



Internship Report
On
“Loan Management of Jamuna Bank PLC.”

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LETTER OF TRANSMITTAL

Mr. Md. Anhar Sharif Mollah

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Subject: Submission of Internship Report on “**Loan Management of Jamuna Bank PLC.**”

Dear Sir,

I am pleased to announce the successful culmination of my internship endeavor with the completion of the report titled "Loan Management of Jamuna Bank PLC." This comprehensive document has been meticulously crafted in adherence to the guidelines set forth during my tenure at the Sirajganj Branch of Jamuna Bank PLC.

My internship experience provided me with the opportunity to actively participate in the day-to-day operations of the general banking department. This hands-on involvement has significantly enhanced my comprehension of banking methodologies and offered valuable insights into the intricacies of loan management.

I respectfully request your esteemed review and evaluation of this report. Your feedback and guidance are invaluable to me as I strive for continuous improvement and excellence in my professional endeavors.

Thank you for your time and consideration.



(Md. Imtiaz Ahmed Tanvir)

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CERTIFICATE OF APPROVAL

This is to certify that Mr. Md. Imtiaz Ahmed Tanvir, bearing ID No: 201-11-1076, a student enrolled in the Bachelor of Business Administration (BBA) program with a major in Finance at Daffodil International University (DIU), has satisfactorily met the requirements for his internship report. The report, entitled "Loan Management of Jamuna Bank PLC," was conducted under my supervision.

Mr. Tanvir is hereby authorized to submit his internship report as a component of the fulfillment for the Bachelor of Business Administration (BBA) degree. I extend my best wishes to him for success and prosperity in all his future endeavors.



(Mr. Md. Anhar Sharif Mollah)

Assistant Professor

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ACKNOWLEDGMENT

extend my sincerest gratitude to the Almighty ALLAH, the Most Merciful and Compassionate, for granting me the fortitude, insight, and determination necessary to finalize this internship report titled "Loan Management of Jamuna Bank PLC."

I would like to convey my deepest appreciation to Mr. Md. Anhar Sharif Mollah, my esteemed supervisor, for their invaluable guidance, steadfast support, and encouragement throughout the duration of my internship. Their mentorship and wealth of knowledge have played a pivotal role in shaping my comprehension of the banking sector and enriching the quality of this report.

Heartfelt thanks are also due to the entire team at Jamuna Bank PLC, particularly those at the Sirajganj Branch, for generously sharing their practical wisdom and expertise in the realm of banking. Their collaborative spirit, patience, and willingness to impart knowledge have greatly enhanced my learning journey.

Acknowledgment is owed to the faculty members of Daffodil International University (DIU) for their unwavering support, encouragement, and academic guidance throughout my educational pursuit.

Furthermore, I express profound gratitude to my beloved family and friends for their unyielding affection, prayers, and moral encouragement during this undertaking. Lastly, I extend appreciation to all individuals who have directly or indirectly contributed to the successful completion of this report.

EXECUTIVE SUMMARY:

This internship report presents a comprehensive evaluation of Jamuna Bank PLC's loan performance, focusing on essential financial indicators, loan risk management strategies, and operational procedures. The overarching goal is to assess the bank's loan portfolio, pinpoint areas of strength and weakness, and propose feasible recommendations for enhancement.

The analysis encompasses a range of key aspects, including trends in classified loans, provisions for both classified and unclassified loans, contingent liabilities, non-performing loans, loan-deposit ratio, return on assets, return on equity, and debt-equity ratio. These financial metrics offer valuable insights into the bank's liquidity, profitability, risk management practices, and leverage positions observed over the preceding five-year period.

Additionally, the report scrutinizes the bank's loan approval processes, monitoring mechanisms, and recovery strategies. It emphasizes the significance of adopting a client-centric approach, maintaining a diversified loan portfolio, and implementing robust loan risk management practices to ensure the bank's financial resilience and sustained viability.

Based on the analysis, several significant findings and recommendations have been outlined to bolster Jamuna Bank PLC's loan performance. These recommendations encompass enhancing loan risk assessment methodologies, refining monitoring and recovery protocols, strengthening customer engagement initiatives, and diversifying the loan portfolio to effectively mitigate risks.

In conclusion, this report serves as a valuable resource for diverse stakeholders, including bank management, regulatory authorities, investors, and scholars. By offering insights into Jamuna Bank PLC's loan performance and actionable strategies for sustainable growth and success, it aims to facilitate informed decision-making and contribute to the bank's long-term prosperity.

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ACRONYMS

1. PLC - Public Limited Company
2. BBA - Bachelor of Business Administration
3. DIU - Daffodil International University
4. CRM - Loan Risk Management
5. CIB - Loan Information Bureau
6. ALCO - Asset Liability Committee
7. BRMC - Board Risk Management Committee
8. ERM - Executive Risk Management Committee
9. ICCD - Internal Control and Compliance Division
10. AML & CFT - Anti Money Laundering & Combating the Financing of Terrorism

CHAPTER 1: INTRODUCTIONS

1.1 Introductions:

The banking sector in Bangladesh is undergoing significant expansion, diversifying its range of financial services and enhancing operational efficiency. This evolution aims to improve overall banking performance, making services more accessible and user-friendly for clients. As customer expectations rise, banks are compelled to innovate by introducing new concepts, products, and conveniences to remain competitive. In this dynamic environment, understanding banking operations has become essential for individuals managing their daily financial affairs.

The rapid advancement of technology and globalization is reshaping the global banking sector, requiring continual updates to core banking operations in Bangladesh. Private commercial banks, in particular, must prioritize professionalism by nurturing skilled staff capable of mitigating risks to thrive in both local and global markets.

A significant challenge facing Bangladesh's economy is the performance of loans within the banking industry. Analysis and management of loan performance play a crucial role in providing market transparency through financial reporting. This analysis reveals a bank's ability to navigate adverse circumstances and outcomes influenced by both external and internal factors. The competitive nature of the banking sector exposes both public and private banks to challenges in loan performance stemming from aggressive banking practices aimed at gaining a competitive edge.

However, the uncertain nature of loan performance highlights the importance of effective loan management. To address this, many banks in Bangladesh have established dedicated units, such as the Loan Performance Management Unit (CPMU), to oversee loan performance management mandates.

1.2 Background of the Study

As an essential component of the Bachelor of Business Administration (BBA) degree program at Daffodil International University (DIU), students are required to undertake an internship at a reputable business organization and subsequently prepare a comprehensive report. In this context,

the focus of this study centers on examining the loan management practices of Jamuna Bank Limited within the banking sector of Bangladesh.

The primary function of banking revolves around extending loans to borrowers and mobilizing deposits from customers. Banks play a pivotal role in a country's developmental trajectory, offering significant employment opportunities and contributing substantially to economic growth. Jamuna Bank Limited stands out in this aspect, playing a crucial role in Bangladesh's economic landscape.

Jamuna Bank Limited actively contributes to economic development through prudent resource allocation and loan provision. Its operations involve mobilizing and allocating funds across various sectors, thereby bolstering the nation's economy and harnessing its national resources for sustainable growth.

This study aims to evaluate the loan performance of Jamuna Bank Limited, with a specific focus on whether its loan operations meet satisfactory standards. Assessing the bank's loan performance is essential for understanding its effectiveness in contributing to the economic progress of Bangladesh.

1.3 Objectives of the study:

The Main objective of the study is to find out the Loan Management of Jamuna Bank PLC. There followings are the particular objectives:

1. To understand the loan procedures of Jamuna Bank PLC
2. To evaluate the loan performance of Jamuna Bank PLC
3. To provide some recommendations based on findings.

1.4 Methodology of the study

Bangladeshi banks typically develop loan performance management policies while simultaneously tailoring motivational strategies to meet the needs of their staff. This study focuses on evaluating

loan performance by examining various ratios, including loan management ratios, liquidity ratios, market ratios, interest ratios, and capital ratios.

Due to the limited availability of primary data, this study primarily relies on secondary sources for information. The research extensively utilizes secondary information obtained from diverse sources, including:

Secondary Sources:

- Jamuna Bank Limited's website
- Procedure manuals published by Jamuna Bank Limited
- Annual reports of the bank
- Various publications, circulars, and journals related to banking activities and policies

The reliance on secondary information is due to the unavailability of primary data. Consequently, the analysis and findings of this study are based on a comprehensive review and synthesis of existing literature and publicly available documents concerning Jamuna Bank Limited's loan performance.

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1.5 Limitations of the study

This research encountered several limitations, which are outlined below:

- **Policy Constraints:** Jamuna Bank Limited may have policies in place that restrict the disclosure of certain data and information due to confidentiality or strategic reasons. This limitation may have hindered access to key data necessary for a comprehensive analysis.
- **Primary Data Limitation:** The reliance on secondary data outweighed the availability of primary data, potentially limiting the depth of analysis. Primary data provides firsthand insights and validation, which may have enhanced the accuracy and reliability of the findings.
- **Time Constraints:** The limited timeframe for conducting the research constrained the ability to comprehensively explore all aspects of the bank's activities. This limitation may have resulted in certain aspects being overlooked or not thoroughly examined in the report.

- **Challenges with Sources:** Some sources accessed during the research process were unreliable, lacked discipline, or were time-consuming to navigate. These challenges may have impacted the accuracy and reliability of the information obtained, thus affecting the robustness of the analysis.

- **Interview Scope:** Due to practical constraints, such as time and access limitations within the bank's branches, only a limited number of individuals were interviewed. This limitation may have restricted the breadth of real-time working information gathered, potentially limiting the depth of insights into the bank's operations.

These limitations should be taken into consideration when interpreting the findings of the research and may influence the generalizability and validity of the conclusions drawn.

CHAPTER 2: ORGANIZATIONAL OVERVIEW

2.1 About Jamuna Bank PLC

In 2001, Jamuna Bank PLC embarked on a transformative journey with an ambitious goal – to establish itself as a leading banking institution in Bangladesh and contribute to the nation's economic progress. Founded by prominent business figures with diverse interests spanning various sectors of the economy, Jamuna Bank PLC has since become a cornerstone of the financial landscape.

Guided by a team of experienced professionals, the bank cultivates an environment built on trust and discipline. This culture promotes collaboration among stakeholders, uniting efforts towards achieving organizational objectives. Encouraging teamwork, Jamuna Bank PLC empowers its employees to exceed performance expectations, thereby enhancing operational effectiveness.

Recognized for its steadfast pursuit of excellence, Jamuna Bank PLC stands out for its commitment to providing high-quality services. Noteworthy is the bank's proactive approach to promoting gender equality by actively involving women in the banking sector, highlighting its dedication to diversity and inclusivity.

In summary, Jamuna Bank PLC aims to set new standards in the banking industry, making significant contributions to the country's economic prosperity.

2.2 Background of the Bank

Established under the Bank Company Act of 1991 and formally incorporated as a public limited company under the Company Act of 1994 in 2001, Jamuna Bank PLC has rapidly emerged as a dynamic force in Bangladesh's banking sector. Since its inception, the bank has showcased remarkable growth and resilience, positioning itself as a modern and proactive financial institution in the country.

Upon receiving the certificate of business start-up from the Registrar of Joint Stock Companies and Firms on its inception date, Jamuna Bank PLC officially commenced its operations in the private sector. Subsequently, on March 23, 1995, the bank obtained its banking license from

Bangladesh Bank. Over its 28-year journey, Jamuna Bank PLC has attained notable milestones, including strict compliance with Bangladesh Bank's rigorous capital adequacy standards. Presently, the bank operates through a robust network comprising 132 branches, 22 sub-branches, and 62 agent banking outlets, contributing to inclusive and sustainable economic growth nationwide.

Founded by influential business figures and prominent industrialists with diverse investments in the country's economy, The Board of Directors consists of 12 members, including 2 independent Directors.

Under the guidance of its adept leadership team, Jamuna Bank PLC fosters an environment characterized by trust and discipline, encouraging collaboration among its workforce to effectively realize the bank's objectives.

2.3 Mission and Vision of Jamuna Bank PLC:

A corporate mission is a crucial guiding force, translating vision into actionable steps and laying the foundation for priorities, strategies, goals, and job assignments. Jamuna Bank PLC places significant importance on its mission, understanding that it's management's duty to articulate and uphold it through a concise mission statement. The mission statements are as follows:

- **Delivering High-Quality Financial Services with State-of-the-Art Technology:** Jamuna Bank pledges to provide top-notch financial services supported by advanced technology to meet the changing needs of its customers.
- **Ensuring Customer Service Excellence:** The bank is committed to delivering exceptional customer service, ensuring quick and efficient assistance to enhance customer satisfaction and loyalty.
- **Pursuing a Sustainable Growth Strategy:** Jamuna Bank adopts a sustainable growth approach, balancing expansion with prudent risk management practices to ensure long-term viability and success.

- **Upholding High Ethical Standards in Business:** Integrity and ethical conduct are core values at Jamuna Bank, guiding its business dealings with the utmost ethics and transparency.
- **Consistently Delivering Returns on Shareholders' Equity:** The bank aims to provide steady and favorable returns to its shareholders, reflecting its dedication to financial stability and value creation.
- **Promoting Innovative Banking Solutions at Competitive Prices:** Jamuna Bank encourages innovation in its banking practices, offering creative products and services at competitive prices to meet market demands effectively.
- **Attracting and Retaining Quality Human Resources:** Recognizing its employees as its most valuable asset, the bank focuses on attracting and retaining top talent, fostering a conducive work environment for growth and development.
- **Commitment to Corporate Social Responsibility:** Jamuna Bank is deeply committed to fulfilling its corporate social responsibility by actively contributing to the well-being and development of society, thereby making a positive impact on the communities it serves.

2.4 Core Values:

Our values act as a guiding compass, steering our actions and defining our trajectory. At Jamuna Bank PLC, we uphold the following core values:

- **Integrity:** We conduct ourselves with honesty and uphold the highest ethical standards in all our endeavors.
- **Respect:** We value and honor the dignity, diversity, and contributions of all individuals.
- **Fairness:** We believe in fairness and equity in all our interactions and decision-making processes.
- **Harmony:** We strive to create a harmonious environment where mutual understanding and cooperation flourish.

- **Team Spirit:** We foster a collaborative culture where teamwork and synergy drive our collective success.
- **Courtesy:** We treat everyone with politeness, consideration, and empathy.
- **Commitment:** We are dedicated to fulfilling our responsibilities and delivering on our promises with unwavering commitment.
- **Service Excellence:** We are committed to providing exceptional service, exceeding expectations, and delivering value to our customers.
- **Insight and Spirit:** We embrace innovation, creativity, and a forward-thinking mindset to navigate challenges and seize opportunities.
- **Enthusiasm for Work:** We approach our tasks with passion, energy, and enthusiasm, striving for excellence in all endeavors.
- **Business Ethics:** We adhere to the highest standards of business ethics, ensuring transparency, accountability, and integrity in all our dealings.

2.5 Core Competencies:

At Jamuna Bank PLC, our core values serve as guiding principles that shape our conduct and direction. We embrace the following values:

- **Integrity:** We prioritize honesty and uphold the highest ethical standards.
- **Respect:** We value diversity and treat everyone with dignity and respect.
- **Fairness:** We ensure fairness and equity in all our dealings and decisions.
- **Harmony:** We foster an environment of mutual understanding and collaboration.
- **Team Spirit:** We promote teamwork and synergy to achieve collective success.
- **Courtesy:** We interact with others with politeness, consideration, and empathy.
- **Commitment:** We are dedicated to fulfilling our responsibilities with unwavering commitment.

- **Service Excellence:** We strive to exceed expectations and deliver exceptional service to our customers.
- **Innovation and Forward-Thinking:** We embrace innovation and creativity to navigate challenges and seize opportunities.
- **Enthusiasm for Work:** We approach our tasks with passion, energy, and enthusiasm.
- **Business Ethics:** We adhere to the highest standards of ethics, ensuring transparency and integrity in all our actions.

2.6 Core Strengths:

Our core strengths set us apart and serve as the pillars of our success:

- **Professional Board of Directors:** Our board comprises seasoned professionals with diverse expertise, providing strategic guidance and governance oversight.
- **Strong Capital Base:** We maintain a robust capital base, ensuring financial stability and resilience against market fluctuations.
- **Transparent and Agile Decision-Making:** We foster a culture of transparency and agility in decision-making, enabling rapid responses to market dynamics and opportunities.
- **Skilled and Motivated Workforce:** Our team consists of proficient and motivated individuals who consistently deliver high performance and productivity.
- **Commitment to Customer Satisfaction:** We prioritize customer satisfaction, resulting in a loyal and content customer base.
- **Rigorous Internal Controls:** We implement stringent internal controls to safeguard assets, manage risks, and ensure compliance with regulatory standards.
- **Prudent Risk Management:** We adopt prudent risk management practices to identify, assess, and mitigate risks effectively.
- **Diversified Product Offerings:** We diversify our product and service offerings to meet the evolving needs of our customers and mitigate concentration risks.

- **Excellence in Customer Service:** We deliver superior customer service, offering personalized assistance and innovative solutions to enhance the customer experience.
- **Innovative Corporate Culture:** Our organizational culture fosters collaboration, innovation, and inclusivity, driving employee engagement and organizational success.
- **Clear Governance Structure:** We maintain a clear separation between board and management functions, ensuring accountability and effective governance.
- **Strong Asset Portfolio:** We possess a robust asset base comprising diverse portfolios that bolster our financial strength and stability.

2.7 Goals and Commitments:

Jamuna Bank PLC is dedicated to becoming a customer-centric modern banking institution in Bangladesh. Our primary objective is to deliver unparalleled financial services to a wide spectrum of clients, including Retail, Cottage, Micro, Small and Medium Enterprises (CMSMEs), Corporates, Institutions, Government, and individual customers, across the nation through our extensive branch network. We tailor our business initiatives to meet the evolving demands of the market.

Our commitments to our clients encompass:

- Offering exceptional assistance while harnessing cutting-edge banking technology.
- Fostering life-long relationships built on mutual trust and respect.
- Responding to customer needs promptly and accurately.

- Aligning with customers' values and beliefs.
- Growing alongside our customers.
- Providing top-tier solutions to address clients' banking challenges and concerns.
- Offering products and services at competitive prices.
- Ensuring the safety and security of customers' assets in trust.

Goals:

- To achieve the status of the most profitable bank.
- To deliver the highest level of satisfaction to customers.
- To enhance the value of shareholder investments and optimize return on investment.

2.8 Strategic Objectives:

Ensure a high-quality asset portfolio to generate strong and sustainable returns, fostering continuous growth in shareholders' value.

- Maintain sufficient capital reserves in alignment with the bank's risk appetite.
- Strengthen trust and collaboration with customers by upholding core values such as quality customer service, professionalism, teamwork, and integrity.
- Recruit professionals possessing robust backgrounds and expertise to drive organizational excellence.
- Enhance technological capabilities to mitigate operational risks and adopt industry best practices.
- Develop innovative products and services tailored to meet the needs of targeted customers and market segments effectively.
- Explore new avenues for growth and profitability, seizing emerging opportunities in the market.
- Implement efficient risk management practices, including green banking and environmental risk management initiatives.

- Uphold robust corporate governance and compliance processes, ensuring adherence to all regulatory requirements and disclosure standards in line with national and international best practices.
- Preserve the bank's brand image as a customer-centric institution through efficient and responsive customer service and strategic product diversification.
- Fulfill Corporate Social Responsibility (CSR) obligations by contributing to various social causes and extending banking services to underserved populations for socio-economic development.

Strategic Priorities:

Jamuna Bank PLC's strategic priorities for the upcoming years encompass:

- Fostering a dynamic organizational culture that encourages innovation and collaboration.
- Embracing digital technology and leveraging data analytics across all operational facets.
- Staying closely connected with customers to understand their evolving needs and preferences.
- Ensuring compliance with regulatory standards and obligations to maintain trust and credibility.
- Attaining sustainable profitability and growth through prudent risk management and strategic investments.
- Diversifying the bank's portfolio to mitigate risks and optimize returns, thus enhancing overall resilience and competitiveness.

CHAPTER 3: THEORETICAL ASPECTS

3.1 Introduction:

The Loan department occupies a central role within the framework of any banking institution, as it oversees the crucial functions of lending and fund management. Through my internship experience at Jamuna Bank, I had the opportunity to briefly work in the Loan department, gaining firsthand insight into its pivotal role in the overall banking process. Under the guidance of my supervisor, I quickly familiarized myself with essential banking procedures, despite the short duration of my internship.

Loans are fundamental to a bank's profitability, as they enable the institution to utilize deposits from customers to extend loans to other clients based on demand. This difference between deposits and loans serves as a key source of a bank's profit margin.

Derived from the Latin word "credere," meaning "to believe," a loan represents the trust that allows one party to provide financial resources to another. In return, the recipient commits to repaying or returning those resources at a later date, establishing a debt. A loan formalizes this agreement, making it legally enforceable and applicable to various individuals.

As a modern banking institution, Jamuna Bank is firmly committed to delivering high-quality financial services and products. This commitment extends to bolstering the nation's GDP by facilitating trade and commerce, accelerating industrialization, promoting exports, generating employment opportunities, alleviating poverty, enhancing living standards, and fostering sustainable socio-economic development across the country.

3.2 Loan Policy of Jamuna Bank:

Jamuna Bank's Loan policy is strategically crafted to align with the overarching macroeconomic development goals of the nation. It demonstrates a steadfast dedication to offering financial assistance to the trade, commerce, and industrial sectors, reaching out to every stratum of society. The bank's Loan operations encompass funding for both large and medium-scale enterprises, thereby nurturing entrepreneurial growth and making substantial contributions to economic advancement.

3.3 Loan Risk:

Loan risk is a significant concern within banking operations, representing the potential threat arising from borrowers' inability to repay the loan they have received. This risk occurs when customers fail to meet their financial obligations as per the terms of the contract. It is inherent in various banking activities, including lending and trade financing.

In essence, loan risk signifies the potential loss of revenue resulting from borrowers or counterparties' failure to fulfill their financial commitments. This loss can be either partial or complete and may manifest in various scenarios:

- Individuals failing to make timely payments.
- Companies being unable to repay the amounts owed.
- Corporate clients not meeting payment deadlines for trade invoices.
- Non-payment of policy obligations by insolvent insurance companies.
- Failure of insolvent banks to return funds to depositors.
- Government intervention providing bankruptcy protection to insolvent consumers or businesses.

To effectively manage loan risk, banks typically employ various measures, including conducting thorough checks on borrowers. Additionally, they may require collateral in the form of insurance, mortgages, or other security. It is important to note that the level of risk directly impacts the interest rates charged, with higher risks often resulting in higher interest rates.

3.4 Key Aspects of Jamuna Bank PLC's Loan Policy:

1. Customer-Centric Approach: Jamuna Bank PLC's loan policy revolves around prioritizing the customer, giving equal importance to both individuals and businesses. Rather than solely relying on collateral security, the bank emphasizes understanding each borrower's unique needs and circumstances.

2. **Diversity in Loan Portfolio:** Jamuna Bank PLC ensures diversity in its loan portfolio, catering to various sectors and industries. This diversification helps mitigate risk and maximize opportunities for sustainable growth and profitability.
3. **Proper Mix of Short, Medium, and Long-Term Finance:** The bank's loan policy emphasizes maintaining a balanced mix of short-term, medium-term, and long-term financing. This approach enables the bank to offer flexible financial solutions tailored to the specific needs of borrowers.
4. **Flexible Interest Charging:** Jamuna Bank PLC adopts a flexible approach to interest charging, considering each borrower's individual circumstances. By assessing proposals on their merits and adjusting interest rates and terms accordingly, the bank ensures that financial solutions meet the dynamic requirements of borrowers.

In summary, Jamuna Bank PLC's loan policy aligns with the country's development objectives. Through a customer-centric approach, diversity in loan portfolio, a proper mix of financing terms, and flexible interest charging practices, the bank addresses the evolving needs of clients while contributing to sustainable economic growth.

3.5 Loan Risk Management at Jamuna Bank PLC:

Loan risk management is a critical aspect of banking operations, especially for institutions like Jamuna Bank PLC, which handle a significant volume of loans. This paper provides a broad examination of Jamuna Bank PLC's approach to managing loan risk, encompassing its policies, procedures, and principles.

Jamuna Bank PLC employs a robust framework for managing loan risk, characterized by well-defined policies and procedures. These policies undergo rigorous review and approval by the board of directors, ensuring alignment with the bank's overall risk management objectives. The bank emphasizes a clear division of responsibilities across various business units, facilitating efficient transaction handling and risk mitigation.

Given the substantial amount of loans disbursed by Jamuna Bank PLC, effective loan risk management is paramount. Beyond financial considerations, effective risk management enhances the bank's reputation, ensures regulatory compliance, and safeguards against potential losses. It also fosters investor confidence and contributes to long-term sustainability.

Key Principles of Loan Risk Management:

Jamuna Bank PLC adheres to several key principles in managing loan risk:

1. **Approval Responsibilities:** The board of directors holds ultimate responsibility for approving loans, ensuring adherence to the bank's risk policies and regulatory requirements.
2. **Implementation by Senior Management:** Senior management oversees the implementation of approved loan strategies, aligning them with the bank's overall risk appetite and strategic objectives.
3. **Identification and Management of Risks:** Proactive identification and management of loan-related risks are critical. This involves assessing potential risk factors associated with various financial products and operational activities, implementing appropriate risk mitigation measures, and continuously monitoring and reviewing the loan portfolio.

Risk Assessment and Mitigation Strategies

Jamuna Bank PLC employs a comprehensive approach to risk assessment, utilizing various tools and techniques to identify, quantify, and mitigate loan-related risks. These strategies include:

- Conducting thorough Loan assessments and due diligence on borrowers to evaluate their Loanworthiness and repayment capacity.
- Diversifying the loan portfolio across different sectors and industries to reduce concentration risk.
- Implementing robust collateral management practices to secure loans and mitigate Loan risk.

- Monitoring and managing non-performing loans through timely intervention and recovery efforts.
- Adhering to regulatory requirements and industry best practices to ensure compliance and minimize legal and regulatory risks.

Effective loan risk management is essential for Jamuna Bank PLC to sustain its financial stability, enhance customer trust, and achieve long-term success. By adhering to sound risk management practices, implementing robust policies and procedures, and continuously monitoring and adapting to changing market conditions, the bank can mitigate loan-related risks effectively and contribute to its overall growth and resilience in the banking industry.

3.6 Risk Management Framework:

A Risk Management Framework serves as a comprehensive set of components that establish organizational arrangements for designing, implementing, monitoring, reviewing, and continuously improving risk management practices throughout Jamuna Bank PLC. This framework integrates global and national rules, regulations, practices, and risk management standards applicable to overall risk management.

Key components of Jamuna Bank PLC's Risk Management Framework include:

1. **Effective Risk Governance:** Jamuna Bank PLC has established a robust risk governance structure supported by an engaged Board of Directors, experienced Senior Management Team, and a dedicated Risk Management Team independent from business lines. This governance structure ensures clear accountability, oversight, and decision-making authority in managing risks across the organization.
2. **Strategic, Managerial, and Operational Risk Management:** The bank systematically manages risk at three levels—strategic, managerial, and operational—ensuring a holistic approach aligned with business and stakeholder objectives. This approach enables the bank to identify, assess, and mitigate risks effectively, thereby safeguarding its reputation, financial stability, and long-term sustainability.

3. Continuous Improvement: Jamuna Bank PLC places a strong emphasis on continuous improvement in its risk management systems. Beyond regulatory compliance, the bank seeks to enhance risk-adjusted returns on capital and optimize capital utilization. This entails regularly reviewing and updating risk management policies, procedures, and practices to adapt to changing market conditions, emerging risks, and evolving regulatory requirements.

By integrating these key components into its Risk Management Framework, Jamuna Bank PLC strives to build resilience, enhance decision-making capabilities, and create long-term value for its stakeholders. This proactive approach to risk management enables the bank to navigate uncertainties effectively and seize opportunities for sustainable growth and success.

3.7 Effectiveness of Risk Management Framework at Jamuna Bank PLC:

Jamuna Bank PLC has implemented a robust and effective risk management framework supported by a well-defined risk governance structure. The bank consistently identifies and assesses material risks, regularly monitoring risk profiles and estimated losses. This effectiveness is evident in various aspects:

- Strategic Direction and Risk Appetite: The Board of Directors provides strategic direction and sets the Risk Appetite, regularly reviewed to strengthen overall risk management practices.
- Tailored Policies and Procedures: Policies, procedures, and limits approved by the Board are tailored by Senior Management to address specific risks arising from the bank's activities.
- Risk Management Committees: Committees at both board and management levels oversee risk management, contributing to proactive risk assessment, reporting, and monitoring.
- Chief Risk Officer (CRO): The Chief Risk Officer supervises the bank's overall risk management, ensuring comprehensive implementation of the risk management framework.
- Dedicated Risk Divisions: Specific divisions are established with dedicated Chief Officers to manage risk in their respective functions.

- Risk Committees and Forums: Various committees at the management level contribute to proactive risk escalation, assessment, reporting, and monitoring.
- Risk Forum and Escalation Platform: The Risk Forum and online risk escalation platform ensure a culture of proactive risk identification, escalation, analysis, and mitigation involving employees across the bank.

Jamuna Bank PLC's commitment to sound risk management practices reflects its dedication to protecting its capital, reputation, and financial performance while strategically fostering growth.

3.8 Approval Process of Corporate Loan at Jamuna Bank PLC:

Step 1: Submission of Application The borrower acquires the loan application form from the bank's relationship officer and submits it alongside all necessary documents to commence the loan application process.

Step 2: Initial Evaluation by Relationship Officer The relationship officer reviews the loan application and accompanying documents. Should the proposal meet the bank's criteria, it advances to the subsequent stage. Conversely, if it falls short, the customer receives a refusal letter.

Step 3: On-Site Assessment by Relationship Manager The relationship manager conducts an on-site visit to the borrower's business premises to gather additional details about the business, its reputation, the intended use of the loan, and repayment sources. A pre-sanction report summarizing these findings is compiled in the bank's prescribed format. Additionally, the borrower is requested to complete a Loan Information Bureau (CIB) inquiry form as per Bangladesh Bank's guidelines.

Step 4: Head Office Review The head office receives all documentation, conducts a thorough analysis, and liaises with the relationship manager for further insights into the borrower. Subsequently, the head office renders a decision regarding the loan application.

Step 5: Confirmation of CIB Report In the event of loan confirmation by the head office, the relationship manager forwards the CIB inquiry report to Bangladesh Bank. Upon receipt of the CIB report from Bangladesh Bank, a positive outcome leads to loan approval, whereas a negative outcome prompts the issuance of a rejection letter, accompanied by explanations.

Step 6: Formal Proposal Preparation Following a positive CIB report, the relationship manager drafts a formal loan proposal, incorporating recommendations. The customer endorses the proposal, and the bank forwards it to the Loan administration department at the head office.

Step 7: Approval and Documentation by Head Office The head office approves the proposal, dispatches the approval copy to the branch, and issues a sanction advice alongside requisite documentation. The sanction paper is endorsed by both the relationship manager and Loan administration officer.

Step 8: Disbursement and Oversight Upon approval, the borrower receives the sanctioned loan amount. Repayment may occur either in installments or as a lump sum within a specified timeframe. The bank updates the borrower's payment status in Bangladesh Bank's Loan Information Bureau (CIB) software.

Post-Sanctions Documentation: Post-sanction documents comprise sanctioned papers delineating approved amounts, interest rates, and repayment modalities. These documents necessitate authorization by a joint-stock company.

Disbursement: The disbursement procedure adheres to formal protocols, with the bank initiating a monitoring mechanism post-disbursement to ensure proper loan utilization.

3.9 Loan Monitoring Process:

1. **Dispatch of Statements:** The loan monitoring process initiates with the bank dispatching daily disbursement statements to the Loan administration department.
2. **Monitoring of Account Activity:** The relationship manager and Loan administration officer conduct monthly reviews of account activity to verify compliance with agreed-upon terms.
3. **Compilation of Monthly Statements:** A comprehensive monthly statement is compiled, consolidating observations and pertinent information, which is subsequently transmitted to the head office.
4. **Annual Statement and Business Assessment:** On an annual basis, the relationship manager evaluates the borrower's business status to ensure its prosperity. A yearly statement is formulated and submitted to the Loan administration department.

5. Maintenance of Records: Thorough documentation of all loan-related updates and activities is maintained, encompassing the meticulous tracking of borrower deposits.

3.10 Loan Recovery Process:

1. Initial Repayment Notification: If the borrower fails to meet repayment terms, the bank issues a notice requesting settlement of the entire outstanding amount within a specified period.
2. Mutation Process Alert: If non-payment persists, the bank notifies the borrower about the initiation of the mutation process for their mortgage.
3. Legal Measures: In cases of continued non-compliance, the bank takes legal action by suing the borrower in court under the Money Loan Act of 2003.

Ensuring timely repayment of outstanding amounts is crucial for Jamuna Bank PLC to effectively manage loan risks through the loan recovery process.

CHAPTER 4: ANALYSIS

4.1 Classified Loans

Year	Classified Loans (BDT Million)
2018	15,558.85
2019	14,375.29
2020	9,939.76
2021	16,035.56
2022	22,570.29

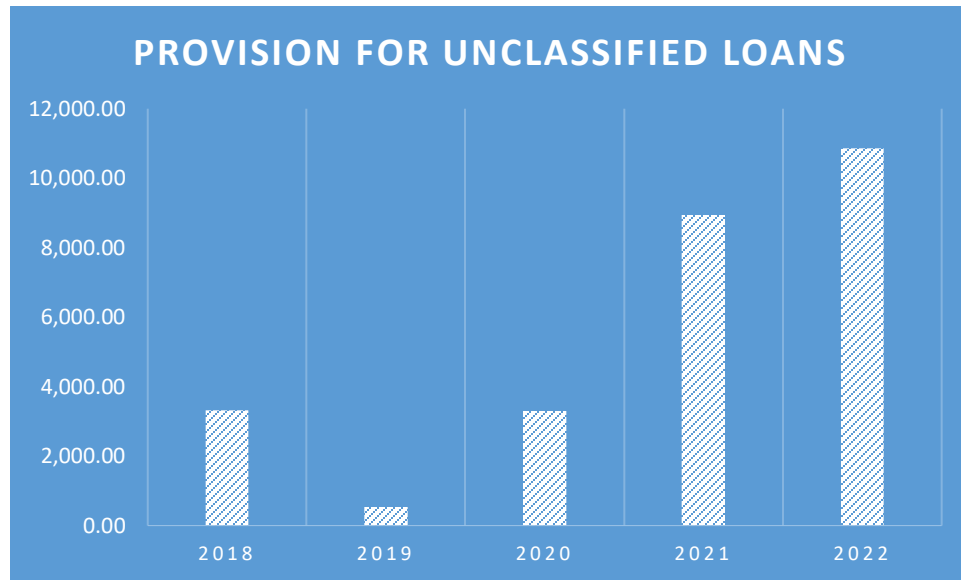


Interpretation:

The fluctuating trend observed in Jamuna Bank PLC's classified loans over the years indicates varying levels of effectiveness in the bank's loan risk management practices. The upward trajectory of classified loans from 2018 to 2022, peaking in 2022, highlights the difficulties faced in maintaining a resilient loan portfolio. Although there was a notable improvement in 2020, the subsequent increases in 2021 and 2022 raise potential concerns that require careful consideration and remedial action.

4.2 Provision for Unclassified Loans

Year	Provision for Unclassified Loans
2018	3,321.40
2019	529.63
2020	3,301.06
2021	8,946.70
2022	10,850.14

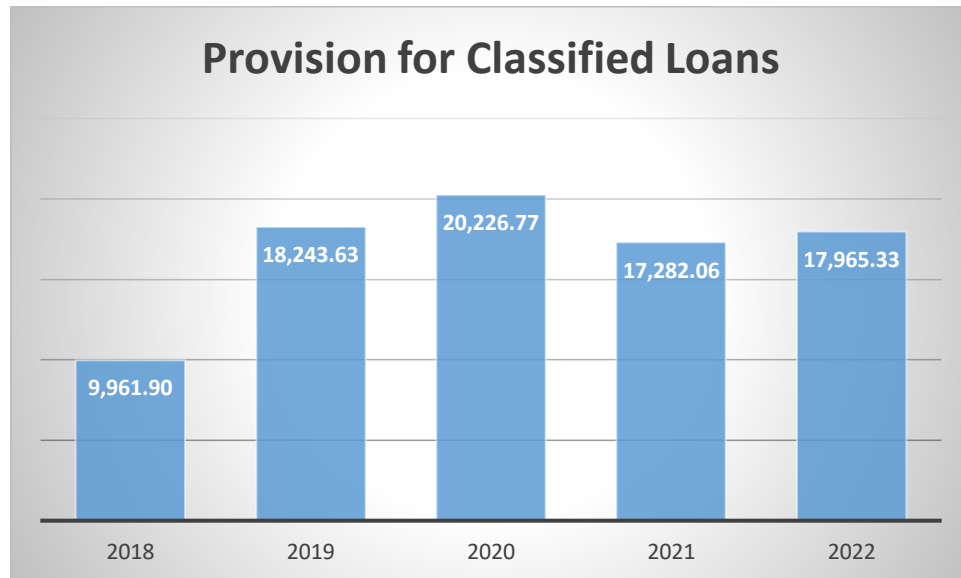


Interpretations:

The provision for unclassified loans at Jamuna Bank PLC has exhibited notable fluctuations over the preceding five years. There was a considerable increase in provisions from 2018 to 2022, showcasing the bank's proactive stance in mitigating potential loan losses. Nevertheless, the sharp escalation in provisions during 2021 and 2022 implies emerging challenges in managing loan risk and upholding loan quality. This trend underscores the importance of vigilant risk management practices and continuous assessment to sustain the bank's financial health and stability..

4.3 Provision for Classified Loans

year	Provision for Classified Loans
2018	9,961.90
2019	18,243.63
2020	20,226.77
2021	17,282.06
2022	17,965.33

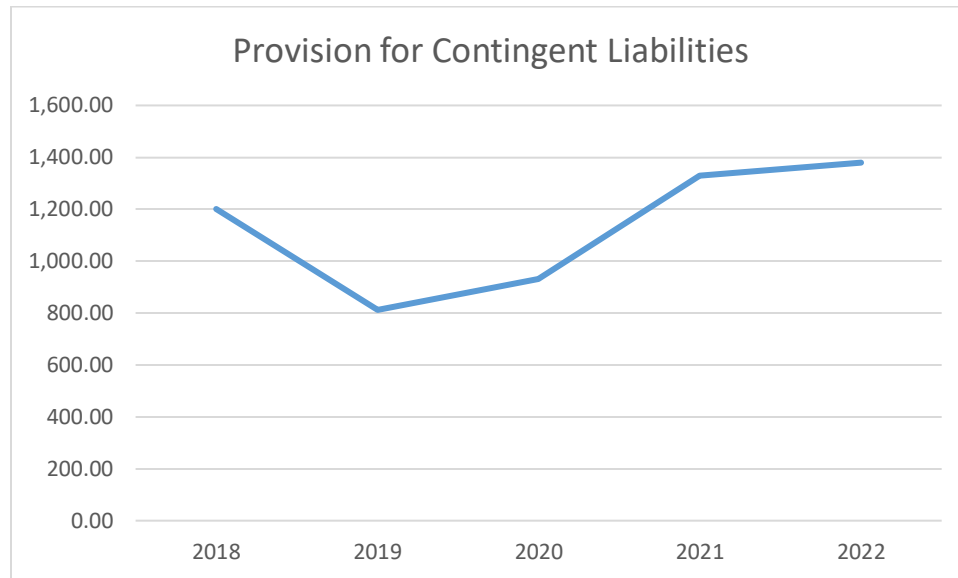


Interpretation:

Over the last five years, the provision for classified loans at Jamuna Bank PLC has displayed fluctuations. Despite a substantial rise from 2018 to 2020, followed by a slight decline in 2021 and 2022, provision levels have consistently remained relatively elevated. This pattern indicates persistent challenges in effectively managing and mitigating loan risks associated with classified loans. It underscores the importance of implementing robust risk management strategies to address these ongoing challenges and uphold the bank's financial stability.

4.4 Provision for Contingent Liabilities

year	Provision for Contingent Liabilities
2018	1,201.20
2019	812.1
2020	931.26
2021	1,328.87
2022	1,379.48

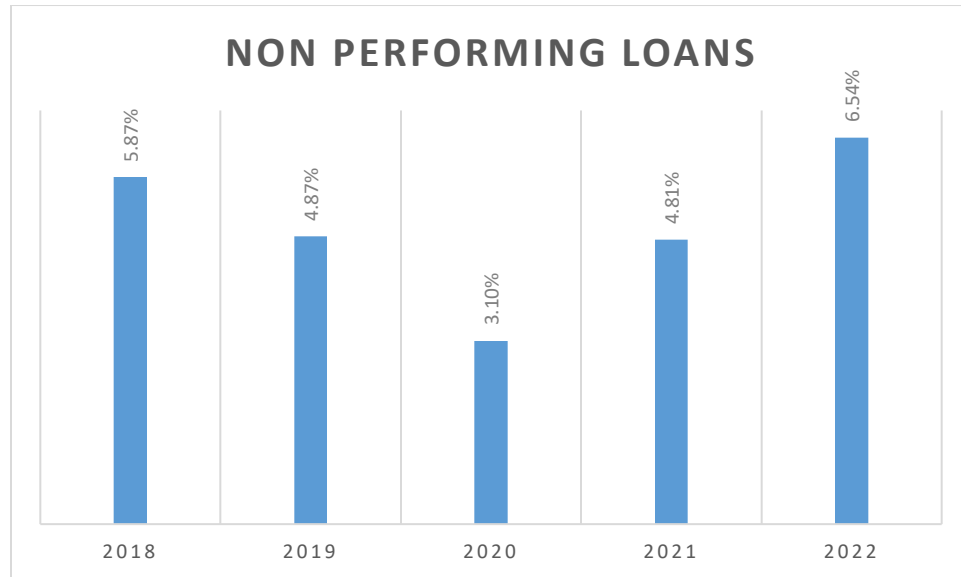


Interpretation:

Over the past five years, the provision for contingent liabilities at Jamuna Bank PLC has exhibited fluctuations, generally trending upwards. Although there were minor variations in 2019 and 2020, there was a notable increase in provisions during 2021 and 2022. This trend reflects a mounting concern regarding potential future liabilities that could arise from uncertain events or obligations. It underscores the need for the bank to carefully manage and address these contingent risks to ensure financial stability and resilience against unforeseen circumstances.

4.5 Non-performing loans

year	Non-performing loans
2018	5.87%
2019	4.87%
2020	3.10%
2021	4.81%
2022	6.54%



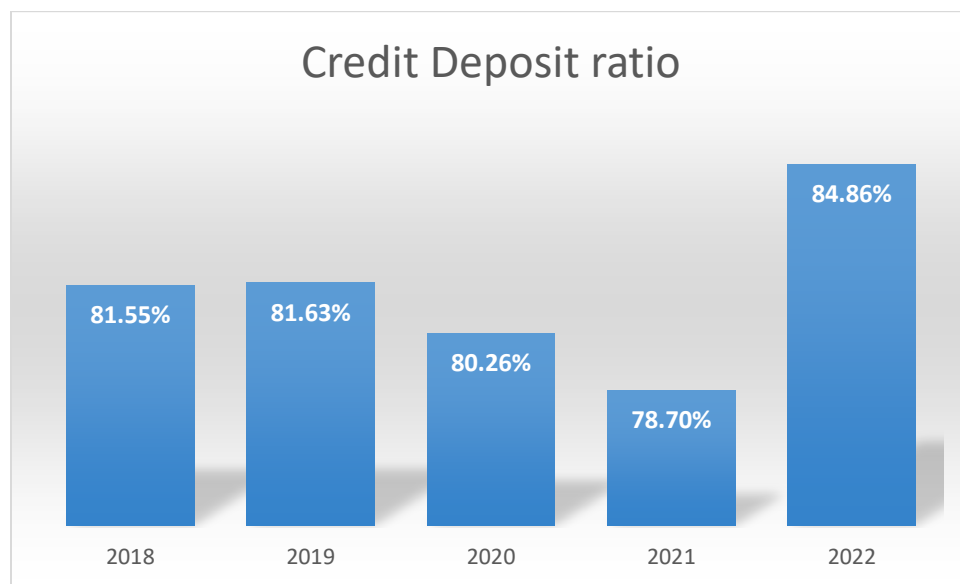
Interpretations:

Over the preceding five years, the non-performing loans (NPL) ratio at Jamuna Bank PLC has displayed fluctuations, reflecting varying levels of performance. The NPL ratio signifies the proportion of loans in the bank's portfolio that are classified as non-performing, indicating the percentage of loans at risk of default. There was an increase in the NPL ratio from 3.10% in 2020 to 6.54% in 2022, signifying a notable surge in non-performing loans within the bank's portfolio. This upward trajectory indicates a deterioration in asset quality and heightened loan risk, potentially posing challenges to the bank's financial stability and profitability.

4.6 Loan Deposit ratio

year	Loan Deposit ratio
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2018	81.55%
2019	81.63%
2020	80.26%
2021	78.70%
2022	84.86%

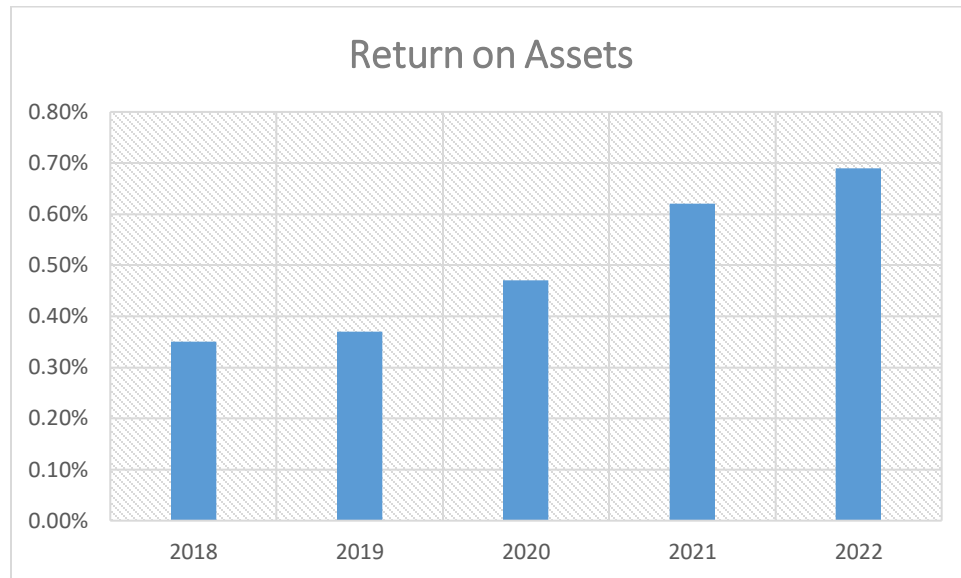


Interpretation:

The Loan Deposit Ratio (CDR) serves as a metric to gauge the proportion of a bank's deposits allocated towards lending activities, reflecting its capacity to transform deposits into loans. A higher CDR suggests more extensive use of deposits for lending purposes, whereas a lower ratio implies a more cautious lending approach relative to available deposits. Over the past five years, the CDR at Jamuna Bank PLC has demonstrated fluctuations, ranging from 78.70% in 2021 to 84.86% in 2022. The CDR experienced a noticeable increase from 2021 to 2022, indicating heightened utilization of deposits for lending activities during this period.

4.7 Return on Assets (RoA)

year	Return on Assets
2018	0.35%
2019	0.37%
2020	0.47%
2021	0.62%
2022	0.69%

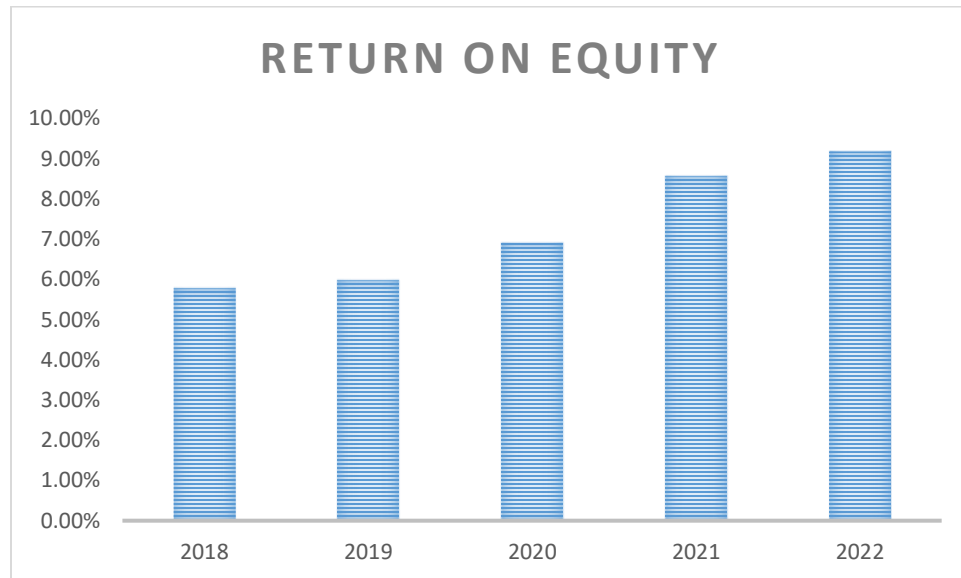


Interpretation:

Return on Assets (ROA) serves as a fundamental measure of a bank's profitability relative to its asset base, reflecting its efficiency in asset utilization. A higher ROA indicates more effective use of assets to generate earnings. Over the last five years, Jamuna Bank PLC has witnessed a consistent upward trend in its ROA, climbing from 0.35% in 2018 to 0.69% in 2022. This pattern signifies a continuous improvement in the bank's ability to generate profits from its asset portfolio, indicative of enhanced operational effectiveness and financial performance.

4.8 Return on Equity (ROE)

year	Return on Equity
2018	5.77%
2019	5.98%
2020	6.91%
2021	8.56%
2022	9.17%

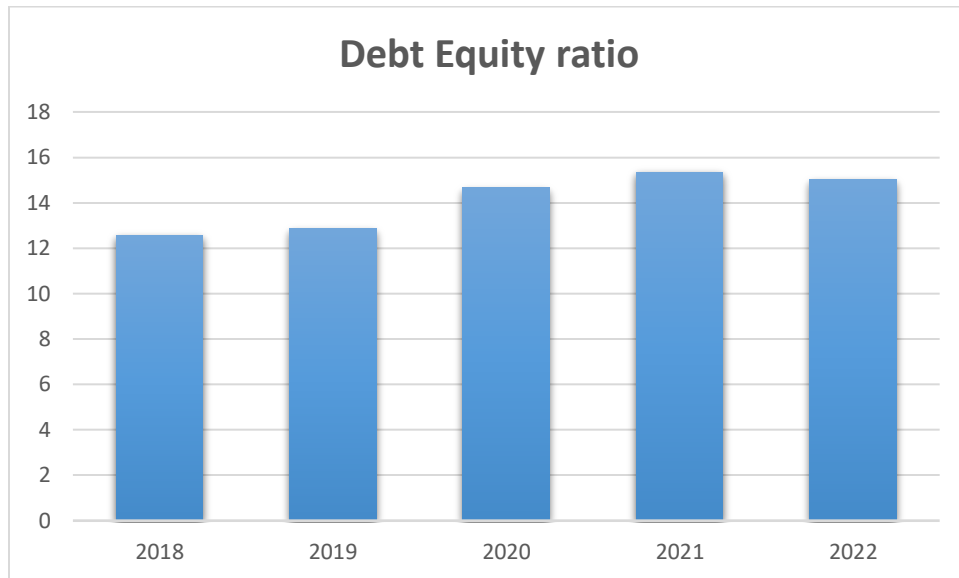


Interpretations:

Return on Equity (ROE) is a critical metric that assesses a bank's profitability in relation to its shareholders' equity, illustrating the bank's effectiveness in utilizing shareholder funds to generate profits. A higher ROE indicates superior profitability and efficiency in utilizing shareholders' equity. Over the last five years, Jamuna Bank PLC has consistently enhanced its Return on Equity (ROE), climbing from 5.77% in 2018 to 9.17% in 2022. This upward trajectory signifies an improvement in the bank's profitability relative to shareholders' equity, reflecting enhanced operational efficiency and financial performance.

4.9 Debt Equity ratio

year	Debt Equity ratio
2018	12.57
2019	12.85
2020	14.66
2021	15.35
2022	15.03



Interpretation:

The Debt Equity ratio gauges the proportion of debt financing relative to equity financing within a company's capital structure, indicating its reliance on debt to fund operations and projects. A higher ratio signifies increased financial leverage and greater dependence on debt financing, which can elevate financial risk but also potentially enhance returns. Over the past five years, Jamuna Bank PLC has witnessed a gradual uptick in its Debt Equity ratio, climbing from 12.57 in 2018 to 15.03 in 2022. This trend indicates a growing reliance on debt financing relative to equity financing to sustain the bank's operations and expansion endeavors.

CHAPTER 5: FINDINGS AND RECOMMENDATIONS

5.1 Findings

1. There has been a notable surge in classified loans from 9,939.76 units in 2020 to 22,570.29 units in 2022, indicating a significant deterioration in the quality of Jamuna Bank PLC's loan portfolio and potential financial risks.
2. The provision for unclassified loans increased substantially from 8,946.70 units in 2021 to 10,850.14 units in 2022, highlighting heightened concerns about potential loan losses and the necessity for additional reserves to cover risks associated with unclassified loans.
3. Although the provision for classified loans peaked at 20,226.77 units in 2020, there was a slight decline in provisions in 2021 and 2022. However, the levels remained elevated, indicating persistent concerns about loan quality and potential defaults.
4. The provision for contingent liabilities steadily increased from 2018 to 2022, reaching its highest level at 1,379.48 units in 2022. This upward trend suggests that Jamuna Bank PLC is allocating more resources to cover potential future liabilities, reflecting a cautious approach to risk management.
5. The Non-Performing Loans (NPL) ratio surged from 3.10% in 2020 to 6.54% in 2022, indicating a significant rise in non-performing loans within the bank's portfolio and suggesting deteriorating asset quality and heightened loan risk.
6. The Return on Assets (ROA) exhibited a consistent upward trend over the past five years, increasing from 0.35% in 2018 to 0.69% in 2022, reflecting an improvement in Jamuna Bank PLC's ability to generate profits from its assets.
7. There was a gradual increase in the Debt Equity ratio from 12.57 in 2018 to 15.03 in 2022, suggesting that the bank relied more on debt financing compared to equity financing to support its operations and growth initiatives.

5.2 Recommendations

1. **Conduct a Comprehensive Loan Risk Review:** Jamuna Bank PLC should initiate a thorough review of its Loan risk management strategies to understand the factors contributing to the surge in classified loans. This involves reassessing Loan approval processes, monitoring mechanisms, and risk mitigation strategies to identify and address weaknesses effectively.
2. **Implement Strategic Portfolio Adjustment:** The bank should strategically adjust its loan portfolio by diversifying across sectors and implementing stricter risk assessment criteria. Considering industry-specific challenges and economic downturns will help mitigate risks and enhance the resilience of the loan portfolio.
3. **Strengthen Loan Monitoring Mechanisms:** Jamuna Bank PLC should enhance its Loan monitoring mechanisms to proactively identify and address potential defaults among classified loans. Implementing real-time monitoring tools and early warning systems will enable the bank to intervene promptly and mitigate Loan risks effectively.
4. **Develop Focused Recovery Strategies:** The bank should develop focused strategies for recovering classified loans, including proactive engagement with borrowers, restructuring troubled loans, and expediting legal proceedings when necessary. A systematic approach to loan recovery will minimize losses and improve asset quality.
5. **Enhance Operational Efficiency:** Despite the positive trend in ROA, Jamuna Bank PLC should focus on enhancing operational efficiency to further improve profitability. Implementing cost-saving measures, streamlining processes, and leveraging technology to automate routine tasks can help reduce operating expenses and optimize ROA.

Conclusions

In conclusion, the in-depth analysis of Jamuna Bank PLC's financial ratios and performance metrics offers valuable insights into the bank's operational efficiency, risk management practices, and financial standing over the past five years.

Throughout the reviewed period, Jamuna Bank PLC has demonstrated resilience and adaptability in navigating various economic challenges and market dynamics. The bank's strategic emphasis on customer-centricity, diverse product offerings, and prudent risk management has contributed to its sustained growth and profitability.

Despite encountering fluctuations in certain financial indicators, such as the Debt Equity ratio and Non-Performing Loans, Jamuna Bank PLC has consistently pursued efforts to optimize its capital structure, improve asset quality, and maintain robust liquidity and solvency positions.

Furthermore, the bank's commitment to corporate governance, transparency, and regulatory compliance underscores its dedication to upholding ethical standards and fostering trust among stakeholders.

Looking ahead, Jamuna Bank PLC should continue prioritizing strategic initiatives aimed at fortifying its risk management framework, enhancing operational efficiency, and capitalizing on emerging opportunities in the banking sector. By maintaining a balanced approach to growth and risk, the bank can position itself for sustainable success and value creation amidst the dynamic and competitive banking landscape.

Overall, the findings from this analysis underscore Jamuna Bank PLC's resilience, strategic agility, and commitment to delivering value to its customers, shareholders, and the broader community. As the banking industry evolves, Jamuna Bank PLC remains well-positioned to seize emerging trends and challenges, driving continued growth and innovation in the years ahead.

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