



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

**INTERNSHIP REPORT ON**  
**CREDIT RISK MANAGEMENT OF JAMUNA BANK**  
**PLC**

**Supervised By**

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**Date of Submission: 12-12-2025**



## **CREDIT RISK MANAGEMENT OF JAMUNA BANK PLC**

## Letter of Submission

Date:12-12-2025

To

Dr. Md. Anhar Sharif Mollah  
Associate Professor of Finance  
Faculty of Business & Entrepreneurship  
Daffodil International University

Subject: Submission of internship report entitled “CREDIT RISK MANAGEMENT OF JAMUNA BANK PLC”.

Dear Sir,

I would like to submit my study entitled “INTERNSHIP REPORT ON CREDIT RISK MANAGEMENT OF JAMUNA BANK PLC”. This report has been prepared as a part of the requirements for the BBA program at Daffodil International University.

I completed my internship paperwork successfully. Working on this report has been a great learning experience for me as I studied the difference between theoretical and practical work. I hope the report is objective, systematic, and accurate.

I would like to thank you for giving support and guidelines that you have provided me.

Sincerely yours,



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Md. Amin Sordar Rony

ID: 221-11-1474

Major in Finance

Bachelor of Business Administration (BBA)

Department of Business Administration

Faculty of Business & Entrepreneurship

Daffodil International University

## Student's Declaration

I, Md. Amin Sordar Rony, now affirm that I alone am the author of the study titled "INTERNSHIP REPORT ON CREDIT RISK MANAGEMENT OF JAMUNA BANK PLC." No portion of this report has ever been submitted to another university, institution, or organization for a degree, certificate, or certification in academic study.

I further certify that this paper was written only for academic purposes and not for any other reason. It might not be utilized in the corporation's opposition party's best interests.



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Md. Amin Sordar Rony

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Major in Finance

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Department of Business Administration

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## Certificate of Approval

This is to certify that the internship report entitled “CREDIT RISK MANAGEMENT OF JAMUNA BANK LIMITED” is prepared by Md. Amin Sordar Rony, ID No. 221-11-1474, as a requirement BBA program under the Department of Business Administration and the Faculty of Business and Entrepreneurship at Daffodil International University

I wish her every success in life.



---

Dr. Md. Anhar Sharif Mollah  
Associate Professor of Finance  
Department of Finance and Banking  
Faculty of Business & Entrepreneurship  
Daffodil International University

## Acknowledgement

The value of practical knowledge cannot be overstated in today's rapidly changing world. In this regard, the Department of Business Administration at Daffodil International University inspires students to develop their skills and productivity through real-life learning. By the process, I have learned valuable insights that are far beyond usual classroom education. Preparing this report giving me the experience that has significantly contributed to my personal and professional growth.

I would most like to express sincere gratitude to my respected supervisor for his continuous guidance, valuable suggestions, and support for preparation this report. I'm also really thankful to the individuals I met during this internship who generously shared their time, information, and relevant materials, which greatly assisted me in completing this report. I genuinely believe that this report will serve as a useful reference for future students conducting research in this important area.

Finally, I would like to express my deepest gratitude to Almighty Allah, whose blessings, will, and guidance make it possible for me to complete this endeavor successfully.

## Executive Summary

In this report, an internship experience and its findings are discussed to fulfillment of the requirement for the Bachelor of Business Administration (BBA) degree. Based on this internship experience, it has been observed that the organizational work environment during my internship at Jamuna Bank PLC has remained motivating and welcoming, and the organizational members were observed to be knowledgeable and efficient under the supervision of the organizational management. Jamuna Bank PLC is one of the leading private banks in Bangladesh and is known for its excellent organizational service and efficiency.

It is evident that the report is focused on credit risk management practices at Jamuna Bank PLC, and it encompasses several areas such as compliance, organizational structure and credit operation process, loan approval and disbursal process, credit collection process, loan recovery process, and the diversity of credit products and services.

Firstly, the objective of this study is to be able to know the different credit programs and approval process of Jamuna Bank, analyze its credit assessment and risk management process, and explore possible flaws in credit management, and finally formulate some suggestions for improvement. Alongside this, the shortcomings of this work are recognized, and it is expected that this work will be able to contribute in some way to Jamuna Bank in improving their credit management process and helping them deal with their current problems.

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# **CHAPTER 1**

## **INTRODUCTION OF THE REPORT**

## 1.1 Introduction

Jamuna Bank PLC is one of the third-generation private commercial bank in Bangladesh that established in 2001 with the Companies Act 1994. The bank has 169 branches and 114 sub-branches in all over the country with a huge digital and ATM network. The bank provides various types of traditional and modernize banking services with the customer satisfaction. The bank has renowned their updated digital services such as “Shadhin” mobile banking and “Shadhin” internet banking so that, they can improve service delivery. As it is one of the most popular sustainable banks in Bangladesh with “AA1” (long-term) and “ST-1” (short-term) rating from the “Credit Rating Agency of Bangladesh (CRAB)”.

## 1.2 Scope of the Study

The study focuses on the techniques of credit risk management that adopted by Jamuna Bank PLC during the year 2020-2024. For this, the study would like to to get acquainted with risk identification, estimation, and management techniques of JBL during the period. The research will shows various key features of credit management such as loan classification, provisions, non-performing loans (NPLs), and recovery processes so that we could assess whether JBL has the efficiency to reduce credit risk. The study will be carried out mostly with the use of secondary data which obtained from the annual reports and other official documents of Jamuna Bank. As this study has been carried out within the context of an internship, the analysis will be within the boundaries of data accessible to JBL's Head Office.

## 1.3 Objectives of the Study

The main objective of this study is to analyse the credit risk management practices of Jamuna Bank PLC (JBL).

Specific Objectives:

- i. To understand the overall credit policy and approval process of Jamuna Bank PLC.
- ii. To evaluate the loan classification, provisioning, and recovery practices followed by JBL in compliance with Bangladesh Bank guidelines.
- iii. To assess the trend of non-performing loans (NPLs) and their impact on the bank’s financial performance.

## 1.4 Methodology of the Study

The paper uses both primary and secondary data collected from the internship period at Jamuna Bank PLC (JBL). The proposed method intends to identify the bank's management process for the credit risk within the period from 2020 to 2024. The study is both descriptive and analytical in nature. In this study, the existing credit risk management system used in the company identified as JBL.

### Sources of Data

**Primary Data:** Information for the study was collected using observation, casual conversations, and interviews from the Credit Risk Management Department and other associated sections in the banks.

**Secondary Data:** Secondary data was collected from the annual reports of JBL and other official documents from Bangladesh Bank's publication and website, as well as other articles relating to the period between 2020 and 2024.

**Data Collection Techniques:** The study used a combination of document analysis, analysis of policy manuals, and the analysis of statistical reports concerning loans, provisioning, and non-performing loans (NPLs).

## 1.5 Limitation of the Study

However, the study had some limitations. The internal credit information and data of the borrowers could not be accessed to the fullest because of the confidentiality norms existing within the organization. The short period of the internship limited the process of acquiring primary information on a larger scale. In addition, the report confines to the risk management aspect only related to credits, without including other risk elements such as market risk and operational risk. A greater portion of the information collected comes from secondary sources, which might be afflicted by the reporting bias. Lastly, the dynamic nature of banking norms and regulations could impair the effectiveness of the results for a period other than the existing scope of 2020 to 2024.

**CHAPTER 2**  
**ORGANIZATIONAL OVERVIEW OF JAMUNA**  
**BANK PLC**

## 2.1 History & Overview

The Jamuna Bank PLC (JBL) is one of the most popular third-generation private commercial banks operating in Bangladesh. The bank was formed in accordance with the Companies Act of 1994 and began operations on 3rd June 2001. The corporate headquarters are positioned in the Jamuna Bank Tower situated in Plot 14, Block C, Bir Uttam A. K. Khandaker Road, Gulshan-1, Dhaka. Jamuna Bank was formed by some well-known Bangladeshi personalities who possess expertise in trade, commerce, and industries. The principles behind Jamuna Bank are working to bring about economic development by financing new businesses and upgrading existing businesses.

Jamuna Bank has transformed itself over the years from a conventional commercial bank to a diversified financial institution with operations in retail banking, financing of SMEs, trade and export-import business, as well as conventional and Islamic banking operations through separate banking outlets. The bank has 169 full-fledged banking outlets spread across the country in the form of branches and sub-branches, ATMs, agent banking outlets, and other alternative delivery channels.

From a financial point of view, Jamuna Bank has been doing well with positive growth and efficient management of capital. In 2024, EPS has risen to BDT 3.17 with a Capital Adequacy Ratio (CAR) of 16.64%, surpassing the regulatory requirement of 12.5%, from BDT 2.68 in 2023. At present, in September 2024, the bank's Total Assets stand at BDT 402.4 billion with Deposits of BDT 326.8 billion and Loans & Advances approx. BDT 180.8 billion. At the same time that the bank has attained impressive financial successes, it has also been focusing heavily on making banking more convenient through its digital transformation strategy and mobile/internet banking and remittance services to the overseas Bangladeshi nationals. The bank's pursuit of sustainability and Corporate Social Responsibility such as Green Banking Initiatives, Entrepreneurship training sessions, and other social activities reflect the bank's commitment to ensure the development of an inclusive banking environment in Bangladesh.

## 2.2 Vision:

To become a leading banking institution and play a significant role in the development of the country

## 2.3 Mission

The Bank is committed to satisfy diverse needs of its customers through an array of products at a competitive price by using appropriate technology and providing timely service so that sustainable growth, reasonable return and contribution to the development of the country can be ensured with a motivated and professional workforce.

## 2.4 Strategic Objectives

- ✓ Earning and Maintaining CAMEL Rating ‘Strong’
- ✓ Establishing Relationship Banking and Enhancing Service Quality through Strategic Marketing Plans
- ✓ Becoming one of the Best Banks in Bangladesh in Terms of Profitability and Asset Quality
- ✓ Implementing Fully Automated Systems through IT Integration
- ✓ Achieving Adequate Return on Investment
- ✓ Maintaining an Acceptable Risk Position
- ✓ Ensuring Adequate Liquidity
- ✓ Sustaining Healthy Business Growth with a Positive Image
- ✓ Maintaining Effective Control Systems and Transparent Procedures

## 2.5 Core values

The following core values are the foundation of our culture, our brand and our business strategy. These Core Values embody who we are as a Company, guide our decisions and inspire us to go forward.

- Integrity and honesty
- Relationship
- Respect
- Loyalty
- Challenging work
- Teamwork
- Community

## 2.6 Products and Services

Products & Services Offered by Jamuna Bank PLC:

- a. Deposit Schemes
- b. Remittance & Collection
- c. Import & Export Handling & Finance
- d. Loan Syndication
- e. Project Finance
- f. Investment Banking
- g. Lease Finance
- h. Hire Purchase
- i. Personal Loan for Women
- j. 24-hours Banking
- k. Islamic Banking
- l. Corporate Banking
- m. Consumer Credit Scheme
- n. International Banking

## **CHAPTER 3**

# **INTERNSHIP ROLE AND RESPONSIBILITIES**

### 3.1 Role and Responsibilities

In the time of my internship at Jamuna Bank PLC, I was appointed in the “General Banking Department”, which supervise all day-to-day banking activities of Jamuna Bank. My work as an intern is observing the general banking operations, such as account opening, cash management, as well as customer services of officers. Although I was assigned in General Banking, for this report, I choose to describe “Credit Risk Management” because this is a critical area of modern banking systems. For reconciling my work experience at JBL in this domain, I have prepared this assignment by using data from my study as well as expert advice from Jamuna Bank officials.

My main responsibilities included:

- Helping customers to open accounts as well as update KYC (Know Your Customer) documents.
- Learning about deposit schemes, remittance services, and cheque clearing processes.
- Viewing cash transactions, as well as transaction recording.
- Assisting in writing documents and maintaining files.

### 3.2 Rationale of Roles and Responsibilities

The principal aim of my internship program is to attain actual exposure to real banking operations, as well as an understanding of how different functional departments work together to ensure that the bank is functioning at an optimal level. Though I underwent my internship in the General Banking Department of Jamuna Bank PLC, this exposure turned out to be quite useful for understanding bank infrastructure as it affects the Credit Risk Management Department of this organization in an obvious manner.

The general banking function serves as the operational hub of any bank, as it is where deposits of money, remittance of money, as well as customer relationships, occur. For this regard, I was actually able to gather the knowledge of accurate documentation, customer verification (KYC) procedures, as well as transaction verification, which have an imperative portion in credit risk control measures in banks.

### 3.3 Examples of Tasks Completed

- **1<sup>st</sup> month:** During the starting, I was aware of the organizational structure of the branch as well as the functions of different departments. It is during this period of learning that I acquired experience in customer service, account opening, and the necessary documents required for KYC norms. In addition, I became aware of the process of checking customers' information to prevent any kind of fraud. I also handled the deposit section, assisting in documenting transaction information on a daily basis and marking changes on the deposit slips. In this process, I became aware of different types of deposits: Fixed Deposits, Savings Deposits, and DPS deposits.
- **2<sup>nd</sup> month:** I was mainly involved in customer service and documentation activities. I assisted officers in verifying customer information, updating account records, and preparing various banking forms. I concentrated on cash management as well as balancing at the end of every day. I helped in preparing a transaction summary of every day, apart from balancing statements for officers. I also understood how cash management affects risks in relation to credits in banks.
- **3<sup>rd</sup> month:** I interacted with officers dealing with loan documents as well as updating customer data. Though I did not play an active role in evaluating credits, I became aware of how customer information is updated in customer files prior to disbursing loans to them. I also gathered secondary data for preparing my report on Credit Risk Management of JBL. In the final weeks, I contributed to compiling brief reports of customer feedback as well as data related to services. I analyses performance data, contributed to summarizing monthly activity reports, and took part in small departmental meetings. Such activities exposed me to an understanding of inter-departmental coordination as well as how general banking operations result in efficient lending operations.

# **CHAPTER 4**

## **KEY EXPERIENCES AND KEY LEARNINGS**

## 4.1 Important Learnings

I gained several skills during my time at Jamuna Bank PLC as an intern. Each of those skills has, in some way, contributed to shaping up the operations of this bank in an efficient manner in the following ways:

- **Understanding General Banking Operations:** I gained insights into how fundamental operations like opening an account, remittance, as well as cash management, financial operations in a bank. I also participate in those financial operations which ensure the banking operation run smoothly.
- **Customer Service and KYC Compliance:** As an intern I assist in customer verification processes as well as updating KYC forms in the banking system. I also help customer to understand and fulfil their KYC from.
- **Coordination and Teamwork:** I always try to work along with the bank officers to understand how they coordinate to each other in different ways. I understood the importance of teamwork which create a efficient organization's structure and also help to gained customers satisfaction.
- **Professional Development:** I've improve my communication skill, time management, and problem-solving skills, which will be very helpful in relation to the professional structure.

## 4.2 Roles and Responsibilities

As an intern in Jamuna Bank I was entrusted with many responsibilities which not only require for the job but also give the opportunity to learn and understand the real-life work experience. While I work in the General Banking Department, I get to know how such operations support the organization's strategic objective.

- **Fundamental of Banking Operations:** General banking operation are work as a engine for the whole banking operations. My role as an intern to help the officers in such work as account opening, remittance, as well as cash transaction. Beside that I also try to help customer in information desk.

- **Credit and Risk Departments:** The info of general banking, such as customer information, transaction data, and KYC, which is key input for the “Credit Risk Management Department” because that data will be used for customer analysis whether the customer are eligible for credit or getting loan.
  
- **Customer Relationship and Service:** As an intern my first priority is the customer satisfaction. So I tried to help customer and by watching officers deal with regular customer, I learned how to deal with them as well. In service sector like banking where customer are everything, so maintaining relation with customer which is also an important component of Jamuna Bank’s brand image.

### 4.3 Connection with Academia

At the time of my internship I get the experience of learning both in theoretical as well as in actual or real life practice. Well I’ve studied several courses during the time of my university as part of my BBA course, including “Fundamentals of Banking”, “Principles of Finance”, “Financial Management”, and many more which help me to apply these knowledge in actual bank operation at General Banking Division of Jamuna Bank. Being the part of an actual banking operations, including opening of accounts, clearing of cheque, and processing of remittances, has help me to relate academic concepts to actual workplace. I have also observed how concepts of liquidity, internal control, and customer service are applicable in real world scenarios.

#### 4.4 Learning for My Personal and Professional Growth

- **Practical Banking Knowledge:** First, I gained experience through the regular banking activities such as sitting on information desk and helping the customer and officers in their work.
- **Professional Communication:** By the time of as intern I've gained effective communicating skills by communication with the clients as well as colleagues. These give the confidence to communicate the real life working environment.
- **Teamwork/Collaboration:** At my internship, I tried to work with the officers and other stuffs, so by that I learned how to doing things as a team. These experience will be very helpful in my further professional growth.
- **Time Management:** At the work, sometime I have to done multiple things at a time which is also knows as multitasking, so I have learned how to perform to do that with out hampering the other task as well. Beside that maintain the proper timing of office also count in the time management as well.
- **Customer Relationship Skills:** At first, I faced so many problematic situation with the clients but by the time being I get to used to and facing less problem and gain more customer satisfaction which is very important even for the bank as well.
- **Personal Growth:** As far a I understand this internship give me the opportunity to meet the real world experience of working environment, which is quiet good for me as new comer and also believed that throughout the internship I become more confident, flexible and more professional ever then before.

# **CHAPTER 5**

## **CRITIQUE AND REFLECTIONS**

## 5.1 Critical Evaluation

The critical analysis of my experience at Jamuna Bank would be the advantages as well as disadvantages from a professional point of view:

### ☐ Positive Aspects:

- **Professional Environment:** At JBL, they seem to be quite professional, formal, organized, and team-minded. The bank officers are also very cooperative, always ready to assist me, which helps me to learn from them.
- **Practical Learning Exposure:** I also gained the hands-on experience in general banking operations which includes account opening, cheque clearing, as well as cash transactions. These give me the chance to understand how my study in BBA program can relate to the real-world scenarios.
- **Skill Development:** This opportunity of internship has given me the edge of where, my communication, teamwork, and time management capabilities are stand-out. Engaging with customers and workmates helped boost my confidence to deal with real business scenarios.
- **Insight into Banking Operations:** I understood how different subsections, such as General Banking, Credit, and Foreign Exchange, relate to each other for an efficient running of a Commercial Bank.
- **Supportive Supervision:** My superiors showed constant guidance, feedback, and support, which helped me work in an efficient manner and a professional mindset in myself.

### ☐ Negative or Limiting Aspects:

- **Limited Access to Data:** As a matter of confidentiality, I did not have an opportunity to review credit files, financial statements, or risk assessments, which contributed to a limitation in my understanding of credit risk management, which is my main topic of reporting.
- **Routine Tasks:** Certain tasks that were assigned to her were repetitive in nature, including checking documents and data entry, which did not involve much analysis or strategy exposure.

- **Short Internship Duration:** A period of three months is insufficient to acquire in-depth knowledge of different departments as well as understand the complex operations of banks, such as disbursing loans and credits.
- **Lack of Structured Training:** While learning took place by observation and guidance, no training program or rotation existed for interns to explore different areas systematically.

## 5.2 Key Challenges Faced

Being in an internship at Jamuna Bank Limited, I experienced several instances that challenged my adaptability, patience, as well as my skills as an employee in this workplace. I gained insights into what it feels like to work in a corporate bank, along with the responsibilities involved in this scenario.

- **Adapting to the Corporate Environment:** The period for adapting to this formal work atmosphere, time schedules, as well as formal methods of communication was quite difficult. Keeping everything in order, accurate, and focused also took immense consideration.
- **Time Management Under Pressure:** The general banking division always deals with many customers and transactions. Multitasking, such as customers' account opening, cheque clearing etc.
- **Understanding complex processes:** at first, I could not execute the technological function of bank, for example data entry, verification of documents, recording of transactions, etc., using through computer software.
- **Limited Access:** Because of bank confidentiality, I'm restricted from participating in processes like loan valuation, which restricts my level of involvement as a intern.

### 5.3 Learning from Challenges

The challenges that I've faced during the internship experience contributed to my improvement as an individual and as a professional. The knowledge I gained from the experience:

- **Flexibility and Professionalism:** Maintain myself in an office environment, improve my awareness of discipline, and being professional at workplace.
- **Efficiency and Time Management:** By working under pressure, I've learned how to prioritize things to accomplish them in an efficient way without wasting any quality and correctness of the work.
- **Technical and Operational Skills:** I gather knowledge like operating banking applications, writing in banking documents, which is also quite useful in banking sector.
- **Problem Solving and Patience:** By the time when I faced unexpected problems from customers or any system delays, I have learned that I have to remain calm, think, and find solutions for the job.
- **Academic Connection:** As an intern I've learned that how to apply what I have studied in my BBA program, such as the concepts of management, service quality, and internal control systems to real-world banking processes.

### 5.4 Learning from Challenges

The experience at Jamuna Bank Limited has played a very important role in enhancing my level of preparation and knowledge within the field of banking. It gave me ample opportunity to use the theoretical knowledge I have gained by doing the BBA course through the acquisition of practical knowledge concerning banking, including the operations that are related to customer service, overall banking practices, and documents related to finance. This experience has helped improve my skills and boost my level of confidence and knowledge concerning the overall operations of commercial banks within a competitive financial environment.

**CHAPTER 6**

**CREDIT RISK MANAGEMENT OF JAMUNA**

**BANK PLC**

## 6.1 Concept of Credit & Credit Risk

Credit basically is the lending of finances to a borrower with the intention of being reimbursed at a later stage, often accompanied by the addition of interest. The banking sector largely depends on credit because of the ways and mechanisms through which the credit system assists investment, consumption, and the development of the economy. The credit system includes all the frameworks and structures such as banks and markets through which the lending and borrowing take place. Nonetheless, credit risk exhibits uncertainty because of the potential that the borrower might not be able to repay the loan. This is the rationale behind the development of credit risk. The Basel Committee (2001) defined credit risk thus: "the risk that a bank borrower or counter-party will not fulfill any agreed repayment terms." This risk is viewed as the most material risk because a significant portion of the bank's balance sheet is linked to the lent and advanced portions. As such, credit risk has the direct capacity to affect the profitability and asset quality of the banking institution. Credit risk has serious adverse effects on bank capital and other variables, such as financing. Credit risk can be studied from different angles, and some of them are as follows:

- i) Concentration Risk
- ii) Country Risk
- iii) Transfer Risk
- iv) Settlement Risk

## 6.2 Source of Bank Credit

- Corporate Loans and Project Financing: Large sectoral concentrations of industrial and commercial borrowers create susceptibility to sectoral slowdowns.
- SME and Retail Loans: As these loans diversify the portfolio, but they carry higher default risk due to limited collateral and unstable cash flows.
- Import and Export Financing: World trade and foreign exchange rate fluctuations are increasingly introducing counterparty risks and settlement risks.
- Islamic Banking Investments: In Sharia-compliant agreements such as "Murabaha" and "Ijarah," risk can emerge due to non-payment from clients as per profit-sharing arrangements.

## 6.3 Credit Policy of Jamuna Bank

Jamuna Bank maintains a hierarchical credit approval system, and large and high-risk transactions are cleared through the Credit Committee and/or Board of Directors, following the required procedure of the central Bank of Bangladesh.

The scope of the policy includes the evaluation of borrowers, collateral management, sectoral limitation of exposures, loan classification, rescheduling of loans, provisions, and write-offs. The policy also includes conventional and Islamic banking facilities such as “Murabaha” and “Ijara.” JBL also uses supervisory review committees for monitoring. The important key areas that are considered are credit management structure, role segregation, review of portfolio, sector allocation, concentration of large loans, sectors that are discouraged, credit risk grading, documentation, and delegation of lending authority.

## 6.4 Credit Appraisal and Approval Process

### Initial screening for Sanctioning Loans

Jamuna Bank loan eligibility is based on the type of loan, but it has some criteria that require loan applicants to be between the ages of 21 and 65, having a minimum monthly net income that differs based on occupation.

### Borrower Analysis

Credit risk analysis is usually performed on the parameters of “5 Cs of Credit”.

1. **Character:** It has reference to the integrity and character of the borrower as far as financial transactions are concerned.
2. **Capacity:** Capacity is used by Jamuna Bank as an assessment of whether or not a borrower has sufficient ability and capability to produce funding that can be used for repaying the loan received through Jamuna Bank.
3. **Capital:** Capital refers to the financial strength of the borrower and his or her personal investment in the business
4. **Collateral:** Collateral is defined as collateral used as a kind of loan-security. Jamuna Bank evaluates whether collateral's are of value and marketable before approving any loan requests.
5. **Condition:** ‘Condition’ is the economic, industrial, and market environment that may impact or influence the borrower’s ability to repay.

## 6.5 Credit Risk Measurement & Monitoring Method

Credit risk measurement is defined as evaluating potential losses that could occur as a consequence of the failure of loan obligations by a borrower. Jamuna Bank applies measures that involve qualitative as well as quantitative methods of risk measurement at the transaction and portfolio risk levels.

- a. Credit Risk Grading (CRG) System
- b. Probability of Default (PD)
- c. Exposure at Default (EAD)
- d. Risk-Weighted Assets

Depending on the severity of risk, various weights are applied in a number of sectors, namely financial risk, managerial risk, relationship risk, industrial risk, commercial risk, and security risk. Prior to this evaluation, certain issues relating to the sanctioning of credits have been under scrutiny:

- a. Examination of the Borrower
- b. Industry
- c. Historical Financial Analysis
- d. Projected Financial Performance
- e. Infrastructure Facilities

## 6.6 Credit Risk Monitoring Methods

At Jamuna Bank, monitoring is an ongoing process conducted by both branch-level officers and the Credit Risk Management Division (CRMD) at the head office.

### a. Post-Disbursement Monitoring

After disbursing a loan, JBL ensure that:

- Funds are strictly used for approved purposes.
- Progress on projects is on target as per the approved business plans.
- All borrowers have to submit their financial reports and stock reports on a periodic basis.

#### **b. Early Warning System (EWS)**

Jamuna Bank has installed an Early Warning System that monitors signals of possible defaults, including:

- Frequent cheque returns
- Delayed payments or irregular installment behavior
- Declining account turnover
- Less collateral or changes of ownership

Accounts that display red signals are classified as “Special Mention Accounts (SMA).”

#### **c. Account Performance Review**

Every borrower is reviewed regularly (monthly or quarterly).

- Repayment behavior and cash flows are compared with previous experience.
- Variance analysis facilitates issue detection.

LRRs (Loan Review Reports) are prepared and submitted by branches to the Head Office.

#### **d. Portfolio Quality Review**

- Non-Performing Loan (NPL)
- Loan to Deposit Ratio
- Sectoral concentration
- Provision coverage ratio

#### **e. Credit Management Information System**

JBL use an integrated system called “Core Banking System (CBS)”. It oversees overdue payments, payments, and portfolio details. It has an automatic of alert and dashboard functionality which enables early detection of potential risk for any account. This way the digital system able to enhances accuracy, transparency, and decision-making efficiency.

## 6.7 Credit Risk Mitigation

Credit Risk Mitigation (CRM), on the other word, a measures which is used by banks to mitigate possible losses that may arise due to default or decreased credit quality. Jamuna Bank PLC, on its part, aims at making its loan and advance policies diversified and secured through Credit Risk Mitigation as its loan and advances are its most prominent asset, accounting for the larger portion of its balance sheet.

To reduce credit risk, Jamuna Bank adopts a comprehensive and multi-layered strategy, as per the guidelines of ‘Bangladesh Bank Core Risk Management Manual’ and ‘Basel III guidelines.’ Credit risk can be managed and mitigated at Jamuna Bank through its following key elements:

- 1. Collateral Management**
- 2. Credit Guarantees and Insurance**
- 3. Loan Portfolio Diversification**
- 4. Credit Rating and Risk Grading**
- 5. Loan Covenants and Documentation**
- 6. Credit Monitoring and Early Warning Systems**
- 7. Credit Risk Transfer**
- 8. Credit Culture and Training of Staff**
- 9. Use of Technology and MIS**

# **CHAPTER 7**

## **CONCLUSION**

## 7.1 Findings

- Jamuna Bank has an effective credit risk management process based on Bangladesh Bank and Basel III, but is currently experiencing an increased rate of NPL ratios since 2022.
- The Credit Risk Grading system, along with the Early Warning System, is efficient but not fully operational in all the branches.
- The lending portfolio is more depended in the corporate sectors, with about 70% concentration.
- The NPL coverage ratio has declined in 2022-2024 as compared to 2020-2021 (coverage ratio decreased to 81.99%), suggesting lower financial buffers against non-performing loans.
- The LDR (Loan to Deposit Ratio) was lower, standing at 58.54% in 2024, which reflecting the lender's conservatism.
- The capital adequacy ratio (CAR) of Jamuna bank's is quite strong, with 16.32%, is indicating stability, even if there are dealing other challenges.

## 7.2 Recommendations

1. **Loan Portfolio Diversification:** Expand the lending in SME's (Small & Medium Enterprises), retail business, & agriculture sectors.
2. **Improve Early Warning Systems:** Apply data analytic or artificial intelligence solutions to identify the possibility of default from payment behaviour.
3. **Enhance Provisioning Policy:** Reserve levels must be made more proportional to the growth of Non-Performing Loans.
4. **Credit Officer Training:** Provide continuing education on risk analysis and credit portfolio review.
5. **Strict Compliance Monitoring:** Enhance the frequency of the internal audit on high value loan accounts.
6. **Customer Support Programs:** Introduce the concept of restructuring plans for the temporary distress of customers to prevent the escalation of NPL's.
7. **Leverage Digital CRM Tools:** The solution involves the implementation of the integrated MIS dashboard for risk visualization on a branch-wide scale.

### 7.3 Conclusion

This study about “Credit Risk Management of Jamuna Bank PLC” shows that, the institute has developed an efficient process for managing credit risks, by following the guidelines of “Bangladesh Bank” and “Basel III.” The bank has continued strength in its growth rate in landings, profit, as well as its CAR (capital adequacy ratio) over the years. However, the study also reflects that, the bank has taken growth in the Non-Performing Loan ratio, especially from the start of 2022, which suggests the bank’s asset quality being negatively impacted due to the economic instability, which created by the “COVID-19” effect, inflation, and also depended in the corporate lending sector. Nevertheless, this institute has made impressive progress in its credit supervision, furnishing, and recovery strategies. Upgrades the technology of the bank, with the integration of early warning systems (EWS), have improved the bank’s performance to effectively monitor or supervise the possible credit risks. Still, there is always a room for improvement, noticeably in the areas of diversification, extant of credit to the SME and retail sectors, and credit surveillance from the ground zero. In this study, the overall scenario shows that the credit risk management process followed by Jamuna Bank is good, but it should be developed by the changes in its financial environment. There are more which needs the attention such as forecast risk analysis, technology based decision-making, and sustainable lending practices to assist the bank take to its profitability along with its vision and mission, Jamuna Bank PLC will always remain a prominent and trustworthy face of financial stability in the banking sector of Bangladesh.

# **Chapter 8**

## **Implications**

## **8.1 Applicability of Academic Learning**

The position of an intern has enabled the opportunity of learning important concepts, such as Bank Management, Risk Management, and Financial Institutions. The idea that deal with KYC compliance, liquidity management, control of internal structures, and analysis of credit are obvious important within the banking environment and which readily used through day-to-day banking operations at the branch banking.

## **8.2 The Organization Impact**

By the chance of work, I get involved and maintain myself within the realms of general banking activities, which brought a noticeable operational improvement . In every aspects such as a proper documentation support, or KYC updating, and even customer verification, these are help within the compliance level of the banking operations. This is because such operations lay a decisive foundation for the management of credit risk. This, therefore, served the ultimate aim of JBL's broader mission of ensuring efficient service delivery and risk-controlled banking operations.

## **8.3 Industry Relevance**

The experience has been very informative with respect to the commercial banking industry and environment of Bangladesh. Awareness of the Jamuna Bank approach to applying the directives of the Bangladesh Bank and managing credit discipline and the resultant rising NPL ratios provides a good perspective of the challenges of the banking industry because of the prevailing economics, including the after-effect of the pandemic.

## **8.4 Lessons Learned**

Several lessons were learned through the experience of the internship. The role of transparency and the way that procedures and protocols are followed came across very strongly to me every day. The way the officers handle complaints of the customers revealed that the key to gaining the confidence of the customer is through sound and error-less performance. Another lesson learned is that risk management itself also starts at the reception desk even before the loan file is transmitted to the Credit Risk Management Department.

## **8.5 Skill Development**

The experience has not only honed technical skills but also people skills. This opportunity has opened me to know the appropriate ways of engaging with clients, using the banking program, maintaining records, and time adjustment during the peak hours. The experience of a banking industry has improved analytical and more detail-oriented skills which is actually vital for any of future work related to credit management operations.

## **8.6 Challenges Faced**

Adapting to the proper banking system, understanding the critical processes, and gaining accuracy within the period of time, are the important challenges. A issues that I didn't have any credit data from the banking system because of the confidentiality and also difficult to understand the credit risk management practices. By the experiences, I was able to understand the significance of being more confident, organized, and positive in taking information from the bank officers.

## **8.7 Networking and Professional Relationships**

I build work connections with the branch officers, relationship managers, and other interns by time of my internship. Not only did I get to learn more about banking practices, but I also received advice and information concerning the finance sector.

## **8.8 Recommendations and Future Directions**

From the experience I've gained through the internship, I understand that for Jamuna Bank, it would be beneficial to have training sessions for the interns related to credit analysis tools and CRM. An automation of documentation work could also be of immense help. Personally, further studies related to financial analysis, online banking tools, and managing credit portfolios would make me even more banking industry-ready.

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## Appendix

### Non-Performing Loan (NPL) Ratio

The Non-Performing Loan ratio is one of the most important credit risk and quality of assets measures used by banks. The ratio indicates the percentage of outstanding bank loans that are likely to default on their payments, meaning the customers are unable to pay the interest or the capital on time, usually over 90 days.

NPL Ratio in last five years				
YR- 2020	YR- 2021	YR- 2022	YR- 2023	YR- 2024
2.93%	2.95%	5.29%	4.93%	6.88%

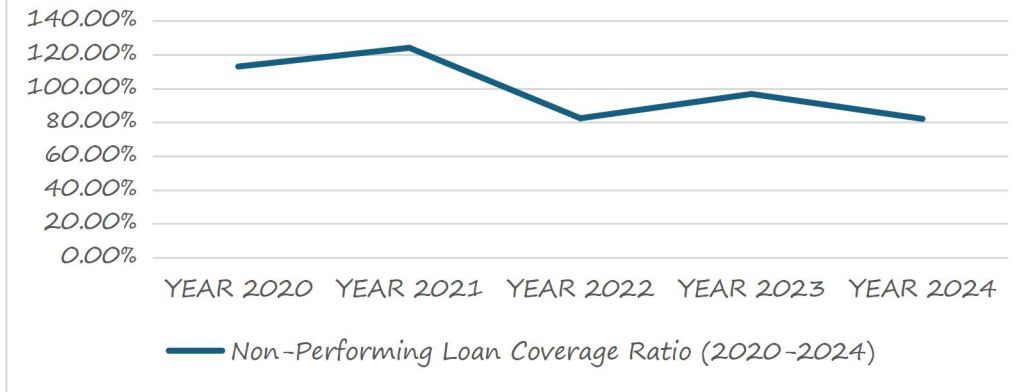


### Non-Performing Loan Coverage Ratio

The Non-Performing Loan Coverage Ratio, also referred to as the Loan Loss Provision Coverage Ratio, is one of the most important measures relating to the bank's susceptibility to possible losses due to the non-performing loans held by the bank. The ratio is concerned with the percentage of the non-performing loans held by the bank that are provided for, taking into account the possible credit losses incurred due to these defaulted loans, with higher ratios usually portraying sound credit risk management practices.

Non-Performing Loan Coverage Ratio (2020-2024)				
YR- 2020	YR- 2021	YR- 2022	YR- 2023	YR- 2024
112.94%	124.01%	82.36%	96.71%	81.99%

figure 4.2: Non-Performing Loan Coverage Ratio (2020-2024)

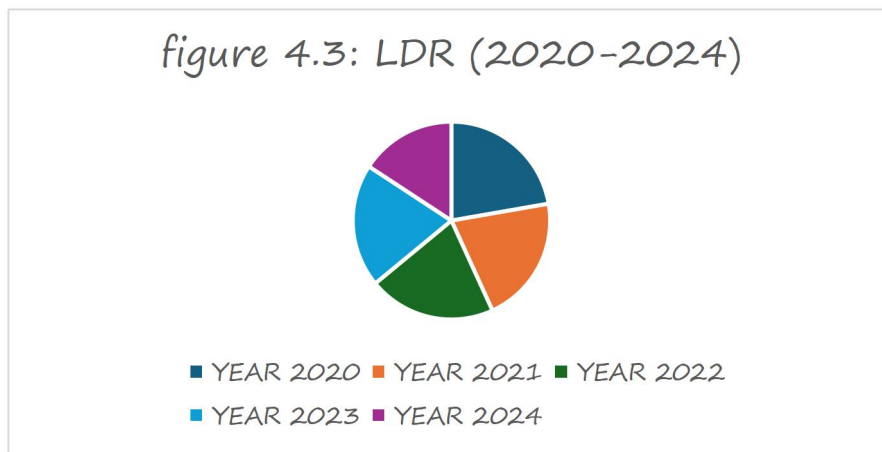


### Loan to Deposit Ratio (LDR)

The Loan to Deposit Ratio, or LDR, is one of the most important financial ratios that can be used to evaluate the liquidity efficiency of banks, because it measures the ratio of total loans to total deposits, which indicates the efficiency with which the deposits are being used to create funds through lending.

Loan to Deposit Ratio (2020-2024)				
YR- 2020	YR- 2021	YR- 2022	YR- 2023	YR- 2024
82.64%	77.56%	77.41%	74.93%	58.54%

figure 4.3: LDR (2020-2024)



## Capital Adequacy Ratio (CAR)

The Capital Adequacy Ratio, otherwise known as the Capital to Risk-Weighted Assets Ratio, is one of the most crucial financial ratios that help in the estimation of the financial soundness of an organization, particularly banks. The ratio is the ratio of the financial resources, or the capital, of the bank to its risk-weighted assets, which are the bank's exposure to various risks, weighed according to their type. The basic intent of the Capital Adequacy Ratio is to ensure that the capital of banks is adequate to withstand possible risks.

- Tier 1 capital comprises basic capital, mostly comprising equity, reserves, or other components that can cover the loss without stopping the bank's business activities.
- Tier 2 is supplementary capital, subordinated debt, or revaluation reserves, which form the second-tier capital, contribute to the capital base beyond the minimum required level.

A higher value of the CAR indicates that the capital position is strong, and the bank is resilient to financial stress, but the converse is true for a lower value of the CAR. The minimum levels of the CAR are required by the concerned authorities, such as Bangladesh Bank, to be maintained by the banks, generally about 12.5% according to Basel III norms.

Capital Adequacy Ratio (2020-2024)				
YR- 2020	YR- 2021	YR- 2022	YR- 2023	YR- 2024
15.43%	16.36%	16.69%	16.57%	16.32%

