry sends Bangladeshi goods all over the world, thus that's the justification. Bangladesh may thus get the intended growth by funding and focusing on this area. Corporate Social Responsibility (CSR) is another area of attention for DBBL. DBBL was the first in this field and referred to the contribution as "social responsibility" even though CSR is now a cliche. DBBL has grown to be the biggest bank contributor and one of the biggest donors in Bangladesh as a result of its investments in this area. The bank's distinctive strategy as a socially aware bank has earned them several international honors.

The first completely automated bank in Bangladesh was DBBL. In 2020, the Electronic-Banking Division was founded with the goal of quickly automating this industry and introducing contemporary banking services. After total automation in 2003, plastic money was made available to the people of Bangladesh. Additionally, DBBL has the biggest fleet of ATMs in the country, significantly reducing fees and expenses for customers by 80%. Furthermore, many opponents have been taken aback by DBBL's decision to pursue this sector's poor profitability. DBBL never meant to make money from the banking industry; instead, it pushed widespread automation as a CSR endeavor. Consequently, it now offers all of its clients unparalleled financial technology solutions. The majority of local banks have chosen to join DBBL's banking infrastructure rather than pursue their own due to this mentality.

Consumer and investor trust has never wavered despite a history of significant technology expenditures and much greater contributions. In 2008, the record for the highest share price on the Dhaka shares Exchange was reached by Dutch-Bangla Bank shares.

2.2 Vision

Dutch-Bangla Bank envisions a better Bangladesh where everyone's life is made worthwhile by the arts, literature, sports, entertainment, science, education, health, and cleanliness, as well as by a society founded on morals and ethics. The foundation of DBBL is a universe of creativity and the wonder-magic of a wonderful existence full of experiences and a spirit of life that advances human progress.

2.3 Mission

Dutch-Bangla Bank engineers' hard work, inventiveness, and dedication to social responsibility in business and industry. Because "man does not live by bread and butter alone," "profits alone" are not the primary focus of the Bank's operations.

2.4 Strategies

- To aim for customer satisfaction through timely service delivery and quality control;
- To manage and run the bank as effectively as possible in order to improve financial performance and reduce the cost of capital.
- To determine the credit and other banking needs of our clients and track how well we are perceived for fulfilling those needs.
- To improve the ability to provide consumers with better service, review and update policies, procedures, and practices.
- To provide all workers with the necessary resources and training so that their needs may be reasonably met.
- To increase organizational effectiveness by promptly and freely sharing firm plans, policies, practices, and processes with staff members.

2.5 Objectives

Dutch-Bangla Bank prides itself on its unwavering dedication to meeting the requirements and happiness of its clients and being their preferred bank. Dutch-Bangla Bank hopes to usher in a new era of banking that embodies and supports its renowned tagline, "Your Trusted Partner," by taking inspiration from its pool of prestigious customers.

2.6 Sponsors

The DBBL sponsors are extremely prosperous lenders in the nation who own interests in many sectors of the economy. They are well-known businesspeople and industrialists with a solid reputation both domestically and internationally.

2.7 Values

DBBL has some Common values which help to satisfy customers:

- Customer focus
- Integrity
- Quality
- Teamwork
- Respect for the individual
- Harmony
- Fairness
- Courtesy
- Commitment
- Respectable citizenship
- Business ethics
- Unique Culture

2.8 Corporate Culture of DBBL

A DBBL culture is shaped in part by the shared ideals of its employees.

- The customer comes first.
- Strive for greatness in your career.
- Being receptive to fresh concepts and innovative ways to foster creativity.

- Making decisions quickly.
- Adaptability and encourage reaction.
- A feeling of professionalism.

2.9 Management

DBBL is run by very competent individuals. The bank's current managing director is a visionary senior banker with decades of experience and a wealth of expertise in several disciplines, both domestically and internationally. He is backed by a knowledgeable, accomplished staff with a wide range of banking and finance skills. The bank's administration is continuously focused on comprehending, predicting, and providing solutions for the demands of its clients. DBBL has made great strides in the little time it has been in existence. The Bank is well-known for its reputation and is already listed as one of the top service providers.

2.10 Management Structure of DBBL:

There is a chain of command in Dutch Bangla Bank. The chain of command of the Dutch Bangla Bank in Bangladesh is depicted in the organizational chart that follows.

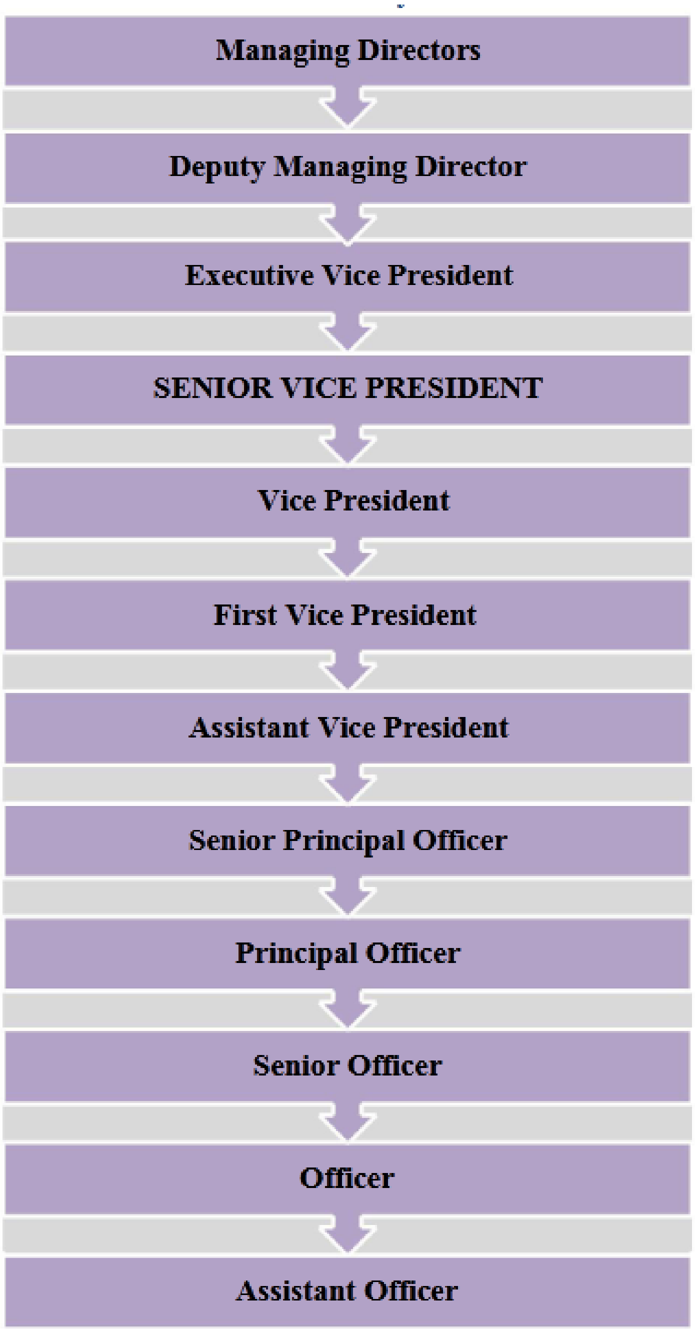

Figure-1: Management Structure of DBBL

2.10.1 Products and Services of DBBL

There are four components to the DBBL product. These include advances, loans, foreign exchange, international business products, and deposit plans.

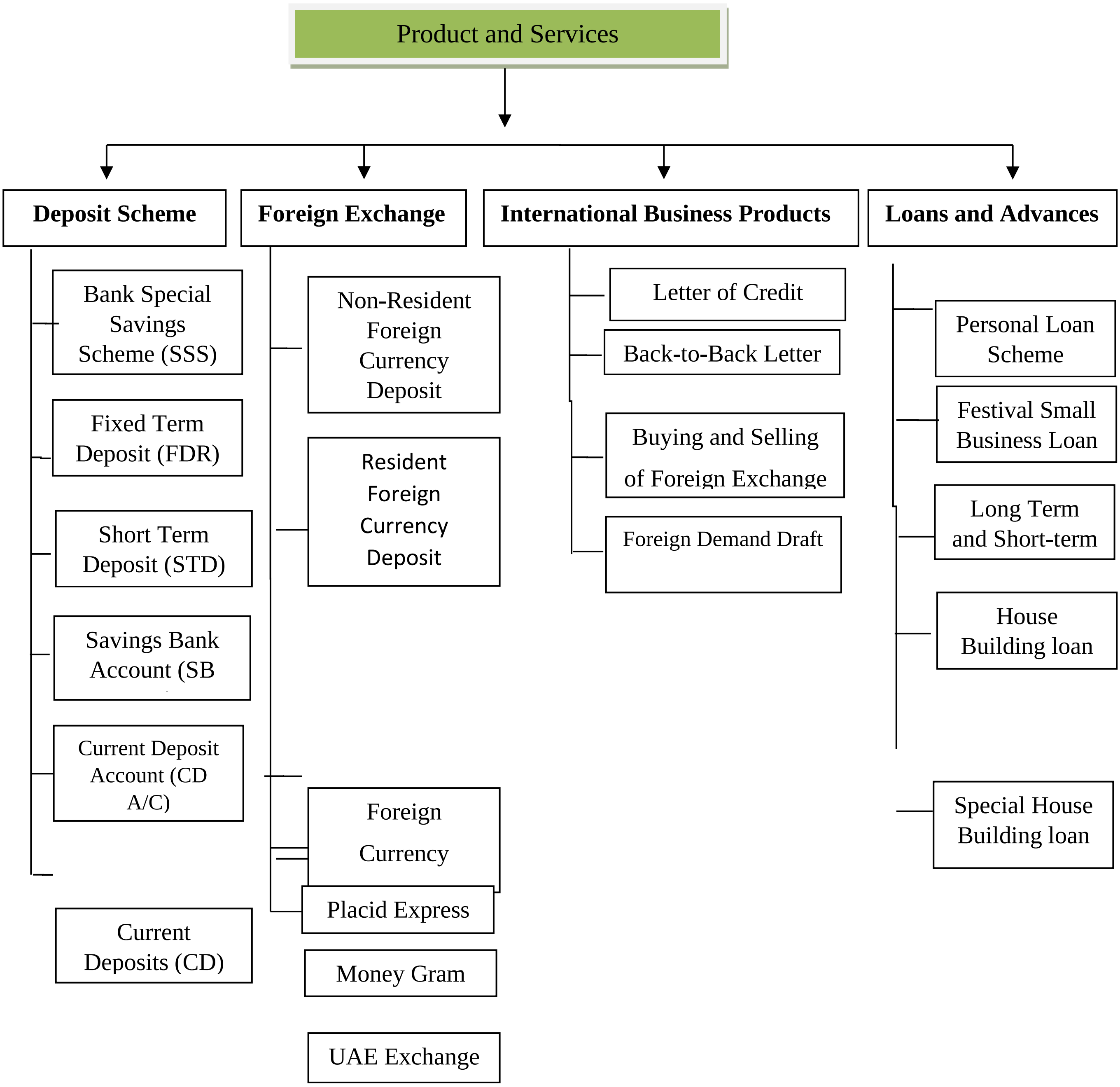

Figure-2: Product and Services

CHAPTER-3

CREDIT MANAGEMENT & MONITORING SYSTEM PROCEDURES OF DUTCH-BANGLA BANK PLC

3.1 Definition of Credit

Credit is derived from the Latin word "Credo," which means "I believe." The capacity or probable ability and purpose of a person, business, or organization to repay is what a lender believes. Put otherwise, credit is the capacity to procure things or services from another party in exchange for a commitment to pay for those goods or services at a certain future date. The primary source of profit for a bank is credit; nevertheless, improper use of credit might have disastrous consequences for the bank as well as the economy as a whole.

3.2 Factors Related with Credit

- Interest rate.
- Security or Collateral.
- Operating Expense.
- Legal Considerations.
- Inflation.

3.3 Sources of Credit

The sources of providing loan of a bank are given below:

- Different types of deposit.
- Paid up Capital.
- Retain earning.
- Loans from Bangladesh Bank and other Bank.

3.4 Credit Management

Dutch Bangla Bank PLC. must effectively handle these credits because it is offering credit facilities using all of its available cash. Pre- and post-sanction actions are included in the numerous components of an effective credit management system. Since it enables banks and other financial organizations to comprehend the diverse aspects of risk associated with distinct credit transactions, credit management is crucial.

3.5 Objective of Credit Management

- To provide service in special sector.
- To maximize earning.
- To provide adequate liquidity and cash.
- To maintain profitability, the loan and investment portfolio should be managed as efficiently as possible.
- To maintain reserve for contingencies.

3.6 Credit Risk Management

Credit risk is the possibility that a borrower, issuer, counterparty, or client may not fulfill their financial commitments to the bank. The Bank's credit risk policies specify several risk thresholds that are used to track and manage credit risk.

3.7 Credit Risk Assessment

Before credit facilities are approved, a thorough credit risk assessment must to be carried out. After that, it ought to be completed once a year for every partnership. The credit proposal that the relationship manager created will include the assessment's findings. The relationship manager should be in charge of the client relationship and be responsible for making sure the whole credit proposal that is being presented for approval is accurate.

3.8 Credit Risk Grading

- The Credit Risk Grading (CRG), which represents the underlying credit-risk for a certain exposure, is a collective definition based on the pre-specified scale.
- The main summary indicator of the risks connected to a credit exposure is a number, letter, or symbol used in a credit risk grading.
- The foundational element for creating a Credit Risk Management system is Credit Risk Grading.

3.9 Credit Management System of DBBL

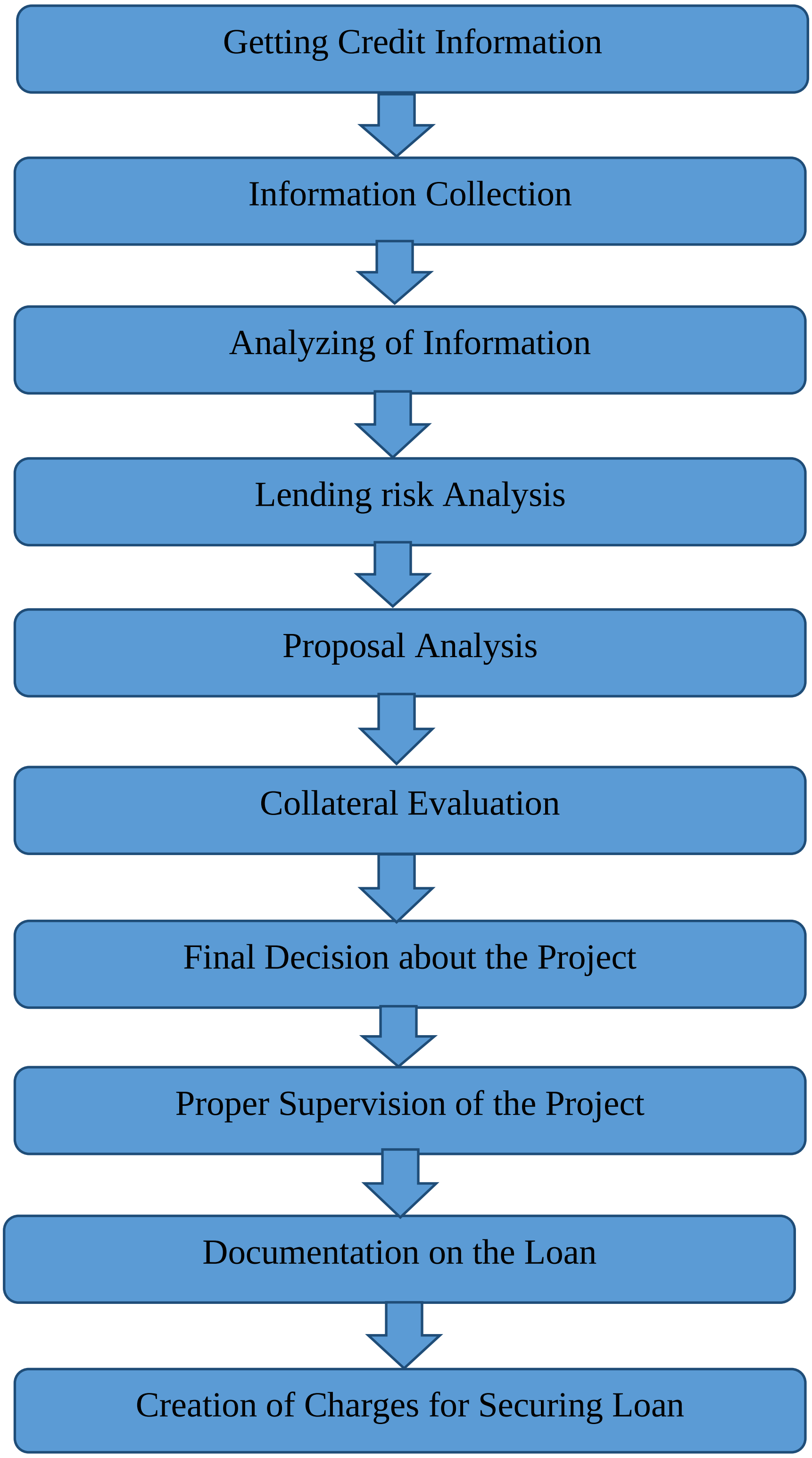

Figure 3.1: Credit Management System of DBBL

Getting Credit Information

In order to assess the borrower's creditworthiness, Dutch Bangla Bank PLC gathers credit information about the application. The following sources provide the bank with information on the borrower:

- Personal investigation.
- CIB Report from Central Bank.
- Confidential report from the head office, branch, or chamber of commerce of another bank.

Information Collection

The party requesting a lot of information fills out a form that is sent to the loans and advances department. The details are as follows:

- The borrower's name and address, both current and permanent.
- The business's status or constitution.
- Information on the establishment and incorporation location.
- Properties, partners, and directors in particular.
- The borrowers' background and business experience.
- Specifics of personal assets, subsidiary names, ownership proportion, and company kind.
- Information about obligations in the names of directors and borrowers.
- Three years' worth of financial statements.
- The nature of the business and its goods.
- Information on the offered securities.
- The suggested debt-to-equity ratio.
- Additional pertinent information.

Analyzing these Information

After that, Dutch Bangla Bank PLC begins analyzing whether the loan application complies with its lending guidelines. If you comply, it looks at your creditworthiness and the documentation you filed. Analyzing a loan applicant's credit worthiness, or their financial circumstances, is crucial. The bank uses Lending Risk Analysis (LRA) and

Spreadsheet Analysis (SA), which were recently established by Bangladesh Bank, if the loan amount exceeds $50,000,000. LRA and SA are required by Bangladesh Bank regulations for loans above one crore. The bank takes additional action if these two studies show favorable conditions and the loan documents seem to be adequate.

Lending Risk Analysis (LRA)

When determining the potentiality of a loan request, LRA is a crucial and crucial examination. To conduct this study, a variety of scientific, mathematical, statistical, and management instruments and equipment are needed. A spreadsheet is one of the several tools used by Dutch Bangla Bank PLC to examine lending risk in accordance with a set framework. The whole scope of the LRA cannot be covered in this study.

Proposal Analysis

After analyzing the project proposal, a decision is made on the project. The analysis is the responsibility of the loans and advances department. The manager grants final permission following an initial evaluation of the loan proposal. Managers forward the loan project to the principal office for final approval if the loan amount exceeds a certain threshold (no found). The principal office professionals learn about various expected ratios and gain insight into the project's potential. A bank considers a few preset factors while evaluating a loan proposal. They are:

- Safety.
- Liquidity.
- Profitability.
- Security.
- Purpose of the loans.
- Sources of repayment.
- Diversification of risk etc.

Collateral Evaluation

When it comes to collateral assessment, Dutch Bangla Bank PLC. is extremely careful. The collateral provided by the private company is concurrently assessed by the bank officials. The accuracy of the projected value of the collateral is improved by its valuation. Three categories of collateral value are presumed:

- Current market price.
- Distressed price.
- Price after five years.

Final Decision about the Project

Should the loan decision be made at the branch level, the branch will approve the loan; if Head Office is the approving authority, the branch will receive the decision via fax or telex.

Proper Supervision of the Project

Officials from Dutch Bangla Bank PLC visit the project site to see how the loan is being used if such a clause is retained in the sanction agreement. Even in the absence of such a provision to oversee the loan, the bank can observe the project's performance.

Documentation of the Loan

These are the most often used and typical paperwork for the aforementioned charges as well as for other loan approval procedures:

Demand Promissory Note: In this case, the borrower agrees to return the loan whenever the bank requests it.

Letter of Arrangement: Here, the borrower's approved loan amount is stated in writing.

Letter of Continuity: Continuous facilities are utilized to provide continuous security.

Letter of Hypothecation: It is a written record of the hypothecated items that should be kept on hand in case of need.

Stock Report: SOD and CC make use of this report. Details on the number and quality of hypothecated items are included in this report.

Personal guarantee: It is the borrower's further assurance that they will repay.

Resolution of the board of directors: The money is borrowed in order to execute documents and finish other paperwork.

Letter of disclaimer: The borrower renounces all claims to the property or mortgage with this letter.

Letter of Acceptance: Letter confirming the borrower's approval of the penalty request.

Letter of Pledge: The legality of possessing the commodities is established by the written instrument of the goods promise.

Letter of Disbursement: This is the paperwork that certifies the loan's approved payment.

Letter of partnership: The partnership deeds must be given in the case of a partnership firm.

Letter of Installment: The partnership deeds must be given in the case of a partnership firm.

Tax Paying Certificate: Any document that is deemed necessary for the approved counsel by the Head Office.

Creation of Charges for Securing Loan

Dutch Bangla Bank PLC. needs security from the borrower to protect the loan, so that in the event that the borrower defaults, it may recoup the loan by selling the security. Creating a charge entail offering it as a method of obtaining an advance. The billing procedure must be fully compliant with the law.

Importance of charging securities is as:

- Interest protection;
- Guaranteeing repayment of the loan;
- Safeguarding against unforeseen circumstances;
- and the borrower's dedication.

3.10 Bangladesh Bank Guideline for Credit

Any commercial bank's credit management policy must have been created in compliance with the Bangladesh Bank Focus Group on Credit and Risk Management Policy Guidelines, with minor adjustments made to accommodate the internal requirements of the specific bank. In order for the bank to pay the anticipated dividend to its shareholders, credit management must be set up in a way that reduces losses. This process's goals are to provide minimal requirements for the division of labor and responsibilities, offer guidance that will enhance the risk management culture, and support the concerned bank's continuous development.

The following parts might be used to arrange the credit management guidelines:

Lending Guidelines

The following are included in the lending guidelines:

- Focus on Business Segments and Industry.
- kinds of borrowing arrangements.
- Syndication, group limitations, and single borrowers.
- Caps on lending.
- Some business kinds were discouraged.

Credit Assessment

Before loans are granted, and at least once a year after that, a comprehensive credit and risk assessment should be carried out for all facilities.

The following information should be included at the very least in credit applications, which should summarize the findings of the risk assessment:

- Social or environmental risk factors.
- The kind and amount of the loan.
- The loan arrangement.
- The security setup.
- Any additional danger or problem.
- Risk factors, action plans, cautious conditions, etc.

3.11 Creditworthiness of a Borrower

Character

- To ascertain if the borrower will make every attempt to repay the debt and whether he has a responsible attitude toward borrowed monies.
- The borrower's character is comprised of responsibility, honesty, serious purpose, and serious intention to repay debts.

Capacity

If the borrower is authorized to make the loan request and is legally able to sign the loan documentation and agreement.

Economic Condition/ Assets

- If the borrower has enough assets to pay back the loan.
- Additional loans and debts owed by the borrower.

Credit history/Credit habit

- Whether the clients had previously taken out loans and how those debts were managed.
- Is there a history of loan defaults?
- Whether he has ever been sued to collect a debt that went into default.

Credit Rating

Credit rating organizations' evaluations of the borrower's credit.

3.12 Credit Evaluation Principles

In order to minimize credit risk and ensure the profitability of the banking industry, certain lending rules or principles are upheld while granting loans. The following are the primary lending principles:

Liquidity

The capacity to quickly access bank cash is known as liquidity. An advance is said to be liquid if it can be repaid on demand on the due date or with little notice. As a result, banks must maintain enough liquidity to pay back their depositors, and they must make a trade-off between liquidity and profitability.

Safety

Safety is the guarantee that disbursed loans will be repaid. A bank exists to make money, but in order to guarantee loan safety, profitability should never come at the expense of safety. Care should be used when selecting the borrower. He must be capable and of good reputation, and the bank must keep the borrower's suitable number of security documents.

Profitability

The goal of the banking industry is to earn a healthy profit. A significant amount of the bank's revenue comes from the difference between interest paid on deposits and interest earned on loans. In addition, the foreign exchange industry is quite lucrative. If a fair return is not guaranteed, the bank will not proceed with the deal.

Intent

Banks approve loans for useful purposes. Even if the borrower may be risk-free, the bank will not make loans for unproductive uses.

Security

An insurance policy to fall back on in times of need is the security provided in exchange for an advance. Security is a safety value in case of an unforeseen event. Security coverage must be obtained prior to a loan since risk considerations are involved.

National interest

The banking sector contributes significantly to a nation's economic growth. If the advances' goal is to help the nation's general economic development, the bank will lend.

3.13 Types of Credit Offered by Dutch Bangla Bank PLC.

Cash Credit (Hypothecation)

Hypothecation is the mortgage of moveable property to secure a loan. A legal transaction known as hypothecation occurs when items are made available to the lending banks as collateral for a loan without the transfer of ownership or possession of the commodities. The banker's only fee on stocks is fair, which is essentially meaningless. The bank faces significant risk because the items are always in the borrower's physical possession. Therefore, it is given to parties with the highest integrity and undeniable means. The interest rate is 13%.

Cash Credit (Pledge)

Possession transfer in the legal sense is necessary for a legitimate commitment. When items are pledged, the bank obtains custody of them or the right to retain them until the loan is repaid, with the unique right to sell them after giving the borrower adequate notice if they are not repaid. The interest rate is 13%.

Consumer Credit Scheme

The goal of this program is to draw in middle-class and upper-middle-class customers. The borrower must have a bank account, either current or savings. Before the loan is disbursed, the borrower must deposit at least 25% of the product's purchase price into the bank's equity. The remaining 75% must be retained with the bank as monetary collateral (such as FDR, Shanchay Patra, etc.). Once the indent has been submitted, the client equity has been deposited, and all paperwork requirements have been met, the loan amount is released to the seller immediately by an A/C payee pay order or demand draft.

Loan (general)

Loans that have been approved for more than a year are regarded as loans by DBBL. An enterprise can be financed under this facility from the beginning to the end, that is, from installment to output. This facility is only available to large enterprises through DBBL.

Working Credit

Regardless of their size, large, medium, or small, loans given to industrial units to satisfy their working capital needs fall under this category.

Staff Loan

This loan is available to bank employees who are senior officers or above. For a two-year period, the highest sum that can be disbursed is Tk 50,000.

House Building Loan

In addition to the land and building being mortgaged with the bank, this loan is given as 100% cash collateral. The annual interest rate is 17%.

Small Loan Scheme

Three new small loan programs were established by DBBL, and they are:

- House Renovation Loan.
- Personal Loan.
- Small Business Loan.

House Repairing/Renovation Loan Scheme: In order to make the properties accountable and long-lasting, this loan is provided for the modernization and repair of homes, buildings, apartments, and other assets that are obtained through inheritance, purchase, or other means. The interest rate is 14%.

Personal Loan for Salaried Person: This loan is given to fixed-salaried employees of different companies to cover any unforeseen expenses, such as serious illness treatment or procedures, wedding expenses, maternity costs, etc. The highest credit limit is Tk 100,000, and the interest rate is 10% per annum.

Small Business Loan Scheme: This loan is intended to help small and prospective business owners fulfill their financing needs so they may run and grow their companies for the right reasons. With a 10% annual interest rate, the maximum credit limit is Tk 5 lac.

Loan against Imported Merchandise (LIM)

This type of advance includes advances permitted for the retirement of shipping documents and the release of imported goods through L/C with effective control over the goods by pledge. In the event that the importer fails to pay the amount owed to the exporter against import L/C, DBBL grants the importer a loan secured by the imported goods. All costs, such as the go-down fee, insurance premiums, etc., will be borne by the importer, and the bank will maintain ownership of the products. The interest rate is sixteen percent.

Loan against Trust Receipt (LTR)

This includes investments permitted for the retirement of shipping papers and the discharge of imported products via L/C. The importer receives the products in trust, with the understanding that the sale revenues must be deposited within a specified time frame in order to liquidate the investments. Known as post-import financing, this type of short-term investment related to imports is included in the "Commercial Lending" category. The interest rate is sixteen percent.

Payment against Documents (PAD)

This facility originates payment of Import bills on lodgment of clean shipping documents received from foreign correspondent against Letter of Credit opened on behalf of the customers. This is an obligation which the bank shall extend strictly on the merit of shipping document and which must conform to the terms & conditions of LC.

Loan against Documentary Bill Purchase (LDBP)

This category includes payments made against papers that show sales of items to local export-oriented businesses that are considered exports and that are mostly made in local or foreign currency. The principal security is the bill of exchange. The bank discounts the monthly bill once the client submits it. This short-term obligation can be paid off using the bill's profits. 10% is the interest rate.

Loan against Other Securities (LAOS)

A loan backed by other securities is a fully secured advance that doesn't need the head officer's approval. It is approved by the ICB Unit Certificate and the FDR marketing lien. The interest rate is sixteen percent.

3.14 Interest Rate of Credit of DBBL

Name of Credit	Interest Rate
Cash Credit	13%
House Building Loan	17%
House Repairing Loan	14%
Personal Loan	10%
Small Business Loan	10%
Loan against Imported Merchandise	16%
Loan against Trust Receipt	16%
Loan against Documentary Bill Purchase	10%
Loan against Other Securities	16%

Table 3.1: Interest Rate of Credit of DBBL

3.15 Special Credit Schemes

A. Entrepreneurship Development Program

Women Entrepreneurship Development Credit Program: To encourage women to start their own businesses, the Women Entrepreneurs Development Scheme was created. The bank funds women-sponsored small and cottage industrial enterprises via this program. 10% is the interest rate. Within three years, beginning in the fourth month following loan acquisition, it must be repaid in monthly installments.

Cyber Cafe loan: This kind of loan is provided to young people who have received computer technology training in order to expand the nation's information industry and provide job opportunities for jobless skilled youth. There is no need for collateral up to TK 300,000. 10% is offered as a personal guarantee.

Loans for cyber cafes: These loans are provided to young people who have received computer technology training in an effort to expand the nation's information industry and provide job opportunities for jobless skilled youth. There is no collateral needed up to TK 300,000. At 10%, it is provided by personal guarantee.

Doctor's Loan: The purpose of the Doctor Credit program is to help new and experienced doctors fund the purchase of medical equipment, the establishment of clinics and hospitals, and the creation of job opportunities for certified doctors. 10% is the interest rate.

Small company development loan program: This program was created specifically for small business owners that require credit for their operations. The small firm receives this loan facility at an interest rate of 11% through a third-party guarantee that the bank accepts. If it is a term loan, it must be paid back in 60 monthly installments over the course of five years, or one year of working capital. In order to help individuals, become self-sufficient, the bank also offers financial facilities for goat farming, seed development programs, forestry/horticulture nurseries, flower plantations & gardens, and disabled or handicapped persons.

B. Other special credit programs

Employee Credit: This kind of credit, which has a 12% interest rate, is provided to bank workers to cover unforeseen expenses. Monthly salary advance checks are regarded as security and must be paid back in 24 installments over the course of two years.

Consumer Credit Scheme: The Bank's relatively new collateral-free financing program is connected to the Consumer Credit Scheme. This credit facility is available to those with income so they may purchase consumer durables such as computers and other home items. Interest is paid back over a period of one to two years at a rate of 12%.

Personal Loan Scheme: The goal of the Personal Loan Scheme is to provide credit facilities to meet the needs of the low- and medium-income groups for any purpose. The lending facilities are available to government and semi-government officials, workers of autonomous bodies, banks and other financial institutions, multinational corporations, reputable private organizations, and instructors at accredited public and private schools, colleges, and universities.

Finance in IT Sectors: We are now living in the Internet era, which is the age of information. Dutch Bangla Bank PLC. has introduced a new credit program called "Financing Computer Software Development & Data Export" in an effort to boost the nation's information and growing IT industry and draw in young, motivated individuals interested in IT careers. The debt-to-equity ratio is 80:20, and the maximum loan amount is 10 million. 10% is the interest rate. However, with a 9% interest rate, anyone with exposure to export markets may gain. Establishing industrial-based IT initiatives for the creation of data export software is the scheme's primary function. Collateral is not needed. Priority will be given to those who express interest in offering collateral security.

Car Loan Scheme: The purpose of the Car Loan Scheme is to make it possible for middle-class individuals to buy cars, SUVs, and jeeps. The lending facilities are available to government and semi-government officials, workers of autonomous bodies, banks and other financial institutions, multinational corporations, reputable private organizations, instructors at accredited public and private colleges, and entrepreneurs.

Gharoa Prokalpa: The authorization of Dutch Bangla Bank PLC to launch a new product has been prompted by the success of current microcredit initiatives. "Gharoa Prokalpa" is a set of services designed to keep people employed in rural regions. It was introduced on July 25, 2000.

Industry Financing: The Investment Board and the Government of Bangladesh's Industrial Policy, as well as the credit standards of Bangladesh Bank, have given Dutch Bangla Bank PLC the authority to develop industries. Dutch Bangla Bank PLC will fund the project if it is technically, commercially, and financially feasible from a managerial and marketing perspective. Priority is given to sponsors or businesses with previous expertise in the relevant industry. Dutch Bangla Bank PLC is eligible to receive up to Tk 129.60 million annually for a single project. However, if a project needs more funding than that, it could be funded through a consortium or syndication agreement with other financial institutions. Project loans have interest rates between 11% and 13%.In sectors focused on exports, the working capital rate of interest ranges from 7% to 14% (variable) and is between 12% and 13.50 percent.

Ready Cash: American International Investment (AII) and Dutch Bangla Bank PLC. have partnered to offer financial plastic card services to the bank's customers. The Ready Cash "Debit Card" is the product in question. The Ready Cash system is now in use in Dhaka and will shortly be extended to other Bangladeshi cities. Safety, shopping at a large network of merchants, utility bill payment, a customizable savings plan, and the ease of not carrying cash are the main advantages for cardholders. being the only debit card in Bangladesh that uses a microprocessor chip to make payments. Together with the benefits of a debit or ATM card, it combines the best features of a credit card. For the majority of Bangladeshis, it is the first step toward a cashless economy. Since the cardholder can only spend the amount in their bank account, Ready Cash is a debit card.

Financing for SMEs: Since Dutch Bangla Bank PLC's Industrial Credit Financing (now known as Dutch Bangla Bank PLC), the SMEs division has approved term loans totaling taka 941.36 crore for 4535 projects in the small and medium industry sector. Of which, 4310 projects have received payments totaling Taka 548.69 crore. Taka 446.12 crore is still owed as of December 31, 2007, and 70% of the debt has been recovered.

Loan to Travel Agencies:

Eligibility	: Annual business turnover should be satisfactory.
Loan Sanction	: On a case to case basis.
Nature of Loan	: CC (HYP).
Purpose of Loan	: For running travel agency business.
Rate of Interest	: 15%

Loan to Diagnostic Centers:

Eligibility: Annual business turnover should be good.

Loan Sanction : On a case to case basis.

Nature of Loan : CC (HYP).

Purpose of Loan : For running a diagnostic center.

Rate of Interest :15%

3.16 Interest Rate of Special Credit of Head Office

Name of Credit	Interest Rate
Women Entrepreneurship Development Credit Program	10%
Cyber Cafe loan	10%
Doctor's Loan	10%
Small business development loan scheme	11%
Credit for Employees	12%
Consumer Credit Scheme	12%
Financing in IT Sectors	9%
Loan to Travel Agencies	15%
Loan to Diagnostic Centers	15%

Table 3.2: Interest Rate of Special Credit of Head Office

3.17 Basel III Application of DBBL

Component	Basel III Requirement	Compliance
Minimum Capital Requirement	Bangladesh Bank periodically sets the minimum needed capital, which all schedule banks must maintain. 10% of risk-weighted assets must be used as the minimum amount of capital.	According to the Basel III framework, DBBL satisfies its minimum capital requirement. As of December 31, 2017, DBBL's maintained capital to risk weighted asset ratio (CRAR) was 10.06% on a solo basis and 10.07% on a consolidated basis.
	According to the BRPD Circular, banks must have at least Tk 4,000 million in paid-up capital.	As of December 31, 2017, DBBL has Tk 19,140 million in paid-up capital.
	Banks must have at least 6.0% of their total risk-weighted assets in Tier-1 capital.	Tk 37,243.49 million, or 8.40% of total risk-weighted assets, is DBBL's Tier-1 capital.
	A maximum of 4.0% of total risk-weighted assets or 88.89% of CET1, whichever is higher, may be allowed as Tier-2 capital.	Tk 7,352.82 million, or 1.66% of total risk-weighted assets, was maintained as Tier-2 capital.
Supervisory Review Process	Banks should have a dedicated group called the SRP team, of which the risk management unit is an essential component.	The Board of Directors reorganized and authorized the Supervisory Review Process (SRP) team during its 412th meeting on February 24, 2016.
	SRP team must consist of three-layer structure i.e.,	As per guidelines the SRP of DBBL consists of three layers:

	Strategic Layer, Managerial Layer and Operational Layer.	Strategic Layer: Audit Committee and Risk Management Committee of the Board.
		Managerial Layer: Executive Risk Management Committee.
		Operational Layer: Risk Management Department.
	The Internal Capital Adequacy Assessment procedure (ICAAP) is a procedure document that banks should have in order to evaluate their total risk profile and develop a plan for keeping sufficient capital.	The 2017 ICAAP report was completed and sent to Bangladesh Bank on schedule.
Market	The Board of Directors should endorse a formal disclosure structure for banks.	The Board of Directors has authorized DBBL's own disclosure framework for the purpose of disclosing its most important information.
	By March of each year, banks must submit the annual financial statement and all necessary disclosures in both qualitative and quantitative form.	The audited balance statement for the period ending December 31, 2017, as well as the qualitative and quantitative disclosures of DBBL, are accessible on the bank's website.
	Banks must provide a copy of their disclosure to Bangladesh Bank's Department of Off-Site Supervision.	A copy of DBBL's disclosures has been delivered to Bangladesh Bank's Department of Off-Site Supervision.

Table 3.3: Basel III Application of DBBL

3.18Credit Recovery Process

Dutch Bangla Bank PLC's recovery process is the culmination of time, money, and effort. The bank, society, and legal entities work together to recover the loan amount through a number of procedural stages. The bank has implemented a number of initiatives to recoup the loans that have been granted. They are spoken about next.

Programs for Loan Recovery

The payback schedule is explicitly stated in the loan agreement when Dutch Bangla Bank PLC. approves advances and loans to its clients. Some credit holders, however, fail to make their credit payments on time. These kinds of issues are faced by both private sector and nationalized commercial banks. The situation at Dutch Bangla Bank PLC is very dire. In order to address the issue of past-due loans, the bank must implement specific debt recovery initiatives. They're:

- Restructuring the bank's loan sanctioning and distribution policies. Creating a credit supervision and monitoring unit within the bank.
- As far as feasible, loans and advances are sanctioned against adequate security.
- Granting the branch manager additional authority to make decisions about credit management.
- Making process.
- Presenting a set of incentives to the responsible borrowers.
- Increasing the focus on short-term advances and loans.
- Restricting advances and loans for sectors that are ill.
- As soon as feasible, taking legal action against debtors who are not sound.
- Within the time frame that the law of limitations specifies.

Steps for Loan Recovery against Defaulters

Dutch Bangla Bank PLC takes the following actions against loan defaulters in order to collect the debt:

Reminding the borrower to return the loan after its validity dates: Initially, the Credit Administration division notifies the borrower of the loan's remaining days of repayment, occasionally bringing up the validity dates.

Send final notification: The borrower will be offered an extension for loan repayment and will also get a final notice for repayment if they are unable to repay the loan within the approved time frame.

Send legal notice: If the borrower does not repay the loan even after the final notice and the additional period, the DBBL credit administration sends the borrower a legal notice stating that the bank will sue them in court if they are unable to repay the loan within the allotted time.

File a lawsuit against the party in the end: Ultimately, the bank files a lawsuit against the defaulter in accordance with the applicable legislation as it has not received any return from the borrower. The court's ruling will then be definitive for the recovery procedure, and the bank and the person involved must follow the law.

3.19 Problems in Loan Recovery

There are several reasons why the bank's loan recovery is so flawed. Most of the time, issues arose from the loan approval process, project research, loan investigation, etc. In other words, the loan recovery issue demonstrates the results of the default procedure and loan distribution. The primary causes of inadequate loan recovery may be divided into the following four major categories:

Problems created by government

The following problems are arisen by the government:

External pressure: As a result of ongoing pressure from several interested parties, Dutch Bangla Bank PLC. has also encountered numerous issues during the debt recovery procedure.

Loan to government organization: Although they are becoming less of an issue, Dutch Bangla Bank PLC is required to approve loans to government organizations. Banks have trouble recovering loans as a result.

Legal issues: The legal facets of debt recovery are not adequately covered by the laws and regulations currently in place. Consequently, defaulters can be readily released from all charges.

Problems created by the bank

The following problems are created by the banks:

Absence of business risk analysis: Dutch Bangla Bank PLC. fails to adequately assess the borrowers' business risk prior to loan, and the bank is unable to predict whether the venture will be successful or not. Should it not function properly, the loan is categorized.

Inadequate appraisal of mortgage property or security: Usually, banks are unable to ascertain the value of the collateral used to secure the loan. The bank is therefore unable to recoup its debt through the sale of a mortgage if the loan is categorized.

Other general causes of poor loan recovery

In addition to the particular factors contributing to loan recovery issues, there are a few more general factors that significantly influence the issues that the Dutch Bangla Bank PLC. under investigation faces throughout the loan recovery procedure. They are:

- The program's technical and financial viability has not been assessed.
- Real entrepreneurs are not permitted to take out loans.
- Insufficient supervision.
- Borrowers' lack of literacy.
- The deterioration of the borrowers' values.

The aforementioned factors are all common causes of Dutch Bangla Bank PLC's loan recovery issues. In addition to this, there are a few particular causes of loan recovery issues. By Dutch Bangla Bank PLC, continuously. They are as follows:

- The loans are provided without enough security and under false identities and businesses.
- The loans were approved outside the branch manager's authority.

- Inadequate credit monitoring and oversight.
- Misuse of lending programs by public sector banks for political purposes.

The result of prior loan distribution defaults is difficulties in debt collection.

CHAPTER-4

LOAN DISBURSEMENT AND RECOVERY PERFORMANCE OF Dutch Bangle Bank PLC

4.1 Year wise Loan Disburse &Growth

Years	Amounts (million)	Growth
2019	285747.65	11.73%
2020	319773.25	11.91%
2021	349861.30	9.41%
2022	403037.41	15.20%
2023	459,580.05	14.03%

Table 4.1: Year wise Loan Disburse &Growth

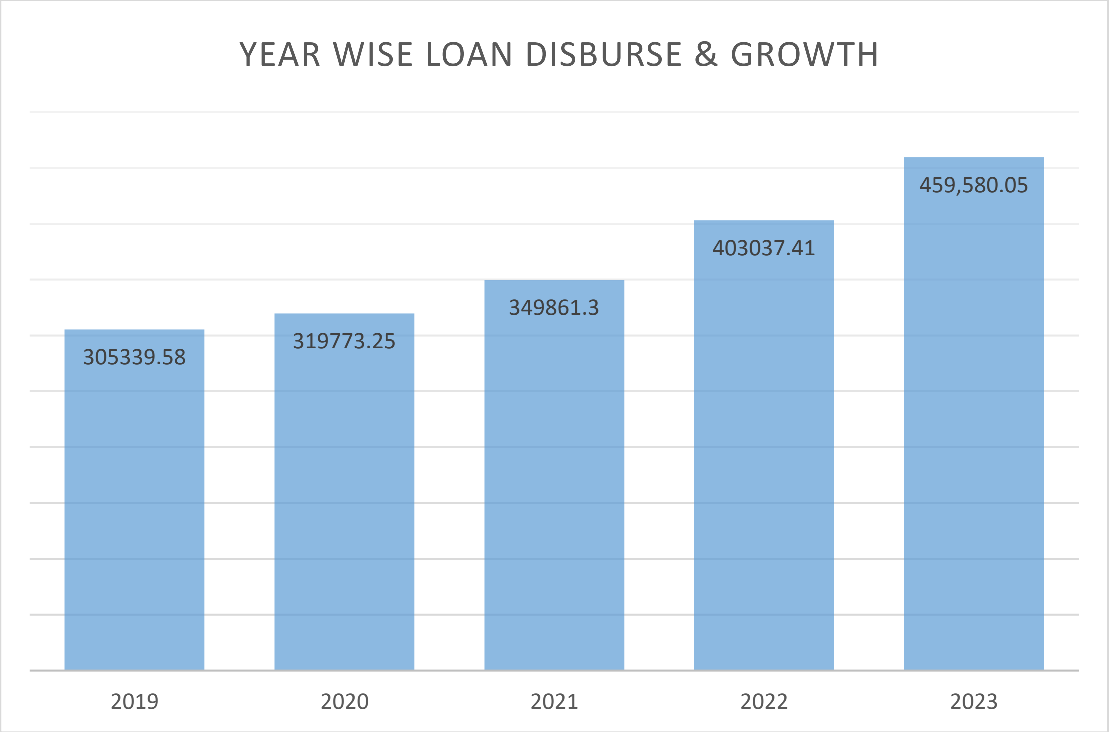

Figure 4.1: Year wise Loan Disburse & Growth

Interpretation: From the above graph it has been seen that year wise credit disbursement is growing &steadily. It is a good sign for the Bank.

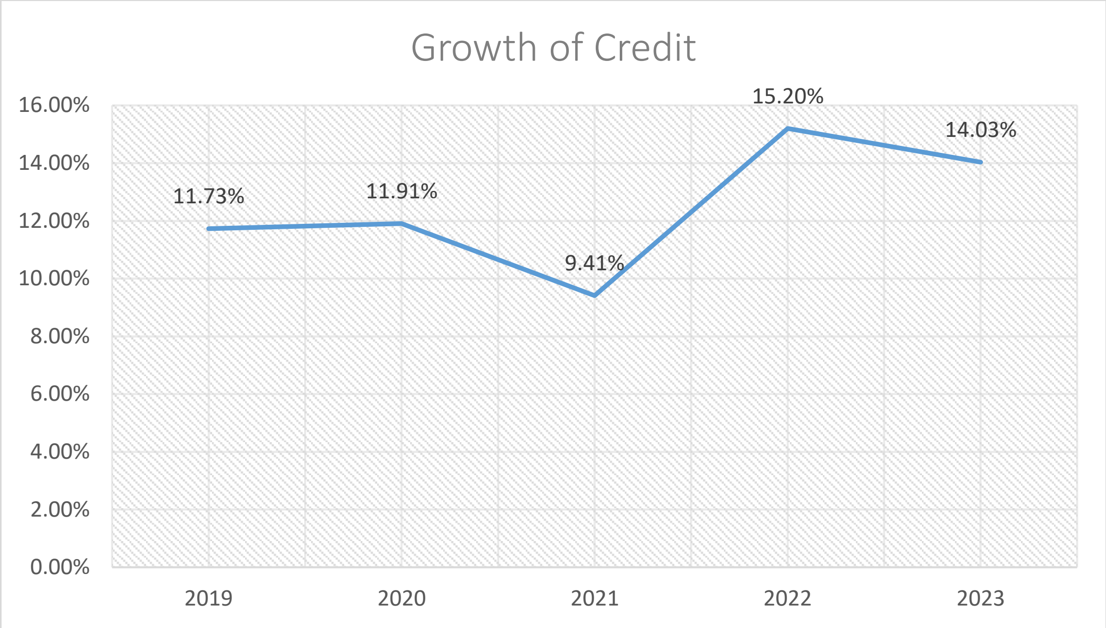

Figure 4.2: Growth of Credit

Interpretation: Growth of credit was steady over the years except for 2021. Growth rate of Credit of DBBL in 2019 was 11.73%. In 2020 it was increased significantly to 11.91%. In 2021 it decreased down to 9.41% because of 2021 the business decreased due to the corona period and after the corona period passed the business started to increase again in 2022 it increased to 15.20%. In 2023 it decreased slightly again to 14.03%. Bank should try to give more concentration to become more efficient in managing its credit division.

4.2 Sectors wise Loans Disbursement

Sectors	Amount (million)	Percentage
Industry (Manufacturing)	262774.51	57.18%
Industry (Service)	50,049.21	10.89%
Trade & Commerce	84,842.28	18.46%
Others (Agriculture, Staff-Loan)	61914.05	13.47%
Total	459,580.05	100%

Table 4.2: Sector wise Loans Disbursement

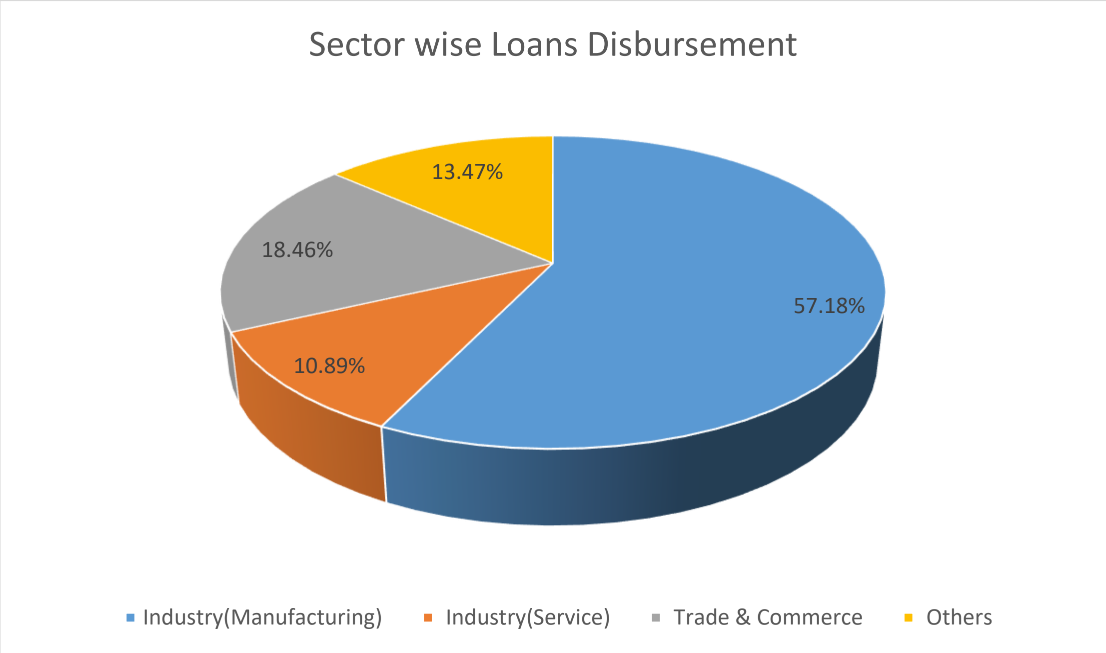

Figure 4.3: Sector wise Loans Disbursement

Interpretation: DBBL provide highest amount of Loan 57.18% out of total Loan in manufacturing, industry. They also provide 18.46% in trade & commerce, 10.89% in industry (service) and others 13.47%. DBBL provide maximum portion of loan in their total loan amount in industry sector.

4.3 Geographical Location wise Loans Disbursement

Sectors	Amount (million)	Percentage
Dhaka	314993.05	68.54%
Chittagong	60317.03	13.12%
Khulna	21237.82	4.6%
Rajshahi	16455.79	3.6%
Others (Barisal, Sylhet, Comilla, Rangpur, Faridpur, Mymensingh)	46576.36	10.14%
Total	459,580.05	100%

Table 4.3: Geographical Location wise Loans Disbursement

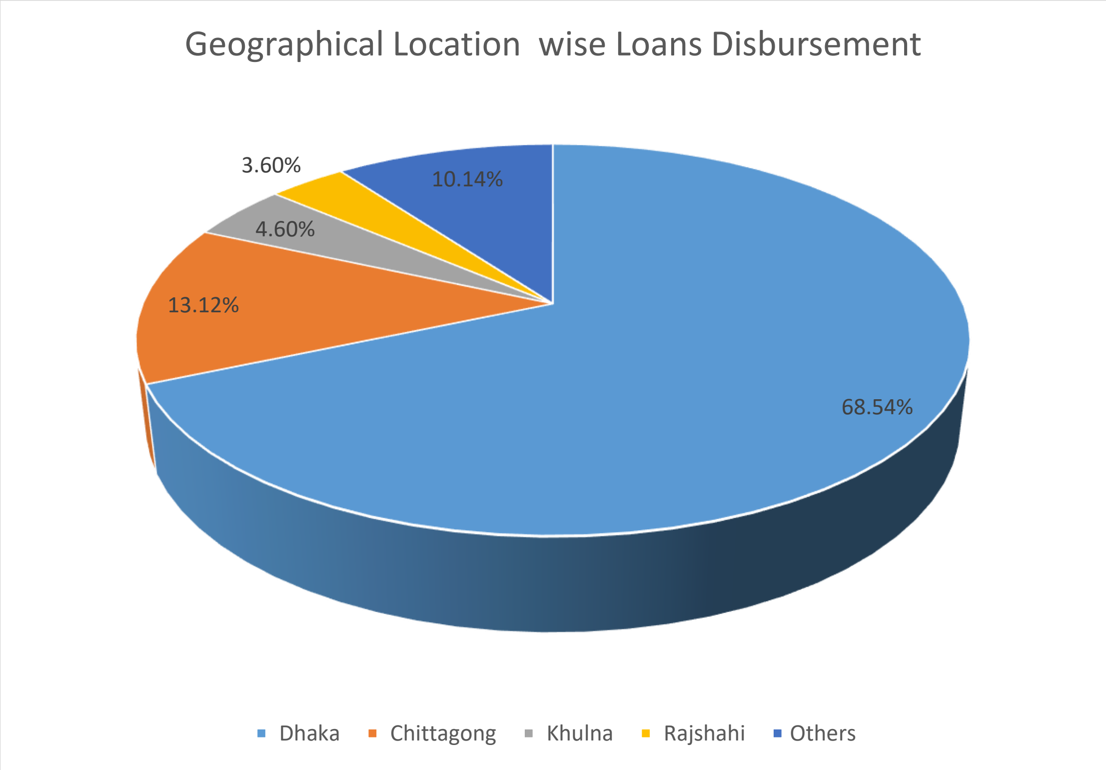

Figure 4.4: Geographical Location wise Loans Disbursement

Interpretation: In Dhaka division the Bank distributes the highest amount of credit which is 68.54% and then the Chittagong is with 13.12%. Lowest amount of credit is distributed in Rajshahi only 3.60% of the total credit.

4.4 Income from Loans and Advances

Years	Amounts (million)
2019	36190.15
2020	33734.14
2021	30,655.17
2022	31897.90
2023	31,145.61

Table 4.4: Income from Loans and Advances

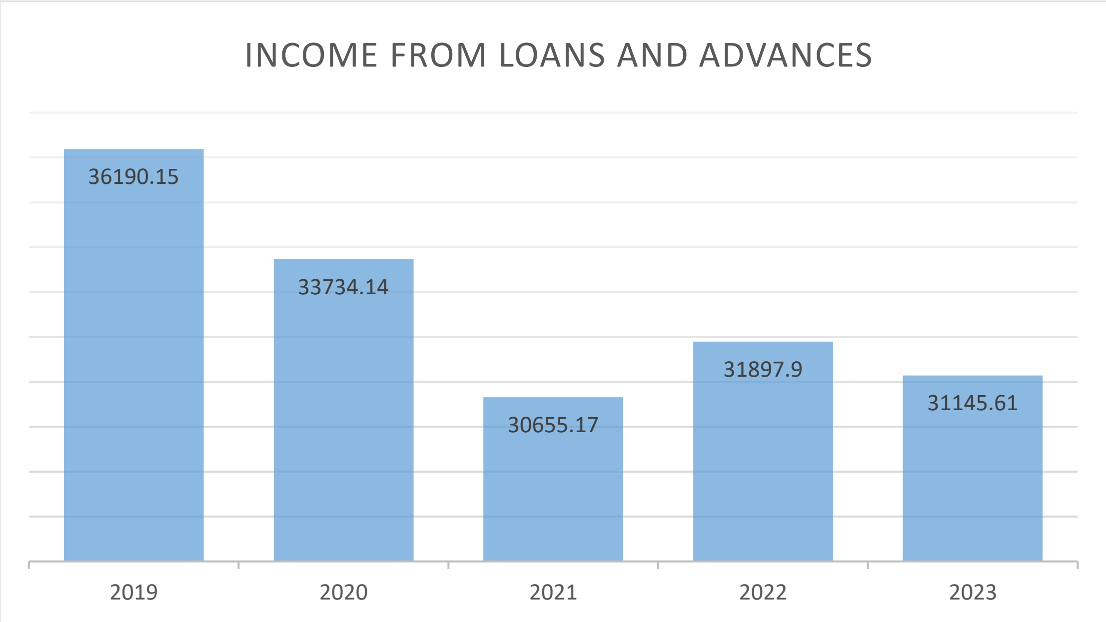

Figure 4.5: Income from Loans and Advances

Interpretation: From the graph we can see income from loan and advance were decreasing from 2020 to 2021 but in 2022 it increased very small and in 2023 it decreased again. Bank should try to give more concentration to increase their income from loan and advances.

4.5 Income from Loans and Advances as a percentage of total income

Year	Total Income (million)	Income from Loans & Advances (million)	Percentage
2019	55072	36190.15	65.71%
2020	56393	33734.14	59.82%
2021	55679	30,655.17	55.1%
2022	54347	31897.90	58.69%
2023	52472	31,145.61	59.36%

Table 4.5: Income from Loans and Advances as a percentage of total income

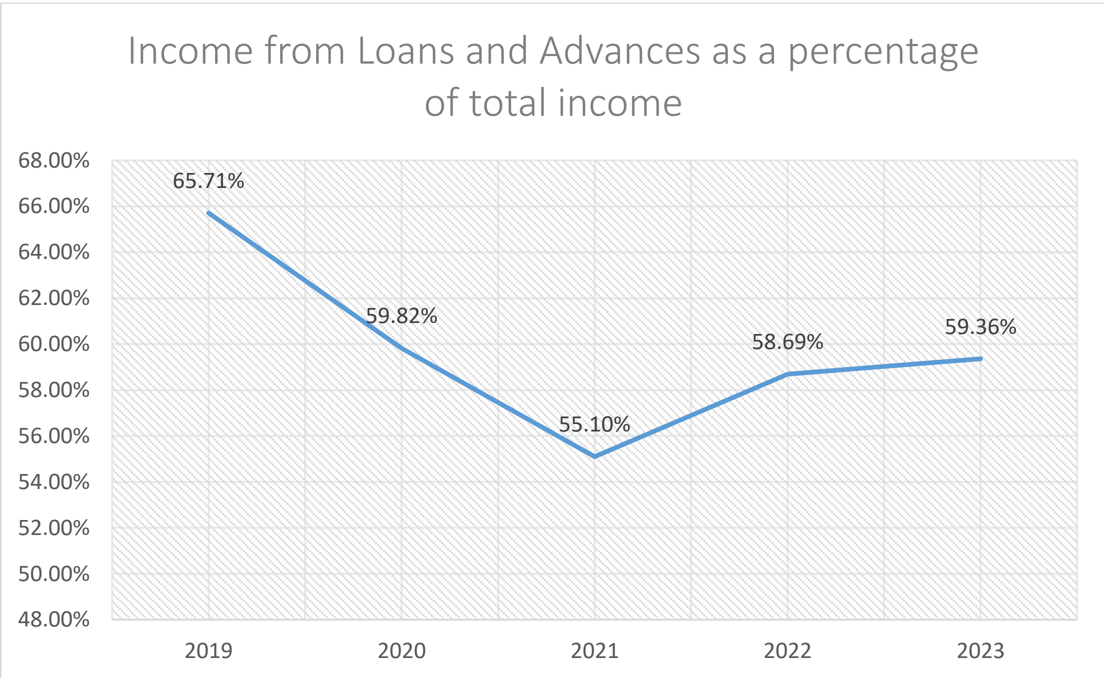

Figure 4.6: Income from Loans and Advances as a percentage of total income

Interpretation: A big portion of income DBBL earn from advance division. In 2019 contribute of loan and advances were 65.71%, in 2020 it decreased to 59.82%, in 2021 it also decreased to 55.10% because of 2021 the business decreased due to the corona period and after the corona period passed the business started to increase again in 2022 it increased to 58.69%, in 2023 it is 59.36% that is good sign for the Bank.

4.6 Total Classified Loans

Years	Amounts (million)
2019	31,766.86
2020	37,375.67
2021	43,181.70
2022	59,359.80
2023	75,995.50

Table 4.6: Total Classified Loans

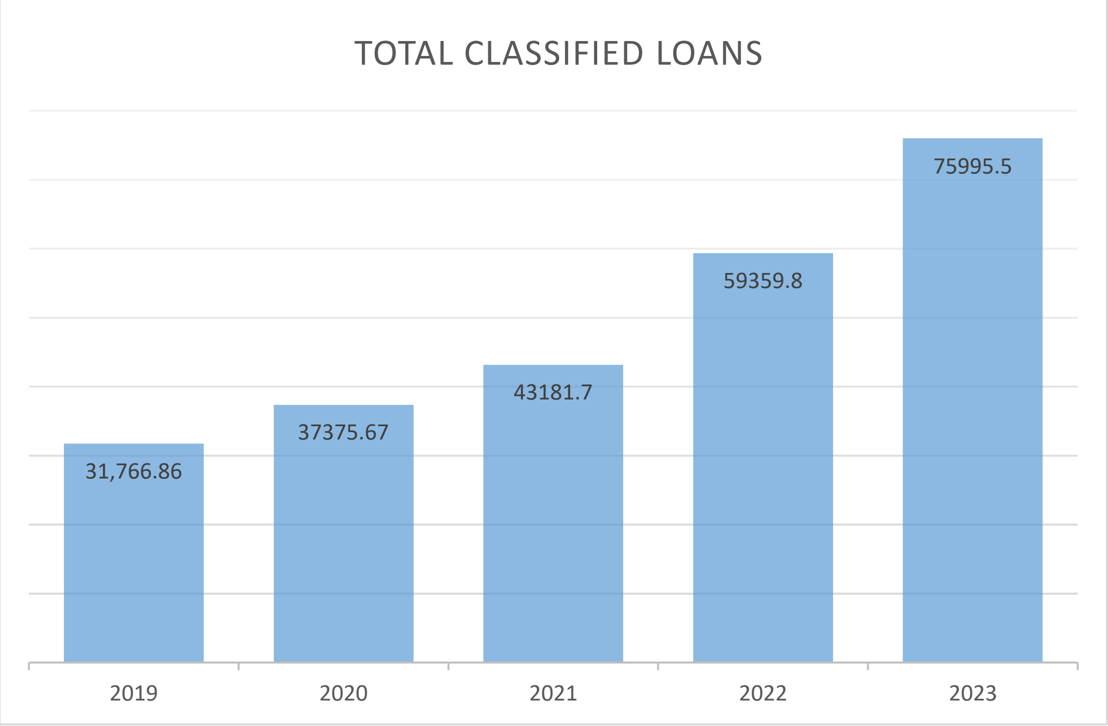

Figure 4.7: Total Classified Loans

Interpretation: From the above graph it has been seen that classified loan is growing higher day by day. Bank should try to give more concentration to reduce their classified loan.

4.7 Credit to Deposit Ratio

Year	Credit (million)	Deposit (million)	Credit to Deposit Ratio
2019	285747.65	478,535.5	59.71%
2020	319773.25	516,010.74	61.97%
2021	349861.30	568,911.1	61.50%
2022	403037.41	641,819.15	62.80%
2023	459,580.05	649,440.78	70.77%

Table 4.7: Credit to Deposit Ratio

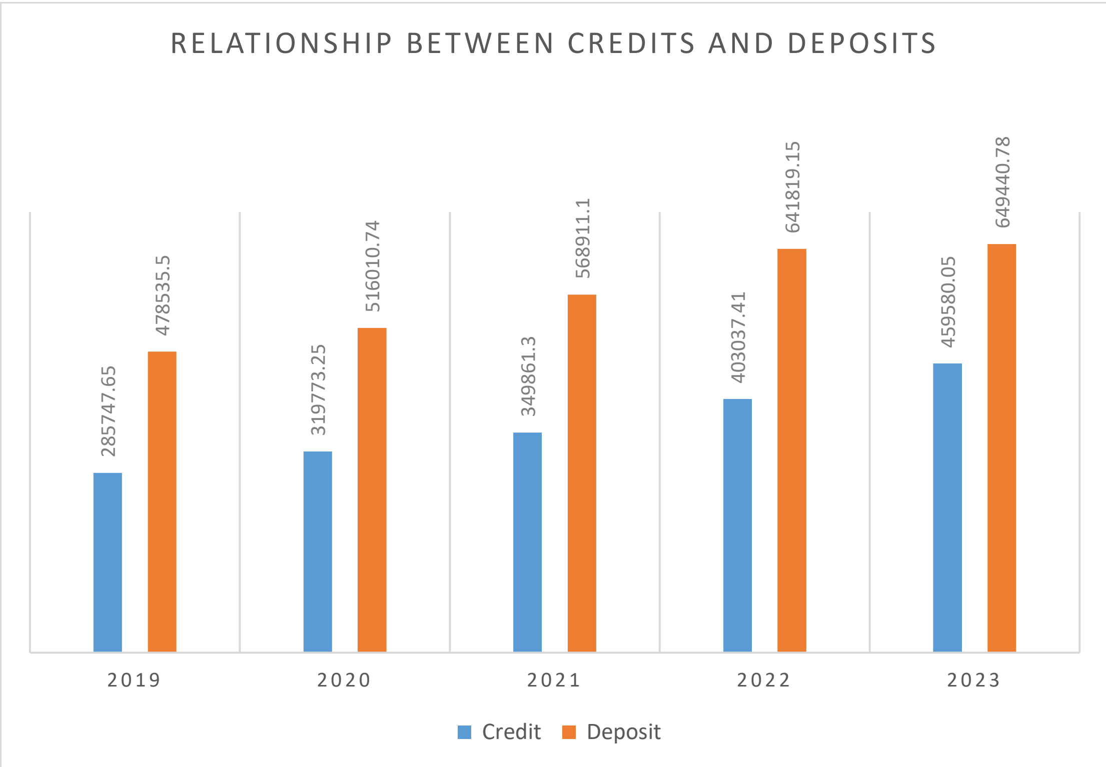

Figure 4.8: Relationship between Credits and Deposits

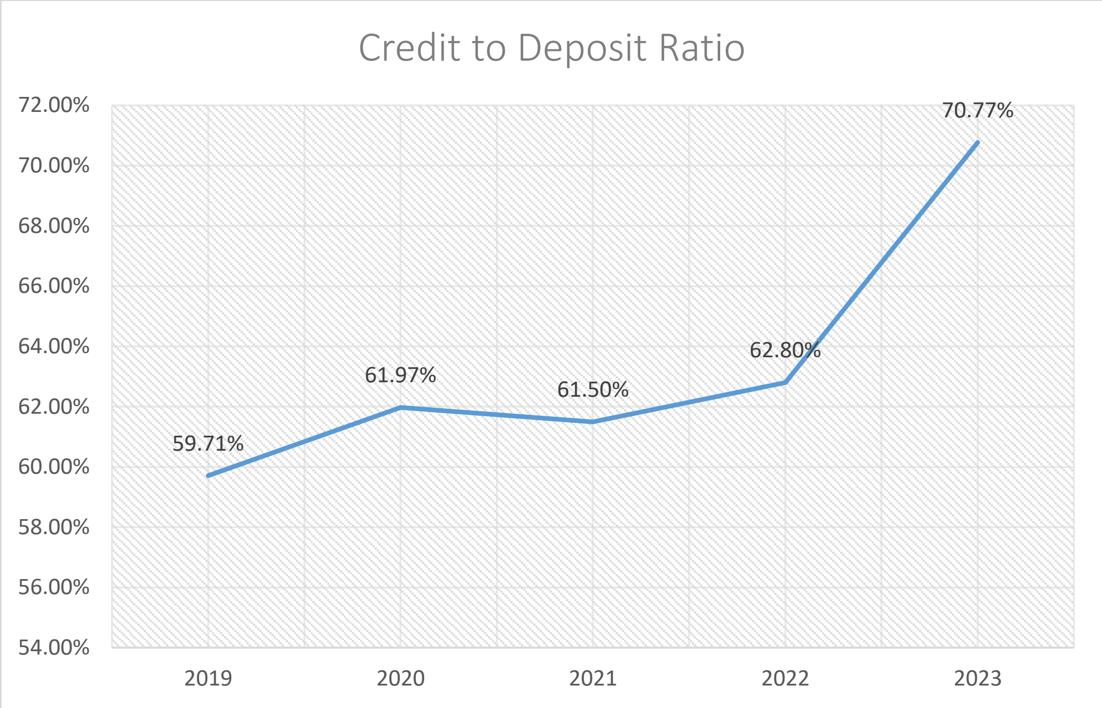

Figure 4.9: Credit to Deposit Ratio

Interpretation: The above graph shows that credit to deposit ratio of DBBL is fluctuating over the years. In 2019 it was 59.71%, in 2020 and 2021 it was around 61%, in 2022 it increased to 62.80% and in 2023 it was 70.77%. This is a good sign for DBBL.

4.8Total Loan Recovery

Years	Amounts(million)
2019	253980.8
2020	282397.6
2021	306679.6
2022	343677.6
2023	383584.6

Table 4.8: Total Loan Recovery

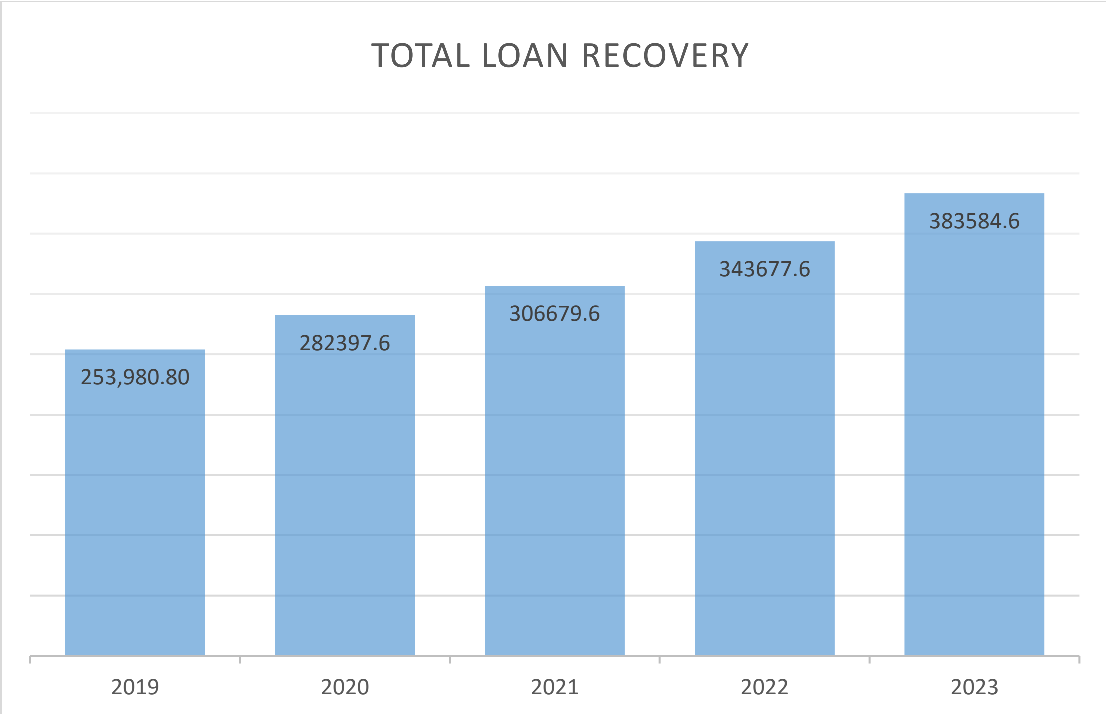

Figure 4.10: Total Loan Recovery

Interpretation: From the above graph it has been seen that recovery of loan is growing higher day by day. It is a good sign for the Bank.

4.9Loan Recovery Ratio

Year	Total Loan (million)	Total Recovery (million)	Loan Recovery Ratio
2019	285747.65	253980.8	88.88%
2020	319773.25	282397.6	88.31%
2021	349861.30	306679.6	87.66%
2022	403037.41	343677.6	85.27%
2023	459,580.05	383584.6	83.46%

Table 4.9: Loan Recovery Ratio

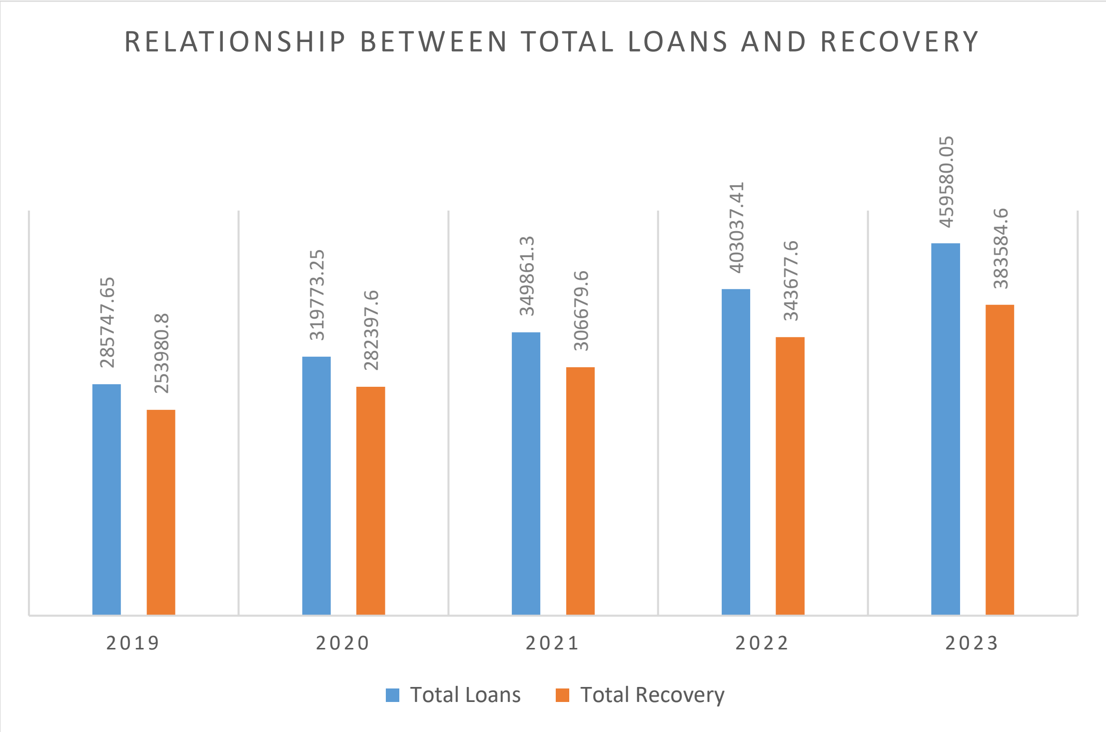

Figure 4.11: Relationship between total Loans and Recovery

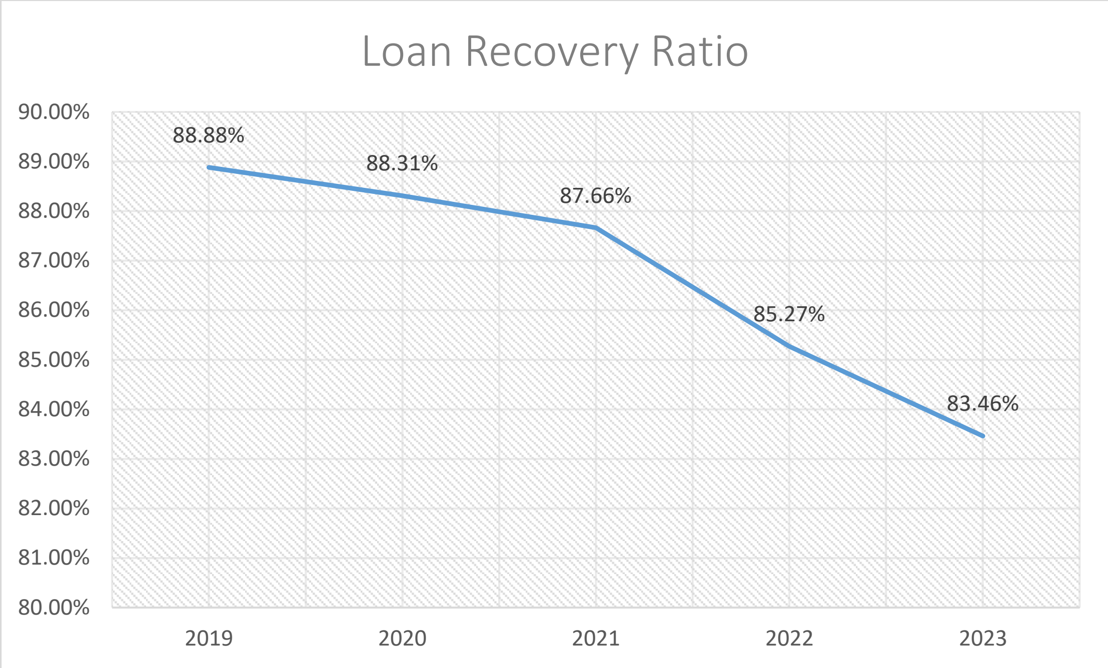

Figure 4.12: Loan Recovery Ratio

Interpretation: The above graph shows that loan recovery ratio of DBBL is decreasing over the years. In 2019 and 2020 it was around 88%, in 2021 it decreased to 87.66%, in 2022 it decreased to 85.27% and in 2023 it was 83.46%. Bank should try to give more concentration to become more efficient in managing its recovery of loan.

4.10 Percentage of Classified loans against total loans

Year	Classified Loans (million)	Total Loans (million)	Percentage
2019	31,766.86	285747.65	11.12%
2020	37,375.67	319773.25	11.69%
2021	43,181.70	349861.30	12.34%
2022	59,359.80	403037.41	14.73%
2023	75,995.50	459,580.05	16.54%

Table 4.10: Percentage of Classified loans against total loans

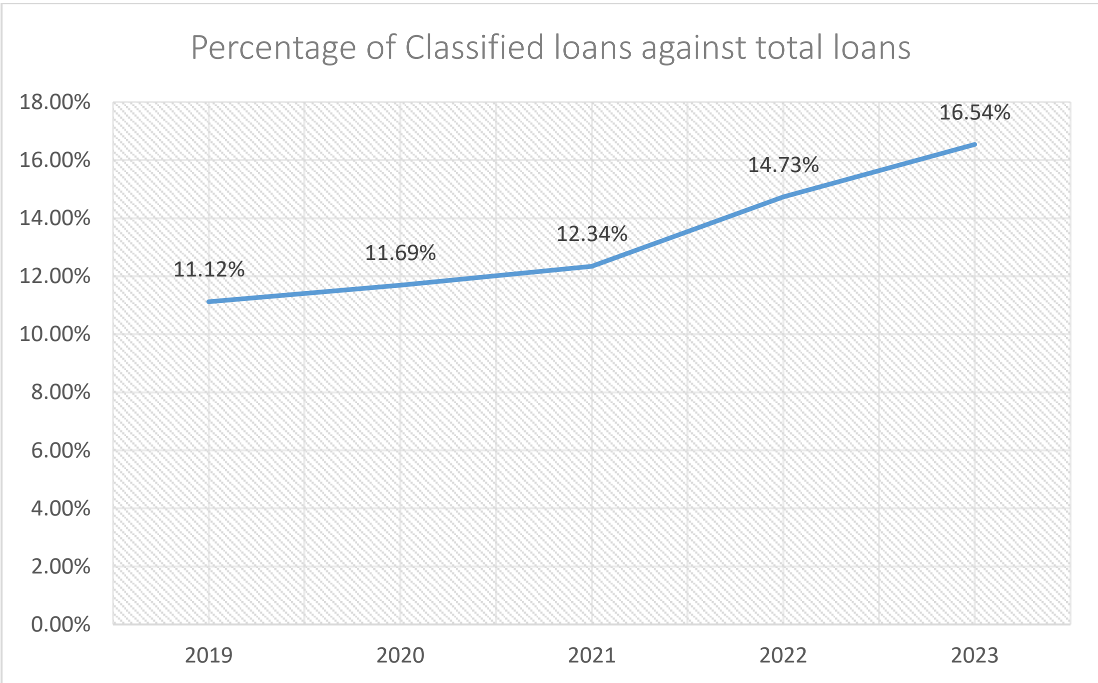

Figure 4.13: Percentage of Classified loans against total loans

Interpretation: From the above graph it has been seen that the percentage of classified loan is growing higher day by day. Bank should try to give more concentration to become more efficient in managing its classified loan.

4.11 Classified loans /NPLs trend

(TK in millions)

Particulars	2023	2022	2021	2020	2019
Classified loans	86,850	86,437	103,769	125,975	61,588

Table 4.11: Classified Loans/NPLs trend (Annual Report 2021)

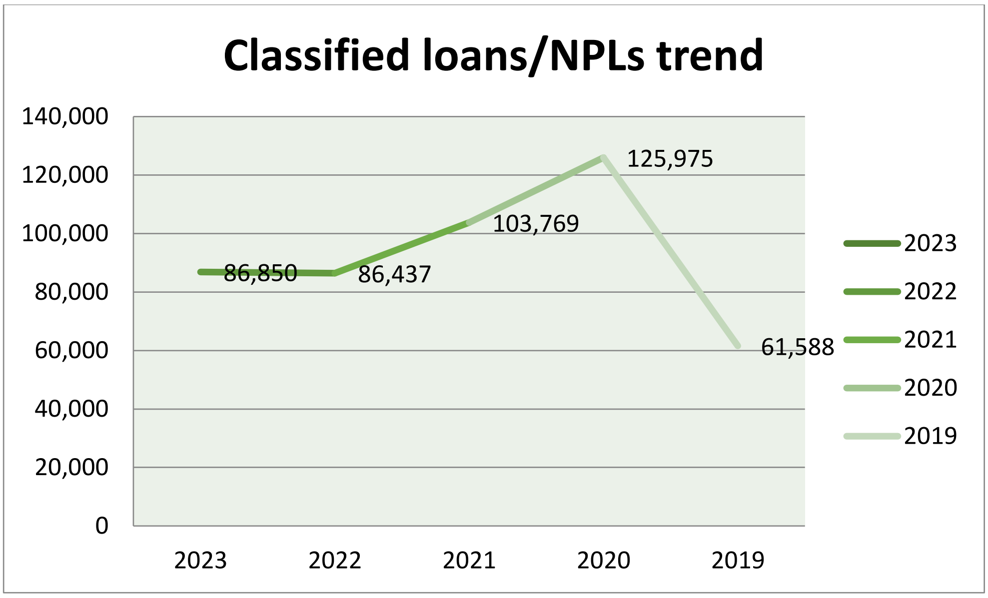

Figure 4.14: Classified Loans/NPLs trend

Interpretation: According to above graph, the NPL of Dutch Bangla Bank PLC. is an decreasing trend after the year 2019.In the year 2020 the amount of classified loans was in the peak position over the last 5 years. The amount of NPL slightly increased in the 2021compare to the year 2022.In the year 2023 the NPLs follow upward trend this is not good sign, rather it indicates the inefficiency of loan recovery.

4.12 Unclassified loans trend

(TK in millions)

Particulars	2023	2022	2021	2020	2019
Unclassified loans	259,175	250,826	239,435	251,892	284,151

Table 4.12: Unclassified Loans trend (Annual Report 2023)

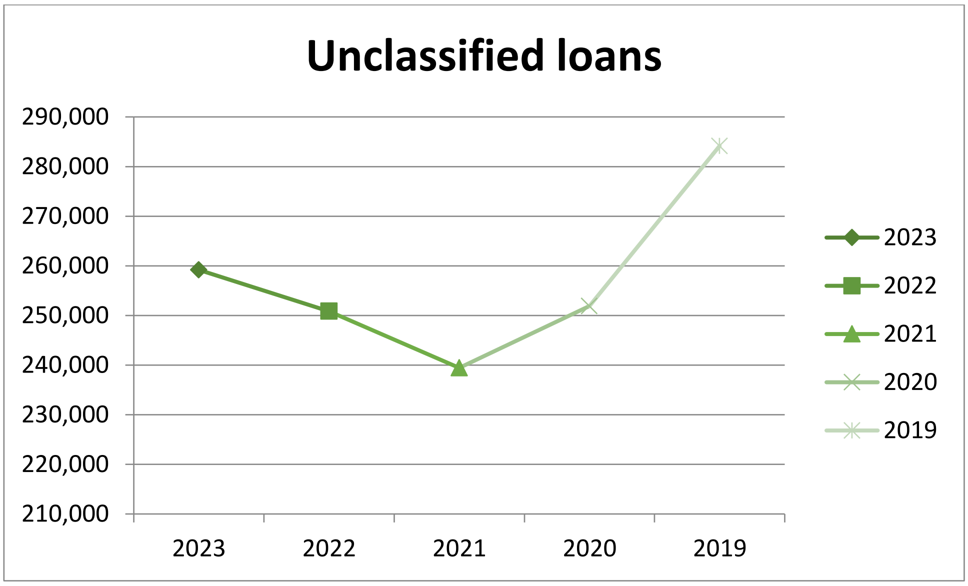

Figure 4.15: Unclassified Loans trend

Interpretation: In the graph we can see that the amount of unclassified loans is in the highest position in the 2019 because in this year the amount of NPL is in the lowest position over the last 5 years. The unclassified loans follow a downward trend up to the year 2021.But after the year 2023, the unclassified loans follow an upward trend. This is good sign for the Dutch Bangla Bank PLC.

4.13 Non-performing loans of Dutch Bangla Bank PLC.

(TK in millions)

Non-performing loans of Dutch Bangla Bank PLC.					
Particulars	**2023**	**2022**	**2021**	**2020**	**2019**
Sub-standard	8,963.7	6,025.51	5,488	16,181.4	2,602.5
Doubtful	4,580.5	11,361.3	4,464.5	10,016.5	5,400.42
Bad/Loss	73,305.5	69,049.9	93,816.2	99,777.4	53,585.3

Table 4.13: Non-performing loans of Dutch Bangla Bank PLC.

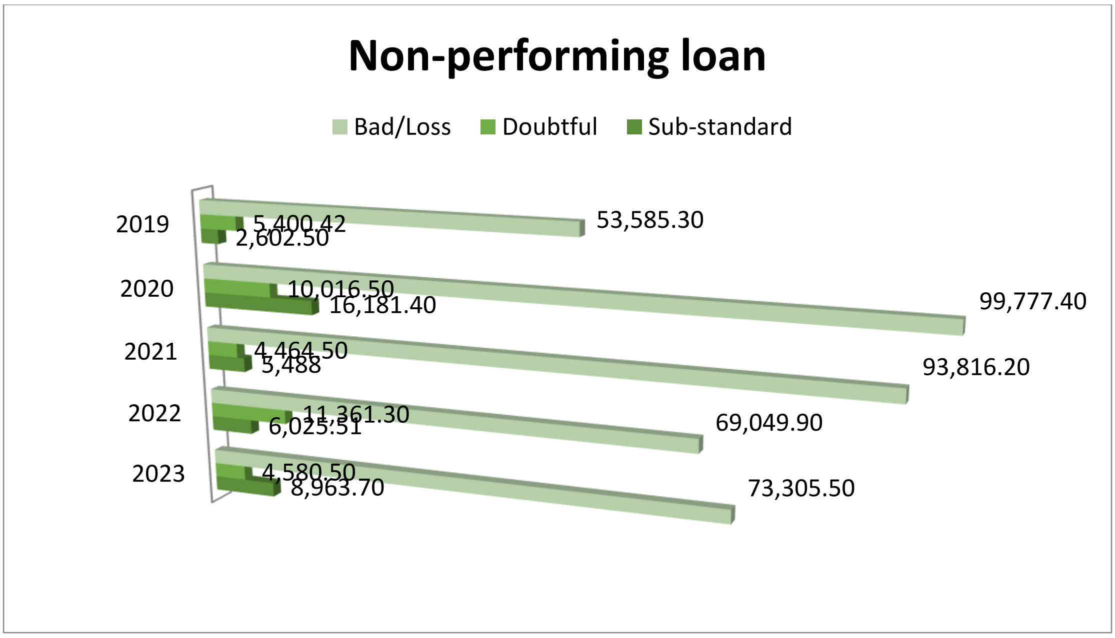

Figure 4.16: Non-performing loans

Interpretation: In the 2023, from the total amount of NPLs sub-standard and Bad/Loss amount were following increasing trends but Doubtful amount was followed downward trends. In the year 2023, the amount of sub-standard, Doubtful and Bad/Loss were 8963.7million, 4580.5million and 73305.5million respectively. In the year 2021 the amount of bad/loss was in the highest over the last 5 years because in that year huge loans were given in the agricultural sector especially in the jute industry. And most of the given loans were not possible to be recovered. Apart from Hallmark group embezzled BDT 3500 crore that amount was not recovered yet.

4.14 Total loan and advances and NPLs of Dutch Bangla Bank PLC.

(TK in millions)

Particulars	2023	2022	2021	2020	2019
Total loan and advances	346,346	337,554	343,451	378,147	345,991
Classified loans	86,850	86,437	103,769	125,975	61,588
Classified loan recovery	27,263	45,063	51,765	8,468	21,870

Table 4.14: Total loan and advances an NPL’s

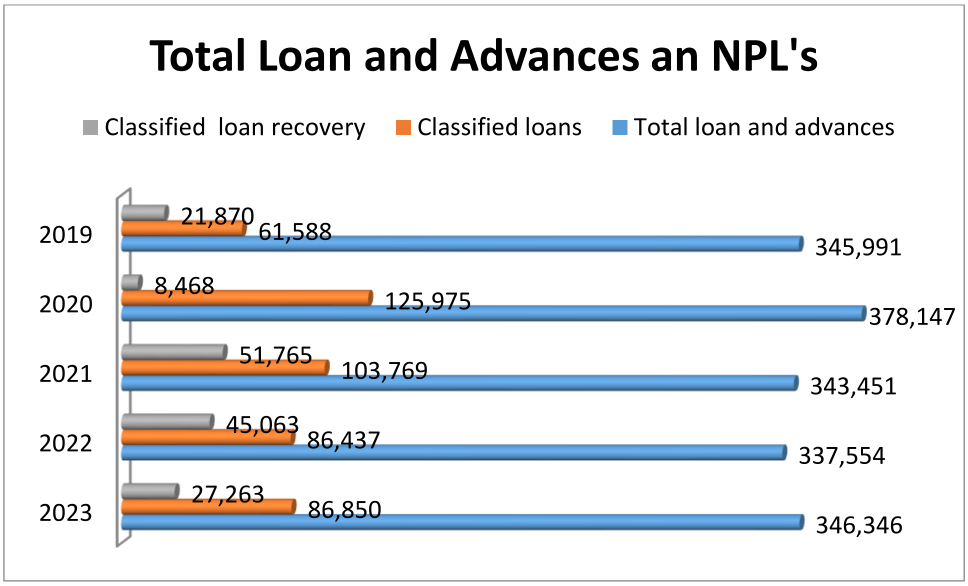

Figure 4.17: Total loan and advances an NPL’s

Interpretation: In the graph we can see that loans and advances was increased in the year 2023 compared to the 2022, 2021and 2019 but still now loans are lower than that of 2022.In the year 2023 NPLs were increased in line with the increased of loans that was 86850 million BDT. In the year 2020, the amount of loans were increased because lots of amount of loans was sanctioned in the agricultural sector in this year and most of the loans were irrecoverable that is why the amount of NPLs also huge in this year.

4.15 Investment for EDF

(TK in millions)

Year	Investment amount Tk. in million	% to Total Investment
2019s	7847	4.94%
2020	11826	6.35%
2021	10712	5.43%
2022	13920	7.08%
2023	28182	13.01%

Table-4.15Investment for EDF

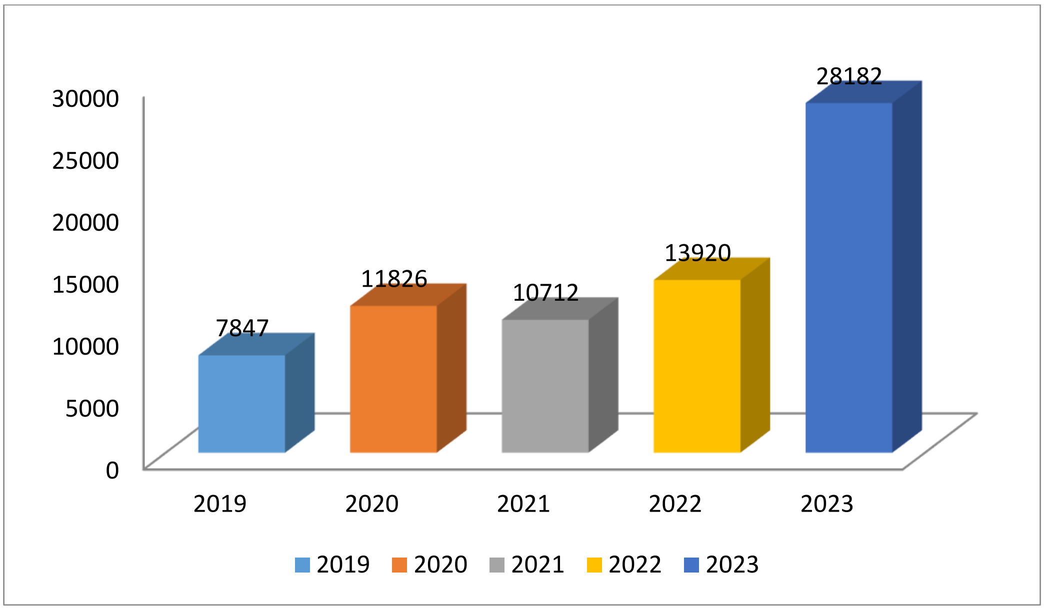

Figure 4.18: Investment for EDF

Interpretation: The above figure shows the investment for EF of last five years, where the amount has been increased every year. In year 2019 the amount is Tk. 7847 million, in the year 2020 the amount has been increasing to Tk. 11826. In the year 2021 the amount is decreasing to Tk. 10712 million, the amount of 2022 is Tk. 13920 million and the highest amount is 28182 Million in 2023.

CHAPTER-5

FINDINGS, RECOMMENDATIONS AND CONCLUSION

5.1 Summary of Findings

Each bank has a unique credit process. The credit process used by Dutch Bangla Bank PLC is typical. Since my study's goal is to examine Dutch Bangla Bank PLC's credit management, I made every effort to gather information and learn the truth. based on the loan recovery and disbursement analysis. Here is a summary of what I discovered:

- The bank adheres to Bangladesh Bank's guidelines for risk grading and overall credit evaluation.
- Occasionally, the branch does not complete the loan paperwork fairly.
- In my experience, credit officers do not correctly complete the proposal form, and document verification is sometimes completed after the loan has been approved. In most situations, they use assumptions rather than using precise numbers.
- The personnel in the credit section are undertrained and lack sufficient manpower.
- Not all necessary information on loans and advances is available on the DBBL website.
- Frequently, banks have recovery issues as a result of the credit officer's failure to appraise collateral property. Collateral that is properly valued will precisely offset the risk of a failed loan. Officials have to be careful about it.
- When it comes to processing and carrying out legal measures against defaulters for failing to pay loans and advances, Agent Banking Wins is inefficient.
- In order to prevent customers from moving their accounts to other banks, DBBL should offer a competitive interest rate.
- DBBL PLC has a positive and steady growth of Loan Disbursement.
- DBBL PLC provides loan mostly in industry with in highest disbarment (57.18%) in the manufacturing industry which is a good initiative for economic development.
- Most of the loan of DBBL PLC is provided in Dhaka division which is about 69%. It is not a good sing considering the financial inclusion issue.

- According to my assessments, the claim of consistent growth and the real differences in credit disbursement are not aligned, and the improvement proposal is unclear.
- DBBL's income from loans and advances dropped during the COVID-19 pandemic but has been recovering steadily since, reaching 59.36% in 2023.
- The investment for EDF has generally increased over the past five years, except for a slight decline in 2021, with the highest investment recorded at Tk. 28,182 million in 2023.
- DBBL's loan recovery ratio has been steadily declining, from around 88% in 2019 to 83.46% in 2023, highlighting a need for improved loan recovery processes.

- DBBL's loan recovery ratio has been decreasing while classified loan is increasing every year, suggesting that better management of loan collections is needed.

5.2 Recommendations

Dutch Bangla Bank PLC. should use some of the best practices in the industry that aren't being used at the moment in order to further enhance the risk management culture. They are:

- The bank ought to place greater emphasis on loan diversification, including loans to various potential industries and recently developed economic thrust areas.
- When authorizing and sanctioning loans, political influence should be avoided. All loan documents must be completed truthfully.
- For the department to be reliable and healthy, the bank should focus more on accurate documentation of all loan kinds.
- Before approving the loan, the bank must accurately verify the documentation proving the security against the loan.
- A Recovery Unit need to be established to oversee accounts that have seen persistent decline. An incentive scheme could also be implemented to support Recovery Unit.
- The establishment of a robust "Credit Manual" is necessary to ensure that the bank's credit policies are clearly understood by its clients.
- To increase staff productivity in their industry, the branch might provide additional workshops and training sessions.
- The bank should inform the customer about any loan-related changes firsthand through SMS, E-mail, Branch communication, or the Call Center.
- DBBL should implement more effective strategies for managing and recovering loans to improve their recovery ratio.

5.3 Conclusion

Needless to say, credit policy is inextricably linked to the nation's overall monitoring policy. Credit is crucial for every financial institution, just like any other aspect of economic policy, as it boosts national economic activity and makes a profit. To put it another way, credit is a business and an input in the nation's manufacturing process. Given the inherent risk associated with credit, appropriate loan usage is necessary to satisfy the borrower's needs. The borrower's loan application cannot be used for unproductive purposes. In this sense, the Dutch Bangla Bank PLC. needs to keep a careful eye on how the loan is going and how the borrower is using the money. By doing this, Dutch Bangla Bank PLC would discourage any fraudulent activity on the part of its extensive borrower credit evaluation system. It has undergone periodic revisions in accordance to Bangladesh Bank's corresponding circular. The corporate credit section and credit administration make up Dutch Bangla Bank PLC's total credit activity. They constantly work to enhance their credit policy in order to reduce losses and increase profits, and they take a number of steps to build a system for managing credit.

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