



**Daffodil**  
*International*  
**University**

**ANALYSIS OF CREDIT RISK MANAGEMENT OF JANATA BANK PLC.**

**Submitted By:-**

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**Date of Submission:** 27<sup>th</sup> November, 2025

## Letter of Testimonial

Date: 27<sup>th</sup> November, 2025

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Subject: Submission of Internship Report.

Dear Madam,

Here is my internship report, entitled “An analysis of credit risk management of Janata Bank PLC”, which was a needed part of the internship. I enjoyed working on it much and I discovered essential knowledge about this particular subject. I tried to do my best to kind the report as easy to understand as possible and interesting.

The report contains vital data about Janata Bank PLC's present credit risk management systems. I put a lot of effort into this, so I hope it shows. Please let me know if you have any questions. I'd be happy to explain anything in more detail.

Sincerely,

Jahidul Alam

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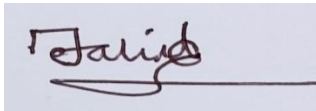
Daffodil International University

## Student's Declaration

I'm **Jahidul Alam** hereby acknowledge that the report titled "**Analysis of Credit Risk Management of Janata Bank PLC.**" is uniquely prepared by me after three months of work in Janata Bank PLC.

I further declare that the document was prepared solely for my educational purposes and not for any other purpose.

Jahidul Alam

A rectangular box containing a handwritten signature in black ink. The signature appears to be 'Jahid' with a stylized flourish underneath.

.....

ID: 191-11-1198

Major in Accounting

Department of Business Administration

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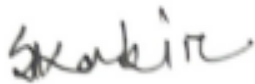
## Certificate of Approval

This is to certify that the internship report titled “Analysis of Credit Risk Management of Janata Bank PLC” has been prepared by Jahidul Alam, a student of the Bachelor of Business Administration (BBA) program at Daffodil International University, bearing ID No. 191-11-1198, under my close supervision.

The report presents a comprehensive analysis of the credit risk management practices of Janata Bank PLC, based on in-depth study, observation, and systematic analysis. To the best of my knowledge, this report is my original work, and it is not undergoing consideration for any degree at any other institution.

In my opinion, the report is satisfactory and meets the academic requirements for partial fulfillment of the BBA program.

Signature



.....

**Shahana Kabir**

Assistant Professor

Department of Business Administration

Faculty of Business & Entrepreneurship

## **Acknowledgement**

Firstly , I would want to thank the All-Powerful Allah, who has granted me the capacity and chance to successfully finish the internship program and assist in completing the report on time. I want to thank the Almighty Allah first and foremost for helping me finish the report correctly—my internship supervisor, Ms. Shahana Kabir, Assistant Professor in the Department of Business Administration, Faculty of Business & Entrepreneurship at Daffodil International University, and Motaleb Hossain, Senior officer of the Cheora Bazar Branch, Janata Bank PLC, for their cooperation and friendliness throughout my internship.

I also want to express my gratitude to a number of people at Janata Bank PLC who helped me a lot in order to complete this report. I want to express my sincere gratitude to them for giving of their time, making insightful recommendations, and taking part in conversations that significantly enhanced my internship experience.

At last, I wish to thank heartily Mrs. Shahana Kabir for her tireless support, guidance and constructive criticism throughout. The pursuit of these would dental society otherwise be in vain. Her dedication and guidance have provided great benefits for this work. Report could not have been given direction or clarity what so ever had it not been for her constant help.

Sincerely,

Jahidul Alam

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## **Executive Summary**

The internship report titled “Analysis of Credit Risk Management of Janata Bank PLC” serves as a condition for the Bachelor of Business Administration (BBA) degree program. The research study examines Janata Bank PLC credit risk management systems through a three-month internship at the bank. The research investigates Janata Bank PLC credit policies and customer perceptions of bank performance and financial performance under credit initiatives. The research used survey data from 16 clients through questionnaires and combined this with primary and secondary data sources.

The first chapter of this report introduces Janata Bank PLC through its historical development and organizational framework and establishes the research goals and methods and states the study's boundaries. The report demonstrates that proper credit risk management serves as a fundamental requirement for banks to achieve financial stability and maintain sustainable growth.

The second chapter of this report examines the credit risk management systems which Janata Bank PLC operates. The section explains credit policies and eligibility standards and approval procedures and credit processing and administration and monitoring and recovery systems. The bank follows Bangladesh Bank regulatory guidelines to reduce credit risks and protect its asset quality.

The third chapter examines financial performance data which periods from 2019 to 2023. The research evaluates five essential banking performance metrics which include total loans and advances and Return on Equity (ROE) and Non Performing Loan (NPL) ratio and credit to deposit ratio and net profit. The analysis shows that loans and advances continued to grow while profitability experienced instability and asset quality improved from 2020 to 2022 but NPLs increased during 2023 because of economic difficulties and operational problems.

The research in Chapter Four examines survey results which came from customer and employee responses. The survey results show that customers choose Janata Bank PLC because of its competitive interest rates and its status as a government-owned bank. The survey results show that customers are unhappy with both the length of time it takes to process loans and the fees they need to pay.

The fifth chapter of this report presents the main research findings which show loan expansion and profit stability issues and increasing non-performing loans during the last year and service delivery problems.

The sixth chapter presents recommendations to enhance credit risk management systems and boost customer service speed and develop better recovery systems and adopt contemporary banking systems. The report establishes that Janata Bank PLC maintains a dominant market position yet needs ongoing development to achieve lasting success and enhanced operational performance.

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# **Chapter- 1**

# **Introduction**

## **1.1 An overview of Janata Bank PLC.**

The history of Janata Bank PLC. shows that the organization began its operations in 1972 right after Bangladesh gained independence. The Government of Bangladesh established Janata Bank complete the merger United Bank Limited and Union Bank Limited under the Bangladesh Banks, Order of 1972. Bank's operated as a fully nationalized commercial bank for multiple years after its creation to help rebuild the war-damaged economy of independent Bangladesh. The bank managed government and private sector transactions and focused on financing agricultural development and industrial growth and international trade activities.

The financial sector reform program in Bangladesh caused Janata Bank to be changed into a public limited company in 2007 while being fully owned by the government. The restructuring package meant that there were three advantages brought about for the banking sector based on better corporate governance and efficiency.

The bank functions as an incorporated entity under The Companies Act as Janata Bank PLC. It retains its character as a government-owned commercial bank. It functions from its headquarters located at 110 Motijheel Commercial Area Dhaka-1000 Bangladesh, which effectively functions as the main financial hub of the country. It functions as a financial service unit within the government-owned banking sector.

Janata Bank PLC sustains its position as among the biggest banks with its strong network of branches exceeding 900 branches covering all across Bangladesh. The bank also has rural branches that offer financial services and support for agriculture within the rural sections.

The bank offers multiple financial products which include deposit accounts and industrial and agricultural loans and small and medium enterprise financing and foreign exchange services and international trade financing and remittance services. The bank provides customers with contemporary banking solutions through its ATM network and debit and credit card services and internet banking platform.

Janata Bank PLC. serves as a nationalized commercial bank which executes vital government duties by processing tax payments and distributing government wages and pensions and overseeing state-controlled development initiatives.

The bank maintains its position as a major employer in Bangladesh through its current workforce of 14,000 staff members. The government selects the Chairman to lead the bank while the Managing Director & CEO oversees all operational activities.

Janata Bank has maintained its position as a powerful public sector bank throughout its fifty-plus years of operation although it continues to deal with non-performing loan reduction and digital banking service enhancement. The bank maintains its position as a leading economic force in Bangladesh through its extensive rural network and its essential role in trade financing and remittance operations.

## **1.2: Mission, Vision of JBPLC**

### **Vision**

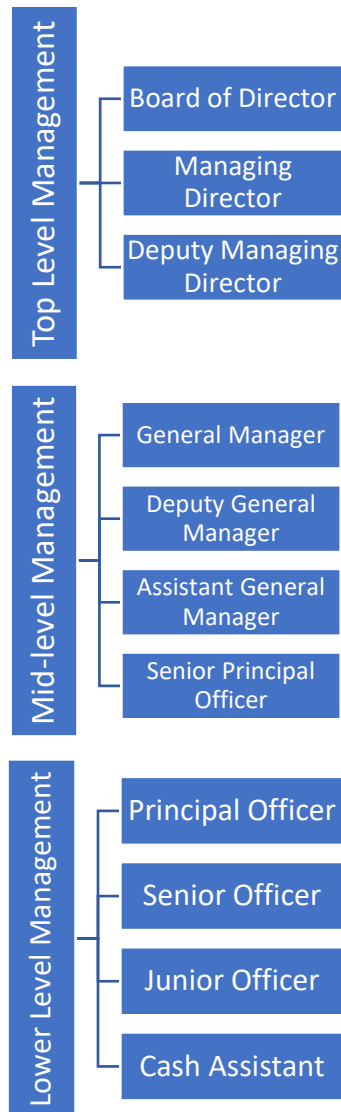
The organization aims to establish itself as the first sustainable banking organization which will work together with others to achieve collective growth for Bangladesh's entire population.

### **Mission**

To ensure inclusive growth and shared prosperity through:

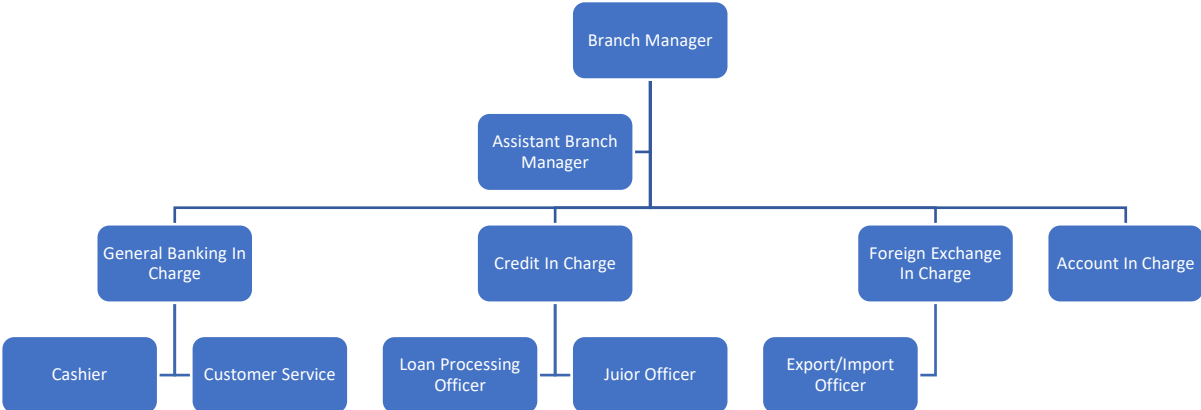
- Delivering responsive and personalized services.
- Empowering the community through innovative and accessible financial solutions.
- Adopting state-of-the-art technology.
- Upholding integrity and transparency in all operations.
- Fostering a culture of collaboration and excellence.
- Ensuring sustainable growth and maximizing shareholders' value.

### 1.3: Organizational Structure



**Chart- 1:** Organizational Structure of Janata Bank PLC.

**1.4: Hierarchy of Janata Bank PLC.**



**Chart- 2:** Hierarchy of Janata Bank PLC.

## **1.5: Objectives of the Study**

The Main Objective of the report is to analyze the credit management of Janata Bank PLC.

### **Specific Objectives:**

1. To evaluate the credit risk management activities of Janata Bank PLC.
2. To analyze the credit performance of Janata Bank PLC.
3. To offer practical suggestions aimed at enhancing the efficiency of banking operations.

## **1.6: Scope of the Study**

This report primarily focuses on the various steps elaborated in credit approval procedures at Janata Bank PLC. The process requires analytical methods for credit evaluation which serve as fundamental components of this process.

The research examines the credit risk management strategies which the bank implements before loan approval and after loan approval.

The research examines all aspects of lending operations through its analysis of monitoring systems and its identification of problems and proposed solutions and its evaluation of different loan processing stages.

The research investigates how bank credit risk management systems affect their overall profitability performance.

The research investigates how bank credit risk management systems affect their overall profitability performance.

The report establishes its last recommendations through an evaluation of how well the bank controls its credit risk exposure.

## **1.7: Methodology**

### **Sources of Data**

To ensure a comprehensive analysis, data were collected from the following sources:

#### **A. Primary Sources:**

- Direct observation of daily banking operations.
- Discussions and informal interviews with branch officials, including the Branch Manager and credit officers.
- Practical involvement in the general banking and loans and advances sections.

#### **B. Secondary Sources:**

- Annual reports and financial reports of Janata Bank PLC.
- Official publications, circulars, also policy manuals of this bank.
- Reports and guidelines from Bangladesh Bank.
- Relevant books, academic journals, and research articles on credit risk management.
- Information from the bank's official website and other online resources.

## **1.8: Data Analysis**

The collected data have been analyzed using qualitative analysis and comparative analysis methods with the objective of understanding the efficacy of credit management techniques. Both descriptive statistics and logical reasoning have been employed for interpreting operational data.

## **1.9: Research Methodology**

The research methodology describes the structured approach followed in gathering information, its analysis, and presenting data for this study. Both qualitative and quantitative methods have been based on the report to assess the credit risk management follows of Janata Bank PLC.

### **Sampling**

Among numerous nationalized and commercial banks in Bangladesh, the Janata Bank PLC has been selected for study purpose owing to its prudent market presence, huge branch network, and role it plays a vital part in the banking area of the country. In this report, at Cheora Bazar Branch in Cumilla was selected as the main unit of analysis. The findings presented are based on observation and data gathered from this branch during the internship period.

## **Data Collection**

The data for this research has been gathered from the annual reports of Janata Bank PLC, from the period ending 2019 to 2023. Precisely, the study involved a critical analysis of the bank's disclosures about credit risk management, its financial reports, and the accompanying records provided in the annual financial reports.

### **1.10: Limitations**

The study had the following limitations:

- Many Times, Branch employees were busy with their daily banking operations and therefore detailed discussions or interviews could not always be conducted.
- The study was confined to one urban branch. It does not reflect the problems faced by rural branches and the variation in the range of services across regions.
- Many financial statements, internal reports, and confidential documents related to credit risk assessment were not accessible due to the bank's privacy policy.
- Up-to-date published data on Janata Bank PLC's credit risk performance was limited, making it difficult to conduct a deeper quantitative comparison.
- Due to limited access to detailed financial data, advanced statistical or econometric analysis could not be applied to measure the use of credit risk management applies.
- Insufficient availability into required data for the research
- Due to the lack of prior data, the scope was limited to information from the bank's annual reports covering the (2019–2023) period.
- There was fewer primary data available since the banks in the sample refused to take part in online surveys. As a result, a single in-person interview with a Janata Bank PLC risk control officer was undertaken.

# **Chapter- 2**

## **Credit Risk Management**

## **2.1: Definition of Credit**

Credit mentions to a financial procedure where one party (the lender) provides capitals to another party (the borrower) into trust and confidence that the borrower will refund the borrowed amount in the future according to agreed-upon terms. It is a facility extended to an individual, business entity, or organization wherein payment for cash, goods, or services availed of presently will be paid later, usually with interest or fees. Credit plays an important role in facilitating economic activities, from consumption to investment and maintaining financial liquidity, in the absence of liquid flow of funds.

## **2.2: Objective of Credit Management**

Credit management is one of the most important functions of a commercial bank, for it guarantees that loans and advances are granted, supervised, and realized in such a way that risk will be minimized and profitability maximized. The main objective of credit management is to achieve an appropriate balance between profitability and liquidity, considering that credit should be granted safely and efficiently.

The key objectives of credit management are as follows:

### **1. Ensuring the Safety of Funds:**

The main goal of credit management is to guarantee that lent funds are returned on time. Proper evaluation of the borrowing party's credit worthiness minimizes the risk of default and protects the bank's assets.

### **2. Maintaining Loan Portfolio Quality:**

It ensures that an organization has a better loan portfolio since credit facilities are extended only to reliable and solvent borrowers, thereby reducing the incidence of NPLs.

### **3. Profit Maximization:**

A major part of banks' income comes from lending funds at reasonable rates of interest. Efficient credit management allows the bank to generate higher returns while keeping the risks within their control.

### **4. Promoting Economic Growth:**

Banks stimulate economic growth by their credit distribution mechanism to agricultural and industrial and commercial sectors, which gives a boost to employment opportunities in the entire economy.

### **5. Maintaining Liquidity and Solvency:**

Proper credit management ensures adequate liquidity in the bank for meeting its short-term obligations without suffering from financial distress.

### **6. Compliance with Regulatory Requirements:**

It ensures that credit management keeps the bank's lending activities within Bangladesh Bank guidelines, among other regulatory authorities, for transparency and accountability.

**7. Reducing Credit Risk:**

The main aims include identifying, evaluating, and managing risks involved in lending. The use of risk management techniques and risk monitoring systems decreases the possibility of a default.

**8. Improving Customer Relationships:**

Credit management will not only help safeguard an bank's interests but allow it to build a relationship with its customers based on understanding and offering credit facilities.

**2.3: Eligibility of credit at Janata Bank PLC.**

Following are the major eligibility requirements to obtain credit from Janata Bank PLC:

**1. Age Requirement:**

The applicants must be a Bangladeshi citizen aged between 21 to 60 years.

**2. Valid Identification:**

Valid and current identification documents such as a National ID Card, TIN Certificate, Trade License (for business entities), and passport-size photographs are required from the borrowers for verification purposes.

**3. Creditworthiness and Repayment Capacity:**

One should have adequate income or cash flow to repay the loan. Janata Bank assesses financial statements, salary slips, or business turnover to evaluate repayment ability.

**4. Business or Employment Stability:**

For business loans, the firm should have a stable and profitable track record, while salaried individuals need to demonstrate consistency in their employment history and steady income.

**5. Purpose of the Loan:**

The purpose of the credit should be legitimate, productive, and compatible with Bangladesh Bank and Janata Bank's lending policies. Loans for speculative or unlawful purposes are not sanctioned.

**6. Collateral or Security:**

The loan types may require acceptable collaterals from the borrowers in various forms like land, buildings, fixed deposits, and guarantees by third parties. The security value should cover the loan amount sufficiently.

**7. Credit History and CIB Report:**

The credit record of the applicant is checked through the CIB of Bangladesh Bank. Normally, borrowers with adverse credit history or having existing classified loans are not eligible.

**8. Legal and Regulatory Compliance:**

The borrower shall obey all the relevant laws, banking regulations, and respective internal policies. In any case, he will submit necessary legal documents, trade licenses, tax certificates, and bank statements.

**9. Account Relationship:**

The borrower shall open or maintain a current/savings account with Janata Bank PLC for all transactions of the loan from disbursement to repayment.

**10. Project or Business Feasibility (for Business Loans):**

The applicant has to submit a feasibility report or business plan in the case of project or SME loans to assess the profitability, sustainability, and repayment capability of the project.

**2.4: Lending policies followed by Janata Bank PLC.**

The significant lending policies followed by Janata Bank PLC are as follows:

**1. Adherence to Regulatory Guidelines:**

All the disbursements are made in strict adherence to the prudential regulations, circulars, and directives of Bangladesh Bank for ensuring transparency, stability, and financial discipline in the banking system.

**2. Know Your Customer Policy:**

The bank makes sure to properly verify the customer's identity, business background, and source of income in compliance with KYC requirements before extending any credit facility.

**3. Credit worthiness Evaluation:**

In dealing with the repayment ability, Janata Bank does an in-depth analysis of the borrower's financial statements, business performance, repayment history, and market reputation.

**4. Purpose-Based Lending:**

It sanctions loans only for legitimate and productive purposes that would contribute to the growth of the business, investment, or personal enhancement. The loan purpose should be clearly identified and verified.

**5. Security and Collateral Policy:**

Collateral or third-party guarantees being adequate with regard to the nature and amount of the loan concerned is properly valued and verified by competent officials before approval of loans granted by the bank.

**6. Loan Limit and Exposure Policy:**

Credit exposure to a single borrower, group, or sector shall be kept within the limit as prescribed by Bangladesh Bank from time to time, so that concentration risk may be avoided in ensuring portfolio diversification.

**7. Interest Rate Policy:**

The interest rate shall be in accordance with the internal bank policy, considering market conditions to ensure competitiveness at profitable levels.

**8. Loan Documentation:**

Of course, proper documentation is necessarily required before the disbursement of a loan. All the legal documents, like loan agreements, charge documents, and mortgage deeds, are supposed to be executed correctly and verified.

**9. Credit Monitoring and Supervision:**

After disbursement, Janata Bank regularly monitors the borrowers' financial positions and their repayment performances. Continuously supervising helps in the early detection of defaults, thereby ensuring effective loan recovery.

**10. Ethical and Responsible Lending:**

Janata Bank emphasizes fairness, transparency, and integrity in all its lending operations. It avoids speculative or environmentally hazardous projects and instead advocates for sustainable financing.

**11. Sectoral and Priority Lending:**

The bank earmarks a portion of the credit portfolio in concert with national objectives for priority sectors such as agriculture, SMEs, women's entrepreneurship, and export-oriented industries.

**12. Project Financing Policy:**

Janata Bank provides project financing in large-scale industrial, infrastructural, and development projects after making a detailed feasibility analysis, cash flow projection, and risk evaluation. It ensures the bank that the projects must be viable financially and compliant with environmental concerns.

**13. Lease Financing Policy:**

It offers lease financing of machinery, vehicles, and capital equipment items to industrial and SME clients. Every lease is structured in a manner that guarantees the capability of the lessee to repay and in cases of default, the recovery of such assets for the bank.

**14. Internal Audit and Review:**

The organization undertakes regular internal audits and compliance reviews in order to confirm compliance with the lending policy and identify any weaknesses in procedures.

## **2.5: Credit Approval Authorities at Janata Bank PLC.**

The officers at the different levels of authority conduct business at Janata Bank PLC using prudent judgment, with a view to acting always in the best interest of the bank. The bank needs to follow its internal policies together with Bank Corporations Act 1991 and Bangladesh Bank directions and all applicable government regulations which control credit limits and security requirements and loan duration and payment terms.

The approval authority is vested with the executives and officers holding specific positions in the bank's organizational setup. Even though some small credit facilities are approved at the branch level, all major credit proposals are approved from the respective zonal office or head office. The set procedure ensures that credit decisions keep consistency with the bank's risk management framework and regulatory requirements.

## **2.6: Functions & Responsibilities of credit Personnel at Janata Bank PLC.**

In Janata Bank PLC, the Credit function is clearly distinguished between Relationship Management and Credit Risk Management. The Relationship Managers are responsible for developing business and maintaining a good relationship with clients, while Credit Officers are essentially responsible for protecting the credit quality of the bank's credit portfolio and adherence to lending policies.

### **Responsibilities of Credit Personnel:**

The key roles and responsibilities of credit staff, including Managing Directors, Additional Managing Directors, Heads of Credit Division, Relationship Managers, and Credit Officers, are:

- Developing a comprehensive understanding of clients' businesses and financial needs
- Exercising delegated authority prudently while adhering to the bank's credit policies, procedural manuals, and regulatory guidelines
- Conducting thorough credit analysis and risk assessment before recommending or approving credit facilities
- Working closely with credit administration and monitoring teams to ensure proper documentation and continuous portfolio management

### **Corporate Division Responsibilities:**

The Corporate Division develops and maintains relationships with corporate and commercial clients. Their responsibilities include:

- Recognizing prospective clients and fostering or improving relationships.
- Conducting market and risk assessments, drafting credit proposals, and providing recommendations.
- Designing loan conditions to guarantee that borrowers are able to repay and that the bank's interests are safeguarded.
- Monitoring and managing large-scale corporate loans and project financing activities.
- Ensuring compliance with the Bank's internal Credit Policy, Bangladesh Bank regulations, and Corporate Lending Standards.
- Coordinating syndicated loans and consortium financing for large industrial or infrastructure projects.

### **Credit Division Responsibilities at Janata Bank PLC.**

The Credit Division is responsible for maintaining strong asset quality and fostering a prudent credit culture while meeting customer requirements without incurring credit losses or excessive collection expenses. The Head of Credit and their team undertake independent assessment and approval in respect to credit and business risks.

#### **Key Responsibilities:**

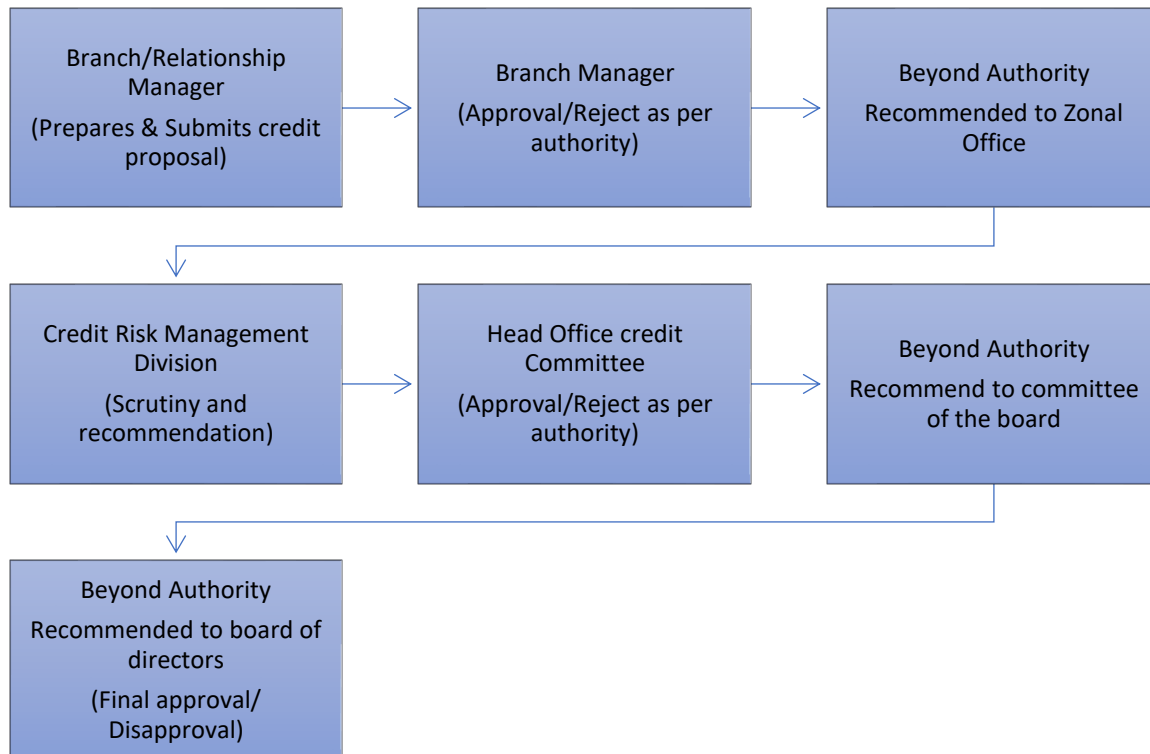
- Developing and implementing the bank's credit and lending policies.
- Collaborating with business units on portfolio management, risk parameters, and sector exposure.
- Overseeing credit policies, procedures, and controls across corporate, commercial, and retail banking segments.
- The credit application process requires approval or denial within established authorized credit limits.
- The system generates facility approval notifications which get distributed to all relevant departments.
- The bank needs to perform regular assessments to maintain its credit manual documentation.

**Responsibilities of Credit Officers/Managers:**

- Analyze and recommend credit proposals for higher-level approval.
- Ensure compliance with bank policies, regulations, and lending standards.
- Verify that CIB reports are updated (within 60 days) and clear of negative entries.
- Assist Relationship Managers in structuring credit facilities to satisfy both bank requirements and customer needs.
- Monitor developments in the markets that impact the bank's loan portfolio.
- Supply reports as directed by the heads of divisions.

## 2.7: Credit approval Process.

The credit approval system maintains separate functions between business development activities and credit decision authority.



**Chart-3:** Credit Approval Procedure

## **2.8: Credit proposal Processing**

The bank requires clients to provide all necessary documents when they apply for loans according to their established checklist. The application review process at branches confirms that all necessary documents are present and that all information matches the records and all details are correct.

### **Approval by Competent Authority:**

The competent authority uses the Delegation of Power (DOP) to decide on loan proposal acceptance or rejection. The bank establishes different approval levels for loan processing. They are:

- Branch Manager
- Regional Head
- Head of Credit Division
- Managing Director / CEO
- Board of Directors (for large / special loans)

The Credit Committee evaluates loan proposals through lending policy assessments and established criteria while meeting either scheduled or emergency meetings. The Managing Director holds the power to approve specific loan proposals after the Head Office Credit Division conducts an evaluation and he can pass this authority to zonal and branch managers with proper authorization.

### **Regional/Head Office Responsibility**

- Evaluate proposals to ensure they align with policy and merit.
- Manage credit facilities for either approval or renewal.
- Oversee branch loan portfolios, paying particular attention to classified accounts.
- Analyze advance reports and rectify any irregularities.
- Guarantee the enforcement of credit policy throughout all levels.

## **Credit Assessment**

The loan approval process requires complete due diligence to detect and assess and minimize all credit application-related risks. The Credit Proposal contains all relevant data which includes the following information:

- Loan amount and type
- Purpose of the loan
- Loan structure
- Security arrangements and collateral details
- Risk grading and mitigation measures

Additionally, it also involves an research of borrower analysis, industry developments, suppliers and buyer relationships, historical and forecasted financial statements, credit policy compliance, and review of loan structure and security. All these will result in a comprehensive review and risk mitigation.

### **2.9: Credit Administration**

The credit administration process requires proper documentation and approval procedures before releasing funds. The credit administration department maintains separate operations from Relationship Management (RM) to achieve effective control.

The following steps need to be followed:

1. The bank sends a sanction letter to the borrower.
2. The Head Office and JBPLC's panel lawyers assist in verifying that security and charge documents follow facility terms and legal requirements.
3. The bank provides the new credit facility an account number.
4. The bank sets up new account records in developing the complete borrower file.

## **Disbursement**

The credit disbursement process includes all types of loans together with overdrafts and cash credits and inland bill purchases and payments against documents and trust receipts and long-term loans.

### **2.10 Credit Monitoring**

The monitoring process requires credit management to track proper credit usage and monitor loan applications during the loan term and verify payment schedules.

**Early Alert Process:**

- Relationship Managers (RMs) need to detect risks immediately and notify Credit Risk Management (CRM) through formal communication within seven days.
- The risk classification system requires updates for problematic accounts which should receive recovery assistance from CRM.

**Early Alert Report:**

The system produces reports for situations where loan covenants are violated or market conditions deteriorate to the point where close attention becomes necessary.

**2.11: Credit Recovery**

The Recovery Unit (RU) handles accounts which show major deterioration through their risk ratings falling below standard levels. The handover checklist needs completion when an account moves to the Recovery Unit.

**RU Responsibilities:**

- Maintain continuous follow-up with borrowers for repayment.
- Ensure updated loan classification and provisioning.
- Prepare and submit recovery performance reports to the Head Office.
- Take prompt legal action against defaulters when necessary.
- Maintain records of all recovery efforts and court cases.

**Recovery Triggers:**

The recovery process starts when borrowers fail to make consistent payments and their accounts face any of the following issues:

- Insolvency or death of the borrower/grantor.
- Liquidation of the borrowing entity.
- The borrower's unwillingness to renew documentation.
- A decrease in the value of security or the financial status of the borrower.
- Fraudulent conduct by the borrower.

## 2.12: Retail Loans

Financial organizations provide retail loans as personal credit products to individual borrowers. The loans serve multiple purposes because they help people buy homes and cars and electronics and pay for education and medical expenses and other personal requirements. Financial institutions offer retail loans through defined terms which include interest rates and repayment schedules and credit qualification standards. Home loan, Car loan, personal loan and credit card financing make up the main types of retail loans. The loan structure enables people to obtain credit through income verification or collateral placement based on their chosen loan type.

### Car Loan

#### Purpose:

- To purchase a brand-new or reconditioned car for personal or official use.
- To support professionals or business owners who require vehicles for business operations.

#### Features:

- **Loan Amount:** Depending on the borrower's income and repayment ability.  
(Generally, from BDT 300,000 to 40,00,000)
- **Loan Tenancy:** Maximum of 5 years for brand-new cars and 3 years for reconditioned cars.
- **Interest Rate:** Competitive rates as per the bank's current retail lending policy.
- **Repayment Mode:** Equal Monthly Installments (EMIs) through auto debit from the borrower's account.

#### Eligibility:

**Age:** 21 years to 60 years

#### Work Experience:

- At least two year of continuous service for salaried employees.
- Minimum 3 years of business operation for self-employed applicants.

## **Required Documents:**

- Loan Request Form properly filled and signed.
- Recent photos of the applicant and guarantor.
- National ID Card (NID) or valid passport of borrower and guarantor.
- Salary Certificate or Pay Slip for salaried employees.
- Bank Statement of the last 6 months showing regular income transactions.
- TIN Certificate and Tax Return Copy.
- Quotation/Proforma Invoice from the authorized car dealer.
- Trade License and Business Proof (for businesspersons).
- Proof of Residence (utility bill or rental agreement).
- Two personal guarantors' details with ID copies and income proof.

## **Personal LOAN**

### **Purpose:**

- To meet urgent medical treatment, or family functions.
- To finance education expenses or children's tuition fees.
- To cover home renovation, furniture purchase, or household needs.

### **Features:**

- **Loan Amount:** Generally, its from BDT 50,000 to 10,00,000 depending on borrower's income and repayment capacity.
- **Loan Tenure:** Maximum 3 to 5 years depending on loan amount and borrower category.
- **Interest Rate:** Competitive rates as per the bank's current retail lending policy.
- **Repayment Mode:** Equal Monthly Installments (EMIs) through auto debit from the borrower's account.

### **Eligibility:**

**Age:** Must be between 21 to 60 years age

### **Employment Status:**

- Self-employed professionals such as doctors, engineers, teachers, or businesspersons with regular income.

**Work Experience:**

- At least 2 years of confirmed service for salaried individuals.
- Minimum 3 years of practice or business operation for professionals or entrepreneurs.

**Required Documents:**

- Two recent passport-size photographs of applicant and guarantor.
- National ID Card (NID) or valid passport of borrower and guarantor.
- Salary Certificate or Pay Slip (for salaried persons).
- TIN Certificate and latest Tax Return Copy.
- Proof of Residence
- Office ID Card or Employment Certificate (for service holders).
- Trade License / Professional Certificate (for business or self-employed applicants).
- Guarantor's Details with NID, income proof, and photographs.

**Home Loan****Purpose:**

- Construction of a new residential building on owned land.
- Purchase of an apartment, house, or residential plot.
- Extension, completion, or renovation of an existing house.
- Financing for refinancing existing house loans from other banks or institutions.
- Construction of a semi-pucca or pucca house in rural or urban areas.

**Features:**

- **Loan Amount:** Varies depending on the borrower's income and project cost, usually ranging BDT 5,00,000 to 1,20,00,000.
- **Loan Tenure:**
  - Highest of 20 years for construction or purchase of new homes.
  - 10 years for home renovation or extension purposes.
- **Interest Rate:** Competitive rate as per Janata Bank's existing home loan policy and Bangladesh Bank guidelines.
- **Repayment Mode:** Equal Monthly Installments (EMIs) over the loan period.

**Eligibility:**

- **Age:** At least 21 years to 60 years

- **Employment Status:**

- Salaried individuals in permanent service in a reputed organization.
- Self-employed professionals, businesspersons, or landlords with verifiable income.

- **Income Requirement:**

- Must have sufficient income to repay monthly installments.

- **Employment Experience:**

- Minimum 3 years of continuous employment for salaried individuals.
- At least 3 years of stable business or professional experience for self-employed applicants.

- **Property Ownership:**

- The land or house must be in the borrower's name or jointly owned with a legal heir.

### **Required Documents**

- Duly filled Loan Application Form with photographs.
- National ID Card (NID) or valid Passport of the applicant and guarantor.
- Recent passport-size photographs of applicant and guarantor.
- Salary Certificate / Pay Slip (for salaried persons).
- Bank Statement (last 12 months) showing regular income.
- Trade License, TIN Certificate, and Tax Return (for business persons)
- Original Title Deed / Sale Deed of land or apartment.
- Utility Bill / Proof of Residence.
- Guarantor's Information including NID, income proof, and photographs.

# **Chapter- 3**

## **Financial Data Analysis**

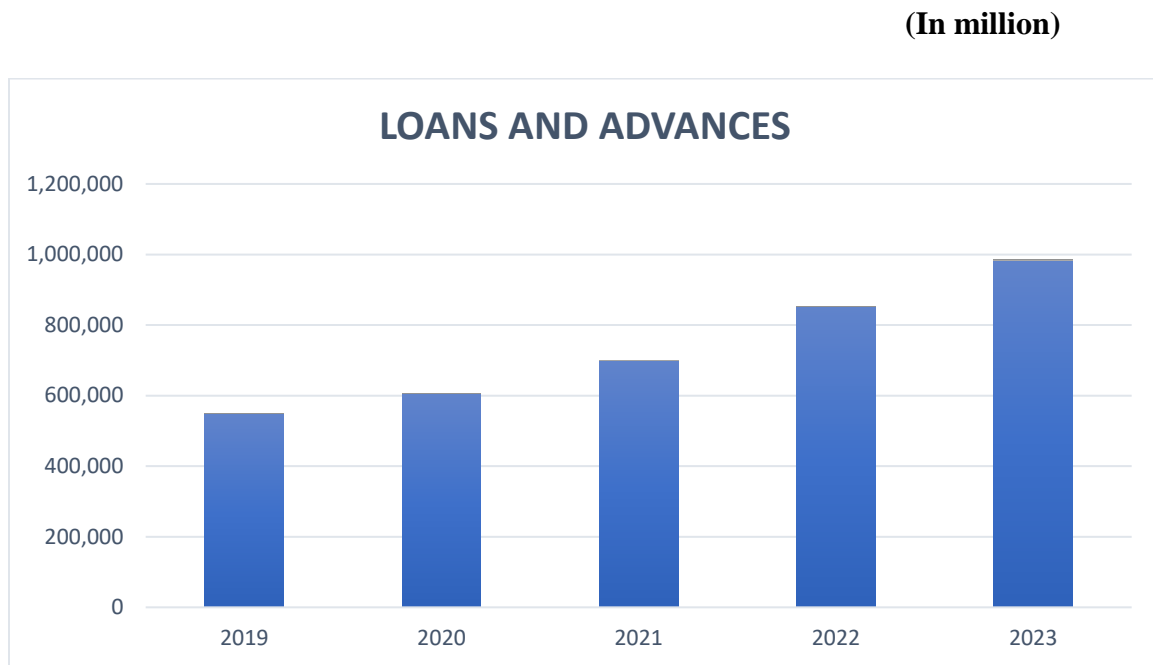
### 3.1: Janata Bank PLC. overall Performance for five years.

Particulars	2023	2022	2021	2020	2019
Authorized capital	30,000.00	30,000.00	30,000.00	30,000.00	30,000.00
paid up capital	23,140.00	23,140.00	23,140.00	23,140.00	23,140.00
Reserve fund	23,138.55	22,661.83	24,288.45	28,362.64	27,127.95
Total Capital (Tier I + Tier II)	57,139.63	62,836.75	63,793.32	60,169.13	58,075.81
Deposits	1,103,360.63	1,014,584.97	1,016,208.50	824,007.96	691,409.37
Loans & Advances	983,889.95	852,086.77	699,656.76	605,351.70	548,473.94
Investments	190,475.10	198,808.48	367,680.58	274,203.04	190,816.26
Import Business	455,666.40	483,683.20	275,158.00	186,289.00	210,957.20
Export Business	142,553.80	219,761.60	171,139.30	93,005.70	97,398.20
Foreign Remittance	86,286.70	59,313.80	68,298.00	78,144.30	75,532.10
Guarantee Business including ILC	25,487.03	20,233.56	28,980.39	30,827.04	21,290.84
Total Income	75,612.44	68,162.73	65,497.86	54,923.63	49,958.85
Total Expenditure	69,775.09	58,881.46	55,473.86	45,113.88	42,865.19
Operating Profit	5,837.35	9,281.27	10,024.00	9,809.76	7,093.66
Net Profit after Tax	553.10	1,133.43	3,003.19	143.18	246.44
Fixed Assets	8,647.12	8,797.53	9,222.74	8,437.23	7,833.08
Total Assets	1,387,058.68	1,275,032.27	1,249,540.23	1,043,311.18	895,387.08

**Chart- 4:** Janata Bank PLC. Overall Performance for five years.

### 3.2: Yearly Overview of Total Loans & Advances

The total loans and advances of Janata Bank PLC have shown a consistent increase each year. The following figure illustrates this year-on-year growth, reflecting the upward trend in the bank's loan and advance portfolio.



**Figure- 1:** Yearly Total Loans and Advances (in millions)

**Source:** Annual Report (2019-2023)

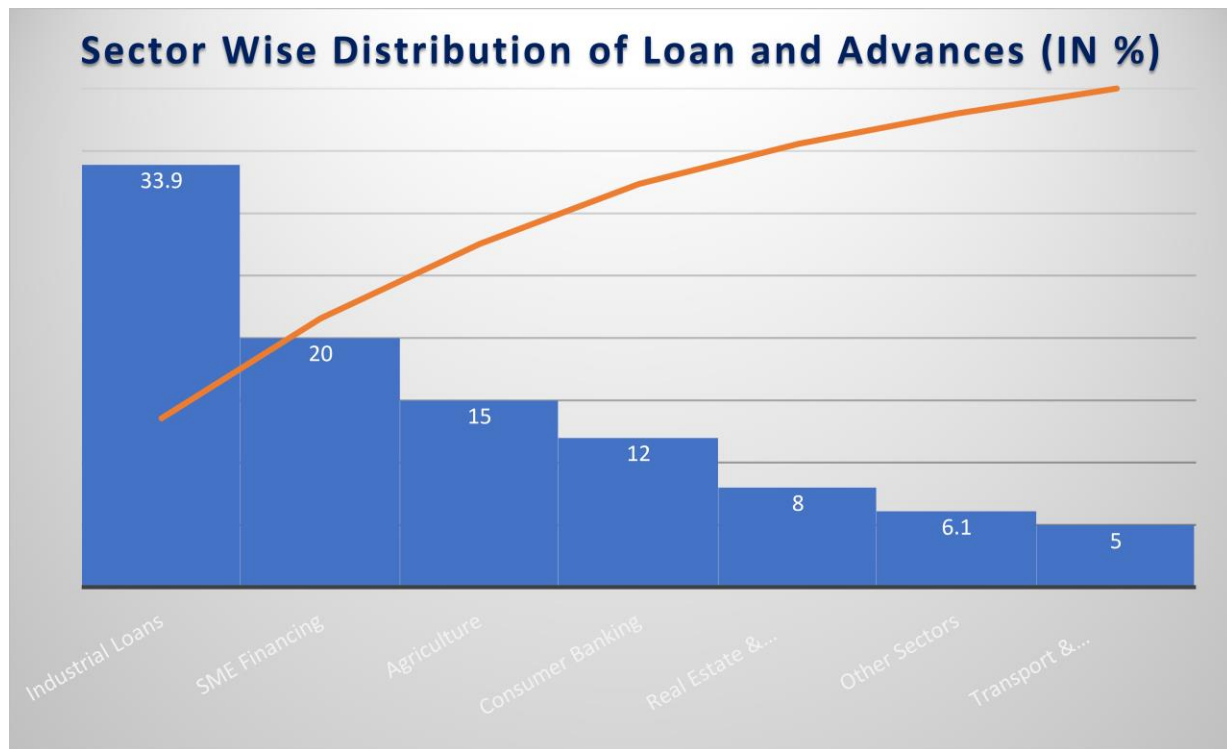
**Interpretation:** The bank's total loans and advances show an ongoing increase throughout the entire period according to the data. The total loan and advance average at Janata Bank PLC exceed the levels of all other banks.

**Reason:**

- **Growing Demand for Credit:** The bank provided more loans because customers needed credit for their business growth and SME funding and personal loan requirements. The bank provided additional loans to trade and industrial and agricultural sectors because of rising credit demands during this period.
- **Government Priority & Policy Support:** The bank supports government-backed initiatives through its programs which include SME and agriculture and stimulus package funding. The bank received more loan applications because of government-backed initiatives which supported SMEs and agriculture and stimulus packages during the post-pandemic recovery period from 2021 to 2023.

### 3.3: Sector wise Distribution of Loans and advances

In 2023 loan and advance distribution by Janata Bank PLC shows how the bank directs its credit resources toward different economic sectors. The following table shows the complete distribution of loans and advances:



**Figure- 2:** Sector wise Distribution of Loans and Advances

**Source:** Annual Report (2023)

Reason: The industrial sector received the largest share of Janata Bank PLC loans because big industrial operations need big working capital and extended funding periods. The bank dedicated 20% of its loans to SME financing because it supported government-backed initiatives for small and medium enterprise development. The bank allocated 15% of its loans to agriculture because Bangladesh Bank required this sector to receive priority funding. The 12% share of consumer banking loans resulted from rising customer interest in personal loans and home loans and salary-backed loans. Real estate loans (8%) experienced continuous growth because of expanding housing construction projects. The bank distributed loans across different sectors including transport (5%) and other sectors (6.10%) to achieve portfolio diversity and support essential service and infrastructure development.

### 3.4: Credit to Deposit Ratio Analysis

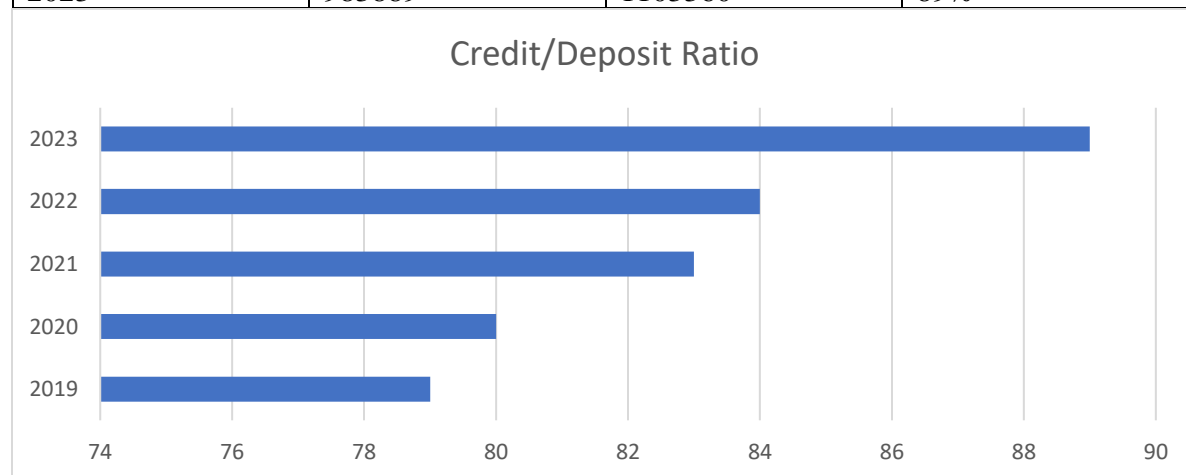
The Credit-deposit ratio indicates the proportion of the bank's funds that are used for extending a loan as credit. A bank demonstrates better deposit utilization for credit extension when its ratio reaches higher levels.

#### Formula:

$$\text{Credit-Deposit Ratio} = \frac{\text{Total Credit}}{\text{Total Deposits}}$$

The ratio functions as a vital metric which helps banks evaluate their financial health and their ability to provide loans.

Year	Total Credit	Total Deposit	Credit Ratio
2019	548473	691409	79%
2020	605351	748465	80%
2021	699656	833275	83%
2022	852086	1014584	84%
2023	983889	1103360	89%



**Figure- 3:** Credit to deposit ratio Analysis

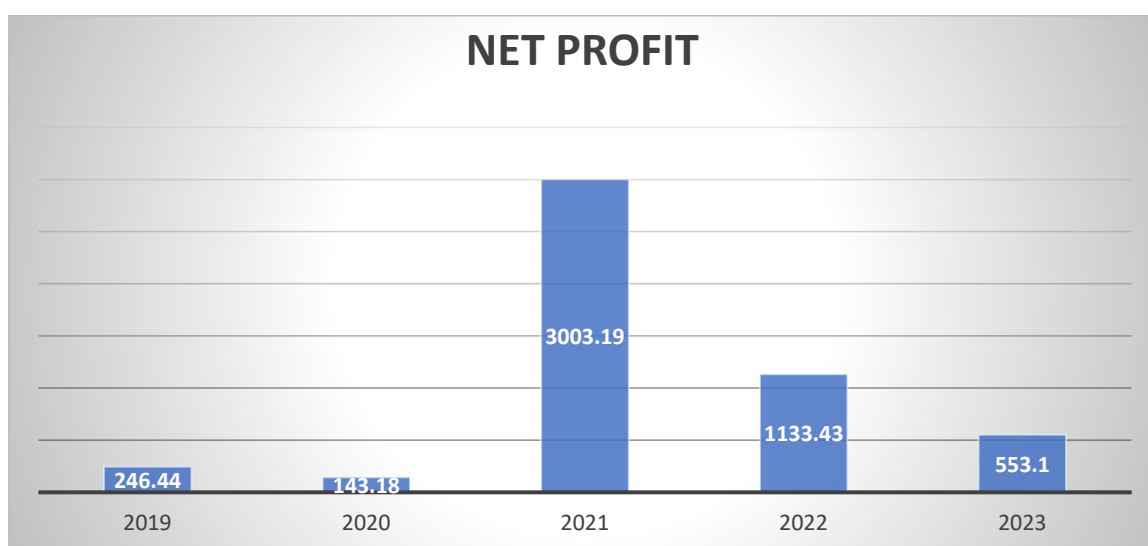
Source: Annual Report (2019-2023)

Reason: The Credit-to-Deposit Ratio (CDR) of Janata Bank PLC showed continuous growth from 79% in 2019 until it reached 89% in 2023. The bank has utilized more than 89% of its total deposits for loan issuance during this period. The bank expanded its credit operations through increased loan requests during 2019 to 2021 when the CDR grew from 79% to 83%. The economic recovery from COVID-19 led to increased business borrowing which caused the CDR to rise slightly during 2022. The CDR increased to 89% in 2023 because the bank distributed more loans to industrial and SME sectors while customer deposit growth remained slow.

### 3.5: Net Profit for the last five years

Net profit for the Last 5 years is given below:

Year	Amount BDT in million
2019	246.44
2020	143.18
2021	3003.19
2022	1133.43
2023	553.10



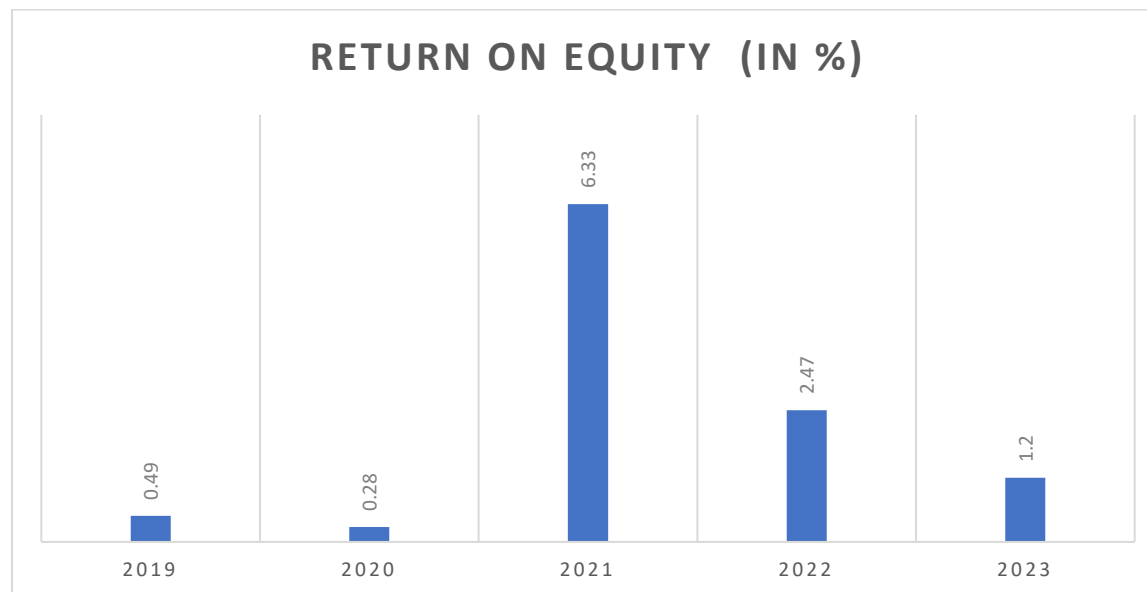
**Figure- 4:** Year Wise Net Profit of Janata Bank PLC.

Source: Annual Report (2019-2023)

Reason: The net profit of Janata Bank PLC showed substantial changes between 2019 and 2023. The bank generated 246.44 million BDT in 2019 but its profits dropped to 143.18 million BDT in 2020 because the COVID-19 pandemic caused economic stagnation which led to delayed loan payments and increased provisions for un performing loans. The bank achieved its highest net profit of 3,003.19 million BDT in 2021 through bad loan recoveries and provision write-backs and strong interest income growth from government-backed credit programs. The bank experienced declining profits during 2022 and 2023 because it needed to increase provisions for un performing loans and operating costs rose while interest income growth became slower. The bank's industrial and SME loan portfolio affected its profitability because some borrowers needed loan restructuring and experienced payment delays.

### 3.6: Return on Equity (ROE) for the Last 5 Years

The Bank achieved a ROE of 1.20 percent during 2023, whereas the previous year showed a ROE of 2.47 percent. Return on Equity of the Bank for the last five (5) years is given below:



**Figure- 5:** Return on Equity for last 5 years.

Source: Annual report (2019-2023)

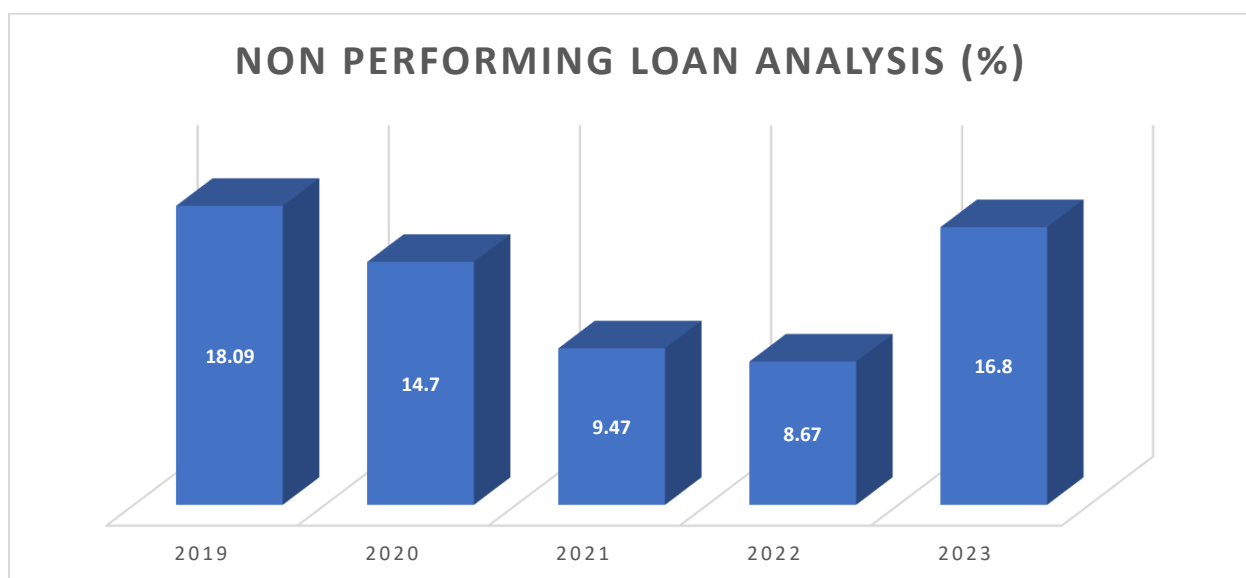
Interpretation: Increasing ROE suggests that profitability and efficiency in utilizing shareholders' equity have increased. Growth represents a healthy development in the financial performance of the bank.

#### Reason:

- **Impact of COVID-19 (2020):**  
The pandemic brought about economic slowdown which extended loan repayment periods and forced banks to increase their non-performing loan provisions which together reduced net income and resulted in lower ROE.
- **Exceptional Profit in 2021:**  
The bank achieved exceptional profit in 2021 because of bad loan recoveries and provision write-backs and strong lending income growth which increased its profitability.
- **Normalization in 2022–2023:**  
The ROE experienced a decline during 2022-23 because net profits decreased because of rising loan-loss provisions and elevated operating expenses and reduced interest income growth. The bank faced ongoing challenges from sectors that required financial restructuring.

### 3.7: Non performing Loan analysis

Year	Non performing Loan (%)
2019	18.09%
2020	14.70%
2021	9.47%
2022	8.67%
2023	16.80%



**Figure -6:** Year wise non-performing loan of JBPLC.

**Source:** Annual report (2019-2023)

**Reason:**

The COVID-19 pandemic led banks to reduce their non-performing loan (NPL) amounts through government stimulus packages and loan rescheduling programs during 2020–2022. The bank performed bad loan write-offs and restructurings which resulted in short-term asset quality enhancement. The bank achieved lower NPLs through its focus on SMEs and agriculture sectors while implementing better monitoring systems.

In 2023 NPL ratio reached 16.80% because industrial and SME borrowers faced challenges with loan repayments because of inflation and rising interest rates and economic decline. The non-performing loan status returned to previous levels for loans that received restructuring or payment deferral. The bank faced higher risk from specific industries and its loan recovery process took too long which led to rising NPLs.

# **Chapter- 4**

# **Questionnaire Survey**

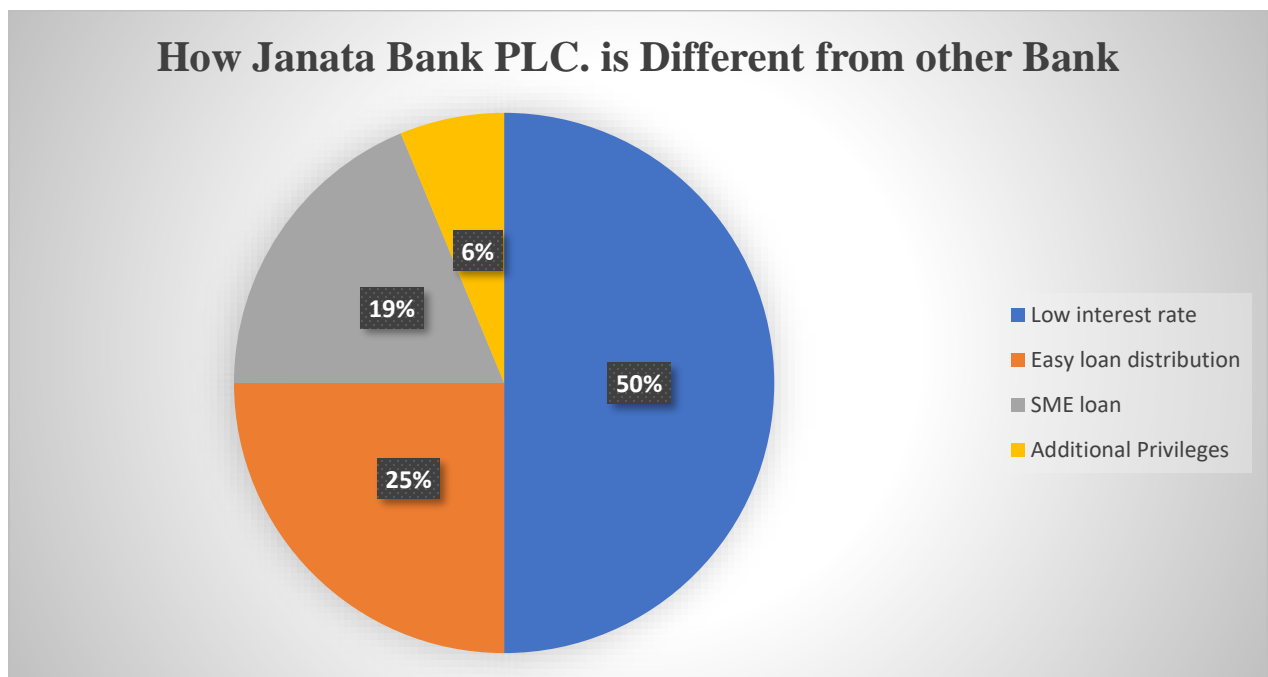
# **Analysis**

#### 4.1: Questionnaire Survey Analysis

A survey questionnaire is an important tool in any research because it provides necessary information on significant aspects and outcomes of the subject that has to be studied. By formulating proper questions, substantial data can be gathered from respondents through which a proper evaluation about particular areas can be done. The structured questionnaire for this study was administered to 16 clients of Janata Bank PLC. The following analysis and findings were derived from the responses collected:

#### Differencing Factors of JBPLC.

Factor	No. of respondent	Ratio
Low interest rate	8	50%
Easy loan distribution	4	25%
SME loan	3	18.75%
Additional Privileges	1	6.25%

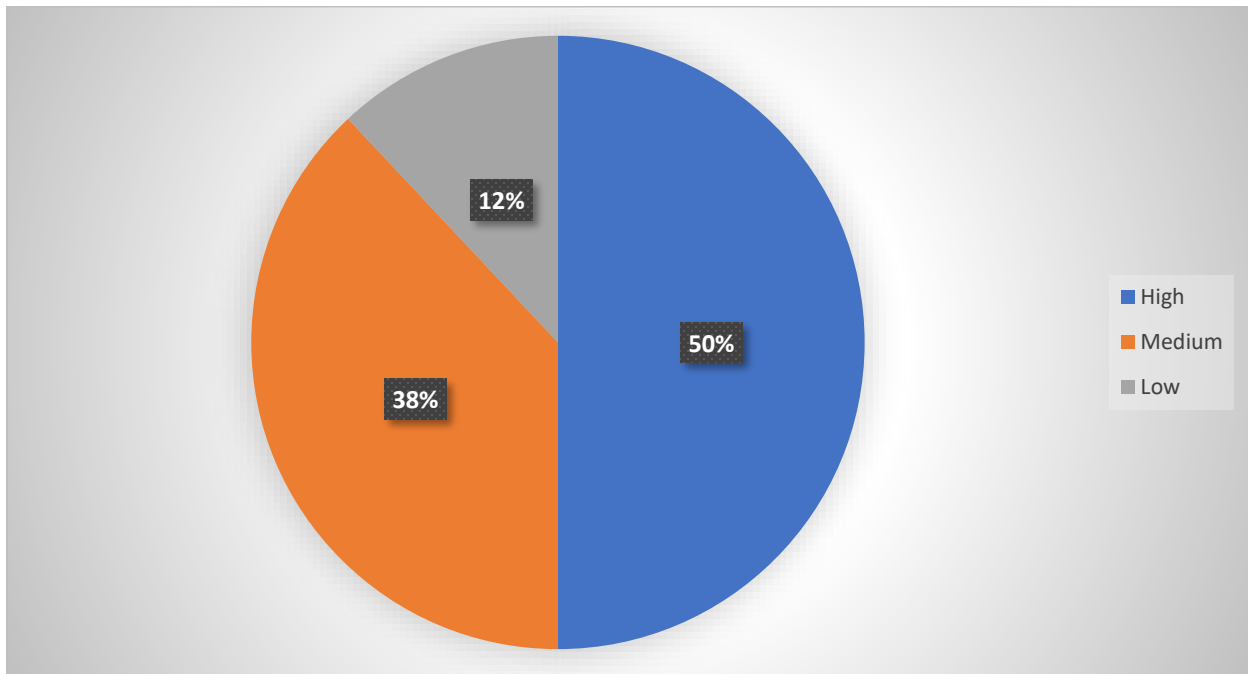


**Figure- 7:** Differencing Factors of JBPLC.

**Source:** Primary Data

#### 4.2: Opinion about the service charge of JBPLC.

Opinions	No. of respondent	Ratio
High	8	50%
Medium	6	38%
Low	2	12%

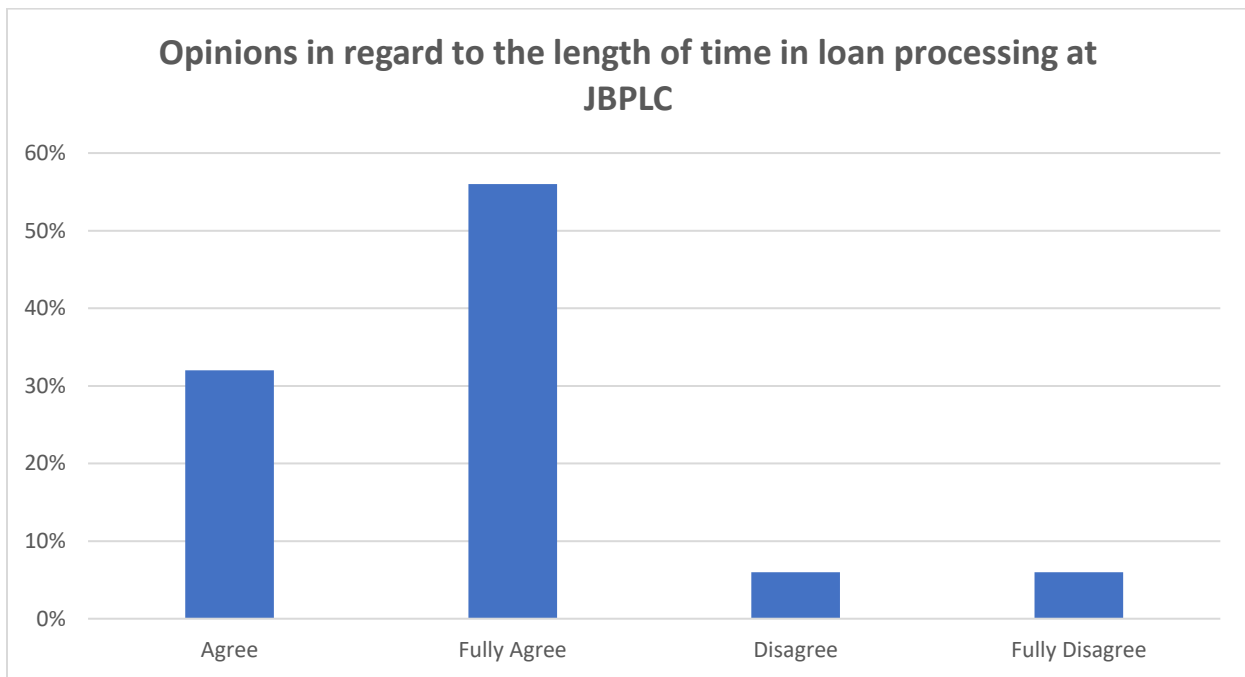


**Figure- 8:** Opinion about the service charge of JBPLC.

**Source:** Primary Data

#### 4.3: Opinions in regard to the length of time in loan processing at JBPLC

Opinions	No. of respondents	Ratio
Agree	5	32%
Fully Agree	9	56%
Disagree	1	6%
Fully Disagree	1	6%



**Figure- 9:** Opinions in regard to the length of time in loan processing at JBPLC

**Source:** Primary Data

# **Chapter- 5**

## **Findings**

## 5.1: Findings

I studied the credit risk management methods of Janata Bank PLC during my internship at the bank. The main objective of my assessment focused on determining the effectiveness of credit risk management at the bank. The following points summarize the bank's practices based on my research findings:

- **Lack of Department Titles:** The bank lacks department title identification. The different departments at Janata Bank perform specific duties which new clients and information seekers might struggle to locate. The bank's new clients face multiple challenges when they try to access the bank's services for the first time.
- **Desk Number Absence:** The absence of desk numbers creates problems for bank employees who need to perform tasks that span different departments. In the lack of department names and desk numbers, bank personnel require direction regarding which desk to visit inside each department. This information gap frequently occurs in banks, which causes workflow disruptions and decreased productivity for bank staff.
- **Incomplete Loan Documentation:** Sometimes loan documentation at the branch level is not fully completed, which can create risks for the bank.
- **Lack of Professionalism:** Sometimes they don't talk politely with customer and used local language.
- **Late Document Verification:** In some cases, document verification is done after the loan has already been approved, which can expose the bank to unnecessary risks.
- **Website Outdated:** Not all necessary information is available on Janata Bank PLC's website. The official Janata Bank website lacks good design. The official website makes it tough to get the information one needs.
- **Time-consuming:** The loan processing time is lengthy or time consuming which creates some unhappy clients.
- **Training Challenges:** The credit department faces challenges due to a lack of enough staff and insufficient training for employees, which affects the quality of credit evaluations.
- **Political Influence:** Sometimes they are biased on political person.
- **Late giving of customers cheques:** From the day the customer puts application for the loan until the check is issued close to the customer, it takes about one month to three months to issue a MICR cheques.
- **Difficulties in Loan Recovery:** The bank faces challenges in recovering loans. Because credit officers occasionally do not accurately evaluate the worth of collateral, which is crucial for securing the loan.

# **Chapter- 6**

## **Recommendations and Conclusion**

## 6.1: Recommendations:

I suggest addressing the following topics in order to resolve the challenges facing Janata

Bank PLC:

- **Mention the Name of the Department:** Customers can quickly identify the service they're looking for if the bank divisions' names are stated clearly in both Bengali and English. Customers no longer have to ask questions of the officers, which guarantees efficient workflow for bank staff and boosts productivity all around.
- **Mention the Desk Number and the Officer's Name:** Walking across desks in the bank becomes necessary because various duties are interconnected. One doesn't need to give an officer a verbal cue or make gestures to approach a specific desk if the desk number and the names of the relevant officers are listed on the desk. This avoids conflicts among bank employees and clarifies to clients where to go for banking services. Better communication between bank employees and clients and enhanced productivity at work are the outcomes.
- **Ensure Proper Loan Documentation:** The bank needs to handle loan documentation with precision and truthfulness because this approach creates trust and enables efficient operations.
- **To Improve Professionalism:** The staff members maintain respectful dialogue through proper speech while refraining from using local accent.
- **Maintaining and Making Use of the Bank's Website:** The website of Janata Bank serves users who work inside the bank and users who access the bank from outside. The bank makes its public information available to all users who access the system. The bank employees who work inside the organization perform essential duties through information verification and fund transfer operations and balance inquiries and customer data management and system updates. The platform displays information through an attractive interface which provides exclusive content to users who are not part of the organization. The internal users face performance issues because their tasks take longer to complete than expected. The bank website needs proper maintenance and optimization to achieve better operational efficiency in its banking services.
- **Provide More Training:** Bank needs to schedule ongoing training sessions and workshops which will help staff members develop their abilities and enhance organizational performance. The bank needs to bring in fresh employees who possess advanced skills.
- **Avoid Political Influence:** The approval and disbursement of loans should be free from political interference to ensure fairness and transparency.
- **Giving customers their cheques as soon as possible:** The time to give the cheque from the date of application should be reduced.
- **Create a recovery unit:** A dedicated team ought to be formed to manage non-performing loans, and providing performance-based incentives may encourage employees to enhance recovery rates.

## **6.2: Conclusion**

This report is aimed to appraise the credit risk management procedures of Janata Bank PLC. As the ability of the banks to recover successfully the loans that are extended by them is vital for the banks to remain financially stable, the awareness of credit risk is an important element for all banks. Failure to do so might lead to financial instability and ultimately force regular operations of the bank to come to a close.

In this respect, all the banks have utilized a specific Credit Risk Grading or CRG model to appraise the credit risk. The model has been used under compulsion by Bangladesh Bank, and the model grades the overall risk score under four major pillars of risk management: financial, business, management, and security risk.

The study also examines the credit risk standing of Janata Bank PLC in respect to the banking sector. In the determination of the credit risk scores, there was a careful assessment of many groups of risks, which were thereafter combined to establish the bank's general risk profile. This approach ensures that each and every risk factor is equitably represented in the final assessment.

The findings also indicate that Janata Bank PLC has a risk profile in credit that is considered to be moderate, consistent in major areas of performance. The institution has adequate risk management practices, though there is scope for enhancement in certain operational aspects with a view to further strengthening overall credit risk management and maintaining sustainable financial health.

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