Internship Report On

"Credit Risk Management of Basic Bank Limited".

(A Study at Jamalpur Branch)

Supervised By:

Professor Dr. Mostafa Kamal
Department of Business and Entrepreneurship
Faculty of Business and Entrepreneurship Daffodil
International University

Prepared By :

Jannatul Mowa Jimi
ID:172-11-1105
Major in Finance
Program : BBA
Daffodil International University

Date of Submission: 15 January 2024

Latter of Submission

Date

To,

Professor Dr. Mostafa Kamal

Department of Business and Entrepreneurship

Faculty of Business and Entrepreneurship

Daffodil International University

Subject: Submission of Internship report on "**Credit Risk Management of BASIC Bank Limited".**

Sir,

I would want to extend my appreciation to you for sharing this report, as it has proven to be a highly valuable educational opportunity for me. This report has allowed me to acquire a comprehensive understanding of the principles and ideas of credit risk management. Additionally, I have received practical experience in analyzing credit risk and calculating recovery in the context of **"Credit Risk Management of Basic Bank Limited".** I exerted maximum effort to finalize the report by including the essential data and recommendations. Thank you for your thoughtful deliberation.

Sincerely yours,

Jannatul mowa Jimi

Jannatul Mowa Jimi

ID:172-11-1105

Major in Finance

Program: BBA

Daffodil International University

Student Declaration

I thereby confirm the commencement of the internship. report titled "**Credit Risk Management at Basic Bank"** is my own work.

I have completed a three-month internship at **Basic Bank Limited** at the Jamalpur Branch and have independently conducted a project titled "Limited." This project has not been previously presented to any other entity.

Any academic certification, certificate, diploma, or degree can be obtained from a university, institution, or organization hereby affirm that this research is my own creation and has been created to partially meet the requirements for a Bachelor of Business Administration (BBA) degree.

Jannatul mowa Jimi

Jannatul Mowa Jimi

ID:172-11-1105

Major: Finance

Department of Business Administration

Faculty of Business and Entrepreneurship

Daffodil International University

Approval Certificate

This document is a proof that the internship report titled "**Credit Risk Management at Basic Bank**" is an authentic work produced by **Jannatul Mowa Jimi (ID: 172-11-1105),** who has expertise in finance and is currently enrolled in the Department of Business Administration. The information and discoveries presented in the internship report seem to be authentic. Consequently, she has the authority to submit her internship report for presentation at the defense.

I extend my sincerest wishes for her prosperity and achievements in all aspects of her life.

…………………………………………………

Professor Dr. Mostafa Kamal

Department of Business and Entrepreneurship

Faculty of Business and Entrepreneurship

Daffodil International University

Acknowledgement

First and foremost, I would like to convey my appreciation to Allah, the Most High, and to I was able to finish this report because of the omnipotent counsel that I received in silence. The reality remains that

since I did not have sufficient time to study everything there is to know about financial management, the little experience I obtained while working as an intern at BASIC Bank, and the fact that I worked there for a short period of time.

In the coming years, I will greatly benefit from being limited. I would like to use this opportunity to express my heartfelt gratitude to my supervisor, Professor Dr. Mostafa

Kamal (DIU), for his successful supervision and advice, as well as the test time period, which has played a significant role in motivating me to construct my report in an appropriate manner.

This report is something that I would like to express my gratitude to the Basic Bank Restricted expert for providing me with the opportunity to work as an intern in this fictitious bank. I am thankful for the opportunity to learn hypothetical and useful information about generally keeping money within a framework, to finish such a difficult study for my entry-level position program.

I wish to convey my profound appreciation to each and every one of the people who assisted me in the process of gathering material, conducting research, and putting together the report. In particular, I wanted to convey my gratitude to those individuals whose conscientious efforts and generous participation made it possible for the report to be compiled. I would like to take this opportunity to extend my heartfelt appreciation to my parents and other members of my family, particularly Md. Belal Hossain, who is the Operations Manager; Shakawat Hossen, who is the Relationship Manager; Debashis Roy, who is the General Banking Incharge; and Md. Golam Sarowar Talukder, who is the Head of the Branch, for their guidance and assistance in the preparation of this report.

Executive Summary

This report is being created to the internship report requirement of the BBA program. The university is named Daffodil International University. The report consists of multiple components, including organizational part specifically addressing several aspects of Basics Bank Limited, including its historical past.

Design and organize products and services. The project section focuses on analyzing the credit risk associated with Basic Bank Limited. The report is structured into several sections, including an introduction, organizational, learning, analysis, survey, findings and recommendations, and supplementary sections. The report includes the letter of transmittal,

acceptance letter, acknowledgement, announcement, introduction regarding the issue, and executive summary. The initial chapter encompasses an introduction, a comprehensive overview of the banking industry, the report's genesis, the report's purpose, the report's methodology, the study's limitations, and the report's scope. The second section provides an overview of Basic Bank Limited, including its values, mission, vision, and hierarchy system. The analysis section provides the Bangladesh Bank's definition of credit risk. Credit risk refers to the potential financial loss that Basic Bank Ltd. may incur due to the failure of small and medium enterprises (SMEs) to repay their loans. Basic Bank Ltd. offers a range of products and services specifically designed for SMEs. ShampadRin refers to a capital loan; ChaltiRin is a working capital loan; MoushamiRin is a festival loan; DigunRin is a double loan; and Shahaj is an easy loan. Anchal sector-wise A breakdown is a breakdown of the loans based on different service industries. Loan outstanding, country situation, job responsibilities: leading the credit department, supervising a group, managing direct sales, overseeing the credit assessment unit of the Women Entrepreneur Cell, and handling MIS or planning. The final portion presents the main discoveries and suggestions, which include the major findings: Positive findings, negative findings, strengths, and weaknesses of Basic Bank Ltd. recommendations, conclusions, and bibliographies. Basic Bank Limited holds the belief that the economic prosperity of the entire country is contingent upon the individual development of each citizen. In line with this principle, the bank is extending loans to both rural communities and remote places inside the country. Consequently, it has inaugurated seven different loan categories. Upon receiving the loan, individuals are actively contributing to the economic sector of the country.

EXECUTIVE SUMMARY

Table of Contents

Chapter one

Introduction

Overview

1.1 Overview

In order to obtain a Bachelor of Business Administration degree from Daffodil International University, it is necessary to fulfill the requirement of successfully completing an internship at a proficient business organization. Furthermore, it is required to provide a thorough internship report that centers around a pertinent business subject and presents the corresponding research outcomes. I have chosen Basic Bank Limited to carry out this work. Theoretical knowledge is rendered insignificant in the absence of practical comprehension. As an intern, I will have the chance to directly implement the theories taught by our lecturers at DIU and in earlier courses.

1.2Objectives of the Report

The aim of the investigation may be seen as: **Broad**
Objective

- ✓ To gain knowledge about Credit and its risk management and it is real-life concerns in Basic Bank limited.

Specific Objective's

To be more precise, this study encompasses the following facets:

1. To relate theoretical knowledge with theoretical experience at Basic Bank Limited.
2. To know unlike Governmental and Basic Bank policies, terms and conditions regarding the credit policy;
3. To analysis the critical performance of the bank and Credit services overview by Basic Bank LTD.
4. 4. To identify and address concerns related to the management of credit risk. of Basic Bank Limited along with some able recommendations.

1.3Methodology of the Report

The study will require a well-structured method, starting with the selection of the topic and concluding with the compilation of the final report. In order to conduct the investigation, we will identify and gather facets from sources with the utmost clarity. The selection process will involve a thorough examination of the side manner and the identification of crucial aspects. All the information will be gathered from the server file. The majority of the information will be gathered through face-to-face interviews with employees from various departments, who will be sent by the head office. Additionally, random data will be maintained to record all the activities that have taken place within the bank. Inner research and analysis will be utilized to create this report. The majority of the material pertaining to the report's work has been gathered from the bank's internal system, while a portion of the data will be obtained from external sources.

The purpose of this report is to be created so that data can be collected based on the work accumulated over a period of time. To compile this report, it will be essential to engage in group collaboration and conduct interviews with bank staff. In order to fully conduct the study, both necessary and optional information were utilized. The information provided is as follows: **Primary Sources**

- ✓ Desk job on pertinent topic at Basic Bank Limited;
- ✓ Person to person chat with the employees; and ✓ interview with the top officials of the Bank.

Secondary Sources

Internal Sources:

- ✓ Bank's yearly Repot;
- ✓ Basic Bank Credit Division loan and employ activity policy;
- ✓ Different circulars, manuals and files of the bank and other governing bodies; ✓ Basic Bank Credit Division Database.

External Sources:

- ✓ Different books and periodicals related to the credit sector.
- ✓ Online journals and newspapers.

1.4 Scopes of the Report

- ✓ The focus of discussion is the Credit Division and its operations.
- ✓ Obtaining the necessary data for an overview is relatively simpler compared to other business matters in commercial banking.
- ✓ Supervisors in the workplace play a crucial role in assisting with data gathering and analysis.
- ✓ The topic-related concerns give rise to highly realistic problems and questions, which are quite beneficial for illuminating future job prospects.

1.5 Limitations of the Study

- ✓ **Insufficient availability of pertinent information:** As per the bank's policy, it is evident that the bank authorities often prohibit the sharing or disclosure of diplomatic information and information related to the completion of this report.
- ✓ **Redundant errors and bias**: Due to the limited availability of information, certain assumptions must be made in order to accurately complete the report. There could be inadvertent errors in the report. Possible omissions and errors may exist due to a lack of past expertise in creating a professional report of this nature. However, I have made every effort to minimise mistakes.
- ✓ **Insufficiency of time**: The time frame of 3 months is insufficient to fully comprehend all aspects of SME banking at the head office. Due to the lack of coverage in our academic courses, there was difficulty in understanding certain financial concepts.

Chapter Two
Organizational overview

2.1 An outline of Basic Bank Limited:

BASIC Bank Limited is a bank that is fully owned by the government. The bank exclusively specializes in providing banking services. He takes pride in working for small and medium-sized businesses because of the memo requiring that 50% of loan capital go to different industries. The bank directly engages in many small and large projects or businesses. Furthermore, the Bank assumes a significant role in various sectors of the country's economy, including providing financial support for agriculture through agricultural loans and farm-based industrial loans. It also offers start-up credit specifically for women and provides consumer loans along with other types of loans. Simultaneously, BASIC Bank offers foreign trade services, including import and export facilitation for customers, as well as money transfer services. Every bank branch offers online banking services. Furthermore, BASIC Bank offers its customers the convenience of ATM cards, debit cards, and VISA cards. BASIC Bank places significant emphasis on discovering new financial value that is beneficial.

Authentic Background of Basic Bank Limited:

Incorporated on August 2, 1988, under the Companies Act, 1913, BASIC Bank Ltd. was formerly referred to as Bangladesh Small Industries and Commerce Bank Limited. January 21, 1989, was the day it began operations. The Banking House Act of 1991 is in place to govern it. Government officials saw the need for a private bank to help small and medium-sized businesses get off the ground, so they set out to create the bank. The Bank was formed as a partnership between the Government of Bangladesh (GOB) and the BCC Foundation, with the latter owning 30% and the former 70%. The BCC Fund was rendered obsolete with BCCI's dissolution; consequently, the Bangladeshi government took full ownership of the bank on June 4, 1992. Therefore, the bank is a government-owned financial institution.

Founded as a public limited company under the Companies Act, 1994, Basic Bank is reputed domestic private commercial bank in Bangladesh. Starting with a single location in January 1989, the bank began its banking services. The bank currently has 25 automated teller machines (ATMs) spread out over Dhaka metropolis and 69 branches across the country. Many of the group's operations are beneficial to the nation's small and medium-sized businesses. As well as five branches that follow Islamic banking laws and practices, it runs five service centers that are devoted to helping SMEs. Sharia rule. Shares of the bank are available to the public on the Chittagong Stock Exchange (CSE) and the Dhaka Stock Exchange (DSE).

2.2 Mission: BASIC Bank Ltd. has produced a mission statement that aligns with its vision. The statement is self-explanatory and is shown below:

- BASIC Bank offers a comprehensive range of services that combine development and commercial banking, enabling clients to increase their assets and net worth.

- To provide exceptional service to all customers, both internal and external.

- To assure the enhancement of human resources to meet the demands of the current era.

BASIC Bank Ltd. will consistently modify its methods the procedures and the training to uphold a proficient team in order to attain service excellence.

- To establish a conducive environment for team-based work that fosters exceptional performance.

- To establish a standard of exceptional integrity.

- To ensure long-term and environmentally responsible expansion in business.

- To assure the cultivation of human resources that are equipped to fulfil the demands of the current era.

BASIC Bank Limited actively contributes to the nation's economy by providing financial services in various sectors, such as small industries, trade, commerce, and the service sector.

The main objective to excel as an institution and ensure the utmost customer satisfaction.

Global banking has undergone a fast transformation, and BSIC has made diligent efforts to adjust to these changes.

- To play a crucial role in fostering human development and facilitating job creation.

- To engage in project promotion in order to uncover lucrative investment opportunities.

2.3 Vision: The mission of BASIC Bank Ltd. is to become a high-performing bank that maximizes its potential by revolutionizing the way it adapts to changing circumstances.

BASIC Bank Ltd. aspires to be the preferred bank for both individual and corporate clients, aiming to become the bank of choice for the general public. Their goal is to establish a strong association between the concept of a bank and Basic Bank Ltd. in people's minds. To establish such a reputation, BASIC Bank Ltd. has implemented a series of appealing promotional campaigns. The youthful generation is being specifically targeted because research indicates that individuals typically develop a strong attachment to their first bank and are more likely to remain loyal if they are satisfied with its services. BASIC Bank Ltd. aims to position itself as a dynamic and progressive organization by implementing cutting-edge financial technologies, thereby simplifying and streamlining banking services for the younger generation.

To be the unique Bank in Bangladesh and to make great contribution to the national economy and develop customers'

2.4 Values: BASIC Bank Limited has allocated a personal server specifically for their contribution to the nation, which involves providing active financial support and participating in all sectors of the economy, including small industries, trade, commerce, and the service sector.

Construct structures using suitable approaches.

• Formulate a practical strategy for gathering funds in the mobilization plan.

• Formulate a strategy to enhance customer service.

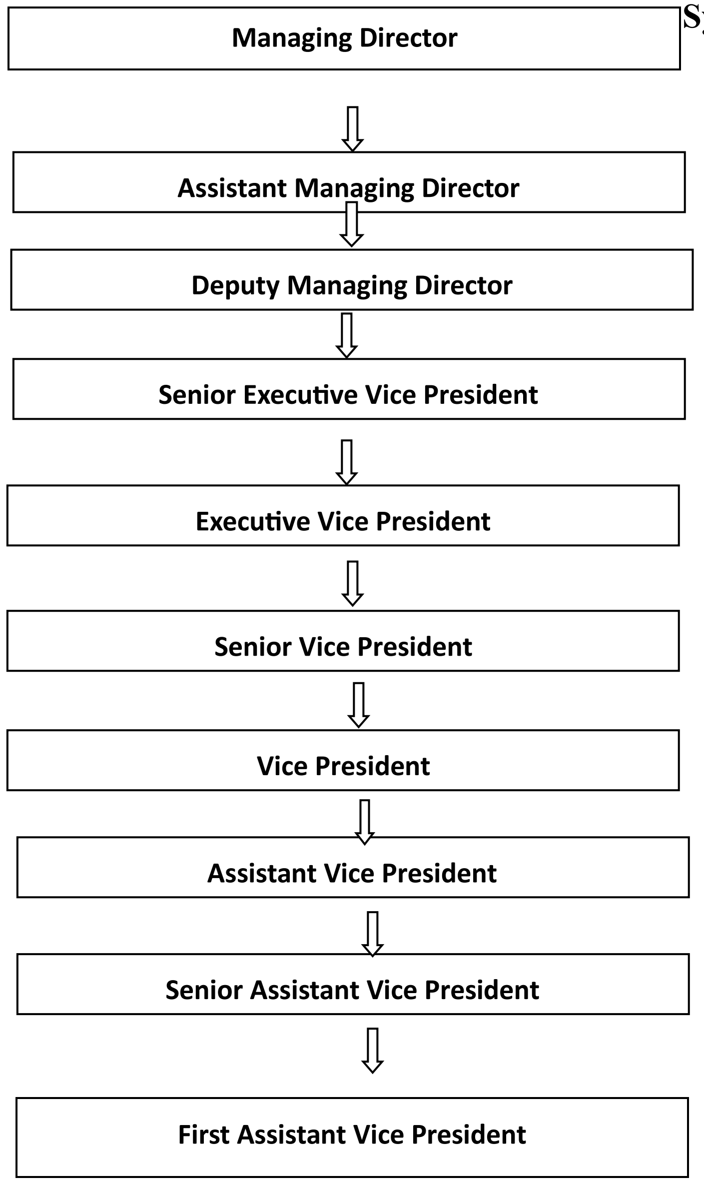
The bank's main goal is to transform into a highly proficient organization that prioritizes customer requirements.

• The field of global banking has undergone rapid changes, and BASIC has made diligent efforts to adjust to these transformations.

• Plays a crucial part in the progress of human development and the generation of employment opportunities.

• Conduct project marketing activities to discover lucrative investment opportunities. • Form connections with other fundamental organizations engaged in the funding of microenterprises.

2.5 Hierarchy System of Basic Bank:



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Senior Executive Officer

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Executive Officer

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Principal Officer

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Senior Officer

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Management Trainee /Probationary Officer

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Officer

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Junior Officer

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Assistant Officer

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Trainee Assistant

Chapter Three

Theoretical Analysis

Basic Bank Ltd.'s Credit Risk Management System

3.1 Credit Risk: : Various industries entail distinct hazards, with banks and treasuries assuming the most crucial risk. Banking and financial organizations have faced significant challenges over the years due to many factors. One significant factor contributing to the ongoing neglect of financial issues is the direct correlation with imprudent lending practices towards borrowers and business partners, as well as inadequate portfolio composition and an inability to consider evolving financial conditions. Budgetary constraints or other circumstances may result in the decline of the financial stability of the bank's counterparties. Credit opportunities are typically defined only in terms of the potential for the borrower or counterparty to default on their commitments as per the agreed terms.

Put simply, this issue pertains to the decline in the financial reliability of borrowers and business associates. When issues occur in a bank's portfolio, it prevents complete default by addressing unhappy clients or counterparties who are hesitant to fulfil their duties regarding docketing, trade payments, and other financial matters.

3.2 Credit Risk Management:

Credit risk refers to the potential for a product to suffer negative consequences as a result of not meeting its obligations. Credit unions illustrate the challenge of assessing banks' capital adequacy throughout regular periods, which has traditionally been a benchmark for organizations involved in lending and borrowing money.

The global financial crisis has brought credit unions under scrutiny by regulators. They anticipate grasping the concept that banks own extensive data regarding their customers and the potential credit risks associated with them. Moreover,

In order to comply with more stringent regulatory standards, it is necessary to absorb and adjust to increased capital expenses, as these are associated with credit risks that may occur. Banks that perceive this approach as completely congruent in theory will face limitations. Improving the organization of credit chances also gives a valuable opportunity to enhance the application process and strengthen regulatory security.

3.3 Identification

Prior to scaling and managing, it is necessary to identify the risks associated with a bank. Banks commonly categorize risks into the following categories:
- Market risk
- Operational risk
- Credit risk

3.4 Measurement

An anticipatory evaluation of the 3 categories in the issue is crucial efficient risk mitigation. This company has had tremendous success in advancing market risk assessment ideas. However, credit fund and operational risk quantification methodologies have not yet advanced due to the limited availability of information. The person's recording capabilities are restricted.

3.5 Calculation of Credit risk

Credit risk is assessed by evaluating the creditworthiness of an individual or institution. The potential resulting from adversities in the credit firm can be categorized into numerous classifications. foreseen disasters and unforeseen disasters
The anticipated adversities stem from the borrower's past track record of non-payment and the estimated rate of non-payment, subtracting the rate of recovery. This pertains to all standard loan transactions, specifically those that involve collateral. It is important to consider the usual obstacles when planning revenue and include them as standard provisions in the lending terms.

3.6 Challenges to Successful Credit Risk Management

Inefficient handling of data. The inability to access the appropriate data in a timely manner results in inconsistent reporting for the individual. Working at the base of a social event carries no inherent risk. Without it, banks are unable to generate highly comprehensive risk metrics and obtain a remarkable overview of enterprise-wide risk.

3.7 Strategic planning and effective management

Furthermore, risk management has the ability to organize the bank's overall risk exposure and handle it based on these strategies.

The most commonly employed management tools include:

— Risk fair judge of individual credit exchanges

— Risk thresholds for individual positions or portfolios

— Application of guarantees and measures to safeguard credit

— The process of making threats less influenced by religious or spiritual beliefs.

— Acquisition and disposal of assets

3.8 Credit Standards in Basic Bank Constrained :

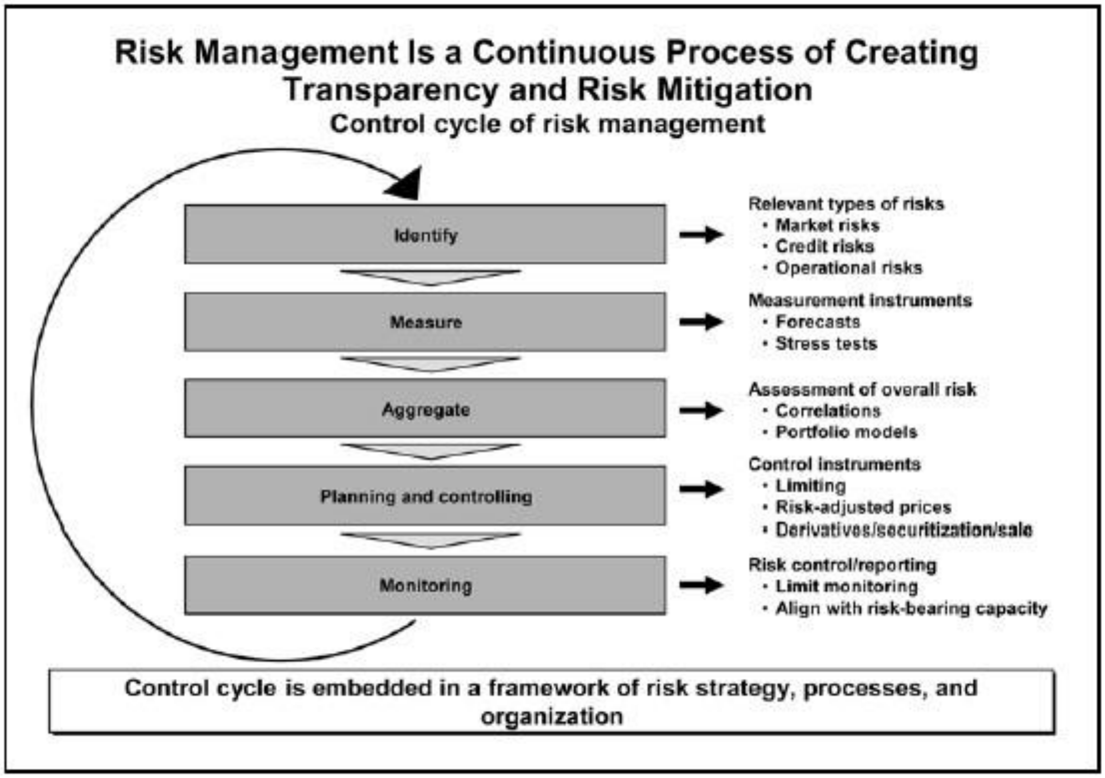

Figure 1: Risk Management

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Evaluate Borrowers loan settlement capability

The borrower's capacity to repay the debt is a crucial issue that banks must assess before extending credit. In order to achieve this objective, banks can employ financial assistance methodologies and protocols. Banks should take into consideration why clients choose to borrow, the key ways of repayment, as well as past and predicted data.

Strategies for addressing the probability of non-payment

Each loan carries the possibility that the borrower may default on repayment.; hence, banks must assess not just the principal sources of money but also other choices for repayment. In order to accomplish this objective, banks must take into account the value of the collateral and the terms of repayment, construct and record the loan terms, and assure efficient pricing for the individual.

Autonomous participation of loan officers is advantageous as it facilitates the attainment of synergy and responsibility. Loan officers are required to utilize their personal expertise and capabilities to evaluate a borrower's creditworthiness and effectively communicate all relevant information, including both favorable and unfavorable aspects, during the application process for approval. Loan Authorization.

Take initiative in identifying, managing, and communicating credit risk.

The bank is required to have a proactive strategy for evaluating the performance of borrowers once funds have been disbursed. Regular monitoring of the accounts is essential to promote and speed up the reporting of important information.

Fundamental bank requirements must be adhered to when securing credit exposures and conducting business.

The loan must adhere to the bank's criteria, requirements, and internal directives. A good manager must apply their judgement in unforeseen scenarios in order to maintain a healthy relationship.

Try to achieve an acceptable equilibrium between risk and reward.

The bank should get compensation for the risk posed to the other bank. Hence, the method of planning must adhere to a suitable and competitive approach. The bank's policies and guidelines should be followed while arranging credit exposure, loan period, security, and credit structure. It is important to take into account the central bank's set risk-return priorities.

3.9 Credit portfolio mix:

• Retail and SME -------------------------------------25%
• Trade finance--------------------------------------- 15 %
• Project- Finance medium and long term ------ 30 %
• Industry- Short-term working capital ---------- 10 %
• Others -- 20 %

3.10 Credit Memorandum (CM)

If the head office approves the bank's report, indicating positive results, The process of credit management involves a comprehensive analysis of credit risk variables and a thorough appraisal of the client based on the bank's credit policy guidelines. At that juncture, it is forwarded to the Marketing Director for encapsulation. An analysis The borrower must provide a minimum of 3 years' worth of financial statements.When relying on a corporate insurer, the financial statements of the underwriter for future plans are also carefully examined. The review centers on appraising the caliber and durability of profits, revenue, and the borrower's financial history. More specifically, a thorough analysis is conducted on income, utilization, and production.

Compliance with Lending Guidelines

The credit applications must explicitly state if the proposed application adheres to the lending policy criteria of the bank. The bank's credit director, who oversees the chief executive officer, authorizes a credit revision that diverges from the bank's lending policies.

Security

The company obtains a current insurance quote by evaluating the quality and necessity of the requested coverage. Advancements are not granted based on security. The extent and effectiveness of the defense should also be assessed.

3.11 Credit Risk Grading

Credit risk grading is a crucial tool for credit risk management as it enables a bank to comprehend the level of risk associated with various credit transactions. As per the criteria set by Bangladesh Bank, it is mandatory for all banks to implement a credit risk grading system. Credit risk. The grading system is crucial both the pre sanction stage and the post sanction stage. During the pre-sanction stage, credit grading assists in determining whether to provide a loan or not, establishing the appropriate pricing for a certain risk, and determining the level of exposure. During the post-sanction phase, the bank has the authority to determine the extent of the evaluation or renewal, the frequency of the evaluation, the timing of the grading, and any other necessary measures. Credit Risk Grading (CRG) is a comprehensive classification that is determined by a scale and represents the inherent credit risk associated with a specific exposure.

Basic Bank utilizes the credit risk rating matrices outlined in the instructions supplied by Bangladesh Bank.

Risk Rating	Grade	Definition
Loss (nonperforming)	8	
		Assets with a grade of 8 have remained exceptional for an extended period without reaching the final stage of liquidation. The outlook for recovery is bleak, and the legal asset valuation was unjustifiably high, necessitating the provision of predicted losses. It is important to adhere to Bangladesh Bank's requirements for the prompt write-off of non-performing loans.

Table 2: Credit Risk Grading

3.12 Credit Authorization Procedure

The bank keeps the interactions between management and marketing away from the people who have the power to accept them and the Board of Directors during the approval process. To better handle credit risk, the bank's leaders and board of directors are currently giving top leaders at headquarters more weight than the headquarters credit committee. A credit agency can only back up a package of recommendations that has been accepted. Before getting the things that are needed, the expert promises a thorough investigation and analysis.
The bank has all the credit information it needs to accurately judge the risk that is being taken.

3.13 Loan Administration

The Administration Department is responsible for the following primary functions, which are, in order:

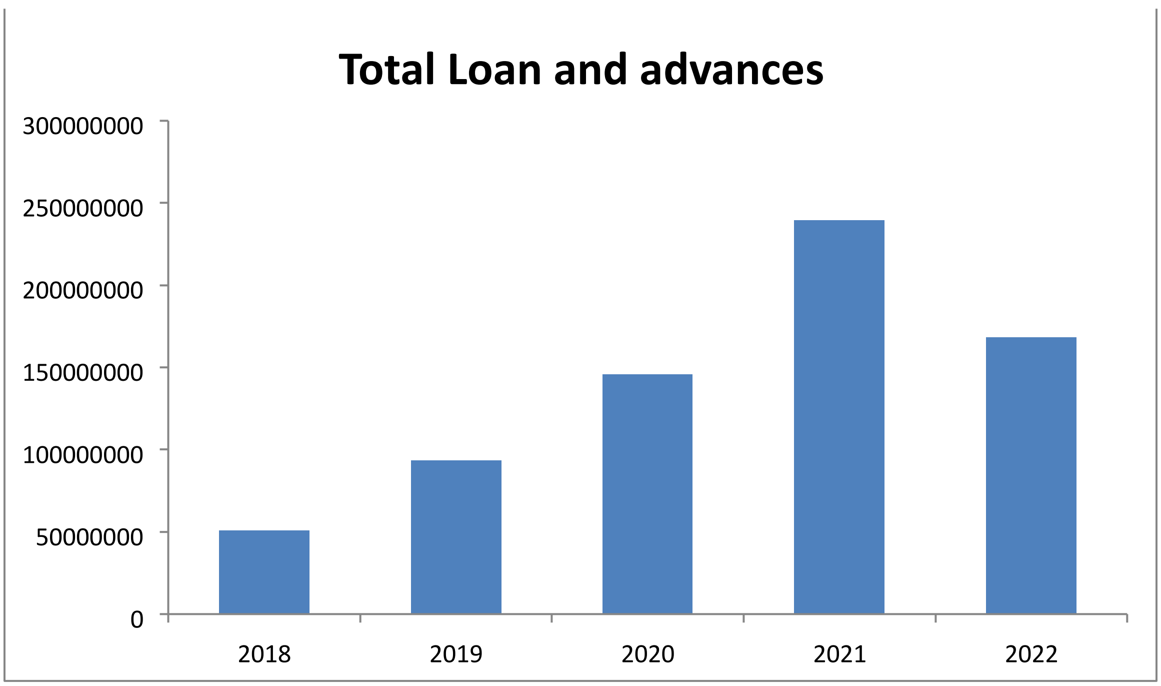
a) First and foremost, make certain that all of the security papers are in accordance with the approval requirements and may be legally enforced.

b) Ensure that the right insurance coverage is given to the collateral and that it is assigned to the bank in the correct manner by monitoring the insurance coverage.

Chapter Four

Analysis & Discussion

4.1 Amount of Total Loans and Advances at Basic Bank Last Five Years:



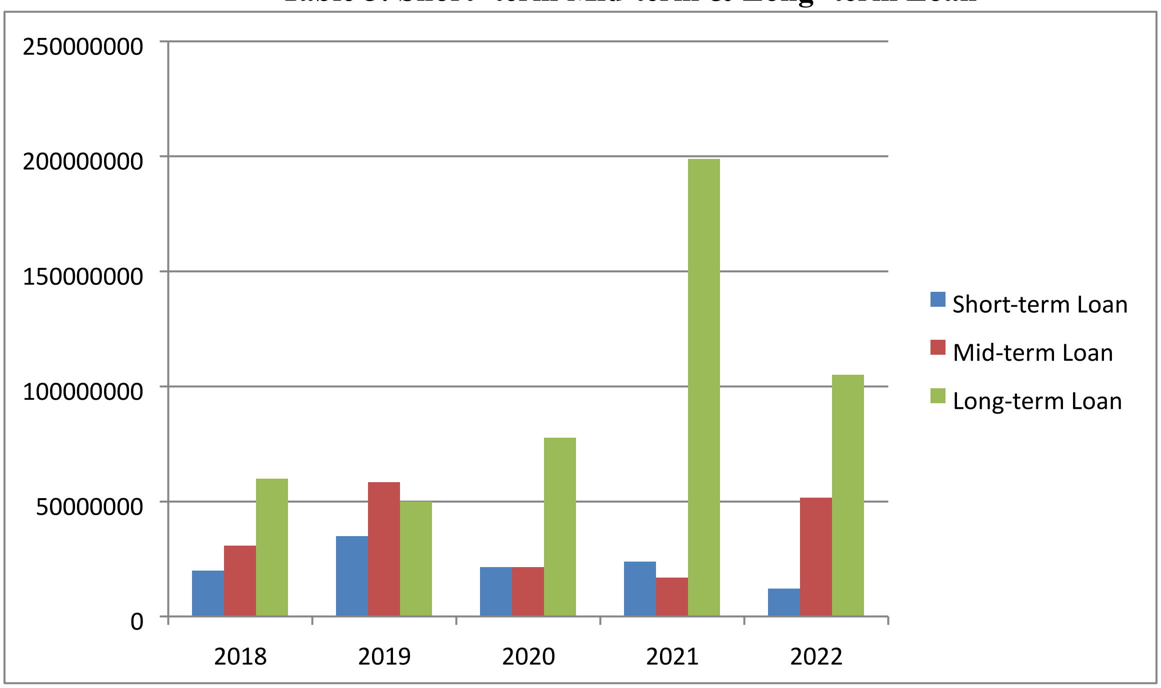
Graph-1: Loan and Advances total of Basic Bank .

Interpretation: This branch opened its doors on December 30th. As time went on, they increased the total number of loans and advances they had. But it does not fulfil my needs. In 2016, their total loans and advances amounted to around 23 crores 94 lacs, and as of June 2017, their total loans and advances amounted to approximately 16 crores 84 lacs.

4.2 Amount of Short Term, Mid Term and Long-Term Loan at Basic Bank Last Five Years:

Year	Short-term Loan	Mid-term Loan	Long-term Loan
2018	2,000,6000	3,062,0007	5,98,09,697
2019	3,50,33,112	5,83,55,007	4,98,04,488
2020	2,14,06,108	2,14,06,108	7,78,09,690
2021	2,37,16,200	1,68,37,450	19,88,88,583
2022	1,20,35,000	5,16,13,290	10,48,49,710

Table 5: Short- term Mid-term & Long- term Loan



Graph-2: Short-term , Mid-Term & Long-Term Loan .

Interpretation: When we look at this graph, we can see that there are some long-term loans outstanding for the years 2018 and 2019. The amount of a short-term loan might change from one year to the next. The midterms will be pretty favorable in the years 2020 and 2021. In addition, the amount of money invested in long-term loans in 2022 is higher than it was in 2018 and 2019 (up to June).

4.3 Provisioning:

The provisioning rate employed in Basic Bank is presented in the subsequent table:

Particular	Rate
General Provision On:	
Unclassified Loans and Advances	1%
Small Enterprise	2%
Consumer Finance for House Building Loan and Loans for	2%
Professional Setup	
Other Consumer finance	5%
Specific Provision On:	
Special Mention Account	5%
Sub-Standard Loans and Advances	20%
Doubtful Loans and Advances	50%
Bad / Loss	100%

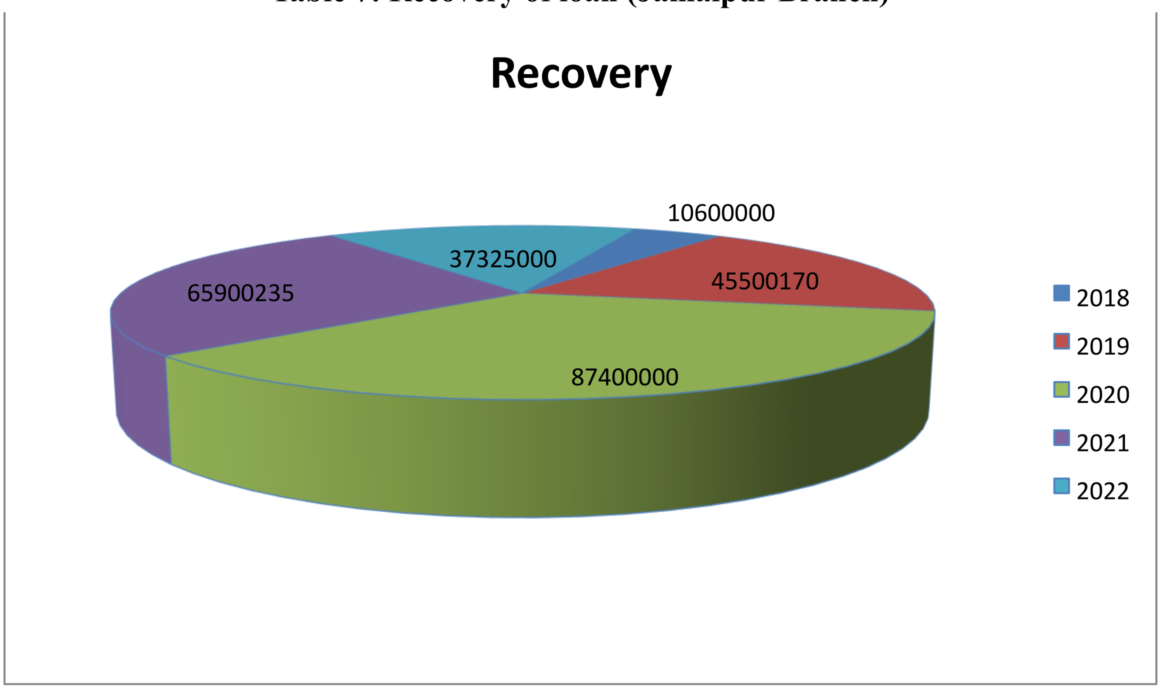
Table 6: Rate of Provisioning

Interpretation: Banks establish provisions as financial reserves to possible risk of losses arising from loans or advances that may not be fully repaid. In general, a 1% provision rate indicates that 1% of unclassified loans and advances is allocated for housebuilding and professional setup loans. However, other customer finance does not have a provision rate specified for risk assessment. The risks have increased by 5%. The borrower may be facing financial challenges, but they have not yet defaulted on their debt and are categorised as a special category with the highest risk of non-payment. Repay the whole amount of these debts, suggesting that a complete loss is anticipated on these accounts. General provisions and specialized provisions are used by banks to effectively manage risks and maintain sufficient financial reserves for future loan offsets.

4.4 Recovery of the Loan at Basic Bank Five Years:

Years	Recovery (Amount)
2018	1,06,00,000
2019	4,55,00,170
2020	8,74,00,000
2021	6,59,00,235
2022	3,73,25,000

Table 7: Recovery of loan (Jamalpur Branch)



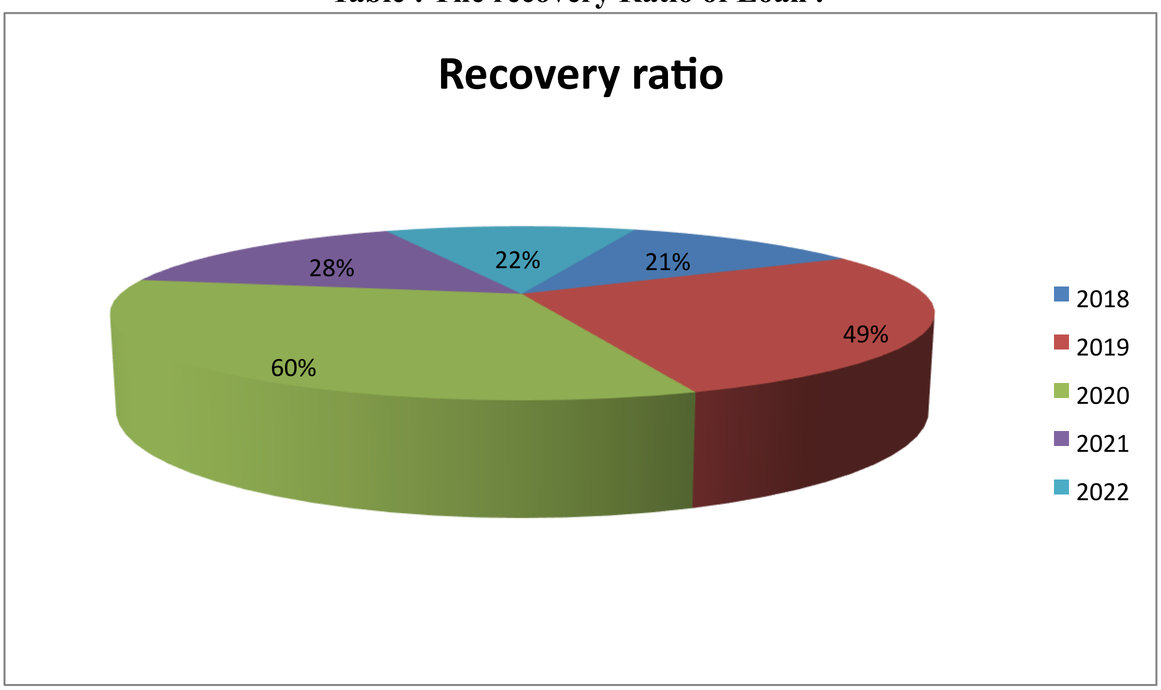
Graph 4:The recovery of Loan .

Interpretation: The bank's loan recovery is unsatisfactory. Their entire stimulus loan amount in 2018 was merely Tk 1 crore 6 lacs. During the year from 2019 to 2020 (up to June), the amount of money that the bank was able to collect from their loans showed significant variation. The data illustrates a decline in the amount recovered from Tk 8 crores (74 lacs) in 2020 to Tk 6 crores (59 lacs) (235 in 2021. In 2017, it had a decline. The loan recovery amount from January to June 2022 was Tk 3,73,25,000.

4.5 Recovery ratio of Total Loan Disbursement at Basic Bank Last Five Years:

Year	Total Disbursements	Total Recovery	Ratio
2018	5,06,26,007	1,06,00,000	21%
2019	9,33,88,119	4,55,00,170	49%
2020	14,57,36,298	8,74,00,000	60%
2021	23,94,42,233	6,59,00,235	28%
2022	16,84,98,000	3,73,25,000	22%

Table : The recovery Ratio of Loan .



Graph 5: Recovery Ratio of Loan (Jamalpur Branch)

Interpretation: The loan recovery rate had a consistent rising trajectory until 2020. However, it experienced a decline in 2021. The loan recovery rate increased from 21% in 2018 to 60% in 2020. The recovery rate in 2021 has declined to 28.%.

4.6 Analysis of Revenue and Expanse Statement Interest Income:

In 2022, the bank's interest income was BDT 19,200.64 million, up from BDT 17,394.05 million the year before, a rise of 10.39%..
The primary driver of the income rise was and continues to be.

Interest Expenses:

Total interest expenses were 17,233.51 million Bangladeshi taka in 2014 and 15,302.55 million Bangladeshi taka in 2021, an increase of 12.62 percent.

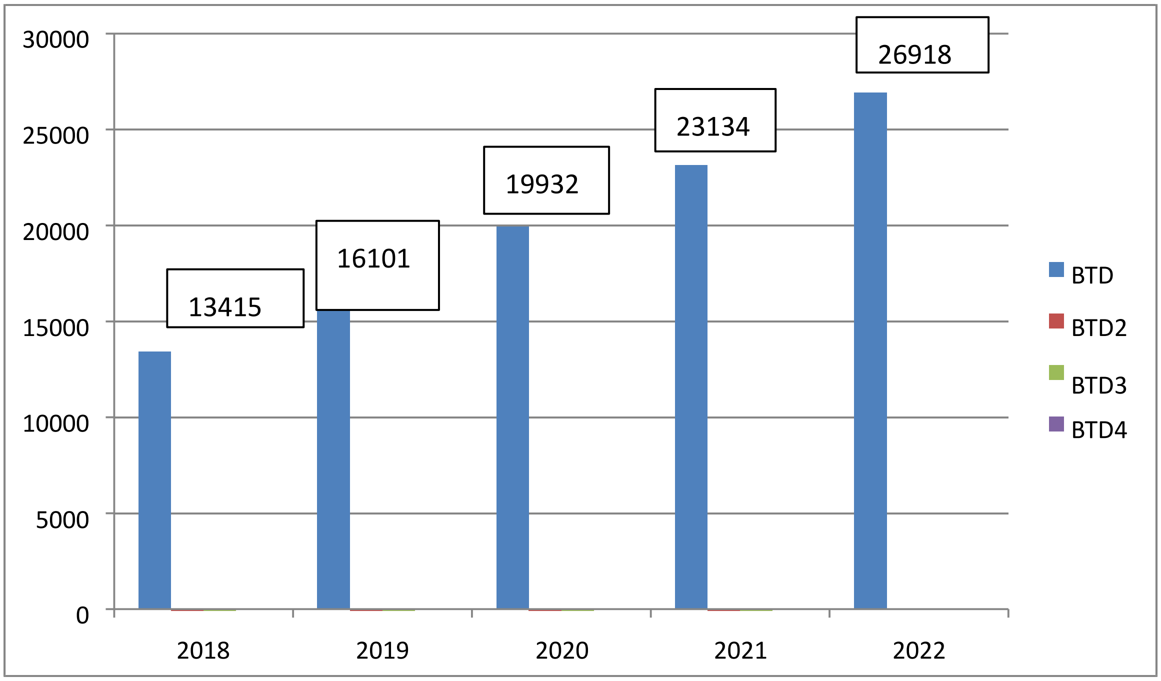
Revenue from Net Interest:

In 2022, the bank's revenue from net interest was 1,967.13 million BDT, down from 2,091.50 million BDT the year before.

Income from Investments:

The bank earned 4,782.65 million Bangladeshi Taka in 2022, up from 3,258.44 million the year before. Earnings from dividends and interest on bonds and Treasury bills make up investment income.

Total Income BDT In Million



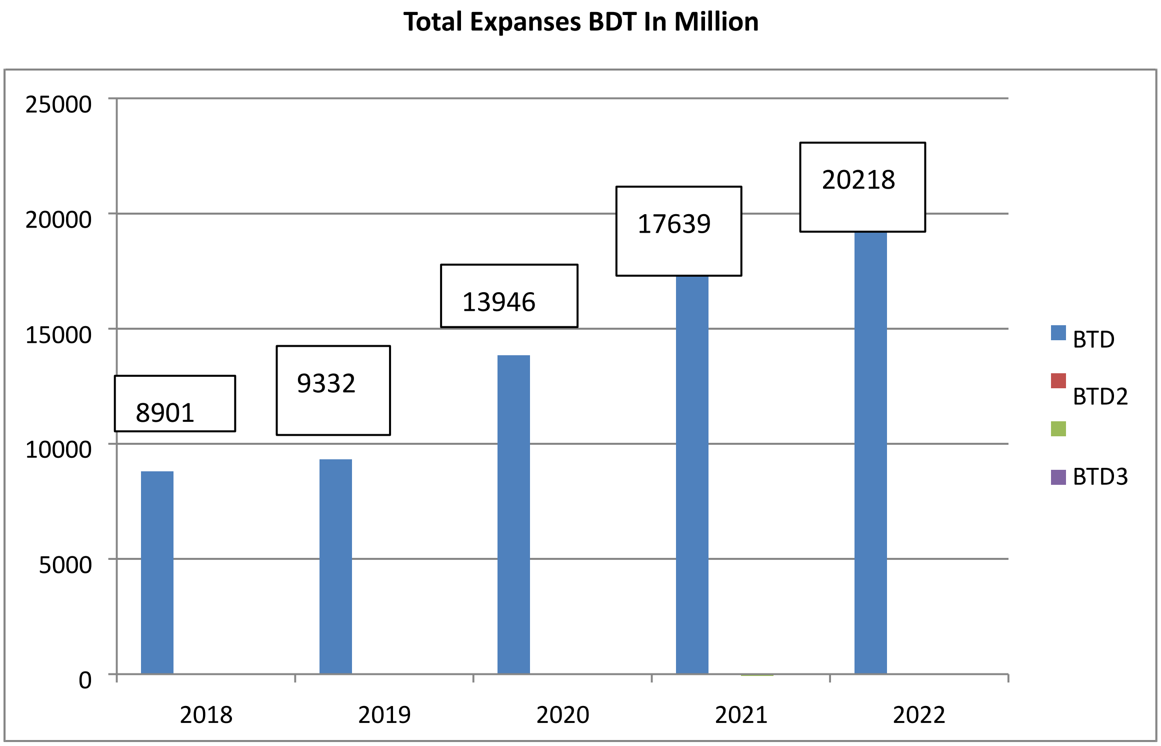
Graph 6: Total Income BDT In Million Income

from Other Sources:

In the relevant year, commission, exchange, and brokerage earnings increased to BDT 2,440.37 million., which is an increase from the BDT 2,053.68 million earned in 2021. This was because of the increased charge-based activity that was associated with trading.

Operating expenditures:

The operating expenditures for the year 2021 were BDT 2,336.44 million, and by the year 2022, they had increased to BDT 2,984.60 million, representing a 28 percent increase.



Graph 7: **Total Expanses BDT In Million**

Interpretation: Information is provided about the financial performance of a bank in 2022 in comparison to the preceding year (2021). The bank's interest income had substantial growth, mostly driven by loans and advances. However, rising interest payments may suggest that the cost of funding this development has grown. There was a small drop in net interest income. The bank's investments have grown, indicating a variety of income sources. Anticipated, operating costs are set to see a substantial rise in 2022. It is imperative for banks to diligently oversee the equilibrium between revenue and costs in order to guarantee long-term profitability and financial stability for the institution. Performing a more comprehensive evaluation, which includes the examination of non-interest income costs, will yield a more holistic understanding of the bank's financial performance.

4.7 The increase in operating profit over the past five years:

The total amount of BDT 8289.76 million was the amount of the bank's operating income for this year. The amount of BDT 6,700.20 was the amount of the operating profit in 2013.
The income from operations during the course of the previous five years is as follows:

YEAR	Amount (BTD in Millions)
2022	8289.76
2021	6700.20
2020	5495.19
2019	6085.66
2018	6769.29

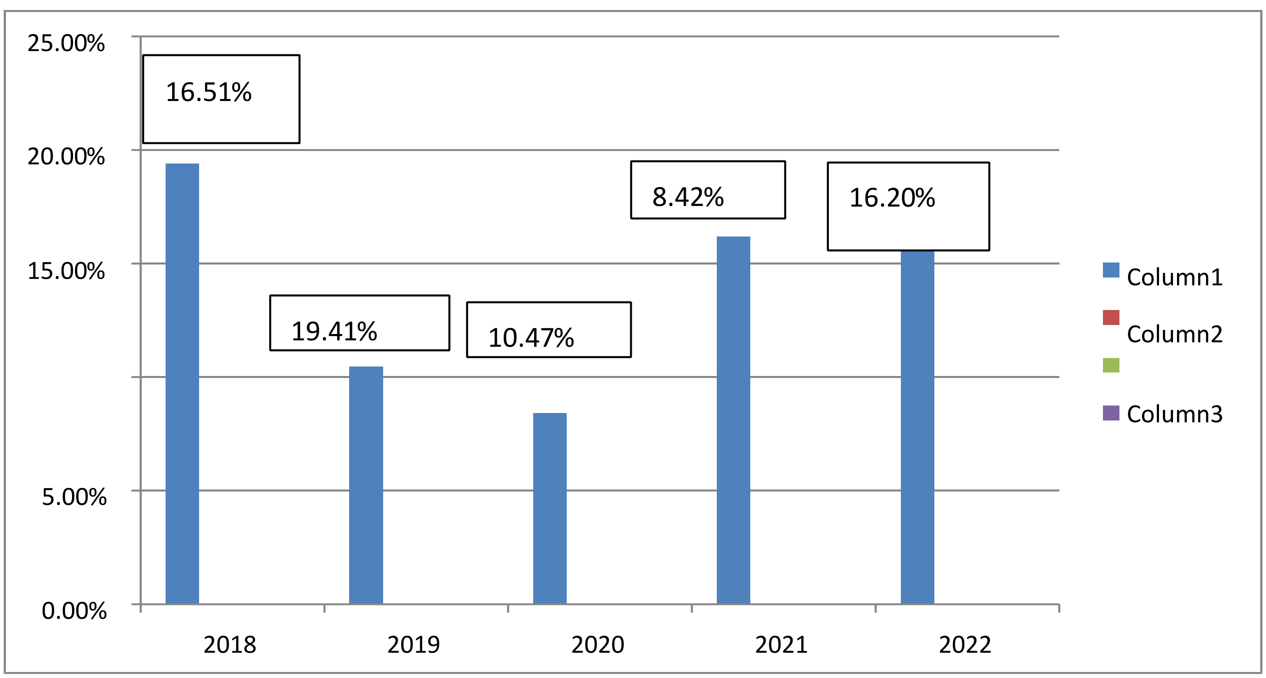
Graph 8 : Increase of Operating profit BTD in Million

Interpretation: The bank's operational income in BASIC bank LDT has varied throughout the previous in 2018 and 2019, shrank in 2020, climbed dramatically in 2022, and then soared once more in 2021. 2022 saw a considerable increase in operating income (BDT 8,289.76 million) compared to 2021 (BDT 6,700.20 million). Considering the full five-year span, operational income in 2022 is significantly higher than it was in 2018. The operating revenue of the bank has grown over the last five years, notwithstanding fluctuations. Understanding the causes of these fluctuations and the increase in investigation would include look at profitability and operating costs.

4.8 Return on equity for the preceding five years:

When compared to the 8.42 percent that it was in the previous year, the return on equity (ROE) for the year was 16.20 percent, which is a huge rise by a wide margin. As can be seen in the table that follows, the percentages of return on equity over the previous five years are as follows:

Return on Equity (ROE)



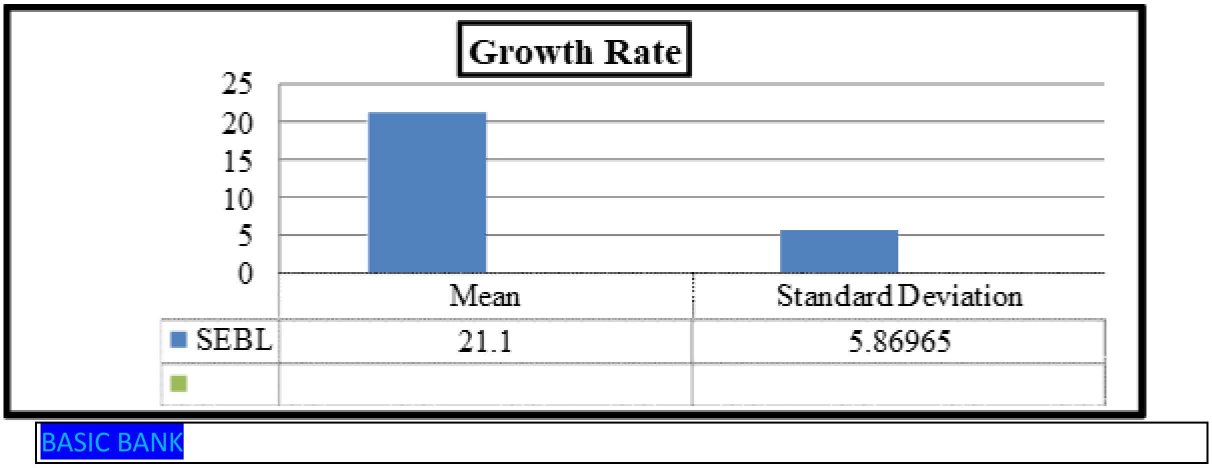
Graph 8: Return on Equity (ROE)

4.9 Assets Portfolio

The bank had a total of BDT 220,930.85 million in assets as of December 31, 2014. The allocation of the full asset is presented below:

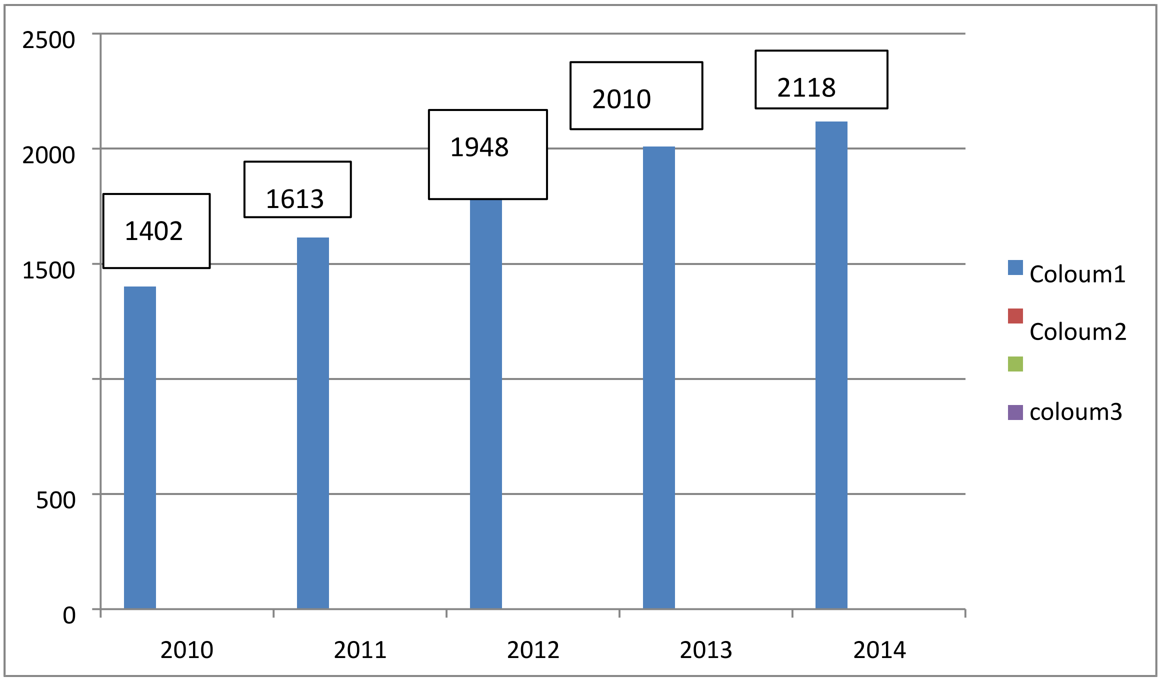
		BDT in million
a)	Cash and Cash Equivalent	17,169.01
b)	Investments	57,589.06
c)	Loans and Advances	134,863.82
d)	Fixed Assets	7,795.65
e)	Other Assets	3,513.31
	TOTAL :	220,930.85

GROWTH RATE OF LOANS & ADVANCES



Graph 9: GROWTH RATE OF LOANS & ADVANCES

4.10 The position of manpower in the past five years :



Graph 9: Manpower Position in last 5 years

Interpretation: It looks that you are providing data about BASIC Bank Limited's manpower (number of employees) from 2010 to 2014, as well as whether or not the numbers fall below or above certain limits. This information presents a five-year summary of BASIC Bank Limited's workforce size and shows how those needs, and other problems.

Chapter-Five

Findings, Recommendations and Conclusions

5.1 Findings of the Study

1. **Loan & Advance:** It is evident that the advanced recovery was projected to continue until 2020. However, it had a decrease in 2021. The recovery extent in 2018 was 21%, but it increased to 60% in 2020. The recovery extent in 2021 was dismal, with only a 28% rate.

2. **Aggregate Advance:** The total recovery amount in 2021 was reduced to Tk 6.59 million. In 2022, it was also reduced. The total amount of aggregate advance recovery in 2022 was Tk 3,73,25,000.

3. **Long-haul advance**: In 2018 and 2019, there were significant advancements in long-haul travel. Moreover, at present, advancements are evolving on an annual basis. In 2020 and 2021, mid-term credits are quite favorable.

4. **Aggregate Credit & Advance** : In 2021, their total credit and advances amounted to an unsatisfactory sum of around 23.94 million. As of June 2022, their total credit and advance had decreased to approximately 16.84 million.

5. **Credit Opportunity:** The credit chance administration arrangement of Basic Bank Restricted is very excellent.

6. **Documentation:** Methodical and convenient checking and fitting documentation are endeavored to be kept up.

7. **Credit Quality:** relies on close development and observing of advances. The development and observing of credits aren’t solid here.

8. **Recording Methodology:** The information is not maintained in a precise and unambiguous manner. Locating the archives in a systematic and sequential manner is challenging. Although mentioned in the credit approach, the credit authority does not consistently uphold a particular practice.

9. **Political Forces:** Bangladesh bank has faced a great deal of illicit weight from Political people, Executives and Administration of the Bank for endorsement of advance. In that cases Hazard chiefs will undoubtedly affirm the advance with no evaluation and reasonability.

10. **The credit portion :** It is established by the credit board of trustees at the head office. The branch leader has the authority to authorize credit amounts of up to Tk. 20 lakh.

11. **Quality of Advancement:** may assist the manage an account with holding on the old clients and draw in potential clients.

12. **Government Regulation:** Government regulatory bodies or central banks may provide reports or findings concerning banks' financial and operational performance.

13. **News Articles**: News outlets often cover developments related to banks and financial institutions.

5.2 Recommendations

In view of investigation and brief depiction of credit hazard administration arrangement of Basic Bank following discoveries are started:

1. It is evident that the fraction of advanced recuperation was steadily increasing till 2020. However, it had a dip in 2021. The recovery rate was 21% in 2018, but it increased to 60% in 2020. The recovery rate in 2021 declined to 28%.
2. It had gone down by 2021. The whole amount that was recovered was Tk 6,59,235. It was also cut down in 2013. In 2022, the total amount of advance repayment was Tk 3,73,25,000.
3. In 2018 and 2019, there were significant advancements in long-haul travel. Moreover, at present, advancements are evolving on an annual basis. In 2020 and 2021, the mid-term credits are highly favorable.
4. In 2021, their total credit and advances amounted to approximately 23.94 million rupees, but as of June 2022, their total credit and advances were roughly 16.84 million rupees.
5. Basic Bank Limited's method for managing credit risk is very good. Efforts are made to maintain methodical and convenient checking and fitting documentation.
6. The credit quality is dependent on the careful cultivation and monitoring of loans. The process of credit development and monitoring is unreliable in this context.

7. Recording methodology isn't kept up in a distinct and clear way. It is hard to find the archives in an ordered and consecutive way. A distinct practice, however made reference to in the credit approach isn't constantly kept up by the credit authorities.

8. The banks in Bangladesh have encountered significant pressure from political figures, executives, and bank administrations to approve loans through illegitimate means. In such instances, credit officers will unquestionably approve the loan without assessment or feasibility.

9. The Credit Board of Trustees at the Head Office is responsible for establishing the credit component. The branch leader has the permission to give credit of up to Tk. 20 lakh

10. Enhancing quality can help banks retain existing customers and attract future customers.

5.3 Conclusions:

When his portfolio is filled with subpar debts, an investor cannot find peace of mind. The dissatisfaction with commercial banks mostly stems from poor loans, which result from inadequate management of the loan and advancement portfolio. Consequently, banks must exercise extreme prudence about their lending portfolio and credit policies. Basic Bank Constrained has successfully overseen its credit portfolio and upheld a notably low proportion of bundled loans.

The global landscape is experiencing swift transformation. The present day is distinct from the previous day, and the upcoming day will be distinct from the present day. The current credit administration design, while seemingly appropriate at present, may lack efficacy in the future. Given the dynamic and influential global economy, along with the growing effects Because of globalization, innovation, mergers, and the removal of middlemen, Basic Bank Limited needs to set up strong credit risk management policies and procedures that can adapt to these changes. Credit risk management is clearly a complicated and ongoing process, based on what has been said in this study. Hence, it is imperative for financial institutions to adopt a diligent strategy for tackling these difficulties. To fulfill all the required procedures, it is imperative for them to make substantial progress and hire highly skilled staff who are competent at managing these intricate matters. Emphasizing the enhancement of the networking infrastructure is of paramount importance for the contemporary banking sector and, naturally, for a streamlined and productive credit risk management procedure.

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