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**INTERNSHIP REPORT
ON
CREDIT RISK MANAGEMENT OF
JANATA BANK LIMITED**

Roll: 172- 14- 2464

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JANATA BANK LIMITED**

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Letter of Transmittal

23 November 2018

To

The Supervisor

Professor Dr. Mostafa Kamal

Department of Business Administration

Faculty of Business and Economics

Daffodil International University

Subject: Submission of Internship Report on “**Credit Risk Management of Janata Bank Limited**”

Sir,

With due respect and great pleasure I submit my Internship report on “**Credit Risk Management of Janata Bank Limited**” and for your kind consideration. This job is assigned to me to fulfill the partial requirement of MBA program.

I enrich the knowledge in my internship program at the **Janata Bank** which was assigned to me as a fulfillment of the course MBA program and enhance my ability to understand as a whole. I will be glad to accept and clarify any inquiries regarding this report.

Would you please kindly accept my report and oblige me thereby.

Sincerely Yours,

Md. Rabiul Karim

Exam Roll: 172-14-2464

Major: Finance, MBA program

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Daffodil International University.

Declaration

I declare that the Internship Report on “**Credit Risk Management of Janata Bank Limited**”. Embodies the result of my own research works, pursued under the supervision of **Professor Dr. Mostafa Kamal** Department of Business Administration, Daffodil International University.

I further affirm that the work reported in this report is original and no part or whole of this report has been submitted to, in any form, any other university or Institution for any degree or any other purpose.

Md. Rabiul Karim

Roll No.: 172-14-2464

Major in Finance, MBA Program

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Certificate of Approval

I am pleased to certify that the Internship Report on “**Credit Risk Management of Janata Bank Limited**”. Md. Rabiul Karim Roll No.172-14-2464 Major in Finance, MBA Program Department of Business Administration has been approved and defense . Under my supervision Md. Rabiul Karim work with Janata Bank Limited as an intern.

I am pleased to hereby certify that the data and finding present in the report are the authentic work of Md. Rabiul Karim. I strongly recommend the report presented by Md. Rabiul Karim for further academic commendations and defense.

Supervisor

Professor Dr. Mostafa Kamal

Department of Business Administration

Faculty of Business and Economics

Daffodil International University

Acknowledgement

This is my pleasure that I could successfully complete my internship report by the grace of almighty Allah. I want to convey my heartfelt respect and cordial thanks **Professor Dr. Mostafa Kamal**, Daffodil International University, encouragement, guidance, advices and valuable supervision. I am very lucky for getting the opportunity to prepare this report under his supervision and guidance. Without his instruction, it was impossible for me to complete this report successfully.

I also articulate my heartiest appreciation to Khandaker Farid Ahmed (FAGM) Manager of Gono Shasto kendro Branch. I am indebted to Md. Nazmul Haque Assistant Manager and Head of the Loan & Advanced Department of the Branch who provide required information, necessary assistance, Valuable suggestion and advice through his long working experience and intellectual effort to prepare this report.

The report in your hand is a product of a month long queries and involves many people's considerate attention to it. Without their kind helping the preparation of this report would not be possible. So I must pay gratitude to them.

Executive Summary

Credit risk management is the main topic in the report on Janata Bank Limited. Beginning in this report discuss in the topic scope, origin, objective, methodology, limitation are Chapter One. The main objective in the report practical knowledge credit risk management on Janata Bank Limited. Work different desk and collect data and we collect data in annual report.

Chapter Two we discuss overview of Janata Bank. We discuss organizational profile and present situation. The bank is established in 1971. Janata Bank has various products and services.

Credit risk management activities are Credit Process, Credit Sanction, Credit Document, Credit Administration, Disbursement, Individual Credit Monitor and Control, Monitoring Credit Portfolio, Classified of Credit, Classified of loan, Recovery of loan. Discuss in the report. Another chapter describe what is credit, types of credit and how can bank manage credit risk. And loan recovery process

Ending the report findings, recommendations and conclusions are discussed. It's can be recommended bank should concentrate more on proper documentation of all types of loans. The documents supporting the security against the loan have to be verified properly.

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Abbreviation

L/C	Letter of Credit
A/C	Account
FDR	Fixed Deposit Receipt
CC	Cash Credit
STD	Short Term Deposit
CRM	Credit Risk Management
JBL	Janata Bank Limited
CSR	Corporate Social Responsibilities
CEO	Chief Executive Officer

CHAPTER: 1

INTRODUCTION

1.1 Introduction of the study

Financial institutions play an important role to develop economical conditions of any country. Banking sector is one of the largest sector among them. Bangladesh is a developing country. There are two types of banks like private and public banks. Due to globalization, money transfer and other important task is easily done by bank. In the garment sector most of the institution take loan from bank and they also give the payment of buyers through bank, for opening LC bank is also needed. For our agriculture sector farmers take loan from agricultural bank, Not only the giving loan but also in other task like mortgage, deposit, social task and many other sector bank has involved. Open market of free economy concept is used all over the world.

1.2 Background of the study

The report entitled “**Credit Risk Management of Janata Bank Limited**” has been prepared as an internship report fulfillment of MBA Program authorized by the Department of Business Administration of Daffodil International University.

1.3 Objective of the study

The main objective of the report is to identify and evaluate the credit risk management system of Janata bank limited, which includes the following specific objectives:

Specific objectives:

- ❖ To know the practices of credit structure of the Janata Bank Limited.
- ❖ To measure the effectiveness of the bank in the utilization of available resources.
- ❖ To assess the credit structure of the Janata Bank Limited in practice.
- ❖ To identify the recovery performance of Janata Bank Limited.
- ❖ To find out problems and suggesting recommendations for further improvement.

1.4 Scope of The study

Janata bank is a largest mercantile bank in Bangladesh. It has 916 branches in our country and four global branches. It has 1203 foreign correspondents all over the galaxy. I achieve to Real live knowledge from janata bank . Here I know the how to manage credit risk management of janata bank limited . Tools of credit risk management are loan , recovery problems in janata bank, performance of bank employee. Credit risk management of the study are very important part of the report. Credit management of janata bank are flow of Bangladesh bank guidelines.

1.5 Methodology of the

Methodology of the report are divided two major parts.

They are:

- a. Primary Source.
- b. Secondary Source.

Primary Source.

- Personal knowledge
- Different desk work in different section, in janata bank
- Bank Employees and consumer conversation.

Secondary Source.

- Janata Bank annual report 2016-2017.
- Different writer's books,
- Source in internet information.

1.6 Limitations in the study

The limitations of the report are as follows:

1. Lack of insufficient data.
2. Lack of opportunity to access to internal data.
3. Time limitation.
4. The bank personnel were very busy, they could not give enough time.
5. Based on secondary data in most cases for preparing this report.
6. Legal action related information was not available.

CHAPTER-2

JANATA BANK OVERVIEW

2.1 Historical Background of Janata Bank Ltd.

Janata Bank was established in 1972 in the Bangladesh Bank Order. Janata Bank got registered with the Joint Stock in 15 November 2007. Janata Bank limited has Registrars and restructured it as a public limited company with the name Janata Bank Limited in 2007. Overseas 4 branches in Janata bank at United Arab Emirates .912 branches across in Bangladesh in Janata bank limited. 11,876 employee in Janata bank . location of Janata bank is Motijheel C/A, the heart of the capital city, Dhaka.

2.2 Vision of Janata Bank Ltd.

Janata Bank wants to be the largest commercial bank in Bangladesh. Janata bank support socio economic and development country in Bangladesh . Janata Bank wants leading bank in South Asia.

2.3 Mission of Janata Bank Ltd.

Janata Bank Limited will be an Operative commercial bank in our country. Janata Bank maintain a stable increase strategy, high growth quality financial service & product. Management can provide excellent service in customer. Management can ensuring good governance in banking network.

2.4 Values of Janata Bank Ltd.

Janata Bank Ltd following the values of guideline in this jobs.

- Create the environment is honest and enabling.
- Janata Bank limited focus relationships and integrity.
- Work as a team to serve the best interest of their owners.
- Base recognition and reward on performance.
- Responsible, trustworthy and law-abiding in all that they do.
- Strive for profit & Sound growth.
- Relentless in pursuit of business innovation and improvement.
- Value and respect people and make decisions based on merit.

2.5 Services of Janata Bank Ltd.

Janata Bank Ltd offers the banking facilities and services to its customers and employee. The Bank with its different network and spreading in the country has a unique feature of Savings account, from deposit and then investing them into loan portfolios.

Janata Bank Ltd. ranging branch network comprehensively in our country. Bank skilled and personalized services are some like as :

1. Telegraphic Transfer on banking.
2. Demand Draft.
3. Transfer Mail
4. Pay Order.
5. Receipt on Security Deposit.
6. Special arrangement of fund Transfer.

Export Finance

Janata Bank Limited has been given various kinds of assistance to exporters in the world .

Some point are discuss below:

- Exporter's business interest bearing and non-interest bearing in world.
- Export provided motivation Program.
- Export Processing Zone in banking sector.
- Foreign investment 100%. and joint venture for establishment of export industry.
- Financing program and software data entry and service in the main export .
- Admission rate and interest rate are exports Finance.
- L/C under certified Warehouse efficiency .

Export Trend

Year	Taka in Crores
2013	8,865
2014	11,851
2015	15,375
2016	15,652
2017	15,325

Table 1: Export tread of Janata Bank Ltd

Import Finance

Import is the very important part good number of the Authorized Dealer Branches on 1198 . Foreign currency earn world wide Janata Bank Limited . Janata bank has been extending full range import and financial service facilities.

Import Items:

- To increase Capital Flow & Lubricants. Deferent Machinerics and Garmentce raw materials.
- Average goods & Service.
- Machine spare parts and deferent equipments.

Import Trend

Setting Industrial vision to facilitate optimally, bank's involvement has been showing sharp rising trend as under:

Year	Taka in Crores
2013	11,852
2014	18,374
2015	19,728
2016	18828
2017	17667

Table 2: Import Trend of Janata Bank Ltd

2.6 Branches of Janata Bank Ltd.

Janata Bank Limited has 897 branches in our country. Urban areas 450 branches and situated in urban areas. They have 443 branches are in rural areas including 4 foreign branches. United Arab Emirates are all foreign branches.



Bangladesh devision	Urban zone	Rural zone	Total
Dhaka	171	91	262
Chittagong	100	102	202
Rajshahi	53	93	146
Sylhet	22	37	59
Khulna	52	59	111
Barisal	22	19	41
Rangpur	30	42	72
Overseas	4	00	4
Total	454	443	897

Table 3: Branches of Janata Bank Ltd

2.7 Organizational Structure of Janata Bank Ltd.

Every Organization has organization structure Janata bank foremost duty top management is to makes all the major decisions. Boards of directors are topmost level of organizational. The have structure plays and important policy role in successful. Day-to-day operations of the bank are development .

Janata bank Structure

Chairmen
Managing Director
General Manager
Deputy General Manager
Assistant General Manager
Senior principal officer
principal officer
Senior officer
officer
Sub Accountant
Senior Cleak

Graph no:1- Janata bank Structure

Investment

Janata bank can invest in different sector. They can invest in business sector it has provide lone .some time they can invest different government project in our country. Janata bank invest money export ,import and foreign business sectore.

Investment wise Portfolio

SL	Particulars	2018 (TK)	%	2017 (TK)	%
1	Government bond	108982298.39	89.19	70383615.59	91.05
2	Debentures	404932.8	0.33	349959.68	0.45
3	Corporate Bonds	1196236.56	0.98	927419.35	1.20
4	Shares	11577782.26	9.48	5618736.56	7.27
5	Others	24045.7	0.02	24045.7	0.03
	Total	122185295.7	100	77303776.88	100

Table 4: Investment wise Portfolio

2.8 CSR Activities of Janata Bank Ltd.

Janata Bank is playing a leading role in Bangladesh. Corporate Social Responsibilities activities amid owner commercial banks. Janata Bank Limited has been allocated Tk 115.68 millions in the year 2016 and TK 292.20 millions in 2017. different sectors and different people can help in janata bank limited .Number of trodden people benefited in 2017 is 3899. janata bank limited can provided health care and education. they also another considered as thrust sectors. Janata Bank emphasized in the Information technology sector. Janata bank honor of titled freedom fighters 20 city in our country. Freedom fighters education, shortage alleviation, and their history of liberation war sufficient importance in the society. They can help poor people. Janata bank provide money poor student for your education.

CHAPTER - 3

**JANATA BANK LIMITED CREDIT RISK
MANAGEMENT PROCESS**

CREDIT RISK MANAGEMENT PROCESS

Credit Risk Management is the most important part of Janata Bank limited. Credit risk critically anatomize the credit proposals in risk management weighted point. Loan sanctioning and approvals are ensuring to credit portfolio in high quality. Bank wants to know maximize a bank's risk-adjusted rate and by maintaining credit risk. Bank needs to manage their credit risk. Jaanata bank maintain following tasks:

1. Credit Process.
2. Credit Sanction.
3. Credit Document.
4. Credit Administration
5. Disbursement
6. Individual Credit monitor and Control.
7. Monitoring Credit Portfolio
8. Classified of Credit
9. Classified of loan
10. Recovery of loan.

3.1. Credit Process.

Credit process is the 1st stage lone sensation required information on credit risk management. Credit process to gathered and application. Janata bank Credit application forms should be ability detailed information needed for credit process. Financial institutions should have a 1 required information and detail are given their. Financial institutions should be set out pre-qualification information in part of the credit process.

General role are:

- Amount and purpose on sources of repayment process.
- Reputation in the applicant and his legal capacity to assume the credit process.
- Industry sector to economic facility are risk profile of the borrower and the sensitivity.

3.2. Credit Sanction.

Janata Bank have some must have written process and the approval individuals or committees as well as the basis of those decisions in business. Credit Sanction Depending on the size of the financial sector. Credit develop and risk specialists who have high level expertise and experience. The demand for judgment in approving and managing credit risk in Janata Bank Limited.



3.3 Credit Document

Credit Document is the essential part of the credit process. credit cycle, including credit risk application, credit analysis, credit process, credit monitor. Credit impairment recognition, froec of impaired loan and realization in the process on of security on loan. The credit files format is the must be regulated and maintained with an appropriate system on the Janata Bank Limited.

Financing institution should be maintain their credit police and checklist. Bank can show that all their procedures policies and credit application receiving to the disbursement of funds. credit document are involved in the decision-making process in loan.

3.4 Credit Administration

Janata Bank flow Credit Administration function are control critical or ensuring that proper documentation. Some people approvals their document place prior to the loan facilities loan facilities and loan disbursement . For this reason, Credit Administration function essential that strictly segregated from Relationship Management order to avoid the probability .Bank controls being compromised not being highlighted at the correct level.

- The bank credit facilities are disbursed only after all the contractual terms and conditions have been met and all the required documents have been received.
- Borrower flow Repayments on interest and principal payment Timely.
- Bank can maintain and procedures as well as relevant laws and regulations policies.

3.5 Disbursement

Credit disbursement one of the importance credit is approved. The customer terms and conditions should be advised of the of the credit process by way of a letter of offer. The duly signed duplicate letter should be and returned to the institution by the banks customer. The disbursement process facility should start only upon receipt of this letter and should involve, inter alia, the completion on documentation, formalities regarding the registration of collateral, institution's favor on insurance cover in the institution's favor and the vetting of document by a legal expert.

Credit Information
Information Collection
Analyze the Information
Lending Risk Analysis
Proposal Analysis
Collateral Evaluation
Final Decision on Project
Proper Supervision on the Project
Documentation on loan
Creation of Charges for Securing Loan

Graph 2 : Credit Disbursement Process

3.6 Monitoring and Control of Individual Credits

Bank safety is the financial institutions against potential on losses. Consumer Credit problem facilities is to need to be identify early. Proper Credit monitoring system can be provide the basis for taking prompt corrective actions in a bank. when consumer warning symbol point to deterioration in the financial health of the borrower.

Monitoring activity are below :

- Janata bank funds advanced are stated in the customer's credit application and that is 1s't stage.
- Borrower financial condition is regularly tracked and management advised they payment on timely.
- Regularly assessed and the borrower's financial health more important on the monitoring activity.
- The current condition of the customer and bank internal risk ratings reflected.

3.7 Monitoring the Overall Credit Portfolio.

Credit risk management is an important element of sound analyzing what could potentially go wrong. with individual bank credit and the overall bank credit portfolio environment. which borrowers Manage change significantly. The result on credit risk analysis should then be assessment of the adequacy of provisioning and capital of the institution part on bank credit policy:

- Downturns the significant economic sector
- Hostile market-risk events
- Unfavorable liquidity conditions.

3.8 Credit Classification

Credit classification required is the board of directors of Janata Bank Limited “establish credit risk management policy, and credit impairment recognition and measurement policy, the associated internal controls, documentation processes and information systems;”

Credit classification process are mainly two part individual and joint. Bank and Financial institution processes and controls to implement the board approved policies on bank. They should have maintain appropriate credit provisioning and write off. International Accounting Standard they maintain 41 requires on the financial institutions and bank shall, bank addition to some importance individual credit provisioning, assess the credit management damage and ensuing provisioning on a credit portfolio basis.

3.9 Classified Loans

Janata Banks are provide financial service. they producing and selling professional management of the public’s funds on bank. Bank perform many other roles in the economy in Bangladesh .Now-a- days Janata banks are not performing their activities smoothly for a large burden of default loan. Janata Bank Every year distributes taka among individuals and organizations etc.

Classified on loan

- Collateral coverage on Shortfall in, key factor in the decision-making are important particularly .
- key-owners withdraw of or personnel management.
- Bankruptcy on dissolution Company filing for.

10 Recovery of Loan

Loan of Recovery process on Janata Bank Limited are the final combination of time, Essay of money. Janata bank are followed several procedural steps on loan recover lending amount. Bank taken some recovery process on legal institutions and society. Bank taken several programs on the loan recover and the loan disbursed .

Loan Recovery for Program

Janata Bank limited loan can provide the customer loan they are clearly to repayment pattern in the loan agreement. The nationalized and private sector janata banks have to face on the problems.

- Monitoring cell and credit supervision are establishing in the bank.
- Loan sanctioning and distributing policy are Re-structuring on the janata bank.
- package Offering of Spur to the sound borrowers
- Short term loan giving more force.

CHAPTER 4

**CREDIT RISK MANAGEMANT OF
JANATA BANK GONOSHASTHO
BRANCH .**

4.1 What is Credit?

Credit is a agreement between borrower and receive something of value now and agree to repay lender . lender taken some later date with condition with interest. In other sentence , credit is the power to repayment command goods or services of another in come-back for commitment to pay such goods or services at some specified time in the future.

4. 2 Types of Credit Offered by Janata Bank Limited

4.2.1 Cash Credit

The mortgage on the property or security taken loan it's called hypothecation. Legal transaction on hypothecation goods are made available on lending banker as security . Equitable charge on stocks only banker, which nothing practically means.

4.2.2 Loan (general)

Janata Bank Limited consider the loan more then one year it is general. Loan facility are the financial facility from installment to its production only big industries.

4.2.3 Working Credit

Bank Employee taken loan on suitable for this loan. The maximum amount of taka are disbursed Tk 60,000 on 2 years for a period.

4.2.4 House Building Loan

House building loan is provided against 100% cash collateral in bank , house building loan besides on the land & building are also mortgaged with the bank. 16% interest rate on per year.

4.2.5 Small Loan Scheme

Janata Bank Limited introduced new three small loan.

- i. House Renovation loan
- ii. personal loan
- iii. Small Business Loan

4.3 Special Credit Schemes of Gonoshastho Branch

4.3.1 Entrepreneurship Development Program

Women spatial program : now-a –days women started on doing business. Under this scheme bank can financing small and cottage industry.

4.3.2 Other special credit programs:

Credit for Employees: this types of credit given to the employee to provide loan. Bank meet emergency need at 12% interest rate. Monthly salary and consider as security that is 24 installments.

4.4 How the bank manage its credit risk in Janata bank limited?

Janata bank can manage credit risk policy is the challenge on the bank. The credit policy are agility in adapting economical sector. bank can maintain best practices outlined in this article are follow:

1. Ideal credit risk Environment Set up.
2. Credit Process are full proof.
3. Confirm over credit risk control.
4. Trained Human Resource department
5. Effective information system

1. Ideal credit risk Environment Set up.

Janata bank ideal credit risk Environment should involve the responsibility of periodically review the credit policy. The policy maintain should clearly state the bank tolerance level for risk.

2. Credit Process are full proof.

Credit process for janata bank to operating well-defined credit criteria. These criteria should clearly bank target market, credential requirements, credit structure , and the source of repayment.

3. Confirm over credit risk control.

Credit control is the most important intended to provide valuable insights on whether the bank credit granting functions. Janata bank should be a streamlined system in place for openly detection activities, and for corrective current action on deteriorating credits.

4. Trained Human Resource department

Human Resource department in Janata Bank Limited responsibility of the management to ensure that credit risk. The management human resource are train employee can flow in the credit process on bank.

5. Effective information system

Janata Bank Limited must have an information system in place to effectively manage their credit risks in its activities on banking.

Janata Bank information system:

- High exposures report
- Account Performance and track the status.
- Limited control and monitoring.

4.5 Problems in Loan Recovery

There are a lot of reason for which loan recovery of the bank. In most cases problem well be raised procedures of loan. Individual loan and joint loan are different problem are disbursement are follow:

4.5.1 Problems created by government

The following problems government are can take some loan an the bank for the long term and short term loan.

4.5.2 Problems created by the bank:

Lack of analysis of business risk: business sector janata bank has provide loan day by day are the long term business project .

4.5.3 Other general causes of poor loan recovery:

The specific reasons creating problems that loan some general causes are below:

- Lack of evaluation feasibility of the program.
- Lack of Credit allowed actual entrepreneurs.
- Supervision is not good.
- Borrowers of illiteracy.

CHAPTER - 5
FINDINGS, RECOMMENDATIONS &
CONCLUSIONS

5.1 Findings of the Report

The objective of the report is to make a comment on the credit risk management of the Janata Bank Limited. I am trying to collect data for the report and find out the reality. I have to summarize the findings on the report:

1. Janata Bank Limited followed on the credit process and credit risk management are followed Bangladesh bank rules.
2. Most of the cases credit officer do not fully fill proposal properly.
3. Janata Bank Limited distribute loan without sufficient data.
4. Some times document verification is not right.
5. Shortage of manpower and lack of training.
6. Credit evaluation process is lengthy.
7. Janata Bank Limited website does not provide sufficient information.

5.2 Recommendations

Credit risk management system are flow some recommendation below:

1. Continuous monitoring the customer loan in janata bank limited.
2. Loan diversification is more emphasis.
3. Avoided the political intervention and loan sanction.
4. Bank should be developed on adapt in changing circumstances.
5. Proper document on loan make the department trustworthy & healthy.
6. Monitoring the adequate the accounting system and attention the management.

5.3 Conclusion

Credit Risk Management of Janata Bank Limited is the most important policy in our country. Economic policy is very important part on Janata Bank Limited. Credit occurred in the borrower and lender a written document. Credit is the most important part on business. . because credit is an inherent risk, therefore exact utilization of the loans are necessary to meet the requirements of the borrower. Janata Bank can follow different policy on loan applied on borrower utilization the fund. Bank has provide various kind of loan. Bank can follow different way manage credit risk policy is the challenge on the bank .credit evaluation is a very lengthy process , credit administration and credit division is the process on credit. minimizing loss and maximizing profit to improve their credit various measures are undertaken to develop the credit management system..

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