



Daffodil
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INTERNSHIP REPORT

ON

Credit Management of Agrani Bank Ltd.

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BRE- 18th Batch

Department of Real Estate

Faculty of Business & Entrepreneurship

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Letter of Transmittal

Nurul Mohammad Zayed
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Subject: Submission of Internship Report.

Dear Sir,

This is my pleasure that I have completed my internship report and hereby ready to submit my report on “**Credit Management of Agrani Bank Limited**” According to the instruction I have worked on the actual loan operation & credit management of ABL. I have really enjoyed the working environment of the **Agrani Bank Limited, Farmgate Branch**. I have tried my best to present all those things that I have experienced over there while preparing my report.

I have thoroughly enjoyed the overall work during my internship period which is Carrying vast description of practical knowledge. This report along with all kinds of necessary information regarding the internship is being submitted to you for your evaluation. I sincerely hope that you will appreciate my effort.

Sincerely yours,

Sohanur Rahman

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Student Declaration

It is declared that this dissertation is my original work and it has not been previously submitted to this university. The work I have presented does not breach any copyright I further undertake to indemnify the University against any loss or damage arising from breach of the forgoing obligations.

.....
Shohanur Rahman

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Certification of Supervisor

This is to certify that the project paper on “**Credit Management of Agrani Bank Ltd.**” placed to the evaluation board it is done by Shohanur Rahman in partial fulfillment of the requirement for the degree of the Bachelor of Real Estate. The project has been carried out under my guidance and is a record of the bona fide work carried out successfully.

.....
Nurul Mohammad Zayed
Assistant Professor & Head
Department of Real Estate
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Daffodil International University

Acknowledgement

Education is not confined only the text book knowledge. We have to use it in practical life. I have made the report for this purpose. All the activities of this report I have also done with practical knowledge. I have taken help directly or indirectly from different people for the preparation of this report. I am extremely thankful to my Supervisor Mr. Nurul Mohammad Zayed, Assistant Professor & Head, Department of Real Estate, Daffodil International University for his kind guidance, support and encouragement. It could not be possible to prepare this report without the help of Mr. Nurul Mohammad Zayed Sir. I am thankful to all the member of “Agrani Bank Ltd.” for providing their valuable time and guidance to prepare this report within 90 days. I am also thankful to almighty Allah for successfully preparing this report.

I also thank all of my friends, senior brothers and sisters who have more or less contributed to the preparation of this report. I shall be always indebted to them.

The study has indeed helped me to explore my knowledge in “Credit management of Agrani Bank Limited” and I am sure it will be helpful in future.

Executive Summary

Agrani Bank Ltd. is one of the scheduled private commercial bank in Bangladesh which is established under the banking companies Act 1991. The main motto of this bank is to make profit. One of the most important functions of Agrani Bank Ltd. is collecting deposit and giving loans.

Agrani Bank Ltd, like others Commercial Banks, are collecting deposit from clients and giving loans to clients for making Bank's revenue. The employees of Agrani Bank Ltd. are very sincere about their work. They maintain a protocol to establish a good relationship with existing clients and they are also eager to search new clients. Agrani Bank Ltd. collected a big amount of deposit from clients in every month.

I have discussed about loans/ credit management system of Agrani Bank Ltd. in this report. The report has four parts, firstly introducing part, secondly a brief history of Agrani Bank Ltd., thirdly loans/ credit management and lastly findings and recommendations with analysis and references.

The objective of Credit management of Agrani Bank Limited is to minimize the risk and maximize banks risk adjusted rate of return by assuming and maintaining credit exposure within the acceptable parameters. The Credit Management department is responsible for upholding the integrity of the Bank's profile.

Credit Management Department of Agrani Bank Limited conducted their functions by six wings. Wholesale Credit, Retail Underwriting and SME underwriting- these three wings of Credit Risk Management assess and approve the loan for the respective customers. Central Collection Unit collects the credit. Special Asset Management wings help the bank to recover Bank's bad portfolio.

The Bank has a team for credit approval. Different tools and techniques are being used to evaluate a credit proposal. Retail Credit, Cards Credit, Authorization and Fraud Control, Central Verification Unit (CVU) are related with retail underwriting.

Although Agrani Bank Limited is successfully operating credit management, the Bank should improve in some areas which will take help the Bank to become the leader of banking sector.

Acronyms:

CRM- Credit Risk Management

CRG- Credit Risk Grading

GM- General Manager

FDR- Fixed Deposit Receipt

L/C – Letter of Credit

MD - Managing Director

DGM- Deputy General Manager

DMD- Deputy Managing Director

LDBP- Loan Documentary Bill Purchase

LDBC- Loan Documentary Bill Collection

FBC- Foreign Bill Collection

CM- Credit Management

LAOS- Loan against Others Securities

LRA- Lending Risk Analysis

CCS- Consumer Credit Scheme

Table of Contents:

CHAPTER -1 **INTRODUCTION**

Sl. No.	Topic	Page Number
1.i	Origin of the study	1
1.ii	Scope of the study	1
1.iii	Rationale	2
1.iv	Objective of the Report	2
1.v	Methodology	3
1.vi	Limitations	3

CHAPTER - 2 **PROFILE OF AGRANI BANK LTD.**

Sl. No.	Topic	Page Number
2.i	About Agrani Bank Limited	4
2.ii	Mission	4
2.iii	Vision	4
2.iv	Values of The Bank	5
2.v	Functions	5
2.vi	The Requirements & The Procedure to Open an Account	5
2.vii	Hierarchy of Position	7

CHAPTER- 3

CREDIT MANAGEMANT SYSTEM OF AGRANI BANK LIMITED

Sl. No.	Topic	Page Number
3.i	What is Credit?	8
3.ii	Lending Principles	8
3.iii	Credit Approval Process	9
3.iv	Sanction wise Credit Disbursement	10
3.v	Credit recovery Rates	20

CHAPTER- 4

CONCLUSIONS & RECOMMENDATIONS

Sl. No.	Topic	Page Number
4.i	Findings	23
4.ii	Recommendations	23
4.iii	Conclusions	24
4.iv	References	24

CHAPTER-1

(INTRODUCTION)

1.i) Origin:

BRE Program is procedure with an excellent connection of theoretical and practical expression. Only classroom conference alone can't build a student skilled to maintain the real business direction, so that is an opportunity for students to learn about practical life situation through that internship report project. That internship program delivers students connect to their applied knowledge in the practical fields. By this link, I was selected to Agrani Bank Limited at Farmgate Branch, credit management section for my real practical learning. I am assigned to make the internship report under the supervisor of my respectable Head & trainer Nurul Mohammad Zayed on “**Credit Management of Agrani Bank Limited**” to conduct a deep analysis on that report or subject matter. I have demonstrated my best try to present experience of this practical orientation in that internship program.

1.ii) Scope:

Agrani Bank Limited is the most popular nationalized commercial Bank in Bangladesh. Agrani Bank Limited performs through 867 sections and 37 abroad Exchange Companies situated 13 countries. It is connected with 415 foreign contributors 75 Countries of whole world. I am elected to teach real life practical and theoretical knowledge from Agrani Bank Limited, at Farmgate Branch. From this study I would try to apply the real life and conceptual aspects of CM that is the explanation of credit management, policy and tools of CM, I should try to realized the data of that bank and all kinds of programs for the system of loan recovery, the system of debt savings and the working accomplishment of the bank under the study in credit management, the information in respect to the grouping of unwell credit and provision thereon and also concentrates on the performance of the bank. And finally I would terminate with the tight evaluation of the credit management under the guidelines of the Bank Companies Act 1991,

1.iii) Rationale:

We know that, Bangladesh is a Developing Country in the world. The economy condition of the country has a lot left to be desired and there is lots of possibility for high prosperity. In financial like these, Credit Performance can be play important role to develop the total financial situation of the country. This bank playing agent role of make available the excess funds of various sectors to give essential finance, to these sectors, which are much wanted to improve for the smooth development of economy for the country.

This project is trying to consider clear message about the activities, performance and strategies of Bangladesh for regarding Credit management Performance in Business sectors.

OBJECTIVES:

The principle objective of this report is to analyze credit management of Agrani Bank Limited.

Specific Objectives :

- To describe credit approval and disbursement process of Agrani Bank Limited.
- To show credit recovery process along with credit recovery rate of Agrani Bank Limited.
- To derive few findings and to suggest some recommendations accordingly.

Methodology

To conduct this report, various types of secondary data were used. Data has been collected through different sources like interviews and other different circular published by the Bank.

Secondary sources

- Annual report of ABL (2015, 2016, 2017).
- Websites
- Circular of the ABL
- Articles of bankers

Limitations:

To make this report, I have noticed some limitations and now I mentioned that limitations in the following section:

- **Time:** Time was important obstacles that interrupted to cover all aspects of the study.
- **Secondary Information:** The secondary source of data and information was not enough to fulfill the requirement of the project.
- **The Scope:** Some private and vital information was not shared by various personnel of their respective department. Like as:
 - Sometimes the experience authority doesn't share their private information to others to complete the task.
 - Since the Bank personnel were works smoothly, they try to co-operate me but they very busy for their activities.
 - The main obstacles of the study were not sufficient of present information relevant to the study.
 - Consolidated data and vital data related to the study were not given proper time.
 - Not enough time to study and prepare exact calculation from employee to find out more information.

Chapter-1

Introduction

A bank is one, who in the ordinary course of his business receives money which he repays by honoring cheques of persons from whom or on whose account he receives it. Banks deal mainly with money and credit. They purchase and sell money and credit.

Bank is an establishment which makes such advances of money to individual, as may be required with which individuals entrust money when not required by them for use to make the social system developed and dynamic, no one can deny the role of Banking by any means. Bank acts as a financial intermediary to mobilize fund from the surplus to deficit economic units. The banking sector in Bangladesh comprises of four categories of scheduled banks. These are, Nationalized Commercial Banks (NCBs), Government owned development Finance Institutions (DFIs), Private Commercial Banks (PCBs) and Foreign Commercial Banks (FCBs).

History of Agrani Bank Ltd :

Agrani Bank is a nationalized commercial bank established on 26 March 1972 under the Bangladesh Banks (Nationalization) Order 1972 by taking over two abandoned Pakistani banks – Habib Bank and Commerce Bank. Agrani bank has 867 branches among the country, they have lots of clients also they provide govt. loan for the country's welfare. 51% share are govt. and 49% are others. It is the most popular and powerful bank in Bangladesh. In 2000 provides 74.97 billion tk for loans and advance. They invest many reputed industries all over the country.

- **Mission:**

Agrani Bank engineers enterprise and creativity in business and industry with a commitment to social responsibility. “Profit Alone” do not hold a central focus in the Bank's operation; because “man does not live by bread and butter alone”

Core Objectives:

Agrani Bank Ltd. Believes in its uncompromising commitment to fulfill its customer needs and satisfaction and to become their first choice in banking. Taking cue from its pool of esteemed clientele, Agrani Bank Ltd. Intends to pave the way for a new era in banking that upholds and epitomizes its vaunted marquee “COMMITTED TO SERVE THE NATION”

Service And Products:

- Card products
- Retail banking product
- Loans and advances
- Remittance

Card products:

Agrani Bank Limited has less facility of debit card system. It hasn't a broad network about card system. It only produce Debit card and have some own booth for this system. system with the help of other banks. The other banks are BANK ASIA LTD, ISLAMI BANK (BD) LTD, SOCIAL INVESTMENT BANK LTD, SOUTH EAST LTD, DHAKA BANK LTD, AB BANK LTD.

Banking Products

Term Deposit

1. Savings Deposit Account
2. Current deposit account
3. Short term deposit account
4. Deposit Plus Scheme

Loan & Advances

1. Loan Against. Trust Receipt
2. Auto Loan
3. Consumer Loan
4. Real Estate Loan
5. Loan Against ABPS or DPS
6. Agriculture term loan
7. Project loan
8. Other term loan

Scheme:

- Short notice term deposit account
- Agrani bank pension scheme
- Agrani bank special deposit scheme

Bond: Agrani Bank Shilpa Unnayan Bond for 5 years.
Agrani Bank Shilpa Unnayan Bond for 7 years.

Functions of Agrani bank Limited;

- Money collection on deposit
- Conducting cash transaction of current account holders

- Attending bills of exchange and drafts
- Debit card facilities

Money gram, Express money, Remit one, infinity, Cash over counter, IME, Trans fast, Quick Remittance.

Credit Management of Agrani Bank Limited.

Agrani Bank Limited is old Bank. This bank is maintaining its banking responsibility since 1972. It is committed to provide high quality financial services/products to contribute to the growth of G.D.P of the country through stimulating trade and commerce, accelerating the pace of industrialization, boosting up export, creating employment opportunity for the educated youth, poverty alleviation, raising standard of living of limited income group and over all sustainable socio-economic development of the country.

This bank follows its own Credit Policy formulated in the light of country's applicable laws and norms and CRM guidelines as well. The main focus of the policy is to ensure profitable and viable investment of bank's fund. Besides conventional lending, bank also stressed on funding unconventional sectors. In some instances it has become pioneer in extending credit facilities. The credit portfolio of the bank is well diversified and covers wide spectrum of business and industrial concerns from textiles to real estate. Credit facilities in micro and SME sector are also gaining momentum. Total loans and advances amount of 2009 is 122,236,085,269 tk.\

Credit Policy Guideline:

The relationship between banker and customer begins with the opening of an account by the customer. Opening of an account binds the customer into contractual relationship under the legal

framework of the (contract act – 1872). After that if a customer want to make any kind of broad relation with bank then it also possible. For the customer's benefit bank always offer various kind of loaf to the customer. Instead of loan bank charges interest for the income of the bank. Besides conventional lending, bank also stressed on funding unconventional sectors. Credit facilities in micro and SME sector is also gaining momentum. The bank is very careful in handling credit proposals, band disbursed. The guidelines contained herein are NCC Bank's general principals that are designed for implementation by bank. The investment proposal should be forwarded to Head Office for sanction with recommendation showing justification that should include the following:

Credit Categories:

As initiated by Bangladesh Bank Vide BCD Circular No.33 Dated 16-11-89 different kind of lending were subdivided into 11 categories w.e.f 01.01.90 which was subsequently reduced to 9 Vide BCD Circular No. 23 dated 09-10-93 and again to 7 prime sectors Vide BCD Circular No. 8 Dated 25-04-94 for fixation for rates of profits by the individual banks on competitive basis depending on the cost of funds, prevailing market condition and monetary policy of the country.

Types Of Loans & Advances:

Depending on various nature of financing, all the landing activities have been brought under the following major heads:

Continuous loan

These are the loans and advances having no fixed repayment schedule, but have an expiry date at which it is renewable on satisfactory performance.

SOD (FO)

Advance is granted to a client against financial obligations. The security of advance is granted to the person to whom the instrument belongs. The discharged instrument is surrendered to the

bank along with a letter signed by holder/holders. The bank's lien is prominently noted on the face of the instrument under the signature of an authorized bank official.

SOD (G)

Granted against the work order of government departments, corporation's autonomous bodies and reported multinational private organization. To arrive at logical decision, the client's managerial capability, equity strength, nature of scheduled work is to be judged. Disbursement is made after completion of documentation formalities, besides usual charge, documents like a notarized irrevocable power of attorney to collect the bills from the concerned authority and a letter from the concerned authority confirming direct payment to the bank is also obtained. The work is strictly monitored to review the progress at each interval.

Business Focus:

The bank shall provide the suitable investment services and products for the following sectors, which must meet the other requisites as set by the bank from time to time.

Sectors:

1. Consumer Loan
2. Agriculture Loan
3. Textile & Garments Loan
4. Housing & Real Estate
5. Electronics & electrical commodities
6. Others

Inland Bill Purchase (IBP)

Payment made through purchase of inland bills/cheques to meet urgent requirement of the customer falls under this type of investment facility. This temporary investment is adjustable

from the proceeds of bills/cheques purchased for collection. It falls under the category “Commercial Landing”

Foreign Bill Purchase (FBP)

Payment made to customer through Purchase of Foreign Currency Cheques/Drafts fall under this head. This temporary investment is adjustable from the proceeds of the cheque/draft.

Staff Loan:

Bank official from officer and above are eligible for this loan. There is different kind of loan under this loan section. They are shown below

- Staff housing loan.
- Staff computer loan.
- Staff auto loan.

Loan under SME

a) Consumer Credit Scheme:

This scheme is aimed to attract consumers from the middle and upper middle class population with limited income. The borrower should have saving or current deposit account with the bank. Minimum 25% of the purchase cost of the product is to be deposited by the borrower with the bank as equity before the disbursement of the loan. The rest 75% is to be kept as cash collateral (FDR, Shanchay Patra etc.) with the bank. The purchased items are hypothecated with the bank. The disbursement of the loan is effected by debiting loan (general) account to the opened in the name of the borrower. Loan amount is disbursed through a/c payee pay order/demand draft directly to the seller after submission of the indent, deposit of client equity and completion of documentation formalities. The bank obtains postdated a/c payee cheques drawn in favor of the bank for the monthly installments covering the lending period from the borrower and the loan amount is adjusted on the due date of installments.

b) Working capital loan:

Loans allowed to the manufacturing unit to meet their working capital requirement, irrespective of their size big, medium or large fall under the category.

c) House Repairing/Renovation Loan Scheme:

This loan is offered for renovation and modernization of the house/building/flat which are acquired by inheritably or purchasing and other ways to make the properties liable and durable.

d) Small Business Loan Scheme:

This loan is offered to the small and promising entrepreneurs to meet their capital requirement and enable them to operate and expand the business purposely.

d) Personal Loan for Salaried Person:

This loan is provided to fixed salaried persons in various organizations to meet any emergency cash needs at various events- treatment/operations of critical disease, matrimonial, maternity expenditure etc. Maximum credit ceiling is Tk1, 00,000/-

Recent Interest Rate of Loan and Advances:

Types of loan and advance	Interest Rate
Staff Housing Loan	5%
Staff Auto Loan	5%
Staff Computer Loan	5%
General House Loan	13%
Consumer Loan	14%
Loan Against APS	11%

Loan Against DPS	17%
ABS loan	11%
O/D	14%
CC(Hypo) For business with security	13%
Auto Loan	13%
Polly Loan	13%
Small Loan	13%
Demand Loan	14%
Agricultural Loan	13%

General Procedure of Sanctioning Loan:

Branch Credit committee has delegation to give loan to a customer within a certain limit delegated by head office Credit Division and cannot extend facility to any customer beyond this limit. The customer can approach directly to the Credit Division of head office .So the process of sanctioning can now be described step wise:

- The customer will submit the loan application directly to the Credit Unit or to any nearest branch of Agrani Bank as convenience.
- Then branch send the application and necessary document to the Bangladesh Bank for CIB report.
- After receiving the CIB report from the Bangladesh Bank the branch considers it and forwards it to the credit unit immediately.

- Then the branch credit committee or credit unit inspects and verifies the information provided by the customer in the credit application and applies and due diligence for approval or declining the loan.
- If the branch credit committee approves the proposal, sanction advice is issued to the customer and asked to finish all other documentation and to give the required number of postdate cheques.
- Both the credit division keep the record of approved and declined loan proposals.

Branch Credit Committee:

This committee is to be headed by the Branch Manager and other member (s) to be selected by the Manager as well as consultant with Head Office. Responsibilities of this committee are as follows;

1. First responsibility to the Manager for each lending.
2. Know their borrower fully.
3. Comply with the applicable instructions, manual, circulars and other rules of the Banks as well as Bangladesh Bank Act.
4. Credit proposal submitted to Head Office, Credit division for established the policies and procedure.
5. Review and analyze the history of antecedent of the management personnel, their financial condition with comparative statement, latest Balance sheet, Income statement, operating result and supplementary facts and also personal net worth statement of the proprietor, partners and also the Directors.
6. Comply with necessary and customary internal & external control and safeguard.
7. Justification consideration for cover facility.
8. Take review and monitoring action of the credit.
9. Continuously reviewed the all credit facilities by the branch manager with the other member of the committee.
10. Continuously verification for review the project and find out the facts and make a report which is to submit to the Head office.

Security: Selection & Control:

Security is an element of risk that always present in every advance, in whatever degree a bank knew his customer personally and intimately, in whatever degree he has the confidence in the integrity and honesty of a customer. When a banker ordinarily takes as things assets, good, valuables, financial papers, surety, guarantee, etc. against the risk for lending is called security.

Importance of Security: Banks always lay stress on three elements while making advance

- Borrower's integrity and honesty
- Genuine purpose
- Assurance of return of money advanced.

Types of Security

Personal Security: Security by which a borrower is personally made liable to repay the loans/advances. Demand Promissory Note, personal Guarantee, Bills of exchange, etc

Tangible Security: Tangible assets like stock of goods, bonds, deposit receipts, bill of landing, bills receivables, warehouse receipt, real estate, shares, assignable, insurance policies, etc. are taken as security.

Primary Security: The security which is deposited by the borrower himself against lending is called primary security. Primary security is the main cover for the advance made by banks. Primary security is associated with the purpose for which the lending allowed. "Stock in trade, industrial plants, land & building, bills receivables, deposit receipt, etc which are deposited by the borrower shall be treated as primary security.

Collateral Security: Additional, subsidiary or secondary in addition to primary security is called collateral security.

Direct Collateral Security: Collateral security obtained from the borrower himself to secure his own account is known as direct collateral security.

Indirect Collateral Security: Collateral security given by a third party / persons to secure a customer's loan account is called indirect collateral security.

Cash Credit (Hypothecation)

The mortgage of movable property for securing loan is called hypothecation. Hypothecation is a legal transaction whereby goods are made available to the lending banker as security for a debt without transferring either the property in the goods or either possessing. The banker has only equitable charge on stocks, which practically means nothing. Since the goods always remain in the physical possession of the borrower, there is much risk to the bank. So, it is granted to parties of undoubted means with highest integrity.

Cash Credit (Pledge)

Transfer of possession in the judicial sense of essential in the valid pledge. In case of pledge, the bank acquire the possession of the goods or a right to hold goods until the repayment for credit with a special right to sell after due notice to the borrower in the event of non-repayment.

Export Cash Credit (ECC)

Term Loan

These are the loans made by the Bank with fixed repayment schedules. The term of Investment are defined as follows:

Short Term : Up to 12 months

Medium Term : More than 12 and up to 36 months

Long Term : More than 36 months

House Building Loan

This loan is provided against 100% cash collateral, besides; the land & building are also mortgaged with the bank

Loan against other securities:

Loan against other securities is a 100% secured advance, which requires no sanction from the Head Officer. It is sanctioned by marketing lien of FDR, ICB Unit Certificate.

Their Purchase

Their Purchase is a type of installment investment under which the Purchaser agrees to take the goods on hire at a stated rental, which is inclusive of the repayment of principal as well as profit for adjustment of the investment within a specified period.

Demand loan

Loan (general)

ABL considers the loans, which are sanctioned for more than one year as loan (g). Under this facility, an enterprise is financed from the starting to its finishing, from installment to its production. ABL offers this facility only to big industries.

Loan against Imported Merchandise (LIM)

Advances allowed for retirement of shipping documents and release of goods imported through L/C taking effective control over the goods by pledge fall under this type of advance, when the importer failed to pay the amount payable to the exporter against import L/C, then ABL gives loan against imported merchandise to the importer. The importer will bear all the expenses i.e. the godown charge, insurance fees, etc. and the ownership of the goods is retaining to the bank. This is also a temporary advance connected with import, which is known as post import finance.

Loan against Trust Receipt (LTR)

Investment allowed for retirement of shipping documents and release of goods imported through L/C fall under this head. The goods are handed over to the importer under trust with the arrangement that sale proceeds should be deposited to liquidate the investments within a given period. These are also a temporary investment connected with import and known as post-import finance and falls under the category “Commercial Lending”.

Loan Documentary Bill Purchase

Payment made against documents representing sell of goods to local export oriented industries, which are deemed as exports, and which are dominated in local currency/foreign currency falls under this head. The bill of exchange is held as the primary security. The client submits the usance bill and the bank discounts it. This temporarily liability is adjustable from the proceeds off the bill.

Principles of the Lending

The Project plan is analysis and taken decision around the project. The advance and loan department is vital for the analyzing. Then primary approval of the advance/debt program the last approval is passed from the branch manager. If the advance/loan amount over a secure figure, managers transferred the advance/loan about project to the supreme authority for final pass a loan. The experts in principal office find out particular plan ratios promoted and perspective about the capability of project. Bank calculate a debt proposal by as long as, few fixed variables.

- ❖ Repayment
- ❖ Safety
- ❖ Security

Most significant measure of assess advance/loan appeal is certainty of appeal. Security is consistent by the safety offered for the loaner and paying quantity of loaner. The approach of the debtor is also very vital attention. Liquidity refers the arrival of cash in the plan and its report. Profit is the circulation of blood in any financial organization. Before sanctioning

any documents other papers every person or every organization ensure their profit and also ensure to minimize of their risk. Bank or other financial take some security against loan or debt. When they are satisfied for the all documents and property legality then authority take further action. Bank cannot approval advance/loan by only depending on collateral.

The authority is must feasible one, who provides advance or loan. During approval/sanctioning any advance/loan Bank has to be fascinated about change of risk. Total amount money must not be expended amongst a tinny number of peoples. Moreover any plan must be rooted for national interest prosperity.

Lending Risk Analysis (LRA)

LRA is a very necessary and important analysis for taking decision whether the debt appeal is potential /negative. Many kinds of statistical, mathematical, scientific& managerial tools and appliance are needs to work under this analysis. National Bank limited maintains ethical form for Lending Risk Analysis, which related to m/s excel analyze much data/ information. It's impossible to describe the whole LRA in Internship Report.

Documentation:

For the sanctioning any loan or advance required these frequent data or information below these docs are:-

- ❖ Appeal Promised Note : There the bum committed to allowance the debt so when Appeal by the national bank to compensate the debt.
- ❖ Adjustment t: Here written bulk of the advance or debt allowed to the lender Is stated.
- ❖ Constancy: To take endless advantages so given regular securities.
- ❖ Claim: written archive of service & goods charge thus keep in bag of need.
- ❖ Basic Report: this internship report is worn for SOD & CC. Announcement data/ information about the aspect & amount of equipment mortgaged have equipped.
- ❖ Assure of the administrator for the company.
- ❖ Decision of the panel of directors: It may use to debt the capital to execute Docs & entire other docs.
- ❖ Disclaimer: By this sign, the lender depart his all allegation on the

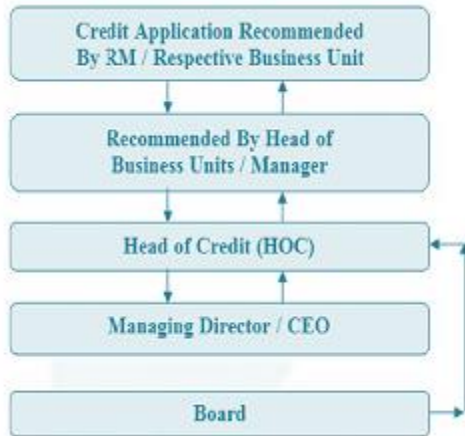
Equity/ deposit.

- ❖ Acceptance: acceptance indicating signature of the approval offered by the lender.
- ❖ Agreement letter: written docs of the furnishings pledge and thus this doc's legality of assets the goods.
- ❖ Disbursement Letter : that is the archive through which amount of approval Loan determined.
- ❖ Partnership Letter: In baggage of joint organization, the joint accomplishment is to be served.
- ❖ Letter of payment: Bulk of payment that's to be repaid at convinced comma.
- ❖ Tax paying affidavit.
- ❖ Any docs. If characterize, so necessary in the approval consultation approval by the Principal/ Head Office.

Credit Approval

A financial institution must have in place written process and the approval authorities of individuals or committees as well as the basis of those decisions. Approval authorities should be sanctioned by the board of directors. Approval authorities will cover new credit and changes in terms and conditions of previously approved credits, particularly credit restructuring, all of which should be fully documented and recorded. Prudent credit practice requires that persons empowered with approval authority should not also have the customer relationship responsibility.

Depending on the size of the financial institution, it should develop a corps of credit risk specialists who have high level expertise and experience and demonstrate judgment in assessing, approving and managing credit risk. An accountability regime should be established for the decision trail of decisions taken, with proper identification of individuals/committees involve All this must be properly documented.



Credit Disbursement

Once the credit is approved, the customer should be advised of the terms and conditions of the credit by way of a letter of offer. The duplicate of this letter should be duly signed and returned to the institution by the customer. The facility disbursement process should start only upon receipt of this letter and should involve, inter alia, the completion of formalities regarding documentation, the registration of collateral, insurance cover in the institution's favor and the vetting of documents by a legal expert. Under no circumstances shall funds be released prior to compliance with pre-disbursement

conditions and approval by the relevant authorities in the financial institution.



Graph 6: Credit Disbursement Process

Source: Credit Risk Management Guideline, Bangladesh Bank

Discouraged Sectors of Investment:

Investment in following sectors is discouraged by Agrani Bank Ltd.

- Military equipment/Weapons Finance
- Highly Leveraged transactions.
- Finance of Speculative Investment.
- Logging, Mineral Extraction/Mining, or other activity that is Ethically of Environmentally Sensitive.

- Lending to companies listed on CIB black list or known defaulters,
- Counter parties in countries subject to UN sanctions.
- Share Lending.
- Taking an Equity Stake in borrowers.
- Lending to Holding Companies.
- Bridge Investments relying on equity/debt issuance as a source of repayment.
- Tannery Finance.
- HB- residential who has no other business with the Bank.

Limitation of Loan Section:

There are some limitations in the advance section of this bank. Among them the major limitations are-

- Lack of good party.
- Party characteristics are not good all time.
- Parties all time not keep their words.
- Sometime pressure from top level through the party condition is not good.
- Here there is lack of enough loan schemes that are effective now days.
- Many old payment of loan is due.
- Lack of proper documentation about loan.
- Loan interest rate is very competitive.
- Lack of technological advantage.

CREDIT RECOVERY PROCEDURE

Recovery procedure of Agrani Bank is the ultimate combination of time, effort of money. It follows four procedural steps to recover the lending amount, which is joint effort of Bank, society and legal institutions, which are shown below:

PRINCIPLES OF SOUND LENDING

A. Safety

Agrani Bank exercises the lending function only when it is safe and the risk factor is adequately mitigated and covered. Safety depends upon:

- The security offered by the borrower.
- The repaying capacity and willingness of the borrower is to repay the advance.

B. Liquidity

The liability of a Bank is repayable of demand or at a short notice. So the Bank has to maintain its liquidity at a sufficient level. Investment on building, plant, machinery, land etc. cannot be recovered quickly, so it is less liquid.

C. Profitability

Profit is needed to pay interest to depositors, depreciation, and maintenance, declare dividend to shareholders, provide or reserve against bad and doubtful debts etc. so like all other Banks Agrani Bank also disburse advances to earn profit.

D. Security

To ensure safety of advances, Banks takes different types of securities like MTDR, Sanchaypatra, land, work order etc. Banker should ensure that the securities are adequate, marketable and free from encumbrances.

ANALYSIS OF LOAN DISBURSEMENT, OUTSTANDING, CLASSIFIED AND RECOVERY SCENARIO:

It is the duty of the recovery department of the Bank to recover the landed fund within the stipulated time and if the borrower fails to repay the money within the said period Bank will declare him as a defaulter and recover the fund by selling the securities given by the borrower or by freezing his account or make a suit against him.

Credit Recovery Rated

2007-2011

Tk In Million

Particulars Years	2007	2008	2009	2010	2011
Amounts	124467	138493	121200	144678	166359
Credit Recovery	90586	80355	95564	105760	115653
Credit Recovery Rated	73%	58%	79%	73%	69%

Last five Years credit rate average: $73+58+79+73+69= (352/5) = 70.4\%$

Major Findings

While working at Agrani Bank Ltd, farmgate Branch, I have attained to a newer kind of experience. After the collection of data, I have got some findings. These findings are completely from my personal point of view. Those are given below:

1. There was a humongous growth in deposit & investment along with profit in 2018
2. They change high interest rate in home loan including reluctance in providing home loan.
3. They maintain a balance between loan and advances throughout the gear.

Recommendations

1. Agrani bank needs to reduce the rate of house loan. They also need to develop house loan information system.
2. Agrani bank should develop house loan information system.

CONCLUSIONS

There are a number of Private Commercial Banks, Nationalized Commercial Banks and foreign Banks operating their activities in Bangladesh. The Agrani Bank Ltd. is one of them. For the future planning and the successful operation for achieving its prime goal in this current competitive environment this report can be a helpful guideline.

From the practical point of view I can declare boldly that I really had enjoyed my internship at Agrani Bank Ltd. from the first day. Moreover, Internship program that is mandatory for my BBA program, although it is obviously helpful for my further thinking about my career.

Banks always contribute towards the economic development of a country. Compared with other Banks Agrani Bank Ltd. is contributing more by investing most of its funds in fruitful projects leading to increase in production of the country.

Agrani Bank Ltd. is playing its leading role in socio-economic development of the country has been rendering its Banking services with the needs of the nation to cope with the demands of people in the country. By doing many other works for state & society, Agrani Bank Ltd. has emerged as the pioneer of playing key role in the country.

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