

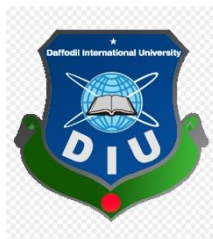
**AN INTERNSHIP REPORT
ON
LOAN AND ADVANCES PROCEDURE OF DUTCH BANGLA AGENT
BANKING**

Submitted To

Prof. Dr. Mostafa Kamal
Dean, Permanent Campus
Professor
Department of Business Administration
Faculty of Business & Entrepreneurship
Daffodil International University

Submitted By

MD. Al-Amin
ID: 182-14-074
Program MBA
Department of Business Administration
Faculty of Business & Entrepreneurship



**MASTER OF BUSINESS ADMINISTRATION
DAFFODIL INTERNATIONAL UNIVERSITY**

LETTER OF TRANSMITTAL

Date:

To,

Prof. Dr. Mostafa Kamal
Dean, Permanent Campus
Department of Business Administration
Faculty of Business & Entrepreneurship

Subject: Submission of internship Report on “**Loan and Advances of Dutch Bangla Agent Banking Agent Banking**”

Sir,

With due regard that I, **Md. Al- Amin, ID: 182-14-074** might want to advise you that here is the give an account of " **Loan and Advances Procedure of Dutch Bangla Agent Banking** " that was doled out to me submit under the temporary position program. It was an incredible delight for me to do the doled out report. I have directed my entry level position program in Dutch Bangla Bank Limited. Savar Branch, Dhaka, with your caring supervision. I trust that the information and experience I assembled amid the temporary position time frame, will be useful in my future expert life.

I made each undertaking to set up this report precise, clear and far reaching and attempted my dimension best to aggregate applicable and canny data inside the planned time and constrained assets. Any weakness in this report is completely my blame. I have contributed each push to portray the administration quality, capacities performed by the Dutch Bangla Agent Bank. I will be thankful to you in the event that you sympathetically acknowledge this report.

Thank You.

Your Most obedient,

Md. Al- Amin
ID: 182-14-074
Program MBA
Department of Business Administration.
Faculty of Business & Entrepreneurship.

SUPERVISOR'S DECLARATION

It gives me huge happiness to affirm that the foreseen report entitled "Loan and Advances Procedure of Dutch Bangla Agent Banking" has been done by Md. Al-Amin, ID: 182-14-074, the understudy of BBA program, Department of Business Administration Daffodil International University, Dhaka under my supervision and course. As far as anyone knows, this is a one of a kind work, which has not been appropriated in any journal or submitted to any establishment or division for any degree or authentication.

I do thus acknowledge it a completely suggest Internship report for assessment

.....
Prof. Dr. Mostafa Kamal
Dean, Permanent Campus
Department of Business and Economics.
Faculty of Business & Entrepreneurship.

STUDENT'S DECLARATION

I do along these lines declare that the work presented in this Internship Report has been finished by me and has not been as of late submitted to some other University/Organization for an educational capacity. The work I have displayed does not crack any leaving copyright and no piece of this report is recreated from any work done before for degree or affirmation.

I further endeavor to reimburse the Department against any adversity or mischief rising up out of the break of the past responsibilities.

.....

Md. Al- Amin

ID: 182-14-074

Department of Business Administration

Faculty of Business & Entrepreneurship.

ACKNOWLEDGEMENT

Above all else, I might want to offer my profound thanks to the all-powerful Allah for helping me to finish the report inside the due time and with no real tribulations.

I might want to offer the heartiest thanks to my scholarly administrator Professor Mostafa Kamal for his significant recommendations, brilliant rules, and supervisions for setting up this temporary job report on "Loan and Advances Procedure of Dutch Bangla Agent Banking". I got full help from all staffs of the Dutch Bangla Agent Bank (Savar Outlet Branch). Particularly, I offer my thanks towards Syed Hasibur Rahman, Owner of the outlet, who gave me all the help that I expected to set up the report.

At last, I might want to pass on my appreciation to my folks, instructors, companions and numerous others who stretch out their help to set up the report.

Contents

LETTER OF TRANSMITTAL	ii
SUPERVISOR’S DECLARATION	iii
STUDENT’S DECLARATION	iv
ACKNOWLEDGEMENT	v
Chapter One	1
Introduction.....	1
1.1 Background of the Study.....	1
1.2 Scope of the Study	1
1.3 Objectives of the Study	1
1.4 Methodology of the Study.....	2
1.4.1 Primary data	2
1.4.2 Secondary Data	2
1.4.3 Target Population.....	3
1.4.4 Sampling Technique	3
1.4.5 Sample Size:.....	3
1.5 Limitations of the Study.....	3
Chapter Two.....	4
Organizational Overview	4
2.1 Introduction.....	4
2.2 Mission.....	4
2.3 Vision	4
2.4 Core Objectives.....	4
2.5 Services of Dutch Bangla Agent Banking Agent Banking:.....	5
2.12.4 Loan & Advances.....	6
2.12.5 ATM Services	6
2.12.6 Treasury	7
2.12.7 Account Service	7
2.12.8 Foreign Trade.....	7
2.12.9 Dutch Bangla Agent Banking Internet Banking	8
Chapter Three.....	9
Literature Review.....	9
3.1 Credit Definition	9
3.2 Steps of Loan Process	11
3.3 Factors Considering of Loan.....	12

3.4 Credit: What You Need to Know	13
3.5 Principles of Bank Loan and Advances	14
CHAPTER: 4	
Loan and advance and credit rating of Dutch Bangla Agent Banking.....	15
Chapter: 5	
Findings, Conclusions and Recommendations	25
Findings.....	25
Conclusion	26
Recommendations.....	26

Chapter One

Introduction

1.1 Background of the Study

The temporary position program is a mandatory prerequisite for the understudies who are Post Graduate from the Faculty of Business and Entrepreneurship under the program Masters of Business Administration of Daffodil International University.

The Temporary Employment Program has been working for three months for an organization where Dutch Bangla Bank Limited had the opportunity to participate in the bank's honor, loan and advance. Thusly, it will relate the theoretical information of bank to the commonsense presentation. Along these lines the learning and kept working knowledge gathered from the bank helped me to work chosen theme " Loan and Advances of Dutch Bangla Agent Banking"

1.2 Scope of the Study

In the wake of completing 42 credits in Daffodil International University, there was a chance to get an arrangement in one of the biggest and prestigious Dutch Bangla Bank restricted which investigated an immense degree for the examination. Extensions for the investigation delineated as pursues:

- Loan and advance procedure followed by the Dutch Bangla Bank Ltd.
- Background and prospective of Dutch Bangla Bank Ltd.

1.3 Objectives of the Study

General Objective:

- The main objective of the study is to analyze the Loans and Advances of Dutch Bangla Agent Bank, Savar Outlet Branch.

Secondary/Specific Objectives:

- ❖ To discuss credit services offered by Dutch Bangla Bank Limited.
- ❖ To describe loan sanctioning process of Dutch Bangla Bank Limited.
- ❖ To analyze loan operations system of the Dutch Bangla Bank Limited.
- ❖ To identify the problems related to loans and advances operations of Dutch Bangla Bank Limited.
- ❖ To make some recommendations to solve the problems.

1.4 Methodology of the Study

Methodology for solving research problems systematically. This was accomplished by following regular and sequential steps.

- ✚ The problem of research was formulated.
- ✚ A comprehensive survey was carried out to collect relevant and necessary information
- ✚ Literature.
- ✚ The design of a study was determined. A fourth stage sampling technique was chosen that called non-probability judgment trials.

Both necessary and helpful information was collected. At the last organized time, the information gathered was broken and orchestrated as claimed by the investigation. Experiments have been started to check the basic issues of credit and advance. So the experiment is exploratory research. In order to conclude the investigation, both the necessary and the alphabetical data were used.

1.4.1 Primary data

The primary information has been gathered from unique sources by an examination. The primary information is those which are gathered a crisp and just because and are unique in character. The information was gathered after a meeting plan for the workers of the bank.

Primary Data Sources

- Data collection through working with employees of the bank at the time of field operations.
- Work experience gathered through working during internship period.
- Discussion with employees, managers
- Observation during others works.

1.4.2 Secondary Data

Then again, there is helpful information that is just joined by someone else who came up with a measurable approach. Supporting wellsprings includes all deliveries and announcements, including books, diaries, articles.

Secondary Data sources are

- Collection of secondary from Annual report
- Secondary data also have been collected from the different publications of the Bank.

- Other information was obtained from various corresponding files of the Bank.
- Internet was one of the important sources for secondary data collection.

The most well-known and convenient survey technique was used to collect the primary data. Based on various decision questions, two surveys have been structured and a number of inquiries have received a bidirectional configuration.

1.4.3 Target Population

The target population of this report is the managers and loan department staffs of the bank.

1.4.4 Sampling Technique

The probability of a decision sampling strategy for collecting preliminary data from a sample size was determined from the population selected by a sampling technique known as sampling.

1.4.5 Sample Size:

The sample size of the study as follows

1. 1 Manager.
2. 2 loan Department staffs.
3. 20 customers

1.5 Limitations of the Study

The study is intended to be a thorough study of procedures and advance methods that have taken many advantages and encountered some obstacles during my study. These barriers may be termed as limitations of the study.

These limitations are as follows:

- The constraint of time during the temporary position time frame.
- The data obtained for the investigation was not satisfactory.
- The example size was too short thinking about the size of the populace.
- The overview made for the examination couldn't mirror the reality on the grounds that the perspective of the respondents' and the inquiry answer may not be evenhanded.
- Secret records or items to the firm were not accessible to get to.
- As the entry-level position is the principal down to earth understanding, it is absurd to expect to know it about the bank.

Chapter Two

Organizational Overview

2.1 Introduction

After the effective delivery of Rocket Services, Dutch Bangla Agent Banking Provincial Clients who do not even come to the formal banking system through mobile banking understand the possibility of reaching the Client by providing Agent Banking Services through their agents.

For the smooth movement of Agent Banking limit, an alternate Division in the name and style "Agent Banking Office" has been made. The Division will serve a wide extent of customers all through the country by outfitting banking and money related administrations with the help of portable media transmission gadgets/PC framework/utilizing biometric innovation. Especially for clients in remote zones, Agent Banking Division will help them a store and draw back resources and other adequate administrations at banking agents, i.e., retail outlets that go Store to electronic resources and the other route around. With the help of the agent banking organization, the customer can value the convenience of banking organization any place of the country.

2.2 Mission

Dutch Bangla Agent Banking Designer's initiative and commitment to innovation and social responsibility in business and industry. "Profit alone" is not central to the bank's activities; Because "people are not alone with meat and potatoes".

2.3 Vision

Dutch Bangla Agent Banking dreams of better Bangladesh, where expressions and letters, sports and games, music and excitement, science and instruction, wellbeing and cleanliness, clean and contamination-free condition and above all depend on the general public to make profound quality and morals. for our entire lives worth living. Dutch Bangla Agent Banking's pith and ethos lay on the innovativeness of the universe and the wonderful enchantment of an enchanted life that teems with the spirit of life and experiences that contribute towards human improvement.

2.4 Core Objectives

- (i) Its uncompromising commitment to fulfill its customer needs and satisfaction

- (ii) To become their first choice in banking.
- (iii) Taking cue from its pool esteemed clientele.
- (iv) To pave the way for a new era in banking that upholds and epitomizes its vaunted marquee
"Your Trusted Partner"

2.5 Services of Dutch Bangla Agent Banking Agent Banking:

- Gathering of little worth money stores and money withdrawals (roof ought to be controlled by the administration of the Bank every once in a while in accordance with the rule of the national bank);
- Internal outside settlement payment;
- Encouraging little worth loan payment and recuperation of loans, portions;
- Encouraging service charge installment;
- Money installment under social wellbeing net modified of the Government;
- Encouraging asset move (roof ought to be according to constrain is given by Bangladesh Bank [BB] now and again);
- Parity request; Statement request
- Gathering and preparing of structures/archives in connection to record opening, loan application, credit and check card application from general society;
- Post approval checking of loans and advances and follow up of loan recuperation.
- Getting of clearing check.
- Other capacities like an accumulation of protection premium including small scale protection and so on.
- ATM Withdrawal
- Vendor Payment
- Reserve move [Person to Person (P2P), Person to Business (P2B), Business to Person (B2P), Person to Government (P2G), Government to Person (G2P), Business to Government (B2G), Government to Business (G2B)]

An Agent must give, at least, money store, and money withdrawal administrations. The agent's exercises could be inside the typical course of the banking industry of the Dutch Bangla Agent Banking however directed at spots other than bank premises/ATM stalls. Agent must give benefits in the assigned business premises.

2.12.4 Loan & Advances

- ❖ Loan against Trust Receipt
- ❖ Transport Loan
- ❖ Consumer Credit Scheme
- ❖ Real Estate Loan (Res. & Comm.)
- ❖ Loan Against Accepted Bill
- ❖ Industrial Term Loan
- ❖ Agricultural Term Loan
- ❖ Lease Finance
- ❖ Other Term Loan
- ❖ FMO Local currency Loan for SME
- ❖ FMO Foreign currency Loan
- ❖ Cash Credit (Hypothecation)
- ❖ Small Shop Financing Scheme

2.12.5 ATM Services

We can discover Dutch Bangla Agent Banking ATMs next to our home, in our office premise, close by market, university, school and school premises, Airport, Railway stations, and so forth., all through the nation. Utilizing any of the Dutch Bangla Agent Banking ATM pools anyplace in the nation, you can play out the accompanying:

- ❖ Account balance enquiry
- ❖ Cash withdrawal – 24 hours a day, 7 days a week, 365 days a year
- ❖ Cash deposit to a certain number of ATMs any time
- ❖ Mini statement printing
- ❖ PIN (Personal Identification Number) change

All the ATMs can accept Dutch Bangla Agent Banking -NEXUS ATM / POS card, Dutch Bangla Agent Banking -Maestro/Cirrus Debit card and Dutch Bangla Agent Banking Credit card

Table 4.3: ATMs of Dutch Bangla Agent Banking

PRODUCTS	NAME	CUSTOMER	CHARGE
ATM	NEXUS Debit card	All a/c Holders	Yes
ATM	Maestro Debit card	All a/c Holders	Yes
ATM	Maestro Debit card	All a/c Holders	Yes
ATM	Credit card	Limited	Yes
Internet Banking		All a/c Holders	Yes
SMS Banking		All a/c Holders	Yes

2.12.6 Treasury

Dutch Bangla Agent Banking is all around prepared for treasury activity through buying in Reuters' terminal and working in the SWIFT system. It is likewise all around outfitted with equipped HR for proficient managing.

Dutch Bangla Agent Banking's treasury quotes competitive exchange rate for major currencies:

- ✚ Spot Sale/Purchase
- ✚ Forward Sale/Purchase
- ✚ Money market Inter bank & Corporate
- ✚ SWAPS

2.12.7 Account Service

Dutch Bangla Agent Banking gives every one of the benefits of the record as recommended by the rules of Central Bank (Bangladesh Bank). Dutch Bangla Agent Banking offers an aggressive loan fee and gives premium quality administrations to the records. Record administrations are:

- ✚ Foreign Currency Account
- ✚ Non-Resident Foreign Currency Deposit Account (NFCD)
- ✚ Resident Foreign Currency Deposit Account (RFCD)
- ✚ Convertible and Non-Convertible Taka Account

2.12.8 Foreign Trade

Dutch Bangla Agent Banking extends finance to the importers in the form of:

- ✚ Opening of L/C (Foreign/Local)
- ✚ Credit against Trust Receipt for retirement of import bills.
- ✚ Short term & medium term loans for installation of imported

Import Finance

Dutch Bangla Agent Banking extends finance to the importers in the form of:

1. Opening of L/C
2. Credit against Trust Receipt for retirement of import bills.

Export Finance

1. Pre-Shipment Finance

Pre-Shipment finance in the form of:

- i. Opening of Back-to-Back L/C
- ii. Export Cash Credit

2. Post-Shipment Finance

Post-Shipment finance in the form of:

- i. Foreign/Local Documentary Bills Purchase
- ii. Export Credit Guarantee
- iii. Finance against cash incentive

Foreign Remittance

Dutch Bangla Agent Banking gives premium quality administration to repatriation and accumulation of settlement with the assistance of its top-notch journalists and prepared

workforce. By presenting online banking administration and turning into a SWIFT Alliance Access Member, which empower its branches to send and get installment guidance straightforwardly, which gives premium administrations. Settlement administrations given by Dutch Bangla Agent Banking are:

- ✚ Inward Remittance: Draft, TT
- ✚ Outward Remittance: FDD, TT, TC and Cash (FC)

Western Union

Western Union Financial Services Inc. The U.S.A. is the main and solid cash move organization on the planet. This cutting edge Electronic Technology based cash move organization has earned an overall notoriety in moving cash starting with one nation then onto the next nation inside the briefest conceivable time. Dutch Bangla Agent Banking Limited has set up a Representation Agreement with Western Union Financial Services Inc. The U.S.A. as on fourteenth February 2006.

2.12.9 Dutch Bangla Agent Banking Internet Banking

Dutch Bangla Agent Banking Internet banking enables the customer to get to his/her very own or business accounts at whatever point wherever from home, office or while voyaging. Web Banking offers the customer the chance to pick his/her own banking hours. It can extra time, money and effort. It's snappy, basic, secure and best of all. Using any of the Dutch Bangla Agent Banking ATM pools wherever in the country, you can play out the going with:

- Securities with Dutch Bangla Agent Banking Internet Banking
- A/c Opening & Accessing Internet Banking
- Internet Banking Features
- Terms & Conditions of Internet Banking

Chapter Three

Literature Review

3.1 Credit Definition

A contractual agreement whereby the borrower now accepts something of value and agrees to repay the lender later. When a customer purchases a product using a credit card, they are purchased on credit (take the item at that time, and return it to the credit card company in a month). Any time a person finances something with a loan (such as a car or home), they also use credit.

Ability to borrow from a person or organization.

Increasing the resources of recording a journal entry. With cash based accounting, income is earned when credit is recorded. With accounting on income tax basis, credit is recorded and recognized when income is earned. Compare with debit.

Types of Loan

Loans are for the most part separated into two primary classifications: unbound and verified. An unbound loan does not require a guarantee. This is extraordinary in light of the fact that less pressure is put on purchasers, yet the higher hazard is on the bank. These money loans are normally present moment and for low sums. Verified loans require security that can be taken if the customer blames or neglects to reimburse the loan. These loans are regularly high worth and long haul loans.

1. Personal Loans

Most banks give some type of individual loans which purchasers may use towards a cost, for example, purchasing another television or satisfying a bill. Individual loans are regularly unbound and low in worth. Moneylenders frequently require a type of distinguishing proof from the buyer and evidence of benefits equivalent to or more noteworthy than the loan mentioned. The endorsement procedure just takes a couple of days, yet loan fees are commonly high.

2. Credit Cards

Visas are one of the most broadly acknowledged types of installment, while basically being a loan. The application procedure is generally speedy and credit lines can shift from a couple of thousand as far as possible. One noteworthy preferred position of Mastercards is that assets are ensured and shielded from the loan specialist, this includes a degree of insurance for customers. A noteworthy drawback of Visas is that financing costs can be high, and consistent unpaid adjusts can pile on significant intrigue expenses.

3. Home Equity Loans

Most home purchasers know about home equity loans, most usually known as mortgages. These huge, long haul loans are typically verified and require some type of security frequently the property itself. Loan costs can be as low as a solitary percent, however, as chief expenses are high even low-financing costs can wind up immense fines when unpaid.

A comparable type of home equity loan is a credit extension. Similar general standards apply to credit extensions, notwithstanding, they enable customers to acquire more assets after a level of the first loan has been reimbursed.

4 Small Business Loans

Small business loans are frequently given by either the Small Business Organization (SBA) or a neighborhood bank. Loan terms change in both worth and length, and financing costs are regularly adaptable. As business loans can go from thousands to a huge number of dollars, the guarantee is required. The endorsement procedure is exacting and acquiring a loan can be troublesome.

A loan can frequently have an extraordinary effect on an individual's life. With many choices to accommodate your accurate needs, applying for a new line of credit ought not to be disregarded. Simply make certain to comprehend the conditions and pick what's appropriate for you.

3.2 Steps of Loan Process

1. Apply Online

You'll have the option to enroll and present your application through our online stage. The entire procedure just takes around 30 minutes to finish.

2. Get a Quote

If your application is successful we'll review and respond with a quote, otherwise known as the Provisional Offer. We can usually offer a response instantly, or at most, within two business days. Your offer will be valid for up to two weeks.

3. Upload your Documents

When you've chosen to acknowledge your offer, we'll solicit you to submit electronic sweeps from certain records to confirm the data you've incorporated into your application. This is what to anticipate.

- Proof of identity (your passport)
- Proof of admission
- Credit report
- Proof of address
- Proof of income
- Proof of savings (if applicable)
- Proof of scholarships or company sponsorship (if applicable)
- Financial aid form (if applicable)

After we've confirmed your reports, you'll get a Loan Endorsement Letter. This is the report you should use in your understudy visa application as evidence of assets.

We'll be in contact once you land in your new home, requesting that you consent to your loan arrangement on the web.

5. Receive the Funds at your School

We'll send the full amount directly to the school. If there are excess funds after your tuition has been covered, the school will pay these to your personal bank account.

If you're expecting your Prodigy Finance loan to cover part of your living expenses, you should reach out to the bursar or financial aid office at your university for updates. They'll be able to share their payment processes and dates so you know when to expect your funds.

6. Focus on your Studies

Prodigy Finance offers generous grace periods so that you don't need to worry about repaying your loan while still studying.

- **Full-time students:** repayment begins 6 months from the date of your final class.
- **Part-time students:** repayment begins 3 months from the date when we send your funds to the school.

7. Loan Repayment

Your loan agreement will include the date that your first repayment is due (don't worry, we'll send a reminder). You'll always have access to your loan statements, which share the exact amount that is due, plus details on making a successful payment.

3.3 Factors Considering of Loan

For a person who is running short of money, borrowing from a bank may not be the best option. All things considered, there are many associations that can offer loans at an agreed rate. Cash can enable you to keep things going for you or your personal endeavors, especially when you want to develop your own job. Understand that in the end your loan debt should be repaid. Understanding what options you have and what associations can give you cash loans will enable you to progress your business.

Follow these policies to guarantee that you and your small business take advantage of whatever credit you take.

Interest rates

Regardless of the loan type, you settle; If you want to focus on current interest rates, they will play an important role in choosing the total sum of debt that must be paid. Finding the ideal interest rate among people in the market can be prudent thinking. Expenses may not raise interest rates, but they will be linked to your regular scheduled payment.

Loan Term

Depending on the type of loan you need, the size of the loan will likewise take up a task that refers to the cost of your all-out loan. Total loan length will likewise have an impact on determining your total loan cost. Most loans have an involuntary term, regularly up to 10, 15, 0 or even 30 years. Since different loans are set up in a few different ways, and since there are a lot of loan lengths, it is ideal to look at your options with a bank or budgetary institution.

Income

The endorsement is allowed as a price determined by the bank or the ability of the borrower to repay the loan. You should have the ability to display your income record for a set period of time. You should have a decent history of income and show proof of your lender.

Know your credit rating

Your credit score will be an essential consideration in getting you a loan. It is important, in this way, to ensure your score doesn't have any missteps that need settling. If your credit score is high, then you are on your way to getting a loan.

Figure out what you need

After you finish what you want to do, truth be told, you need to; It's important that you be practical about the amount you need. Remember to include any changes in the situation. You do not like to feel this way in different situations, so be sure to request enough cash to meet your goals.

3.4 Credit: What You Need to Know

Among the many definitions of "credit nding" is the most important "financial credibility". Your credit record is considered one of the most important factors when you open a mortgage loan - for a car or home - or for a credit card account. Creating a good credit record is an important step in reaching financial independence and can be established by:

- a) Applying for and using a credit card for purchases
- b) Using a student loan for tuition and books
- c) Making at least the minimum payment due
- d) Paying all your debts on time

3.5 Principles of Bank Loan and Advances

The main business of banking companies is to provide loans and advances to businessmen as well as to commercial and industrial companies. The most important use of banks is to provide financing. Nevertheless, there is a risk of incurring debt. So the banks follow some policies to reduce risk:

1. Safety
2. Liquidity
3. Profitability
4. Purpose of loan
5. Principle of diversification of risk

The fundamental motivation behind business banks is monetary intermediation among savers and borrowers. Banks are money related delegates that assemble assets from surplus financial units and assign those assets to shortfall monetary units. Bank activates finance principally through gathering stores and distribute those assets by giving credit. Along these lines, giving credit is one of the primary elements of a bank. Bank credit is the chief wellsprings of loanable reserve for many family units and the administration. Therefore, it is critical to the economy. Farming, business, and modern exercises of a country are often financed by bank credit. Without sufficient financing, there can be no development or upkeep of stable yield. Along these lines, the bank credit impacts all out macroeconomic condition by influencing the cash supply, venture, absolute yield, and work. Therefore, it is exceptionally basic to think about the pattern and development of credit. Pattern of credit alludes to the general propensity or heading of credit. Development of credit implies the way toward developing or the improvement of the credit. The development in credits is a significant marker of an expanding business banking structure of a nation. Since the bank credit is the most significant gaining resource with respect to a business bank, the pattern and development of the bank credit directly affect the total compensation of a bank. At last, it influences the profitability of the all out banking framework. As the banking segment is the real piece of the monetary framework, the pattern and development example of bank credit additionally impacts the all out money related framework.

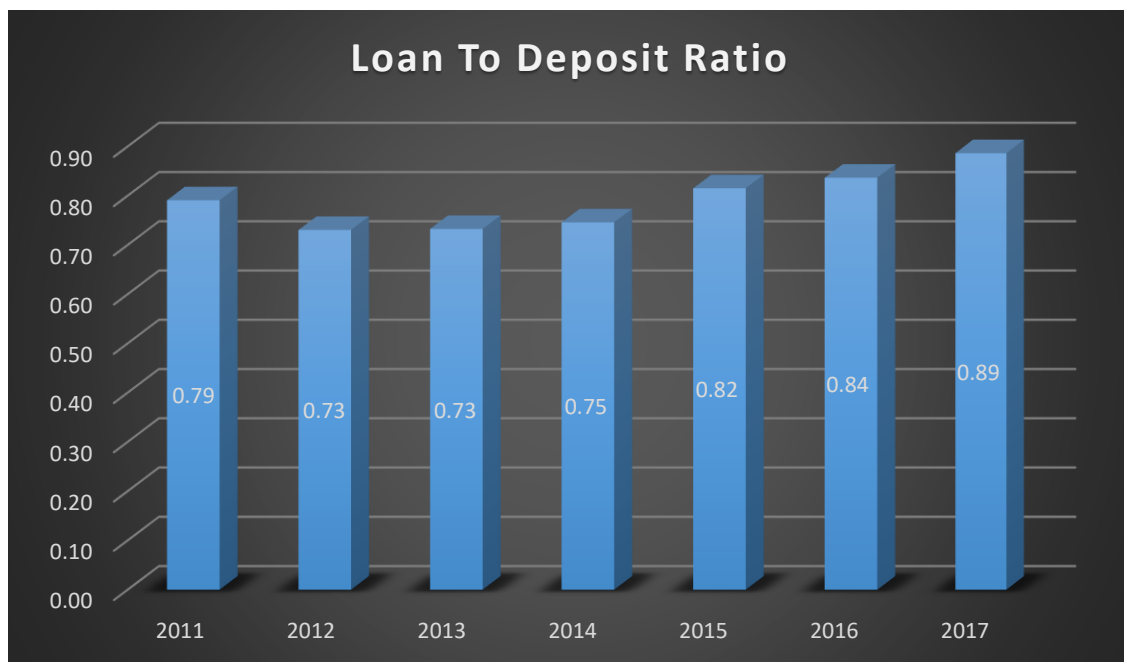
CHAPTER: 4

Loan and advance and credit rating of Dutch Bangla Agent

Banking

Loan to Deposit Ratio

Bank deals with loans and deposits, and without these 2 things, thinking about a bank would be unrealistic. Both have the same importance. As a deposit, the bank takes the money and makes the loan with interest. Usually this is a bank business. If the loan amount is high then the liquid assets will be the lowest or if the liquid assets are high, it means they are not making enough profit.



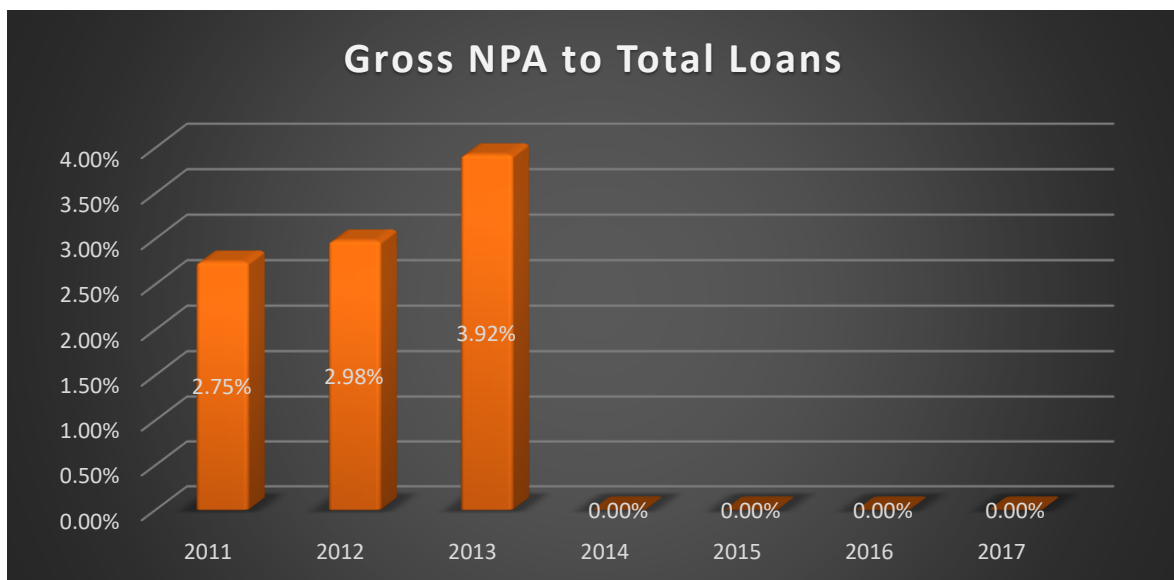
Here the proportion of Dutch Bangla agent banking is higher with Dutch loan deposits. The rate was 89% in 2017. This was the highest rate among the 20 and the lowest rate was 5%. This will create a liquid asset deficit for unexpected spending and management activities. Therefore, Dutch Bangla agent banking should be better for reducing Dutch lending rates.

Credit Risk Ratios

The risk of defaulting on the obligation arising from negligence by neglecting the required installments to the creditor. Credit loans are identified in light of the ability of ordinary creditors to repay. To assess a customer's advance credit risk, and lenders accept five C's: a candidate's record as a customer, repayment capacity, capital, advance terms and related insurance. For the credit risk of "Dutch Bangla Bank Limited", we set a ratio analysis.

Gross NPA to Total Loans and Advances

The three divisions have total NPA contributions - Substandard Assets, Daisy Assets and Loss Assets. The proportion we are separated by the overall progress of this paragraph and the higher the ratio, the greater the risk of credit.



With the increasing number of Dutch Bangla agent banking periods, we see that the total balance of loans and advances has increased from three years in the period of 20 to 24, increasing their credit risk from 2.757575% to 3.696969%. These are not good signs for banks but they are able to recover their NPA from 20.2014 to 20 2017 which means they have no credit or default risk. So, we can say that they are in a very good position now.

Net NPA to Total Loans and Advances

Here, we measure the nature of a bank's proposed advance. This ratio also shows how our NPA's overall dividend benefits. So, if this ratio is normal, then the risk is less credit risk and credit risk less.

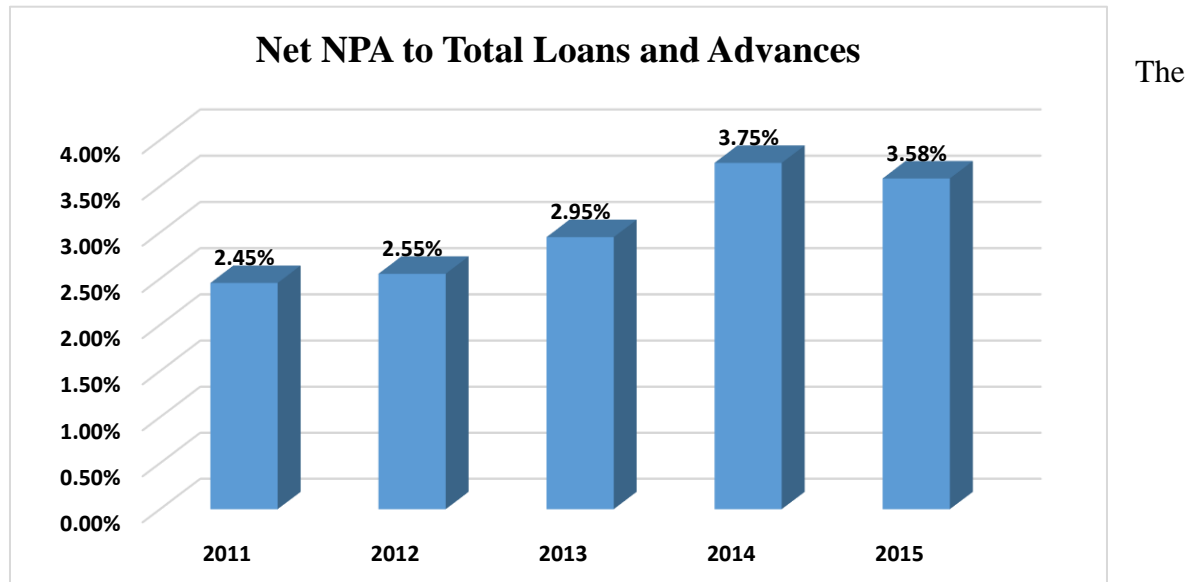
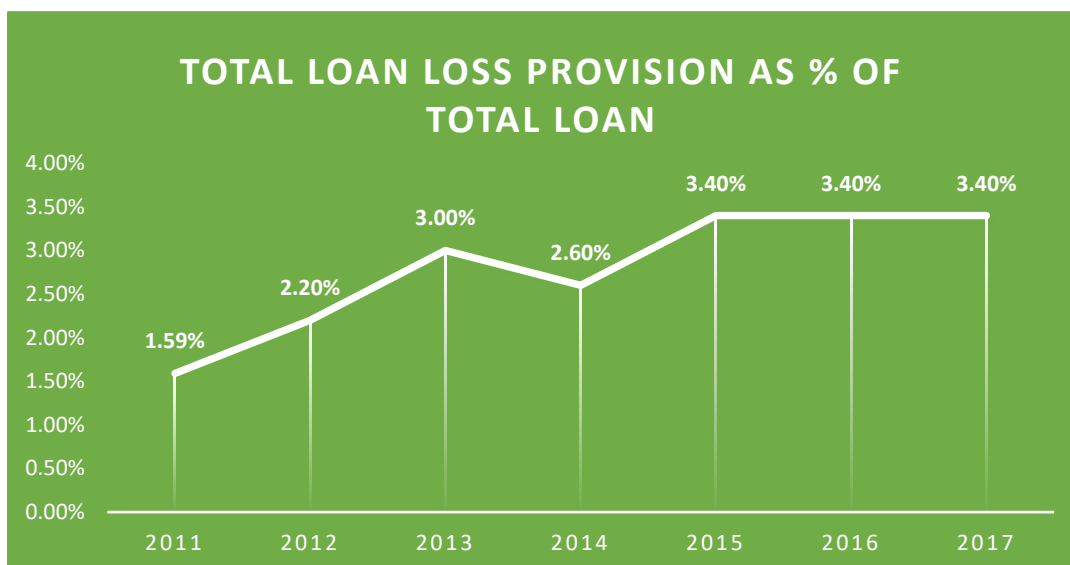


figure here indicates that the growth rate in net loan and net NPAs during the 20 years was 2.2545% in Dutch Bangla Agent Banking and 5% in 20%. This is not only good for the bank's current performance but also its impact on its future performance. They need to expand their credits and advances to reduce their risk.

Total Loan Loss Provision as % of Total Loans and Advances

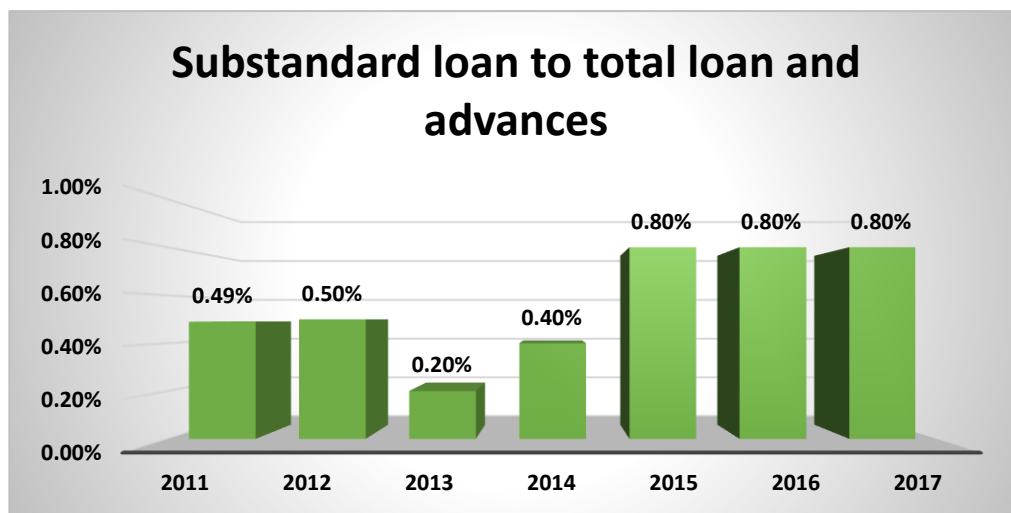
Loss of indemnity provision is the expense to be kept as compensation for unpaid advances and advance installments. This arrangement is used to cover various factors related to potential credit misfortune, including risky advances, client clutter, and pre-revised terms that bring less than previously assessed installments. Credit unfortunate measures can be changed in advance to save on bad luck and thus be known as valuation remittances.



The total loan disbursement provision in Dutch Bangla Agent Banking as a total loan and advance rate is relatively low compared to the seven-year results, but this rate has increased from 9.5% to 8.5% year-on-year in 20 years, and the rate is higher than in the past. It is equal to twice. As the ratio expands, the rate of credit opportunity expands. And that would mean that their share of bad loans increased year after year, but this rate was good for Dutch Bangla agent banking between 2011 and 2017.

Substandard loan to Total Loans and Advances

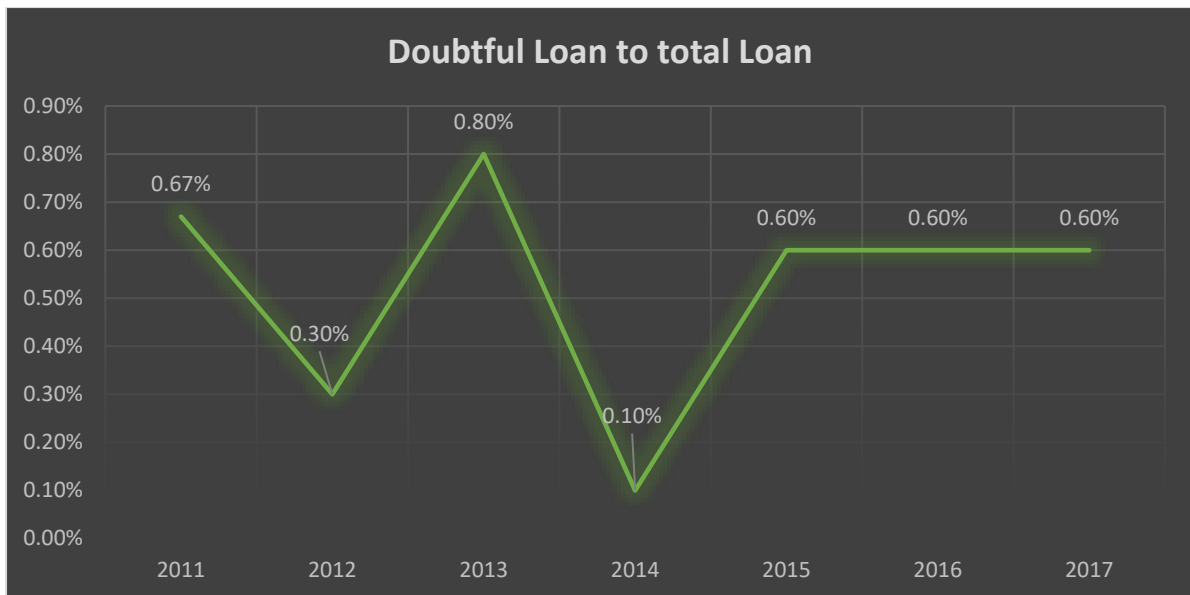
Substandard - Arranged loans are substandard equipped. Any obedience, either compulsorily or by limitation of liability or insurance oath, is reasonably safe. Arranged steps must have characteristic deficiencies or deficiencies around them which endanger the obligation to abolish. If rates are high, the risk is likely to increase



The total loan debt of the Bangla Agent Banking Agent in the 20- to 25-year ratio is almost every year, but the advance rate is almost every year, but the rate goes up to the highest rate in the 20th. This means that banks have a higher risk of credit risk than other years because their lending rate is much higher than other years.

Doubtful Loan to Total Loans and Advances

"Doubtful Loan" is a credit where full payment is inaccurate and defective. If therapeutic measures are to be taken, the level-paying reproductive achievements for extending from catastrophic to catastrophic distress are exceptional. The value of a development in the name of skepticism makes all collections of poor quality development and credit deficits make the entire collection broken and impossible. Each penny of a suspicious name is deducted from integrated bank capital to illustrate the fifty authorized capital abundances for the credit. If the range is extended, then the shot is credible. 'A credit where full payment is inaccurate and sketchy. The debt repayment level is directed towards reaching the final push towards defective disaster if medical measures are to be taken. A development of a dubious name has all the hallmarks of a poor development and a credit crunch that makes the whole assembly flawed and unrealistic. For every penny of a suspicious name, fifty adjusted bank capital figures are deducted from the management capital abundance. If then the range is to increase, then the add shot has credibility.



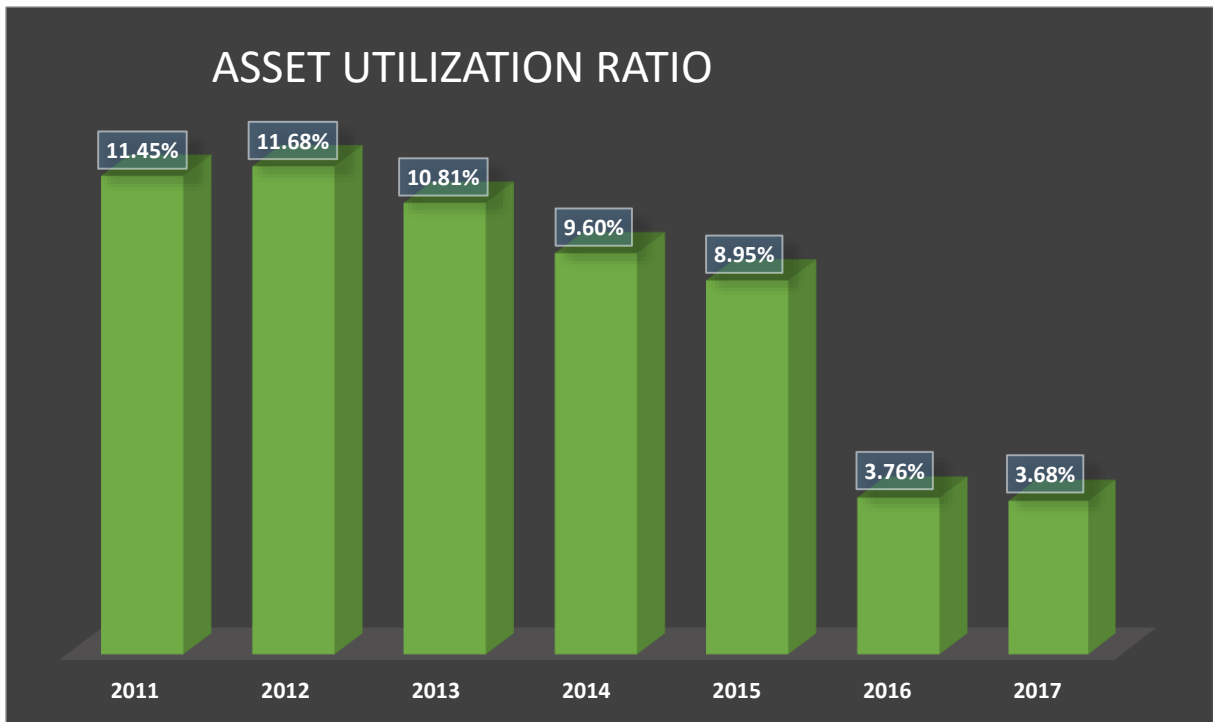
The ratio of up to 20 to 25 is up and down. In 20, the rate was 0.67% and in 26 the rate was 5.7% and the lowest rate was 0% in 20. The banking situation in Dutch and Bangla agents was very good in 212 and 20 but it was increased in 20. And while this rate was stable from 3 years 2015 to 2017, the rate was 0.60%. The situation is very bad for Dutch Bangla agent banking.

ROE Aggregation Model

Asset Utilization

The use of resources means using the assets to make a profit. If a bank can make good use of its assets, it will be beneficial to them and no one can profit without the proper use of their assets. If your total revenue is greater than total assets, then you are making a profit and using your assets.

Formula for Asset utilization ratio = Total Revenue/Total Asset

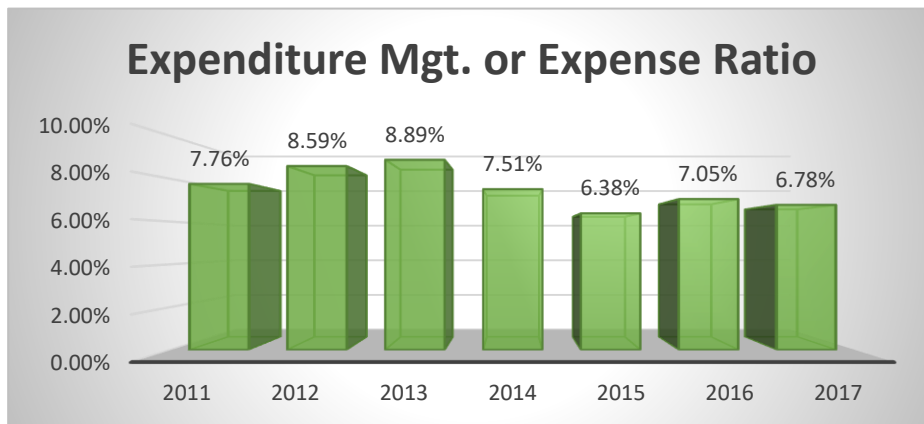


Higher asset utilization ratios are better and less bad for a bank. Here the Dutch Bangla agent banking shows that their assets have not been used properly in the last 7 years. The proportion of maximum resource utilization in 2012 was 1.318%, which is so poor and reduced to 23 2017. They should restructure their operating activities and take appropriate observations to overcome that situation.

Expense Ratio

An expense ratio is determined by an annual calculation, where the operating cost of a fund is divided by the average dollar value of its assets under management.

$$\text{Formula for Expense ratio} = \text{Total Expense} / \text{Total Asset}$$

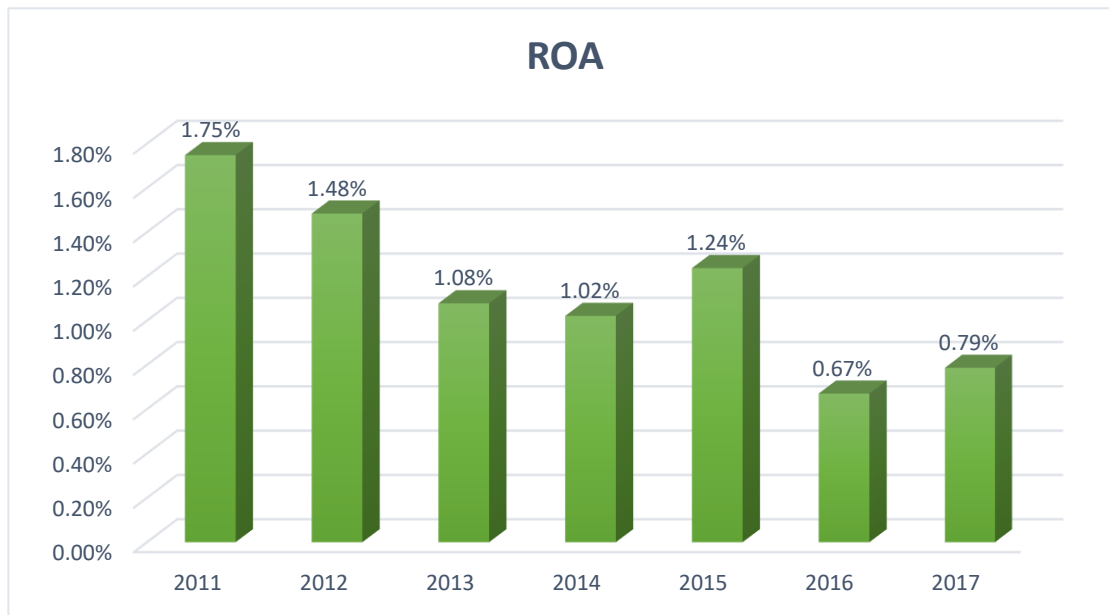


All commercial banks cause expenditures for loans or assets, and they take advantageous assets at one point to cut costs. Equally contributing to the three expenditures is the ratio of cost to wealth, overhead expenses and the nature of the benefit ratio. Wealth expenditure is of primary concern, as we see here that the expenditure ratio for the first three separate years was higher than for the last two special years. Along this line, the bank has more value in 202 and 20, with the option to reduce the Dutch Bangla Agent banking expenditure from 20 to 20 2017. Currently they are contributing to a decent market position.

Return on Asset

This means that the total amount can be earned using total assets, and it also shows the ability to properly manage their assets, which will generate profits using a general return on assets, meaning that the bank is more profitable and less return on assets means the bank is less profitable. It also shows a company's ability to turn their assets into profit and make it a profitable business. To calculate the return of assets, I divided the net income by the net

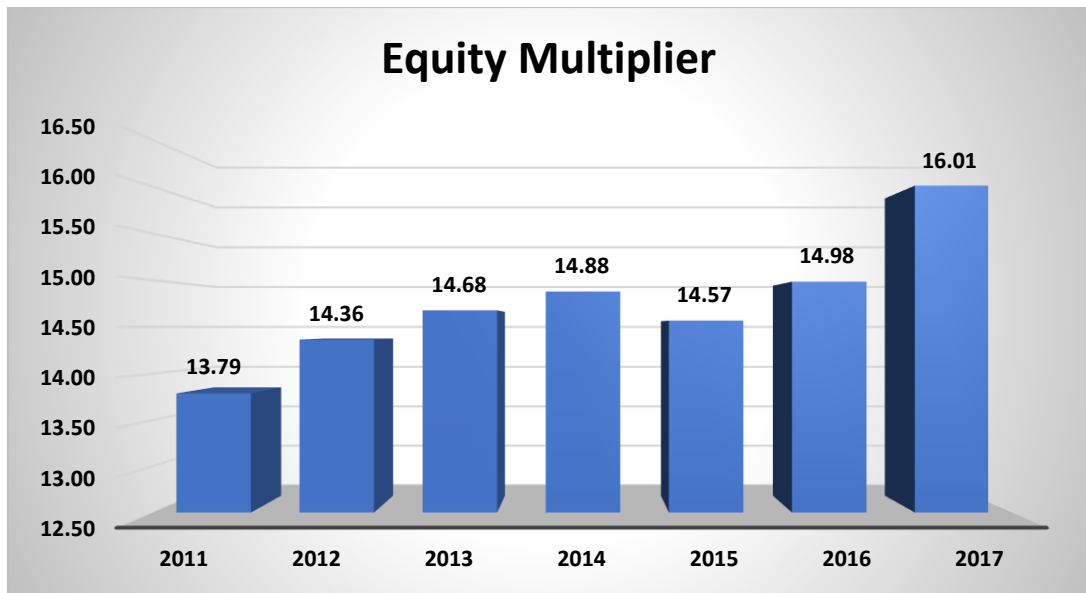
income.



In the above section we can see that the return of Dutch Bangla Agent banking on assets is not too high. At 25, this rate was 7.7575% which was the highest income in the Dutch Bangla Agent banking assets and then decreases every year because the tax rate of Dutch Bangla Agent Banking is high and the high expense ratio was the main factor. The 26 lowest and the lowest rate in 2017 was 0.67% They try to cut, then they increase their rate. The rate was 0.79%.

Equity Multiplier

Here, we used the equity multiplier to find out the financial profit rate of a bank in total assets. Low financial leverage is good and high financial leverage is bad for any bank. Therefore, we need to maintain a low equity multiplier for the health of Dutch Bangla agent banking.



On the bar chart it is clear that the 24 Dutch Bangla agents were the best year for banking as they have the lowest financing. However, after 25 they increased their debt financing so that Dutch Bangla Agent Banking could be at risk. The highest rate was 20.0% in 16.0%. They should take care of this and take necessary steps to reduce their equity multiplier rate and this will be a risk-free future for Dutch Bangla agent banking.

Chapter: 5

Findings, Conclusions and Recommendations

Findings

From the aforesaid study a number of findings can be disclosed. In this chapter major findings are being stated and in the immediate next chapter all the possible solutions of negative findings will be recommended.

- ❖ Loan disbursement procedure takes longer time than other banks that may cause losing clients.
- ❖ Limited authority of branch manager in case of sanctioning loans.
- ❖ Loans and advances are not widely disbursed.
- ❖ Due to third party intervention, loans are rarely recovered.
- ❖ Paper-based works are still existed in branch that takes longer times in case of processing loan application.
- ❖ Decrease in loan disbursement may lower the income of the bank.

Conclusion

Dutch Bangla Bank is the quickest developing State-possessed Private Commercial Banks in Bangladesh. For its outstanding exhibition, it has won an international honor for various occasions and successively for a long time. In this report, I quickly talked about the loan and advance. Loan and Advances possess a significant position in present-day banking. A bank is a business enterprise of the nation. It is a profit-chasing worry as some other business and mechanical organization. A bank can't be profited just by taking stores from the general population with finding legitimate roads for putting them in profitable endeavor currently to lift up its standard of administration, it is putting substantially more accentuation on computerization and new innovation-based item, for example, ATM, Ready Cash, Instant Cash, and so on. The bank is colossally progressing in the field of import and fare financing. Yet, one disturbing thing is that as the bank don't guarantee better pay and payment to its workers in contrast with the representatives of the private banks, the prepared labor of the bank goes out in the desire for better pay rates and other advantages. This training ought to be halted by giving them aggressive pay rates and other advantages and preparing offices. On the off chance that the bank goes for further development in profitable spots with a profitable item, for example, dealer banking, the bank will most likely win more profit.

Recommendations

To gain competitive advantage and provide quality services, top management services should strive to change.

- ➔ The credit proposal evaluation process and time should be shortened.
- ➔ Dutch Bangla Bank Limited should increase its loan products to compete in the market.
- ➔ Dutch Bangla Bank should always monitor the performance of its competitors in the field of loan and advance.
- ➔ For customer's convenience in Dutch Bangla Bank Limited should provide more credit officer to investigate the client financial position.
- ➔ Dutch Bangla Bank Limited should continuously strive to monitor the loan sanctioning procedure to improve the current position.
- ➔ Dutch Bangla Bank Limited should increase its finance on diversified projects to achieve more clients. Dutch Bangla Bank Limited must develop electronic banking system to moderate the service.

→ Time consumed at service level should be minimized at optimum level.

References:

Bennett, Rosalind L., Mark D. Vaughan, and Timothy J. Yeager. "Should the FDIC worry about the FHLB? The impact of Federal Home Loan Bank advances on the Bank Insurance Fund." *The Impact of Federal Home Loan Bank Advances on the Bank Insurance Fund (July 2005)* (2005).

Frame, W. Scott, Diana Hancock, and S. Wayne Passmore. "Federal Home Loan Bank advances and commercial bank portfolio composition." (2007).

Flannery, Mark J., and W. Scott Frame. "The federal home loan bank system: The "other" housing GSE." *Economic Review-Federal Reserve Bank of Atlanta* 91.3 (2006): 33.

Demsetz, Rebecca S. "Bank loan sales: A new look at the motivations for secondary market activity." *Journal of Financial Research* 23.2 (2000): 197-222.

