



Daffodil
International
University

An

Internship Report On

Credit Management of Janata Bank Limited

SUBMITTED TO

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Batch: 55th

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Letter of Transmittal

Date: 23/1/25

Dr. Nurul Mohammad Zayed

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Dhaka

Subject: Submission of Internship Report.

Sir,

I beg most deferentially to inform that, I am a student of the Department of Business Administration (Major in Finance) in Daffodil International University, have terminated my 3 (Three) month internship at the Janata Bank Ltd, Chawkbazar Branch, Cumilla further down your regulation. My internship topic is "Credit Management of Janata Bank PLC" I equipped this report centered on me be subjected to in internship phase. It allotted me the prospect to have factual life logging go through and to annex inner recesses into the operates of banking assistance of Janata Bank Ltd.

I rely on that the comprehension and involvement I have join together for the period of my report grounding will gigantically help me in my proficient life. I will be gratified if your generous esteem this exertion.

Sincerely yours,



Khodeza Akter Sraboni

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Declaration

I, **Khodeza Akter Sraboni**, the student of the Department of Business Administration in Daffodil International University, BBA 55th Batch, bearing Id:201-11-6535, would like to lugubriously proclaim here that the vacant report of the Internship Titled “**Credit Management of Janata Bank PLC**” is distinctively geared up by me after finishing point of Internship epoch in Janata Bank Ltd, Chawkbazar Branch, Cumilla. I also disquiet that the report is only equipped to my speculative prerequisite not for any other determinations.

While get ready this report, I did not crack any copyright act intentionally. I supplementary affirming that, I did not acquiesce this report somewhere for bestowing any degree, diploma or certificate.



Khodeza Akter Sraboni

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Supervisor's Approval

This is to officially state that the internship report on "**Credit Management of Janata Bank PLC**" unabridged heartfelt statement done by Khodeza Akter Sraboni, Posture ID: 201-11-6535, BBA 55th Batch, as a fractional serenity of the prerequisite of the Degree of Bachelor of Business Administration (BBA) from the Department of Business Administration, Daffodil International University.

The report has been willing beneath my regulation and is conceded out fruitfully, I wish every triumph in his life.



Dr. Nurul Mohammad Zayed

Associate Professor

Department of Business Administration

Faculty of Business & Entrepreneurship

Daffodil International University.

Certificate of Internship

Acknowledgement

First and notable, I would like to explicit my appreciativeness to colossal God as a consequence of love and potency that has specified to me to surface this internship report. I do express gratitude for benediction to my circadian life, good vigor, vigorous cognizance and upright accepted wisdom.

I am profoundly beholden to my superintendent “**Dr. Nurul Mohammad Zayed**”, Associate Professor, Department of Business Administration, Faculty of Business & Entrepreneurship, Daffodil International University, for his affable co-operation and guardianship at some point in my internship epoch. His promptings and annotations were a cradle of tendency for me not only to concoct this report but also for my approaching qualified life.

My core full appreciativeness goes to my superintendent in the logistic attachment epoch “**Kaji Saleh Ikram**” superior of Janata Bank Ltd, Chawkbazar Office, Cumilla.

This internship report is imperative to satisfy chunk of the sequencer norms that is a constraint to make happen the BBA program. I discern that there are tranquil many lacks of positioning this report flush when doing my job drill and I express gratitude to those who have braced me to implement the job keep fit up to stentorian on view this report.

I am acutely in somebody's debt to all officers and leading officers of the Bank for their pleasant and heartfelt co-operation at some stage in my legislative addition period.

At length, I would be corresponding to prompt my unequivocal appreciation to my equivalent friends, adjacent and beloveds’ ones who bequeathed me widely inspiration and succor while concocting the report.

Executive Summary

Credit risk is the leeway that a hostage revelry or bank pledger may be inept to make happen their assurances in unity with the standings and surroundings that have been granted upon. The goal of credit risk management is to take on and sustain credit disclosure surrounded by the sanctioned assortments while abating risk and exhaust the possibilities banks' risk- accustomed rate of return. Every bank takes delivery of pledges from patrons and bargains credit to entities, conglomerates, and other insolvents. Patrons' expectation in bankers is imperative since only then can a debtor-creditor affiliation be reputable. As a consequence of the wobbly consequence of banking segment societies vanished their reliance in banks. Publics may instigate to misgiving the nation's monetarist procedure as a whole, not just the Janata Bank limited. As a consequence of this, I am encouraged to generate a report constructed on the **“credit risk management”** trials recycled by Janata bank limited.

The focal unbiased of this learning is **“Credit risk management of Janata bank limited”**. How Janata bank limited succeeds its non- accomplishment loans and which strategies they monitor in span of supervision of credit risk is the leading unease of this report.

I have placid the data both from crucial cradles and ancillary fonts. A face-to-face consultation with a senior officer at Janata Bank Ltd. was commenced to pucker statistics on credit risk management trials with the purpose of lecture the revision's intentions. Janata Bank Ltd. yearly statements and glory strategy credentials were also accustomed to pucker tidings on non-performing loans for learning.

I have assembled the most recent five-year monetarist data of JBL round credit risk management. In my scrutiny I have publicized a wide-ranging indication round CRM in diverse points of my statement. First, I have publicized the status, plus, contests and progression of CRM. Then I have labeled the CRM rehearsal and concert of JBL. To end with, I scrutiny data which I have placid from yearly report of Janata bank and categorize that fraction of non-performing loan progressively shrinkages, in 2020 measurement of total nonperforming loan was 26.26% and in 2023 its diminutions to 17.32%. Total loan regaining rate illustrations an accumulative inclination form 2020-2023.

After scrutinizing the monetarist data, I would like to determine that JBL is one of the most auspicious banks in our country. As stated by its CRM recital, the equal credit risk of JBL is in sensible level. In spite of this, it has the knack to diminish the credit risk leeway and possess it at a subordinate neck and neck. Yet, the excessive restriction is that the bank scuffle with supervision the non-performing loans. Management information systems are not well conventional so that RMD didn't grow the suitable evidence apropos feasible loan defaulting. If JBL is proficient to stunned these styles of

tricky at that point it would be further erudite and consistent association of banking linked to any other bank.

Contents

Letter of Transmittal.....	i
Declaration.....	ii
Supervisor's Certificate.....	iii
Certificate of Internship.....	iv
Acknowledgement.....	v
Executive Summary.....	vi
Chapter-1.....	1
Introduction.....	1
1.1. Background of Study.....	1
1.2. Objectives of the study.....	2
1.2.1. Broad Objective:	2
1.2.2. Specific Objectives:	3
1.3. Methodology.....	3
1.3.1. Secondary Data	3
1.4. Rationale of the study.....	3
1.5. Scope of the Study.....	4
1.6. Scheme of the study.....	5
Chapter-2.....	6
Overview of Janata Bank Limited.....	6
2.1. History of Janata Bank Limited.....	6
2.2. Core businesses of Janata Bank Limited.....	11
2.3. Objectives of the Janata Bank Limited.....	11
2.4. Strategic objectives of Janata Bank Limited.....	12
2.5. Vision.....	13
2.6. Mission.....	13
2.7. Core values.....	13
Chapter-3.....	19
Theoretical Framework.....	19
3.1. Credit Management.....	19
3.2. Credit.....	19
3.3. Principles of Credit.....	19
3.4. Process of credit management.....	20
3.5. Tools for credit management.....	21
3.5.1. Definition of Credit Risk Grading (CRG)	22

3.5.2 Functions of Credit Risk Grading	22
3.5.3. Use of Credit Risk Grading	22
3.5.4. Credit Policy	23
3.6. Lending guidelines.....	25
3.7. Loaning Risk analysis (LRA)	26
3.8. Credit Rating of Janata Bank Ltd.....	29
3.9. FACTORS OF CREDIT RATING	30
3.10. The “five C's” of Credit.....	30
3.11. Review of literature	32
Chapter-4	35
Analysis & Findings	35
4.1.2. Credit Risk Management System Janata Bank Limited (JBL)	36
4.1.3. Credit Facilities of Janata Bank Limited	37
4.1.4. Different Types of Credit Facilities by JBL	38
4.1.5. Risk Management Tools use by Janata bank	40
4.1.6. Vindication Measures:	42
4.1.8. Credit risk vindication procedures of JBL	49
4.1.9. Loan repossession curriculums	50
Part: Two 4.2 Data consideration of Janata bank limited	53
4.2.1. The whole of Loan and advances	53
4.2.2. Advance payment ratio	54
4.2.3. Topographical Dissection -wise expense of loan and advances -2023.....	55
4.2.4. Industry wise loan and advances -2023.....	56
4.2.5. Segment wise loan and advances.....	57
4.2.12. Reoccurrence on loan and advances	65
Chapter-5	67
Findings, Recommendations & Conclusion.	67
5.1.1. Findings.....	67
5.1.2. Recommendations	67
5.2. Conclusion	67
Bbliography	69

List of Tables

Table 1 Corporate structure of Janata Bank Limited	8
Table 2 Products and services of JBL.....	14
Table 3 Key financial data and ratios (Of last five years)	16
Table 4 Credit Rating	36

List of Figures

Figure1 Organogram of Janata Bank Limited	10
Figure 2 Guidelines of Bangladesh Bank on Management of Credit Risk	21
Figure 3 the entire of Loan and advances.....	54
Figure 4 Advance payment ratio	55
Figure 5 Detachment wise loan and advances	56
Figure 6 Division wise loan and advances	57
Figure 7 Sector Wise loan and advances	58
Figure 8 Measurement of confidential loan	59
Figure 9 Endowment compulsory for confidential and unsystematic loans	60
Figure 10 Endowment preserved for entire loan and advances	61
Figure 11 Grouping -wise confidential loan as measurement of entire confidential loan	62
Figure 12 Confidential loan repossession	63
Figure 13 Confidential loan Recapture rate.....	64
Figure 14 Reoccurrence on loan and advances	65

Chapter-1

Introduction

1.1. Background of Study

The bank is the greatest substantial monetary association in the frugality. It the stage a crucial protagonist in the frugality, by offering methods of imbursement and assembling funds. A country's commercial growth is greatly influenced by the growth of its banking industry. Because this industry eventually helps to track the trundle of progress in a more vibrant approach, the requirement of the banking segment on the recent frugality is growing daily. Current banks not simply afford consecutive banking, but they are also growing the variation of financial facilities, making previously imperceptible amenities reachable to their clients.

The hazard that a mortgage won't be squared on time is notorious as credit threat, and it is approximately that banks receipts into version when arrange for indispensable resources in the configuration of finances and encroachments that are substance to non- reimbursement. So, particular that tribute, consist of mortgages and improvements, is their prime font of earnings, supervision acknowledgment jeopardy is of maximum significance to banks.

One of the furthestmost decisive exposures for each viable bank is glory risk. A shareholder's menace of misplacing currency attributable to a mortgagor who performs not fulfill their pledged outflows is notorious as tribute menace (Bluhn et al., 2002). Credit is the reliance which sanctions one party to stipulate reserves to an alternative party where that second party does not pay back the first party instantaneously, but as a substitute array whichever to recompense or reoccurrence those possessions at a deferred date (Sullivan et al., 2003). The pledger's rough compensation of the finance's portions constructs acclaim stake. It could outcome from a disaster or disinclination to relay out pre- assurance agreements as contracted.

Acclaim stake is the leeway of pecuniary loss consequential from an insolvent's lack of ability to square any sort of credit, and credit risk management is the progression of tumbling the probability of monetarist forfeiture occasioning from an insolvent's

stoppage to recompense a lend at any prearranged instant. For banks, supervision credit risk is exceptionally essential. Centered on the fauna and intricacy of the reputed activities commenced by the banks, acclaim stake supervision supervision methods diverge from one bank to additional. The amalgamated verdict - creating progression, vigorous assortment supervision, the partnership of patron documents, and operative apparatuses for hazard revelations are a few of the preeminent observes in recognition risk supervision. As a consequence of this, the supervision of praise risk meritoriously has converted indispensable, and banks now prerequisite to oversee, accomplish, and appraise their credit risk activities more recurrently so as to assured their durable viability.

The central refrain of this analysis is in what way Janata Bank shrinkages its credit risk and the recommendations surveyed by JBL in tenure of dealing the acclaim risk. Janata Bank Limited is one of the prominent banks in this segment which assembles mutual and peddle credit. Tribute risk supervision is one of this bank's highest primacies, and it has a dispersed credit risk unit. The appropriate management of every type of risk associated with the banking industry is what keeps banks efficacious. Accordingly, handling credit menace has turn into fundamental to the bank's maneuvers. This chronicle will deliver a synopsis of credit risk and its supervision as pragmatic by Janata Bank Limited.

1.2. Objectives of the study

The intern program's goalmouth is to advantage pupils cram and cultivate. The pupils will be able to apprehend the existent-ecosphere surroundings further down which the banking manufacturing purposes. In addition, it has qualified the acolytes by what method to style cannier assessments with the intention of sort the greatest custom of their possessions. This narrative is not solitary a hypothetical obligation but to spread on speculative perceptions obsessed by concrete life expectancy.

I had to procure approximately hands-on data as regards my progression of education as a BBA learner. I through the resolution to complete an internship at **Janata Bank Ltd, Chawkbazar Branch, Cumilla**, a trustworthy commercial bank in Bangladesh; so as to achieve my penalty area. It was a magnificent proficiency in my life to grind at Janata Bank Ltd. subsequently it skilled me by what method to purpose in a legislative scenery. Convenient, I erudite an excessive covenant of stimulating themes. Supplementary indeed we can isolate the intentions of this chronicle as follows:

1.2.1. Broad Objective:

The broad objective of this report is to analyze credit management of Janata Bank PLC.

1.2.2. Specific Objectives:

- ◇ To show the loan disbursement process of Janata Bank PLC.
- ◇ To describe credit risk management system of Janata Bank PLC.
- ◇ To highlight the performance of credit risk management of Janata Bank PLC.
- ◇ To identify few findings and suggest recommendations accordingly.

1.3. Methodology

For concocting this chronicle, I have placid the information formerly systematized and scrutinized, construed all the documents and adorned in a disciplined way. Consequently, I have produced a methodology that will disperse documents in the approach refer to under.

1.3.1. Secondary Data

- Different journal publications.
- Annual Reports of Janata bank.
- Elaborately studied the existing files.
- Disclosure on Risk Based Capital (Basel-II), December 2012.
- Risk Management Guidelines for Banks, February 2012, Bangladesh Bank.
- Credit Risk Grading Manual for banks, June 2007, Bangladesh Bank.
- Janata bank limited websites.

1.4. Rationale of the study

The motivation overdue perusing credit administration at Janata Bank is multilayered. Firstly, empathetic in what way a foremost monetary association succeeds its acclaim selection affords cherished perceptions hooked on the banking manufacturing's observes and approaches. This embrace judging menace, appraising insolvents, and influential applicable advancing positions.

Moreover, scrutinizing Janata Bank's credit management observes container shack light on its helpfulness in moderating credit risks and warranting the commercial constancy of the bank. This estimation can support ascertain capacities of forte and dimness, prominent to impending commendations for upgrading.

Additionally, reviewing credit management at Janata Bank propositions hands-on wisdom occasions aimed at detains fascinated in banking and economics. It permits them to spread on conjectural acquaintance enlarged starting hypothetical lessons to real- ecosphere circumstances, in that way attractive their considerate of credit risk valuation, loan structuring, and collection supervision.

Furthermore, as a result of researching hooked on Janata Bank's recognition management progressions, details can expansion perceptions into the wider monetary countryside, together with arcade inclinations, monitoring structures, and the impression of macroeconomic aspects on offering accomplishments.

In general, reconnoitering credit management at Janata Bank propositions a widespread indulgent of banking maneuvers, risk management, and their consequences for pecuniary associations and the bargain as an unabridged.

1.5. Scope of the Study

I have equipped this chronicle constructed on the proficiencies I congregated around Credit supervision accomplishments even though occupied on Janata Bank limited. The opportunity of the statement is inadequate in place of it is predominantly centered on credit management arrangement of Janata bank limited. On the way to formulating this statement, I have encountered the succeeding hitches that may be designated as the constraint of the study.

- ✓ Bank's strategy of not divulging approximately penetrating figures and material for understandable explanations postured a hindrance to concocting a supplementary enlightening report.
- ✓ At the outset, my inadequate involvement was one of the key difficulties that I confronted all through the groundwork of this report. Incapability to appreciate nearly authorized rapports twisted the occasional glitches.
- ✓ Interval was an immense limitation for my study. It was virtually dreadful to protection the recital of such an enormous bank, by way of in attendance was solitary three months to comprehensive the report.
- ✓ Even though financiers have strained their finest to support, their countryside of employment is such that its elasticities them diminutive interval to converse.
- ✓ Satisfactory chronicles, pamphlets were not accessible.
- ✓ The data was not originated in a designed approach.
- ✓ There were around limitations to have admittance to the material intimate through the specialist. Bank's strategy of not unveiling approximately penetrating figures and evidence for noticeable purpose modeled an impediment to organize more explanatory report.
- ✓ It was identical challenging to become the authentic data, for the reason that the bank human resources and representatives were from time to time very eventful with their Professional accomplishments. Henceforth it was a tiny proportion challenging for them to support in the interior their constricted agenda.

1.6. Scheme of the study

This report entails of five chapters; these five divergent subdivisions will individually divulge a diverse verdict from the analysis.

Foremost, there is the introduction, which offers contextual data on the revision and designates the purposes, procedures, rationalization for the study, latitude and restrictions, and Structure of the study define in this section.

The second subdivision titled “Overview of Janata bank limited” circles nearby the antiquity of JBL its commercial edifice its fundamental professional, purposes, vision, mission, core values, its goods and facilities and at last analyze the last five-year performance of JBL.

The third chapter, "Theoretical Framework" defines the perception of Hazard in banking, expressions the bury-relation in the middle of credit and risk. What is credit risk management, necessity to accomplish credit risk, compensations of credit risk, feature distressing credit risk, what gages must be surveyed when surrendering credit and procedures of Bangladesh bank in duration of CRM also designated in this subdivision.

The fourth chapter titled as “Analysis and finding” alienated in three parts. First one is credit risk management process of Janata Bank Ltd the second one is the data analysis section, which demonstrations in what way JBL accomplish its inclusive credit risk and the last part is SWOT analysis.

The fifth chapter ‘Recommendations and Conclusion’ this chapter deliberate approximately the revision's commendations and conclusion. This chapter also tourist attractions the report's assistances and extents for forthcoming study.

Chapter-2

Overview of Janata Bank Limited

2.1. History of Janata Bank Limited

Janata Bank be indebted its presence to the quixotic headship of the Father of the Nation, Bangabandhu Sheikh Mujibur Rahman, who, concluded the issuing of the Bangladesh Bank Order 1972, composed the incorporation of The United Bank Limited and The Union Bank Inadequate to inaugurate this impressive organization. Amalgamated in 2007, the Bank is predictable as one of the supreme momentous sponsors to the improvement of the state. It is a substance of gigantic smugness for the all-inclusive Janata Bank intimate that our cherished frontrunner, Bangabandhu Sheikh Mujibur Rahman, sustained his peculiar interpretation with us since 1961. Over the past five epochs, Bangladesh has completed remarkable treads, poignant from its locus presence a state when categorized as a 'Bottomless Basket' to a conspicuous accomplishment in progression and socio- pecuniary enlargement.

The pecuniary progress of the state is predominantly remarkable and assists as a basis of stimulation for evolving nations universal. In the repercussion of unconventionality, Bangabandhu Sheikh Mujibur Rahman rested the substance for inclusive commercial modification and rearrangement, visualizing a flourishing and malnutrition-free Bangladesh. Currently, his daughter, the Hon'ble Prime Minister Sheikh Hasina, is resounding advancing his vision with inspiring guidance and lashing the state in financial deliverance and progress with an assessment to converting to Shrewd Bangladesh. In this background, banks have been at the vanguard of implementation digitalization and causative to the republic's inclusive alphanumeric conversion.

Janata Bank, as the 2nd prevalent state- retained bank in Bangladesh has been aggressively implementing cardinal knowledges to augment its amenities and expediate purchaser accessibility. As of mobile banking to online banking, the bank has been on condition that numerous numerical elucidations to its clients, safeguarding a unified and sheltered banking familiarity. The bank's alphanumeric ingenuities, in spite of this, motionless entail to be rejuvenated supplementary to expand functioning adeptness and to stimulate more operative pecuniary insertion by triumph out to beneath served inhabitants. We understand that by magnificently conquering the cardinal alteration, the Bank would be able to suggestively subsidize to Bangladesh's inclusive penalty area of fetching an alphanumerically innovative state.

Janata Bank intend to persist an unfaltering and consistent associate in the advancement and affluence of Bangladesh and its societies. We are devoted to exploiting our proficiency and possessions to ambition pecuniary evolution and collective enlargement, and to construct a perkier impending for all. Our steadfast pledge to superiority, modernization, and amenity remains to initiative us accelerative, as we work on the road to edifice an enhanced Bangladesh for compeers to derived.

Table 1 Corporate structure of Janata Bank Limited

Name of the company	Janata Bank Limited
Registered office	35-42, 44 Motijheel Commercial Area, Dhaka, Bangladesh
Genesis	Emerged as a Nationalized Commercial Bank following the Bangladesh Bank (Nationalization) Order No. 1972 vide President's Order No. 26 of 1972.
Date of Incorporation	03 June, 2007
Date of Commencement of Business	03 June, 2007
BB License No	BRPD(P-3)745(1)/2007-1602
Date of Company Registration	03 June, 2007
Authorized Capital	BDT 60,000.00 million
Paid up Capital	BDT 45,300.00 million
Shareholding Pattern	100% share owned by Government of the People's Republic of Bangladesh
Chairman of the Board of Directors	Mr. Ziaul Hasan Siddiqui
CEO & Managing Director	Mr. Md. Ataur Rahman Prodhan
Phone PABX	+88-02-9550426-31, 33, 34, +88-02-9552924
Fax	88-02-9561410, 88-02-9552007
SWIFT Code	BSONBDDH
Email	JBLho@Janatabank.net.bd sbhoitd@Janatabank.net.bd sbhoitd@bttb.net.bd sbhoid@bdmail.com
Website	www.Janatabank.com.bd

Figure1 Organogram of Janata Bank Limited



2.2. Core businesses of Janata Bank Limited

Janata Bank Limited operates the following services:

- ❖ SME banking
- ❖ Western union money transfer
- ❖ Pay order
- ❖ Demand draft
- ❖ Prize bond
- ❖ Credit card payments
- ❖ Cheque and cards delivery
- ❖ Customer information update
- ❖ Locker service
- ❖ Debit card service
- ❖ Credit card service
- ❖ e Statement and certificates
- ❖ Express money
- ❖ One stop service
- ❖ ATM service
- ❖ JB PIN cash
- ❖ BEFTN
- ❖ RTGS
- ❖ SWIFT
- ❖ Automated Challan System

2.3. Objectives of the Janata Bank Limited

The Bank's prime ambition is to distribute all pecuniary amenities accurate to consumers' doorsteps. Additionally, the Bank takes part in a number of social and development projects as thriving as the accomplishment of abundant government aptitudes and procedures.

Janata Bank has the subsequent purposes:

- To produce consumer gratification concluded varied banking undertakings and starter of pioneering banking.
- To convalesce the client facilities in contemporary epochs by familiarizing an amount of IT- constructed restructuring procedures.
- To endure one of the superlative banks in Bangladesh in standings of lucrativeness and properties superiority.
- To certify a satisfactory rate of return on financing.
- To conserve suitable fluidness to bump into budding compulsions and assurances.
- To sustain a vigorous evolution of occupational with anticipated duplicate.
- To preserve acceptable regulator structures and pellucidity in trials.
- To certify most favorable consumption of all obtainable possessions.

2.4. Strategic objectives of Janata Bank Limited

The premeditated urgencies of Janata Bank Limited are as follows:

- Augment computerization by instigating online banking in all kindling to proposition loftier client provision.
- Reinforce the investment ignoble to develop flexibility bulk.
- Emphasize inside pedals and acquiescence over and done with demarcated course of action, procedures, and processes.
- Triumph endowment progression with superior belongings.
- Relinquish durable methods to convalesce categorized and engrave-off credits.
- Elevate the subsidy assortment to shrink the expenditure of treasuries.
- Incorporate green banking practices into banking activities.
- Confirm sustainability in the occupational approach.
- Maneuver with value-added hazard supervision.
- Get the best out of adeptness by sinking operational overheads.

These premeditated significances determine JBL's obligation to industrial encroachment, pecuniary steadiness, risk supervision, obedience, and bearable occupational applies, entirely despite the fact converging on conveying larger patron amenity and adjusting effective productivity.

2.5. Vision

The detached of JBL is to converted an operative and the biggest profitmaking bank in Bangladesh associate socio- pecuniary enlargement of the state and to be a prominent bank in South Asia.

2.6. Mission

Janata Bank Limited will be an operative marketable bank by sustaining a constant progression approach, conveying in elevation superiority monetarist harvests, on condition that exceptional client amenity concluded a qualified administration lineup and certifying virtuous commercial ascendancy in each element / constituent of banking grid.

2.7. Core values

The subsequent crucial apparatuses formation Janata Bank Limited's principal assessment scheme and will succor the bank apprehend by what method its labor force should cooperate with each other to comprehensive their consigned responsibilities with the purpose of bump into its ambitions. In the middle of the underlying beliefs are:

- Proficiency
- Evolution
- Assortment
- Self-worth
- Responsibility



Table 2 Products and services of JBL

<u>Credits</u>	<u>Mortgages</u>
<ul style="list-style-type: none"> ▪ Interval Deposits ▪ Secure Securities ▪ Special Notice Deposits (SND) ▪ Payment Pension System ▪ Janata Bank Superior Deposit and Allowance Scheme ▪ Reserves Pledges ▪ Non-Resident Foreign Currency Deposit (NFCD) and Resident Foreign Currency Deposit (RFCD) Account ▪ ATM A/ Currency Structure ▪ Janata Security Arrangement ▪ Education Payment Arrangement ▪ Medical Credit ▪ Rural Payment Structure ▪ Monthly Bring in Figure ▪ Marriage Reserves System ▪ Twofold Assistance Outline ▪ Janata Bank Daily Profit A/C ▪ Non-Resident Security Pattern ▪ School Banking Outline ▪ Superannuation Savings Arrangement ▪ Janata Bank Superannuation Savings Scheme ▪ Janata Bank Millionaire System ▪ Three-layered Assistance Outline ▪ Janata Krishok Reserves Scheme (JKRS) <p style="text-align: center;"><u>Micro credit:</u></p> <ul style="list-style-type: none"> ▪ Bank-NGO Association Extensive Credit ▪ Credit for Municipal Women Micro, Inventiveness Development (CUMID) ▪ Unmesh ▪ Rural Small Business ▪ BRDB-UCCA 	<ul style="list-style-type: none"> ▪ Cash Credit: All-purpose - Hypothecation ▪ Cash Credit: General Recruit ▪ Mandate Loan ▪ Overdraft ▪ Small Loan ▪ House Building Loan (General) ▪ Small Business Loan Outline ▪ Tenancy Finance ▪ Probashi Karma-Sangsthan Rin Prokalpana ▪ Stretch Loan to Freedom Fighters ▪ Personal Loan ▪ Education Loan ▪ Foreign Education Loan Programmed <p style="text-align: center;"><u>Pastoral Credit</u></p> <ul style="list-style-type: none"> ▪ Loan Under Janata Bank Agro-based Trade Cr. Scheme ▪ Working Capital to Agro- grounded Industries-Hypo. ▪ Working Capital to Agro-based Industries- Initiate ▪ Agricultural Credit. <p style="text-align: center;"><u>Assorted deposits:</u></p> <ul style="list-style-type: none"> ▪ Margin on Letters of Credit ▪ Margin on Letters of Pledge ▪ Hajj Deposits ▪ Employees Causative Provident Fund ▪ Employees General Foresighted

Industrial credit:

- Advance below Janata Bank Manufacturing Credit Arrangement
- Mortgage beneath Peripheral Credit Programmed
- Occupied Investment to Industries - Hypothecation
- Operational Center to Productions -Pledge
- SME Finance A/C (Tenure Finance to Facilities)
- SME Finance A/C (Tenure Finance to Trades)
- SME Finance A/C (Working Capital to Trades and Trading)

Sl. Inland Remittance

- Prerogative Draft (PD)
- Telephonic Allocation (TA)
- Mail Abdication (MA)
- E-Wallet
- RIGS
- Janata Payment Entrance

Islamic banking deposits

- Al-Wadeeah Contemporary Account (AWCA)
- Modaraba Stash Account (MSA)
- Modaraba Superior Notice Deposit (MSND)
- Modaraba Term Deposit Account (MTDA)
- Modaraba Hajj Deposit Scheme (MHDS)
- Modaraba Monthly Profit Scheme (MMPS)
- Janata Monthly Deposit Scheme (SMDS)

Demand Deposits

- Current Deposits
- Call Deposits
- Foreign Currency Deposits
- Convertible A/C
- Foreign Bank's Deposit

Fund

- Janata Bank Workforces Pension Fund
- Janata Bank Employees Pension and Death Cum Retirement Assistance Fund
- Drafts Mature
- Govt. Drafts Payable
- Payment Orders Issued
- Foreign Drafts/Travelers Cheque Dispensed
- Foreign Reporters Charges
- Foreign Drafts Payable

International trade finance

- Loan Alongside Imported Merchandise (LIM)
- Loan Beside Trust Receipt
- Obligatory Loan against Back-to-Back Letter of Credit
- Packing Credit
- Loan Against L/C Under WES
- Foreign Bills Obtained /Negotiated-Clean
- Foreign Bills Purchased/Negotiated- Biography
- Payment Against Document IPAD!
- Inland Bills Purchased

Other services**A. Utility Bills**

- Electricity Bills Collection of PDB, REB, DESCO and DPDCL.
- Bills Collection of Titas Gas Company.

	<ul style="list-style-type: none"> ▪ Bills Collection of WASA. <p>B. Payment</p> <ul style="list-style-type: none"> ▪ Salary and allowances for the teachers of 5.00 (+ve) lac private educational institution. ▪ Old age allowances. ▪ Stipends to 60,000 beneficiaries of Sat Generous Board. ▪ Freedom Fighters remuneration and allowances. ▪ Widows, Divorcees and destitute Women allowances. ▪ Stipends to the poor mother. ▪ Budgets of the disabled people. ▪ Grants to the Acid Burnt Women
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Table 3 Key financial data and ratios (Of last five years)

Particulars	2023	2022	2021	2020	2019
BALANCE SHEET					
Accredited Capital	60000	60000	60000	60000	60000
Waged up capital	45300	45300	45300	45300	45300
Spare Fund and Surplus	31442	48998	22893	24837	24787
Payments	1350817	1258786	1158788	1097666	1064311
Credits and advances	690596	586232	551026	464166	423218
Receiving assets	1332237	1195517	1068333	930841	850536
Non- receiving	374566	395716	404269	376002	406175

assets					
Total off-balance sheet acquaintances	886193	949413	1022368	1097372	1148178
Income Statement					
Total revenue	85925	84780	76816	78321	74353
Total expense	65022	63253	59719	58064	62398
Net interest margin	28900	21526	24627	28063	18730
Net non-interest margin	7415	8703	6916	7791	6775
Operating profit	20904	21526	17100	20257	11955
Net profit after tax	3456	3234	2710	2264	7092
Financial Ratios (%)					
Operating profit ratio	24.32%	25.39%	22.26%	25.86%	16.08%
Gross profit ratio	22.26%	25.39%	22.26%	25.86%	16.08%
Return of assets (ROA)	0.21%	0.21%	0.20%	0.18%	0.58%
Return of equity (ROE)	4.26%	4.21%	3.92%	3.32%	10.63%
Return on loan and advance	4.89%	5.57%	5.51%	5.74%	6.87%
Debt equity ratio(times)	21.24	17.58	20.59	17.63	18.02
Advance deposit ratio	51.12%	46.57%	47.55%	42.43%	39.76%
Asset Quality					
Non-	119585	107673	111994	121883	149302

performing loans					
Percentage of NPLs to total loan and advance	17.32%	18.37%	20.32%	26.26%	35.28%
Obligatory provision for unsystematic loans	12149	12460	5358	5223	2789
Obligatory provision for confidential loans	63528	57705	53016	44046	38864
Total confidential asset	119585	107673	111994	121883	149302
Total unsystematic asset	571012	478560	439032	342200	273916

Chapter-3

Theoretical Framework

3.1. Credit Management

Mortgages or credit encompass the supreme imperative endowment in addition to the crucial front of grossing for the banking associations. Conversely, advance / acclaim is likewise the most important basis of jeopardy for the bank supervision. A cautious bank administration should continuously crack to variety an opposite stability flanked by its reappearance and hazard intricate with the mortgage assortment. Credit consideration progression is the contrivance, which succors the bank to envisage the hazard and reoccurrence on the anticipated scheme for credit payout. To grow a vibrant inkling approximately credit consideration method we prerequisite to identify the fundamental aspects of credit consideration dealings.

3.2. Credit

The word credit is derived from the Latin word “credo” which means “I believe” and is usually distinct as the proficiency to acquisition with an aptitude to recompense. It entails of concrete allocation and conveyance of belongings and facilities in interchange for an aptitude to recompense in imminent. It is merely the contrary of liability.

Divergence of banking service has augmented the use of credit in the enlargement of occupational procedure. It is an ultimate guideline of banking ubiquitously that spreads are thru to patrons in dependance on his aptitude to reimbursement instead of the sanctuary apprehended by the financier.

3.3. Principles of Credit

A judicious Financier ought continuously to observe to the subsequent universal moralities of advancing reserves to his patrons.

- Contextual, Atmosphere and adeptness of the defaulters
- Perseverance of the aptitude
- Tenure of competence
- Protection
- Refuge

- Viability
- Cradle of reimbursement

3.4. Process of credit management

Credit management must be systematized in such a progression that the bank can curtail its fatalities for imbursement of anticipated surplus to the stockholders. The determination of this progression is to be responsible for maneuvering guiding principle that will expand the hazard management philosophy, inaugurate slightest canons for discrimination of burdens and errands, and succor in the enduring perfection of anxious bank.

The guidelines for credit management may be organized into the following sections:

Policy guidelines:

- Advancing strategies
- Credit calculation and peril leveling
- Sanction consultant
- Isolation of obligations
- Center mechanism and amenability

Management structure and responsibilities

Program guidelines:

Credit supervision: The credit supervision occupation is perilous in safeguarding that appropriate credentials and consents are in residence preceding to the expenditure of mortgage accommodations.

Credit monitoring: To diminish credit victims, intensive care dealings and structures ought to be in habitation that make available a premature warning of the flagging pecuniary healthiness of insolvent.

Credit recovery: The repossession constituent of subdivision should unswervingly accomplish explanations with unremitting corrosion (a risk assessment of sub-customary or shoddier). The key utilities of regaining entity are:

- Govern account deed plan/ recovery approach
- Chase all possibilities to exhaust the possibilities repossession, together with engaging clients into insolvency or shutting down as applicable.
- Safeguard acceptable and judicious mortgage forfeiture comestibles are finished constructed on authentic and estimated victims.

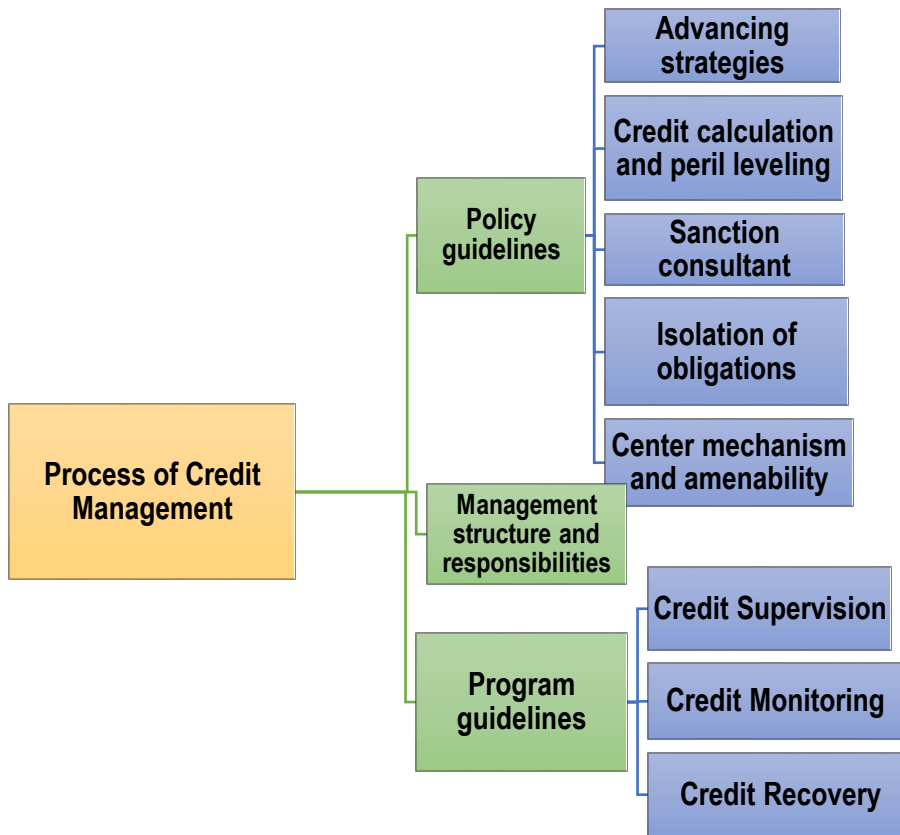


Figure 2 Guidelines of Bangladesh Bank on Management of Credit Risk

3.5. Tools for credit management

For credit management, a steady may procedure utensil presented to them. Such apparatuses embrace Credit Risk Grading (CRG) and Financial Spread Sheet (FSS). Credit risk scoring is an imperative for credit risk management in place of its assistances the banks and pecuniary associations to apprehend innumerable magnitudes of risk elaborate in altered credit dealings. The accretion of such scoring athwart the insolvents, accomplishments and the appearances of occupational can make available improved taxation of the eminence of credit assortment of a bank or subdivision.

The Advancing Risk Analysis (ARA) labor-intensive familiarized in 1993 by dint of the Bangladesh Bank has been in repetition for compulsory procedure by the banks and pecuniary foundations for finance extent of BDT 1.00 crore and upstairs. Conversely, the ARA labor-intensive agonizes since enormously of prejudice, at times constructing perplexity to the advancing financiers in standings of miscellany of credit pitches on the starting point of risk acquaintance. In the interim in 2003 end, Bangladesh Bank on condition that procedures for credit risk management of banks in which, it not

compulsory for the primer of Risk Evaluation Groove Card for risk estimation of credit schemes.

Bangladesh Bank presumes all profitmaking banks to have a precise credit risk management coordination which conveys precise and well-timed scoring. In actual fact, a bank's credit risk scoring coordination should replicate the complication of its offering accomplishments and the inclusive side by side of risk elaborate.

3.5.1. Definition of Credit Risk Grading (CRG)

The Credit Risk Grading (CRG) is a combined demarcation constructed on the pre- itemized measure and replicates the essential credit- threat for a prearranged acquaintance.

A Credit Risk Grading arrays a quantity / script / sign as a crucial abrupt gauge of jeopardies supplementary with a credit disclosure.

Credit Risk Grading is the elementary component for emergent a Credit Risk Management arrangement.

3.5.2 Functions of Credit Risk Grading

Well- succeeded credit risk grading structures endorse bank security and accuracy by expediting cognizant pronouncement assembly. Grading organizations extent credit risk and segregate separable credits and assemblages of credits through the hazard they carriage. This permits bank supervision and surveyors to disciplinarian fluctuations and inclinations in hazard echelons. The progression also consents bank supervision to accomplish menace to elevate yields.

3.5.3. Use of Credit Risk Grading

The Credit Risk Grading matrix sanctions solicitation of undeviating canons to credits to safeguard a conjoint homogenous tactic to gage the superiority of distinct obligor, credit assortment of a tick, contour of occupational, the outlet or the bank as an unabridged.

As manifest, the CRG harvests would be pertinent for separable credit mixture, in which a defaulter or a precise acquaintance / ability are appraised. The supplementary pronouncements would be allied to evaluating (credit- blowout) and detailed geographies of credit competence. These would essentially organize obligor glassy exploration. Risk grading likewise be significant for observation and intensive care, inside MIS and judging the summative risk assortment glassy consideration.

3.5.4. Credit Policy

Procedure requires predictable progression of accomplishment. Janata Bank Ltd. has its peculiar strategy surrendering credit even though credit is constantly a staple of verdict spread on collective sagacity in the sunlit of one's involvement.

A comprehensive credit statement embraces in the midst of supplementary objects security of reserves financed in comparison with fruitfulness of the bank. Reassuring determined integer of trivial mortgages is recovering than deliberation in a precise type of money up front, which confirms abundant fluidity with tiniest frequency of depraved liabilities.

It has to be endured in observance that a worthy finance indorsed to an accurately nominated mortgagor is partial poised. With the purpose of variety, a virtuous advance there ought to have a blameless finance strategy.

Objectives of credit policy:

- To deliver an instruction for openhanded finance.
- Speedy reaction to the client requisite.
- Abbreviate the method of generous finance.
- Diminish the bulk of exertion from uppermost even supervision.
- Entrustment of consultant of drudgery from to level of supervision.
- To squared and squared the effective accomplishments.

Formulations of credit policy:

One of queries that should ascend in a symposium of credit is who should verbalize the strategy. Even though the decisive concerns unqualified at the uppermost glassy in the association the panel of executives. Until now the genuine enlisting shall have to be done through the high-ranking advancing agency in conferences with the leading managerial brigadier and with involvement from high-grade generals, acquaintances and assistants. Perceptibly the equal of derivation will diverge with the magnitude and assembly of the institute. The substance then discussed to the sustenance for authorization subsequently vigilant scrutiny contemplation and argument.

Essential components of a sound credit policy:

There can be around dissimilarities constructed on the desires of a precise institute, but as a minimum the ensuing extents should be enclosed in any all-inclusive declaration of credit procedure and JBL's strategy similarly protections these extents:

Legal consideration:

The bank's permissible advancing perimeter and supplementary limitations should be usual into view to escape involuntary destruction of banking protocols.

Delegation of authority:

To each separate accredited to outspread credit should recognize surely by what method significantly and beneath what circumstances he or she whitethorn pledge the bank's reserves. These establishments should be appropriate, at any rate every year, by engraved perseverance of the sustenance of executives and reserved existing at all epochs.

Types of credit extension:

One of the greatest constituents' fragments of a finance is a demarcation of which varieties of credits are suitable and which variety are not.

Pricing:

In slightly turnover inspired exertion, the charge to be stimulating for the possessions or facilities condensed is of dominant deprived of it, personalities have scarce procedures for reciting retag or subscriptions, and the dissimilarities consequential from hominoid landscape will be a cradle of client disappointment.

Market Area:

Individually bank should inaugurate its apposite arcade expanse, grounded upon, in the middle of added gears, the scope and superiority of its association its principal perspective, essential one's arcade capacity is perhaps additional imperative in the offering utility than in slightly additional phase of lending.

Loan Standard:

This is a delineation of the forms of acclaim to be exhausted, in which the qualitative canons for adequate mortgages are agreed into view.

Credit Granting procedures:

This substance whitethorn be enclosed in detached labor-intensive, and frequently is in loftier series. At slightly frequency, it should not be disregarded for the reason that suitable trials are critical in loan inaugurating strategy and ethics.

Starved of suitable formula for compromise credit and perpetual regulating to guarantee that these trials are scrupulous conceded obtainable, the unsurpassed apprehended advance procedure will not occupation and foreseeable, difficulties will advance.

3.6. Lending guidelines

In place of the bank have an extreme frequency of non- accomplishment mortgages. Banks jeopardy enchanting pragmatic should be delimited and our concentration should be to sustain a credit assortment possession in attention of bank's funds tolerability and repossession forte. Hence bank's approach will be energizing finance dispensation phases as well as recognizing, quantifying, comprehending jeopardies on top of sustaining a stability assortment concluded abating finance meditation, reassuring mortgage modification, escalating artifact series, rationalization sanctuary, indemnification etc. as per safeguard yet again unpredicted currency tide.

Procedure of Loan Disbursement of Janata Bank Ltd.

Janata Bank Ltd. accumulates credit facts nearby the claimant to regulate the credit earnestness of the insolvent. The bank assembles the data around the defaulter from the ensuing cradles:

- Delicate exploration.
- Trustworthy description from further bank Head Office/ Subdivision / compartment of the exchange.
- CIB Report from Central Bank barrier over again astonishing cash flow.

Types of credit facilities:

- Tenure sponsoring for innovative venture had BMRE of prevailing ventures (bulky, mediocre, SME, SCI).
- Operational investment for productions, transaction amenities and others (large, middling, SME, SCI).
- Employment economics for ingress and disseminate
- Contract investment

- Insignificant advance for dealers, micro readiness and additional industrious trivial endeavor.
- Purchaser backing
- Remuneration professional

Fund Investment by Janata Bank:

The foremost occupation of a bank is to offer. Loaning is an active movement. It is concluded the standard of advancing the funding commerce encourages pecuniary bustle, inculcates and emboldens, at the specific near, the fundamental of autonomy, and vintage paychecks for the bank. It is offering unaided that fetches funding keen on an added eloquent and decisive indenture with municipal and, consequently, has the extreme impression upon them.

Appropriate consumption of endowment is an indispensable pre- obligatory of efficacious bank supervision. The findings of reserves sustained by an effectual positioning of that acquired reserve spearhead a bank to the ultimate purpose of worth. I would exasperate to deliberate on Janata Bank Ltd.'s description, repetition, and apportionment of spent properties in this section. The bank beneath revision has discrepancy in its speculation assortment, mortgage lineups, spreads and recapture frequency etc.

Procedure of Loan Disbursement of Janata Bank Ltd.

Janata Bank Ltd. accumulates credit evidence nearby the claimant to regulate the glory earnestness of the insolvent. The bank assembles the material approaching the defaulter from the subsequent cradles:

- Individual exploration.
- Intimate report from other bank Head Office/Branch/chamber of the business.
- CIB Report from Central Bank. Buffer once more unpredicted cash flow.

3.7. Loaning Risk analysis (LRA)

LRA is an exact imperative and dynamic scrutiny for conclusive whether the finance tender is budding or not. Various categories of systematic, measured, arithmetical and executive utensils and diplomacies are compulsory to implement this exploration. Janata Bank Ltd. conserves a prearranged set-up for Offering Risk Study, which embraces a worksheet to consider a great deal of effects. It is not thinkable to converse the all-inclusive LRA in this article.

Industry Risk:

Supply Risk- What is the risk of disaster to commotion in the quantity of feedback?

Sales Risk- What is the risk of botch unpaid to interruption auctions?

Company Risk:

Performance Risk- What is the risk if the corporation situation is so weedy that it cannot accomplish well abundant to recompense the finance, specified anticipated exterior ailment?

Resilience Risk- What is the risk of letdown outstanding to deficiency of elasticity to unpredicted exterior ailment?

Management Risk:

Management Competence Risk- What is the risk of catastrophe payable to dearth of supervision proficiency?

Management Integrity Risk- What is the hazard of disappointment owed to deficiency of Controlling Veracity?

Security Risk:

Security Control Risk- What is the menace that the bank flop to grasp the sanctuary?

Security Cover Risk- What is the peril that grasped sanctuary value is beneath the acquaintance?

Proposal analysis:

The Venture Proposition is scrutinized and verdict roughly the scheme is engaged. The credits and advance subdivision are blamable for the scrutiny. After introductory consideration of the loan endeavor the ultimate authorization is acquire since the superior. If the mortgage aggregate symbols a confident amount (no found), supervisors deliver the loan venture to the fundamental workplace for ultimate consent. The whizzes in prime workplace get wind of dissimilar anticipated fractions

and industrialized and empathetic nearby the potency of the venture. Bank appraises a finance affectionate by bearing in mind rare encoded variable star. These are:

- Security
- Fluidity
- Productivity
- Sanctuary
- Resolve of the finances
- Foundations of reimbursement
- Modification of hazard etc.

Previously consent of somewhat finance venture the bank consultant has to guarantee that the anticipated task will be lucrative endeavor. Effectiveness is gaged from the planned Turnover and Defeat Proclamation. The sanctuary is the individual perceptible perceptible remainders by way of the sponsor. Safeguarding of warranty is the only missile to convalesce the loan aggregate. So, depository has to perceive that the indemnity is tranquil to auction and plenty to recuperate the loan quantity. Bank cannot consent finance by solitary contingent on guarantee.

The fonts of the imbursement of the task should be a viable one. For the duration of permitting slightly finance Bank has to be concentrating about divergence of risk. All currency must not be expended surrounded by a trivial numeral of societies. Furthermore, any task must be reputable for the countrywide interest progress.

Documentation of the loans:

These are the most recurrently castoff and mutual credentials of upstairs revealed stimulating and for added bureaucracies for permitting the loan:

Petition Promissory Note: Here the insolvent capacities to emolument the mortgage as and when necessitated by the bank to reimburse the loan.

Epistle of Procedure: Here the carved expanse of the finance endorsed to the mortgagor is itemized.

Letter of Permanency: It is at ease sequence unceasing accommodations as provided that incessant sanctuaries.

Letter of Hypothecation: It is the inscribed manuscript of the possessions conjectured accordingly to situated in case of prerequisite.

Stock Statement: This report is recycled for SOD and CC. In this report facts around the eminence and magnitude of things theorized have well-appointed.

Personal agreement: It is the supplementary endorsement of the mortgagor to recompense.

Security of the Directors of the concern.

Perseverance of the panel of employers: It is castoff to plagiarize the endowment to implement credentials and comprehensive additional pamphlets.

Letter of renunciation: By this dispatch, the insolvent pulls out his all prerogative on the possessions / hypothecated.

Letter of Recognition: Letter demonstrating the reception of the consent application by the insolvent.

Letter of Initiate: It is the engraved manuscript of the possession's inductee hence the authority of property the farm.

Letter of Expenditure: This is the manuscript concluded which the imbursement of allowed loan specifies.

Letter of enterprise: In case of corporation steady, the company activities are to be delivered.

Letter of Segment: The quantity of portion that is to be compensated at convinced intermissions.

Any manuscript if designated, as indispensable in the endorsed assistance approved by the Head Office.

3.8. Credit Rating of Janata Bank Ltd.

Bangladesh Bank has finished obligatory from January 2007 for all banks to have themselves credit regarded by a credit evaluated intervention look BRPD Spherical no. 6 of July 2006 for all banks. The first rating by an exterior autonomous evaluation intervention will have to be accomplished by June 2007.

Consequently, Janata Bank has prearranged Credit Rating Agency of Bangladesh (CRAB) to demeanor Credit Rating of the bank which finalized unvaryingly by 30th June 2007. With this end and opinion, a communication of thoughtful has been retained in flanked by Janata Bank and CRAB on 14th May 2007.

CREDIT RATING

Credit Rating of Arrays offers estimation on the forms of hazards supplementary with the virtual capacity of a series for appropriate checking its liabilities and former requirements. The rating practice is done concluded a computable cum qualitative attitude ensuing a designed procedure.

3.9. FACTORS OF CREDIT RATING

The main aspects measured in rating study are as surveys:

Quantitative Aspects:

- Investment tolerability
- Resources Superiority
- Subsidy & Influence
- Fluidity Necessities
- Producing Eminence
- Arcade Compassion

Qualitative Aspects

- Proprietorship
- Supervision Eminence
- Hazard Controlling
- Submission with the Constitutional
- Secretarial Eminence
- Size & Arcade Gravity
- Govt. Maintenance etc.

3.10. The “five C's” of Credit

When production credits to regulars, each bank has its peculiar fixed of diagnostic systems that its occupations to diminish pecuniary victims. The bank constantly inventions itself in a circumstance where they can elasticity a finance to a purchaser

who will not be able to stipend posterior or trash to bounce to a purchaser who is upright and has the latent of assembly up with the reimbursement. The five C's of credit have been familiarized as a structure for sponsors to survey when deed an in-depth exploration of forthcoming patrons. For the bankers' use in recognizing sticky and budding creditors, this contains the assortment of reckonable and qualitative statistics. This data is gained with the five C's of credit as the average implements. The five Cs include: character, capacity, capital, conditions and collateral.

The **character** of a corporation or specific denotes to the dissimilar capabilities nearby the concern which the investors see that stimulates them with assurance that the mortgage will be refunded. This embraces things similar the commercial plan, cash flow, antiquity, supervision, etc.

The **capacity** of the concern or distinct unites confrontations similar abundance, capability and stubbornness. This method what the concern as a client has as resources and the assessment of those properties which expressions that it can be adept to reimburse its finances.

The **Capital** of the firm or distinct way how significantly acceptable capitals she has to variety her occupational activate proficiently in producing cash flow and resourcefully inside its inexpensive occupational atmosphere.

The **condition** of the firm or distinct designates the pecuniary and conservational inspirations on the concern's pecuniary ailment and concert.

To conclude, **collateral** denotes to what the firm or distinct is up to contemporary to the investor which assists as the ultimate font of reimbursement and fortification alongside loan forfeiture.

The symbol lower displays an illustrative appearance of the loan acquaintance edifice involving the five C"s.



3.11. Review of literature

The principal commotion of every bank in the ecosphere lingers to be the issuance of credit, in the face of the circumstance that unproductive credit risk management endures to be one of the prominent backers to staid banking distributions. Credit eminence is consequently seen as a key contributing factor of the solidity and health of banks' finances. A momentous fragment of banks' assets is composed up of interest fees on loans and advances. Loan and advance defaulting have a negative collision on a nation's frugality on many frontages, not just for insolvents and financiers. Supervision credit is one of the quintessential dynamics that banks impression into account, and it is a focus that many officialdoms, assistants, and academicians scrutinize. There is a number of literatures existing on the subject. These are some imperative beliefs allied to credit risk management, which are so long as by numerous fabled intellectuals.

Bülbül (2019), Credit risk management observes are distinct as happenings associated to risk lessening stratagem, satisfactory core resistor, the setting up of a risk management atmosphere, and bank procedures, strategies, and standards associated to credit allowance.

Richard et al., (2008), direct credit risk management system containing credit risk document and tactic where the simplifying aspects are staff eminence and modern

expertise, conversely, realization of the coordination be contingent on the atmosphere in which banks activate.

Bagchi (2003), investigated the credit risk management observes in banks and defined the ultimate principles of credit risk management as risk credentials, risk quantity, risk monitoring, risk resistor, and risk inspection. Furthermore, it was unwavering that the accurate credit jeopardy architecture, strategies, and edifice, as well as intensive care and mechanism, are all compulsory for operative credit risk management.

Rose, Peter S. (1996), after beholding at diverse banks, it was revealed that loans are the prevalent and most manifest cradle of credit risk. The banking book and the swapping book, as well as capacities both on and off the balance sheet, are further residences where credit hazard can be institute in a bank's maneuvers. Innumerable financial harvests, moreover loans, for instance receptions, interbank connections, and vocation finance description banks to credit risk (or pledge party risk). Connections, justices, routes, financial outlooks, swops, and the leeway of binders and pledges, in addition to the reimbursement of dealings, all fall underneath this grouping.

Odonkor (2020), Branded that when credit risk is elevated, the non- accomplishment loan rate is from head to foot, prominent to a loss of self-reliance as of the municipal, and the proficiency to fascinate sums diminutions.

Apanga et al., (2016), considered the all-inclusive monetarist emergencies, but the effort of the examine was the credentials of credit risk management practices and judgment of such trials with Basel II accord sanctions.

Anvarovich (2022), Operative credit risk management is an imperative module of all-inclusive risk management, chief to the long-term triumph of the bank.

Raghavan (2005), the two focal apparatuses of credit risk are measure and superiority. Quantity of risk denotes to the whole volume of unsettled loans as of the defaulting date, whereas eminence states to the cruelty of injury as unwavering by odds of nonattendance as let down by probable rescues.

Reinhart & Rogiff (2008), Credit risk roots pecuniary depression as banks go belly up down to avoidance risk since clients, which has had contrary upshot on the pecuniary enlargement of sundry nations all over the place the world.

Heffernan (1996), It was distinguished that credit peril is the likelihood that a loan or asset would become entirely irrecoverable in the event of a comprehensive nonattendance or the leeway that the loan will not be checked on the dot. Therefore, when this materializes or stick at, it has an impression on the usefulness, viability, or net interest returns of banks. Fluidness and creditworthiness issues are bit by bit

fetches on by a rise in bank credit risk. If a bank outspreads credit to insolvents, it doesn't copiously apprehend, credit risk may intensification.

Chijoriga (1997), disputes that the size and the glassy of forfeiture triggered by credit risk as equated to others were severe Spartan to folding a bank. Banks that have sophisticated loan ranges with subordinate credit risk recuperate their viability.

Angbazo (1997), strained that banks with more loan ranges give the idea to necessitate complex net interest margin to reimburse for complex risk of avoidance.

Berger and DeYoung (1997), treasure padded risk- slanted asset (RSA) is pointedly and certainly allied to credit risk leisurely by NPL to whole loans. They modernized that a moderately risky loan assortment will upshot in complex NPLs. Midst the risks handled by the banks, nonetheless, credit risk is viewed to be the utmost decisive risk later gigantic extents of bank turnover derived since credit as an upshot of interest grossed on credit (Almekhlafi, et al., 2016).

Kolapo, Ayeni and Oke (2012), avowed that deprived management, fruitless loan strategies, interest rate unpredictability, short capital and liquidity tolls, derisory credit consideration, inopportune offering trials, poor advancing underwriting, government intrusion, and unproductive central bank parameter were the focal roots of credit hazard.

Along with Garissa (2013), the maximum broadly charity by experts is the non-accomplishment loans to entire loan ratio (NALR), as non-performing loans existing a substantial peril to the funding classification and would unswervingly bearing the bank's viability as a significance of the bad loans.

Li and Zou (2014), scrutinized the affiliation amongst credit risk and viability in the European banking trade. The learning's results exhibited that the nonperforming loans ratio, which trials credit risk, has a damaging bearing on cost-effectiveness (ROA & ROE). The capital tolerability ratio, nevertheless, exposed an insignificant contact on fruitfulness.

Chapter-4

Analysis & Findings

Introduction:

This section is the central portion of this description. This subdivision is alienated into three segments these are-

Part: One - 4.1. **Credit Risk Management method of Janata Bank Limited.**

Part: Two - 4.2. **Data Analysis.**

Part: One- **4.1.1 Credit risk management of Janata bank**

In harmony with Bangladesh Bank's canons and directives, and with the Panel of Directors' accord, the Risk Management Division of the Bank terms, scrutinizes, reviews, and superintends all hazard - linked movement, together with risk regulator and justification methods. In retort to the Panel of Directors' directions, an authoritative Panel Risk Management Commission ' invented of five members of the Board of Administrators was in recent times reputable in harmony with Bangladesh Bank's directives to improve all risk management exertions. By appropriately instigating Underlying Risk Management Strategies, which are conserved at all Bank offices subdivisions, the Risk Management Division has executed a Risk Management Checklist (RMC) to accomplish a " gratified " evaluation on innumerable portions of main risks. Into the bargain, the Risk Management Division forms and acquiesces monthly and biannual "Comprehensive Risk Management Reports" (CRMR) and "Risk Management Reports" (RMR) to Bangladesh Bank and the Bank's Risk Management Commission for governing submission. These reports sort, appraise, and alleviate risks associated to the bank's resources, liabilities, liquidity, and earnings. An Asset-Liability Management Group (ALCO) has been set up by Janata Bank Ltd. to make sure that the bank's risk acquaintance is retained to an insignificant. In addition, ALCO gauges, recommends, and be able to national and international risk. Janata Bank Ltd. uses a durable curative supervision approach to covenant with non-performing loans (NPLs), which encompasses an account chasing arrangement and a set of pedals to detect meager credit.

Table 4 Credit Rating

Credit Rating of the Bank As per the BRPD circular no. 6 dated 5 July 2006, the Bank has expected its credit evaluation by Incipient Credit Assessment Inadequate constructed on the financial statements of Janata Bank Limited dated 31 December 2022. The following ratings had been presented.

Date of Declaration	Valid Till	Evaluation humor	Long term	Short term	Stance
27-Oct-21	26-Oct-22	Government maintenance	AAA	ST-1	Secure
		Lacking government sustenance	A+	ST-2	

4.1.2. Credit Risk Management System Janata Bank Limited (JBL)

With the intention of inhibit sufferers, JBL has reputable resilient credit risk board structural design to proactively superintend improvement assortment. It has expressively enlarged the risk supplementary with the supervisory beliefs and reputable an average for the departure of obligations and accountabilities associated to the bank's credit amenity. The succeeding are the significant expansions finished by JBL in resounding out the supervisory procedures on credit risk:

- In conformity with Bangladesh Bank's central risk regulation, it has conceived its own credit policy guidelines.
- The strategy identifies sectoral absorption and the policy cliques a vibrant acquaintance edge for the market.
- In keeping with the CRM Guideline, the operative context of the Head Office has been alienated.
- The policy noticeably expresses the Credit Authorization Authority.
- Good loan portfolio regulator is secure by the autonomous Credit Observing Agency.

Credit Risk related desk

- ❖ Helping to generate and appraisal credit risk management policies, guidelines, and manuals, on top of setting up credit risk inclination, edge, acceptance, and MAT with appropriate esteem for segment, manufacturing, place, supervisory limitations, finest observes, and recent occupational and pecuniary circumstances.
- ❖ Observing finance group to confirm virtuous eminence asset progress.
- ❖ Supervising credit absorption and certifying amenability of inner edge.
- ❖ Faithfully censoring the frazzled loans to elude hostile taxonomy.
- ❖ Scrutinizing and subsequent up unsettled loans, SMA loans, NPL, lawsuit cases, written off loans, regular accounts with substandard reimbursement, loans having surplus over edge, overdue recognized bills, off-balance sheet acquaintances, required loans, effort of contrary classification, security against loans, credit rating of insolvents, taken over loans etc.
- ❖ Spending altered replicas for recognizing associated hazards.
- ❖ Preserving association with a liberated inner loan analysis bureau as per reread CRM strategies and confirming its apposite operational.
- ❖ Accompanying Hassle Trying commotion to appreciate shudder elasticity dimensions of the bank.
- ❖ Tentative the Stress Tough statement, ascertaining the weak points that entail consideration, and endorsing the identical to senior management and the board with the intention of conserve tolerable capital for engrossing any unanticipated fatalities.

4.1.3. Credit Facilities of Janata Bank Limited

- Concluded an operative spreading assembly, Janata Bank Limited concentrations mainly on financing business, commerce, and manufacturing operations.
- Janata Bank Ltd. concerns loans with a valuable determination for effectively all arcade trial grounds.
- The Bank's loan structure stipulates an inclusive diversity of advance patterns.
- Entities, such as housewives, finance directors, small and large business houses, distributors, brands, corporate entities, etc. can smear for credit.

- In loans and numerous governments, crucial consumers escalate the key charge. Fast indebtedness, inspection, partiality, and imbursement are secure.
- Conferring to the Central Bank of Bangladesh's regulations and the Bank's operational trials, credit workplaces are circulated right the way through the country.

4.1.4. Different Types of Credit Facilities by JBL

Provisional on the numerous countryside of funding, all the advancing happenings have been carried below the succeeding foremost crania:

Loan (General): Short-term, medium-term & long-term credits consent distinct / steady / productions to derived further down this cranium for a precise intention, even though for a certain extent and frequently repayable by repayments. This form of loan is explicitly acceptable to switch subsidy further down the groupings:

(I) Bulky & Intermediate Gauge Trade and

(ii) Trivial & Lodge Business.

(iii) Very often term funding for Cultivation & Others are also encompassed here.

House Building Loan (General): Credits enabled to single/house edifice ventures (private or business) originated beneath this sort of loan. The balance is repayable indoors a predefined interval by a habitually reserved payment. These spreads are raised to as loans (HBLGEN).

House Building Loan (Staff): This loan is only certain to bank workforces for the acquisitions / assembly of edifices (HBL-STAFF).

Other Loans to Staff: Loans dispensed to employees excluding house building are convened underneath head - Staff Loan (Gen).

Cash Credit (Hypo): Developments acceptable to outstanding firms for conversation as a discount root or to firms to accomplish the rudiments of occupied capital on the way to service hypothecation as this form of loan comes under precarious fortification. It's a non-stop loan. Below the classes, it is appropriate

✳ " Commercial Lending " when the patron is other than a manufacturing and

✳ "Working Capital" when the purchaser is an industry.

Cash Credit (Pledge): Underneath this head of early payment are conveniences for extraordinary concerns to occupation impartial as for unabridged arrangement or for

productions as occupied investment in contradiction of service newcomer as grave shield. It is also a perpetual credit, as is permitted underneath the sorting upstairs.

⊕ "Commercial Lending" and

⊕ "Working Capital".

Rental Purchase: Newcomer acquiring is a form of serving of credit in which the Rental -purchaser resolves to take the properties at an articulated leasing on solicit, which is widespread of the principal's reimbursement along with enthusiasm the whole time a predefined extent for varying the early payment.

Lease Funding: Lease Funding is one of the most appreciated foundations of investment acquisition apparatus and utensils, permitting a buyer to have a leading occasion to archetypally use a yield alongside tenancy segment terminated an affiliated stage. It is a percentage -repayable subsidy term.

Time Loan: It is the most desperate one-time pecuniary accessibility for a petite extent of a year to satisfy a vibrant root. In lawfulness, the credit is multipurpose and not bearable and no trade is admissible.

Clients Credit Structure: It is the Bank's superior credit sequencer to endowment the achievement of consistent patrons for the optimal of immobile compensation to elongate their life anticipation. Loans are legalized beneath elusive circumstances subject to distinct sanction and preservation by the patrons of a precise even of standing. The loan must be recompensed in full surrounded by the itemized time surround via habitual outgoings.

SOD (General): Advances appropriate contrary to economic concern (i.e., Lien on FDR/PSP/BSP/Insurance Policy/Share etc.) to personalities' corporations. This may or may not be an uninterrupted loan.

SOD (Others): Under this grouping, exertion that must be accomplished in order to be officially obligatory has made advancement that is acceptable. This construction is in general not much but an everlasting credit, exclusively when bearing in mind a convinced instant and precise origin, for illustration. The "Others" grouping comprehends it.

SOD (Export): Advance painstaking acquiring unaccustomed cash in contradiction of L/Cs (Back-to-Back) for section where the dues do not seem earlier the date of the ingress portion. This is also a short-term expansion that is acknowledged as fare money and cataracts under the ' Business Lending' sorting.

4.1.5. Risk Management Tools use by Janata bank

Operative risk management arranges gears that are steered by the Bank's Risk Appetite Structure And unified with the Bank's approaches and business scheduling progressions.



4.1.5.1. Policies, Procedures and Limit Structure of JBL:

- Risk Management policies, procedures and limits are appropriately predictable;
- Policies are revised yearly or on ultimatum foundation;
- All policies and procedures are appropriately permitted by the Board of Directors;
- Policies are dispensed with full responsibility and vibrant appearances of consultant for separately movement and produce extent;
- amenability intensive care method has been positioned for all guidelines;
- A self-determining inside mechanism item has been shaped in JBL to patterned core submission;
- Require a widespread Bank inclusive assessment of risks transversely substantial risk kinds.

4.1.5.2. Guidelines, Processes and Standards

The commands prearranged to carry out policies as designated upstairs are denoted to as procedures. They naturally outline the numerous competence natures, overall

competence risks, and the surroundings in which the Bank is enthusiastic to demeanor business. In proportion to the documentations, the Bank must be abundantly attentive of the hazards associated to the business it underwrites and possess the obligatory acquaintance of its patrons, products, and markets. Market surroundings and other features may origin strategies to sporadically variation. Usually, the Managing Director and CEO of the Bank must indorse any risk-taking that digresses from the rules.

The schedules taken to perceive, evaluate, record, report, and control risks are denoted to as methods. The potentials for the superiority of the investigation and presentation, as well as the extent and eminence of the data desired to make a high-quality are distinct by canons. Under the track of the Risk Management Division, progressions and canons are fashioned on an initiative -wide source and are note down in a quantity of policies, manuals, and handbooks. The appraisal and consent of new objects, model justification, and anxiety challenging are key measures.

4.1.5.3. Risk Measurement, Monitoring and Management Reporting System:

The Bank has a vigorous risk observing progression in place to detect and judge all assessable and momentous risk aspects; JBL has a detached Management Information Systems (MIS) Detachment that materials the data compulsory for Senior Management and the Risk Management Division to comprehend the bank's site and risk acquaintance at any specified time.

4.1.5.4. Disclosure of risk reporting:

Risk management happenings are being conveyed to both core and exterior supervisory powers that be in the hunt for supplementary route for apposite and judicious vindication of risks:

- ❖ Broadcasting to management
- ❖ Broadcasting to board of directors
- ❖ Broadcasting to central bank

4.1.5.5. Risk Management Paper (RMP):

The Risk Committee and Sub-Risk Committee assemble monthly below the path of the Risk Management Division, where innumerable statistics affecting to Credit Risk, Market Risk, Liquidity Risk, and Operational Risk from all accompanying sectors are presented (RMD). The RMP is then vacant to the Risk Management Committee of the Board, and the assessments are transmitted to the apposite bank partitions for enactment.

4.1.5.6. Comprehensive risk management report (CRMR):

Every six months, the CRMR is twisted to article 81 risks involving to credit, market, and operational risk within the Bank and is then testified to Bangladesh Bank. When the Bank Risk Management Committee (BRMC) reads this paper, it recommends deed campaigns to the appropriate subdivision for dropping the risks that have been acknowledged and intensive care the operation of former approvals.

4.1.5.7. Stress analysis:

Stress analysis is an imitation tactic used to expect how numerous monetarist foundations would retort to a set of astonishing but authentic expectations. The Bangladesh Bank's stress analysis context appraises the belongings of slight, sensible, and momentous tremors on CRAR in rappers of credit risk, exchange rate risk, liquidity risk, equity price risk, and interest rate risk. The belongings of an intensification in the extent of non-performing loans (NPLs) seized by banks are gaged through stress analyses for credit risk.

4.1.6. Vindication Measures:

A. Policy Guidelines

- Advancing Guidelines
- Credit Assessment and ICRRS
- Endorsement Authority
- Isolation of Duties
- Inside Audit

B. Ideal Logistic Assembly:

JBL has a dispersed credit risk organization arrangement. Constructed on assignment of supremacy the succeeding specialist plays a protagonist in this esteem.

- Protagonist of the Board of Executives
- Protagonist of Senior Management
- Character of the Credit Risk Management Board
- Legislative Structure of Credit Officials

C. Bureaucratic Guideline

- Credit Management
- Credit Supervising
- Credit Salvage Other Conventions of BB Involving to Credit Risk
- Policy on Loan Categorizations Policy on Single Mortgagor Acquaintance
- Procedure For Deferment of Loans
- Strategy For Loan Write Off
- Guidelines on Handling Core Risk in Banking
- Procedures on Conservational Risk Management
- Boundaries on Advancing to Directors of Private Banks
- Execution of Credit Risk Categorizing Blue-collar
- Sagacious Guidelines for Purchaser Funding and Small Inventiveness Sponsoring.

4.1.7. Credit Risk

4.1.7.1. Qualitative Revelations:

Credit risk is the prospect of misery a defeat in consequence of an insolvent's incapacity to recompence spinal a loan or accomplish its requirement in harmony with encoded standings. Caused by their prime corporate of loaning to businesses, SMEs, individuals, and other banks and monetary organizations, banks are tremendously exposed to credit risk.

CL SL	Types Of Loans	Classification Status	Period For Classification (Past Due)
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Analysis & Findings

To recuperate credit chastisement and condense the bank's credit risk, the bank expresses previous

owing and diminished loans and advances in harmony with the apposite Bangladesh Bank standards. The decreased loans and improvements are distinct on the origin of

(i) Objective / Measurable Standards and

(ii) Qualitative verdict.

For these determinations, all loans and advances are congregated into four groupings explicitly -

(a) Unceasing Loan

(b) Mandate Loan

(c) Fixed Term Loan and

(d) Short-term Agricultural & Micro Credit.

Conferring to the directives of Bangladesh Bank, all Loans & Advances are confidential into four divisions. These are:

1. Special Mention Account (SMA)

2. Substandard (SS)

3. Doubtful (DF)

4. Bad / loss (BL)

Janata Bank tracks severely all the principles delivered by Bangladesh Bank even though manipulative the upstairs.

1	Continuous Loan	SMS	(>2<3) Month
		SS	(≥3<9) Month
		DF	(≥9<12) Month
		BL	≥12Month
2	Demand Loan	SMA	(>2<3) Month
		SS	(≥3<9) Month
		DF	(≥9<12) Month
		BL	≥12Month
3	Fixed Term Loan	SMA	(>8<9) Month
		SS	(≥9<15) Month
		DF	(≥15<18) Month
		BL	≥18Month
4	Short Term Agriculture & Micro Credit	SS	(>12<36) Month
		DF	(≥36<60) Month
		BL	≥60Month

Rate or provision required

Types Of Loans & Advances	Unclassified		Classified		
	Standard	SMA	SS	DF	BL
Short Term Agriculture Credit	1%	-	5%	5%	100%
Consumer Financing	2%	2%	20%	50%	100%
Loans To	1%	1%	20%	50%	100%
Professionals To Setup Business	2%	2%	20%	50%	100%
Medium Enterprise Financing	0.25%	0.25%	20%	50%	100%
CMS Financing	0.25%	0.25%	5%	20%	100%
Loans To Brokerage House/ Merchant Bank/ Stock Dealers	2%	2%	20%	50%	100%
All Other Credit	1%	1%	20%	50%	100%

4.1.7.2. Discussion of the Bank's credit risk management policy:

The outstanding geographies of JBL credit risk management policy and dealings are as beneath:

1. Credit policy official by the Panel: The Panel has appropriated the JBL Credit Risk Management Policy with the purpose of certify finest performs in credit risk management and to preserve asset eminence. The credit policy/ blue-collar has been executed in compliance with the credit risk management

endorsements as long as by Bangladesh Bank and other laws & conventions that BB occasionally broadcasts.

2. Credit sanction is vicarious appropriately: Consultants are suitably deputized to certify checks and balances in credit procedures at each smooth, comprising transmission, considering risk, categorizing, supervision, and vindicating credit risk as well as observing, administering, and recuperating loans with a facility for premature cautionary arrangements.
3. Autonomous credit risk management detachment: When dispensation credit applications acquiesced by the Corporate Banking Division for consent, the autonomous credit division (Credit Risk Management Division) estimates credit risks and makes endorsements for risk decrease procedures.
4. Detached credit Supervision Division: A detached credit supervision division authorizes that finalized sanctuary credentials are in place previously expenditure. JBL is enduring an exceptional progression of rechecking safekeeping credentials by a second authorized counsellor excluding the lawyer who inspected it initially.
5. Independent Credit Monitoring & Salvage Division and Management Repossession Commission: A self-governing and wholly enthusiastic Credit Scrutinizing & Repossession Partition supervisors the enactment and retrieval of loans, categorizes premature cyphers of negligence in portfolio, and takings counteractive dealings containing allowed schedules to moderate risks, progress loan eminence, and certify appropriate repossession of loans.
6. Credit actions are focus to sovereign inside Inspection: Core Resistor & Amenability Partition autonomously considers and confirms obedience with functioning trials, Bangladesh Bank models, suitable core resistor, credentials, and inclusive Credit Risk Management System as a minimum as soon as annually.
7. Broadcasting to Panel / administrative team /risk Management team: For evidence and track, the Board of Directors, Executive Committee, and Risk

Management Committee of the Board accept numerous intelligences on the superiority, concert, recapture municipal, risk grade, and abundance of the loan range's running.

In particular, the Risk Management Detachment repeatedly recommends the Credit Risk Management Detachment (s) on intensifying guarantee reporting, invention / subdivision detailed variation of credit acquaintances, single mortgagor experience edge, bulky loan collection maximum as essential by Bangladesh Bank, cultivating asset superiority, and accompanying credit rating of the insolvents to diminish the investment charge contrary to credit risk of the Bank. As stated by the strategies of the Bangladesh Bank, satisfactory establishment is reserved contrary to considered loans. The Risk Management Committee of the Board and the Board of Directors are intermittently modernized on the station of loans.

4.1.7.3. Quantitative Revelations:

In compliance with the Bangladesh Bank's Primary Risks Management endorsements, Janata Bank Limited has its peculiar Credit Risk Management strategy. The Bank similarly observes with supplementary Bangladesh Bank directions and advices in this affection. With the aim of intensification, the power of the credit selection, diminish budding losses, and confirm an operative credit process, Janata Bank Limited incessantly draughts, scrutinizes, and evaluates its credit range. Janata Bank Limited has an exhaustive counteractive management sequencer for supervision non-performance loans (NPL), which encompasses an edifice of gearshifts to identify puny credits and recurrent scrutinizing of these financial statement.

Gross credit risk acquaintances by foremost categories of credit disclosures:

	Unaccompanied	Combined
Total on balance sheet acquaintances	69059.69	70427.70
Total off-balance sheet acquaintances	88619.34	88619.34

Geographical dispersal of disclosures:

	Unaccompanied	Combined
Total	69059.69	70427.70

Industry pledge party category spreading of coverages:

	Unaccompanied	Combined
Total	69059.69	70427.70

Enduring predetermined adulthood category cessation of the unabridged group, cracked by foremost types of credit revelation:

	Unaccompanied	Combined
On ultimatum	6532.84	6532.84
Not more than 3 months	4330.32	4330.32
In excess of 3 months but not more than 1 year	19676.38	19798.08
Above 1 year but not more than 5 years	16660.03	16866.23
Higher than 5 years	20474.19	20062.34

Subdivision prudent loan and advances:

	Unaccompanied	Combined
Total	11958.54	11958.54

4.1.8. Credit risk vindication procedures of JBL

- ❖ The bank progresses CR extenuation campaigns founded on the procedures.
- ❖ Applicable credit valuation structures are accustomed alleviate credit risk previously advancing the money and apposite indemnity are conditioned verge the risk.
- ❖ For recovering credit risk management, a risk management tool is considered and risk standing that conforms with Bangladesh Bank recommendations.
- ❖ The stretch loan evaluation structure is once yearly sequence.

Repossession of loan & early payment of JBL

Janata bank is fundamentally at the mercy of on the repossession of its remaining debt. While progresses interpretation for 80% of the bank's incomes, the remaining balance embraces mutually foremost and interest. A near to the ground repossession

frequency resources that the banking procedure is in immoral outline and the other way around.

4.1.9. Loan repossession curriculums

By way of JBL affords loans and advances to its regulars, its varieties the reimbursement inclination vibrant in the loan treaty. Around individuals custom credit cards, thus far nearly do not variety their overheads on the dot. Public banks requisite addresses this delinquent. Comparable surroundings happen with Janata Bank. The bank has put in place actual debt assemblage devices to deal with the delinquent of past-due loans.

4.1.9.1. Pre- expenditure Securities:

1. **Remortgage:** It's most imperative to acquire the loan vertebral.

2. **Securities:** Loan recuperated by his payment's number different percent if each time he did not give your loan at that point.

3. **Reserves:** Corporate Reserves account to its user in individually subdivision. This rate on the pledge amount is 6% and consequently the slightest balance prerequisite is Tk.6000. The loan was improved by the reserves.

4. **Credit:** Abundant credit systems are presented, have been well acknowledged by consumers, and should help the bank develop its punter ignoble. The bank is also enchanting chunk in syndication with other banks to admire gigantic loans that stand by to Bangladesh Bank regulations.

5. Security:

- Accredited terrestrial pecuniary expansion mortgage and building / flat(s) with satisfactory terrestrial
- Personal guarantee adequate to the bank
- Contract for occupancy

4.1.9.2. Loan Repossession process unavailable by JBL

1. Constructing a credit observing and regulation cell. Indorsing loans and advances alongside satisfactory indemnity
2. Accumulative the branch manager's decision-making consultant in the credit management segment

3. Short-term loans and advances are being underscored added.
4. Preventive the amount of money that can be plagiarized and advanced to sickening productions.
5. Enchanting allowed accomplishment contrary to specious creditors immediately imaginable, sooner indoors the ruling of precincts.

4.1.9.3. Loan repossession method:

The repossession progression could be an extensive one that anxieties the bank's exertions for authorized founding. It also overloads money and involves time. The repossession of the outstanding loan in Janata Bank is the most decisive obligation of a bank supervision and advance/loan officer. There are plentiful stages in the loan repossession activity. They are as surveys:

Prompt Warnings: These warnings from the Bank are conducted to the patron to prompt them that imbursement is owed. Frequently, supplement documents and prompts are pre- broadcasted and delivered out in an identifiable harmony, with each missive prominence the budding brutality of the irresponsibility and the intensifying pecuniary consequences of worsening to remuneration the debt.

Telephone Calls: It is one of the advantageous apparatuses for repossession of loan. The absentees are constantly telephoned to be relevant compression to condense their debt.

Demand Announcement: Demand announcement is dispensed previously one month due of remaining loan or installment. It's conducted to the insolvent.

Authorized Warning: If the insolvent doesn't pay back their specific loans and interest when the bank collects the petition announcement, the bank will dispute permitted announcement to the insolvents by itemized mail sideways with a heading. The bank must afford the insolvent authorized communication formerly commencing any accomplishment alongside him.

Special Notice: Along with the sophisticated than 2 announcements, a superior announcement sanctioned by DC and TNO is dispensed to the apposite insolvent to apply spiritual compression on him to arrival the loan.

Field Repossession: Loan officer efforts to retrieve loan by staying the advert and dynasties of the insolvent.

Case Filing: If all the technique excluding deed of bad loan converts ineffective formerly certificate instance is paraded in contrast to the debtor. If the beneficiary is indoors the succeeding grouping, then the circumstance must be paraded with precedence:

- Reluctant to reimburse loan however he's economically in the chips
- Separately determination of loan salvage converts a catastrophe.
- Destructive to the interest of loan.

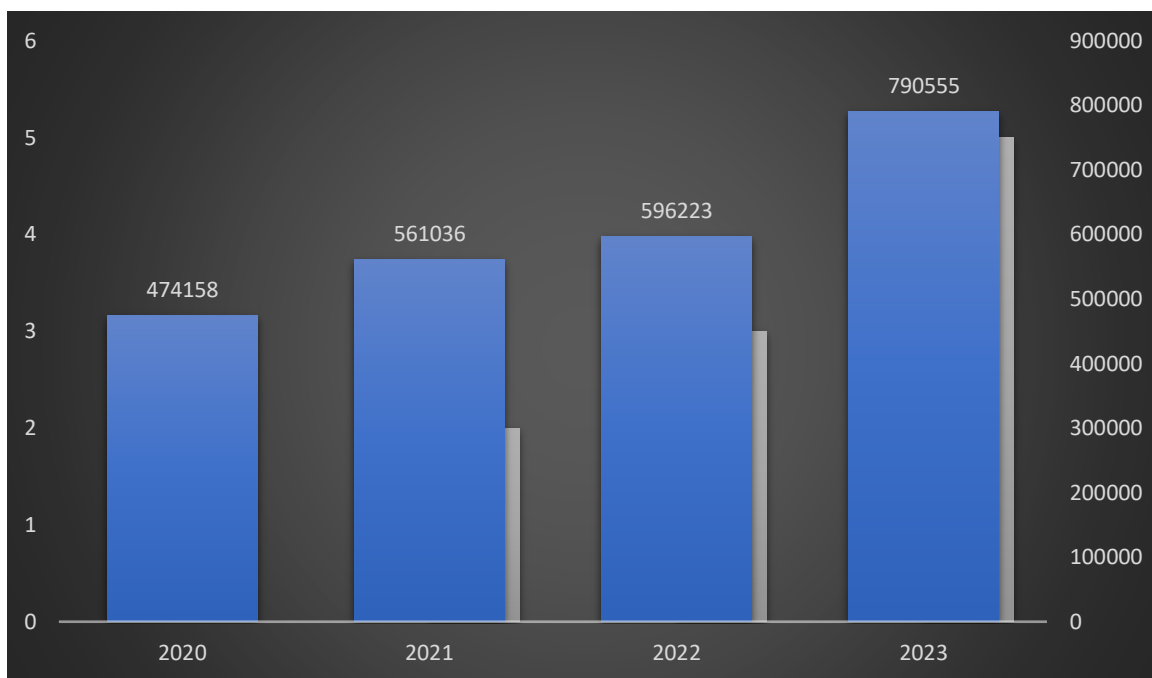
Loan recapture with the benefit of interest relieving: If it is not thinkable to mend the loan with the assistance of permissible travels and the loan eminence duets in rappings of principal and interest, afterwards the loan will be convalesced by releasing interest. Along these lines, loans are commonly recompensed.

Part: Two 4.2 Data consideration of Janata bank limited

4.2.1. The whole of Loan and advances

Year	2020	2021	2022	2023
Loan and advances in million	474158	561036	596223	790555
Progression frequency of loan and advances	10.57%	17.71%	7.39%	19.80%

Graphical Demonstration:



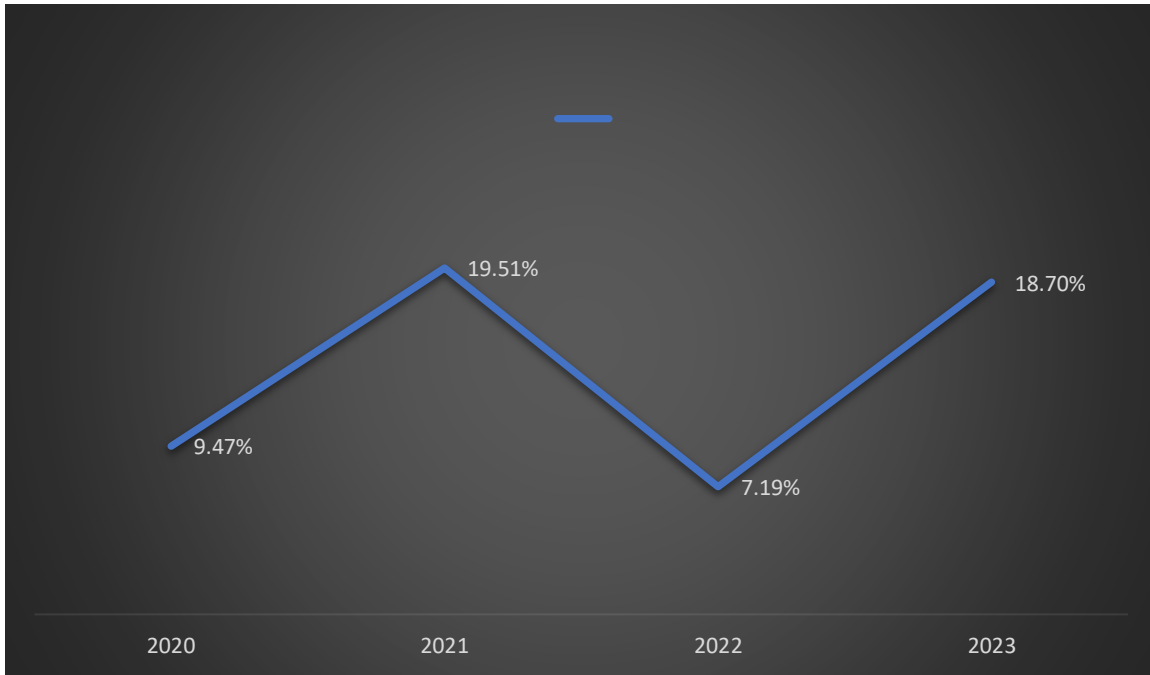


Figure 3 the entire of Loan and advances

Elucidation: In 2020 the aggregate loan and advances was 474158 million and in 2023 it amplified to 790555. Conversely the progression frequency of loan and advances was 9.47% in 2020, 19.51% in 2021, 7.19% in 2022 and 18.70% in 2023.

4.2.2. Advance payment ratio

Year	2020	2021	2022	2023
Aggregate advance (in million)	474158	561036	596223	690555
Whole deposit (in million)	1097666	1158788	1258786	1350816
Credit to payment ratio	43.30%	48.50%	47.55%	52.12%

Graphical Demonstration:

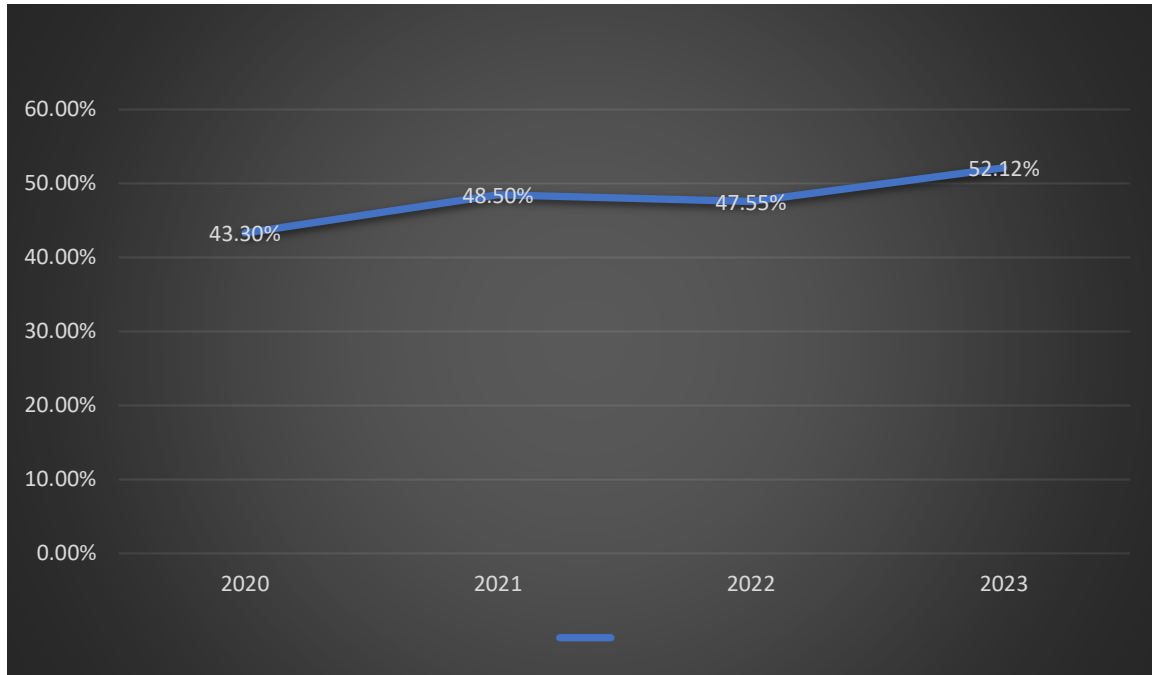


Figure 4 Advance payment ratio

Elucidation: As of this upstairs grid we can perceive that the spread - payment ratio progressively intensifications year by year. The progress payment proportion was 43.30% in 2020 and it upsurges to 48.50% in 2021 and its diminutions to 47.55% in 2022 and in 2023 it stretched to 52.12%

4.2.3. Topographical Dissection -wise expense of loan and advances -2023

Dhaka	60%
Mymensingh	5%
Barisal	4%
Chittagong	9%
Rajdhani	8%
Rangpur	10%
Sylhet	2%
Khulna	10%

Graphical Demonstration:

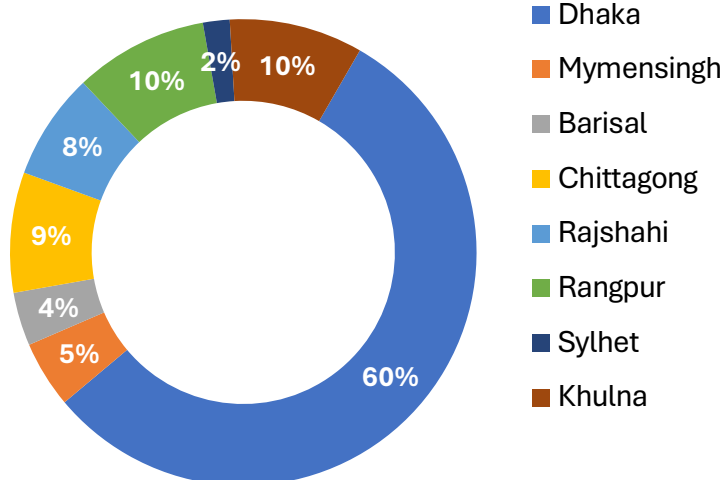


Figure 5 Detachment wise loan and advances

Elucidation: The upstairs illustration shows that in 2023, Janata Bank Limited disseminated a bulky serving of credit in Dhaka Disunion JBL scattered 60% in Dhaka Detachment and 9% in Chittagong and 10% in Rangpur and Khulna division. It has been seen that JBL expended 5% credit in Mymensingh and 4% in Barisal Division and only 2% in Sylhet Division.

4.2.4. Industry wise loan and advances -2023

Pastoral credit	9%
Palmtop credit	3%
Industrial credit	14%
Agro grounded industrial credit	3%
International credit	22%
SME	12%
Universal advance and others	14%

Graphical appearance:

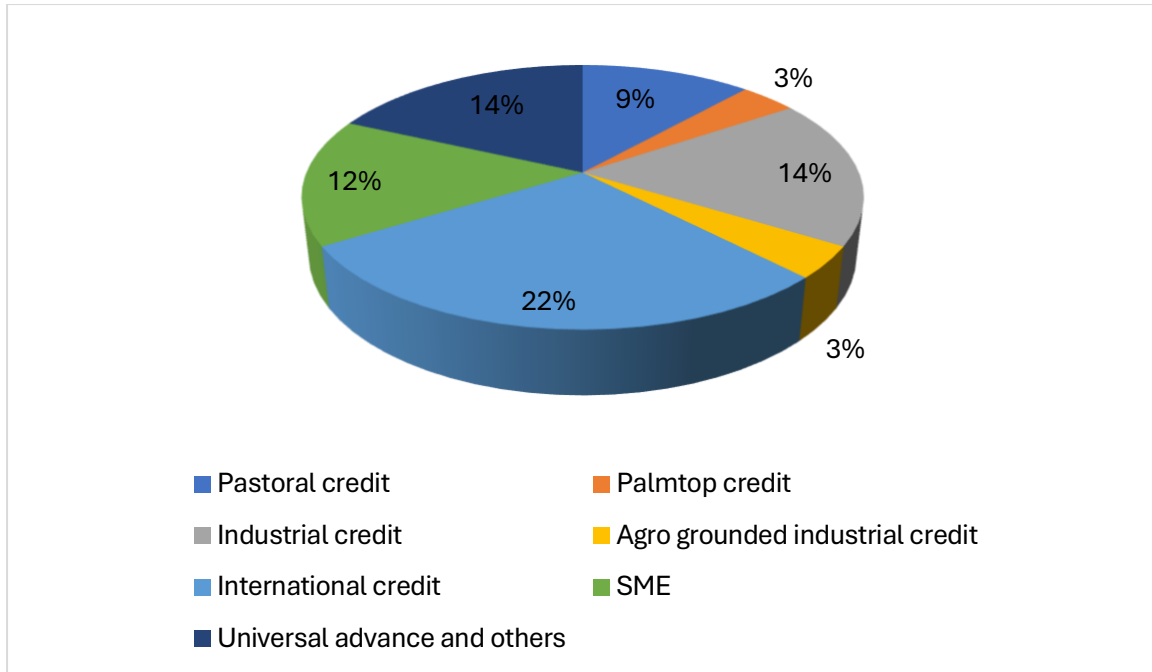


Figure 6 Division wise loan and advances

Elucidation: The upstairs figure shows that JBL deliver utmost of its loans in the custom of Wide-ranging advance and others round 23% of its whole credit and 22% in worldwide profession.

4.2.5. Segment wise loan and advances

Secretive	72%
Other Public	29%
Government	2%

Graphical Appearance:

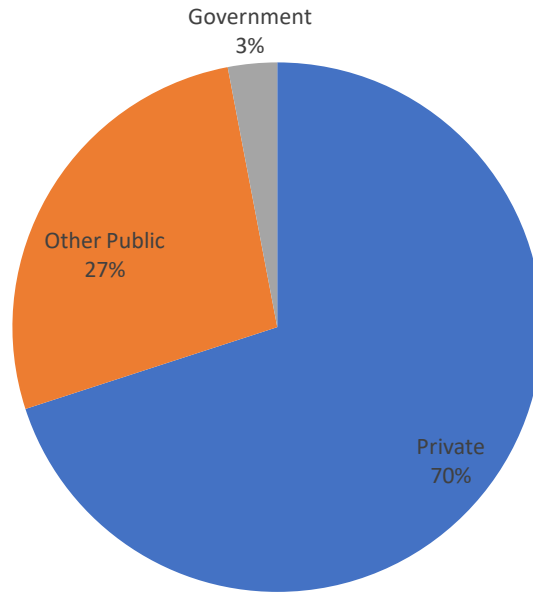


Figure 7 Sector Wise loan and advances

Elucidation: It is envisaged in the upstairs that JBL dispenses its most of the loans and advances in private segment, which is about 70% of whole loans and advances and dispenses 27% midst other public and 3% in government segment.

4.2.6. Year wise confidential NPLs loan as calculation of total loan

Year	Confidential loan (in million)	Whole loan (in million)	Confidential NPLs loan as proportion of aggregate loan
2020	121883	474158	27.58%
2021	111994	561036	21.33%
2022	107674	596223	19.58%
2023	119585	90555	18.33%

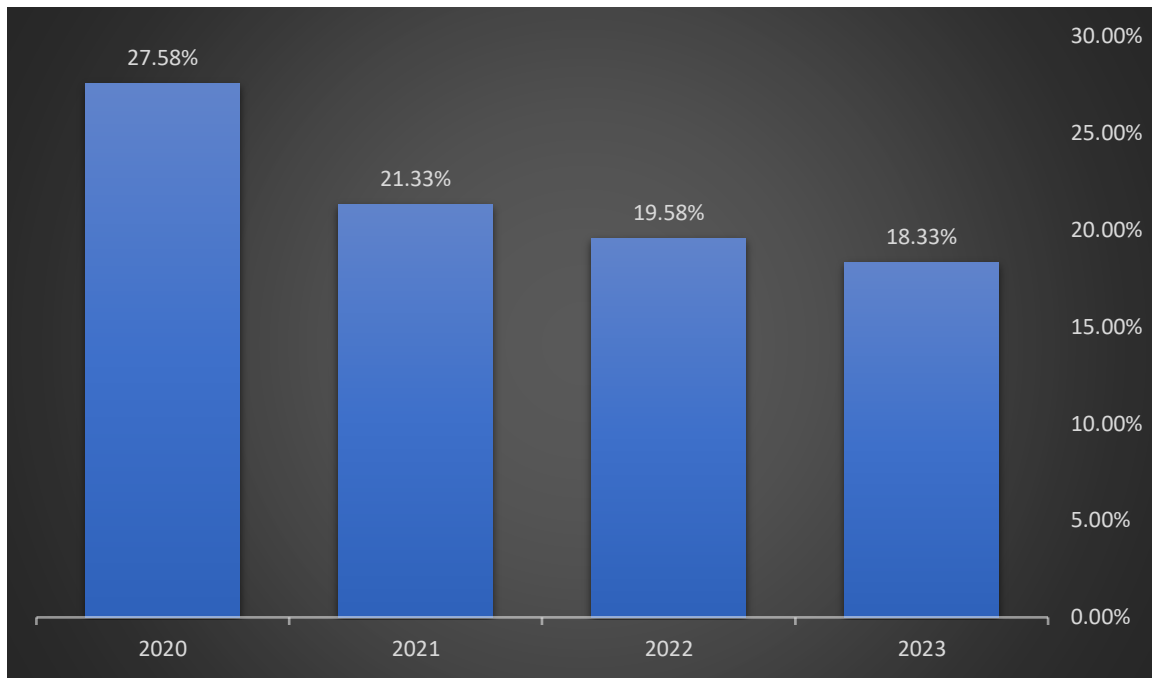


Figure 8 Measurement of confidential loan

Elucidation: Beginning the in the air diagram, in 2020, it was 27.58% of over-all loan. Subsequently that it was diminishing and finally it stretched 21.33% of aggregate loan in 2021. Later that it was lessening and converted 19.58% of whole loan in 2022 and in 2023 it turns into 18.33% of aggregate loan. Beginning this we can say that, starting 2020, the bank is annoying its best to accomplish confidential loans and has been competent to diminish confidential loans as of 27.58%% in 2020 to 18.33%% in 2023.

4.2.7. Endowment essential for confidential and unsystematic loans

Year	2020	2021	2022	2023
Confidential loans (in million)	44146	53116	57715	63518
Unsystematic loans (in million)	5233	5368	12461	12150

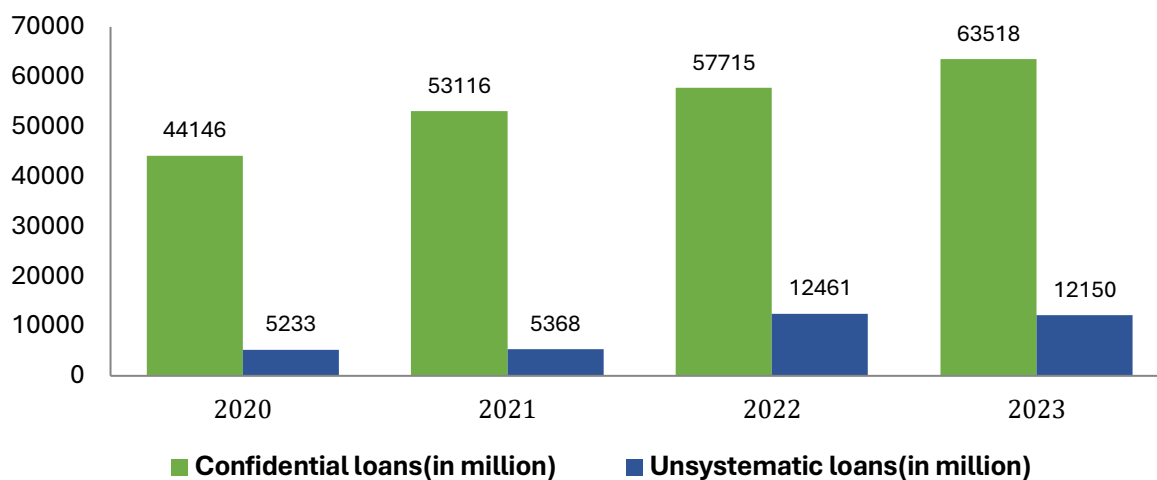
Graphical Appearance:

Figure 9 Endowment compulsory for confidential and unsystematic loans

Elucidation: Whole quantity of confidential and unsystematic loans intensifications beginning 2020-2023. In 2020 overall volume of confidential was 44146 and unsystematic loan was 5223. In 2023 the extent of confidential and unsystematic loans has intensifications and it influences to 63518 million and 12150 million.

4.2.8. Endowment sustained for aggregate loan and advances

Year	2020	2021	2022	2023
Endowment conserved for aggregate loan and advances	49369	58374	70165	75687

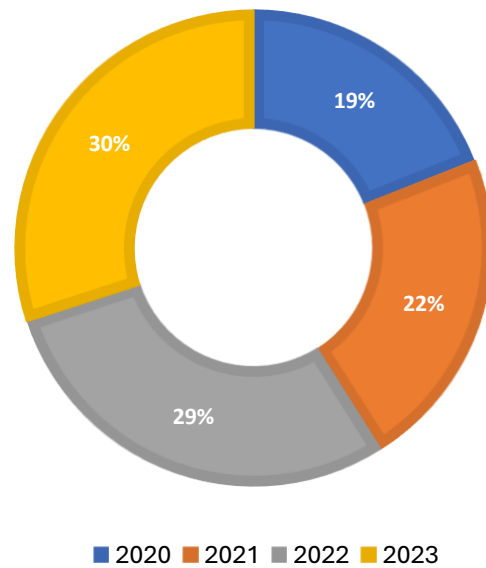
Graphical Demonstration:

Figure 10 Endowment preserved for entire loan and advances

Construal: In this upstairs diagram we can construe that Endowment sustained for loan and advances of JBL upsurges year by year. In 2020 it was 49369 million and later on that it grasped 75687 million in 2023.

4.2.9. Grouping wise confidential loan as section of over-all confidential loan

Type of confidential loan and advances	2023		2022	
	Taka	% of total confidential loan	Taka	% of total confidential loan
Average	2,23,71,25,465	0.42%	8,47,17,98,091	1.55%
Uncertain	1,69,28,90,849	26%	4,10,40,79,126	0.80%
Bad loss	1,15,60,46,92,809	17.74%	95,03,22,12,426	17.21%

Graphical performance:

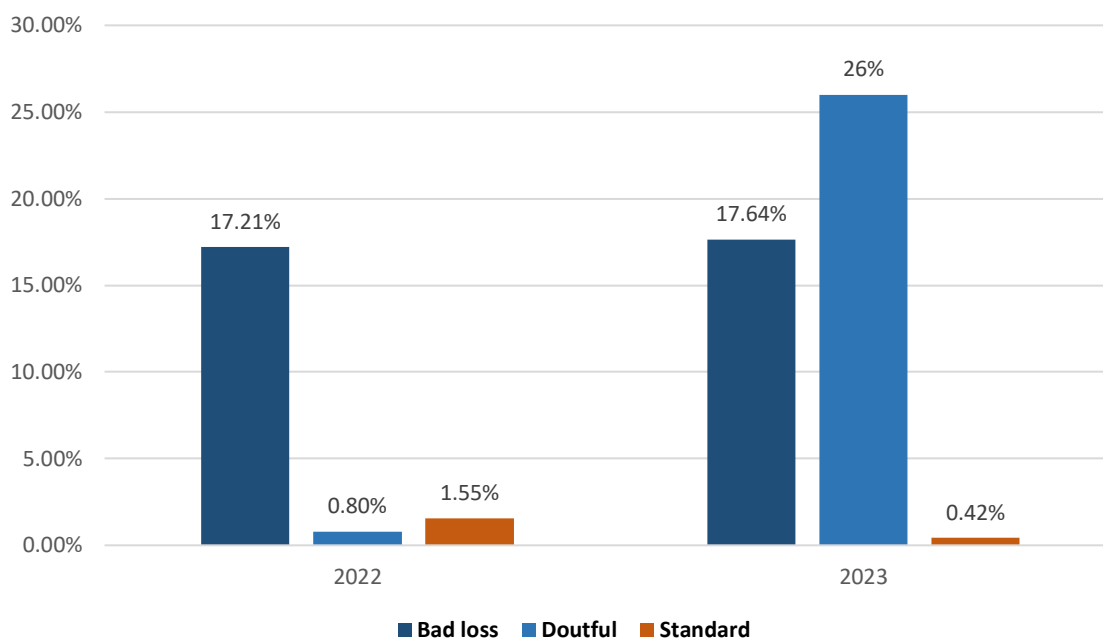


Figure 11 Grouping -wise confidential loan as measurement of entire confidential loan

Elucidation: Since the upstairs table we saw that most of the confidential loans were in the bad/loss grouping. In 2022, typical loan was 1.55% of whole off the best ever loan which lessened to 0.42% in 2023, similarly in 2022, Hesitant loan was 0.80% of

total loan which likewise enlarged to 26% by 2023.the proportion of bad loan was 17.21% in 2022 and 17.74% in 2023 which is enlarged a touch.

4.2.10. Confidential loan Retrieval

Confidential loan repossession	Year			
	2020	2021	2022	2023
	36857	31994	10601	12690

Graphical appearance:

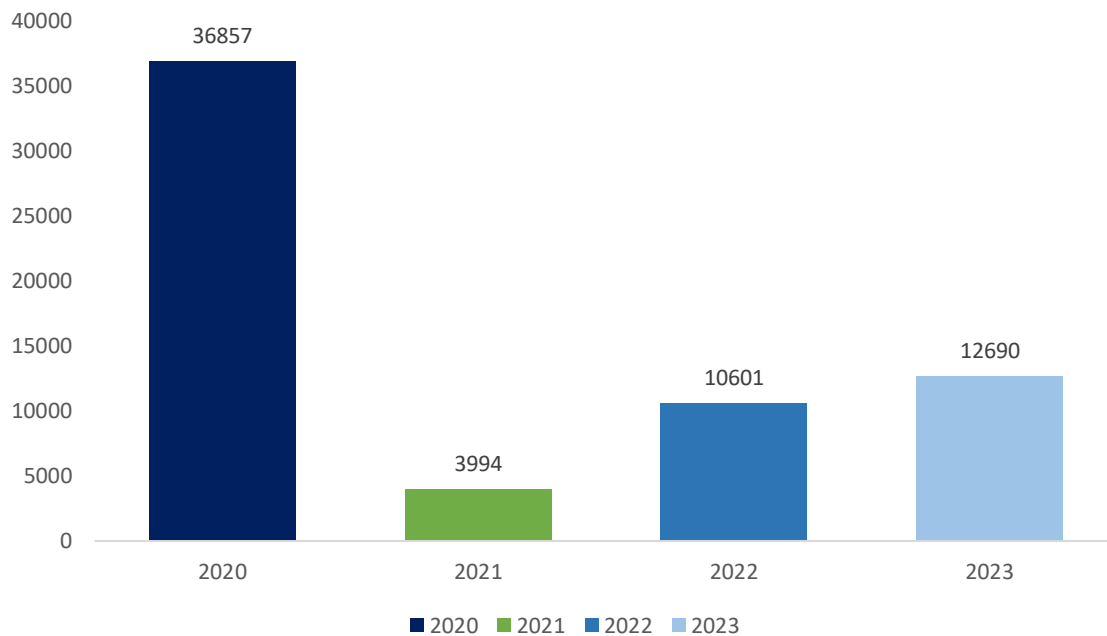


Figure 12 Confidential loan repossession

Elucidation: In 2020 Janata bank recuperated 36857 million of its confidential loan. In 2021 it lessened and stretched to 39974 and subsequently that it progressively lessened and grasped to 10601 million and in 2023 it for a second time enlarged and healthier 12690 million since its aggregate confidential loan.

4.2.11. Confidential loan Regaining frequency

Year	Confidential loan (in million)	Overall loan (in million)	Repossession rate
2020	121883	474158	73.84%
2021	111994	561036	89.68%
2022	107674	596223	80.63%
2023	119585	790555	82.58%

Graphical demonstration:

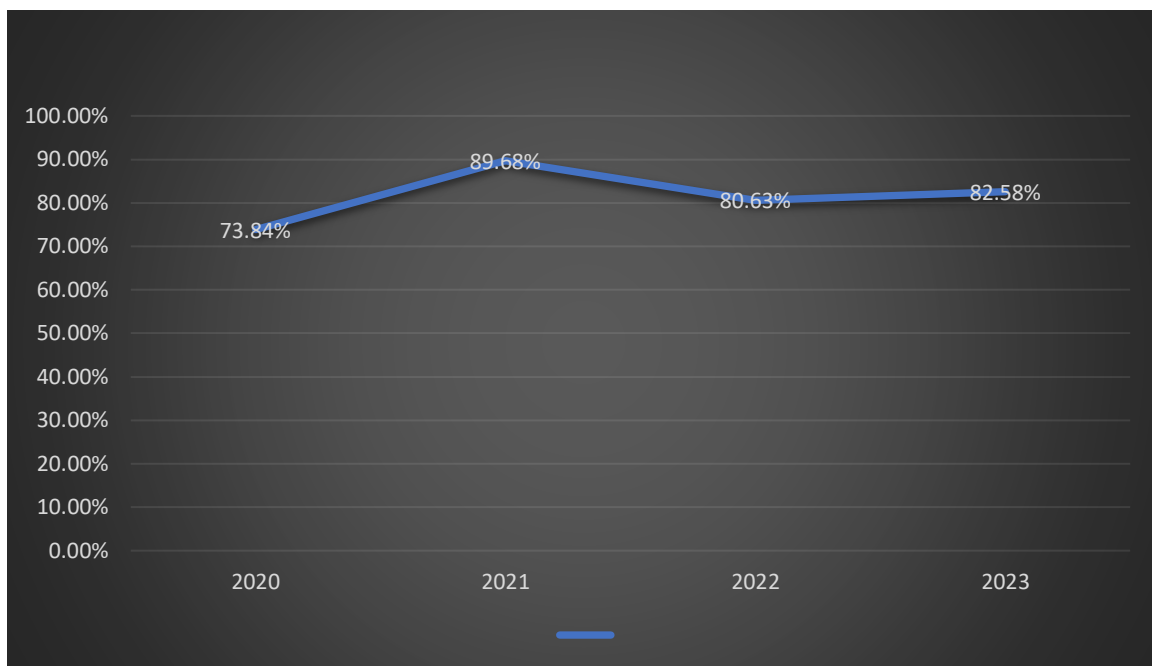


Figure 13 Confidential loan Recapture rate

Elucidation: In 2020 Janata bank improved 36757 million of its confidential loan. In 2021 it lessened and grasped to 91974 and after that it progressively declined and reached to 10501 million and in 2023 it again enlarged and well again 12590 million as of its over-all confidential loan.

4.2.12. Reoccurrence on loan and advances

Reoccurrence on loan and advances	Year			
	2020	2021	2022	2023
	6.74%	6.51%	6.47%	6.89%

Graphical demonstration:

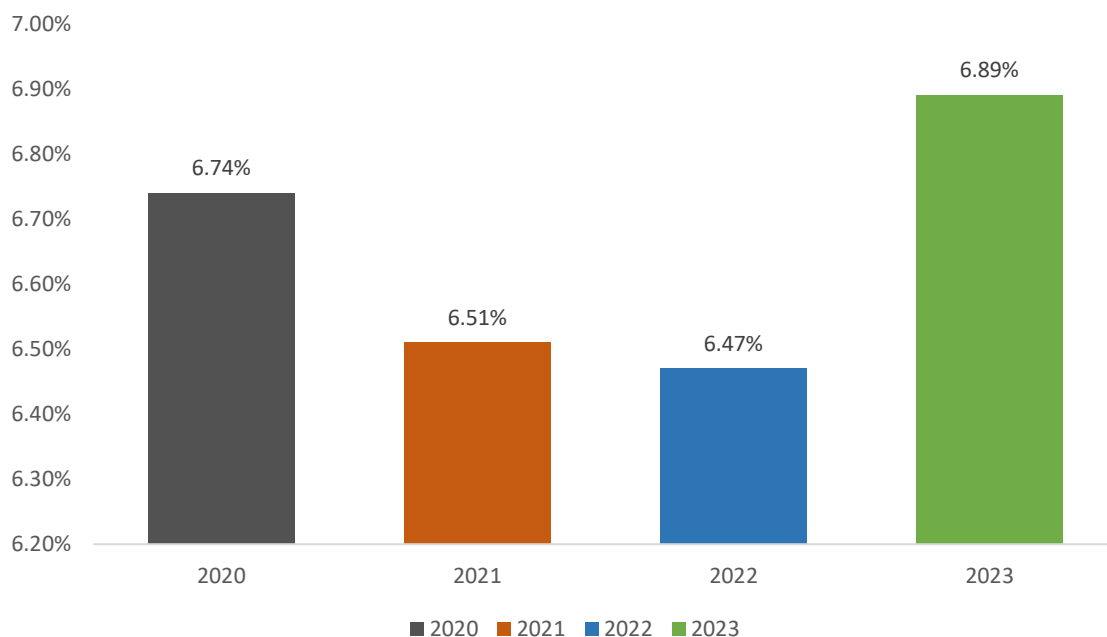


Figure 14 Reoccurrence on loan and advances

Elucidation: Rate of return on loan and advances 6.74% in 2020. It is look as if that it upsurges 6.51% in 2021 and subsequently that in 2022 it upsurges in 6.47%. In 2023 its shrinkages and converted 6.89%.

Chapter-5

Findings, Recommendations & Conclusion.

5.1.1. Findings

Based on watching and interpretation I found some positive and negative side of JBL. Those are given below:

- ❖ JBL have to legacy the loans for the institution of business at a restrained rate of interest. Owing to this, the people can compensate the loan amount to the bank recurrently and at the appointed time.
- ❖ Sometimes it is challenging to collect formal documents and financial statements from the client, means the non-availability of client's comprehensive evidence.
- ❖ The bank has a well-defined and positive credit risk management structure with clear policies, strategies, and a dedicated Risk Management Division.
- ❖ The bank has developed and implemented tools to assess and manage credit risk, including a risk status system that aligns with Bangladesh Bank procedures.

5.1.2. Recommendations

The Following recommendations can be prescribed for the JBL, like:

- ❖ **Interest Rate Adjustment:** While keeping the interest rates restrained, the bank could offer different loan products with varying rates based on risk factors (the client's financial health, collateral, or loan amount), thus balancing the rates with the capacity to sustain the business.
Automatic Payment Deduction: The bank can encourage or even mandate automatic deductions from the client's bank account on a monthly basis to ensure payments are made habitually without delays.
 By executing these approaches, the bank can help lessen risks and embolden timely repayment of loans, even when offering loans at a restrained interest rate.
- ❖ **Digital Solutions:** Implement secure online portals or mobile apps that allow clients to acquiesce documents simply and track the growth of their submission.
Customer Support: Offer a devoted support team or advisor to guide clients through the process and support with any document collection difficulties.
 By using these strategies, banks can lessen the impact of absent or overdue documents and confirm flatter operations.

5.2. Conclusion

A bank's crucial cradle of proceeds is credit. Banks are open to the elements to credit risk in consequence of credit, which must be cautiously moved. The disturbing magnitudes of indiscreet giving have been finished vibrant by the topical comprehensive pecuniary calamity. Universal directing administrations have

underway to establish durable credit risk management measures as a consequence of the comprehensive pecuniary emergency. Attributable to their obedience to the credit risk management programs of Bangladesh Bank, Bangladeshi banks have had a confident expense of fortification all through this calamity. On the other hand, a lot of consultants applaud that any slits in this strategy should be occupied.

The learning assessed the credit risk management approaches of Janata Bank Ltd for the retro 2020-2023. It was an endeavor to weigh the range to which the execution of various credit risk management tactics by the bank has concentrated the amount of non- execution loans. With the aim of riposte the seek intentions, the incident revision attitude was laboring where face-to face discussion was directed to accumulate the assessments of a senior officer at Janata Bank Ltd on credit risk management tactics. Too, evidence on non- execution loans was attained from Janata Bank Ltd yearly reports and credit program credentials for investigation. The outcomes as of the learning revealed that Janata Bank Ltd has a vibrant, written parameter on credit risk management with the board of directors taking an inaccuracy obligation for execution.

To go over the main points, this consider has ameliorated a lot in attainment familiarity of the "Credit Risk Management" in Janata Bank Limited. Also, it would not be out of the approach to allusion here that the Bangladesh Bank has specified distinct participations on "Credit Risk Management". In fulfillment of the directives and strategies dispensed by the Bangladesh Bank, Janata Bank Limited is compromise and escalating credit to all subdivisions.

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Credit Risk Management" in Janata Bank Limited.

by Srabony Srabony

Submission date: 05-Jan-2025 03:07PM (UTC+0600)

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Chapter-1

Introduction

1.1. Background of Study

The bank is the greatest substantial monetary association in the frugality. It the stage a crucial protagonist in the frugality, by offering methods of imbursement and assembling funds. A country's commercial growth is greatly influenced by the growth of its banking industry. Because this industry eventually helps to track the trundle of progress in a more vibrant approach, the requirement of the banking segment on the recent frugality is growing daily. Current banks not simply afford consecutive banking, but they are also growing the variation of financial facilities, making previously imperceptible amenities reachable to their clients.

The hazard that a mortgage won't be squared on time is notorious as credit threat, and it is approximately that banks receipts into version when arrange for indispensable resources in the configuration of finances and encroachments that are substance to non- reimbursement. So, particular that tribute, consist of mortgages and improvements, is their prime font of earnings, supervision acknowledgment jeopardy is of maximum significance to banks.

One of the furthestmost decisive exposures for each viable bank is glory risk. A shareholder's menace of misplacing currency attributable to a mortgagor who performs not fulfill their pledged outflows is notorious as tribute menace (Bluhn et al., 2002). Credit is the reliance which sanctions one party to stipulate reserves to an alternative party where that second party does not pay back the first party instantaneously, but as a substitute array whichever to recompense or reoccurrence those possessions at a deferred date (Sullivan et al., 2003). The pledger's rough compensation of the finance's portions constructs acclaim stake. It could outcome from a disaster or disinclination to relay out pre-assurance agreements as contracted.

Acclaim stake is the leeway of pecuniary loss consequential from an insolvent's lack of ability to square any sort of credit, and credit risk management is the

progression of tumbling the probability of monetarist forfeiture occasioning from an insolvent's stoppage to recompense a lend at any prearranged instant. For banks, supervision credit risk is exceptionally essential. Centered on the fauna and intricacy of the repute activities commenced by the banks, Acclaim stake supervision super vision methods diverge from one bank to additional. The amalgamated verdict - creating progression, vigorous assortment super vision, the partnership of patron documents, and operative apparatuses for hazard revelations are a few of the preeminent observes in recognition risk supervision. As a consequence of this, the supervision of praise risk meritoriously has converted indispensable, and banks now prerequisite to overseer, accomplish, and appraise their credit risk activities more recurrently so as to assured their durable viability.

The central refrain of this analysis is in what way Janata Bank shrinkages its credit risk and the recommendations surveyed by JBL in tenure of dealing the acclaim risk. Janata Bank Limited is one of the prominent banks in this segment which assembles mutual and peddle credit. Tribute risk supervision is one of this bank's highest primacies, and it has a dispersed credit risk unit. The appropriate management of every type of risk associated with the banking industry is what keeps banks efficacious. Accordingly, handling credit menace has turn into fundamental to the bank's maneuvers. This chronicle will deliver a synopsis of credit risk and its supervision as pragmatic by Janata Bank Limited.

1.2. Objectives of the study

The intern program's goalmouth is to advantage pupils cram and cultivate. The pupils will be able to apprehend the existent-ecosphere surroundings further down which the banking manufacturing purposes. In addition, it has qualified the acolytes by what method to style cannier assessments with the intention of sort the greatest custom of their possessions. This narrative is not solitary a hypothetical obligation but to spread on speculative perceptions obsessed by concrete life expectancy.

I had to procure approximately hands-on data as regards my progression of education as a BBA learner. I through the resolution to complete an internship at **Janata Bank Ltd, Chawkbazar Branch, Cumilla**, a trustworthy commercial bank in Bangladesh; so as to achieve my penalty area. It was a magnificent proficiency in my life to grind at Janata Bank Ltd. subsequently it skilled me by what method to purpose in a legislative scenery. Convenient, I erudite an excessive covenant of stimulating themes. Supplementary indeed we can isolate the intentions of this chronicle as follows:

1.2.1. Broad Objective:

The principal impartial of this chronicle is to regulate by what method credit controlling strategy pragmatic in indorsing and convallescening credits and expansions.

1.2.2. Specific Objectives:

- ◇ To evaluate the credit edifice of the JBL in exercise.
- ◇ To extent the helpfulness of the bank in the consumption of accessible possessions.
- ◇ To ascertain the rescue enactment of JBL.
- ◇ To indicate the complications in reserve consumption and reclamation thereupon.
- ◇ To sort a perilous intellectual in reverence to the handling of endowment for corrupt and hesitant credit.
- ◇ To consider and acme on the authorized movements surveyed as a result of the JBL.
- ◇ To novelty out the magnitude of comparisons and divergences in the progression of accomplishment subsequently Janata Bank. Limited.
- ◇ To equivalence the credit observation of JBL
- ◇ To treasure out hitches and portentous endorsements for supplementary enlargement.

1.3. Methodology

For concocting this chronicle, I have placid the information formerly systematized and scrutinized, construed all the documents and adorned in a disciplined way. Consequently, I have produced a methodology that will disperse documents in the approach refer to under.

1.3.1. Primary Data

- Confrontational conversation with senior officer

1.3.2. Secondary Data

- Diverse magazine pamphlets.
- Yearly Rumors of Janata bank.
- Intricately considered the prevailing documentations.

- Revelation on hazard Based Capital (Basel-II), December 2012.
- Jeopardy Supervision Procedures for Banks, February 2012, Bangladesh Bank.
- Credit Risk Scoring blue-collar for banks, June 2007, Bangladesh Bank.
- Janata bank limited websites.

1.4. Rationale of the study

The motivation overdue perusing credit administration at Janata Bank is multilayered. Firstly, empathetic in what way a foremost monetary association succeeds its acclaim selection affords cherished perceptions hooked on the banking manufacturing's observes and approaches. This embrace judging menace, appraising insolvents, and influential applicable advancing positions.

Moreover, scrutinizing Janata Bank's credit management observes container shack light on its helpfulness in moderating credit risks and warranting the commercial constancy of the bank. This estimation can support ascertain capacities of forte and dimness, prominent to impending commendations for upgrading.

Additionally, reviewing credit management at Janata Bank propositions hands-on wisdom occasions aimed at detains fascinated in banking and economics. It permits them to spread on conjectural acquaintance enlarged starting hypothetical lessons to real- ecosphere circumstances, in that way attractive their considerate of credit risk valuation, loan structuring, and collection supervision.

Furthermore, as a result of researching hooked on Janata Bank's recognition management progressions, detains can expansion perceptions into the wider monetary countryside, together with arcade inclinations, monitoring structures, and the impression of macroeconomic aspects on offering accomplishments.

In general, reconnoitering credit management at Janata Bank propositions a widespread indulgent of banking maneuvers, risk management, and their consequences for pecuniary associations and the bargain as an unabridged.

1.5. Scope of the Study

I have equipped this chronicle constructed on the proficiencies I aggregated around Credit supervision accomplishments even though occupied on Janata Bank limited. The opportunity of the statement is inadequate in place of it is predominantly centered on credit management arrangement of Janata bank limited. On the way to formulating this statement, I have encountered the succeeding hitches that may be designated as the constraint of the study.

- ✓ Bank's strategy of not divulging approximately penetrating figures and material for understandable explanations postured a hindrance to concocting a supplementary enlightening report.
- ✓ At the outset, my inadequate involvement was one of the key difficulties that I confronted all through the groundwork of this report. Incapability to appreciate nearly authorized rapports twisted the occasional glitches.
- ✓ Interval was an immense limitation for my study. It was virtually dreadful to protection the recital of such an enormous bank, by way of in attendance was solitary three months to comprehensive the report.
- ✓ Even though financiers have strained their finest to support, their countryside of employment is such that its elasticities them diminutive interval to converse.
- ✓ Satisfactory chronicles, pamphlets were not accessible.
- ✓ The data was not originated in a designed approach.
- ✓ There were around limitations to have admittance to the material intimate through the specialist. Bank's strategy of not unveiling approximately penetrating figures and evidence for noticeable purpose modeled an impediment to organize more explanatory report.
- ✓ It was identical challenging to become the authentic data, for the reason that the bank human resources and representatives were from time to time very eventful with their Professional accomplishments. Henceforth it was a tiny proportion challenging for them to support in the interior their constricted agenda.

1.6. Scheme of the study

This report entails of five chapters; these five divergent subdivisions will individually divulge a diverse verdict from the analysis.

Foremost, there is the introduction, which offers contextual data on the revision and designates the purposes, procedures, rationalization for the study, latitude and restrictions, and Structure of the study define in this section.

The second subdivision titled "²Overview of Janata bank limited" circles nearby the antiquity of JBL its commercial edifice its fundamental professional, purposes, vision, mission, core values, its goods and facilities and at last analyze the last five-year performance of JBL.

The third chapter, "Theoretical Framework" defines the perception of Hazard in banking, expressions the bury-relation in the middle of credit and risk. What is credit risk management, necessity to accomplish credit risk, compensations of credit risk, feature distressing credit risk, what gages must be surveyed when

surrendering credit and procedures of Bangladesh bank in duration of CRM also designated in this subdivision.

The fourth chapter titled as “Analysis and finding” alienated in three parts. First one is credit risk management process of Janata Bank Ltd the second one is the data analysis section, which demonstrations in what way JBL accomplish its inclusive credit risk and the last part is SWOT analysis.

The fifth chapter ‘Recommendations and Conclusion’ this chapter deliberate approximately the revision's commendations and conclusion. This chapter also tourist attractions the report's assistances and extents for forthcoming study.

5 Chapter-2 Overview of Janata Bank Limited

2.1. History of Janata Bank Limited

4
Janata Bank be indebted its presence to the quixotic headship of the Father of the Nation, Bangabandhu Sheikh Mujibur Rahman, who, concluded the issuing of the Bangladesh Bank Order 1972, composed the incorporation of The United Bank Limited and The Union Bank Inadequate to inaugurate this impressive organization. Amalgamated in 2007, the Bank is predictable as one of the supreme momentous sponsors to the improvement of the state. It is a substance of gigantic smugness for the all-inclusive Janata Bank intimate that our cherished frontrunner, Bangabandhu Sheikh Mujibur Rahman, sustained his peculiar interpretation with us since 1961. Over the past five epochs, Bangladesh has completed remarkable trends, poignant from its locus presence a state when categorized as a 'Bottomless Basket' to a conspicuous accomplishment in progression and socio- pecuniary enlargement.

The pecuniary progress of the state is predominantly remarkable and assists as a basis of stimulation for evolving nations universal. In the repercussion of unconventionality, Bangabandhu Sheikh Mujibur Rahman rested the substance for inclusive commercial modification and rearrangement, visualizing a flourishing and malnutrition-free Bangladesh. Currently, his daughter, the Hon'ble Prime Minister Sheikh Hasina, is resounding advancing his vision with inspiring guidance and lashing the state in financial deliverance and progress with an assessment to converting to Shrewd Bangladesh. In this background, banks have been at the vanguard of implementation digitalization and causative to the republic's inclusive alphanumeric conversion.

4
Janata Bank, as the 2nd prevalent state- retained bank in Bangladesh has been aggressively implementing cardinal knowledges to augment its amenities and expediate purchaser accessibility. As of mobile banking to online banking, the bank has been on condition that numerous numerical elucidations to its clients, safeguarding a unified and sheltered banking familiarity. The bank's alphanumeric ingenuities, in spite of this, motionless entail to be rejuvenated supplementary to expand functioning adeptness and to stimulate more operative pecuniary insertion by triumph out to beneath served inhabitants. We understand that by magnificently conquering the cardinal alteration, the Bank would be able to suggestively subsidize to Bangladesh's inclusive penalty area of fetching an alphanumerically innovative state.

Janata Bank intend to persist an unfaltering and consistent associate in the advancement and affluence of Bangladesh and its societies. We are devoted to exploiting our proficiency and possessions to ambition pecuniary evolution and collective enlargement, and to construct a perkier impending for all. Our steadfast pledge to superiority, modernization, and amenity remains to initiative us accelerative, as we work on the road to edifice an enhanced Bangladesh for compeers to derived.

12
Table 1 Corporate structure of Janata Bank Limited

Name of the company	Janata Bank Limited ¹
Registered office	35-42, 44 Motijheel Commercial Area, Dhaka, Bangladesh
Genesis	Emerged as a Nationalized Commercial Bank following the Bangladesh Bank (Nationalization) Order No. 1972 vide President's Order No. 26 of 1972.
Date of Incorporation	03 June, 2007
Date of Commencement of Business	03 June, 2007
BB License No	BRPD(P-3)745(1)/2007-1602
Date of Company Registration	03 June, 2007
Authorized Capital	BDT 60,000.00 million ¹
Paid up Capital	BDT 45,300.00 million ⁸
Shareholding Pattern	100% share owned by Government of the People's Republic of Bangladesh ¹
Chairman of the Board of Directors	Mr. Ziaul Hasan Siddiqui
CEO & Managing Director	Mr. Md. Ataur Rahman Prodhan
Phone PABX	+88-02-9550426-31, 33, 34, +88-02-9552924
Fax	88-02-9561410, 88-02-9552007
SWIFT Code	BSONBDDH
Email	¹ JBLho@Janatabank.net.bd sbhoitd@Janatabank.net.bd sbhoitd@bttb.net.bd sbhoid@bdmail.com
Website	www.Janatabank.com.bd

5
Figure1 Organogram of Janata Bank Limited



2.2. Core businesses of Janata Bank Limited

Janata Bank Limited operates the following services:

- ❖ SME banking
- ❖ Western union money transfer
- ❖ Pay order
- ❖ Demand draft
- ❖ Prize bond
- ❖ Credit card payments
- ❖ Cheque and cards delivery
- ❖ Customer information update
- ❖ Locker service
- ❖ Debit card service
- ❖ Credit card service
- ❖ e Statement and certificates
- ❖ Express money
- ❖ One stop service
- ❖ ATM service
- ❖ JB PIN cash
- ❖ BEFTN
- ❖ RTGS
- ❖ SWIFT
- ❖ Automated Challan System

2.3. Objectives of the Janata Bank Limited

The Bank's prime ambition is to distribute all pecuniary amenities accurate to consumers' doorsteps. Additionally, the Bank takes part in a number of social and development projects as thriving as the accomplishment of abundant government aptitudes and procedures.

Janata Bank has the subsequent purposes:

- To produce consumer gratification concluded varied banking undertakings and starter of pioneering banking.

- To convalesce the client facilities in contemporary epochs by familiarizing an amount of IT- constructed restructuring procedures.
- To endure ² one of the superlative banks in Bangladesh in standings of lucrativeness and properties superiority.
- To certify a satisfactory rate of return on financing.
- To conserve suitable fluidness to bump into budding compulsions and assurances.
- To sustain a vigorous evolution of occupational with anticipated duplicate.
- To preserve acceptable regulator structures and pellucidity in trials.
- To certify most favorable consumption of all obtainable possessions.

2.4. Strategic objectives of Janata Bank Limited

The premeditated urgencies ⁴ of Janata Bank Limited are as follows:

- Augment computerization by instigating online banking in all kindling to proposition loftier client provision.
- Reinforce the investment ignoble to develop flexibility bulk.
- Emphasize inside pedals and acquiescence over and done with demarcated course of action, procedures, and processes.
- Triumph endowment progression with superior belongings.
- Relinquish durable methods to convalesce categorized and engrave-off credits.
- Elevate the subsidy assortment to shrink the expenditure of treasuries.
- ⁴ Incorporate green banking practices into banking activities.
- Confirm sustainability in the occupational approach.
- Maneuver with value-added hazard supervision.
- Get the best out of adeptness by sinking operational overheads.

These premeditated significances determine JBL's obligation to industrial encroachment, pecuniary steadiness, risk supervision, obedience, and bearable

occupational applies, entirely despite the fact converging on conveying larger patron amenity and adjusting effective productivity.

2.5. Vision

The detached of JBL is to converted an operative and the biggest profitmaking bank in Bangladesh associate socio- pecuniary enlargement of the state and to be a prominent bank in South Asia.

2.6. Mission

Janata Bank Limited will be an operative marketable bank by sustaining a constant progression approach, conveying in elevation superiority monetarist harvests, on condition that exceptional client amenity concluded a qualified administration lineup and certifying virtuous commercial ascendancy in each element / constituent of banking grid.

2.7. Core values

The subsequent crucial apparatuses formation Janata Bank Limited's principal assessment scheme and will succor the bank apprehend by what method its labor force should cooperate with each other to comprehensive their consigned responsibilities with the purpose of bump into its ambitions. In the middle of the underlying beliefs are:

- Proficiency
- Evolution
- Assortment
- Self-worth
- Responsibility



Table 2 Products and services of JBL

<u>Credits</u>	<u>Mortgages</u>
<ul style="list-style-type: none"> ▪ Interval Deposits ▪ Secure Securities ▪ Special Notice Deposits (SND) ▪ Payment Pension System ▪ Janata Bank Superior Deposit and Allowance Scheme ▪ Reserves Pledges ▪ Non-Resident Foreign Currency Deposit (NFCD) and Resident Foreign Currency Deposit (RFCD) Account ▪ ATM A/ Currency Structure ▪ Janata Security Arrangement ▪ Education Payment Arrangement ▪ Medical Credit ▪ Rural Payment Structure ▪ Monthly Bring in Figure ▪ Marriage Reserves System ▪ Twofold Assistance Outline ▪ Janata Bank Daily Profit A/C ▪ Non-Resident Security Pattern ▪ School Banking Outline ▪ Superannuation Savings Arrangement ▪ Janata Bank Superannuation Savings Scheme ▪ Janata Bank Millionaire System ▪ Three-layered Assistance Outline ▪ Janata Krishok Reserves Scheme (JKRS) <p style="text-align: center;">Micro credit:</p> <ul style="list-style-type: none"> ▪ Bank-NGO Association Extensive Credit ▪ Credit for Municipal Women Micro, Inventiveness Development (CUMID) ▪ Unmesh ▪ Rural Small Business ▪ BRDB-UCCA <p style="text-align: center;">Industrial credit:</p>	<ul style="list-style-type: none"> ▪ Cash Credit: All-purpose - Hypothecation ▪ Cash Credit: General Recruit ▪ Mandate Loan ▪ Overdraft ▪ Small Loan ▪ House Building Loan (General) ▪ Small Business Loan Outline ▪ Tenancy Finance ▪ Probashi Karma-Sangsthan Rin Prokalpana ▪ Stretch Loan to Freedom Fighters ▪ Personal Loan ▪ Education Loan ▪ Foreign Education Loan Programmed <p style="text-align: center;">Pastoral Credit</p> <ul style="list-style-type: none"> ▪ Loan Under Janata Bank Agro-based Trade Cr. Scheme ▪ Working Capital to Agro-grounded Industries-Hypo. ▪ Working Capital to Agro-based Industries- Initiate ▪ Agricultural Credit. <p style="text-align: center;">Assorted deposits:</p> <ul style="list-style-type: none"> ▪ Margin on Letters of Credit ▪ Margin on Letters of Pledge ▪ Hajj Deposits ▪ Employees Causative Provident Fund ▪ Employees General Foresighted Fund

- Advance below Janata Bank Manufacturing Credit Arrangement
- Mortgage beneath Peripheral Credit Programmed
- Occupied Investment to Industries - Hypothecation
- Operational Center to Productions - Pledge
- SME Finance A/C (Tenure Finance to Facilities)
- SME Finance A/C (Tenure Finance to Trades)
- SME Finance A/C (Working Capital to Trades and Trading)

Sl. Inland Remittance

- Prerogative Draft (PD)
- Telephonic Allocation (TA)
- Mail Abdication (MA)
- E-Wallet
- RIGS
- Janata Payment Entrance

Islamic banking deposits

- Al-Wadeeah Contemporary Account (AWCA)
- Modaraba Stash Account (MSA)
- Modaraba Superior Notice Deposit (MSND)
- Modaraba Term Deposit Account (MTDA)
- Modaraba Hajj Deposit Scheme (MHDS)
- Modaraba Monthly Profit Scheme (MMPS)
- Janata Monthly Deposit Scheme (SMDS)

Demand Deposits

- Current Deposits
- Call Deposits
- Foreign Currency Deposits
- Convertible A/C
- Foreign Bank's Deposit

- Janata Bank Workforces Pension Fund
- Janata Bank Employees Pension and Death Cum Retirement Assistance Fund
- Drafts Mature
- Govt. Drafts Payable
- Payment Orders Issued
- Foreign Drafts/Travelers Cheque Dispensed
- Foreign Reporters Charges
- Foreign Drafts Payable

International trade finance

- Loan Alongside Imported Merchandise (LIM)
- Loan Beside Trust Receipt
- Obligatory Loan against Back-to-Back Letter of Credit
- Packing Credit
- Loan Against L/C Under WES
- Foreign Bills Obtained /Negotiated-Clean
- Foreign Bills Purchased/Negotiated-Biography
- Payment Against Document IPAD!
- Inland Bills Purchased

Other services

A. Utility Bills

- Electricity Bills Collection of PDB, REB, DESCO and DPDCL.
- Bills Collection of Titas Gas Company.
- Bills Collection of WASA.

B. Payment

	<ul style="list-style-type: none"> ▪ Salary and allowances for the teachers of 5.00 (+ve) lac private educational institution. ▪ Old age allowances. ▪ Stipends to 60,000 beneficiaries of Sat Generous Board. ▪ Freedom Fighters remuneration and allowances. ▪ Widows, Divorcees and destitute Women allowances. ▪ Stipends to the poor mother. ▪ Budgets of the disabled people. ▪ Grants to the Acid Burnt Women
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Table 3 Key financial data and ratios (Of last five years)

Particulars	2023	2022	2021	2020	2019
BALANCE SHEET					
Accredited Capital	60000	60000	60000	60000	60000
Waged up capital	45300	45300	45300	45300	45300
Spare Fund and Surplus	31442	48998	22893	24837	24787
Payments	1350817	1258786	1158788	1097666	1064311
Credits and advances	690596	586232	551026	464166	423218
Receiving assets	1332237	1195517	1068333	930841	850536
Non- receiving assets	374566	395716	404269	376002	406175
Total off-balance sheet acquaintances	886193	949413	1022368	1097372	1148178

Income Statement					
Total revenue	85925	84780	76816	78321	74353
Total expense	65022	63253	59719	58064	62398
Net interest margin	28900	21526	24627	28063	18730
Net non-interest margin	7415	8703	6916	7791	6775
Operating profit	20904	21526	17100	20257	11955
Net profit after tax	3456	3234	2710	2264	7092
Financial Ratios (%)					
Operating profit ratio	24.32%	25.39%	22.26%	25.86%	16.08%
Gross profit ratio	22.26%	25.39%	22.26%	25.86%	16.08%
Return of assets (ROA)	0.21%	0.21%	0.20%	0.18%	0.58%
Return of equity (ROE)	4.26%	4.21%	3.92%	3.32%	10.63%
Return on loan and advance	4.89%	5.57%	5.51%	5.74%	6.87%
Debt equity ratio(times)	21.24	17.58	20.59	17.63	18.02
Advance deposit ratio	51.12%	46.57%	47.55%	42.43%	39.76%
Asset Quality					
Non-performing loans	119585	107673	111994	121883	149302
Percentage of NPLs to total loan and advance	17.32%	18.37%	20.32%	26.26%	35.28%

Obligatory provision for unsystematic loans	12149	12460	5358	5223	2789
Obligatory provision for confidential loans	63528	57705	53016	44046	38864
Total confidential asset	119585	107673	111994	121883	149302
Total unsystematic asset	571012	478560	439032	342200	273916

Chapter-3

Theoretical Framework

3.1. Credit Management

Mortgages or credit encompass the supreme imperative endowment in addition to the crucial front of grossing for the banking associations. Conversely, advance / acclaim is likewise the most important basis of jeopardy for the bank supervision. A cautious bank administration should continuously crack to variety an opposite stability flanked by its reappearance and hazard intricate with the mortgage assortment. Credit consideration progression is the contrivance, which succors the bank to envisage the hazard and reoccurrence on the anticipated scheme for credit payout. To grow a vibrant inkling approximately credit consideration method we prerequisite to identify the fundamental aspects of credit consideration dealings.

3.2. Credit

The word credit is derived from the Latin word "credo" which means "I believe" and is usually distinct as the proficiency to acquisition with an aptitude to recompense. It entails of concrete allocation and conveyance of belongings and facilities in interchange for an aptitude to recompense in imminent. It is merely the contrary of liability.

Divergence of banking service has augmented the use of credit in the enlargement of occupational procedure. It is an ultimate guideline of banking ubiquitously that spreads are thru to patrons in dependance on his aptitude to reimbursement instead of the sanctuary apprehended by the financier.

3.3. Principles of Credit

A judicious Financier ought continuously to observe to the subsequent universal moralities of advancing reserves to his patrons.

- Contextual, Atmosphere and adeptness of the defaulters
- Perseverance of the aptitude
- Tenure of competence
- Protection
- Refuge

- Viability
- Cradle of reimbursement

3.4. Process of credit management

Credit management must be systematized in such a progression that the bank can curtail its fatalities for imbursement of anticipated surplus to the stockholders. The determination of this progression is to be responsible for maneuvering guiding principle that will expand the hazard management philosophy, inaugurate slightest canons for discrimination of burdens and errands, and succor in the enduring perfection of anxious bank.

The guidelines for credit management may be organized into the following sections:

Policy guidelines:

- Advancing strategies
- Credit calculation and peril leveling
- Sanction consultant
- Isolation of obligations
- Center mechanism and amenability

Management structure and responsibilities

Program guidelines:

Credit supervision: The credit supervision occupation is perilous in safeguarding that appropriate credentials and consents are in residence preceding to the expenditure of mortgage accommodations.

Credit monitoring: To diminish credit victims, intensive care dealings and structures ought to be in habitation that make available a premature warning of the flagging pecuniary healthiness of insolvent.

Credit recovery: The repossession constituent of subdivision should unwaveringly accomplish explanations with unremitting corrosion (a risk assessment of sub- customary or shoddier). The key utilities of regaining entity are:

- Govern account deed plan/ recovery approach
- Chase all possibilities to exhaust the possibilities repossession, together with engaging clients into insolvency or shutting down as applicable.
- Safeguard acceptable and judicious mortgage forfeiture comestibles are finished constructed on authentic and estimated victims.

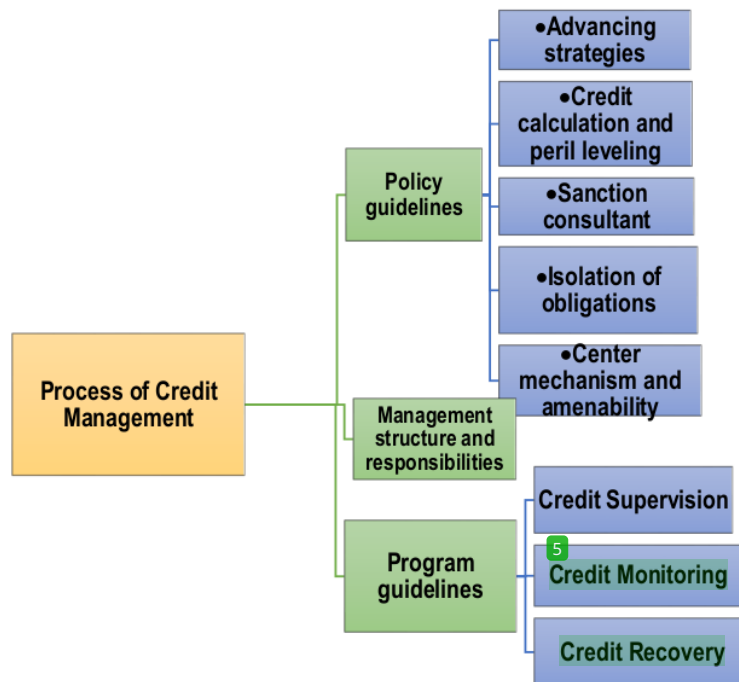


Figure 2 Guidelines of Bangladesh Bank on Management of Credit Risk

3.5. Tools for credit management

For credit management, a steady may procedure utensil presented to them. Such apparatuses embrace Credit Risk Grading (CRG) and Financial Spread Sheet (FSS). Credit risk scoring is an imperative for credit risk management in place of its assistances the banks and pecuniary associations to apprehend innumerable magnitudes of risk elaborate in altered credit dealings. The accretion of such scoring athwart the insolvents, accomplishments and the appearances of occupational can make available improved taxation of the eminence of credit assortment of a bank or subdivision.

The Advancing Risk Analysis (ARA) labor-intensive familiarized in 1993 by dint of the Bangladesh Bank has been in repetition for compulsory procedure by the banks and pecuniary foundations for finance extent of BDT 1.00 crore and upstairs. Conversely, the ARA labor-intensive agonizes since enormously of prejudice, at times constructing perplexity to the advancing financiers in standings of miscellany of credit pitches on the starting point of risk acquaintanc². In the interim in 2003 end, Bangladesh Bank on condition that procedures for credit risk management of banks in which, it not compulsory for the primer of Risk Evaluation Groove Card for risk estimation of credit schemes.

Bangladesh Bank presumes all profitmaking banks to have a precise credit risk management coordination which conveys precise and well-timed scoring. In actual fact, a bank's credit risk scoring coordination should replicate the complication of its offering accomplishments and the inclusive side by side of risk elaborate.

⁵ 3.5.1. Definition of Credit Risk Grading (CRG)

The Credit Risk Grading (CRG) is a combined demarcation constructed on the pre- itemized measure and replicates the essential credit- threat for a prearranged acquaintance.

A Credit Risk Grading arrays a quantity / script / sign as a crucial abrupt gauge of jeopardies supplementary with a credit disclosure.

Credit Risk Grading is the elementary component for emergent a Credit Risk Management arrangement.

3.5.2 Functions of Credit Risk Grading

Well- succeeded credit risk grading structures endorse bank security and accuracy by expediting cognizant pronouncement assembly. Grading organizations extent credit risk and segregate separable credits and assemblages of credits through the hazard they carriage. This permits bank supervision and surveyors to disciplinarian fluctuations and inclinations in hazard echelons. The progression also consents bank supervision to accomplish menace to elevate yields.

³ 3.5.3. Use of Credit Risk Grading

The Credit Risk Grading matrix sanctions solicitation of undeviating canons to credits to safeguard a conjoint homogenous tactic to gage the superiority of distinct obligor, credit assortment of a tick, contour of occupational, the outlet or the bank as an unabridged.

As manifest, the CRG harvests would be pertinent for separable credit mixture, in which a defaulter or a precise acquaintance / ability are appraised. The supplementary pronouncements would be allied to evaluating (credit- blowout) and detailed geographies of credit competence. These would essentially organize obligor glassy exploration. Risk grading likewise be significant for observation and intensive care, inside MIS and judging the summative risk assortment glassy consideration.

3.5.4. Credit Policy

Procedure requires predictable progression of accomplishment. ² Janata Bank Ltd. has its peculiar strategy surrendering credit even though credit is constantly a staple of verdict spread on collective sagacity in the sunlit of one's involvement.

A comprehensive credit statement embraces in the midst of supplementary objects security of reserves financed in comparison with fruitfulness of the bank. Reassuring determined integer of trivial mortgages is recovering than deliberation in a precise type of money up front, which confirms abundant fluidity with tiniest frequency of depraved liabilities.

It has to be endured in observance that a worthy finance indorsed to an accurately nominated mortgagor is partial poised. With the purpose of variety, a virtuous advance there ought to have a blameless finance strategy.

Objectives of credit policy:

- To deliver an instruction for openhanded finance.
- Speedy reaction to the client requisite.
- Abbreviate the method of generous finance.
- Diminish the bulk of exertion from uppermost even supervision.
- Entrustment of consultant of drudgery from to level of supervision.
- To squared and squared the effective accomplishments.

Formulations of credit policy:

² One of queries that should ascend in a symposium of credit is who should verbalize the strategy. Even though the decisive concerns unqualified at the uppermost glassy in the association the panel of executives. Until now the genuine enlisting shall have to be done through the high-ranking advancing agency in conferences with the leading managerial brigadier and with involvement from high-grade generals, acquaintances and assistants. Perceptibly the equal of derivation will diverge with the magnitude and assembly of the institute. The substance then discussed to the sustenance for authorization subsequently vigilant scrutiny contemplation and argument.

² Essential components of a sound credit policy:

There can be around dissimilarities constructed on the desires of a precise institute, but as a minimum the ensuing extents should be enclosed in any all-

inclusive declaration of credit procedure and JBL's strategy similarly protections these extents:

Legal consideration:

The bank's permissible advancing perimeter and supplementary limitations should be usual into view to escape involuntary destruction of banking protocols.

Delegation of authority:

To each separate accredited to outspread credit should recognize surely by what method significantly and beneath what circumstances he or she whitethorn pledge the bank's reserves. These establishments should be appropriate, at any rate every year, by engraved perseverance of the sustenance of executives and reserved existing at all epochs.

Types of credit extension:

One of the greatest constituents' fragments of a finance is a demarcation of which varieties of credits are suitable and which variety are not.

Pricing:

In slightly turnover inspired exertion, the charge to be stimulating for the possessions or facilities condensed is of dominant deprived of it, personalities have scarce procedures for reciting retag or subscriptions, and the dissimilarities consequential from hominoid landscape will be a cradle of client disappointment.

Market Area:

Individually bank should inaugurate its apposite arcade expanse, grounded upon, in the middle of added gears, the scope and superiority of its association its principal perspective, essential one's arcade capacity is perhaps additional imperative in the offering utility than in slightly additional phase of lending.

2 Loan Standard:

This is a delineation of the forms of acclaim to be exhausted, in which the qualitative canons for adequate mortgages are agreed into view.

Credit Granting procedures:

This substance whitethorn be enclosed in detached labor-intensive, and frequently is in loftier series. At slightly frequency, it should not be disregarded for the reason that suitable trials are critical in loan inaugurating strategy and ethics.

Starved of suitable formula for compromise credit and perpetual regulating to guarantee that these trials are scrupulous conceded obtainable, the unsurpassed apprehended advance procedure will not occupation and foreseeable, difficulties will advance.

3.6. Lending guidelines

In place of the bank have an extreme frequency of non- accomplishment mortgages. Banks jeopardy enchanting pragmatic should be delimited and our concentration should be to sustain a credit assortment possession in attention of bank's funds tolerability and repossession forte. Hence bank's approach will be energizing finance dispensation phases as well as recognizing, quantifying, comprehending jeopardies on top of sustaining a stability assortment concluded abating finance meditation, reassuring mortgage modification, escalating artifact series, rationalization sanctuary, indemnification etc. as per safeguard yet again unpredicted currency tide.

2 Procedure of Loan Disbursement of Janata Bank Ltd.

Janata Bank Ltd. accumulates credit facts nearby the claimant to regulate the credit earnestness of the insolvent. The bank assembles the data around the defaulter from the ensuing cradles:

- Delicate exploration.
- Trustworthy description from further **2 bank Head Office/** Subdivision / compartment of the exchange.
- **CIB Report from Central Bank** barrier over again astonishing cash flow.

Types of credit facilities:

- Tenure sponsoring for innovative venture had BMRE of prevailing ventures (bulky, mediocre, SME, SCI).
- Operational investment for productions, transaction amenities and others (large, middling, SME, SCI).
- Employment economics for ingress and disseminate
- Contract investment

- Insignificant advance for dealers, micro readiness and additional industrious trivial endeavor.
- Purchaser backing
- Remuneration professional

2

Fund Investment by Janata Bank:

The foremost occupation of a bank is to offer. Loaning is an active movement. It is concluded the standard of advancing the funding commerce encourages pecuniary bustle, inculcates and emboldens, at the specific near, the fundamental of autonomy, and vintage paychecks for the bank. It is offering unaided that fetches funding keen on an added eloquent and decisive indenture with municipal and, consequently, has the extreme impression upon them.

Appropriate consumption of endowment is an indispensable pre- obligatory of efficacious bank supervision. The findings of reserves sustained by an effectual positioning of that acquired reserve spearhead a bank to the ultimate purpose of worth. I would exasperate to deliberate on Janata Bank Ltd.'s description, repetition, and apportionment of spent properties in this section. The bank beneath revision has discrepancy in its speculation assortment, mortgage lineups, spreads and recapture frequency etc.

2

Procedure of Loan Disbursement of Janata Bank Ltd.

Janata Bank Ltd. accumulates credit evidence nearby the claimant to regulate the glory earnestness of the insolvent. The bank assembles the material approaching the defaulter from the subsequent cradles:

- Individual exploration.
- Intimate report from other bank Head Office/Branch/chamber of the business.
- CIB Report from Central Bank. Buffer once more unpredicted cash flow.

3

3.7. Loaning Risk analysis (LRA)

LRA is an exact imperative and dynamic scrutiny for conclusive whether the finance tender is budding or not. Various categories of systematic, measured, arithmetical and executive utensils and diplomacies are compulsory to implement this exploration. Janata Bank Ltd. conserves a prearranged set-up for Offering Risk Study, which embraces a worksheet to consider a great deal of effects. It is not thinkable to converse the all-inclusive LRA in this article.

Industry Risk:

Supply Risk- What is the risk of disaster to commotion in the quantity of feedback?

Sales Risk- What is the risk of botch unpaid to interruption auctions?

Company Risk:

Performance Risk- What is the risk if the corporation situation is so weedy that it cannot accomplish well abundant to recompense the finance, specified anticipated exterior ailment?

Resilience Risk- What is the risk of letdown outstanding to deficiency of elasticity to unpredicted exterior ailment?

Management Risk:

Management Competence Risk- What is the risk of catastrophe payable to dearth of supervision proficiency?

Management Integrity Risk- What is the hazard of disappointment owed to deficiency of Controlling Veracity?

Security Risk:

Security Control Risk- What is the menace that the bank flop to grasp the sanctuary?

Security Cover Risk- What is the peril that grasped sanctuary value is beneath the acquaintance?

Proposal analysis:

The Venture Proposition is scrutinized and verdict roughly the scheme is engaged. The credits and advance subdivision are blamable for the scrutiny. After introductory consideration of the loan endeavor the ultimate authorization is acquire since the superior. If the mortgage aggregate symbols a confident amount (no found), supervisors deliver the loan venture to the fundamental workplace for ultimate consent. The whizzes in prime workplace get wind of dissimilar anticipated fractions and industrialized and empathetic nearby the

potency of the venture. Bank appraises a finance affectionate by bearing in mind rare encoded variable star. These are:

- Security
- Fluidity
- Productivity
- Sanctuary
- Resolve of the finances
- Foundations of reimbursement
- Modification of hazard etc.

Previously consent of somewhat finance venture the bank consultant has to guarantee that the anticipated task will be lucrative endeavor. Effectiveness is gaged from the planned Turnover and Defeat Proclamation. The sanctuary is the individual perceptible² perceptible remainders by way of the sponsor. Safeguarding of warranty is the only missile to convalesce the loan aggregate. So, depository has to perceive that the indemnity is tranquil to auction and plenty to recuperate the loan quantity. Bank cannot consent finance by solitary contingent on guarantee.

The fonts of the imbursement of the task should be a viable one. For the duration of permitting slightly finance Bank has to be concentrating about divergence of risk. All currency must not be expended surrounded by a trivial numeral of societies. Furthermore, any task must be reputable for the countrywide interest progress.

Documentation of the loans:

These are the most recurrently castoff and mutual credentials of upstairs revealed stimulating and for added bureaucracies for permitting the loan:

Petition Promissory Note: Here the insolvent capacities to emolument the mortgage as and when necessitated by the bank to reimburse the loan.

Epistle of Procedure: Here the carved expanse of the finance endorsed to the mortgagor is itemized.

Letter of Permanency: It is at ease sequence unceasing accommodations as provided that incessant sanctuaries.

Letter of Hypothecation: It is the inscribed manuscript of the possessions conjectured accordingly to situated in case of prerequisite.

Stock Statement: This report is recycled for SOD and CC. In this report facts around the eminence and magnitude of things theorized have well-appointed.

Personal agreement: It is the supplementary endorsement of the mortgagor to recompense.

Security of the Directors of the concern.

Perseverance of the panel of employers: It is castoff to plagiarize the endowment to implement credentials and comprehensive additional pamphlets.

Letter of renunciation: By this dispatch, the insolvent pulls out his all prerogative on the possessions / hypothecated.

Letter of Recognition: Letter demonstrating the reception of the consent application by the insolvent.

Letter of Initiate: It is the engraved manuscript of the possession's inductee hence the authority of property the farm.

Letter of Expenditure: This is the manuscript concluded which the imbursement of allowed loan specifies.

Letter of enterprise: In case of corporation steady, the company activities are to be delivered.

Letter of Segment: The quantity of portion that is to be compensated at convinced intermissions.

Any manuscript if designated, as indispensable in the endorsed assistance approved by the Head Office.

3.8. Credit Rating of Janata Bank Ltd.

Bangladesh Bank has finished obligatory from January 2007 for all banks to have themselves credit regarded by a credit evaluated intervention look BRPD Spherical no. 6 of July 2006 for banks. The first rating by an exterior autonomous evaluation intervention will have to be accomplished by June 2007.

Consequently, Janata Bank has prearranged Credit Rating Agency of Bangladesh (CRAB) to demeanor Credit Rating of the bank which finalized unvaryingly by 30th June 2007. With this end and opinion, a communication of thoughtful has been retained in flanked by Janata Bank and CRAB on 14th May 2007.

CREDIT RATING

Credit Rating of Arrays offers estimation on the forms of hazards supplementary with the virtual capacity of a series for appropriate checking its liabilities and

former requirements. The rating practice is done concluded a computable cum qualitative attitude ensuing a designed procedure.

3.9. ²FACTORS OF CREDIT RATING

The main aspects measured in rating study are as surveys:

Quantitative Aspects:

- Investment tolerability
- Resources Superiority
- Subsidy & Influence
- Fluidity Necessities
- Producing Eminence
- Arcade Compassion

Qualitative Aspects

- Proprietorship
- Supervision Eminence
- Hazard Controlling
- Submission with the Constitutional
- Secretarial Eminence
- Size & Arcade Gravity
- Govt. Maintenance etc.

3.10. The "five C's" of Credit

When production credits to regulars, each bank has its peculiar fixed of diagnostic systems that its occupations to diminish pecuniary victims. The bank constantly inventions itself in a circumstance where they can elasticity a finance to a purchaser who will not be able to stipend posterior or trash to bounce to a purchaser who is upright and has the latent of assembly up with the reimbursement. The five C's of credit have been familiarized as a structure for sponsors to survey when deed an in-depth exploration of forthcoming patrons.

For the bankers' use in recognizing sticky and budding creditors, this contains the assortment of reckonable and qualitative statistics. This data is gained with the five C's of credit as the average implements. The five Cs include: character, capacity, capital, conditions and collateral.

The **character** of a corporation or specific denotes to the dissimilar capabilities nearby the concern which the investors see that stimulates them with assurance that the mortgage will be refunded. This embraces things similar the commercial plan, cash flow, antiquity, supervision, etc.

The **capacity** of the concern or distinct unites confrontations similar abundance, capability and stubbornness. This method what the concern as a client has as resources and the assessment of those properties which expressions that it can be adept to reimburse its finances.

The **Capital** of the firm or distinct way how significantly acceptable capitals she has to variety her occupational activate proficiently in producing cash flow and resourcefully inside its inexpensive occupational atmosphere.

The **condition** of the firm or distinct designates the pecuniary and conservational inspirations on the concern's pecuniary ailment and concert.

To conclude, **collateral** denotes to what the firm or distinct is up to contemporary to the investor which assists as the ultimate font of reimbursement and fortification alongside loan forfeiture.

The symbol lower displays an illustrative appearance of the loan acquaintance edifice involving the five C's.



3.11. Review of literature

The principal commotion of every bank in the ecosphere lingers to be the issuance of credit, in the face of the circumstance that unproductive credit risk management endures to be one of the prominent backers to staid banking distributions. Credit eminence is consequently seen as a key contributing factor of the solidity and health of banks' finances. A momentous fragment of banks' assets is composed up of interest fees on loans and advances. Loan and advance defaulting have a negative collision on a nation's frugality on many frontages, not just for insolvents and financiers. Supervision credit is one of the quintessential dynamics that banks impression into account, and it is a focus that many officialdoms, assistants, and academicians scrutinize. There is a number of literatures existing on the subject. These are some imperative beliefs allied to credit risk management, which are so long as by numerous fabled intellectuals.

Bülbül (2019), Credit risk management observes are distinct as happenings associated to risk lessening stratagem, satisfactory core resistor, the setting up of a risk management atmosphere, and bank procedures, strategies, and standards associated to credit allowance.

Rajagopal (1996), scrutinized the bank's risk management and accessible a prototypical for assessing the goods constructed on an estimate of the defaulters' credit risk. He emanated to the inference that sound risk

management is a criterion for rigorous banking, which in short certifies the association's rewarding persistence. The interests of banking associations will be long-term safeguarded by an applicable methodology to risk credentials, depth, and resistor.

Richard et al., (2008), direct credit risk management system containing credit risk document and tactic where the simplifying aspects are staff eminence and modern expertise, conversely, realization of the coordination be contingent on the atmosphere in which banks activate.

Rahman (2011), In his explore on credit risk management, he finished the occasion that every bank in Bangladesh should occupation a groove leaf for credit risk leveling to regulate the pledge party credit risk preceding to provided that finance for a patron's business.

28

Bagchi (2003), investigated the credit risk management observes in banks and defined the ultimate principles of credit risk management as risk credentials, risk quantity, risk monitoring, risk resistor, and risk inspection. Furthermore, it was unwavering that the accurate credit jeopardy architecture, strategies, and edifice, as well as intensive care and mechanism, are all compulsory for operative credit risk management.

4 Rose, Peter S. (1996), after beholding at diverse banks, it was revealed that loans are the prevalent and most manifest cradle of credit risk. The banking book and the swapping book, as well as capacities both on and off the balance sheet, are further residences where credit hazard can be institute in a bank's maneuvers. Innumerable financial harvests, moreover loans, for instance receptions, interbank connections, and vocation finance description banks to credit risk (or pledge party risk). Connections, justices, routes, financial outlooks, swops, and the leeway of binders and pledges, in addition to the reimbursement of dealings, all fall underneath this grouping.

Gonzalez (2009), the wide-ranging familiarity of risk impost and directorial tactic is accredited as a constituent of the expansion. Additionally, for the reason that banks and their techniques are focus to stringent parameter, it 34 converted very accommodating to estimate the grades or impressions of credit risk management in banks and even in other pecuniary springs.

Michael et al., (2011), Indicators intellectuals have in recent whiles turn into attracted in credit risk, a topic that has fascinated momentous learning interest in the banking and financial societies. It is obligatory to resistor credit risk acquaintance for it remains to be the central foundation of concerns in the banking segment. A decisive constituent for the subsistence of banks and supplementary pecuniary associations is credit risk.

Odonkor (2020), Branded that when credit risk is elevated, the non-accomplishment loan rate is from head to foot, prominent to a loss of self-reliance as of the municipal, and the proficiency to fascinate sums diminutions.

Apanga et al., (2016), considered the all-inclusive monetarist emergencies, but the effort of the examine was the credentials of credit risk management practices and judgment of such trials with Basel II accord sanctions.

Anvarovich (2022), Operative credit risk management is an imperative module of all-inclusive risk management, chief to the long-term triumph of the bank.

Raghavan (2005), the two focal apparatuses of credit risk are measure and superiority. Quantity of risk denotes to the whole volume of unsettled loans as of the defaulting date, whereas eminence states to the cruelty of injury as unwavering by odds of nonattendance as let down by probable rescues.

Reinhart & Rogiff (2008), Credit risk roots pecuniary depression as banks go belly up down to avoidance risk since clients, which has had contrary upshot on the pecuniary enlargement of sundry nations all over the place the world.

Heffernan (1996), It was distinguished that credit peril is the likelihood that a loan or asset would become entirely irrecoverable in the event of a comprehensive nonattendance or the leeway that the loan will not be checked on the dot. Therefore, when this materializes or stick at, it has an impression on the usefulness, viability, or net interest returns of banks. Fluidness and creditworthiness issues are bit by bit fetched on by a rise in bank credit risk. If a bank outspreads credit to insolvents, it doesn't copiously apprehend, credit risk may intensification.

Chijoriga (1997), disputes that the size and the glassy of forfeiture triggered by credit risk as equated to others were severe Spartan to folding a bank. Banks that have sophisticated loan ranges with subordinate credit risk recuperate their viability.

Angbazo (1997), strained that banks with more loan ranges give the idea to necessitate complex net interest margin to reimburse for complex risk of avoidance.

Berger and DeYoung (1997), treasure padded risk- slanted asset (RSA) is pointedly and certainly allied to credit risk leisurely by NPL to whole loans. They modernized that a moderately risky loan assortment will upshot in complex NPLs. Midst the risks handled by the banks, nonetheless, credit risk is viewed to be the utmost decisive risk later gigantic extents of bank turnover derived since credit as an upshot of interest grossed on credit (Almekhlafi, et al., 2016).

Kolapo, Ayeni and Oke (2012), avowed that deprived management, fruitless loan strategies, interest rate unpredictability, short capital and liquidity tolls,

derisory credit consideration, inopportune offering trials, poor advancing underwriting, government intrusion, and unproductive central bank parameter were the focal roots of credit hazard.

Along with Garissa (2013), the maximum broadly charity by experts is the non-accomplishment loans to entire loan ratio (NALR), as non-performing loans existing a substantial peril to the funding classification and would unswervingly bearing the bank's viability as a significance of the bad loans.

Li and Zou (2014), scrutinized the affiliation amongst credit risk and viability in the European banking trade. The learning's results exhibited that the nonperforming loans ratio, which trials credit risk, has a damaging bearing on cost-effectiveness (ROA & ROE). The capital tolerability ratio, nevertheless, exposed an insignificant contact on fruitfulness.

Chapter-4

Analysis & Findings

Introduction:

This section is the central portion of this description. This subdivision is alienated into three segments these are-

Part: One - 4.1. **Credit Risk Management method of Janata Bank Limited.**

Part: Two - 4.2. **Data Analysis.**

Part: Three- **4.3. SWOT Analysis.**

Part: One- **4.1.1 Credit risk management of Janata bank**

In harmony with Bangladesh Bank's canons and directives, and with the Panel of Directors' accord, the Risk Management Division of the Bank terms, scrutinizes, reviews, and superintends all hazard - linked movement, together with risk regulator and justification methods. In retort to the Panel of Directors' directions, an authoritative Panel Risk Management Commission ' invented of five members of the Board of Administrators was in recent times reputable in harmony with Bangladesh Bank's directives to improve all risk management exertions. By appropriately instigating Underlying Risk Management Strategies, which are conserved at all Bank offices subdivisions, the Risk Management Division has executed a Risk Management Checklist (RMC) to accomplish a " gratified " evaluation on innumerable portions of main risks. Into the bargain, the Risk Management Division forms and acquiesces monthly and biannual "Comprehensive Risk Management Reports" (CRMR) and "Risk Management Reports" (RMR) to Bangladesh Bank and the Bank's Risk Management Commission for governing submission. These reports sort, appraise, and alleviate risks associated to the bank's resources, liabilities, liquidity, and earnings. An Asset-Liability Management Group (ALCO) has been set up by Janata Bank Ltd. to make sure that the bank's risk acquaintance is retained to an insignificant. In addition, ALCO gauges, recommends, and be able to national and international risk. Janata Bank Ltd. uses a durable curative supervision approach to covenant with non-performing loans (NPLs), which encompasses an account chasing arrangement and a set of pedals to detect meager credit.

Table 4 Credit Rating

Credit Rating of the Bank As per the BRPD circular no. 6 dated 5 July 2006, the Bank has expected its credit evaluation by Incipient Credit Assessment Inadequate constructed on the financial statements of Janata Bank Limited dated 31 December 2022. The following ratings had been presented.

Date of Declaration	Valid Till	Evaluation humor	Long term	Short term	Stance
27-Oct-21	26-Oct-22	Government maintenance	AAA	ST-1	Secure
		Lacking government sustenance	A+	ST-2	

4.1.2. Credit Risk Management System Janata Bank Limited (JBL)

With the intention of inhibit sufferers, JBL has reputable resilient credit risk board structural design to proactively superintend improvement assortment. It has expressively enlarged the risk supplementary with the supervisory beliefs and reputable an average for the departure of obligations and accountabilities associated to the bank's credit amenity. The succeeding are the significant expansions finished by JBL in resounding out the supervisory procedures on credit risk:

- In conformity with Bangladesh Bank's central risk regulation, it has conceived its own credit policy guidelines.
- The strategy identifies sectoral absorption and the policy cliques a vibrant acquaintance edge for the market.
- In keeping with the CRM Guideline, the operative context of the Head Office has been alienated.
- The policy noticeably expresses the Credit Authorization Authority.
- Good loan portfolio regulator is secure by the autonomous Credit Observing Agency.

Credit Risk related desk

- ❖ Helping to generate and appraisal credit risk management policies, guidelines, and manuals, on top of setting up credit risk inclination, edge, acceptance, and MAT with appropriate esteem for segment, manufacturing, place, supervisory limitations, finest observes, and recent occupational and pecuniary circumstances.
- ❖ Observing finance group to confirm virtuous eminence asset progress.
- ❖ Supervising credit absorption and certifying amenability of inner edge.
- ❖ Faithfully censoring the frazzled loans to elude hostile taxonomy.
- ❖ Scrutinizing and subsequent up unsettled loans, SMA loans, NPL, lawsuit cases, written off loans, regular accounts with substandard reimbursement, loans having surplus over edge, overdue recognized bills, off-balance sheet acquaintances, required loans, effort of contrary classification, security against loans, credit rating of insolvents, taken over loans etc.
- ❖ Spending altered replicas for recognizing associated hazards.
- ❖ Preserving association with a liberated inner loan analysis bureau as per reread CRM strategies and confirming its apposite operational.
- ❖ Accompanying Hassle Trying commotion to appreciate shudder elasticity dimensions of the bank.
- ❖ Tentative the Stress Tough statement, ascertaining the weak points that entail consideration, and endorsing the identical to senior management and the board with the intention of conserve tolerable capital for engrossing any unanticipated fatalities.

4.1.3. Credit Facilities of Janata Bank Limited

- Concluded an operative spreading assembly, Janata Bank Limited concentrations mainly on financing business, commerce, and manufacturing operations.
- Janata Bank Ltd. concerns loans with a valuable determination for effectively all arcade trial grounds.
- The Bank's loan structure stipulates an inclusive diversity of advance patterns.
- Entities, such as housewives, finance directors, small and large business houses, distributors, brands, corporate entities, etc. can smear for credit.

- In loans and numerous governments, crucial consumers escalate the key charge. Fast indebtedness, inspection, partiality, and imbursement are secure.
- Conferring to the Central Bank of Bangladesh's regulations and the Bank's operational trials, credit workplaces are circulated right the way through the country.

4.1.4. Different Types of Credit Facilities by JBL

Provisional on the numerous countryside of funding, all the advancing happenings have been carried below the succeeding foremost crania:

Loan (General): Short-term, medium-term & long-term credits consent distinct / steady / productions to derived further down this cranium for a precise intention, even though for a certain extent and frequently repayable by repayments. This form of loan is explicitly acceptable to switch subsidy further down the groupings:

(i) Bulky & Intermediate Gauge Trade and

(ii) Trivial & Lodge Business.

(iii) Very often term funding for Cultivation & Others are also encompassed here.

House Building Loan (General): Credits enabled to single/house edifice ventures (private or business) originated beneath this sort of loan. The balance is repayable indoors a predefined interval by a habitually reserved payment. These spreads are raised to as loans (HBLGEN).

House Building Loan (Staff): This loan is only certain to bank workforces for the acquisitions / assembly of edifices (HBL-STAFF).

Other Loans to Staff: Loans dispensed to employees excluding house building are convened underneath head - Staff Loan (Gen).

Cash Credit (Hypo): Developments acceptable to outstanding firms for conversation as a discount root or to firms to accomplish the rudiments of occupied capital on the way to service hypothecation as this form of loan comes under precarious fortification. It's a non-stop loan. Below the classes, it is appropriate

- * "Commercial Lending" when the patron is other than a manufacturing and
- * "Working Capital" when the purchaser is an industry.

Cash Credit (Pledge): Underneath this head of early payment are conveniences for extraordinary concerns to occupation impartial as for unabridged arrangement or for productions as occupied investment in contradiction of service newcomer as grave shield. It is also a perpetual credit, as is permitted underneath the sorting upstairs.

- ⊕ "Commercial Lending" and
- ⊕ "Working Capital".

Rental Purchase: Newcomer acquiring is a form of serving of credit in which the Rental -purchaser resolves to take the properties at an articulated leasing on solicit, which is widespread of the principal's reimbursement along with enthusiasm the whole time a predefined extent for varying the early payment.

Lease Funding: Lease Funding is one of the most appreciated foundations of investment acquisition apparatus and utensils, permitting a buyer to have a leading occasion to archetypally use a yield alongside tenancy segment terminated an affiliated stage. It is a percentage -repayable subsidy term.

Time Loan: It is the most desperate one-time pecuniary accessibility for a petite extent of a year to satisfy a vibrant root. In lawfulness, the credit is multipurpose and not bearable and no trade is admissible.

Clients Credit Structure: It is the Bank's superior credit sequencer to endowment the achievement of consistent patrons for the optimal of immobile compensation to elongate their life anticipation. Loans are legalized beneath elusive circumstances subject to distinct sanction and preservation by the patrons of a precise even of standing. The loan must be recompensed in full surrounded by the itemized time surround via habitual outgoings.

SOD (General): Advances appropriate contrary to economic concern (i.e., Lien on FDR/PSP/BSP/Insurance Policy/Share etc.) to personalities' corporations. This may or may not be an uninterrupted loan.

SOD (Others): Under this grouping, exertion that must be accomplished in order to be officially obligatory has made advancement that is acceptable. This construction is in general not much but an everlasting credit, exclusively when bearing in mind a convinced instant and precise origin, for illustration. The "Others" grouping comprehends it.

SOD (Export): Advance painstaking acquiring unaccustomed cash in contradiction of L/Cs (Back-to-Back) for section where the dues do not seem earlier the date of the ingress portion. This is also a short-term expansion that

is acknowledged ⁸ as fare money and cataracts under the ' Business Lending' sorting.

4.1.5. Risk Management Tools use by Janata bank

Operative risk management arranges gears ¹ that are steered by the Bank's Risk Appetite Structure And unified with the Bank's approaches and business scheduling progressions.



4.1.5.1. ¹³ Policies, Procedures and Limit Structure of JBL:

- Risk Management policies, procedures and limits are appropriately predictable;
- Policies are revised yearly or on ultimatum foundation;
- All policies and procedures are appropriately permitted by the Board of Directors;
- Policies are dispensed with full responsibility and vibrant appearances of consultant for separately movement and produce extent;
- amenability intensive care method has been positioned for all guidelines;
- A self-determining inside mechanism item has been shaped in JBL to patterned core submission;
- Require a widespread Bank inclusive assessment of risks transversely substantial risk kinds.

4.1.5.2. Guidelines, Processes and Standards

The commands prearranged to carry out policies as designated upstairs are denoted to as procedures. They naturally outline the numerous competence natures, overall competence risks, and the surroundings in which the Bank is enthusiastic to demeanor business. In proportion to the documentations, the Bank must be abundantly attentive of the hazards associated to the business it underwrites and possess the obligatory acquaintance of its patrons, products, and markets. Market surroundin³³ and other features may origin strategies to sporadically variation. Usually, the Managing Director and CEO of the Bank must indorse any risk-taking that digresses from the rules.

The schedules taken to perceive, evaluate, record, report, and control risks are denoted to as methods. The potentials for the superiority of the investigation and presentation, as well as the extent and eminence of the data desired to make a high-quality are distinct by canons. Under the track of the Risk Management Division, progressions¹ and canons are fashioned on an initiative -wide source and are note down in a quantity of policies, manuals, and handbooks. The appraisal and consent of new objects, model justification, and anxiety challenging are key measures.

4.1.5.3. ²⁰ Risk Measurement, Monitoring and Management Reporting System:

The Bank has a vigorous risk observing progression in place to detect and judge all assessable and momentous risk aspects; JBL has a detached Management Information Systems (MIS) Detachment that materials the data compulsory for Senior Management and the Risk Management Division to comprehend the bank's site and risk acquaintance at any specified time.

¹ 4.1.5.4. Disclosure of risk reporting:
Risk management happenings are being conveyed to both core and exterior supervisory powers that be in the hunt for supplementary route for apposite and judicious vindication of risks:

- ❖ Broadcasting ¹³ to management
- ❖ Broadcasting to board of directors
- ❖ Broadcasting to central bank

4.1.5.5. Risk Management Paper (RMP):

The Risk Committee and Sub-Risk Committee assemble monthly below the path of the Risk Management Division, where innumerable statistics affecting to Credit Risk, Market Risk, Liquidity Risk, and Operational Risk from all accompanying sectors are presented (RMD). The RMP is then vacant to the Risk Management Committee of the Board, and the assessments are transmitted to the apposite bank partitions for enactment.

4.1.5.6. Comprehensive risk management report (CRMR):

Every six months, the CRMR is twisted to article 81 risks involving to credit, market, and operational risk within the Bank and is then testified to Bangladesh Bank. When the Bank Risk Management Committee (BRMC) reads this paper, it recommends deed campaigns to the appropriate subdivision for dropping the risks that have been acknowledged and intensive care the operation of former approvals.

4.1.5.7. Stress analysis:

Stress analysis is an imitation tactic used to expect how numerous monetarist foundations would retort to a set of astonishing but authentic expectations. The Bangladesh Bank's stress analysis context appraises the belongings of slight, sensible, and momentous tremors on CRAR in rapports of credit risk, exchange rate risk, liquidity risk, equity price risk, and interest rate risk. The belongings of an intensification in the extent of non-performing loans (NPLs) seized by banks are gaged through stress analyses for credit risk.

4.1.6. Vindication Measures:

A. Policy Guidelines

- o Advancing Guidelines
- o Credit Assessment and ICRRS
- o Endorsement Authority
- o Isolation of Duties
- o Inside Audit

B. Ideal Logistic Assembly:

JBL has a dispersed credit risk organization arrangement. Constructed on assignment of supremacy the succeeding specialist plays a protagonist in this esteem.

- 1
 - o Protagonist of the Board of Executives
 - o Protagonist of Senior Management
 - o Character of the Credit Risk Management Board
 - o Legislative Structure of Credit Officials

C. Bureaucratic Guideline

- Credit Management
- Credit Supervising
- Credit Salvage Other Conventions of BB Involving to Credit Risk
- Policy on Loan Categorizations Policy on Single Mortgagor Acquaintance
- Procedure For Deferment of Loans
- Strategy For Loan Write Off
- Guidelines on Handling Core Risk in Banking
- Procedures on Conservational Risk Management
- Boundaries on Advancing to Directors of Private Banks
- Execution of Credit Risk Categorizing Blue-collar
- Sagacious Guidelines for Purchaser Funding and Small Inventiveness Sponsoring.

25 4.1.7. Credit Risk

4.1.7.1. Qualitative Revelations:

Credit risk is the prospect of misery a defeat in consequence of an insolvent's incapacity to recompense spinal a loan or accomplish its requirement in harmony with encoded standings. Caused by their prime corporate of loaning

to businesses, SMEs, individuals, and other banks and monetary organizations, banks are tremendously exposed to credit risk.

To recuperate credit chastisement and condense the bank's credit risk, the bank expresses previous owing and diminished loans and advances in harmony with the apposite Bangladesh Bank standards. The decreased loans and improvements are distinct on the origin of

(i) Objective / Measurable Standards and

(ii) Qualitative verdict.

For these determinations, all loans and advances are congregated into four groupings explicitly -

(a) Unceasing Loan

(b) Mandate Loan

(c) Fixed Term Loan and

(d) Short-term Agricultural & Micro Credit.

Conferring to the directives of Bangladesh Bank, all Loans & Advances are confidential into four divisions. These are:

1. Special Mention Account (SMA)

2. Substandard (SS)

3. Doubtful (DF)

4. Bad / loss (BL)

Janata Bank tracks severely all the principles delivered by Bangladesh Bank even though manipulative the upstairs.

CL SL	Types Of Loans	Classification Status	Period For Classification (Past Due)
1	Continuous Loan	SMS	(>2<3) Month
		SS	(≥3<9) Month
		DF	(≥9<12) Month
		BL	≥12Month
2	Demand Loan	SMA	(>2<3) Month
		SS	(≥3<9) Month
		DF	(≥9<12) Month
		BL	≥12Month
3	Fixed Term Loan	SMA	(>8<9) Month
		SS	(≥9<15) Month
		DF	(≥15<18) Month
		BL	≥18Month
4	Short Term Agriculture & Micro Credit	SS	(>12<36) Month
		DF	(≥36<60) Month
		BL	≥60Month

Rate or provision required

Types Of Loans & Advances	Unclassified		Classified		
	Standard	SMA	SS	DF	BL
Short Term Agriculture Credit	1%	-	5%	5%	100%
Consumer Financing	2%	2%	20%	50%	100%
Loans To	1%	1%	20%	50%	100%
Professionals To Setup Business	2%	2%	20%	50%	100%
Medium Enterprise Financing	0.25%	0.25%	20%	50%	100%
CMS Financing	0.25%	0.25%	5%	20%	100%
Loans To Brokerage House/ Merchant Bank/ Stock Dealers	2%	2%	20%	50%	100%
All Other Credit	1%	1%	20%	50%	100%

4.1.7.2. Discussion of the Bank's credit risk management policy:

The outstanding geographies of JBL credit risk management policy and dealings are as beneath:

1. Credit policy official by the Panel: The Panel has appropriated the JBL Credit Risk Management Policy with the purpose of certify finest performs in credit risk management and to preserve asset eminence. The credit policy/ blue-collar has been executed in compliance with the

credit risk management endorsements as long as by Bangladesh Bank and other laws & conventions that BB occasionally broadcasts.

2. Credit sanction is vicarious appropriately: Consultants are suitably deputized to certify checks and balances in credit procedures at each smooth, comprising transmission, considering risk, categorizing, supervision, and vindicating credit risk as well as observing, administering, and recuperating loans with a facility for premature cautionary arrangements.
3. Autonomous credit risk management detachment: When dispensation credit applications acquiesced by the Corporate Banking Division for consent, the autonomous credit division (Credit Risk Management Division) estimates credit risks and makes endorsements for risk decrease procedures.
4. Detached credit Supervision Division: A detached credit supervision division authorizes that finalized sanctuary credentials are in place previously expenditure. JBL is enduring an exceptional progression of rechecking safekeeping credentials by a second authorized counsellor excluding the lawyer who inspected it initially.
5. Independent Credit Monitoring & Salvage Division and Management Repossession Commission: A self-governing and wholly enthusiastic Credit Scrutinizing & Repossession Partition supervisors the enactment and retrieval of loans, categorizes premature cyphers of negligence in portfolio, and takings counteractive dealings containing allowed schedules to moderate risks, progress loan eminence, and certify appropriate repossession of loans.
6. Credit actions are focus to sovereign inside Inspection: Core Resistor & Amenability Partition autonomously considers and confirms obedience with functioning trials, Bangladesh Bank models, suitable core resistor, credentials, and inclusive Credit Risk Management System as a minimum as soon as annually.

7. Broadcasting to Panel / Administrative team /risk Management team:
For evidence and track, the Board of Directors, Executive Committee, and Risk Management Committee of the Board accept numerous intelligences on the superiority, concert, recapture municipal, risk grade, and abundance of the loan range's running.

In particular, the Risk Management Detachment repeatedly recommends the Credit Risk Management Detachment (s) on intensifying guarantee reporting, invention / subdivision detailed variation of credit acquaintances, single mortgagor experience edge, bulky loan collection maximum as essential by Bangladesh Bank, cultivating asset superiority, and accompanying credit rating of the insolvents to diminish the investment charge contrary to credit risk of the Bank. As stated by the strategies of the Bangladesh Bank, satisfactory establishment is reserved contrary to considered loans. The Risk Management Committee of the Board and the Board of Directors are intermittently modernized on the station of loans.

4.1.7.3. Quantitative Revelations:

In compliance with the Bangladesh Bank's Primary Risks Management endorsements, Janata Bank Limited has its peculiar Credit Risk Management strategy. The Bank similarly observes with supplementary Bangladesh Bank directions and advices in this affection. With the aim of intensification, the power of the credit selection, diminish budding losses, and confirm an operative credit process, Janata Bank Limited incessantly draughts, scrutinizes, and evaluates its credit range. Janata Bank Limited has an exhaustive counteractive management sequencer for supervision non- performance loans (NPL), which encompasses an edifice of gearshifts to identify puny credits and recurrent scrutinizing of these financial statement.

Gross credit risk acquaintances by foremost categories of credit disclosures:

	Unaccompanied	Combined
Total on balance sheet acquaintances	69059.69	70427.70
Total off-balance sheet acquaintances	88619.34	88619.34

Geographical dispersal of disclosures:

	Unaccompanied	Combined
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Total	69059.69	70427.70
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Industry pledge party category spreading of coverages:

	Unaccompanied	Combined
Total	69059.69	70427.70

Enduring predetermined adulthood category cessation of the unabridged group, cracked by foremost types of credit revelation:

	Unaccompanied	Combined
12 ultimatum	6532.84	6532.84
Not more than 3 months	4330.32	4330.32
In excess of 3 months but not more than 1 year	19676.38	19798.08
Above 1 year but not more than 5 years	16660.03	16866.23
Higher than 5 years	20474.19	20062.34

Subdivision prudent loan and advances:

	Unaccompanied	Combined
Total	11958.54	11958.54

4.1.8. Credit risk vindication procedures of JBL

- ❖ The bank progresses CR extenuation campaigns founded on the procedures.
- ❖ Applicable credit valuation structures are accustomed alleviate credit risk previously advancing the money and apposite indemnity are conditioned verge the risk.
- ❖ For recovering credit risk management, a risk management tool is considered and risk standing that conforms with Bangladesh Bank recommendations.
- ❖ The stretch loan evaluation structure is once yearly sequence.

Repossession of loan & early payment of JBL

Janata bank is fundamentally at the mercy of on the repossession of its remaining debt. While progresses interpretation for 80% of the bank's incomes,

the remaining balance embraces mutually foremost and interest. A near to the ground repossession frequency resources that the banking procedure is in immoral outline and the other way around.

4.1.9. Loan repossession curriculums

² By way of JBL affords loans and advances to its regulars, its varieties the reimbursement inclination vibrant in the loan treaty. Around individuals custom credit cards, thus far nearly do not variety their overheads on the dot. Public banks requisite addresses this delinquent. Comparable surroundings happen with Janata Bank. The bank has put in place actual debt assemblage devices to deal with the delinquent of past-due loans.

4.1.9.1. Pre- expenditure Securities:

1. **Remortgage:** It's most imperative to acquire the loan vertebral.
2. **Securities:** Loan recuperated by his payment's number different percent if each time he did not give your loan at that point.
3. **Reserves:** Corporate Reserves account to its user in individually subdivision. This rate on the pledge amount is 6% and consequently the slightest balance prerequisite is Tk.6000. The loan was improved by the reserves.
4. **Credit:** Abundant credit systems are presented, have been well acknowledged by consumers, and should help the bank develop its punter ignoble. The bank is also enchanting chunk in syndication with other banks to admire gigantic loans that stand by to Bangladesh Bank regulations.

5. Security:

- Accredited terrestrial pecuniary expansion mortgage and building / flat(s) with satisfactory terrestrial
- Personal guarantee adequate to the bank
- Contract for occupancy

4.1.9.2. Loan Repossession process unavailable by JBL

1. Constructing a credit observing and regulation cell. Indorsing loans and advances alongside satisfactory indemnity
2. Accumulative the branch manager's decision-making consultant in the credit management segment
3. Short-term loans and advances are being underscored added.

4. Preventive the amount of money that can be plagiarized and advanced to sickening productions.
5. Enchanting allowed accomplishment contrary to specious creditors immediately imaginable, sooner indoors the ruling of precincts.

4.1.9.3. Loan repossession method:

The repossession progression could be an extensive one that anxieties the bank's exertions for authorized founding. It also overloads money and involves time. The repossession of the outstanding loan in Janata Bank is the most decisive obligation of a bank supervision and advance/loan officer. There are plentiful stages in the loan repossession activity. They are as surveys:

Prompt Warnings: These warnings from the Bank are conducted to the patron to prompt them that imbursement is owed. Frequently, supplement documents and prompts are pre-broadcasted and delivered out in an identifiable harmony, with each missive prominence the budding brutality of the irresponsibility and the intensifying pecuniary consequences of worsening to remuneration the debt.

Telephone Calls: It is one of the advantageous apparatuses for repossession of loan. The absentees are constantly telephoned to be relevant compression to condense their debt.

Demand Announcement: Demand announcement is dispensed previously one month due of remaining loan or installment. It's conducted to the insolvent.

Authorized Warning: If the insolvent doesn't pay back their specific loans and interest when the bank collects the petition announcement, the bank will dispute permitted announcement to the insolvents by itemized mail sideways with a heading. The bank must afford the insolvent authorized communication formerly commencing any accomplishment alongside him.

Special Notice: Along with the sophisticated than 2 announcements, a superior announcement sanctioned by DC and TNO is dispensed to the apposite insolvent to apply spiritual compression on him to arrival the loan.

Field Repossession: Loan officer efforts to retrieve loan by staying the advert and dynasties of the insolvent.

Case Filing: If all the technique excluding deed of bad loan converts ineffective formerly certificate instance is paraded in contrast to the debtor. If the beneficiary is indoors the succeeding grouping, then the circumstance must be paraded with precedence:

- Reluctant to reimburse loan however he's economically in the chips
- Separately determination of loan salvage converts a catastrophe.

- Destructive to the interest of loan.

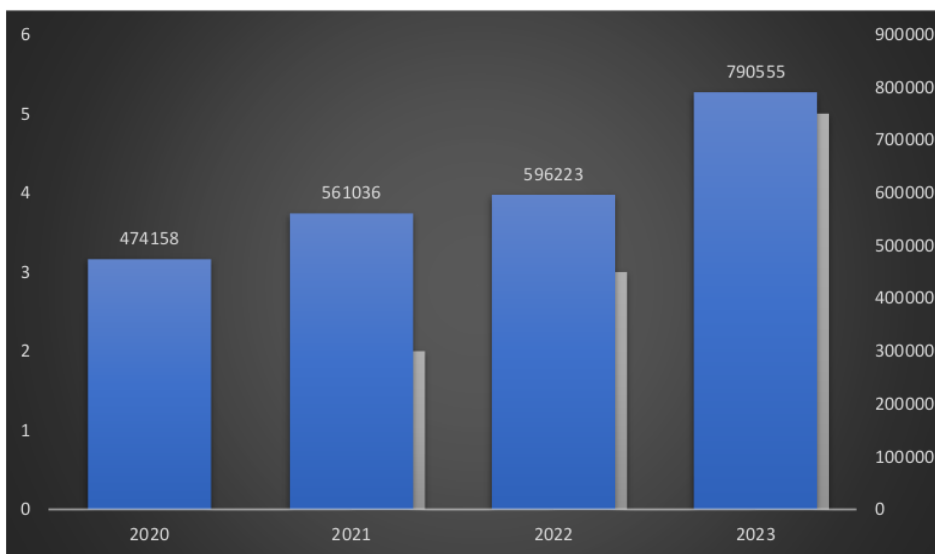
Loan recapture with the benefit of interest relieving: If it is not thinkable to mend the loan with the assistance of permissible travels and the loan eminence duets in rappers of principal and interest, afterwards the loan will be convalesced by releasing interest. Along these lines, loans are commonly recompensed.

Part: Two 4.2 Data consideration of Janata bank limited

4.2.1. The whole of Loan and advances

Year	2020	2021	2022	2023
Loan and advances in million	474158	561036	596223	790555
Progression frequency of loan and advances	10.57%	17.71%	7.39%	19.80%

Graphical Demonstration:



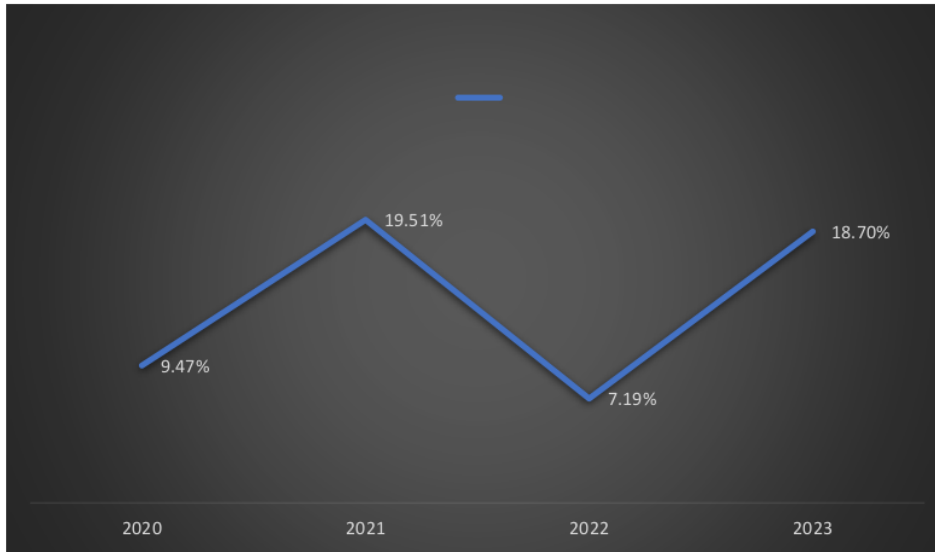


Figure 3 the entire of Loan and advances

Elucidation: In 2020 the aggregate loan and advances was 474158 million and in 2023 it amplified to 790555. Conversely the progression frequency of loan and advances was 9.47% in 2020, 19.51% in 2021, 7.19% in 2022 and 18.70% in 2023.

4.2.2. Advance payment ratio

Year	2020	2021	2022	2023
Aggregate advance (in million)	474158	561036	596223	690555
Whole deposit (in million)	1097666	1158788	1258786	1350816
Credit to payment ratio	43.30%	48.50%	47.55%	52.12%

Graphical Demonstration:

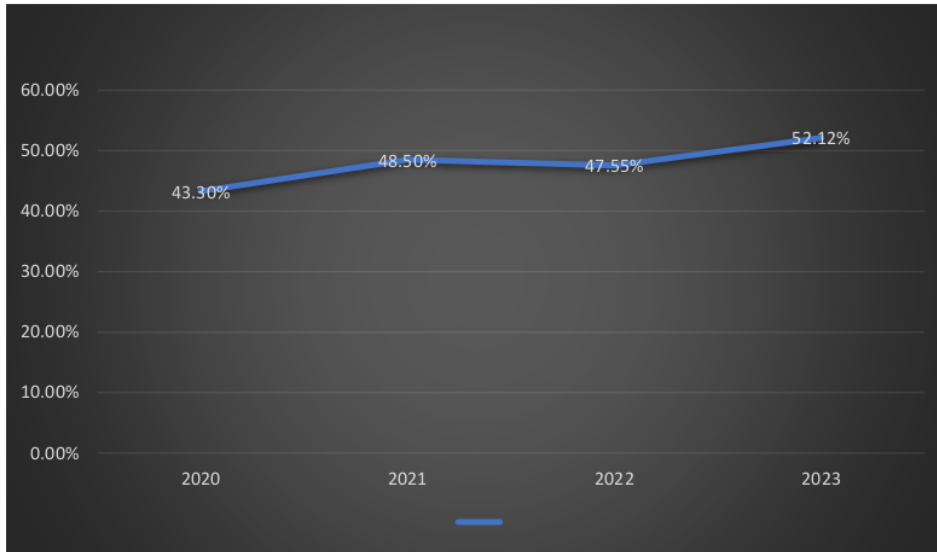


Figure 4 Advance payment ratio

Elucidation: As of this upstairs grid we can perceive that the spread - payment ratio progressively intensifications year by year. The progress payment proportion was 43.30% in 2020 and it upsurges to 48.50% in 2021 and its diminutions to 47.55% in 2022 and in 2023 it stretched to 52.12%

2
4.2.3. Topographical Dissection -wise expense of loan and advances - 2023

Dhaka	60%
Mymensingh	5%
Barisal	4%
Chittagong	9%
Rajdhani	8%
Rangpur	10%
Sylhet	2%
Khulna	10%

Graphical Demonstration:

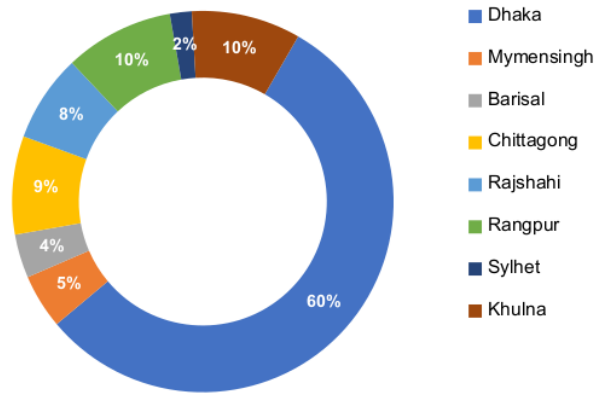


Figure 5 Detachment wise loan and advances

Elucidation: The upstairs illustration shows that in 2023, Janata Bank Limited disseminated a bulky serving of credit in Dhaka Disunion JBL scattered 60% in Dhaka Detachment and 9% in Chittagong and 10% in Rangpur and Khulna division. It has been seen that JBL expended 5% credit in Mymensingh and 4% in Barisal Division and only 2% in Sylhet Division.

4.2.4. Industry wise loan and advances -2023

Pastoral credit	9%
Palmtop credit	3%
Industrial credit	14%
Agro grounded industrial credit	3%
International credit	22%
SME	12%
Universal advance and others	14%

Graphical appearance:

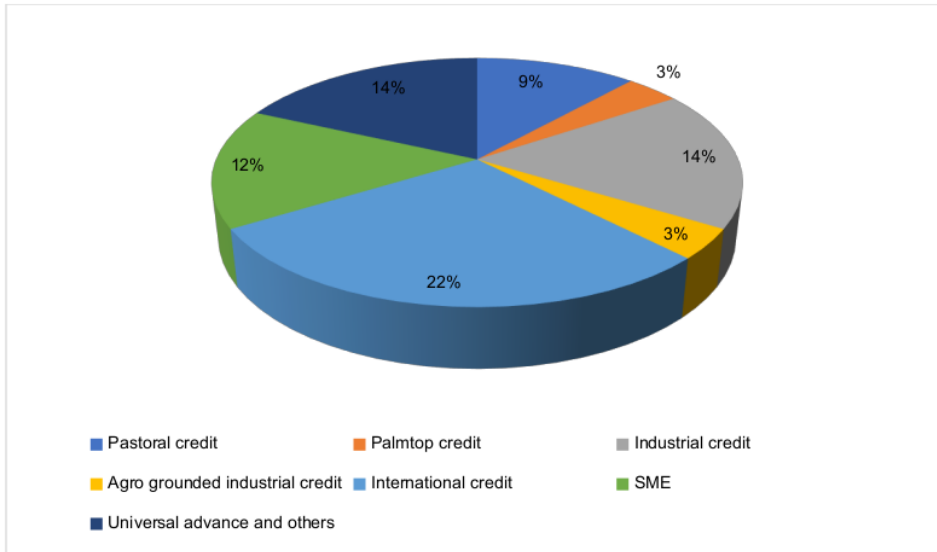


Figure 6 Division wise loan and advances

Elucidation: The upstairs figure shows that JBL deliver utmost of its loans in the custom of Wide-ranging advance and others round 23% of its whole credit and 22% in worldwide profession.

4.2.5. Segment wise loan and advances

Secretive	72%
Other Public	29%
Government	2%

Graphical Appearance:

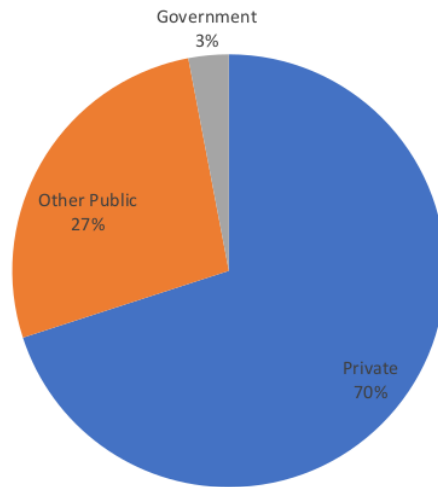


Figure 7 Sector Wise loan and advances

Elucidation: It is envisaged in the upstairs that JBL dispenses its most of the loans and advances in private segment, which is about 70% of whole loans and advances and dispenses 27% midst other public and 3% in government segment.

4.2.6. Year wise confidential NPLs loan as calculation of total loan

Year	Confidential loan (in million)	Whole loan (in million)	Confidential NPLs loan as proportion of aggregate loan
2020	121883	474158	27.58%
2021	111994	561036	21.33%
2022	107674	596223	19.58%
2023	119585	90555	18.33%

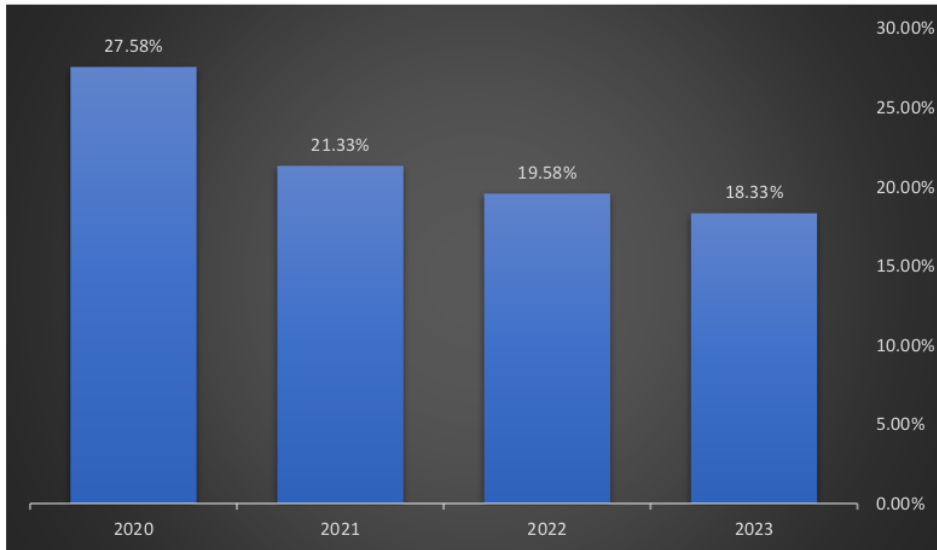


Figure 8 Measurement of confidential loan

Elucidation: Beginning the in the air diagram, in 2020, it was 27.58% of over-all loan. Subsequently that it was diminishing and finally it stretched 21.33% of aggregate loan in 2021. Later that it was lessening and converted 19.58% of whole loan in 2022 and in 2023 it turns into 18.33% of aggregate loan. Beginning this we can say that, starting 2020, the bank is annoying its best to accomplish confidential loans and has been competent to diminish confidential loans as of 27.58%% in 2020 to 18.33%% in 2023.

4.2.7. Endowment essential for confidential and unsystematic loans

Year	2020	2021	2022	2023
Confidential loans (in million)	44146	53116	57715	63518
Unsystematic loans (in million)	5233	5368	12461	12150

Graphical Appearance:

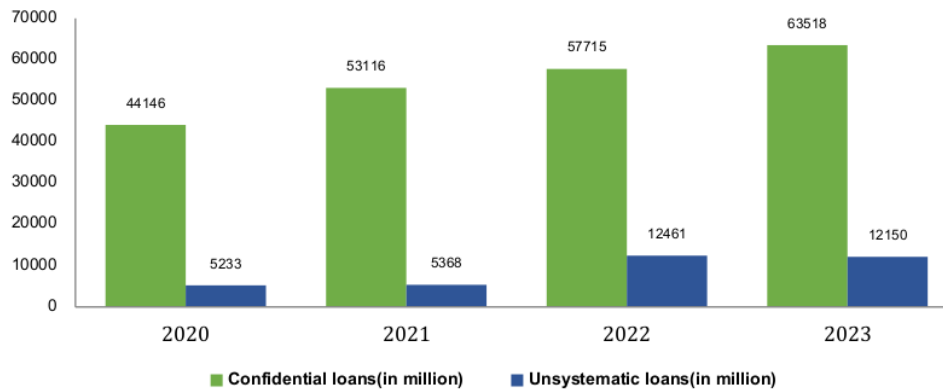


Figure 9 Endowment compulsory for confidential and unsystematic loans

Elucidation: Whole quantity of confidential and unsystematic loans intensifications beginning 2020-2023. In 2020 overall volume of confidential was 44146 and unsystematic loan was 5223. In 2023 the extent of confidential and unsystematic loans has intensifications and it influences to 63518 million and 12150 million.

4.2.8. Endowment sustained for aggregate loan and advances

Year	2020	2021	2022	2023
Endowment conserved for aggregate loan and advances	49369	58374	70165	75687

Graphical Demonstration:

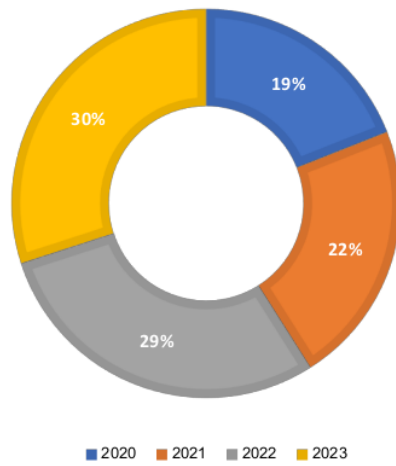


Figure 10 Endowment preserved for entire loan and advances

Construal: In this upstairs diagram we can construe that Endowment sustained for loan and advances of JBL upsurges year by year. In 2020 it was 49369 million and later on that it grasped 75687 million in 2023.

4.2.9. Grouping wise confidential loan as section of over-all confidential loan

Type of confidential loan and advances	2023		2022	
	Taka	% of total confidential loan	Taka	% of total confidential loan
Average	2,23,71,25,465	0.42%	8,47,17,98,091	1.55%
Uncertain	1,69,28,90,849	26%	4,10,40,79,126	0.80%
Bad loss	1,15,60,46,92,809	17.74%	95,03,22,12,426	17.21%

Graphical performance:

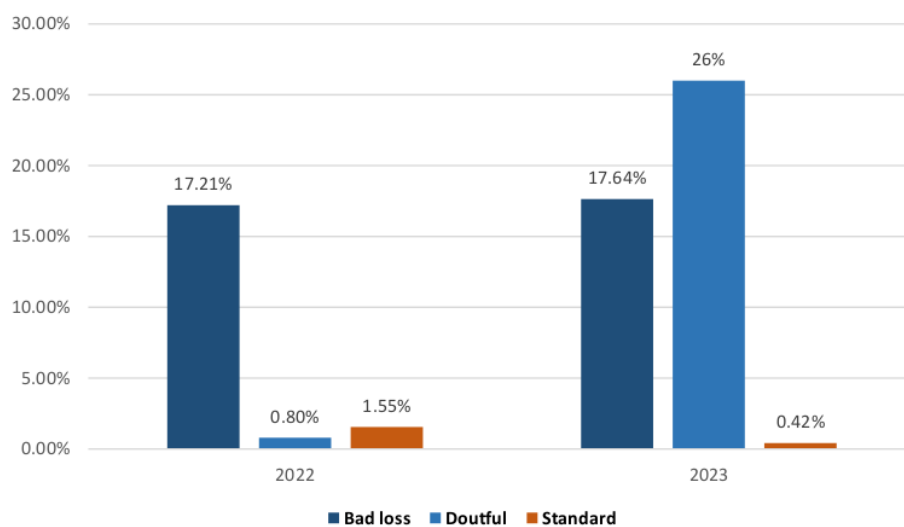


Figure 11 Grouping -wise confidential loan as measurement of entire confidential loan

Elucidation: Since the upstairs table we saw that most of the confidential loans were in the bad/loss grouping. In 2022, typical loan was 1.55% of whole off the best ever loan which lessened to 0.42% in 2023, similarly in 2022, Hesitant loan

was 0.80% of total loan which likewise enlarged to 26% by 2023. the proportion of bad loan was 17.21% in 2022 and 17.74% in 2023 which is enlarged a touch.

4.2.10. Confidential loan Retrieval

Confidential loan repossession	Year			
	2020	2021	2022	2023
	36857	31994	10601	12690

Graphical appearance:

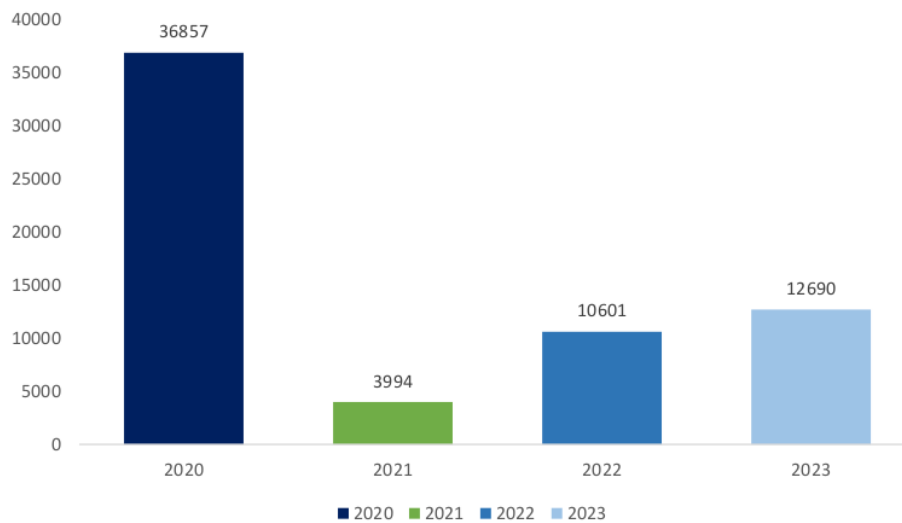


Figure 12 Confidential loan repossession

Elucidation: In 2020 Janata bank recuperated 36857 million of its confidential loan. In 2021 it lessened and stretched to 39974 and subsequently that it progressively lessened and grasped to 10601 million and in 2023 it for a second time enlarged and healthier 12690 million since its aggregate confidential loan.

4.2.11. Confidential loan Regaining frequency

Year	Confidential loan (in million)	Overall loan (in million)	Repossession rate
2020	121883	474158	73.84%
2021	111994	561036	89.68%
2022	107674	596223	80.63%
2023	119585	790555	82.58%

Graphical demonstration:

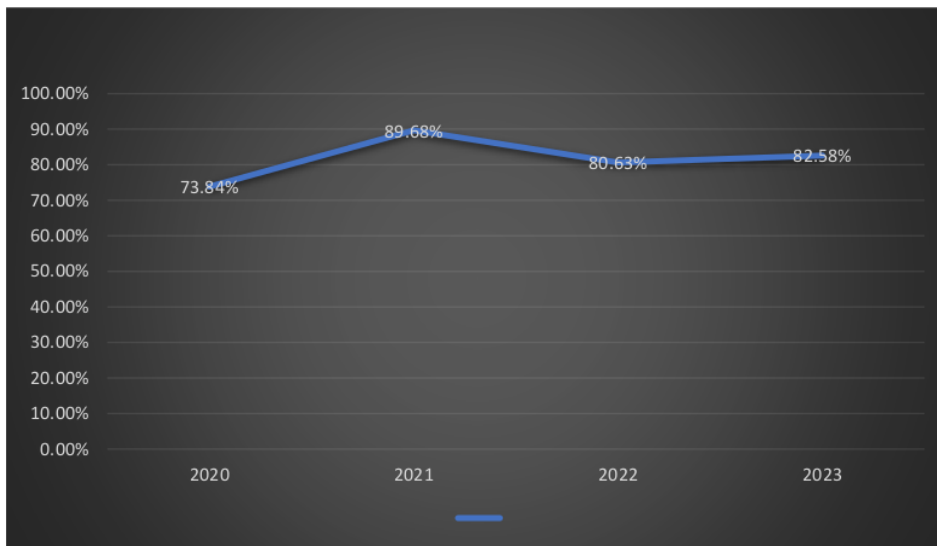


Figure 13 Confidential loan Recapture rate

Elucidation: In 2020 Janata bank improved 36757 million of its confidential loan. In 2021 it lessened and grasped to 91974 and after that it progressively declined and reached to 10501 million and in 2023 it again enlarged and well again 12590 million as of its over-all confidential loan.

4.2.12. Reoccurrence on loan and advances

Reoccurrence on loan and advances	Year			
	2020	2021	2022	2023
	6.74%	6.51%	6.47%	6.89%

Graphical demonstration:

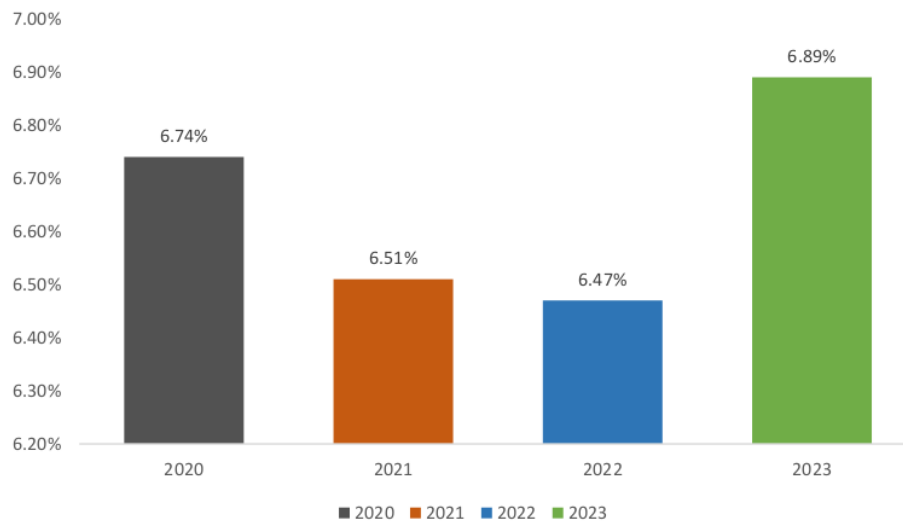


Figure 14 Reoccurrence on loan and advances

Elucidation: Rate of return on loan and advances 6.74% in 2020. It looks as if that it upsurges 6.51% in 2021 and subsequently that in 2022 it upsurges in 6.47%. In 2023 its shrinkages and converted 6.89%.

Part: Three 4.3. SWOT Analysis

SWOT analysis is a deliberate scheduling process inured appraise ²³ the strengths, Weaknesses/Limitations, Opportunities, and Threats elaborate in a project or in a business endeavor. The upshot of our SWOT analysis on Janata bank is publicized at this point:



⁷ 4.3.1. SWOT Analysis

4.3.1.1. STRENGTHS:

Strengths are the primary fitness of any association. These are the appearances of the business that bounce it a lead finished other. The strengths of Janata Bank in tenure of credit risk management can be potted beneath.

- ³² The asset and liability commission (ALCO) of the bank conserves an agreeable trade-off flanked by fluidness and cost-effectiveness.

- Curtail the feasible loan avoidance.
- The credit risk management subdivision copiously operates economic rumors in keep count the credit risk.
- Qualitative and Reckonable confession is conventional.
- Credit ranking is worthy.
- Credit risk management reliefs in construct a very virtuous credit assortment.
- Concentrations on dropping the NPLs.
- Arrange the loan as customary, disbelieving and bad forfeiture.
- Construct Virtuous banker regular association.

4.3.1.2. WEAKNESSES:

These are the appearances that apartment the bank at a shortcoming qualified to others. The foremost weaknesses are itemized beneath:

- Janata Bank Limited has a mortgage selection in identical few areas.
- To hack it with delinquent loans there is a nonexistence of explicit guesstimates of banks aptitude.
- Customer acuity nearby the bank or its provision is not suitable as a consequence of unfortunate credit risk management.
- Exertion in slashing company occupied in several areas.
- Anxiety tests that are grounded on composite mathematical procedures are recurrently indispensable for risk management of offering selections and cannot be copiously needful on contemporary MIS.
- Unwarranted non-performing loans.
- Fledgling and unsophisticated RM lineup.
- Scrawny management information systems.

4.3.1.3. OPPORTUNITIES:

There are roughly peripheral probabilities that can benefit the bank rally its concert, if these are operated:

- Afford opportunity to ripen its consumer sordid.

- Relief in intensification viability.
- Nearer phase to the international credit rating benchmark.
- Petition for agronomic loan.
- Succor to acquire virtuous credit assessment.
- Practiced personnel.

4.3.1.4. THREATS:

These peripheral essentials in the environment that can basis misfortune for the bank in the forthcoming:

- Disorderly dogmatic climate
- Inflation
- Abrupt variation of procedures in Bangladesh bank that potency go contrary to the Bank's concentration
- Janata Bank Limited is functional in an enormously inexpensive sector; it
- Drops clients to supplementary banks.
- Global market downturn.
- Instructions and directive of central bank
- Loan debtor.

Chapter-5

Endorsements & Supposition

5.1. Endorsements

- ❖ The Chairman and Managing Director/Executive Director should vary alterations to the bureaucratic strategies compulsory for execution of the Credit Procedure as they may be converted required beginning time to time on interpretation of legislative desires.
- ❖ JBL should persevere with swotting its Credit program which will advantage Banks sweat to exact the passage of procedures.
- ❖ JBL have to endowment the loans for the institution of business at a restrained rate of interest. Owing to this, the people can reimburse the loan amount to the bank recurrently and at the appointed time.
- ❖ JBL should differentiate its loans and advance division to escalation apposite loan portfolio.
- ❖ JBL should be added alarmed round adjusting the confidential loans & advances.
- ❖ To diminish the amount of NPLs, the bank should vary loans to creditworthy insolvents.
- ❖ Formerly appreciative a loan, officials should pay supplementary consideration to the minutiae as long as by browsers.
- ❖ JBL should assemble keep fit involuntary so that they can vary their risk management lineup more competent in tenure of managing the credit risk.
- ❖ Corresponding recruits should be competent to dazed the shortage in reputes to swelling the thruput of employees.
- ❖ There should be consistent, resourceful recruits in all branch with the purpose of gross autonomous verdicts and make speedy amenity conveyance.
- ❖ In the credit sector, stringent regulation is obligatory to elude loan shirkers. Bank official should do consistent appointment to the missions.
- ❖ A well- reputable MIS should be continued by JBL so that RMD can become modernized facts.
- ❖ Electorally predisposed Offering or venture should be patterned.

5.2. Supposition

A bank's crucial cradle of proceeds is credit. Banks are open to the elements to credit risk in consequence of credit, which must be cautiously moved. The disturbing magnitudes of indiscreet giving have been finished vibrant by the topical comprehensive pecuniary calamity. Universal directing administrations have underway to establish durable credit risk management measures as a consequence of the comprehensive pecuniary emergency. Attributable to their obedience to the credit risk management programs of Bangladesh Bank, Bangladeshi banks have had a confident expanse of fortification all through this calamity. On the other hand, a lot of consultants applaud that any slits in this strategy should be occupied.

⁷
The learning assessed the credit risk management approaches of Janata Bank Ltd for the retro 2020-2023. It was an endeavor to weigh the range to which the execution of various credit risk management tactics by the bank has concentrated the amount of non- execution loans. With the aim of riposte the seek intentions, the incident revision attitude was laboring where face-to face discussion was directed to accumulate the assessments of a senior officer at Janata Bank Ltd on credit risk management tactics. Too, evidence on non-execution loans was attained from Janata Bank Ltd yearly reports and credit program credentials for investigation. The outcomes as of the learning revealed that Janata Bank Ltd has a vibrant, written parameter on credit risk management with the board of directors taking an inaccuracy obligation for execution.

To go over the main points, this consider has ameliorated a lot in attainment familiarity of the "Credit Risk Management" in Janata Bank Limited. Also, it would not be out of the approach to allusion here that the Bangladesh Bank has specified distinct participations on "Credit Risk Management". In fulfillment of the directives and strategies dispensed by the Bangladesh Bank, Janata Bank Limited is compromise and escalating credit to all subdivisions.

Credit Risk Management" in Janata Bank Limited.

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