

Internship Report on Financial Performance Analysis of National Bank Limited

Submitted To:

Sayed Farrukh Ahmed

Assistant Professor

Department of Business Administration
Faculty of Business & Entrepreneurship
Daffodil International University

Submitted By:

Hridoy Sikder

ID: 1172-14-2386

Program: MBA (Major: Finance)
Department of Business Administration
Faculty of Business & Entrepreneurship
Daffodil International University

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LETTER OF TRANSMITTAL

Sayed Farrukh Ahmed
Assistant Professor
Department of Business Administration
Faculty of Business & Entrepreneurship
Daffodil International University


Subject: Submission of Internship Report on “Financial Performance Analysis of National Bank Ltd”

Dear Sir,

This is my internship report on “Financial Performance Analysis of National Bank Ltd” Elenga Branch. I am submitting this report as the part of fulfilling my MBA program. In case of preparing this report, I tried my best to make the report informative and to follow your instructions as well as the instructions given by my organization supervisor. The full report is based on my practical experience in National Bank Ltd. Elenga Branch, Tangail, Bangladesh. I have found the experience quite interesting and the guidance of my supervisors and with the help of all the members of all the departments. I have tried my level best to prepare an effective report.

Consequently, I am transmitting this report to your very concern. Hopefully, you will discover the report informative approach as a hallmark of my hard work. In case of any further clarification or elaboration regarding this report I would welcome the opportunity to consult with you to explore how my findings could best meet your needs.

Sincerely yours,



Hridoy Sikder
ID: 172-14-2386
MBA Program (Major in Finance)
Daffodil International University

LETTER OF ACCEPTANCE



I am pleased to certify that Hridoy Sikder, student ID: 172-14-2386, a student of Masters of Business Administration, Daffodil International University has completed the internship report under my supervision. His Internship placement is at National Bank Limited of Elenga Branch. I am pleased to state that Hridoy Sikder worked hard in preparing a report titled “Financial Performance Analysis” of National Bank Limited. He has been able to present a good picture of the concerned organization.

Supervisor

A handwritten signature in black ink, appearing to read 'Sayed Farrukh Ahmed', is written over a horizontal dashed line.

Sayed Farrukh Ahmed
Assistant Professor
Department of Business Administration
Faculty of Business & Entrepreneurship
Daffodil International University

ACKNOWLEDGEMENT

At the beginning of preparing this report, I would like to convey gratitude to the Almighty for his blessing in completing this report. This internship report is an accrual of many people's effort. For this, I am obliged to a number of people who helped me to organize this report and or their kind opinion, suggestions, instructions and support and appropriate guidelines for this. I have received endless support and guidance in preparation of this report from numerous sources. I would like to take this opportunity to thank them all.

First of all, I would like to thank my Internship Supervisor Sayed Farrukh Ahmed, Assistant Professor of Finance, Dept. of School of Business & Economics, Daffodil International University for his continuous guidance and assistance in preparation of this report. His invaluable advice has helped me a lot in writing this report. I am immensely thankful to him for the supports he has provided during my Internship period.

Next, I would also like to express heartfelt gratitude to my organizational supervisor at Md. Arafath Rahaman, (Officer) Elenga Branch, National Bank Ltd. He directed me towards the right information and regularly reviewed my progress in preparation of this report.

Their valuable contribution has facilitated the completion of this report to a great extent.

EXECUTIVE SUMMARY

The first and foremost purpose of this internship program aims to accomplish the condition of the MBA program prescribed by DIU, Daffodil International University. However, the core goal of this program is to acquire the practical understanding of the real life organization. This internship was concluded with the objective of getting hands-on information in the Loans & Advance deposits department of National Bank Limited, Elenga, Tangail. My initial responsibility was apportioned to work and understand how candidates apply for loan requests and how those were processed via approval. I also learned the corporate culture of banking industry during my internship and attended to so many training sessions inside the bank. Here I found Mr. Arafat Rhman who was my department head and he assisted me to learn several work related tasks every day containing day-to-day bank transaction reports within the organization protocols.

This internship report was prepared on the basis of financial performance from 2013 to 2017 of National Bank Limited. National Bank started its journey on 23rd March of 1983 Recognized as the first private sector bank entirely owned by native entrepreneurs, NBL has been booming as the prime private sector bank after encountering many pressure. The study which is based on 2013-2017 year by using the updated data about their business era.

At the beginning part of this report, I have discussed about the methodology of the study which contains data collection techniques and processing through analysis. Primary and secondary both types of data used for this report. After that I have discussed the introduction, and different aspects of the banking activities and the business profile of the bank. In the capter-3, I talked about the general banking activities that the bank doing regularly like, account opening/closing, FDR & other services that also done by me. The most important part that I worked on the chapter four , that is about their credit department. The last but most importantly we discussed and analyze performance through a brief description about ratio analysis. From 2013 current proportion of NBL has deteriorated till 2016 and has expanded in 2017 at a smaller rate. We also can see in the analysis part they earn good proportion on their asset and equity part. Finally, I gave SWOT analysis and also some opinion from our aspect.

Table of contents

Letter of Transmittal	i
Letter of Acceptance	ii
Acknowledgement	iii
Executive Summary	iv
1. Methodology Of the study	08
1.1 Background of the study	09
1.2 Rationale of the study	10
1.3 Objective of the report	10
1.3.1 The primary Objective	10
1.3.2 secondary Objective	10
1.4 Limitations of Research	11
1.5 Methodological Approaches	12
1.5.1 Sources of Data	12
2. An Overview of National Bank Limited (NBL)	13
2.1 Histories and heritage of NBL	14
2.2 Vision & Mission	15
2.3 Organizational Strategy	15
2.4 Objective of NBL	16
2.5 Management Structure of NBL	16
3. General Banking Activities of NBL	19
3.1 General Banking of NBL	20

3.2 Deposit Department	20
3.3 Advantages & Disadvantages of Deposit Department	24
3.4 Locker Service	29
4. Loans & Advances of NBL	30
4.1 Loan Management System of NBL	31
4.2 Credit Principles of NBL	31
4.3 Loan Facility Parameters of NBL	32
4.4 Loan Payments & Amortization of NBL	32
4.4.1 Loan Amortization	33
4.5 Numerical Judgments	33
4.6 Credit Screening Procedure	34
4.7 Credit Approval Procedure	35
4.8 Securities Accepted Against Loan By NBL	37
4.8.1 Security Against Loan	37
4.8.2 Securities & Provision	37
4.8.3 Categories of Loan	38
4.9 Types of Loan From View Point of Loan Benefactors	38
5. Analysis & Findings	48
5.1 Trend Analysis	49
5.1.1 Total Loans and Advances	49
5.1.2 Classified Loans & Advances Recovery	50
5.2 Ratio Analysis of NBL	51
5.3 SWOT Analysis	66

5.4 Findings.....	68
6. Recommendations & Conclusion.....	69
6.1 Recommendations.....	70
6.2 Conclusion	74
7. Bibliography.....	72
8. Abbreviations	73

Chapter -1

Introduction

1.1 Background of the Study

On finishing my graduation as a student of the MBA program in Daffodil International University, I have been offered to carry out my internship within the renowned firm, National Bank Ltd. This policies was around 3 months consisting of long real-life internship platform. This paper is devised as the prerequisite of National Bank Ltd. as well as my degree.

Banking scheme has transformed and nowadays banks are obligated to contest in the market with native associations as well as overseas ones. Surviving in such a competitive banking atmosphere, 2 vital necessities are enhancement of suitable monetary infrastructure by the Central bank and Enhancement of proficiency such that of emerging a proper workforce construction and its proficiency and experience. The fact that it is vital for the bank to have Enhanced management and a well-trained workforce in the vigorous international market is inevitable. Bangladesh is not an exception of this trend. Banking in Bangladesh is meeting complications from many ways via its prospect is upbeat in the long run.

To fulfill the increasing requirements of skillful and qualified financial workforce, Department of Business Administration in Daffodil International University produces Bachelor in Business Administration major in Finance. Department of Business Administration has been given responsibility of introducing and running the MBA program with a few to supply adequate number of fresh graduate having modern education in banking and finance, which are expected to bring qualitative change in the efficiency level of the financial system. The orientation in banks have been made an integral part of MBA degree requirement. For fulfilling this requirement I was complete interne from National Bank Ltd. Elenga Branch. This report has been prepared on the foundation of real-world experienced on the day to day banking undertakings under the close speculation of my internal guide professor.

1.2 Rationale of the Study

Bangladesh is one of the underdeveloped nations in the world. Her socio-economic development hinges upon rural development, 85% of its total population being dispersed in 88,000 villages and about 50% living below the poverty line. The literacy rate in the republic is very minimal; thereby the expertise of the workforce is also near to the ground. So entrepreneurship is vital for Bangladesh and also important for productive investment, which in return contributes to capital formation. It is a strategy element between productive investment and capital formation.

Government of Bangladesh the Central Bank have commenced several loan agendas for the progress of small-scale industries. National Bank Limited provides loan to those countryside folks who are socially, economically and governmentally diffident and in desperate need of having credit and who normally linger outside the circle of the customary Banking systems. The current analysis has been undertaken with a scenario to general events of National Bank Limited particularly in “General Banking Events and loan and advance of National Bank Limited.”

1.3 Objectives of the Report

This paper has been arranged via broad conversations with personnel of the bank and with the clientele.

1.3.1 Primary Objectives

- To classify the pattern of the several categories of loan schemes.
- Loan features and Advance systems of some loan schemes with introduction of some new schemes with special elements.
- To appraise the contribution of Scheme deposits in overall collection of loan.

1.3.2 Secondary Objectives

- To collect ample information on total banking functions & the expectations of the clientele regarding the service level of the bank.
- To recognize the factors contributing to the attractive & operative performance of the resident branch of the bank.
- To create a study of the facts with the intention of arriving at a certain conclusion about Loan and advance systems.
- Critically examine the utilities & the processes of each level of the organization of the National Bank Ltd.

1.4 Limitations of Research

***Despite all out cooperation from the bank officials, I have encountered certain limitations which are described briefly.

- Time constraint: The policies of the internship is only three months. Banking is a massive phenomenon and a huge concept encompassing a great variety of divergent field of studies. It is quite impossible to comprehend all the significant materials in 3 months and create my paper accordingly.
- Non-disclosure of the bank's policy: An organization cannot reveal all its data and statistics to public because of its policy of secrecy. So all these secret matters have not been possible to collect and to incorporate in the report which may consequence in a lesser amount of acceptability.
- Lack of reasonable info: To deduce a suitable judgment of the functions and events of an organization it is compulsory to have similar and related info of other companies/institutions in the industry.
- Insufficient data: Sometimes sufficient data have not able to be collected due to many constraints. Insufficient data may suffer from the lack of reliability.

- Difficulty in getting full cooperation: Banking is a hectic profession. Every single member has to get fully involved in his/her particular assignment. Thereby it is very challenging for him/her to spare time to give information to project study like this
- Absence of organization to make thorough study: There is lack of well-organized research unit to study the present position and innovate newer ways to face the challenge of banking of the modern time.

1.5 Methodological Approaches

Majority of the statistical data, facts and figures here has been gathered from various resources have such as various books related with the subject, web sites of NBL, files and folders of NBL. Some qualitative information has also been collected from informal interviews and discussions with clientele and employees of the branch. Unstructured guidelines have been used as tools for information collection. Collected information has been analyzed qualitatively. Besides, observations of office events, employee behavior and attitude, various events during the internship policies have also been used as information.

1.5.1 Sources of Data

- The Primary Sources:
 - 1) Research on desk.
 - 2) Frontal chat with the honorable representatives and personnel.
 - 3) Relevant file research as provided by the representatives.
 - 4) Everyday experience and knowledge gained during work hours banking events.
- The Secondary Sources of data are:
 - 1) Annual Report of NBL.
 - 2) Numerous books, newspapers & articles, etcetera regarding centralism procedure.
 - 3) Various Procedure Manuals.
 - 4) Brochures
 - 5) Bangladesh Bank Annual report

Chapter – 2

An Overview of National Bank Limited (NBL)

2.1 Histories and Heritage of NBL

National Bank Limited carries a commendable history, magnificent presence and promising prospect underneath handling ventures and events. Recognized as the first private sector bank entirely owned by native entrepreneurs, NBL has been booming as the prime private sector bank after encountering many pressure. The associates of the board of directors are one of the innovative capitalists and leading industrialist of the motherland. Coping up with pace and the agreement with domestic and worldwide economic events and for interpreting all modern services, NBL, as a financial establishment programmed all its divisions with network in relation with the competitive commercial demand of time.

The development of National Bank Limited in the private sector is a significant affair in the Banking arena of Bangladesh. When the country was facing of extreme decline, Govt. took the visionary decision to let in the private sector to recover the economy. Numerous dynamic entrepreneurs arose forward for establishing a bank with a aphorism to regenerate the economy of the country. National Bank Limited was born as the first 100% Bangladeshi owned Bank in the private sector. From the very initiation the firm was determined to play a vibrant role in the domestic economy.

On 23rd March of 1983, the first branch, located on the commercial area of 48, Dilkusha commenced its business operations. On 11th May, 1983 at Khatungonj the 2nd Branch was initiated, Chittagong. At present time, the bank stands booming via its 101 division's blown out all over the country. Moreover, the Bank has been illustrating preparations with 415 correspondents in 75 countries worldwide as well as with 32 abroad Exchange Companies. NBL was the primary native bank to inaugurate organization to have collaborations with the Western Union with the purpose of facilitating fast and secure remittance of the valued overseas interactions earned by the emigrant citizens. NBL was also the first among national banks to announce global Master Card in Bangladesh. Meanwhile, NBL has also presented the Visa Card and Power Card. The Bank has in its use the latest IT facilities of SWIFT and REUTERS. NBL has been persisting its minor credit programmed for disbursement of collateral free agronomic loans among the poor agriculturalists of Barindra area in Rajshahi district for cultivating their lot. Along with banking events in September 2006, the overall quantity of workforce of NBL stood at 2239, which include 1689 representatives and executives and 550 staff.

Right from the start, the Bank applied much importance on abroad operations and controlled a substantial substantial of homebound foreign remittance. The Bank implemented widespread drawing prearrangement network with Banks and Exchange Companies situated in essential nations of the world. Wage earners of the country belonging to those nations now can effortlessly remit their income to the country with self-assurance, safety and speed.

2.2 Vision & Mission:

□ Vision

Promising the utmost elevated standard of clientele based admins via best usage of the latest data origination, making due pledge to the domestic economy and setting up firmly at homebased and overseas as a obverse standing bank of the homeland are their well-regarded vision.

□ Mission

Endeavors for growth of their exercises at homeland and out of the country by augmenting newfangled measurements to our managing an A/C administrations are being proceeded being undiminished.

2.3 Organizational Strategies

The key tactic of NBL is the organic growth – to form divisions and reinforce their distribution web. The bank tends to carry on to invest and enlarge in Bangladesh as soon as local regulations permit. The primal strategies are:

- Individuals: appeal, retain and reward best employees.
- Gainful Progress: Increasing sales revenues.
- Implementation: Executing with expertise and speed.
- Quality of Advances: Upholding credit-quality and comprehend the role in managing losses.
- Clientele-Based: Continuously promising and implementing extraordinary clientele facilities.

- Ownership
- Efficiency: Sinking the expenditures and sensible usage of resources.

2.4 Objectives of NBL:

The aims of National Bank are stated below:

- Providing swift and enhanced clientele services via application of modern IT.
- Enhanced bank-clientele affiliation.
- Guaranteeing utmost possible dividend to the esteemed stockholders by making greatest usage of their equity.
- Enforcing the policy of fostering stable development of the bank in all divisions.
- Consolidating the position in the competitive market by announcing innovative services.
- Guaranteeing uppermost professional brilliance for the personnel via heightening of their productivity, discipline and technical knowledge
- Intensifying the bank's possibilities of investment by participating in big loan-financing.
- Increase in finances to small/medium enterprises.
- Preserving the reputation of the bank locally and internationally by pushing dynamic and time-saving banking events.
-

2.5 Management Structure of NBL.

During 2001, National Bank Limited made excellent progress in all business sectors for instance, stakes, credit, support administration, venture, remote settlement, Visa and international trade related business. The firm has extended authoritative capacities as holding previously and parallel by expanding its venture exercises. The administration systems are as per the following:

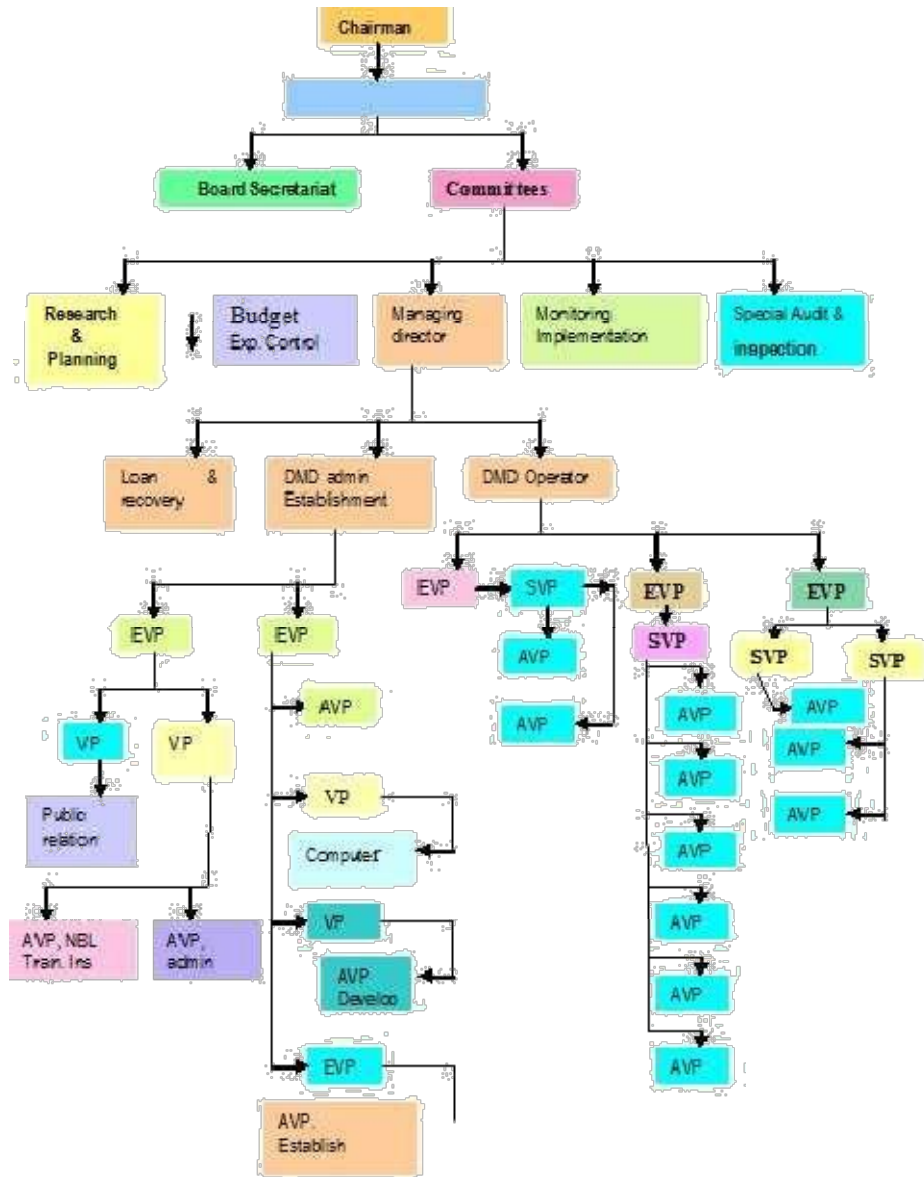


Figure: 3.6 Management Structure of NBL

Planning:

The method of tactical planning in NBL is near perfect. Uppermost administration creates strategies at the corporate level, after which it is conveyed via the department to the individual purposes.

Directorate or executive board usually finalizes the decision. In this procedure minor level managers are separated in this procedure.

Classification and Assortment:

Assortment of the National Bank Limited is built up on centering Classification and Allocation. The affiliation is categorized into 12 divisions that are administered by Executive VP or Senior Vice President. In the National Bank Limited the whole procedure is unified and professionals are appointed by composed rules.

Staffing:

The process of recruitment of the aforementioned bank is implemented through 3 methods. 1st is employment of probationary employee. Every probationary employee has a probation of a single year. Once the probation is completed, the individual is recruited as representative ranking III (b). The journey of career of the representative controls diverse management situations. Secondary procedure of employment is to hire a non-probationary individual who is appointed as an assistant representative. The career journey of this individual is longer than probationary representative. The 3rd way of staffing involves hiring of staff and sub-staff such as typist, messenger, driver, guard, attendant, cleaner and other lower level positions.

Controlling:

The firm has stringent authority over all its business undertakings. The Bangladesh Bank commands specify these regulatory policies. The inspection procedure and audits are conducted by various groups to verify if the bank is implementing the authorized control systems appropriately. The bank of Bangladesh issues credit assessment via a group. The National Bank Limited has Audit&Inspection department to undertake regulatory actions in internal processes. The Audit&Inspection group is sent to visit the different from time to time and is A/Cable for formulating reports which they will provide to the chief Administration to undertake obligatory actions.

Chapter- 3

General Banking Activities of NBL

3.1 General Banking of NBL

Banking in general have definite aims. Uninterruptedly, they endeavor to satisfy their aims. Each area of the division is interconnected with another. Thereby, there is no analytical pressure other than that section which has something inaccurately placed and must be taken care of by the respective section. Moreover, all sectors are ready to assist each other to implement their exercises.

General Banking involves of miscellaneous sections in the branch. They are categorized as:

- Client Service
- A/C Opening/Closing
- Remittance
- Department of Deposits
- Locker Service
- A/C Department
- Cash Department

3.2 Deposit Department

There are several sorts of items offered for the deposits.

Deposit Items:

- Savings Deposit
- Current Deposit:
- Term Deposit
- Foreign Currency Deposit
- Monthly Savings Scheme
- Monthly Earning Scheme

Current deposit: This bank provides its clientele bases current deposit to ordinary business interchanges with no containment.

Types:

- Current Deposit A/C (Personal)
- Current Deposit A/C (Sole Trader/Ownership)
- Current Deposit A/C (Limited Liability Company)
- Current Deposit A/C (Association /Society/Trust Fund)

Term Deposit

Term Deposit are categorized along 2 different types:

- a) Special Notice Deposit
- b) Fixed Deposit

Foreign currency deposit

Foreign Currency deposit is categorized:

- a) RFC Deposit
- b) NFC Deposit

Resident Foreign Currency (RFC) Deposit

National Bank limited the facility open foreign currency a/c via its Authorized Dealer Divisions. Citizens of the country living abroad or Foreigners living in Bangladesh and overseas firms in Bangladesh or overseas or their ignored councils.

Non-Resident Foreign Currency (NFC) Deposit

All noncitizens as well as people of Bangladesh containing those who have more than one nationality, usually residing overseas may bear an NFCD A/C.

Monthly Savings

NBL ensures monthly investment-funds plan for the retail clienteles.

Monthly Earning Scheme

According to this scheme, at least BDT 1 lakh must be deposited in the bank for an individual to rejoice a monthly interest of BDT one thousand for every 1 lakh.

Double Benefit A/C

NBL also Double-Benefit-A/C to the clienteles. The benefits having this A/c might double in the next seven annuals after opening.

Millionaire Income Scheme

On this a/c an individual may deposit a different amount on monthly premise for five, seven or even ten annuals and on development the person will be a businessperson.

Credit Items:

Credit items are characterized as:

- Overdraft
- Lease finance
- Home loan
- Small medium enterprise loan
- Consumer credit loan
- Trade finance

Lease Finance

The bank also renting a/c for clienteles having simple-portion a/c.

Financing Areas

- Capital machinery.
- Diverse types of gear.
- Gas, Diesel generator and Power plant.
- Therapeutic types of gear.
- Information Technology types of gear.
- Development types of gear.
- Buyer durables.

Home Loan

Small Medium Enterprise Loan

Consumer Credit Loan

Financing Items

- Electronics shopper items.
- Computer fixtures.

Trade Finance

The bank comprehensive saving-money administrations to all kinds of corporate organization.

In NBL, there are several varieties of card:

- Gold International
- Silver International
- Gold Local
- Silver Local
- Power Cards

2 keycards are mentioned below:

Credit card

NBL Credit Card is recognized in abundant stores universally in the world. A variation of dealers include telecommunication firms & travel agencies, shopping malls and departmental outlets, doctor's amenities & demonstrative focuses, gemology experts, gadgets etcetera.

Power Card

NBL Power Card is the 1st plastic, for which, clientele do not need to keep up any A/C without a division.

3.3 THE FOLLOWING TABLE SHOWS THE ADVANTAGES OF EACH PRODUCT HAS IN THE DEPOSIT DEPARTMENT:

Type of Product/Service in Deposit Department	Advantages
Savings Deposit	<ul style="list-style-type: none"> ☐ Initiated= 4% on previous month to current month equivalence. ☐ Minimum adjustable sum is BDT 1000. ☐ Maintenance expense BDT 600 every year. ☐ Not any shrouded cost. ☐ Standing-Instruction-Arrangement are available for working A/C
Resident Foreign Currency (RFC) Deposit	<ul style="list-style-type: none"> ☐ No initial deposit is needed to create a/c. ☐ Interest on deposit will be at 1.75 % for USD-A/C, 3% for euro-A/C & 3.25 % for GBP-A/C. ☐ Interest will be received every day on premise on the credit-balance (at least USD 1000 or GBP-500 at any rate for a month) kept in the a/c.
Non-Resident Foreign Currency (NFC) Deposit	<ul style="list-style-type: none"> ☐ NFCD A/C is initiated for 1, 3, 6 or 12 months via USD, Pound, Yen or Euro. ☐ The initial balance is \$1000 or GBP500. ☐ Interest is given on the equalization

	keep up in the A/C. This is tax free.
Monthly Savings	<ul style="list-style-type: none"> □ Frequently timetabled payments of deposit will be BDT 500, 1000, 2000, 3000, 5000, 10,000, 20000, 30000 & 50000. □ A/C can be initiated with any balance & term which is unchangeable. □ An individual is allowed to create several A/Cs for unique amounts in the Bank.
Monthly Earning Scheme	<ul style="list-style-type: none"> □ Deposit of BDT 1 lakh and its multiple top limit of 50 lakhs maybe reasonable under this. □ The deposit can be initiated separately/ together.
Double Benefit Account	<ul style="list-style-type: none"> □ Deposit of BDT 1 lakh or more with no further breaking point maybe worthy under this. □ An individual is allowed to create more than one DBA A/C. □ The A/C maybe initiated either separately/together. □ All A/C holders should be given free Life-Insurance Policies in this plan.
Millionaire Income Scheme	<ul style="list-style-type: none"> □ Deposits of different monthly amount for five, seven or even ten annuals. A/C size will be grounded

<p>Millionaire Income Scheme (cont.)</p>	<p>upon placement. Upon increase the funder will receive BDT 10 lakhs.</p> <ul style="list-style-type: none"> ☐ An individual is allowed to create several MIS Deposits ☐ Deposit can be initiated either separately/together.
<p>Overdraft</p>	<ul style="list-style-type: none"> ☐ Lower bank costs in overdraft A/C. ☐ A/C is available on receipt or home-loan assets. ☐ Low Rate of Interest 13 to 16 %.
<p>Financing Areas</p>	<ul style="list-style-type: none"> ☐ Focused monthly rental. ☐ Taxes included. ☐ Fast preparation.
<p>Small Medium Enterprise Loan</p>	<ul style="list-style-type: none"> ☐ Maximum of BDT 3 lakhs – Festival-Scheme & Max of BDT 5 lakhs – Small-Business Scheme. ☐ Three months Festival-Scheme & five annuals containing one month beauty duration ☐ Insurance-Free Loan.
<p>Financing Items</p>	<ul style="list-style-type: none"> ☐ Fast preparation. ☐ Focused Rate of interest ☐ No cost in application paperwork ☐ Simple payments timetabled regularly.
	<ul style="list-style-type: none"> ☐ Low interest rate 13% to 14.5 %.

Trade Finance	<ul style="list-style-type: none"> ☐ Smallest management duration. ☐ Low administration costs
Credit card	<ul style="list-style-type: none"> ☐ Dual-Currency Card Service. ☐ Cheapest Initiation. ☐ Cheapest Card Costs Amazing Discount of Card ☐ Clients can interchange 80 % of Local Card-Limit to any NBL A/c or contain Pay-Order Service. ☐ No Excess Limit Cost Fee.
Power Card	<ul style="list-style-type: none"> ☐ Prepaid-Card ☐ Yearly Renewal Fee Cost BDT 200 - only ☐ Issued/Refilled from RFCD/FC A/C ☐ Recognized in every VISA POS transporters ☐ Cash withdrawals on all ATM booths with VISA and Q-trade logo except HSBC.

Rate of Interests:

Deposit Rate of Interests

Revised Timetables of Rate of Interest % per annum

Deposit Type Category of Deposit Initiated

Savings

Special Notice Deposit

FDR for 3 Months & Above but Less Than 6 Months

- ☐ Less than 10Cr 8.75 %, more than 10Cr but less 50Cr 9 %
- ☐ 9.25 % for more than 50Cr

FDR for six-months or more but less than one year

- Less than 10Cr 8.75 %, more than 10Cr but less 50Cr 9 %
- 9.25 % for more than 50Cr

FDR of 1 Year or more but Less than 2 Annuals

- 9 % for less than 10Cr
- more than 10Cr but less 50Cr 9.25 %
- 9.5 % for more than 50Cr
- FDR for two annuals or more at any balance is 9 %

Loan Rate of Interests

Category of Deposit Rate of interests

- Agriculture Loan 11 % Max
- Term Loan for Large/Medium Industries 15.5 % max
- Term Loan for Small industries 15 % Max Cottage
- Industries non-PPG Loan
- Circulating Capital for Industries 15.5%
- Large & Medium Loan max
- Small & Cottage Industries Non-PPG Loan 15.50% max
- Export Credit 7 % Fixed
- Consumer Credit 17 % Max
- Credit Card at 2.25 % every month
- Credit to NBFIs 14.5% Max
- Others 16.5%
- SOD (Exp) - Forced Loan Max. SOD/Loan against FDR from other Banks ICB Unit, WED or any other permitted instrument etcetera at 15.5 % SOD/Loan against FDR of NBL at 2.5 % over FDR % rate Loan on
- NBL Scheme Deposit 16 %
- NBL Housing Loan 16 % max

- Lease Finance 16 % to 17 % max
- NBL Weaver Loan fixed at 15 %
- Micro Loan fixed at 15 %
- LDBP 16 % Max

3.4 Locker Service:

Safe management is not available in Dilkusha division of National Bank (NBL). Nevertheless, other divisions of NBL are providing offices locker-support considering protection of the chief assets of clienteles. The individual/company that has any past records in database should communicate to this management. They store their important resources in banker's safe. Clienteles have the right to check with a key of their own safe provided by the bank. NBL maintains the additional categories of lockers:

- Large locker.
- Average locker.
- Minor locker.

For this, clienteles must give yearly fee of BDT 2500, 2000 & 1500 for respectively.

Chapter - 4

Loans and Advances of NBL

4.1 Loan Management System of NBL

NBL is a commercial and private ltd bank. The key duty of such banks are to accumulate deposit for a comparatively lower initiated A/C balance and to provide loans for a comparatively high initiated A/C balance. A bank has to endure deposit costs and gain earnings from permitting loans. If it is unsuccessful to endure these expenditures by it is earnings from allowing loan, the business will be shut down. In my internship program, an acute enquiry of credit disbursement in represented in this part of the research.

4.2 Credit Principles of NBL

To accomplish aim for make the most of the shareholders' value and protect the interest of the depositors as well as grow the distinction of the bank's assets. NBL trails credit ideologies:

- Valuation of the clientele's nature, loyalty, willfulness to pay back will shape foundation for loans.
- Clienteles having capability and competence to repay shall only be given a loan.
- Chances of default will be sorted out prior to the loan agreement.
- Credit will be prolonged in the areas where risks of which can be properly recognized and administered.
- Independent Credit participation in the credit procedure shall be assured.
- Virtuous behavior in all credit operations shall be ensured.
- Be dynamic in recognizing, handling and communicating credit risk.
- Risk and reward to be polished and perfected.
- Diverse credit portfolio to be built and support.

- All the credit extensions must accede with the obligation of banking companies' Act 1991 and amendments thereof periodically.

4.3 Loan Facility Parameters of NBL

NBL prolongs credit for different sincere reasons.

- Nature of Loans
- Purpose
- Limit/Amount of Facility/Maximum Size
- Margin/Equity
- Initiated
- Rate of commission and charges
- Mode of repayment
- Mode of Disbursement
- Security
- Validity/Maximum Tenor
- General/Special Conditions/Covenants

4.4 Loan Repayments and Amortization of NBL

Repayment of advances and what's more gathered interest will be prepared by approach routinely planned repayments that shall begin from the succeeding month of the installment of development. Prior

installment of development, the client base will store crossed check fulfilling the overall amount of consistently booked installments solid of Bank, which ought to be accessible for social event on the due date. Part will be pay inside banks 'gave length of day of reliably. Notwithstanding, forestallment is moreover permitted.

4.4.1 Loan Amortization:

National Bank uses the most typical process of loan amortization, “Capital Recovery Method”. In this procedure constant monthly compensation is calculated on an actual loan figure at fixed interest for a given policies time.

Example:

- Loan Amount: BDT 1 lakh
- Rate of Interest: 15 %
- Number of Monthly-Installments: 24

4.5 Numerical judgments: Borrower Selection

Under the CCS, the bank is taking care of straightforwardly with numerous borrowers at once, is giving unbound credit to the, and smear some statistical assessment to choose a specific borrower for unbound advance dispensing. In this respects, NBL utilizes statistical credit scoring model.

Along this model, the potential borrower is solicited a set from inquiries toward the start of preparing of credit proposition. The appropriate responses are then scored in view of the principles esteem beforehand set to score a credit application. In light of the score, a credit proposition is expressed to progress further or not. The model is as per the following:

Diverse category of scores are secured and a limit of loan is to be decided grounded upon the scores. Different classes are shown below where total scoring is generated grounded upon accumulated figure of 100.

SL#	Range of Scores	Limit of credit Offered (BDT)
1	35 to 37	20000 to 25000
2	38 to 40	25000 to 30000
3	41 to 43	30000 to 40000
4	44 to 46	40000 to 50000
5	47 to 50	50000 to 70000
6	51 to 54	70000 to 80000
7	55 to 58	80000 to 90000
8	59 to 61	90000 to 100000
9	62 to 65	100000 to 150000
10	65 to 70	150000 to 200000
11	More than 70	200000 to 300000

Table 4: The limit of loan grounded upon scores

4.6 Credit Screening Procedure

To minimize the credit losses, checking procedures and framework ought to be fortified and more compelling outline is supposed to be produced in retrospect of changed complications concomitant with different kinds of credit. The strategies and agenda must show early sign of decaying money related strong suit of a borrower. At the very least, covers the accompanying to be created and given to administration educate the branch to legalize the same.

- Overdue principle & interest
- Overdue trade bills
- Status reports on drawing power and collateral shortfall on a regular basis.

- Breach of loan covenants/ policies and conditions/documentations deficiencies.
- No payment and late payment
- Branch monitors OD/cc facilities on a regular basis to ensure turn over.
- Non-receipt of financial statements within time.
- Details of Early Alert A/Cs and preparation of list of delinquent A/C and Special Mention
- A/C Identification of early alert A/C, delinquent A/C Special Mentioned A/C.

4.7 Credit (Loan & Advance) Approval Procedure

NBL demeans its banking act underneath the branch banking method. Credit proposals are commonly initiated at branch. Nevertheless it may also be expected at Head Office for syndication and from big clientele, Financial Institutions.

At the basic level, the credit representatives/executives including Branch Manager guarantee adequacy and consistency of the records in the wake of getting credit applications. They will start credit recommendations, get ready point by point credit notice subsequent to undertaking a careful credit check. Branch credit advisory group after altogether and basically looking at the proposition will prescribe to Branch Manager. At the point when the proposition falls past the intensity of the Branch supervisor then it will sent to Regional Manager. At the point when the proposition falls past Regional Manager's capacity then it sent to Head Office Credit Division. Divisional Head, Credit will get credit and hazard surveyed by credit authorities. The proposition being discovered worthy will be put to Head Office credit board if the proposition falls under designated expert of the administration.

4.7.1 Flow chart for approval Procedure of Loans and Advances:

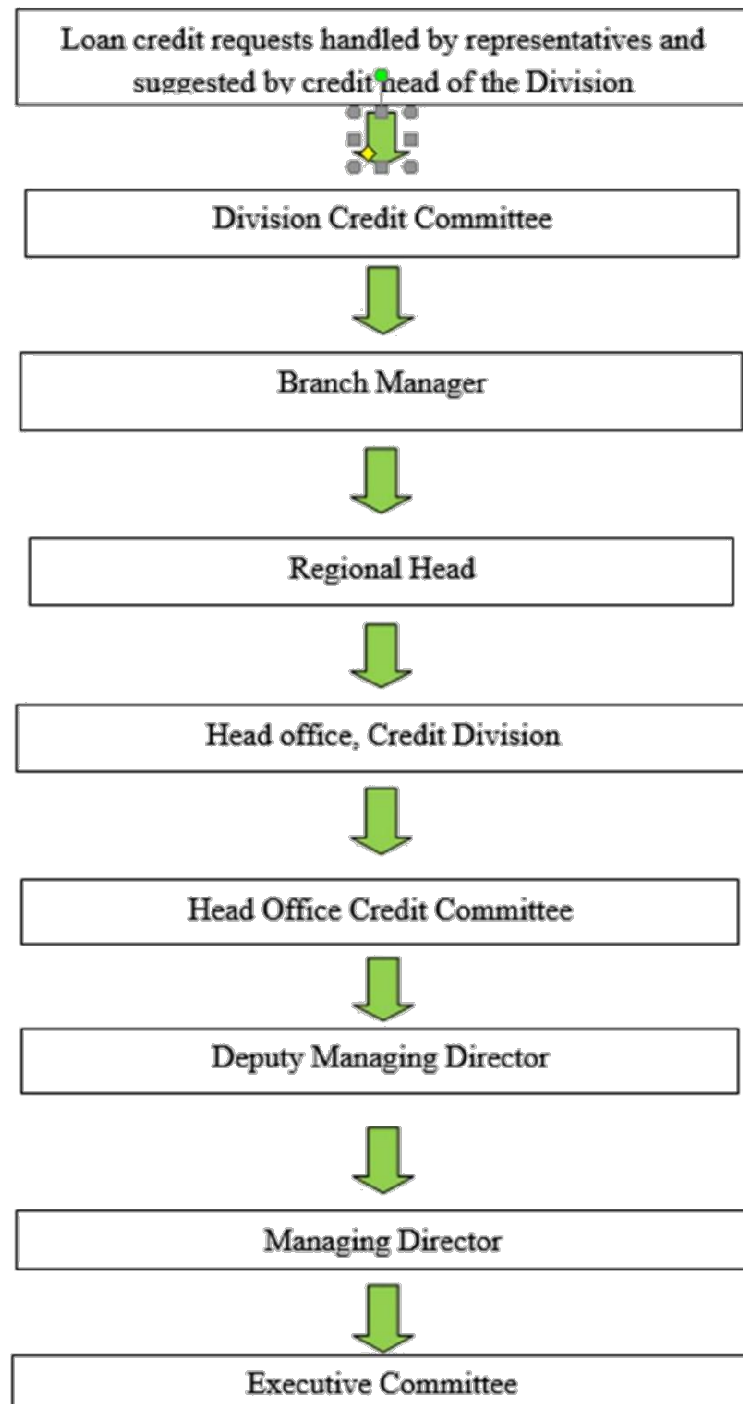


Figure: Approval Procedure of Loans and Advances of NBL

4.8 Securities Accepted against Loan by NBL

4.8.1 Security against Loan:

NBL for the most part depends/will keep on relying on security based loaning, mulling over the character of the borrower ,idea of the business income, ecological, financial, business and other impacting factors. In acquiring security essential and insurance security are recommended.

4.8.2 Securities & Provision:

The following securities are established:

- Machineries of factory/industry on hypothecation policies.
- Raw materials, work in progress, finished goods, stock in trade on hypothecation and pledge basis.
- Land and building value under registered mortgage.
- Cars, buses, water crafts, vessels under hypothecation and joint registration.
- Shipping official papers as lien against LC.
- Trust receipt
- Export official papers-under Lien
- Export LC Contract under lien.
- Packing credit letter
- Personal guarantee/corporate guarantee/cross-corporate guarantee.
- Postdated cheques and etcetera

4.8.3 Categories of loan

NBL categorized all loans 4 groups as follows:

- Continuous Loan: The credit A/Cs in which interchange are to be created through a certain point of internment that requires an expiration date for full alteration would be handled with as ceaseless advance. For e.g. cash credit, overdrafts, and etcetera. If clientele wishes to take an advance against their FDR or other accounts, they have to deliver all official papers of FDR. They may also take loan counter to their fixed assets.
- Demand Loan: This advance ends up repayable on request by the bank. If any provisional or any other liabilities are revolved to force loans they may also be considered as Demand Loans. Such are: Forced LIM, PAD, FBP, and IBP etcetera On the off chance that client needs to take advance against their home, at first bank need to see all deeds and archives legitimate or not, at that point take the valuation of advantages and give credit 80% of significant worth.
- Fixed Term Loan: Loans repayable within a particular policies within particular repayment timetable thus shall be considered as Fixed Term Loans.
- Short Term Agricultural & Micro Credit: comprises the short-term advances registered under the Annual Credit program issued by the Agricultural Credit department of Bangladesh Bank. Credit in the agronomic sector repayable within less than 365 days shall also be included.

4.9 Types of Loan from View Point of Loan Benefactors

Grounded upon the above mentioned classifications NBL provides the following sorts of Credit:

1. Cash Credit (Hypo):

Cash Credit edge ceaseless energizes and traits beyond what many would consider possible and have and lapse by date. An admin expense that affects an interest cost is typically made as a level of the estimation of purchases. These credits may be of promised or potentially hypothecated and banks should report these in autonomous heads joined under the authority head cash credit. An ordered clarification of hypothecation is given underneath. The letter of hypothecation makes a charge against the items for the Bank anyway neither the ownership nor its possession is passed on to it; only a benefit or energy for the stock is made for the Bank and the borrower binds himself to give responsibility for

items to the bank when called upon to do in that capacity. Exactly when the possession is given over, the charge is changed over into guarantees.

2. Cash Credit (Pledge)

Underneath this preparation a cash credit is approved against guarantee of items or rough materials. Through denoting the letter of guarantee, the borrower surrenders the physical responsibility for stock under the Banks great control as security for portion of Bank commitment. The obligation regarding stock, regardless, remains with the borrower. The guarantee makes a surmised lien for the Bank on the central stock. If there should arise an occurrence of disillusionment of the borrower to regard his obligation the Bank can offer the stock for recovery of the advancement. No assurance security is routinely asked for permit of such credit.

3. Loan against Trust Receipt (LTR)

The loan competence up to a reasonable boundary to the clientele by a Bank against security of the value of trade-in merchandise. This also comprises loan against Trust Receipts.

4. Term Loan:

A Bank advance for a particular time-policies paid off with interests in permanent timetables. The term loans are:

Short Term: Up to and containing 365 days.

Medium Term: In excess of an annual and up to containing sixty months.

Long Term: In excess of sixty months, including financing of lease.

5. Overdrafts:

A credit office on a clientele base's current A/C at a Bank approving them to overspend up to a particular constrain for a concurred day. The policies of the credit are ordinarily that it is repayable on request or at the lapse date of the understanding. NBL provides overdraft office for commercial demographics for everyday professional tasks.

Benefits:

- Low costs in overdraft A/C upkeep.
- Facility is accessible against deposit receipt or mortgage property.
- Low Rate of Interest 13 to 16 %.

A/C Creation

- Introductory current A/C.
- Others necessary official papers as per loan requirement.

6. Lease Finance:

A verbal/on paper contract conveying the right to private use and proprietorship of assets for a certain time-duration. NBL provides leasing facility for clientele with laidback installment facility.

7. Financing Area:

- Capital machinery.
- Diverse equipment.
- Gas, Diesel generator and Power plant.
- Medical equipment.
- Lift or elevator.
- Information technology equipment.
- Construction equipment.
- Consumer durables.

Benefits:

- Competitive monthly rental.
- Tax benefit.
- Fast processing.
- Easy handover after leasing time-duration

8. Home Loan:

Benefits:

- Financing figure ranges to 70% or BDT 7500000 which is maximum of overall construction expenditure.
- Grace time-duration offered up to nine months in flat acquisition or twelve months in building.
- Competitive Rate of Interest.
- No application/ processing charges.

Eligibility: Any resident of Bangladesh who is competent of repayment, can apply for this loan.

9. SME Loan:

When businesses need capital and small companies are not familiar to this, an alternative they possess is to elevate these is small loans assisted by SBA. The capital requirements begin from the concept stage itself. NBL provides financial support to small businessmen/enterprise with new items named "Festival Small Business Loan" and "NBL Small Business Loan" has been introduced in the Bank.

10. Consumer Credit

Any advance or credit extension that a borrower uses to buy items and enterprises at the retail level. Regularly, purchaser credit funds any benefit that devalues rapidly and isn't utilized for speculation purposes. MasterCard are a typical case of buyer credit since one pays for conventional costs, for example, basic supplies or fuel with a Visa; one normally would not buy stock with a MasterCard. Advances for training and autos are likewise cases of clientele credit. Be that as it may, clientele credit explicitly avoids advances for land. NBL provides buyer credit office for retail clients.

Financing Items:

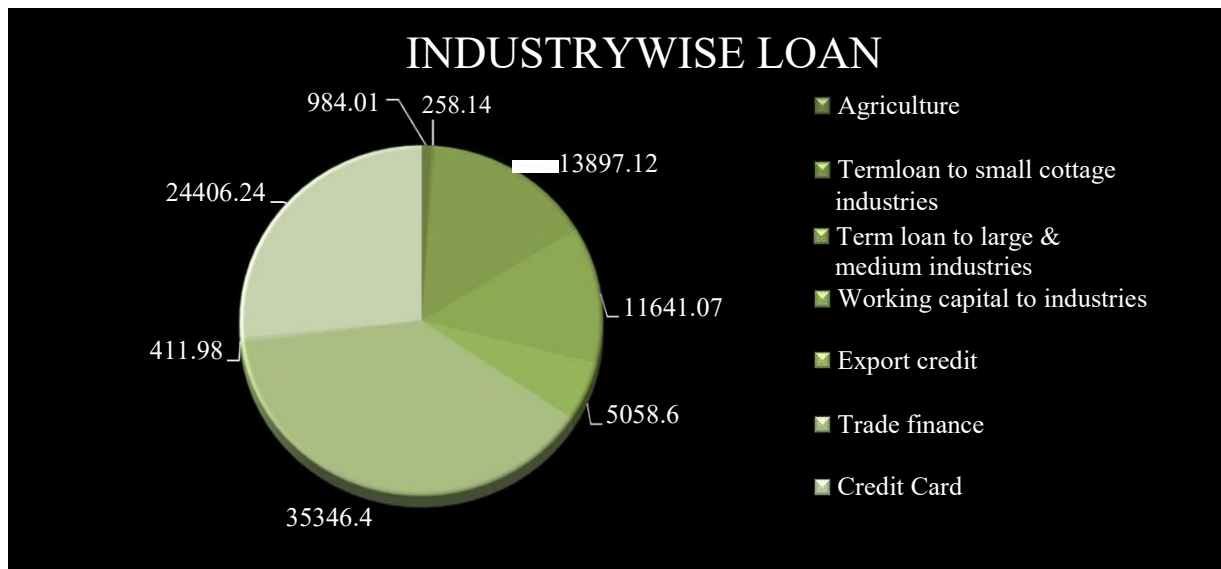
- Electronics consumer items.
- Computer or Computer accessories

Benefits:

- Fast processing.

- Competitive Rate of Interest.
- No application or processing fee.
- Easy monthly installment.
- Hospitalization loan: For treatment in hospital
- Industry-wise Loan Disbursement of NBL

Industry-wise Loan Disbursement of NBL for the time-duration 2015



Sources: Annual Report 2015

National Bank Limited figured befitting credit risk management criteria and strategies for making of adjusted loaning blend in its portfolio both for the short and long haul with all that really matters goal to guarantee chance balanced rate of return in its credit interchanges. Advance and advances in the year 2010 enrolled an expansion by 41.26% to BDT92003.56 million from BDT65129.29 million out of 2009. Amid the year 2010, the credit development essentially was in two-sided venture fund, syndicate back.

Household Loan:

The plan to give Household credit is to build the expectation for everyday comforts of individuals by supporting fiscally. In our bustling life it is important to buy different family things to make our life

simple, agreeable and pleasant. The different Banks of Bangladesh approach to help their esteemed clientele by giving the credit to family things. All the Private Commercial Banks are giving family credit. Among them Dhaka Bank Limited, HSBC and South East Bank are to be viewed as the contenders of National Bank Limited for their appealing advertising. Items covered by Household Loan:

- | | |
|------------------------------|----------------------------------|
| 1. Motor Cycle | 7. Mobile Phone |
| 2. Personal Computer | 8. Audio-Video Equipment |
| 3. Refrigerator | 9. Other Home Electric Appliance |
| 4. Photocopier / Fax Machine | 10. Furniture |
| 5. Small PABX System | 11. Any Other Household Durables |
| 6. Television | |

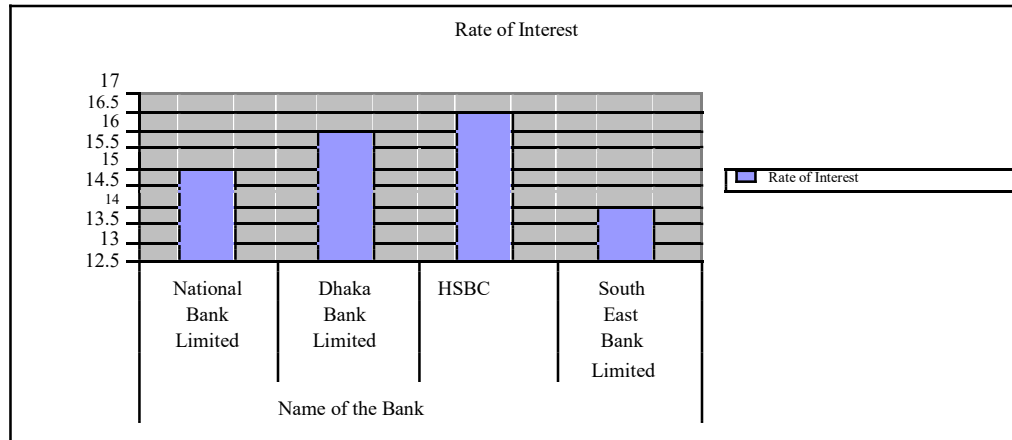
Initiated:

(In %)

	Name of the Bank			
	National Bank Limited	Dhaka Bank Limited	HSBC	South East Bank Limited
Initiated	15	16	16.5	14

Table: The initiated of different banks on Household loan

Figure: A comparison of initiated on Household loan



Sources: Loans & Advances Division

In Household loan, South east Bank offer a very low Rate of Interest of 14% and this rate is very competitive with compare to other Banks. National Bank's Rate of Interest is moderate (15%) whereas Dhaka Bank's Rate of Interest is 16% and HSBC's Rate of Interest is 16.5% respectively.

Car Loan:

A car is a more than image of dissolvability and notoriety. Having a car implies not relying upon the benevolence of others to go where we and our family need to go. A car provides us the comfort we look for while shielding our families from the warmth and contamination that immerse our boulevards. To be sure nothing speaks to opportunity of development in excess of an auto. So the owning of an auto is something else. To take care of such demand, different Banks approaches to offer auto advance. Among them HSBC, South East Bank Limited and Dhaka Bank Limited are contemplated for correlation with National Bank Limited.

The items covered by Car Loan:

- Car
- Jeep
- Station Wagon
- Pick up Van
- Cover Van

- Bus or Truck for Corporate Bodies
- Ambulance for Corporate Bodies/Medical professionals
- Any other vehicle for own use

HSBC and South East Bank Limited facilitate its clientele with charging a Rate of Interest of 14 percent and this is very competitive in Car loan market. Dhaka Bank Limited provides a very high Rate of Interest of 16.5 percent whereas National Bank's offer is 15% for Car loan.

Education Loan:

Education never ends. It is not said without a reason. We are educated all our lives and being educated not only is an accomplishment as well as something that provides us the devices to locate our own particular manner on the planet.. Education is indispensable; little do we understand the amount more it can convey to us regarding common enhancements. Anybody can have affinity and the characteristic blessing for instruction. Be that as it may, one probably won't have the assets to fund their training. In such manner numerous Banks approach to encourage the understudies to influence their fantasy to materialize by giving training credit. Instruction credits can understand training designs or the instruction designs of youngsters. One can fortify one's own future and the eventual fate of one's child or little girl with instruction credits. National Bank Limited, HSBC, Dhaka Bank Limited and South East Bank Limited give an appealing Education credit to their clients.

Risks Associated with Lending

For loaning, essentially banks need to handle very nearly nine classes of hazard factors, those are: credit, financing cost, liquidity, remote trade, interchange, value, consistence, counter gathering and notoriety. Hence, a credit/affiliation supervisor must be seen every one of the dangers implanted in the advance portfolio and their potential effect on the foundation. Be that as it may, this report just spotlights on the credit chance, which is the most fundamental and vital hazard between every one of the dangers related with loaning.

Credit risk basically has two main wings: Default Risk and Portfolio Risk. Defaulting risk is when debtor is incapable to satisfy the policies promised under the loan agreement, whereas portfolio risk comprises all the deficiencies in the policies and actions taken by the bank when pursuing lending Procedure. Portfolio risk also comprises with two more forms of risks: – intrinsic risk and concentration risk.

Intrinsic risks emerge from the inception of each portfolio and risk diversification can truncate or restrict the odds of the bad results in the assortment. On the other hand, Concentration Risk or Systematic Risk by its nature very difficult to mitigate as this form of risk inherited beyond banks control. The bestowed table shows some sources of intrinsic and concentration risk.

Credit risk planning:

Objectives in an on paper credit policy:

1. Providing guidelines for loans.
2. Swift reply to the clientele requirement.
3. Reduce the process of providing advance.
4. Decrease the capacity of work from upper level management.
5. Assignment of authority of task from upper level of management.
6. To verify and balance out operational events

Tools of credit risk:

For credit administration, a firm may utilize devices accessible to them. Such apparatuses incorporate Credit Risk Grading (CRG) and Financial Spread Sheet (FSS). Credit hazard evaluating is a critical for acknowledge chance administration as it assists the banks and money related organizations to grasp diverse measurements of hazard associated with numerous credit interchanges. The conglomeration of such assessing over the borrowers, exercises and the lines of business can provide enhanced appraisal of the characteristic of credit arrangement of a bank or branch.

Bangladesh Bank anticipates that every single business bank will have a very much characterized credit hazard administration framework which conveys exact and opportune evaluating. By and by, a

bank's credit chance reviewing framework ought to mirror the intricacy of its loaning exercises and the general level of risks included.

Essential Components of a Sound Credit Policy

There are distinctions grounded upon the requirements of an individual organization, but succeeding parts should be followed in any comprehensive statement of credit policy:

1. Legal Policy should be maintained to avoid violations of regulations.
2. Entrustment of authority: Workers certified to extend credit should have better knowledge on how and when to commit the reserves. These establishments should be permitted once a year by a on paper resolution of the directorate.
3. Types of credit extension: Implementing loan approvals understanding the difference between acceptable loans and the not approving ones causing credit risk management.
4. Knowing the Market Area: Defining the bank's market area is perhaps more imperative in the lending utility than in any other characteristic of banking.
5. Loan Standard: Qualitative standards for acceptable loans should always be set forth.

Chapter - 5

Analysis & Findings

5.1 Trend Analysis

Trend analysis is a process that allows dealers to forecast what will occur to stock in the long run.

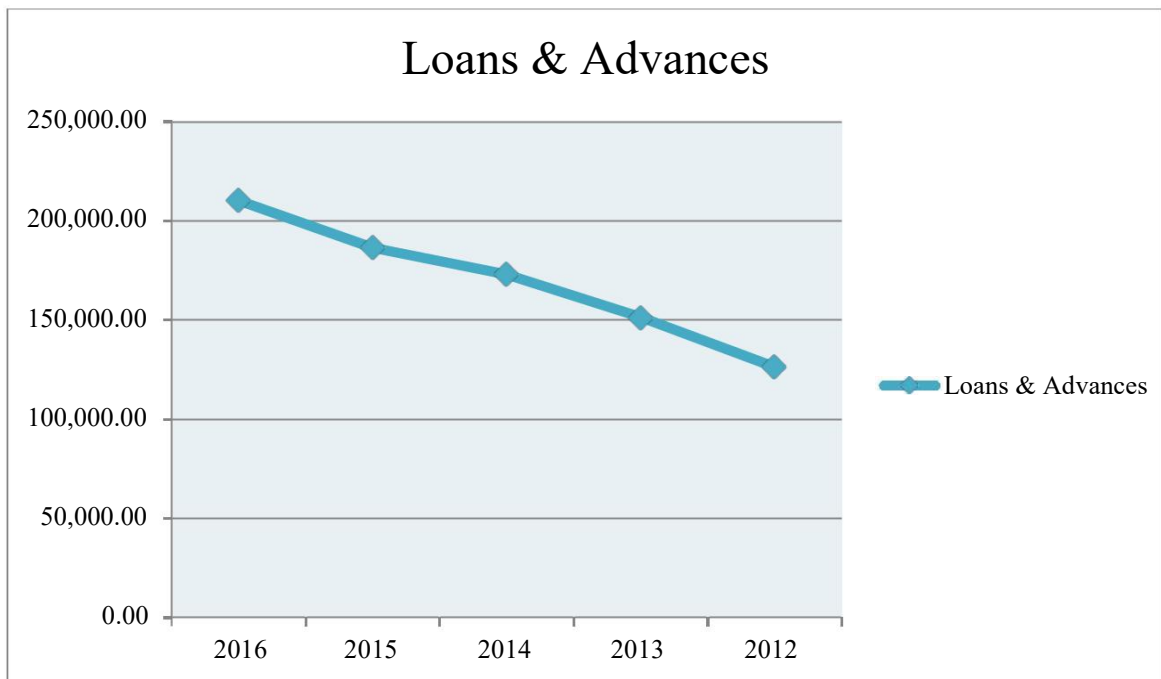
5.1.1 Total Loans and Advances

Table: The Total Loans & Advances of National Bank Ltd. from 2012 to 2016

(BDT in millions)

Term	2016	2015	2014	2013	2012
Loans & advances	209,929.07	186,179.45	172,964.72	151,098.98	126,169.79

Source: National Bank Annual Report-2016.



Graph4.1.1 Total Loans and Advances

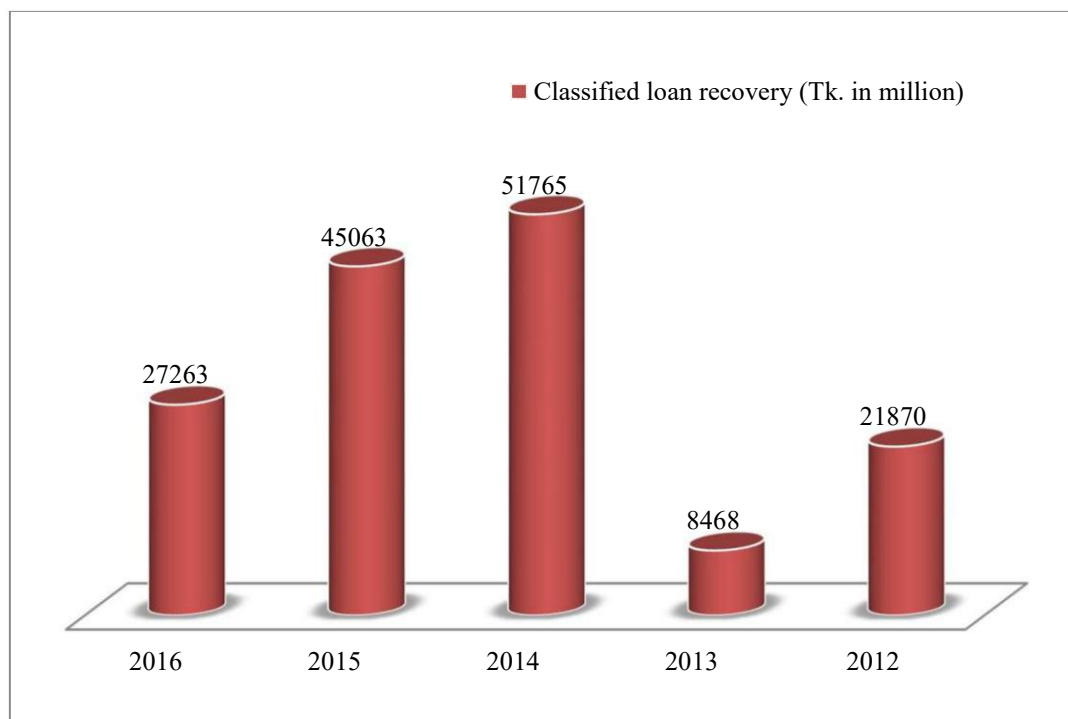
Interpretation:

Loans and Advances establish the major slice in asset side of NBL's Balance sheet which was BDT 209929 clientele, 7 million in 2016. NBL has sustained its lending procedures in fruitful and priority sector covering agronomy, industry, SME, trade and commerce.

5.1.2 Classified Loans & Advances Recovery

Year	Classified Loans & Advances Recovery (BDT in Millions)
2012	21,870
2013	8,468
2014	51,765
2015	45,063
2016	27,263

Table 5.1.3 Classified Loans & Advances Recovery



Graph 5.1.3: Classified Loan Recovery

Interpretation:

The amount of recovery against classified and written off loan in 2016 and 2015 was BDT 27263 million and BDT 45063 million respectively. In 2016 the Bank made all out efforts to recover non-performing loans by strengthening recovery measures like outside court settlement, extending interest expansion facilities as per Bangladesh Bank policy and Ministry of Finance guidelines.

5.2 RATIO ANALYSIS OF NATIONAL BANK LIMITED FOR YEARS OF 2013 TO 2017

Ratio analysis is very imperative in fundamental scrutiny, which investigates the financial healthiness of companies

Current Ratio

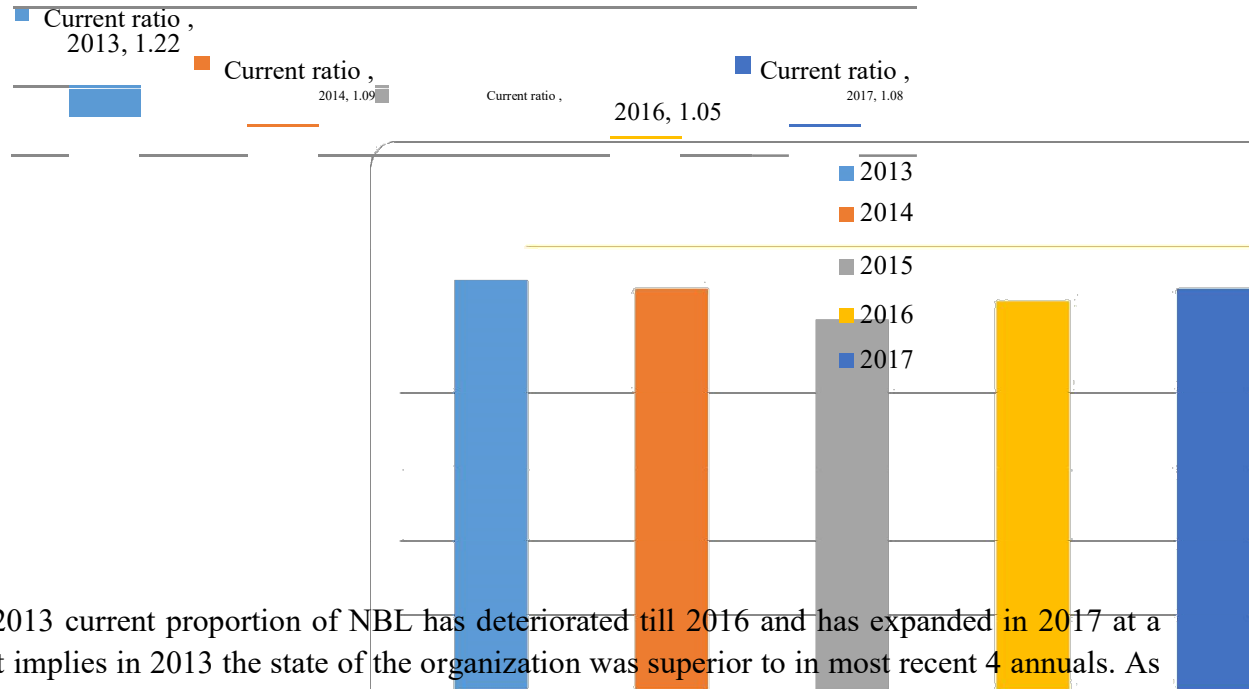
Current ratio is measured by:

$$\text{Current Ratio} = \text{Current Asset} \div \text{Current Liability}$$

In millions

Current ratio (a÷b)	2013	2014	2015	2016	2017
Current Asset (a)	680.37	909.41	1,063.11	1,258.90	1,885.19
Current Liability (b)	558.93	836.49	1,061.63	1,193.82	1,751.21
Current ratio	1.22	1.09	1	1.05	1.08

Current ratio



From 2013 current proportion of NBL has deteriorated till 2016 and has expanded in 2017 at a smaller rate. It implies in 2013 the state of the organization was superior to in most recent 4 annuals. As the present liabilities of the organization was in an expanding rate, NBL was not unreasonably much skilled in paying its commitments in most recent three annuals. In year 2017 NBL is improving the situation as it could diminish the measure of their present liabilities.

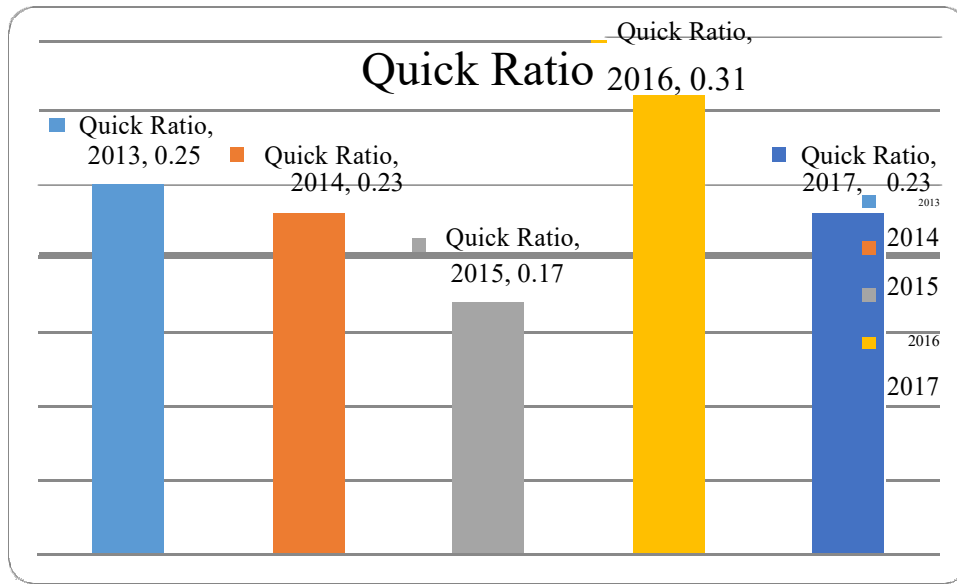
Quick Ratio

Formula for Acid test ratio is:

$$\text{Quick Ratio} = \text{Current Asset} \div \text{Current liability}$$

In millions

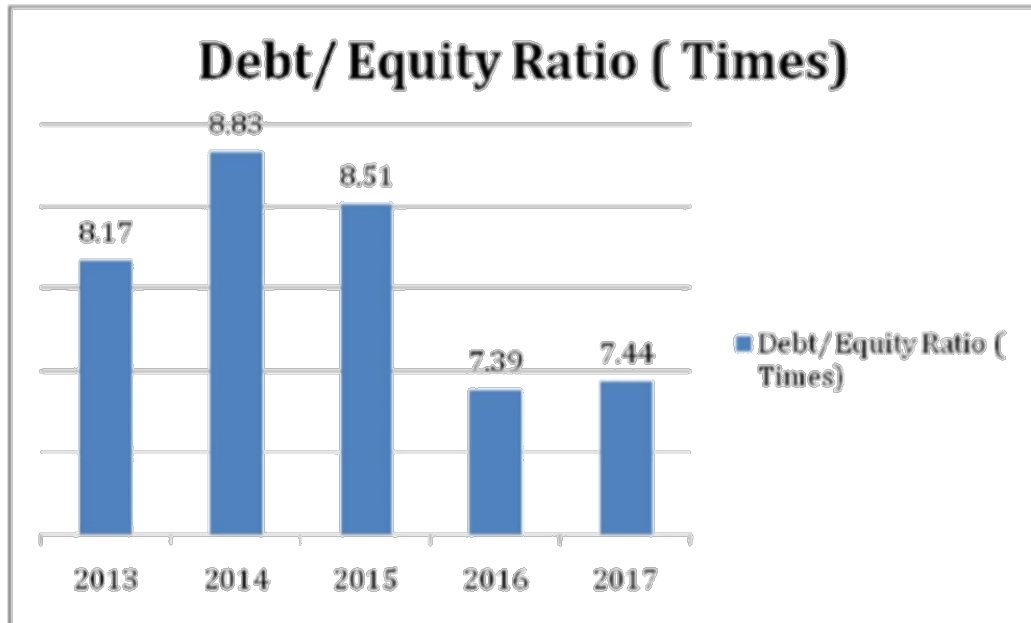
Quick Ratio (a/b)	2013	2014	2015	2016	2017
Quick Asset	138.05	196.36	184.14	374.54	400.73
Quick Liability	558.93	836.49	1,061.63	1,193.82	1,751.21
Quick Ratio	0.25	0.23	0.17	0.31	0.23



In the year 2013, quick ratio was healthier than the previous 4 annuals but has started to deteriorate. In 2014 & 2017 it was similar, but in 2015 it has deteriorated at a substantial rate which specifies that the liquidity situation was not pleasing. In 2016 the ratio has amplified and was 0.31 times greater than its current liabilities.

Debt/Equity Ratio

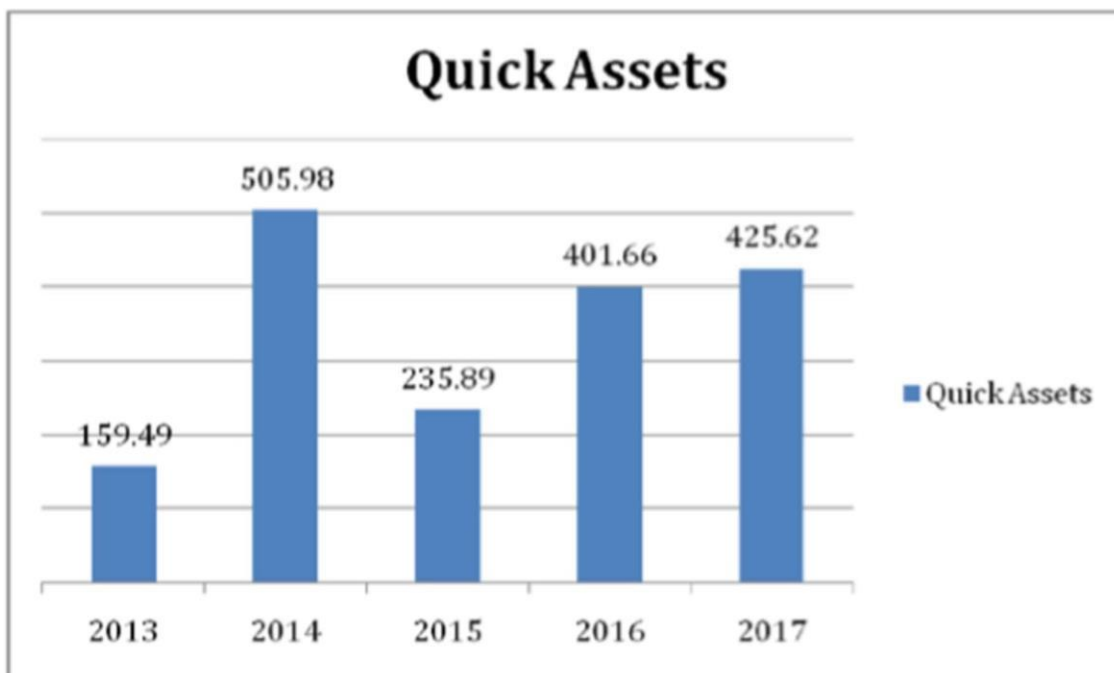
	2013	2014	2015	2016	2017
Debt/ Equity Ratio (Times)	8.17	8.83	8.51	7.39	7.44



The D/E ratio demonstrates company's monetary leverage that compares the amount of a firms' debt funding to the amount of equity financing. It is generated by dividing a firm's overall liabilities by overall shareholders' equity

Quick Assets Ratio

Quick Asset ratio (a-b)	2013	2014	2015	2016	2017
Quick Assets (a)	280.37	600.41	363.11	558.90	785.19
(-) Quick Liability (b)	120.88	94.43	127.22	157.24	359.57
Quick Ratio	159.49	505.98	235.89	401.66	425.62



We can see from 2017 to 2013 quick asset has increasing annuals after annuals which is in good vigor. Indisputably, in 2014 quick asset was so high which procured a lot of cash on that year.

Profitability Ratio

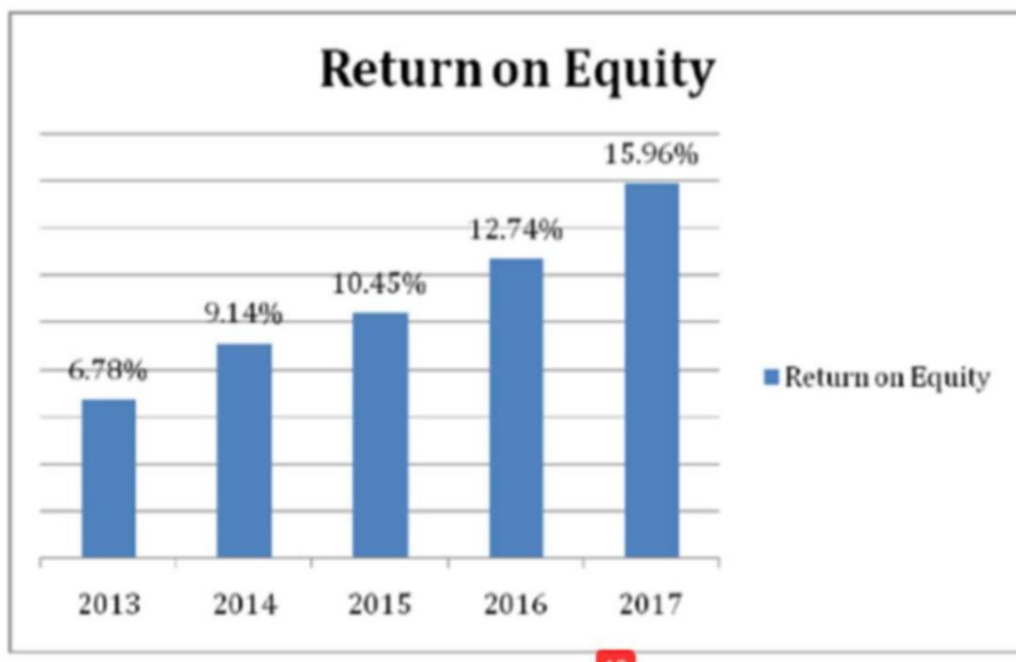
Under profitability ratios I will evaluate Return on Asset and Return on Equity of NBL since it's a service oriented company.

Return on Equity

Return on Equity calculates the % of net earnings after tax of the company on its total Equity.

$$\text{Return on Equity} = (\text{Net profit after tax} \div \text{Total Equity}) \times 100$$

	2013	2014	2015	2016	2017
Return on Equity	6.78%	9.14%	10.45%	12.74%	15.96%



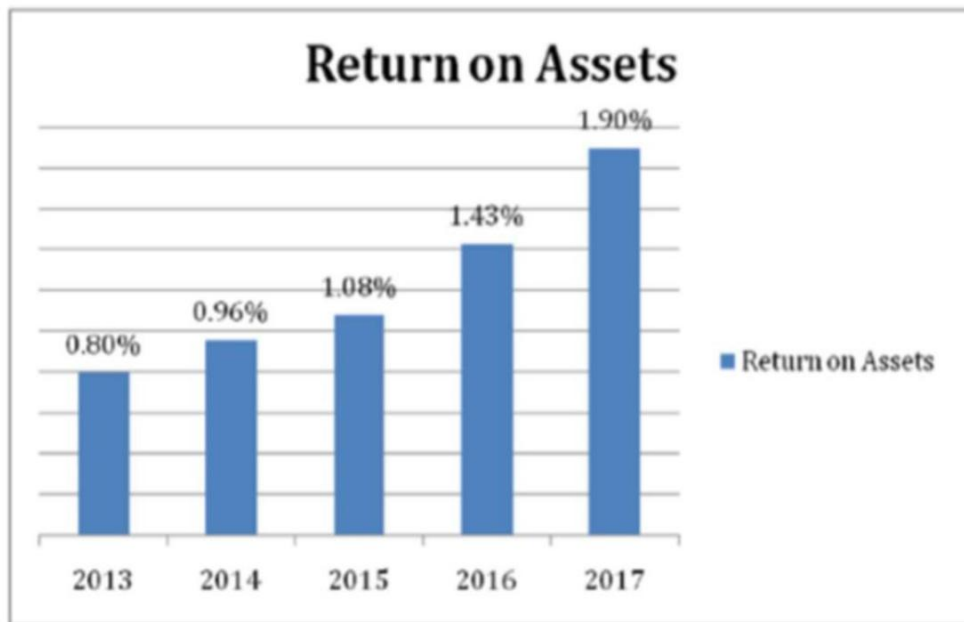
In the previous 5 annuals NBL's common shareholders were able to receive an extraordinary quantity from their investment. But it was little short in 2013 as the equity portion was greater that year. However, they could make a slight profit from it.

Return on Asset

Return on Asset generates the percentage of net earnings after tax of the company on its total asset.

$$\text{Return on Asset} = (\text{Net profit after tax} \div \text{Total Asset}) \times 100$$

	2013	2014	2015	2016	2017
Return on Assets	0.80%	0.96%	1.08%	1.43%	1.90%



Total return on assets for NBL was snowballing from 2013-17 and the upsurge was quite adequate. It is a very good sign for the corporation's repute. It also directs that there are enormous opportunities for the investor to invest in.

Asset Management Ratios:

Total Asset Turnover

Total asset turnover is measured by:

$$\text{Total Asset Turnover} = \text{Total premium} \div \text{Total assets}$$

Total Asset Turnover (a÷b)	2013	2014	2015	2016	2017
Total premium (a)	2,992.44	3,475.21	4,090.46	4,977.97	5,445.20
Total asset (b)	1,001	1,332.16	1,621.36	1,920.28	2,817.94
Total Asset Turnover	2.99	2.61	2.52	2.59	1.93



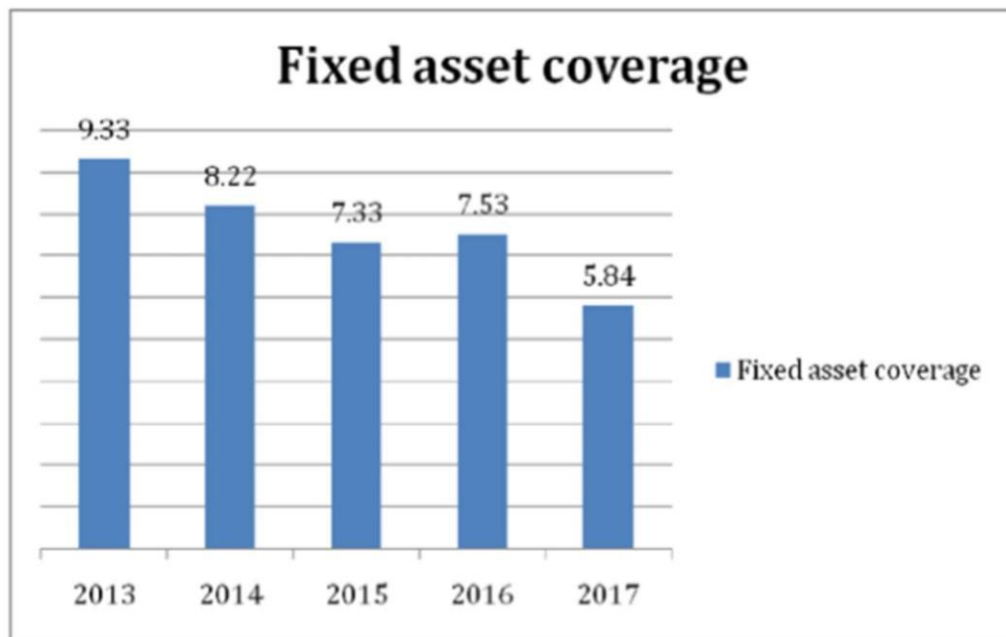
From the year of 2013 to 2017 total asset turnover ratio has decreased which means in these annuals NBL was able to generate less turnover according to their total assts. In 2016 it has decreased as total assets were higher in this year but turnover were still higher than last annuals.

Fixed Asset Coverage Ratio

Fixed asset coverage ratio is generated by dividing the total premium by total asset of the company.

$$\text{Total Asset Turnover} = \text{Net sales} \div \text{Total Premium}$$

Fixed asset coverage (a/b)	2013	2014	2015	2016	2017
Net premium (a)	2,992.44	3,475.21	4,090.46	4,977.97	5,445.20
Fixed asset (b)	320.63	422.74	558.25	661.38	932.75
Fixed asset coverage	9.33	8.22	7.33	7.53	5.84



From 2013 the fixed asset turnover ratio has deteriorated in the last 4 annuals. This happened as the inventory has enlarged but return has not augmented accordingly. In such a case NBL should invest a bit less than usual as the return has not increased in that technique.

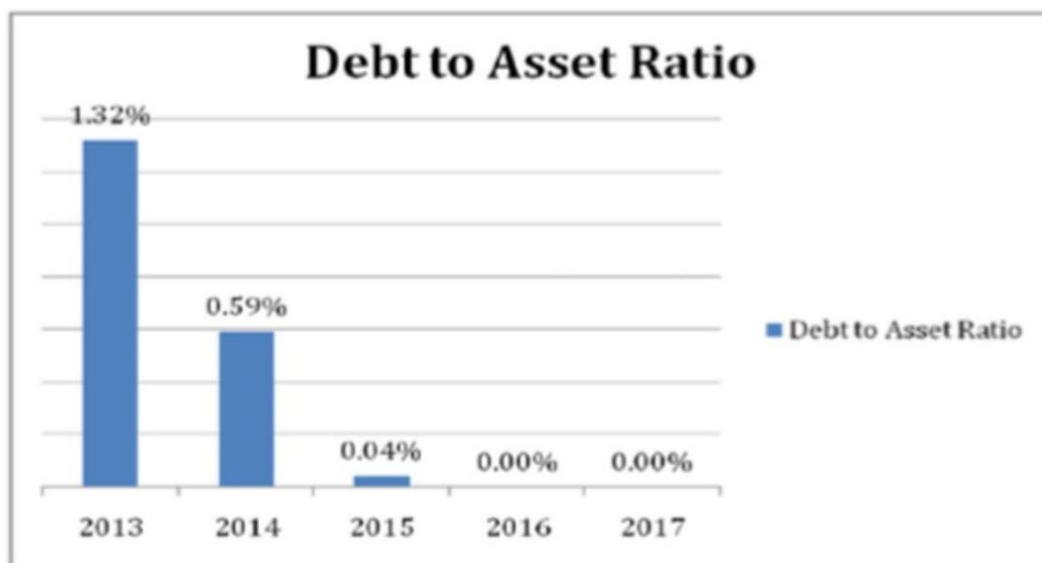
Debt Management Ratios:

Debt to Asset Ratio

Debt to Asset ratio generates how resourcefully a firm handles its debt. It demonstrates the % of claim of creditors on the asset .

$$\text{Debt to Equity Ratio} = (\text{Long term debt} \div \text{Total Asset}) \times 100$$

Debt to Asset Ratio	2013	2014	2015	2016	2017
Total asset	1,001	1,332.16	1,621.36	1,920.28	2,817.94
Long Term Debt	13.17	7.8	0.62	-	
Debt to Asset Ratio	1.32%	0.59%	0.04%	0.00%	0.00%



In 2013 NBL ensured an extraordinary long-term deposit than others which entails NBL funded its overall assets by debt in that year. In 2014 and 2015 the rate of deposit had deteriorated

as STL used more or less of their cash for financing the assets. Coincidentally, in 2016 & 2017 there were no long term debt so was debt to asset ratio is zero.

Price Earnings Ratio

The price to earnings ratio is the ration of share price comparative to the twelve-monthly net income netted by the firm from each share.

	2013	2014	2015	2016	2017
Price Earnings Ratio (Times)	21.05	8.68	7.35	4.82	3.62

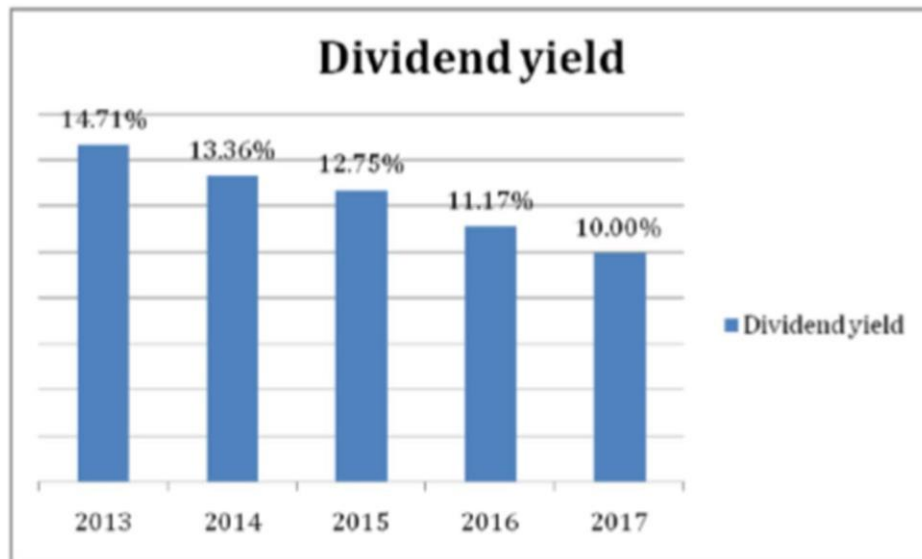


The bank with extraordinary earnings/share ratio is competent of spawning a noteworthy dividend for financiers or it may plow the profits back into its commercial for further growth. Whichever the case, a high ratio directs to a possibly advisable investment.

Dividend Yield

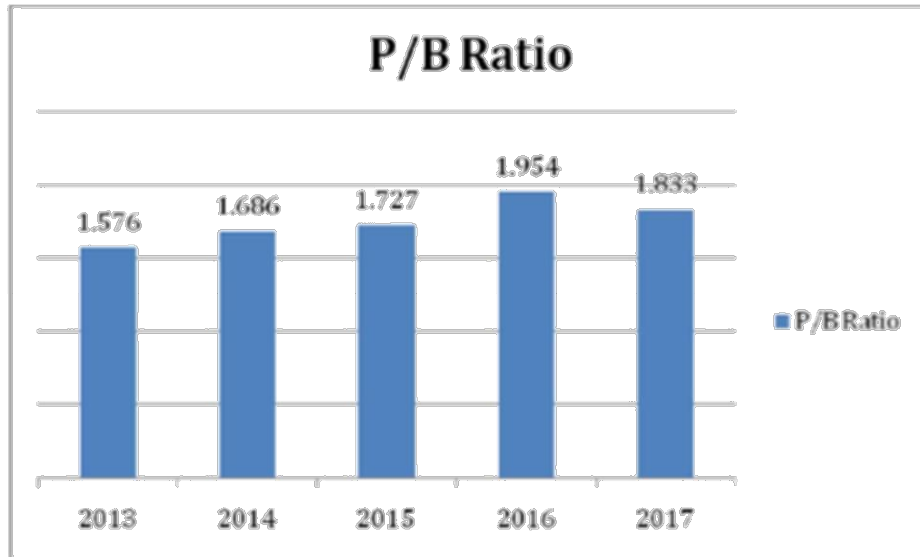
Dividend yield is generated by dividing annual dividend by the present share price.

	2013	2014	2015	2016	2017
Dividend yield	14.71%	13.36%	12.75%	11.17%	10.00%



P/B Ratio

P/B Ratio	2013	2014	2015	2016	2017
Current closing share value	15.76	16.86	17.27	19.54	18.33
Book value	10	10	10	10	10
P/B Ratio	1.576	1.686	1.727	1.954	1.833

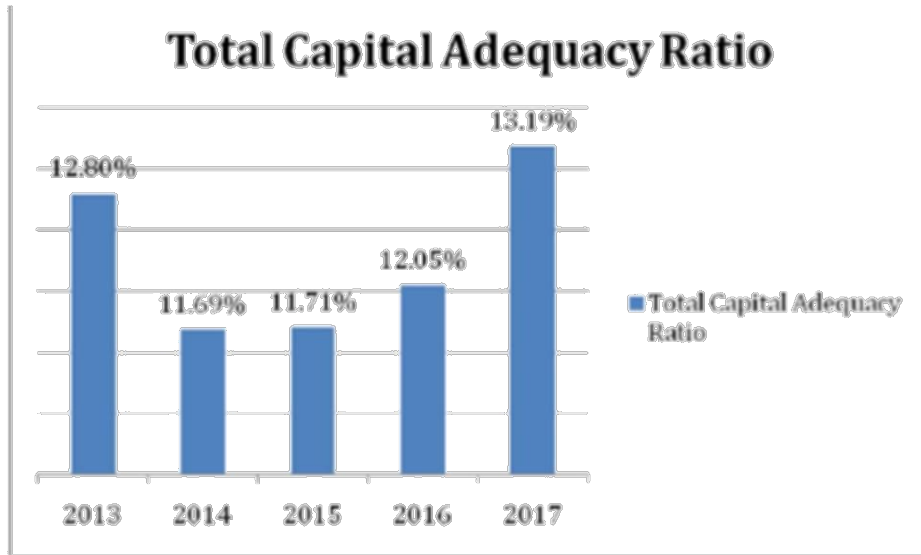


The p/b ratio generates a firm's market value relative to its book value. The ratio signifies exactly how much equity financiers are paying for USD 1. The Price-Book ratio is handy when it comes to comparing the present market value book value of equity.

Total Capital Adequacy Ratio

The capital adequacy ratio, represents a bank's financial strong suit on capitalizing the resources and possessions.

	2013	2014	2015	2016	2017
Total Capital Adequacy Ratio	12.80%	11.69%	11.71%	12.05%	13.19%

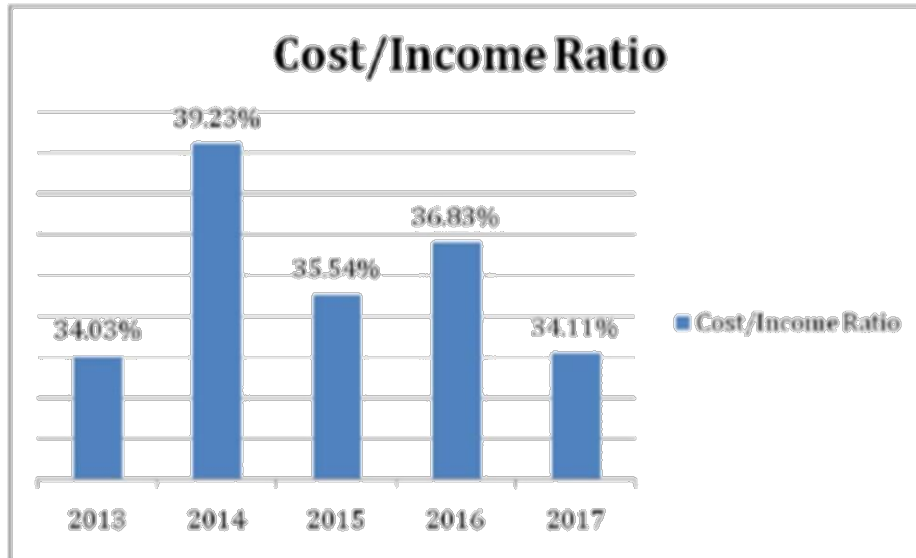


8% is the least capital adequacy ratio that banks need to maintain. The capital-to-risk-weighted-assets ratio endorses financial stability in economic systems all over the globe.

Cost Income ratio

Operating expense ratio is generated by dividing operating expense of possessions by the gross operating income.

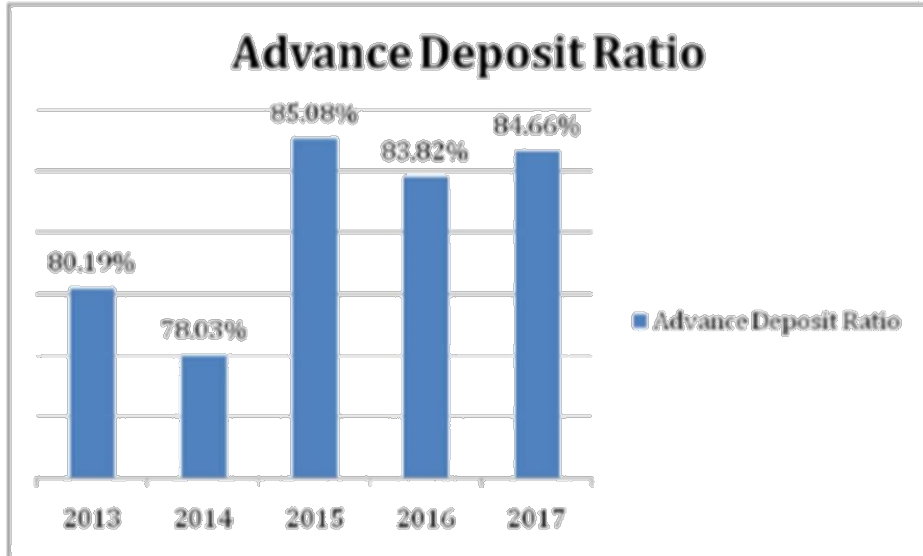
	2013	2014	2015	2016	2017
Cost/Income Ratio	34.03%	39.23%	35.54%	36.83%	34.11%



Advance Deposit Ratio

The advances deposits ratio represents loans as a % of deposits.

	2013	2014	2015	2016	2017
Advance Deposit Ratio	80.19%	78.03%	85.08%	83.82%	84.66%



This record shows a very vulnerability situation of NBL. In fact this is one of appalling part in banking epoch. It's increasing at a very increasing rate. However, it's promising to rejoinder to any circumstances form nowhere.

5.3 SWOT Analysis

Strengths

- The firm's staffs are able to really cherish the usage of II.
- A standing pool of eligible knowledge-based recruits would subsidize largely to the II initiatives.
- Financial status of NBL was very rigorous. No scope of constraints in funding to aid initiatives.
- The bank was not assured to excessive legacy systems and equipment.

Opportunities

- More control via Dashboard for Senior Management covering all KPLs related to Deposits, Advances, Profits, NPAs, etcetera
- Data mining infrastructure Capabilities for mathematical and statistical modeling to determine and predict correlation, patters, and trends among a variety of measures.
- Compete more effectively with Private players via Clientele Analytics covering Clientele Profiling, Clientele segmentation, lead analysis & Cross Sell Analysis.

Weakness

- Diverse Unix OS flavors in numerous divisions.
- Various standalone financial applications on computers.
- Lacking of operability as a result of discrepancy in systems.
- Inadequate proficiency on the software packages presently installed. This enlarged dependency on vendors.
- Systems audits were undecided.
- Many divisions lack a proper Local Area Network in place.
- There were very few having Wireless Area Network connectivity.
- Insufficient focus on quality clientele service and mortgage banking.
- Overall market share needs to grow opportunities.
- Lack of technological resources as well as internet banking.
- Lack of knowledge of clientele profile.

Threats

- Lack of continuous Support from Management Lack
- of consistent data for implementing the project
- Lack of support from Managers to go online and usage of new technology
- Strong community bank competition
- Lack of appeal to younger, student, affluent potential
- clienteles Political instability of the country
- Lack of flexibility to adapt to any change.

5.4 Findings

Subsequently scrutinizing all the portions of the research, I evaluate the resulting opinions as on summary and findings:

- Not enough prominence on all the elements of the economical welfare of the individuals.
- National Bank's involvement on agronomic sector is inconsequential.
- The loans & advances of NBL are subjugated by financing on short-range credit programs mainly to the trade commerce & processing units.
- Credit proposal evaluation Procedure is lengthy causing to lose valuable clientele.
- Lack of appropriate training for the staffs in the credit sector.
- Website lacks information about loan and advance.
- Verification of paperwork is processed after sanctioning the loan sometimes.
- Allocate loans without adequate safety in some cases which is a defilement of the Bangladesh bank regulations.

Chapter- 6

Recommendations and Conclusion

6.1 Recommendations

Subsequently investigating the last 5 annuals of statistics I comprehended that NBL's financial status in general maybe significant but still can use some alterations. Considering the liquidity analysis, I detected a decline in 2017 and the bank faces some challenges when it comes to paying its necessities even though the current ratio showed an increasing trend. As NBL has less sound current ratio, the total liabilities has increased. Thereby, more time and resources should be invested in liquidity maintenance to long run future indications.

Further speculations showed that NBL is encountering shortage in ready cash as their A/Cs payback time-duration is higher. Other than that NBL's total assets turnover has majorly fluctuated in previous few annuals of banking.

Grounded upon my practical employment at NBL the subsequent recommendations are put forward:

- Loans are to be given to the debtor conditioning on his credit worthiness, historical impression, etcetera
- The administration emphasize on advertisement in several electronical and printing media promoting their credit services.
- They must be strict and speedy in decision-making bearing in mind the internal effectiveness as well as the external market competitiveness.
- Further credit amenities of diverse interests should be announced for the diversified clientele base.
- The bank should encourage the large scale producers to apply for long-term industrial loans to fast-track the economy as since the bank can afford it having large deposits.
- All the loaning and savings bundles should be provided to the premium clienteles that are offered to the general clienteles, accepting the discount of service charges for Premium
- Ones. Rate of Interests on several loans and credit schemes should be differentiated for the Premium clienteles.
- Management must make certain the appropriate insinuation of IT sector in overall divisions.

6.2 Conclusion

The Banking sector all over the world in every country is a major contributor to have an effect on the economy. Considering that, Bangladesh no different with the financial and economic development being closely interconnected. This being the reason the pvt commercial banks stand maintaining a significant role in the industry development.

Through applied implementations of client handling procedures throughout the entire time of my orientation in National Bank Ltd. For now, I came to this definite conclusion that made me believe that my comprehension will be very much mutual to many analysts of the banking sector. It is fairly apparent that developing an effectively effectual banking system to the uppermost degree, maintaining computerized automated transaction system is obligatory.

This paper mainly attended and evaluated on Loan and Advance department of National Bank Ltd, New Elenga Branch. National Bank Ltd is a very prevalent bank in Bangladesh but the contribution it makes in policies of socio-economic scene of the country has a much superior importance.

NBL is reaching provides of special deposit schemes with greater perks, which is a vital necessity in today's financial market. On A/C of the entry of more banks in the field, deposit ratio will spread over the entire market. Thus, it is crucial for NBL to keep a better maintenance on their loyal clienteles by proposing Enhanced deposit scheme, loan services or else in future volume of deposits may adverse downwards. To reinforce the future prospect of the division, it is a primal obligation to accumulate further deposits.

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8. Abbreviations

ABBREVIATION	ELABORATION
NBL	National Bank Limited
FE	Foreign Exchange
CCI & E	Chief Controller Of Import &Export
IRC	Import Registration Certificate
UCPDC	Uniform Customs & Practices For Documentary Credit
LCAF	Letter Of Credit Authorization Letter
ERC	Export Registration Certificate
A/C	A/C
TFMD	Treasury & Fund Management Department
L/C	Letter Of Credit
SWIFT	Society For Worldwide Inter Bank Financial Telecommunication
TIN	Tax Identification Number

FTT	Foreign Telegraphic Transfer
FDD	Foreign Demand Draft
TC	Travelers Cheque
CSR	Corporate Social Responsibility
NID	National Identification Number
ID	Identification Number
ATM	Automated Teller Machine
PIN	Personal Identification Number
SMS	Short Message Service
I-BANKING	Internet Banking