INTERNSHIP REPORT ON
"ANALYSIS OF CREDIT MANAGEMENT SYSTEM OF BRAC BANK (PLC)"

SUPERVISED BY

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LETTER OF TRANSMITTAL

24 September, 2024

To

Dr. Sayed Farrukh Ahmed

Associate Professor and Head

Department of Business Administration

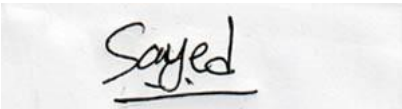
Daffodil International University

Subject: Submission of internship report on **“Analysis of Credit Management System of BRAC Bank Plc”.**

Dear Sir,

I have been honored to present my internship report prepared with your permission and guidance. I am granted to you for giving such an opportunity to make a report on "Analysis of Credit management system of BRAC Bank Limited as permitted by you. The whole empiricism of this internship program has made me understand enlightenment about the tough situation. In life, I have tried my best with my consciousness to make a full-fledged report by analyzing all the requirements you have asked for. I think that will help me to develop my career. I, therefore, pray and hope that you would be kind enough to grant me to go through this report for evaluating my performance . I am always available for my classification of any part of this paper.

Sincerely Yours,



Abdullah Al Sayed

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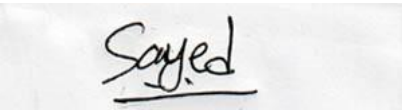
DECLARATION

I am **Abdullah Al Sayed** (ID : 171 -14 -2333) the student of Master of Business Administration (MBA) major in Accounting from Daffodil International University , Bangladesh would like to solemnly announce that I have authentically prepared an internship report **"Analysis of Credit Management System of BRAC Bank Limited "**. When preparing the report, I did not breach any copyright act that was intended . I also state that I have not submitted this report for the award of any diploma, degree or certificate anywhere.



Abdullah Al Sayed

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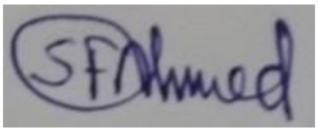
CERTIFICATE OF APPROVAL

Abdullah Al Sayed, ID: 171-14-2333, student of Department of Business Administration of Daffodil International University has successfully completed the MBA internship program entitled “Analysis of Credit Management System of BRAC Bank Limited (BBL): A study on Banani Branch, Dhaka”.

He has completed this work under my supervision and prepared this report according to my direction and guidance.

I wish his every success in life.



Dr. Sayed Farrukh Ahmed

Associate Professor and Head

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ACKNOWLEDGEMENT

I am pleased to get this opportunity to express my special thanks to the person whose thoughts, views, and supports have provided fluency to prepare this report and also enriched this report. I am grateful to all officials and staff of BRAC Bank Limited, for their huge cooperation. And also grateful to the persons whose books, working papers, journals, and related materials give me continuous support to write this report. I am greatly appreciated and inspired by Mr. DR. SAYED FARRUKH AHMED , Associate Professor and Head, Department of Business Administration , and Daffodil International University to write this internship report on " Analysis of Credit Management System of BRAC Bank Limited ". I would like to thanks " MD. JABEDUL ALAM, Vice President" BRAC BANK LTD. for giving me the opportunity to prepare this report with my full freedom and best co-operation. I would also like to express my gratitude to all the employees of BRAC BANK Ltd. at BANANI Branch for supervising me at the time of my internship attachment with their best efforts. I am very much grateful to all those individuals who have helped me so much. I would convey my special thanks to my parents whose inspirations have enabled me to complete this report. Finally, I would like to add a few more terms because this study is being prepared more cleanly and of course there may be unwilling and omissions that very much my own.

EXECUTIVE SUMMARY

The internship study has a motif to create a connection between conceptual and corporeal life experiences. This study is on "Analysis of Credit Management of BRAC Bank limited." BRAC Bank Limited is a private commercial bank in Bangladesh. It is offering all kinds of modern facilities to its customers. It is taking inspiration from its parent organization BRAC, which is the largest NGO in the world. This is the first bank in Bangladesh that introduced small- ticket loans to small and medium enterprises (SME). This report mainly gives the blueprint of the 'Credit Management system" of the bank. The financial crisis is a very important issue globally and the importance of sufficient liquidity is necessary for adverse conditions. So the problems are increasing day by day. In this report, the Credit management system will be the main and critical ingredient were an extensive approach to the credit management system. Also, the importance of the long-term prosperity of any banking organization will be discussed. For the COVID-19 we mainly used secondary sources for doing the report. Among the secondary sources for collecting data on banking performance over the past five years journals, BRAC BANK LTD. annual report, and documents, etc helped me to collect original data. Here I had to try my level best to describe thoroughly all the important segments. I had also added the diagrams of the credit approval process and loan procedure, which will add a clear understanding of the system. This report has been organized into five chapters. The first chapter and second chapter show different prospects of the report including introduction words relating to bank objective of the study, methodology, and company information which includes: background, vision, mission, and organizational structure. The third chapter contains a theoretical background of the credit management process and importance, the loan process, and another process. The fourth chapter is a very

Significant part of the report, which includes a conduction analysis of credit management. It clearly states the performance of unclassified loans, bad debts, and doubtful loans also. This report also elaborates

1. Why do financial crises take place?
2. What are the ways to make customers liable to implode?
3. Why not bank goes for long-term claims?
4. Economic sector-wise investment?
5. Year-wise credit and growth finally?

Chapter five is made on Study and proposed some suggestions for improving credit performance. It also shows the research aim, objectives & what is the research about. This shows the total purpose of the study and the key points on which it focused. Moreover, it shows why it's significant, how this research was conducted & most important how this research will conduct professional knowledge and their practice. This information is native & stands alone as an individual document by itself. This chapter gives scopes to study and readers to direct the context dissertation. A good quality introduction describes the contexts & different study scopes which inform the reader. This gives a very transparent view of valid representation which found in the remainder of the dissertation. This is précised and concise. But it shows the frequent errors when it cannot clearly show the study relationship with the occurred problem & purposes. Most important after this it cannot stand alone as a document.

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CHAPTER ONE: **INTRODUCTION**

1.1 INTRODUCTION

BRAC Bank Limited is a third-generation bank in Bangladesh. It is a commercial bank in Bangladesh registered under the Companies Act 1994. It plays an important part in the growth of our country's business sector. This bank's growth is really strong. Its strategy is to offer customers timely and prompt service. BRAC Bank Ltd has implemented well-structured online banking systems which make it easier for the customer to provide services quickly. The bank primarily engages in corporate banking, trade finance, project finance, retail banking, small enterprise finance, consumer finance and syndication. Its range of service offerings include cash management services, payments and clearings, safe deposit locker services, employee benefits, collection services, treasury services, asset management services and SWIFT for foreign trade.

1.2 ORIGIN OF THE REPORT

As a prerequisite of obtaining Master of Business Administration (MBA) degree from Department of Business Administration, Daffodil International University, every student has to go through an internship program. The author of the study is worked as intern at "BRAC Bank Limited (BBL)" a well reputed private sector commercial bank, under the supervision of Sayed Farrukh Ahmed, Assistant Professor, Department of Business Administration, Daffodil International University, the author has been assigned to prepare an internship report on "Credit Management system of BRAC Bank Limited". This report is written to comply with that instruction.

1.3 OBJECTIVES OF THE REPORT

The main objective of the Study is to analyze the credit management system of BRAC Bank Limited (BBL). The Specific objectives of the study are:

- To evaluate the lending procedure of BRAC Bank Limited (BBL).
- To analyze the unclassified and classified loans and advances of (BBL).
- To analyze sector wise credit performance of BBL.
- To evaluate the loan recovery performance of BBL.
- To provide recommendations on the basis of findings.

1.4 METHODOLOGY OF THE STUDY

Both primary and secondary data have been used in preparing this report. The details of the sources of data are as follows:

Primary Sources:

- Practical work experience with BRAC Bank Limited.
- Talking face to face with customers.
- Observations or monitoring.

Secondary Sources:

- Annual report of BRAC Bank Limited. Credit Operational manual.
- Training materials of the bank.
- Periodicals published by Bangladesh Bank. Various books, journals, articles etc.
- Web sites.

1.5 SIGNIFICANCE OF THE STUDY

In modern banking definition "Credit Management System" is one of a bank or financial institution's most important activities. Risk is inherent with all facets of commercial functions. However, for Banks credit risk is a serious factor that needs to be managed. Immediate development of the efficient and potential financial institutions is very significant for our economy. Banking sector has to be improved a lot. One of the measures to improve this condition is to spread and develop the "Credit Management System" efficient system which requires ongoing study and research afterwards.

1.6 LIMITATION OF THE STUDY

- The duration of our internship program is only just three months. The time allocated is not enough for us to accumulate knowledge and make the analysis a complete and productive one. it was one of the key constraints that influenced all aspects of is the analysis.
- The study also suffered from insufficiency of BBL data. Secondary information sources were not sufficient to finalize the analysis.
- Most confidential information has not been revealed by the department's respective employees.
- The executives of BBL were too busy to spend time for the internee.

CHAPTER TWO: **OVERVIEW OF BBL**

2.1 HISTORY & BACKGROUND OF BBL

The banking system occupies a significant circumstance in the economy of a nation. A banking institution is inescapable in a modern society. This plays a vital role in a country's economic growth. Against the backdrop of economic policy liberalization in Bangladesh, BBL developed itself as a new commercial bank to provide proficient banking services with a view to improving a country's socio-economic development. BRAC Bank Limited (BBL) is a Banking Company registered under the Companies Act, 1994 with its Head Office at Chini Shilpa Bhaban, 3 Dilkusha C/A, Dhaka – 1000. The Bank started its activity from 3rd June 2001. All types of banking transactions are undertaken by the bank to support the development of trade, commerce and economy of the country. BBL's facilities are also available for businessmen to set up new manufacturing units and BMRE. BRAC Bank Ltd. The only Bengali called private commercial bank of the new generation was founded by a group of winning local entrepreneurs who conceived the idea of setting up a model banking institution with different perspective to offer valued customers a wide range of financial services and innovative products for sustainable mutual prosperity and growth. The sponsors are renowned figures in the fields of trade, commerce and industry. BBL is now looking to expand its spectrum by addressing all future industries. With a comprehensive range of financial products and services, the bank is committed to provide high quality financial services or products to its valued clients. A group of highly educated and professional team with diversified experience in finance and banking is governing and operating this bank. The Management of the bank constantly focuses on understanding and deliberating customer's needs. The bank's obligation is to device strategy and new products to cope with the changing situation as the scenario of banking business is changing day by day.

BRAC Bank Limited (BBL) is Bangladesh's leading private sector bank providing a complete range of personal, corporate, international trade, lease, foreign exchange, and finance and capital market services. BBL is the proposed choice in banking for friendly and customized services, cutting edge technology, tailored business needs solutions, global trade and export scope and high investment yields, ensuring excellence in banking services.

2.2 MISSION OF THE BBL

- To contribute to the socio-economic development of the country.
- To reach the highest level of satisfaction by supplying committed and motivated professionals with comprehensive services.
- To hold market share increasing continuously by maintaining quality.
- To maintain respect for integrity and honesty at all levels.
- To ensure sustainable growth and to give honorable shareholders full value. Above all, to make effective contributions to the national economy.

2.3 VISION

To be the country's leading financial institution by offering high-quality products and services backed by state-of the art technology and highly motivated team of banking experts.

2.4 GOVERNANCE

The organizational formation and corporate governance of BBL reflect the determination to establish, sustain and increase its strength for a strong base as a customer-oriented bank with a transparent management.

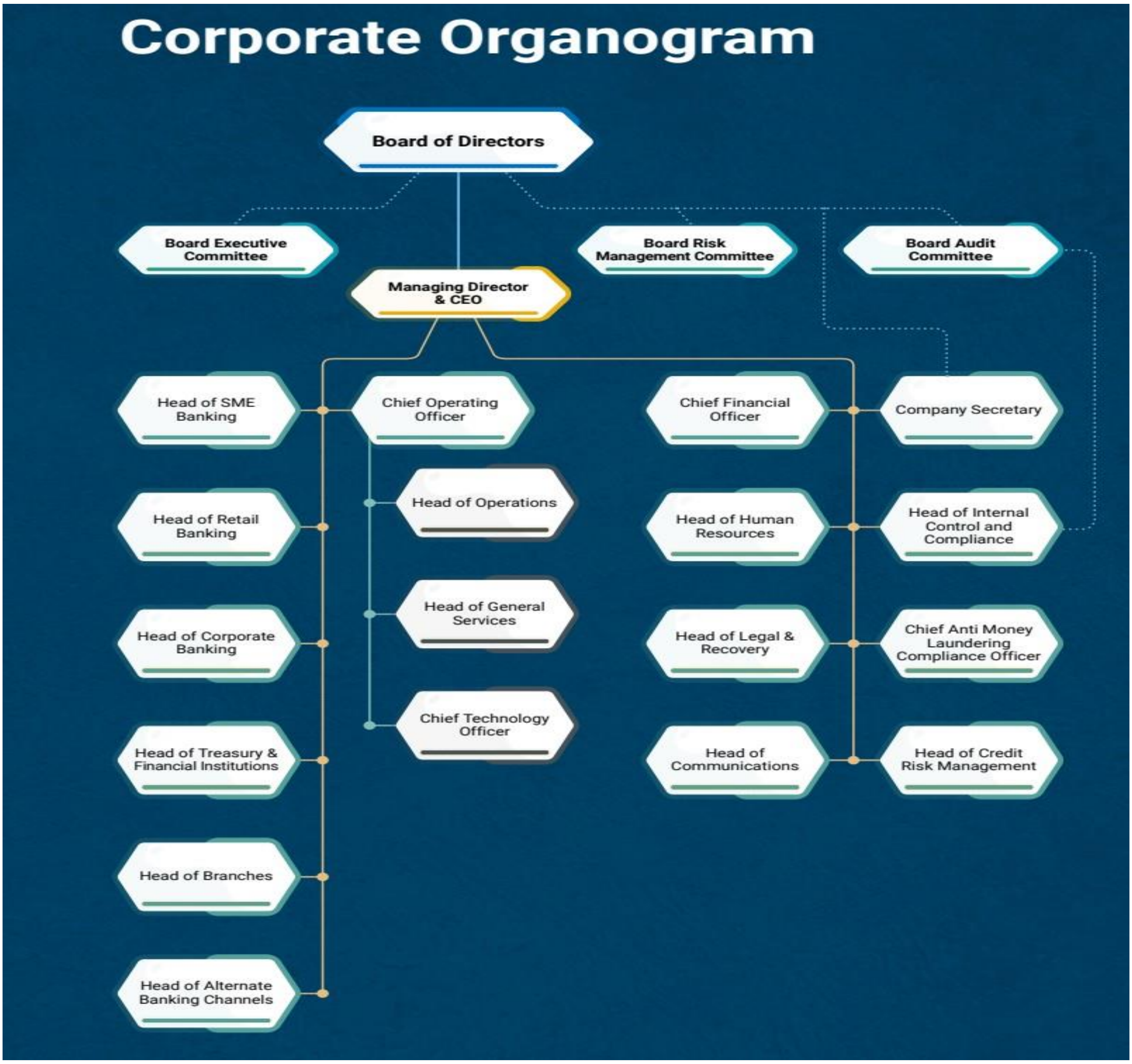
2.5 OBJECTIVE OF BRAC BANK LIMITED (BBL)

The objective of the reports aim is to make us aware of the practical situation of Bangladesh's commercial banks in overall activity and prepare me to face the complex banking situation in this country. The primary purpose of this report is to share the BBL requirement.

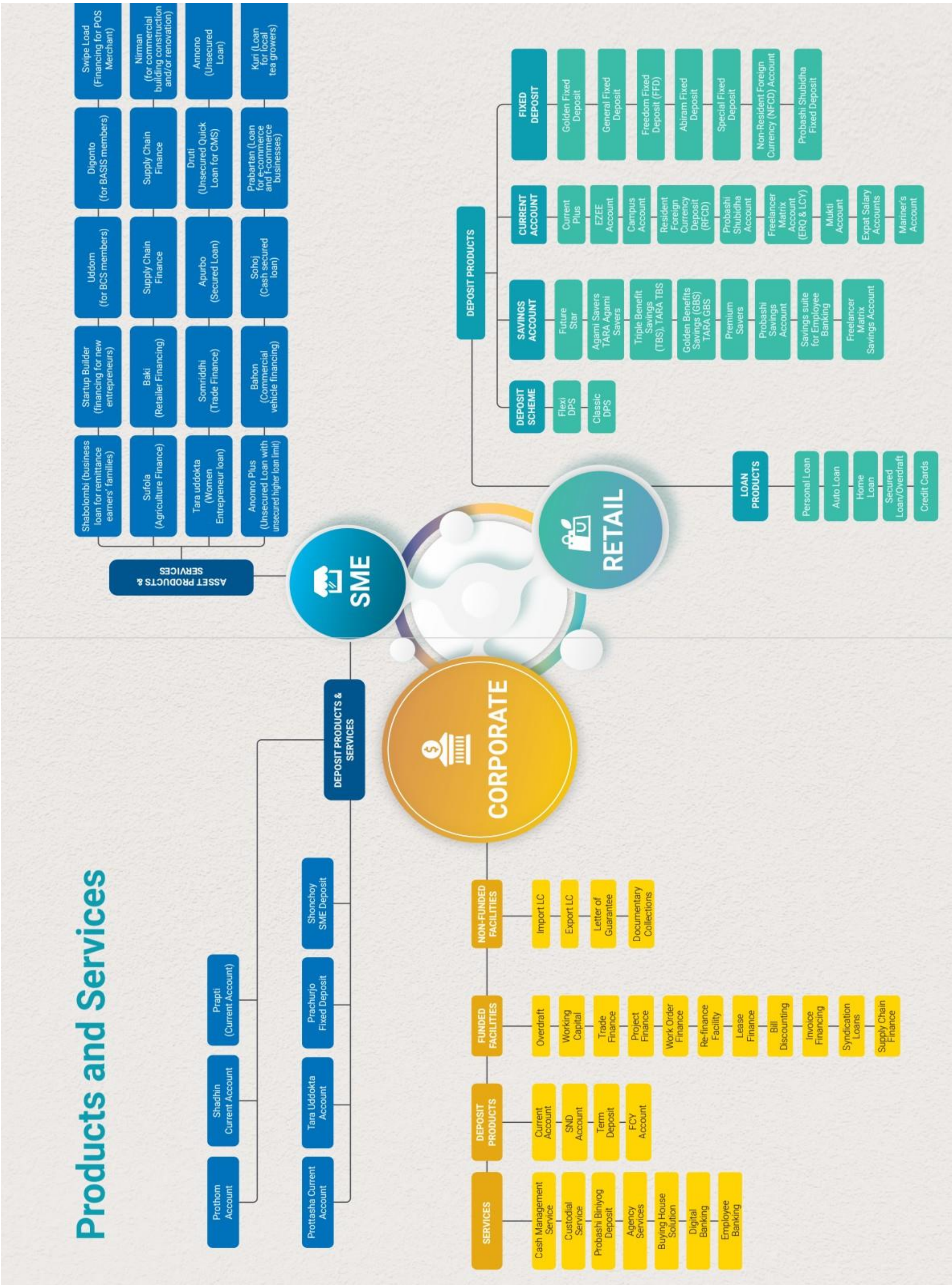
2.6 STRATEGIES OF BRAC BANK LIMITED (BBL)

- To aim for the highest satisfaction of our customers & to gain their confidence.
- The most efficient way to manage and run the bank.
- Identifying the needs of consumers and tracking their understanding of these criteria.
- To review &updated policies, procedures & practices to enhance the ability to extend better customer services.
- Training and growth of all workers and supplying them with sufficient resources to meet the needs of customers.
- To maintain a warm work environment.
- Diversification of investments in both the retail and wholesale sectors

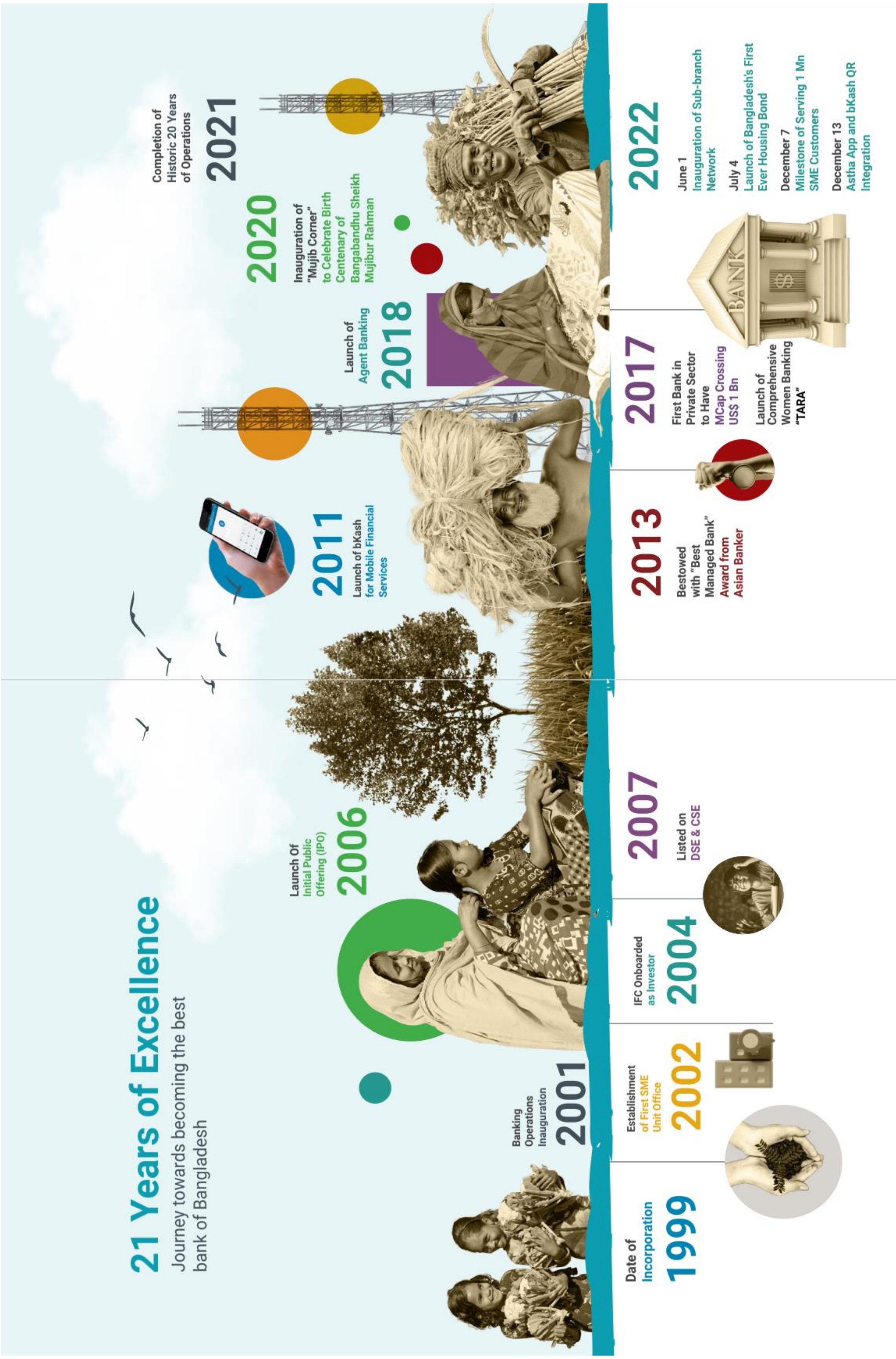
2.7 ORGANIZATIONAL ARRANGEMENT



2.8 PRODUCTS AND SERVICES



2.9 ACHIEVEMENTS



2.10 SERVICE DISTRIBUTION POINTS AND FINANCIAL HIGHLIGHTS

Service Distribution Points

187
Branches

11
Sub-branches

457
SME unit offices

1,000
Agent Banking Outlets

324
ATMs

39
RCDMs

9
CRMs

280,130
Total Astha Users

Division	Branches	Sub-Branches	Agent Banking Outlets	SME Unit Offices	ATMs & Cash Deposit Machines
Dhaka	89	6	197	127	249
Chattogram	38	2	217	95	47
Sylhet	13	0	43	28	18
Khulna	15	1	152	59	18
Barishal	6	1	80	31	6
Mymensingh	5	0	47	23	6
Rajshahi	14	0	132	57	19
Rangpur	7	1	132	41	9

** SME unit offices includes 4 virtual units*

Key Consolidated Financial Highlights 2022

▲ 24%
BDT 655,937 Mn
Total Asset
2021: BDT 527,913 Mn

▲ 28%
BDT 412,085 Mn
Loan (EoP)
2021: BDT 322,135 Mn

▲ 23%
BDT 447,059 Mn
Deposit (EoP)
2021: BDT 364,330 Mn

▲ 20%
BDT 37,833 Mn
Total Revenue
2021: BDT 31,623 Mn

▲ 32%
BDT 6,122 Mn
Profit After Tax
2021: BDT 4,653 Mn

▲ 10%
BDT 4.02
EPS
2021: BDT 3.65

CHAPTER THREE: **CREDIT MANAGEMENT OF BBL**

3.1 PRINCIPALS OF CREDIT MANAGEMENT OF BRAC BANK LIMITED (BBL)

Bangladesh bank has directed all commercial banks to prepare a credit theory that will serve as a credit management System guideline. Some noticeable features of credit principle of BRAC Bank Limited are described given below:

Background

Purpose of the facility Term of facility

Safety and security Profitability

Source of repayment Diversity of loan portfolio

3.2 CREDIT RISK ASSESSMENT

Borrower Analysis:

- Reputation Shareholding.
- Experience-Success History Net worth.
- Education Age etc.

Industry Analysis:

- Industry position/Threat/prospect.
- Risk factors pertaining to the industry.
- Brower's position/Share in the history.
- Strength, weakness of the borrower compared to the competitors etc.

Supplier/Buyer Analysis:

- Concentration on single/Few buyer/Supplier is addressed

Projected Financials:

- Sufficiency of cash flows to service debt repayment Debt Service Coverage ratio
- Analysis of Historical Financial:
- Cash flows Leverage
- Profitability
- Earning-its sustainability

Trade checking:

- Account Conduct: For existing customer the repayment history, credit turnover, study of account statement.
- Allied deposit with BRAC Bank Other business with BRAC Bank.

3.3 PROBLEMS IN MANAGEMENT OF CREDIT IN BRAC BANK LTD

BBL faces many problems in Management of Credit:

Credit Sales: Now a day Businessman is bound for credit sales to growth their sales in the competitive market. Business organizations Needless to work money banking companies lose their investment potential in business organization.

Lack of Scope: since the bulk of the deposits, capital and investable funds have already been employed in different loans and advances out of which a large portion have been stuck up as classified and performing assets.

Comparative Banking Market: Different types of commercial Banks, both local and foreign are serving in our commercial banking market Therefore, competing with other bank for weak credit management it is hard to survive. Besides the whole banking sector in our country is undergoing a critical stage due to political unrest and depressed economic condition.

Foreign Remittance: it means remittance of foreign currencies one place/person to another place/person. in board sense, foreign remittance includes all sale and purchase of foreign currencies on account of import and export, travel and other purpose. But especially foreign remittance means foreign currency being sold and used for purposes other than export and import. ‘BRAC Bank Limited’ carries out remittance work with various countries. it maintains the given bellow:

- Foreign Demand Draft
- Inward remittance
- Outward Remittance

3.4 LOAN PROCEDURE OF BBL

Term Loan

Term loan is a tracking loan that is repaid over a given period of time in regular payments. This is usually repayable by monthly, quarterly or half yearly installments. Term loans according to the duration of the repayment period are divided into three categories:

- Short Term
- Medium term
- Long term

BRAC Bank Limited provides term loan in different forms based on the purpose of the loan such as loan (General), House Building Loan (Commercial), House Building Loan (General), House Building Loan (Stuff), etc.

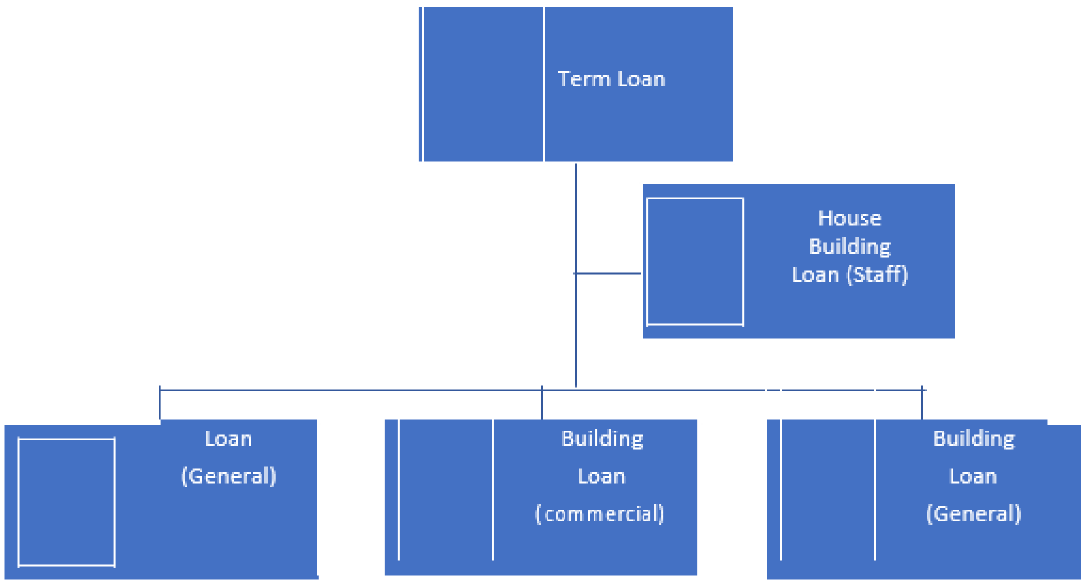


Fig: Different type of term loan provided by BBL

3.5 FUNDED CREDITS RELATED TO INTERNATIONAL TRADE FINANCE

International Trade forms the major business activity undertaken by BBL. The bank provides a comprehensive network of trading services with its corresponding worldwide network and close relations with key financial instructions. Important branches of this bank are in Dhaka, Chittagong, Sylhet, Naogaon which have well experienced employees in International Trade Finance. These branches are the main point for corporate customers to process import and export transactions. This bank provides full range of Trade Finance services. The professionals are working hard so that the customers can meet up their requirements.

BBL has established correspondent banking relationships with 336 locations of 106 world reputed banks in more than 100 countries. BBL offers all sorts of foreign/International Trade sponsored Credits.

Foreign Trade related Funded Credits can be divided into two broad categories. They are-

- Post–Import Funded Credits and
- Export & Post–Export Funded Credits.

Post–Import Funded Credits are Loan against Trust Receipt (LTR), Loan against Imported Merchandise (LIM), etc.

Export & Post–Export Funded Credits are Packing Credit (PC), Negotiation and Purchase of Export Bills (FDBP), Discounting Bill of Exchange (LDBP) etc.

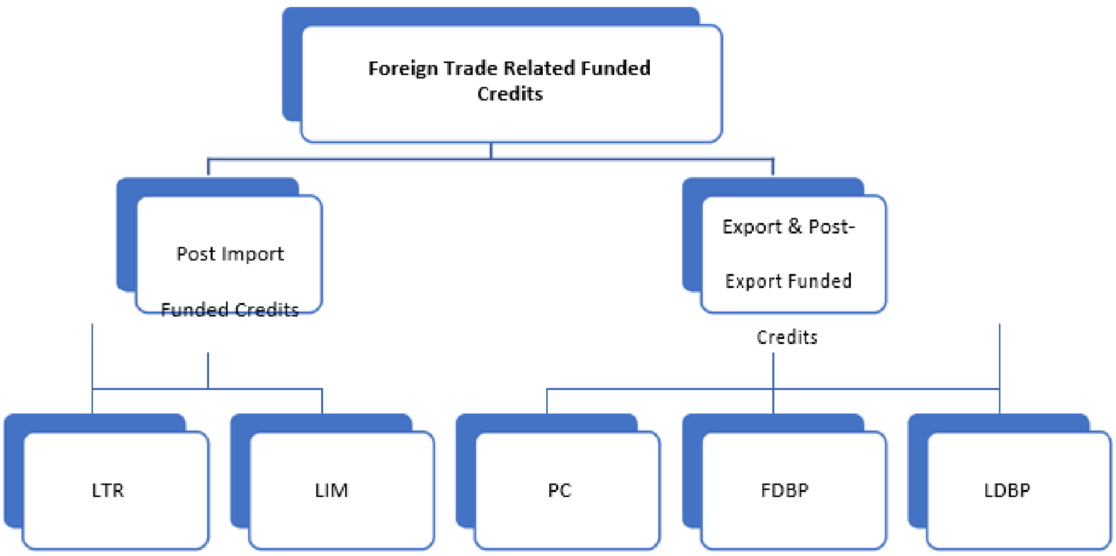


Fig: Different types of Foreign Trade Related Funded Credits extended by BBL

Agricultural Credit:

BBL offers credit to the agro-industries at an interest rate.

Industrial Credit:

BBL provides its corporate client groups a complete range of consulting, funding, and operating services integrating finance, treasury, acquisition, and transactional banking activities in on bundle.

Lease Finance:

BBL the highly capitalized private commercial bank in Bangladesh, introduced lease financing to promote valued customers' financing requirements and the development of their business houses. Lease means a contractual agreement between the owner of the asset and its user against mutually agreed rent for a fixed time period. The owner i.e. the Bank is called the Lessor and the user i.e. the customer is called the Lessee. Lease finance is one of the most convenient sources of financing of assets viz. machinery, equipment vehicle, etc. For example- Luxury Bus, Mini bus, Taxi Cabs, Cars, Pick-up, CNG three-wheeler, Industrial Machinery & Equipment, Medical Equipment, Machinery for Argo–based Industry are the lease items. And the maximum limit is up to 70% of acquisition cost.

3.6 SME CREDIT SCHEME

At present Small & Medium Enterprise (SME) Credit is a very important product of banking. The role of small and medium Enterprise is very important to the country's economic growth. SME play a vital role in generating jobs, especially self-employment, by making a substantial contribution to GDP.

Being a socially committed bank BBL has introduced SME Credits with wide range of diversified products under its SME Scheme with a view to emancipate the grass–roots level to their economic height and to make profit by serving the interest of the missing small and middle groups.

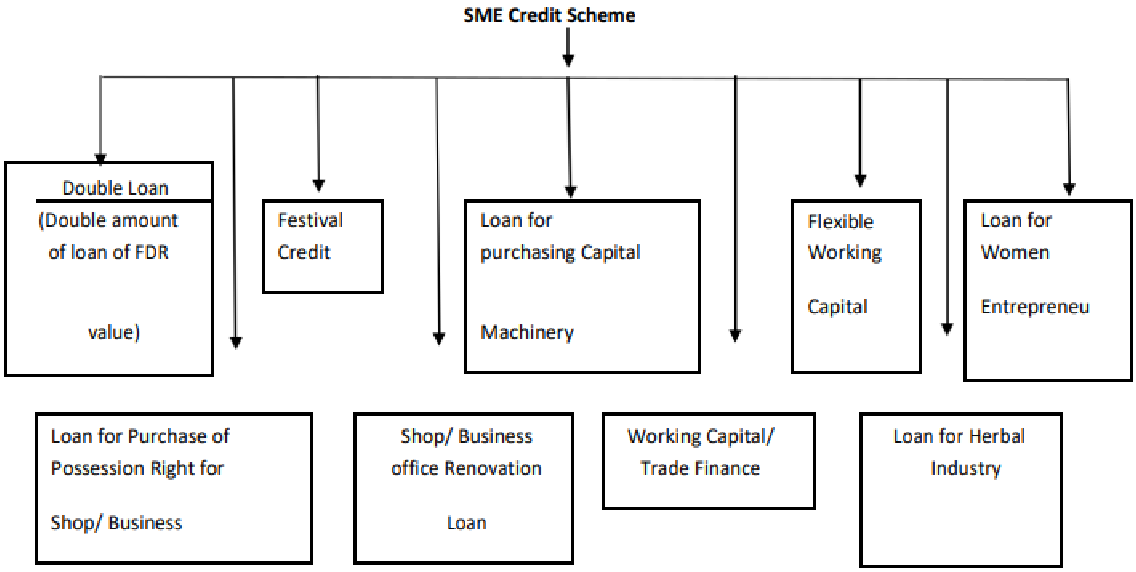


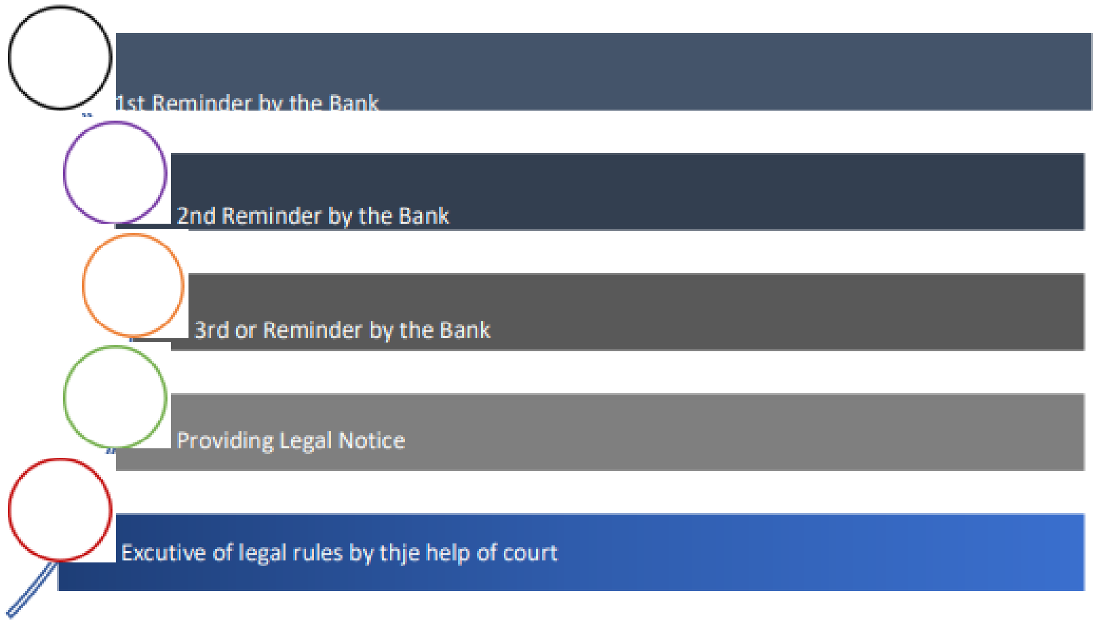
Fig: The Products of BBL under SME Credit Scheme

3.7 CREDIT PRODUCTS

BBL offers large range of diversified Retail Credit products that will help improve the country's living standers.

Fig: The Retail Credit Products of BBL

Fig: Credit Monitoring



3.8 CORE VALUES

Trust

Customer focus

Commitment Integrity

Quality

Business ethics

Teamwork Respect

Fairness

Responsible Corporate Citizen

Unique Culture

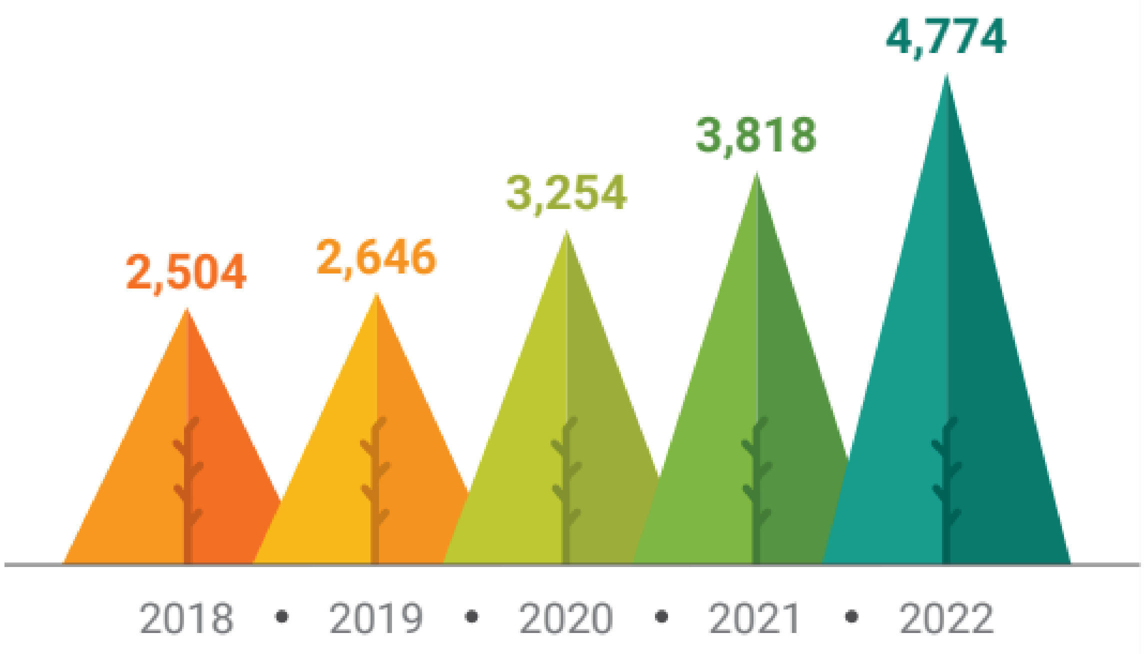
CHAPTER FOUR: **ANALYSIS PART**

4.1 UNCLASSIFIED LOAN OF (BBL)

A loan that is paid back on time with interest, is termed an unclassified or performing loan.

(BDT in Million unless otherwise specified)

Year	Total loans and Advances in BDT	Amount of unclassified loan in BDT	The ratio of the unclassified Loan in total loans and Advances
2018	238,400	2,504	1.05%
2019	264,870	2,646	0.99%
2020	273,439	3,254	1.19%
2021	322,135	3,818	1.19%
2022	412,085	4,774	1.16%



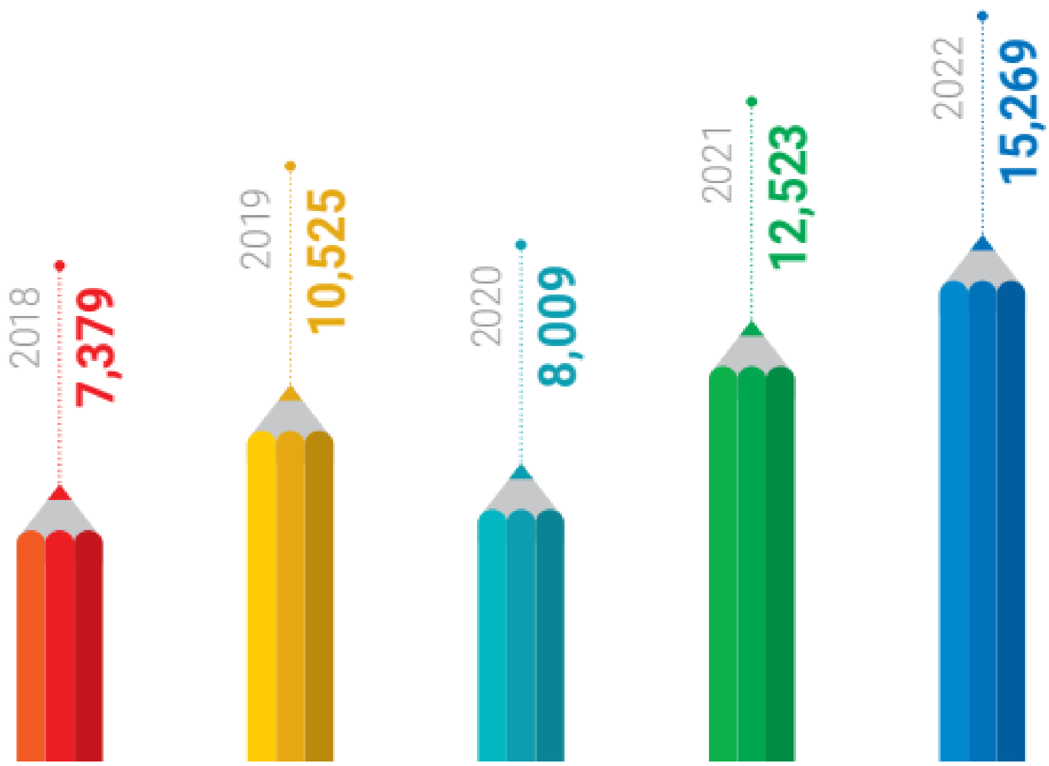
From the above figure, here is see that the unclassified loan ratio of BRAC Bank Limited. From 2018 to 2022 the unclassified loan ratio was increase yearly

4.2 CLASSIFIED LOAN OF BBL FROM YEAR 2018-2022

A classified loan is a bank loan that is in danger of default. Classified loans have unpaid interest and principal outstanding, but don't necessarily need to be past due. As such, it is unclear whether the bank will be able to recoup the loan proceeds from the borrower. Banks usually categorize such loans as adversely classified assets on their books.

(BDT in Million unless otherwise specified)

Year	Total loans and Advances in BDT	Amount of Classified loan in BDT	The ratio of the Classified Loan in total loans and Advances
2018	238,400	7,379	3.10%
2019	264,870	10,525	3.97%
2020	273,439	8,009	2.93%
2021	322,135	12,523	3.89%
2022	412,085	15,269	3.71%



From the above figure, here is see that the classified loan ratio of BRAC Bank Limited. From 2018 to 2022 the unclassified loan ratio was decrease yearly.

4.3 NON-PERFORMING LOAN OF BBL FROM THE YEAR 2022

A nonperforming loan (NPL) is a loan that is in default due to the fact that the borrower has not made the scheduled payments for a specified period. Although the exact elements of nonperforming status can vary depending on the specific loan's terms, "no payment" is usually defined as zero payments of either principal or interest.

The specified period also varies, depending on the industry and the type of loan. Generally, however, the period is 90 days or 180 days.

Particulars	2022	2021	2020
Non-performing loans	3.72%	3.90%	2.93%

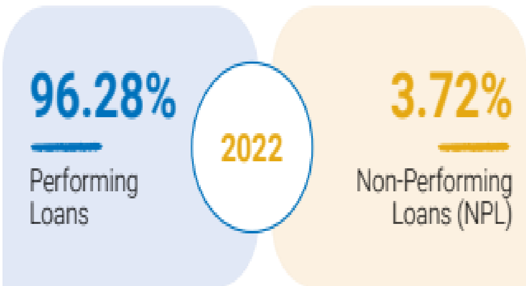
(BDT in Million unless otherwise specified)

In this chart we can see in 2020 non-performing loan percentage was 2.93%,
in 2021 non-performing loan percentage was 3.90% and in 2022 non-performing loan percentage was 3.72%

Here below the details of non-performing loan of 2022

VII. Gross Non-Performing Assets; Non-Performing Assets to Outstanding Loans & advances; Movement of Non-Performing Assets NPAs); Movement of Specific provisions for NPAs

Particulars	(BDT million)
Outstanding Loans & Advances	410,676.41
Non-Performing Loans	15,268.63
NPL %	3.72%



Movement of Non-Performing Loans (NPL):

Non-Performing Loans	Outstanding (BDT million)
Opening balance	12,522.56
Additions during the year	6,324.24
Reductions during the year	(3,578.17)
Closing Balance	15,268.63

From the above figure, here is see that the Doubtful loan ratio in year 2022 of BRAC Bank Limited.

4.4 BAD, LOSS AND DOUBTFUL LOAN OF BBL FROM THE YEAR

BAD LOAN: Bad loans are loans in which the borrower defaults because they have not made their scheduled payments for a predetermined amount of time.

LOSS AND DOUBTFUL LOAN: A loan for which full repayment is questionable and uncertain. The degree of repayment of loans in question ranges from a complete loss to an uncertain loss unless corrective actions are taken.

Type of Facility	Borrower Type	Loan Classification		
		Sub Standard (Overdue Period)	Doubtful (Overdue Period)	Bad & Loss (Overdue Period)
Continuous Loan, Demand Loan & Fixed Term Loan	CMS*	6 months or more but less than 18 months.	18 months or more but less than 30 months.	30 months or more.
	Other than CMS	3 months or more but less than 9 months.	9 months or more but less than 12 months.	12 months or more.
Short-Term Agricultural & Micro Credit		12 months or more but less than 36 months	36 months or more but less than 60 months	60 months or more

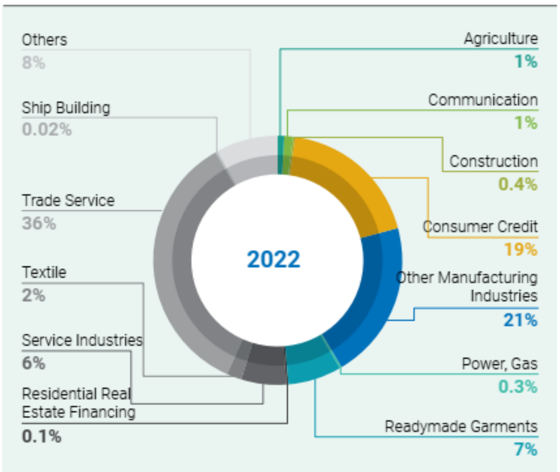
*CMS means Cottage, Micro & Small credits defined in SMESPD Circular No. 02 dated September 05, 2019

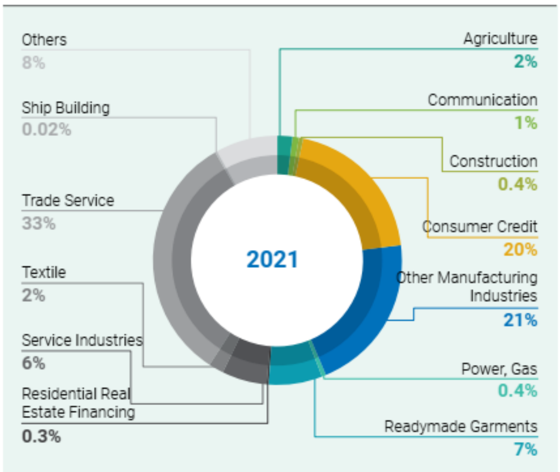
Year	Total amount of Bad/loss loan in BDT	Total amount of doubtful loan in BDT
2021	**9,334,879,157**	**987,009,923**
2022	**9,356,444,799**	**2,535,948,774**
Percentage of increasing	**0.23%**	**156.9%**

From the above figure here we see the amount of Doubtful, Bad & loss loan of BRAC Bank Limited in year 2021 and 2022. And the percentage of increasing amount

4.4 ECONOMIC SECTOR WISE INVESTMENTS OF BRAC BANK LIMITED (BBL FOR THE YEAR 2021 and 2022

Industry sector-wise loan portfolio As an SME-focused bank, we continuously strive to judiciously expand our SME portfolio. At 2022 yearend, loans and advances to small and medium enterprises comprised 46% of the overall loan portfolio. Though SME mix has decreased by 1.34%, a massive growth of BDT 36,498 Mn in SME loans was noted in 2022. Other than SME loans, consumer credit stands at 19%, compared to 18% of 2021. Also, loans to trade services increased by 2% in the portfolio mix.





BRAC Bank achieved a significant 28% growth in loan portfolio, very much reflective of its long-term growth strategy, largely dominated by manufacturing, trade service and consumer credit portfolio.

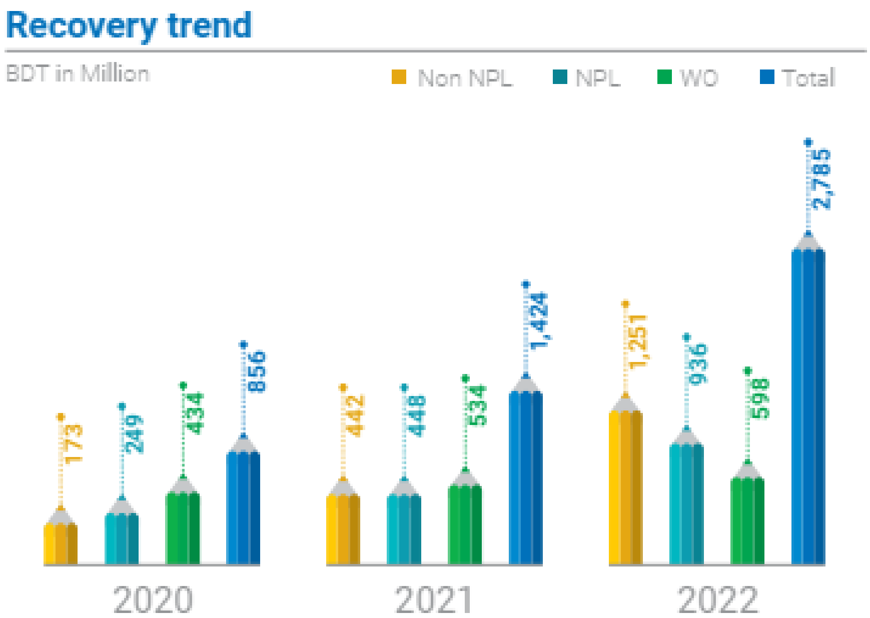
Amount in million

Sector	2022	2021	Change over 2021	
	Amount	Amount	Amount	Percentage
Agriculture	5,688	5,754	(66)	-1%
Communication	3,288	1,926	1,362	71%
Construction	1,672	1,138	534	47%
Consumer Credit	77,082	65,475	11,607	18%
Other Manufacturing Industries	84,860	66,935	17,926	27%
Power, Gas	1,034	1,161	(126)	-11%
Readymade Garments	27,870	22,845	5,025	22%
Residential Real Estate Financing	575	1,078	(503)	-47%
Service Industries	24,826	18,000	6,826	38%
Textile	6,490	4,944	1,546	31%
Trade Service	146,336	106,737	39,599	37%
Ship Building	70	71	(1)	-1%
Others	30,887	25,151	5,736	23%
Grand Total	**410,676**	**321,212**	**89,464**	**28%**

During the year 2022 BBL invested in 12 sectors . We can see that Communication investment 71% was the highest investment . Others sectors were Construction 47%, Manufacturing Industries 27%, Readymade Garments 22, Trade Service 37, Textile 31%, Other 23 and Agriculture -1% which was the lowest investment.

4.6 RECOVERY OF CREDIT MANAGEMENT SYSTEM

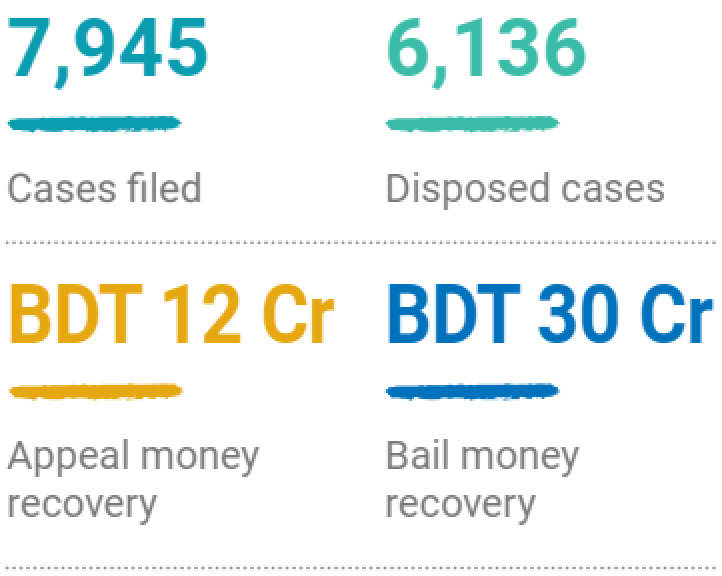
The Legal and Recovery Division of BRAC Bank aims to ensure regulatory compliance with all laws and regulations related to the bank's business. With the support of a specialized team, the division intends to provide business support through effective case management of default clients, mortgage assistance and recovery, thus ensuring a reduced recovery period and enhanced profitability.



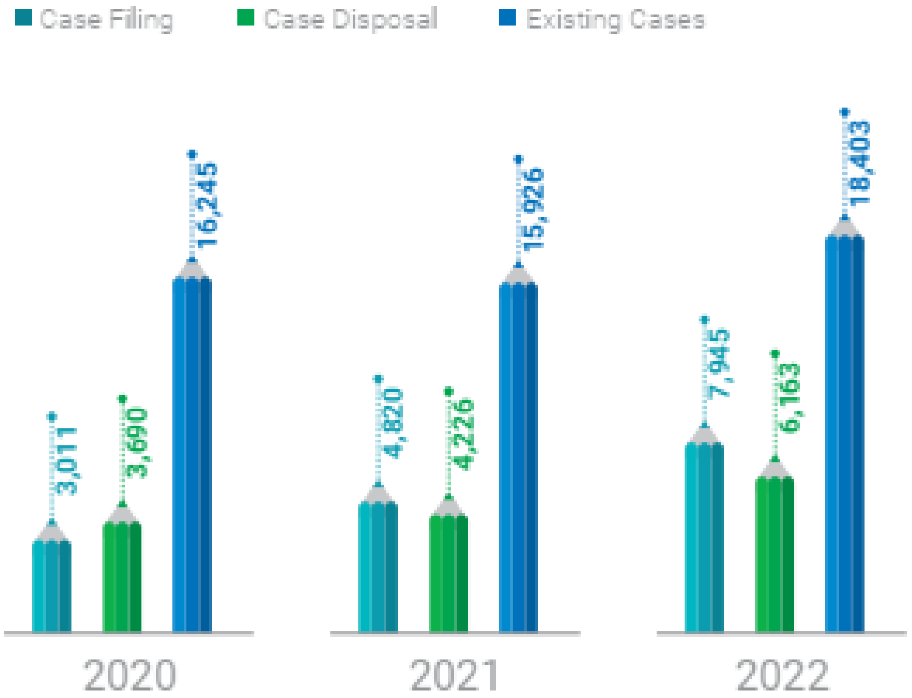
In below details we can see out of 7945 cases filed , disposed cases 6136 which is almost 77.23%.

In total collection

- Appeal money recovery BDT 12 Cr.
- Bail money recovery BDT 30 Cr.



In below chart we can see the comparison between case filing, case disposal and existing cases from the year 2020 to 2022.



CHAPTER FIVE: **FINDINGS, RECOMMENDATIONS & CONCLUSION**

5.1 FINDINGS

- The ratio of unclassified loan is decreased from previous years. In year 2020 and 2021 it was 1.19% but in 2022 it decremented to 1.16%.
- The ratio of classified loan in year 2020 was 2.93% but in 2021 and 2022 the ratio increased to 3.89% and 3.71%.
- Non-Performing loan percentage was 2.93% in year 2020 but in year 2021 and 2022 that percentage raised to 3.90% and 3.72%.
- In year 2022 Brac Bank invested scant amount in some sector considered to year 2021. In percentage which is Agriculture -1%, Power and gas -11%, Real-Estate Finance -47% and Ship Building -1%.
- For Recovery trend process, year 2022 was in much strong position considering year 2020 and 2021. But In year 2022 NPL and WO increased from year 2020 and 2021.
- In year 2022 Case filing, Case disposal and Existing cases number was much higher than year 2020 and 2021. The number of Case files and Existing cases increased but Case disposed decreased in year 2022 from year 2020 and 2021.

5.2 RECOMMENDATIONS

The failure of commendable banks occurs mainly due to bad loans. Still from my learning and observation, I am giving following recommendations to Brac Bank Limited:

- The ratio of unclassified loans has been increasing steadily over the past 5 years from 1.05% to 1.16%.

  Bank should continue to monitor the ratio and review it's loan underwriting standards to ensure that it is only lending to creditworthy borrowers.

- Amount of classified loan increased from 7,379 to 15,269 (million BDT) in last five years which is in ration 3.10% to 3.71%. It's indicated the bank's credit risk.

  Bank should monitor the classified loan ratio, analyze the reasons for increase in ration, consider the economic outlook and it's potential impact on the loan defaults and review the bank's loan portfolio and borrowers credit history before accepting loan amount.

- Though non-performing loan increased 3.90% in yeas 2021 from 2.93% in year 2020. But it decreased from 3.90% in 2021 to 3.72% in 2022 which is positive trend and indicating that Brac bank is making progress in recovering or resolving non-performing loans. However it's still above 2% benchmark.

  Bank should monitor the non-performing loan ratio, analyze the reasons for increase in ration and borrowers credit history before accepting loan amount.

- Brac bank achieved a significant 28% growth in loan portfolio and it reflects Brac bank's long term growth strategy.

  But Brac bank should focus more on some investment sector like Agriculture sector, Power-Gas sector, Real-Estate financing sector and Ship building sector which was not up to the mark in 2022 investment strategy.

- Amount of total Recovery trend increased from 1,424 to 2,785 (million in BDT). But amount of NPL and WO also increased in amount from year 2020 and 2021.

  Bank should continue with the current course of action, invest in further recovery efforts and monitor the situation closely to reduce NPL and WO in total Recovery trend sector.

- In year 2022 tha amount of case disposal is much higher than year 2020 and 2021. But at the other hand in year 2022 amount of new case filing and existing caseboosted up from year 2020 and 2021.

  Bank should increase the capacity to handle more cases, Focus on reducing the number od existing cases and Analyze the reason for the increase in case filling.

5.3 CONCLUSION

BRAC Bank Limited (BBL) has been able to control its credit portfolio skillfully and kept the classified loan at a very low rate thanks go to the standard and stringent credit evaluation policies and practices of the bank. They will do better if they continue with their same strategy but they also have to keep up the trend.

5.4 REFERENCES

1. Website of BBL, https://BRACbankbd.com/
2. Annual report of BBL from 2018-2022
3. https://BRACbankbd.com/front/information/13/46 Bangladesh Bank circular (www.bangladesh-bank.org)
4. Files, records, journals, manuals and publications obtained from library of the bank.